



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025

CITY OF REDLANDS
CALIFORNIA



City of Redlands

Redlands, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by
Management Services/Finance Department

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2025
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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 18, 2025

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

It is the policy of the City of Redlands (the “City”) to annually publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (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, 2025.

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, 2025, 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, 2025 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 73,488.

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. 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. Council members serve four-year staggered terms, with elections occurring every two years. The City Council meets after each general municipal election and chooses one of its members as Mayor, and one of its members as Mayor Pro Tempore by way of council member nomination. The terms of office of the Mayor and Mayor Pro Tempore are for two (2) years.

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 (GAAP). While annual appropriated budgets are adopted for all departments within the general, special revenue, and capital project funds, the City operates on a biennial budget cycle to guide its financial planning and control.

Every two years, during the period from February through May, department heads prepare estimates of required appropriations for the upcoming two-year budget cycle. These estimates are compiled into a proposed operating budget, which includes a summary of projected expenditures, financial resources, and historical data from 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 two members of the City Council and the City Treasurer) at a public meeting noticed in accordance with the Brown Act. Following a series of two to three budget presentations during regular and special Council meetings, the biennial budget is formally adopted by the City Council at a regular meeting prior to June 30th of the second year in the current cycle.

The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfers of appropriations between departments or funds, as well as any increases to appropriations, must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations within a fund.

Under the City's biennial budget framework, all appropriations lapse at the end of each fiscal year unless they have been expended or lawfully encumbered. Appropriations from the first year of the biennium that remain encumbered automatically carry forward into the second year pursuant to the adopted biennial budget resolution. Appropriations adopted for the second year, however, do not continue into the next biennium unless they are encumbered; departments must re-budget any unencumbered second-year projects or requests as part of the new budget cycle.

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 project funds, enterprise funds, and internal service funds are included in the City's biennially adopted budget and constitute the legally appropriated operating and capital budgets of the City. The City's permanent funds are 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 are carried forward into the next fiscal year of a biennial budget by resolution of the City Council that is adopted at the same time the budget is adopted. 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 biennial 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 2025, economic indicators reflected a mixed performance, showcasing both growth and challenges. Property tax revenue experienced robust growth of 8% compared to the prior fiscal year, with roughly 1.75% of this increase attributed to the annual adjustment for CPI. New residential and commercial construction contributed 1% to this growth, while prior-year property sales accounted for an additional 2.2%.

Sales tax performance during the fiscal year reflected a nuanced mix of structural and economic factors. The City's 1% Bradley-Burns sales tax declined by approximately 2.5%, driven largely by reduced consumer activity in general merchandise and discretionary goods, as well as a change in reporting practices by a major online retailer that shifted point-of-sale attribution away from the City despite the continued operation of its local facilities. By contrast, the City's voter-approved district transactions and use tax (Measure T) increased by 0.7%, demonstrating continued stability in the broader tax base and underscoring the resilience of local spending even amid softening economic conditions. Taken together, these dynamics resulted in a modest net contraction in total sales tax revenue. Nevertheless, the City's underlying economic fundamentals remain sound, supported by ongoing development activity, diversification within key commercial sectors, and a steadily expanding property tax base.

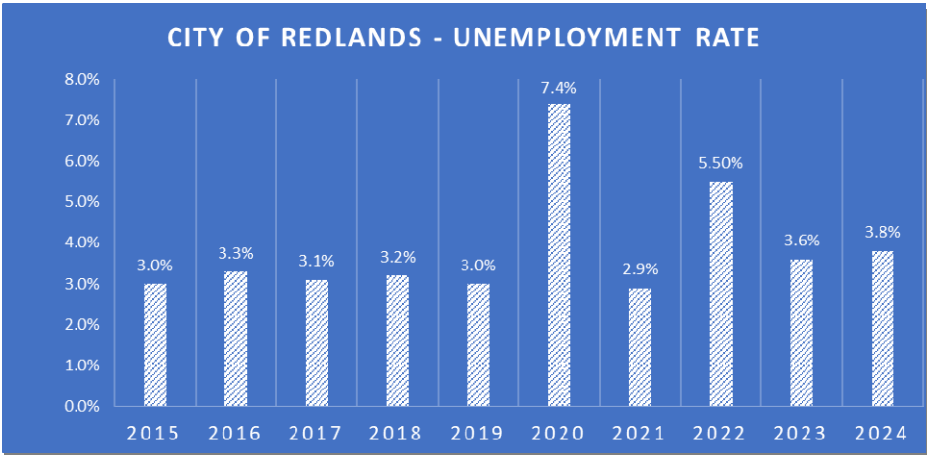
The City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, logistics, technology, and education). The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. Redlands' resident workforce has remained consistently stable, with unemployment rates moving predictably through economic cycles. In recent years, unemployment has ranged from a low of 2.9% in 2021 to a peak of 7.4% during the 2020 pandemic, reflecting a resilient and consistently employed population.

The City's economic base is characterized by a balanced mix of industries, including higher education, software development, healthcare, light manufacturing, logistics and distribution, and financial and insurance services. Leading employers in Redlands and the surrounding area 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, the Burlington Coat Factory Distribution Center, and Loma Linda University Behavioral Medical Center, underscoring the region's economic diversity and employment stability.

The City monitors a range of economic indicators throughout the fiscal year to evaluate conditions affecting its financial position and to identify emerging trends and patterns.

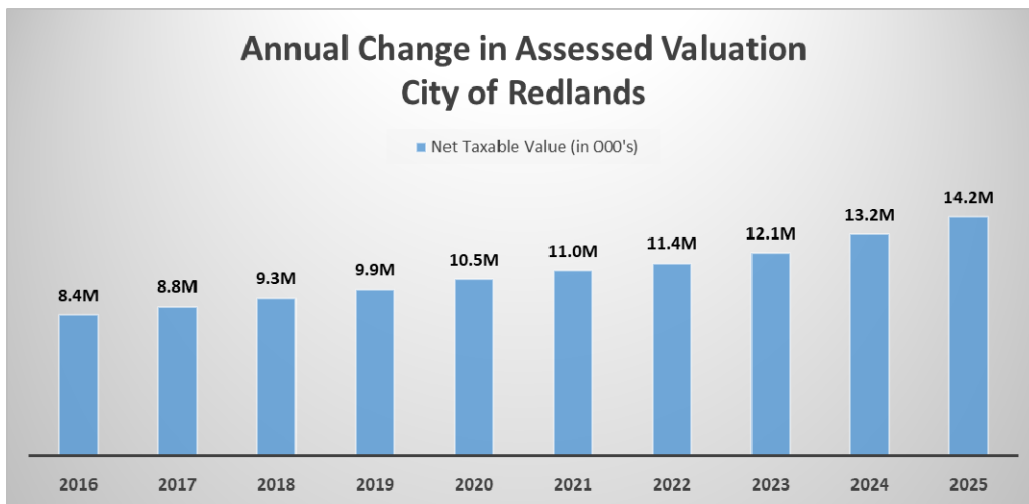
Unemployment Rate – The City's unemployment rate has remained relatively stable over the past decade, averaging near pre-pandemic lows with only brief periods of volatility. Following a spike to 7.4% in 2020 due to widespread economic shutdowns, unemployment quickly rebounded to 2.9% in 2021, demonstrating a strong and resilient local labor market. The rate temporarily rose to 5.5% in 2022 as labor force participation outpaced available job openings during the post-pandemic adjustment period, before improving to 3.6% in 2023 and leveling at 3.8% in 2024.

This slight uptick in 2024 reflects broader state and national trends, where cooling consumer demand and higher borrowing costs have moderated hiring in interest-sensitive sectors such as construction, warehousing, and retail trade. However, the local economy continues to benefit from steady employment in healthcare, education, and professional services, industries that remain key drivers of job stability in the Inland Empire. Redlands' diverse employment base and its position within a growing regional corridor have helped maintain a healthy balance between workforce expansion and job creation, underscoring the City's overall economic resilience amid shifting national conditions.



Assessed Value – The City’s total assessed property value continued its upward trajectory in FY 2025, increasing by 8.1 percent over the prior fiscal year to reach \$14.22 billion. This follows a record 9.1 percent increase in FY 2024, marking two consecutive years of robust growth and reflecting both the strength and resilience of the local real estate market. Growth in assessed valuation was driven by a combination of factors, including the completion of several new residential and commercial developments, continued turnover in existing properties at market values exceeding prior assessments, and the application of the standard 2 percent Consumer Price Index adjustment permitted under California property tax law.

The sustained rise in property values highlights the continued attractiveness of Redlands as a place to live, work, and invest. Despite higher borrowing costs and a cooling statewide housing market, demand for well-located residential and commercial properties within the Inland Empire has remained strong, supported by steady in-migration, expanding logistics and healthcare sectors, and public investments in infrastructure and community amenities. These conditions have helped maintain upward momentum in assessed values, providing a stable foundation for local revenues and reinforcing the City’s long-term fiscal capacity.



Housing Market – The City’s 2024–25 net taxable assessed value increased by \$1.06 billion, or roughly 8.06%, consistent with the strong gains observed in the prior year. Residential property values increased 6.1%, contributing nearly half of all assessed value growth. This increase was driven by both the Proposition 13 inflation factor (2%) and prior-year ownership transfers, which added \$289.5 million, representing 2.2% of the total growth, slightly above long-term patterns. Redlands’ housing market remained resilient through FY 2024 despite elevated mortgage rates and constrained inventory across the region. Median single-family home prices plateaued year-to-date in 2024, showing a 0% change compared to 2023, following a 3.45% increase in calendar year 2023. Limited supply continues to support pricing, and current values remain elevated, with the median single-family home priced at approximately \$600,000 towards the end of the valuation year (2024).

Commercial, industrial, and multifamily sectors also demonstrated strength. Industrial valuations grew by 5.6%, buoyed by significant reinvestment and property transfers at major logistics and warehouse sites. Multifamily assets posted large reassessment increases due to recent transactions and completion of new units, including substantial valuation growth at The Venue at Orange Apartments and Aspire Redlands Apartments. Commercial properties increased by 5.6%, reflecting ongoing demand for retail, service, and mixed-use locations.

Vacant land experienced notable appreciation, increasing 17%, driven by subdivision activity and the transition of development parcels toward their permanent use categories. The City also recorded continued growth in unsecured property values, which increased 8.3% following substantial business personal property reporting from new and expanding commercial and manufacturing operations.

Regional and national economic conditions continue to shape the City's outlook. While rising interest rates may temper the pace of future home sales and associated reassessment activity, Redlands' real estate market remains a significant contributor to its fiscal strength. Continued investment in multifamily housing, industrial facilities, and mixed-use corridors, combined with steady residential demand, positions the City to remain a strong participant in the Inland Empire's long-term housing and economic growth.

In residential construction, the City continues to advance its housing stock and long-term growth objectives through both project delivery and proactive land use planning. In June 2025, the City Council adopted the Housing Element Rezoning Ordinance, implementing Program 1.1-1 of the certified 2021–2029 Housing Element. This action reclassified 26 parcels across the community to medium- and high-density residential designations, increasing zoning capacity by approximately 2,400 units and ensuring consistency between the General Plan and East Valley Corridor Specific Plan. The ordinance fulfills state mandates under the Regional Housing Needs Allocation (RHNA) process and positions Redlands to accommodate a balanced distribution of new housing near employment centers, transportation corridors, and public amenities.

In FY 2025, the Heritage Specific Plan was fully completed, delivering 207 single-family homes across 37 acres in north Redlands. Developed by Lennar Homes, the neighborhood features a cohesive design of one- and two-story residences in architectural styles inspired by Redlands' traditional and craftsman character. The community integrates landscaped open spaces and pedestrian connectivity, contributing to neighborhood livability and design quality. Market pricing generally began in the mid-\$600,000s, reflecting continued strength in the local housing market and steady demand for new housing in the Inland Empire.

Together, these efforts demonstrate the City's continued progress in expanding housing opportunities and sustaining long-term fiscal growth. Through deliberate planning and targeted residential investment, Redlands is meeting regional housing goals while preserving community character and enhancing the quality of life for its residents.

In terms of commercial growth, the City experienced a year of significant commercial expansion and reinvestment, with several high-profile projects completed in the Downtown and transit-adjacent areas. These developments collectively advance Redlands' vision for a vibrant, mixed-use environment that preserves the community's architectural heritage while accommodating new dining, retail, and employment opportunities.

Completed projects in FY 2025 include:

- Redlands Food Hall – Mutual Orange Distributors (MOD) Packinghouse, 330 N. Third Street – Adaptive reuse of the historic MOD Packinghouse into a multi-tenant food hall and retail destination, featuring a new 5,760-square-foot exterior boardwalk and outdoor dining patio.
- Redlands Railway District, 333 Orange Street – Construction of two commercial buildings totaling 11,807 square feet for retail and restaurant uses, expanding the City's rail-adjacent mixed-use core.
- Redlands Railway District, 347 Orange Street – Development of two additional retail buildings totaling 6,951 square feet on the west side of the historic Santa Fe Depot, complementing adjacent restoration and pedestrian improvements.

- Third Street Retail Building, 31 W. Stuart Avenue – A three-story, 36,825-square-foot mixed-use building incorporating retail, office, and restaurant space with rooftop terraces and pedestrian connections.
- Downtown Parking Structure, W. Stuart Avenue at Third Street – A four-level, 385-stall structure (including 200 public spaces) with integrated ground-floor retail totaling 5,370 square feet and electric vehicle charging stations, supporting downtown commerce and visitor access.
- In-N-Out Burger, southwest corner of W. Lugonia Avenue and Citrus Plaza Drive – A new 3,860-square-foot restaurant with drive-through service, expanding regional dining options.
- Jack in the Box, 1248 N. Wabash Avenue – Construction of a new 3,000-square-foot quick-service restaurant with indoor seating and a drive-through lane, enhancing convenience-oriented commercial uses along the corridor.

Together, these projects represent continued momentum in Redlands’ downtown and key commercial corridors, combining adaptive reuse with new infill development. The City’s ongoing investment in parking, walkability, and infrastructure improvements supports sustainable commercial growth, positioning Redlands for continued economic vitality and long-term fiscal stability.

Other notable business openings in fiscal year 2025 include the following:

- Shake Shack, a New York City burger chain, opened its second Inland Empire restaurant with the opening of its Redlands location in November 2025.
- Klatch Coffee opened in September 2024. Located at 560 West Stuart Ave, Klatch is a family-owned and run coffee company based in Southern California and distributed worldwide.
- 1LoveI, a clothing line founded in the Inland Empire, opened in September 2024. 1LoveI is a lifestyle apparel brand that offers hats, t-shirts, hoodies and accessories celebrating the Inland Empire and promoting a message of “peace, love and unity”.
- Beyond Biryani, a new Indian food restaurant, opened in November 2024 and offers an expansive menu that bridges both Northern and Southern Indian cuisines—featuring specialty biryanis, regional staples like mandi, and fresh-local produce in a setting seldom found in the Inland Empire.

Long-term financial outlook/planning. As the national economy settles into a slower but more sustainable growth trajectory, the City’s long-term fiscal outlook reflects both caution and confidence. Economic forecasts from UCLA Anderson, Beacon Economics, and HdL suggest that the coming years will be defined less by rapid expansion and more by steady adaptation to new structural realities: elevated interest rates, moderated inflation, and rebalanced consumer behavior. Within this environment, the City’s emphasis on prudent financial management, infrastructure investment, and economic diversification remains essential to sustaining fiscal stability.

Beacon Economics projects continued, though moderated, growth in regional employment and consumer spending through 2026, supported by population and wage gains in the Inland Empire. HdL’s statewide sales and property tax trends confirm this outlook: sales tax growth has decelerated, reflecting shifts in consumer demand and the restructuring of major online retail operations, yet property tax revenues remain resilient due to sustained development and rising assessed values. The City’s balanced revenue composition, anchored by property tax, sales and use tax (including Measure T), and other taxes, positions it to weather cyclical variations while maintaining service levels and capital investment capacity.

At the same time, persistent cost pressures from inflation and labor market tightness will require continued discipline in expenditure growth. Higher borrowing costs underscore the importance of timing capital projects strategically, aligning long-term infrastructure needs with fiscal capacity and external funding opportunities. Maintaining adequate reserves and multiyear forecasting practices will remain critical tools for absorbing volatility and safeguarding operational continuity.

Looking ahead, Redlands' strengths lie in its capacity to adapt. The City's commitment to technology modernization, public safety investment, and strategic land-use planning will sustain competitiveness and enhance operational efficiency. Regional economic fundamentals like diverse industry sectors, strong educational institutions, and steady housing demand will support a positive long-term outlook, even amid slower statewide growth.

As part of the City's strategic resource and budget planning framework, management prepares and presents a multi-year financial projection to the City Council. In accordance with the City Manager's direction, a six-year financial outlook is developed during each budget cycle to support long-range planning and policy development. This forecast serves as a key tool for evaluating the City's capacity to sustain proposed programs, meet ongoing operating and maintenance needs, and support capital investments, including the future operating impacts of planned capital improvement projects.

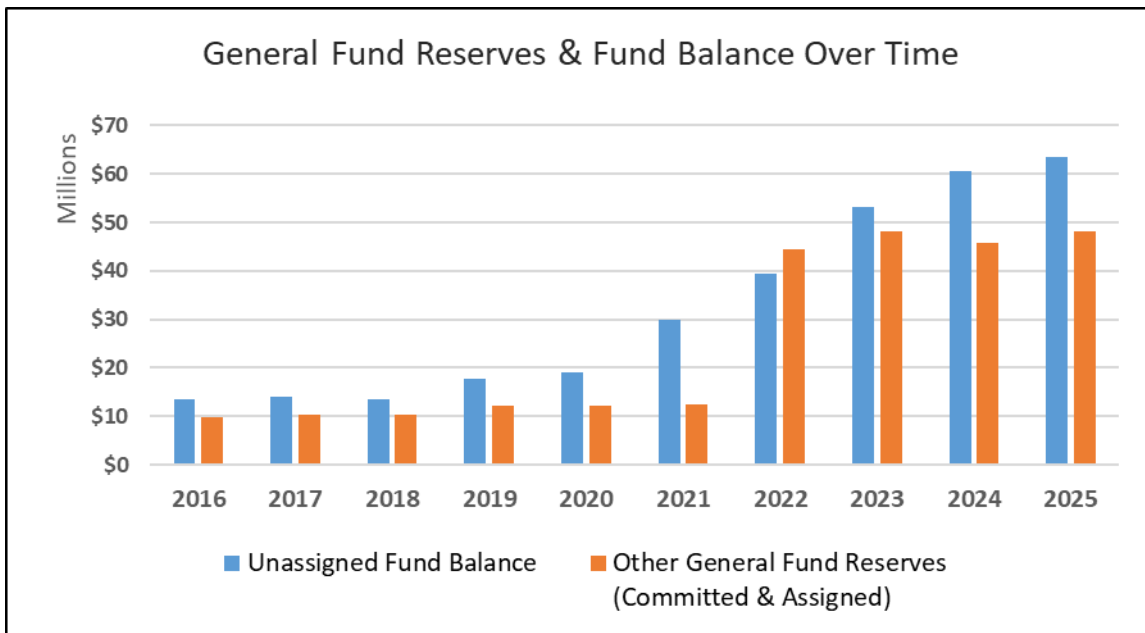
The six-year projection provides a forward-looking view of anticipated fiscal conditions, enabling informed decisions regarding the allocation and management of financial resources. The purpose of this long-range fiscal planning is to identify emerging trends and potential challenges early, allowing the City to adjust course proactively and implement strategies that preserve long-term financial stability and solvency.

Major Capital Investments on the Horizon. The City is preparing for several significant capital projects that will shape Redlands' public service infrastructure in the years ahead. Foremost among these is the development of a modern Police Department Safety Hall to replace the City's fragmented and outdated police facilities. After acquiring 1625 West Redlands Boulevard for this purpose in 2022, the City has advanced the project through design, with construction anticipated to begin in mid-2026 and completion targeted for late 2028. The \$80 - \$90 million investment, supported by impact fees and dedicated debt-service planning, will centralize operations, address longstanding facility deficiencies, and enhance the long-term sustainability of public safety services.

The City is also moving forward with plans to convert the Citrus Center at 300 East State Street into a new, consolidated City Hall. This project will modernize civic facilities, improve public access, and enhance operational efficiency by bringing key municipal functions under one roof. To manage this complex undertaking, the City is employing the Construction Management/Multi-Prime delivery method, which has already proven effective in the Safety Hall project. This approach supports stronger cost control, reduced change orders, and a more predictable project schedule as the City designs a civic center that meets long-term service needs.

Additionally, the City's long-range capital program includes the reconstruction of Fire Station No. 264, an essential project that will replace aging infrastructure and strengthen emergency response capabilities. Design and engineering are expected to begin in an upcoming budget cycle, positioning the facility for construction later in the decade. While smaller in scale than the City Hall and Safety Hall projects, the replacement of Station 264 is a key component of the City's commitment to maintaining reliable, modern, and resilient public safety facilities.

The City’s long-term fiscal planning has ensured that these major facilities can be approached from a position of strength. The graph below illustrates the General Fund’s capacity to prioritize spending and accumulate resources for future capital needs. In FY 2025, the City’s General Fund reserves dedicated to capital projects included \$994,000 for downtown parking improvements, approximately \$5.8 million across parks, equipment, facilities, sidewalks, and building capital, \$29.1 million set aside for future municipal facilities, and \$1 million for unfunded mandates. The ending unassigned fund balance rose by approximately \$2.9 million from the prior year, and by roughly \$10.1 million since FY 2023, growing from \$53.3 million in FY 2023 to \$63.4 million in FY 2025. These reserves, combined with disciplined budgeting and multi-year financial forecasting, position the City to invest wisely in essential public facilities while maintaining long-term fiscal stability. Further analysis of the General Fund is provided in 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.

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.

The City formally transitioned to a two-year (biennial) budget beginning with the FY 2023–24 cycle, establishing a more strategic, long-range approach to resource planning. As described in the City Manager’s Budget Message, the biennial framework supports multi-year financial and operational planning, aligns budget development with the City’s Strategic Plan and community priorities, and provides a clearer lens for evaluating ongoing service obligations, deferred maintenance needs, and major capital investments. By requiring departments to prepare both a minimal operating budget and prioritized supplemental requests across two fiscal years, the biennial process strengthens fiscal discipline, enhances long-term forecasting, and enables earlier identification of structural challenges. This multi-year approach also improves coordination of complex, multi-phase projects, such as public safety facilities, infrastructure rehabilitation, and sustainability initiatives, by ensuring that financial capacity is evaluated over a longer planning horizon.

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, 2024. This was the twenty second 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 and development of this report would not have been possible without the year-round work of the Finance staff and their special efforts, working in conjunction with the City’s independent auditors, to produce this report. Special recognition is due to Assistant Finance Director, James Garland; Finance Manager, Marie Datuin; Principal Accountant Denise Camarillo, Senior Accountants Jannette Mendoza, Justine Wickman and Matthew Gonzales, 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

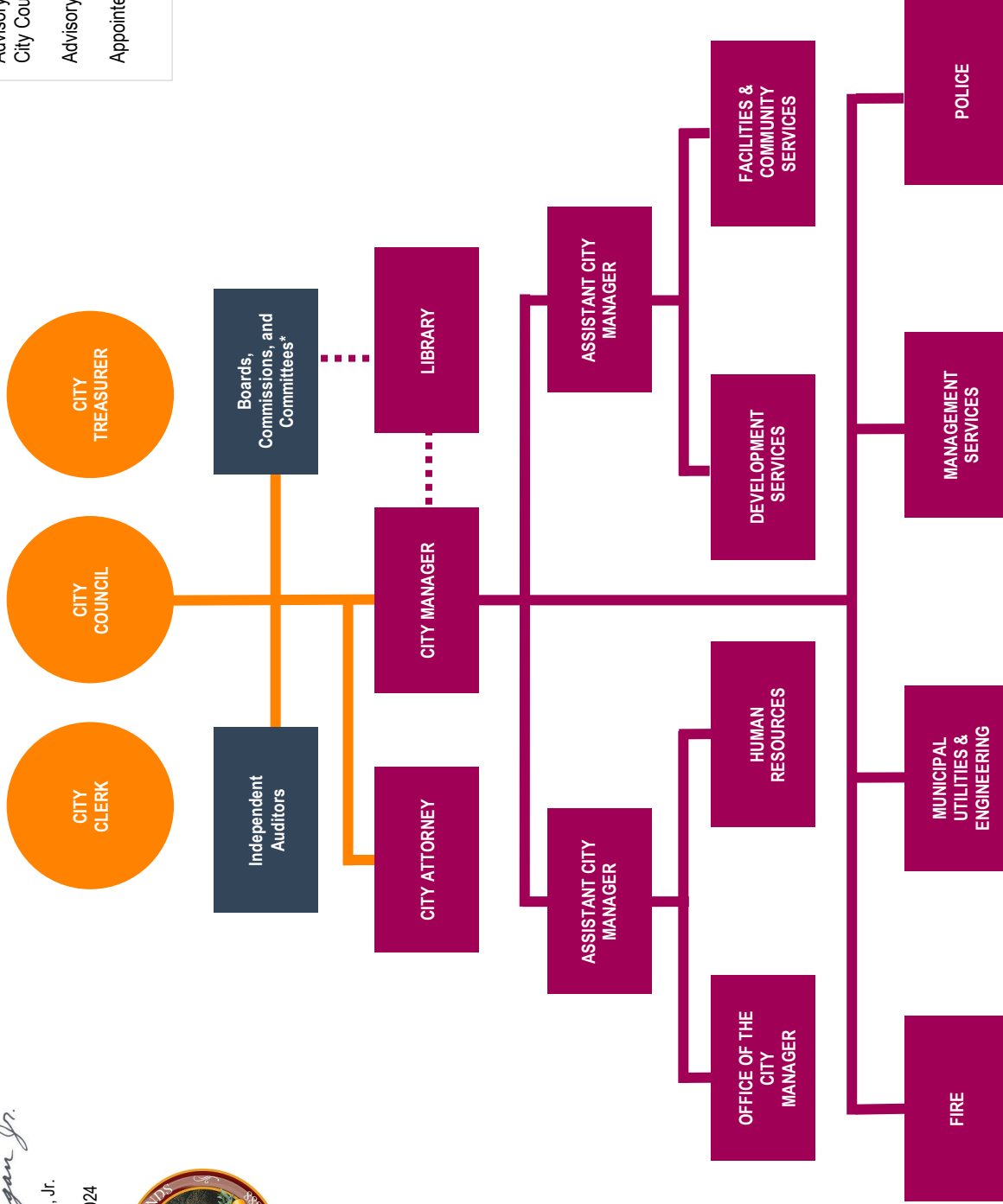
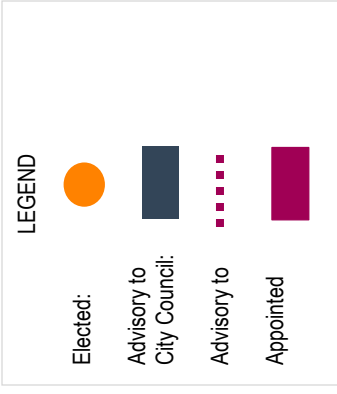
City of Redlands

Principal Officers
as of June 30, 2025

City Council (Elected)	Mario Saucedo, Mayor
	Marc Shaw, Mayor Pro Tem
	Denise Davis, Councilmember
	Eddie Tejada, Councilmember
	Paul T. Barich, Councilmember
City Manager	Charles M. Duggan, Jr.
Assistant City Manager	Janice McConnell
Assistant City Manager	Christopher Boatman
City Clerk (Elected)	Jeanne Donaldson
City Treasurer (Elected)	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 1, 2024



❖ 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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Redlands
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

6 Hutton Centre Drive, Suite 1200
Santa Ana, California 92707

www.pungroup.cpa



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, 2025, 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, 2025, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 19 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, effective July 1, 2024. The implementation of this standard required the City to change its method of accounting for compensated absences and resulted in a restatement of beginning net position as of July 1, 2024. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

To the Honorable Mayor and Members
of the City Council of the City of Redlands
Redlands, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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 18, 2025

City of Redlands
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

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, 2025. 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, 2025

Figure A-1

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

	Fund Statements			
	<u>Government-wide Statements</u>	<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, 2025

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, 2025

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, 2025 and June 30, 2024, which allows for analysis of the City's net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other Assets	\$ 196,237,172	\$ 187,645,957	\$ 121,091,775	\$ 117,588,266	\$ 317,328,947	\$ 305,234,223
Capital Assets	656,941,138	637,176,157	223,121,898	209,622,726	880,063,036	846,798,883
Total Assets	853,178,310	824,822,114	344,213,673	327,210,992	1,197,391,983	1,152,033,106
Deferred Outflows of Resources						
Pension & OPEB	70,301,675	82,986,820	15,328,725	17,689,993	85,630,400	100,676,813
Long-Term Liabilities Outstanding	281,376,635	269,158,561	95,263,524	95,588,159	376,640,159	364,746,720
Other Liabilities	23,069,761	22,887,043	11,507,787	8,200,221	34,577,548	31,087,264
Total Liabilities	304,446,396	292,045,604	106,771,311	103,788,380	411,217,707	395,833,984
Deferred Inflows of Resources						
Leases & Pension & OPEB	53,349,825	61,402,646	15,854,486	18,168,957	69,204,311	79,571,603
Net Position						
Net Investments in Capital Assets	648,293,673	629,390,358	210,045,627	196,064,177	858,339,300	825,454,535
Restricted	30,679,680	26,403,823	19,767,256	19,763,252	50,446,936	46,167,075
Unrestricted	(113,289,589)	(101,433,497)	7,103,718	7,116,219	(106,185,871)	(94,317,278)
Total Net Position, as restated (Note 19)	\$ 565,683,764	\$ 554,360,684	\$ 236,916,601	\$ 222,943,648	\$ 802,600,365	\$ 777,304,332

Net position over time may serve as a useful indicator of a government's financial position, however it may change dramatically year-to-year as a result of changes in accounting practices and assumptions. Table 1 shows that the net position of government-wide activities increased by approximately \$25.3 million or 3.3%, from \$777,304,332 in 2024 to \$802,600,365 in 2025.

Governmental activities net position increased by 2%, from \$554,360,684 at June 30, 2024 to \$565,683,764 at June 30, 2025. The City's net position for business-type activities increased by 6.3% from \$222,934,648 in 2024 to \$236,916,601 in 2025. For governmental activities, the roughly \$11.3 million increase in net position is primarily attributable to the \$15.96 million increase in total assets relative to total liabilities, partially offset by \$4.63 million in net decreases in deferred inflows and outflows related to leases, pension, and OPEB. For the business-type activities, the 6.3% increase in total net position (or \$13.97 million) reflects a \$14.02 million increase in total net assets, partially offset by \$46,800 in net decreases in deferred outflows and inflows. Further detail on comparisons to the prior year is provided below.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The City implemented GASB Statement No. 101, *Compensated Absences*, effective July 1, 2025. GASB 101 requires the City to recognize a compensated absences liability and corresponding expense as employees earn leave benefits, based on the probability that those benefits will be used or paid. Additional discussion of these changes can be found in Note 1 – M, 9 and 19 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 \$880 million or 73% of total assets. These are detailed in Note 6 of the financial statements.
- Net investment in capital assets of approximately \$858 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 \$282.6 million in the City treasury and \$998,000 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 decreased notably by \$15 million, roughly 15%. Deferred outflows related to Pension were impacted by differences in expected and actual experience, pension contributions made subsequent to the measuring data, and the difference between projected and actual investment earnings. Deferred outflows related to OPEB were impacted by changes in assumptions primarily, as well as by differences in expected and actual experience and contributions made subsequent to the measuring date.
- Receivables, totaling \$25.2 million, consist of accounts, taxes, interest and leases receivable. While most receivables consist of taxes and accounts payable, it is noted here that the line 'leases receivable' recognizes agreements with third parties for the right-to-use of City property that is leased for special purposes. More information on leases receivable is found in Note 3 to the financial statements.
- Long-term liabilities totaled \$367 million, an increase of 3.3%, and represent the City's obligations on debt, pensions, and other post-employment benefits. For more information please see Notes 7 and 9-13.
- Other liabilities increased by 11.2%, from \$31.1 million to \$34.6 million. Aside from fluctuations in several other accounts in this category, the main cause of this increase is related to a significant increase in accounts payable.
- Lease-related deferred inflows of resources remained relatively steady, decreasing by roughly \$86,155 for spaces and land leased out by the City. As well, deferred inflows related to pension & OPEB increased by a net amount \$10.3 million, roughly 13.7%. These fluctuations are based on changes in assumptions, change in employers proportion (as it relates to pension), and differences between expected and actual experience. More will be discussed regarding these categories below.
- Overall net investment in capital assets increased by \$32.9 million, or 4%. 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, machinery, equipment & vehicles and lease assets.
- Restricted net position, totaling \$50.4 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 -\$106.2 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. Also, beginning in FY 2022, the City also recognized the deferred inflows related to leases in accordance with GASB 87. Additionally, starting in FY 2024, the City implemented GASB 96, which required the recognition of subscription liabilities and related intangible assets for subscription-based information technology arrangements. Lastly, starting in FY 2025, the City implemented GASB 101, which required the City to recognize compensated absences liabilities based on leave benefits earned by employees and the probability that those benefits will ultimately be used or paid. These accounting standards collectively contribute to the City's negative unrestricted net position. Additional details can be found in Note 11 for the net pension liability, in Note 12 for the total OPEB liability, in Note 3 for leases, in Note 1- J for subscription-based IT arrangements and in Note 1 – M, 9 & 19 for Compensated Absences.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Governmental Activities

- Receivables, totaling roughly \$14 million, consist mainly of taxes receivable at \$10.1 million, \$1.9 million in accounts receivable, \$1.37 million in interest receivable and \$606,553 in leases receivable. Recognition of leases receivable, 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. Interest receivable is notably higher than the previous year due to higher earnings on investments in the current year.
- The net position of governmental activities increased by 2% (or \$11.3 million), driven by several offsetting factors. Cash and other assets increased by \$8.6 million, and capital assets increased by \$19.8 million. These gains were partially offset by a \$12.4 million increase in total liabilities, yielding a net increase of \$15.9 million before considering deferred items. Deferred outflows related to pensions and OPEB decreased by approximately \$12.7 million, while deferred inflows related to leases, pensions, and OPEB decreased by roughly \$8 million. The net effect of these deferred items was a \$4.6 million reduction to net position. After applying this reduction to the \$15.9 million increase noted above, the total change in governmental activities' net position was an increase of \$11.3 million.
- Deferred outflows of resources related to pensions and OPEB decreased by \$12.7 million, or approximately 15%, in FY 2025. OPEB deferred outflows decreased by \$424,590, primarily due to the amortization of prior-year changes in assumptions used to calculate the City's Total OPEB liability as well as differences between expected and actual experience. Also, pension deferred outflows decreased by \$12.3 million, driven by investment overperformance, primarily, with changes in assumptions also contributing to this difference. Additional details on these changes can be found in Notes 11 and 12 of the financial statements.
- This year, total liabilities increased by 4.2%, or \$12.4 million. Although several current and noncurrent liability categories experienced fluctuations, the overall increase is primarily attributable to an \$8.7 million rise in the total OPEB liability and the implementation of GASB 101, which resulted in increases of \$2.1 million each in compensated absences due within one year and compensated absences due in more than one year.
 - Increases in total OPEB liability were the largest contributor and were caused by differences between expected and actual experience, interest (as in, the actuarial "growth" of the liability), and service costs. Changes in aggregate net pension liability were less significant, decreasing by \$2.2 million. Key drivers include better-than-expected investment returns from CalPERS, which exceeded the assumed 6.8% rate, resulting in lower unfunded liabilities. There are more details available in Notes 11 & 12 of the financial statements.
 - The implementation of GASB 101 increased both the current and noncurrent compensated absences liabilities by \$2.1 million each because the new standard requires the City to recognize a broader range of earned leave, particularly sick leave that is more likely than not to be used or settled, at employees' current pay rates, including applicable salary-related benefits. This expanded recognition criteria resulted in higher measured obligations relative to the prior model. For more information, please see Note 1 – M, 9 and 19 of the financial statements.
- Deferred inflow of resources related to pension decreased by \$770,200. This reduction reflects the amortization of prior differences between the City's actual contributions to CalPERS and the City's proportionate share of total plan contributions. More significantly, OPEB deferred inflows decreased by \$7.5 million, or 13%, over the prior year. This decrease is primarily due to changes in assumptions, including adjustments to the discount rate and updated healthcare cost trends, as well as differences between expected and actual experience for OPEB plan participants. 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, 2025

Business-Type Activities

- The net position of business-type activities increased by \$14 million, driven by several offsetting factors. Total assets increased by \$17 million, while total liabilities increased by \$3 million, resulting in a net increase of \$14 million before considering deferred items. Deferred outflows related to pensions and OPEB decreased by approximately \$2.061 million, and deferred inflows related to pensions and OPEB decreased by roughly \$2.314 million. The net effect of these deferred items was a nominal \$46,800 reduction to net position. After applying this reduction to the \$14 million increase noted above, the overall change in business-type activities' net position remains \$14 million, as the impact of deferred items is not material to the rounded total.
- Receivables totaled \$11.2 million, an increase of approximately \$1.5 million from the prior year. The majority of these balances relate to unbilled customer accounts for Water, Wastewater, and Solid Waste services, which collectively amount to \$10.3 million. Nearly \$1.3 million of the year-over-year increase reflects higher accounts receivable driven by billing cycle timing across fiscal years and by recent rate increases in Solid Waste. An additional \$205,000 of the increase is attributable to higher interest earnings.
- Total capital assets of \$223 million represent 25.4% of total capital assets citywide.
- Deferred outflow of resources related to pension and OPEB decreased by \$2.4 million, roughly 12%.
 - OPEB deferred outflows decreased by approximately \$117,600, or 1.1%. Please refer to the earlier discussion under Governmental Activities for more information on those specific changes. Additional details on these changes can be found in Note 12 of the financial statements.
 - Pension deferred outflows decreased by \$2.2 million, or 32.6%. Please refer to the earlier discussion under Governmental Activities for more information on those specific changes. Additional details on these changes can be found in Note 11 of the financial statements.
- This year, there was an increase of roughly \$3 million, or 3%, in total liabilities.
 - In terms of other liabilities, these increased by \$3.3 million or 40% compared to the prior year. This was driven mostly by a large account payable accrued at year end related to the 2023 Capital Improvement Project – Waterline Replacement in the Water Division.
 - Long-term liabilities decreased by approximately \$324,600, driven by several offsetting changes. Increases resulting from GASB 101 (\$1.15 million), landfill closure costs (\$578,200), and the total OPEB liability (\$2.4 million) were more than offset by reductions in long-term debt (\$508,500) and a \$3 million decrease in the aggregate net pension liability. In addition, a restatement of net position related to compensated absences reduced beginning net position by \$997,200.
- Deferred inflow of resources related to leases, pension and OPEB decreased by about \$2.3 million, roughly 13%.
 - Deferred inflows related to leases decreased by \$262,800 as existing leases of land owned by the Water, Aviation and Cemetery Funds were paid by the current lessees.
 - Deferred inflows related to OPEB also decreased by \$2 million. Please refer to the above discussion under Governmental Activities as it relates to changes in deferred inflows related to OPEB. There are more details available in Note 12 of the financial statements.
 - Pension deferred inflows experienced no changes and remained at zero.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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, 2025 and June 30, 2024:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for services:	\$ 18,787,896	\$ 18,014,068	\$ 69,195,253	\$ 63,417,844	\$ 87,983,149	\$ 81,431,912
Operating grants and contributions	9,966,621	14,227,777	3,497,291	114,117	13,463,912	14,341,894
Capital grants and contributions	24,818,977	38,207,775	6,357,779	3,867,244	31,176,756	42,075,019
General Revenues						
Property taxes	45,991,007	42,883,738	115,954	104,411	46,106,961	42,988,149
Sales taxes	47,088,618	47,629,644	-	-	47,088,618	47,629,644
Franchise taxes	2,685,573	4,471,469	-	-	2,685,573	4,471,469
Other taxes	2,744,184	2,676,553	-	-	2,744,184	2,676,553
Investment income (loss)	9,605,154	9,235,054	5,418,312	5,841,165	15,023,466	15,076,219
Gain/(loss) on sale of capital assets	-	-	-	-	-	-
Intergovernmental (unrestricted)	1,341,917	852,762	-	-	1,341,917	852,762
Other	2,634,249	2,523,968	2,698,968	1,973,183	5,333,217	4,497,151
Total Revenues	165,664,196	180,722,808	87,283,557	75,317,964	252,947,753	256,040,772
Program Expenses						
General government	42,523,409	42,250,996	-	-	42,523,409	42,250,996
Public safety	83,895,046	70,359,582	-	-	83,895,046	70,359,582
Culture and recreation	10,439,921	9,900,700	-	-	10,439,921	9,900,700
Highway and streets	13,578,992	13,911,149	-	-	13,578,992	13,911,149
Library	6,009,854	4,068,345	-	-	6,009,854	4,068,345
Interest on Long-Term Debt	819,129	679,186	-	-	819,129	679,186
Water	-	-	33,200,910	30,614,235	33,200,910	30,614,235
Disposal	-	-	17,794,049	22,954,172	17,794,049	22,954,172
Sewer	-	-	15,228,817	16,143,743	15,228,817	16,143,743
Groves	-	-	1,560,580	1,507,349	1,560,580	1,507,349
NP Water	-	-	228,214	581,877	228,214	581,877
Cemetery	-	-	1,170,759	1,399,130	1,170,759	1,399,130
Aviation	-	-	1,202,040	789,821	1,202,040	789,821
Total Expenses	157,266,351	141,169,958	70,385,369	73,990,327	227,651,720	215,160,285
Change in Net Position Before Transfers	8,397,845	39,552,850	16,898,188	1,327,637	25,296,033	40,880,487
Transfers	2,925,235	2,827,146	(2,925,235)	(2,827,146)	-	-
Increase (Decrease) in Net Position	11,323,080	42,379,996	13,972,953	(1,499,509)	25,296,033	40,880,487
Beginning Net Position	557,931,945	515,551,949	223,940,878	225,440,387	781,872,823	740,992,336
Restatement of Net Position	(3,571,261)	-	(997,230)	-	(4,568,491)	-
Beginning Net Position, as Restated	554,360,684	515,551,949	222,943,648	225,440,387	777,304,332	740,992,336
Ending Net Position	\$ 565,683,764	\$ 557,931,945	\$ 236,916,601	\$ 223,940,878	\$ 802,600,365	\$ 781,872,823

Total Primary Government –

- Total Primary Government revenues for fiscal year 2025 decreased slightly by 1.2%, or roughly \$3.1 million. This small decrease belies some significant changes from the previous year. There have been noteworthy fluctuations in both charges for service (an increase of nearly \$6.6 million) as well as in capital and operating grants and contributions (a decrease of \$10.9 million and nearly \$900,000 respectively). Significant increases in property tax (of roughly \$3.1 million) were offset by large decreases in franchise fee revenue (of roughly \$1.8 million).
- Property tax grew by 7.3%, or \$3.1 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.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- Charges for service grew overall by \$6.6 million, with most of this increase attributed to significantly higher charges for services in Water, Disposal (Solid Waste), and Wastewater (collectively \$5.7 million). Another \$774,000 is attributed to higher charges for service in governmental activities.
- Capital grants and contributions decreased significantly this year by roughly \$10.9 million, representing the net impact of a \$13.4 million decrease in governmental activities offset by an increase in business-type activities of nearly \$2.5 million.
- Franchise fees, which naturally fluctuate from year to year due to variations in utility consumption, business activity, and underlying gross-receipts bases, decreased significantly in FY 2025—falling by 40%, or approximately \$1.8 million, compared to the prior year.
- Investment income saw a small reduction over the prior year of nearly \$53,000 due to steady market performance and a stabilizing interest rate environment, which limited additional yield under the City's conservative investment strategy.
- Total expenses for the City increased by roughly \$12.5 million, or 5.8%, with the following Program areas that experienced the highest increases: public safety, library, water, disposal (solid waste), nonpotable water and aviation. More detail on these fluctuations is presented below.
- Transfers between governmental activities and business-type activities decreased slightly by roughly \$98,100, or 3.5%.

Governmental Activities

- Overall, the ending net position for the governmental activities increased by \$7.6 million, or 1.4%.
- Total governmental activities revenues decreased by 8.3% in fiscal year 2025, driven primarily by a \$13.4 million decline in capital grants and contributions. Of this decrease, \$6.3 million is attributable to reduced capital contributions associated with the completion of both City-led and developer-funded projects. A significant portion of the remaining decline reflects a lower valuation of right-of-way additions. Although nearly three times as much square footage was added during the year compared to FY 2024, the City limited the recorded value by applying the average assessed value of parcels classified as government land by the County Assessor's Office, rather than using the prior year's methodology, which averaged the cost per square foot across all vacant land categories.
- Operating grants and contributions decreased by approximately \$4.3 million in FY 2025. The prior year included an \$8 million one-time pass-through grant that the City administered on behalf of the University of Redlands, which significantly elevated FY 2024 revenues. In FY 2025, the City recognized \$3.7 million from a new Encampment Resolution Fund grant, partially offsetting this decline. Beyond these major items, smaller year-over-year fluctuations, such as the completion of prior-year grant-funded projects, also contributed to the net decrease. These dynamics reflect the variable nature of grant funding tied to the timing and lifecycle of specific projects.
- Charges for service increased by 4.3%, or \$773,800. This was due to several fluctuations in individual categories, but items of note were large increases in revenue for building permits, plan check fees, grading & paving permits, and applications/filling fees (roughly \$576,600).
- Property tax revenues increased by 7.25%, or approximately \$3.1 million, over the prior year, reflecting another year of strong growth in the City's overall property values. This increase was driven by the addition of new residential and commercial development, continued reassessment activity from prior-year property transactions at higher market values, and the annual inflationary adjustment allowed under California property tax law. While higher interest rates moderated housing activity more broadly, Redlands continued to experience steady demand across residential, multifamily, industrial, and commercial property types, supporting sustained valuation growth.
- Sales Tax revenue contracted slightly by 1.1%, reflecting a modest softening in consumer spending. While inflation has begun to ease, the cumulative effects of elevated prices over recent years have continued to place pressure on household budgets, resulting in reduced discretionary spending. Despite these conditions, the City's sales tax base remains resilient, supported by a diverse mix of industries that helps mitigate volatility across individual sectors of the local economy.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- Franchise Fee revenue decreased by almost 40%, or \$1.8 million over the prior year. This decline reflects a reversion from unusually strong collections in the previous fiscal year, which benefited from timing-related factors and elevated utility revenues that did not recur in fiscal year 2025. Changes in billing cycles, customer usage patterns, and the composition of utility revenues subject to franchise fee calculations also contributed to lower receipts during the year, resulting in a more normalized level of franchise fee revenue relative to historical trends.
- Other General Revenues increased by roughly \$1 million. Investment income accounts for \$370,100 of this increase, reflecting the continued benefit of elevated interest rates on the City's fixed-income investment portfolio. Another \$489,200 of that increase can be traced to higher Intergovernmental Revenues in the form of higher reimbursements via mutual aid agreements within the Fire Department.
- Total expenses for Governmental Activities increased in fiscal year 2025 by \$16.1 million (or 11.4%). This increase is largely attributable to government-wide accounting adjustments, most notably changes in pension-related expense, rather than a comparable increase in day-to-day operating costs. At the government-wide level, expenses are influenced by actuarial remeasurements, deferred inflows and outflows, and other long-term liability adjustments that can vary significantly from year to year. As a result, individual expense categories may rise or fall materially in a given fiscal year, even when underlying service levels and operating activities remain relatively stable. In this context, the overall change in total expenses reflects normal volatility associated with required accounting adjustments and does not indicate a structural increase in the City's operating cost base.
- The following categories saw the largest fluctuations over the prior year:
 - Public Safety expenses increased by roughly \$13.3 million (or 19.2%). The increase was due to several factors, including higher expenses for staff, including pension contributions as well as higher than usual garage charges to maintain public safety fleet vehicles, but more significantly – an \$8 million recognition of pension expense as required under GASB 68. Depreciation expense was also \$1 million higher than the previous year due to the prior years addition of several significant public safety vehicles.
 - Library-related expenditures also increased compared to the prior year, rising by \$1.9 million, or 47.7%. This variance reflects \$2 million project-related costs incurred for the Museum of Redlands Construction Completion project, which were offset by approximately \$2 million in grant funding received from the California Department of Natural Resources.
 - Culture & Recreation also increased by \$539,200, or 5.5%, reflecting higher personnel-related costs, including staff salaries and pension contributions, along with increased spending for garage charges and specialized contractual services associated with program and facility operations.
 - Lastly, interest on long-term debt increased by approximately \$141,500, or 20.8 percent, compared to the prior year, primarily due to higher lease interest expense associated with the addition of new leased vehicles supporting Parks, Police, and Fire operations.

Business-Type Activities

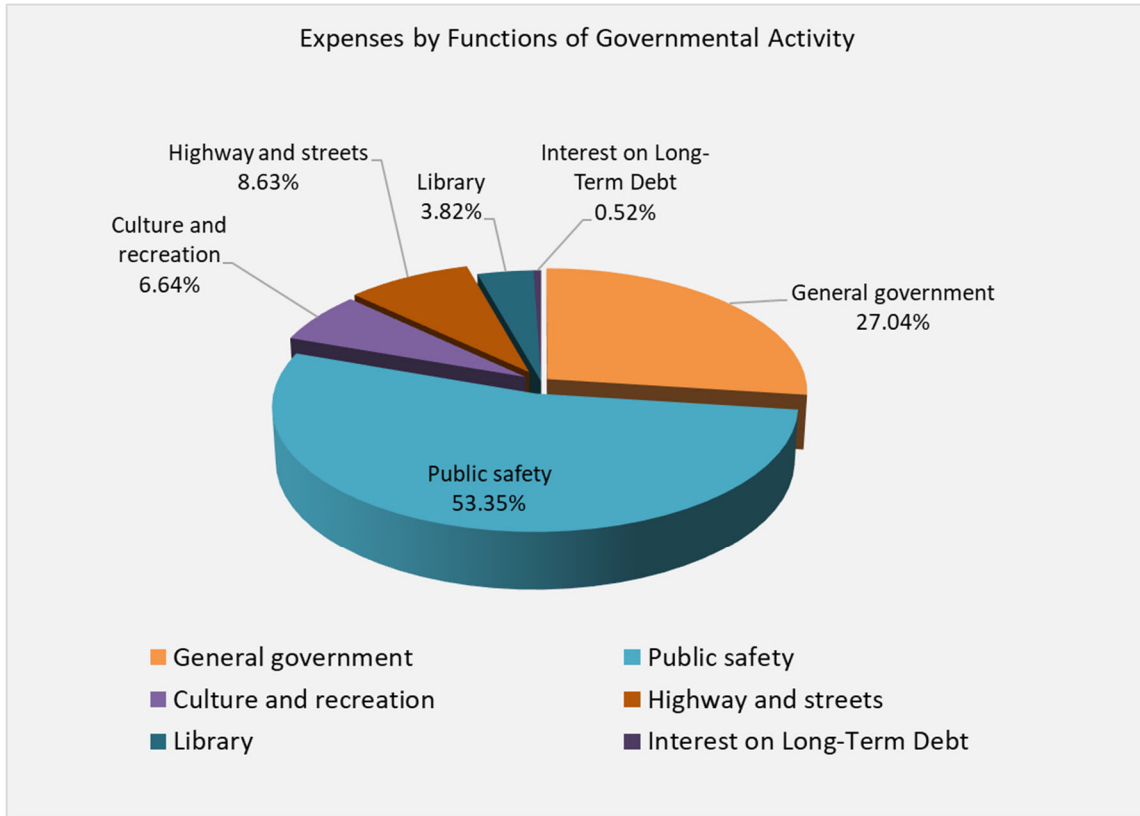
- Overall, the ending net position for the business-type activities increased by \$13 million, or 5.8%.
- Comparing fiscal year 2024 and fiscal year 2025, total revenues increased by \$12 million overall, or 15.9%. The increase in revenues is almost exclusively due to significant increases in each category of program revenues:
 - Charges for Service increased by 9.1%, or \$5.8 million. This growth was driven primarily by rate adjustments across the City's utility operations, including a \$3.5 million increase in Water revenues and a \$613,600 increase in Wastewater revenues associated with rate changes effective August 5, 2024. In addition, Solid Waste revenues increased by \$1.5 million following a rate adjustment that became effective January 1, 2025.
 - Operating grants and contributions also experienced a significant increase in revenue - from \$114,100 to \$3.5 million. This was the result of the following grant awards: \$2.7 million from the Bureau of Reclamation Water SMART program, \$131,500 from Cal Recycle's Beverage Container Recycling Program and \$558,000 from the Federal Aviation Administration's Airport Improvement Program.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- Capital grants and contributions increased significantly compared to the prior year, rising by \$2.5 million, or 64.4%. This increase was driven primarily by the recognition of \$2.8 million in water infrastructure assets contributed through private development, compared to \$72,000 recognized in the prior fiscal year.
- While this category includes a variety of revenue sources and experienced offsetting fluctuations among individual accounts, the most significant contributor to the increase was the receipt of the City's first PFAS settlement payment totaling \$1.1 million. This payment was received under the settlement agreement between public water systems and the 3M Company executed in August 2023. PFAS, or per- and polyfluoroalkyl substances, are a group of manufactured chemicals that have been widely used in industrial and consumer products and are regulated due to their persistence in the environment and potential impacts on water quality. The settlement provides funding to assist public water systems with costs associated with monitoring, treatment, and remediation related to PFAS contamination.
- Expenses decreased overall from fiscal year 2024 levels by nearly \$3.6 million, or 4.9%. The program with the largest decrease in expenses was the Solid Waste (Disposal) fund. Other funds had varied results, with the largest dollar amount increases in Water (\$2.6 million or 8.5%) and the largest increase by percent in the Aviation Fund (\$412,200 or 52.2%).
- Over the prior year:
 - In the Water Fund, expenses increased by nearly \$2.6 million, or 8.5%. This increase was caused by higher expenses related to pensions, salaries and benefits of roughly \$600,000. There was also a significant increase in spending of \$1.6 million for water meters to complete the City's Smart Meter infrastructure program. Also, there was an additional amount of \$345,000 spent for street repairs versus the prior year.
 - In the Solid Waste (Disposal) Fund, total expenses decreased by \$5.1 million, or approximately 22.5%, compared to the prior year. This reduction was driven primarily by lower closure and post-closure expense recognition for the California Street Landfill, which was \$3.2 million lower in fiscal year 2025 following unusually high costs recognized in the prior year. Additional decreases were attributable to lower staffing-related costs of approximately \$450,000 and reduced garage charges of roughly \$600,000, contributing further to the overall decline in expenditures.
 - In the Wastewater (Sewer) Fund, total expenses decreased by approximately \$915,000, or 5.7%, compared to the prior year. This decline was driven primarily by lower personnel-related costs, totaling roughly \$1.1 million, largely attributable to reduced pension contributions and changes in pension expense recognition required under GASB Statement No. 68. These savings were partially offset by increased noncapital expenditures associated with pre-bid support and engineering services related to the Wastewater Treatment Plant capital improvement project.
 - In the Non Potable Fund, overall expenses were \$353,700, or 60.8% lower than the previous year. The primary reason for this decline was that professional services and special contractual work related to well & booster projects were recorded in the previous year. The resulting variance was roughly \$357,300 less in general and administrative expenses.
 - Lastly, in the Aviation Fund, expenses increased by \$412,200, or 52.2%. The largest factor in this increase was expenses related to the Runway and Airport Pavement Treatment Program included within parts and supplies as a noncapital expense. This work was offset by a grant from the Federal Aviation Administration.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

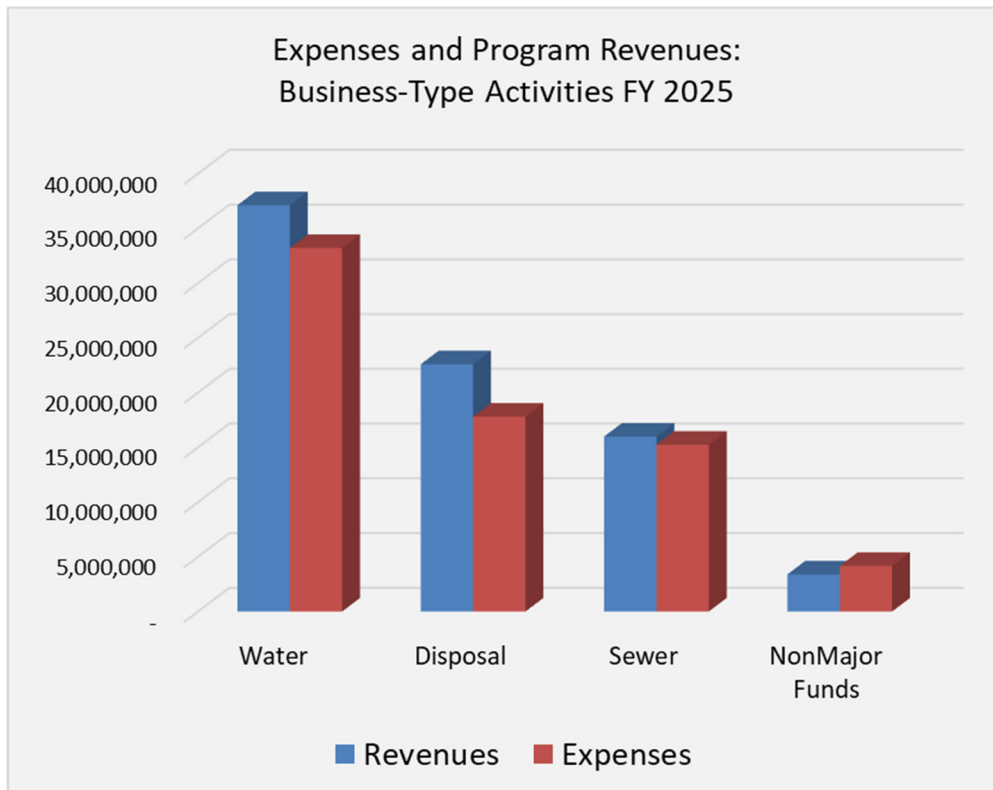
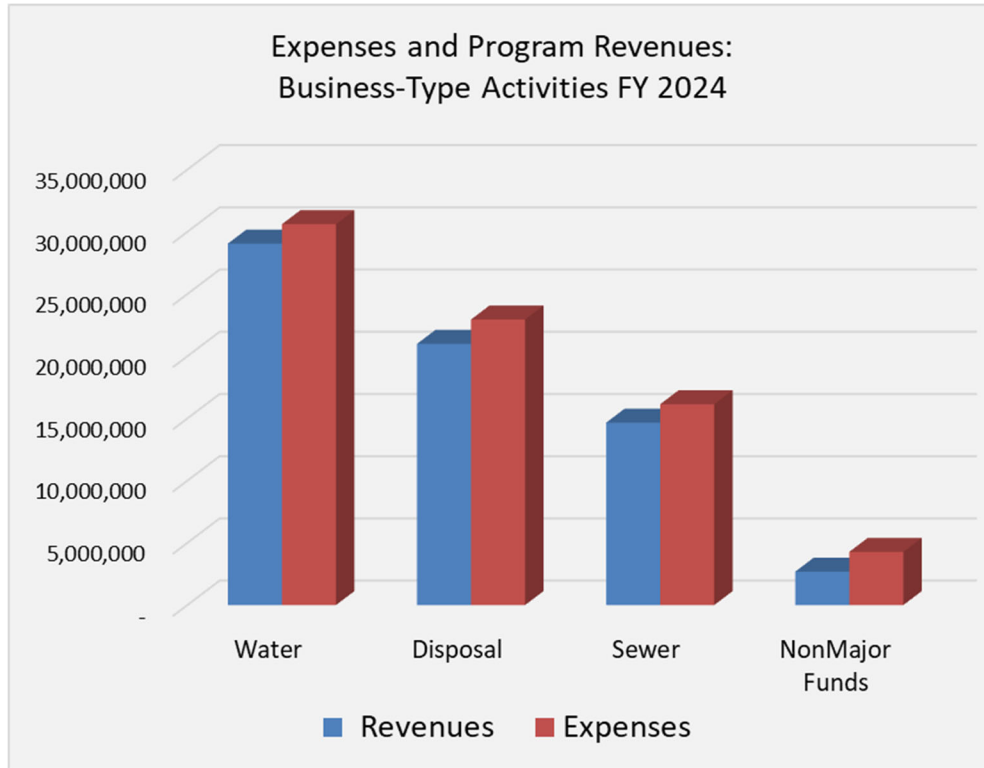
Expenses by Function of Governmental Activities



- Expenses overall for governmental activities totaled \$157 million. This total represents the cumulative effect of increased pension costs, the recognition of OPEB and pension liability expenses, depreciation on capital assets, expenses related to recording the impact of compensated absences, and deferred outflows and inflows related to pension and OPEB. Employee compensation, operating expenditures, and internal service fund expenses are also reflected in this amount.
- Expenses for general government comprise 27% of total governmental activities, or \$42.5 million. General government includes functions such as human resources, finance administration, engineering and City Council. This amount is comparable to the prior year (\$42.2 million).
- Expenses for public safety represent 53% of total governmental activities in the amount of \$83.9 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 effect of salary increases, pension cost increases and the recognition of OPEB and pension liability tend to have a larger impact proportionately for public safety activities. The variance over the prior year reflects an increase of nearly \$13 million (\$70.4 million in FY 2024 versus \$83.9 million in FY 2025). This is attributed to higher expenses assigned from the internal service funds, higher expenses related to depreciation and a notably higher (\$2.8 million increase) recording of changes in pension under GASB 68 for public safety.
- Expenses for highway and streets are 8.6% of all governmental activities, or \$13.6 million. These expenses include spending on the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program, operations and maintenance related to roads and electrical as well as other capital repairs to road infrastructure. The amount is similar to the prior year (\$13.9 million).
- Culture and recreation, Library, and interest on long-term debt comprise 7%, 4%, and 0.5% of government activity respectively, or \$10.4 million, \$6 million, and \$819,000. These amounts are roughly comparable to the prior year.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Expenses and Program Revenues: Business Type Activities Fiscal Year Comparison



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

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Water Fund

- Fiscal year 2025 saw a significant increase in Water revenues of \$8.1 million, or 27.7%, and an increase in expenses of \$2.6 million, or 8.5%.
 - Increased revenues are attributable to several factors. In July 2024, the City Council approved a 2 percent rate increase for customers, which became effective in August 2024. In addition, the City added nearly 150 new customer accounts as a result of newly constructed single-family residences connecting to the utility system. Finally, the near completion of the Smart Meter replacement project has improved water-meter accuracy, resulting in a more precise capture of customer usage. As water meters age, they are known to slow and under-register consumption; the replacement of older meters is therefore increasing billed usage by more accurately reflecting actual water consumption.
 - Expenses increased by \$2.6 million this year. While a variety of accounts increased and decreased among expense categories, the largest contributor was an increased spending on meter replacements, from \$2.6 million in the prior year to \$4.2 million in FY 2025. Street repair work related to pipeline repair was also up by \$345,800. Expenses related to salaries and benefits also increased by roughly \$600,000.

Solid Waste (Disposal) Fund

- For Solid Waste (Disposal) operations, there was an increase in revenues over fiscal year 2024 of \$1.6 million, or 7.6% and a decrease in expenses in the amount of \$5.2 million, or 22.5%.
 - The increase in revenues is due to a 9% rate increase that was approved by Council in July 2024 and became effective January 1, 2025. Besides funding the necessary replacement of aging collection vehicles and inflation driven cost increases, the rate increase is needed to fund compliance with the mandatory requirements of Senate Bill 1383 which will reduce greenhouse emissions related to organic waste disposal.
 - The \$5.3 million decrease in expenses compared to the prior year is driven by several factors. Most significantly, the prior fiscal year included a substantial one-time adjustment related to the recognition of closure and post-closure maintenance expenses for the California Street Landfill; as a result, current-year expense for this item was \$3.2 million lower than the prior year. In addition, internal service charges decreased by approximately \$1.2 million, primarily related to IT, fleet maintenance, and utility billing services. These reductions reflect the fund's lower overall expenditure levels, as internal service fund charges are generally allocated based on budgeted costs. Finally, salaries and benefits expenses declined by approximately \$711,000, largely attributable to reduced pension-related costs.

Wastewater (Sewer) Fund

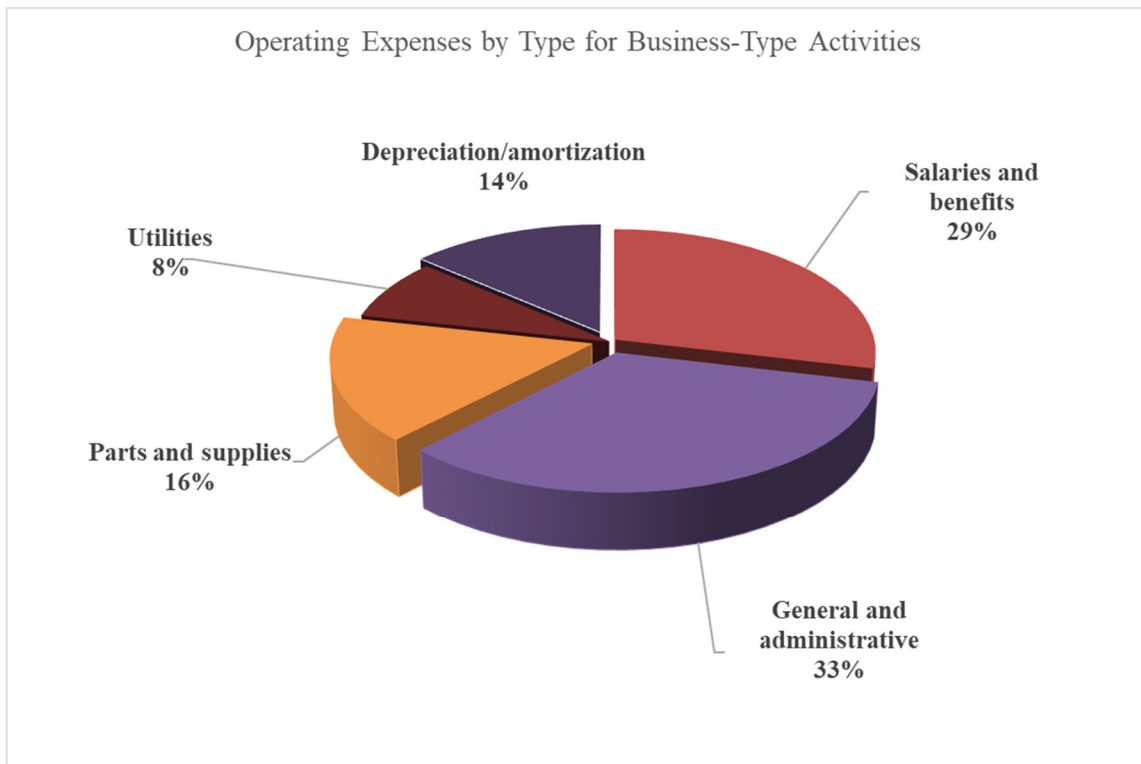
- In the Wastewater (Sewer) Fund, revenues increased by \$1.3 million, or 9%, and expenses decreased by \$915,000, or 5.7%.
 - The increase in revenues is related to a rate increase of 10% approved by Council in July 2024 and effective August 2024. The City recently completed a wastewater utility master plan that identifies necessary capital improvements for the efficient and effective operation of the City's wastewater utility infrastructure. These rate increases are intended to fund improvements to the utility infrastructure, including a significant \$45 million upgrade to the Wastewater Treatment Plant during the next 5 years.
 - Lower expenses primarily reflect reduced pension-related costs and changes in pension liability recognition, resulting in approximately \$1.0 million in savings. These savings were partially offset by routine fluctuations across individual expense categories, which increased or decreased modestly during the year.

City of Redlands
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Nonmajor Business-Type Funds

- The Groves Fund experienced a significant decrease in revenue by roughly \$466,800, or 54%. This follows a prior year decline of roughly \$836,000 (or 97%). While citrus revenues are inherently volatile due to fluctuations in market conditions, these recent declines were exacerbated by plant-pest quarantine orders issued by the California Department of Food and Agriculture as a result of the Oriental fruit fly (OFF) quarantine affecting portions of the Inland Empire. Under these orders, harvested citrus fruit was required to be diverted to juice or processing markets rather than sold as fresh fruit. Revenues from juice and processing markets are significantly lower than those generated from fresh-market sales, resulting in materially reduced revenue to the Fund during the affected periods. The applicable quarantine restrictions have since been lifted, and the City anticipates a full recovery of citrus revenues in the coming fiscal year, assuming normal growing and market conditions.
- The Non-Potable Water Fund experienced an increase in revenues of 62.4%, or \$400,200. The increase in revenue is related to an increase in charges for nonpotable water service as connections to the system begin to expand (\$285,700), as well as a capital contribution of infrastructure from private development projects (\$196,000). The City is actively working on a plan to enable more consumption of nonpotable water through transmission projects. Expenses were down significantly, by 37%, or \$353,700, reflecting higher expenses in the prior year related to recycled water well and booster pump maintenance and repair.
- The Hillside Memorial Cemetery had a 19% increase in revenues of \$217,000 due to higher cemetery lot and crypt sales. There was a commensurate reduction in expenses as well (\$228,300, or 23.8%) mostly due to savings in pension cost and expense recognition.
- The Aviation fund saw a large increase in revenues of \$549,700, or 406%, entirely related to one-time revenue from the FAA’s Runway and Airport Pavement Treatment Program grant. Expenses also increased by roughly \$412,200, or 57.6%. The increase is largely due to grant-related expenditures of \$650,600 partially offset by a savings in salaries and benefits of \$187,600.

Expenses by Type for Business-Type Activities



City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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 2025, the total fund balance reported for the General Fund was \$114,333,611, an increase of \$3.2 million (2.8%) from the prior year ending fund balance of \$111,176,689. This increase was driven primarily by growth in unassigned fund balance (of \$2.9 million), largely reflecting expenditure savings realized during the fiscal year.

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 102% of general fund expenditures (of \$112 million), however, only \$63,374,540 of the \$111 million fund balance is unassigned. The unassigned fund balance of \$63.4 million, together with the \$11.1 million in fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 66% of general fund expenditures. Total general fund expenditures this year were \$112.2 million, which is \$1.2 million higher than the prior year amount of \$113.4 million. Total general fund revenues were \$125.5 million, or 11% higher than the prior year amount of \$122.6 million.

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

- Property tax increased by \$3.1 million, or 7.5%, marking another year of significant growth. This increase primarily reflects growth in assessed values enrolled during calendar year 2022, which are recognized in fiscal year 2025 property tax revenues due to the inherent lag between assessment activity and tax collection. During calendar year 2022, home prices and sales activity reached elevated levels for much of the year before higher interest rates began to cool the housing market. As a result, the City's total assessed valuation increased by approximately 9.1% for the fiscal year. Growth occurred across multiple property use categories, with residential properties accounting for approximately 49% of total assessed value growth. The largest contributors to overall growth included prior-year transfers of ownership (approximately 27%), the Proposition 13 CPI adjustment of 2% (approximately 22%), new residential and nonresidential construction (approximately 13% combined), and other valuation changes, including assessment adjustments and multi-parcel transactions. In addition, the assessment roll reflected several notable one-time increases related to large commercial and industrial properties, including State-assessed utility property, which contributed meaningfully to the year's overall growth but may not recur annually.
- Overall sales tax decreased by \$541,000, or 1.1%, reflecting the inherently elastic nature of this revenue source, which, unlike property tax, is more immediately responsive to current economic conditions. The modest decline is attributable to continued inflationary pressures on consumers and a corresponding pullback in discretionary spending, as higher costs for essential goods and services have constrained household purchasing behavior.
- Other taxes include possessory interest taxes, the City's transient occupancy tax (hotel tax), and the mining tax. Total revenues in this category declined by approximately 2.5%, or \$67,600, compared to the prior year. The decrease was driven primarily by a reduction of approximately \$187,300 in possessory interest tax revenues, reflecting the termination or non-renewal of certain leases of public property. Transient occupancy tax revenues remained relatively stable, increasing by approximately \$43,100, while mining tax revenues increased by approximately \$76,600, partially offsetting the decline in possessory interest receipts.
- Franchise fee revenue declined by approximately \$1.8 million, or nearly 40%, compared to the prior year. The decrease reflects a return to more typical revenue levels following an unusually strong prior year driven by timing-related factors and higher utility revenues that did not recur in fiscal year 2025. Changes in billing timing and customer usage patterns also contributed to the reduction.
- Licenses and permits reflect an increase of \$541,800 or 5.9%. This increase is due to increased building- and construction-related activity, for which there were higher amounts of permits issued related to building, conditional use permits, street encroachments, and code variances.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- Intergovernmental revenues increased by \$465,900 or 59.7%, which is primarily the result of a very significant increase in Mutual Aid received in the current fiscal year. 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 increased by \$556,600, or 7.8% from prior year. While there are variations over and under in each revenue account, the largest increases were in the categories of plan check, rental property inspections and application/filing fees.
- Investment income increased modestly by \$88,700, or 1.6%, from the prior year, reflecting stable cash balances and continued favorable interest rates during the fiscal year.
- For Rents and leases, revenue increased by \$141,200, or 12.1%. This increase reflects a robust increase in recreation rentals. As a result of newly renovated spaces, like the Joslyn Senior Center, Recreation staff have been able to market these facilities to larger audiences and accommodate larger events generally.
- Miscellaneous revenue increased by roughly \$179,700, or 8.5%. While several accounts in this category experienced fluctuations, the main driver of the increase was a donation from Toyota of Redlands in the amount of \$250,000 towards the funding of a wellness/gym facility for the planned Safety Hall Building.
- Transfers in decreased in FY 2025 over the prior year by approximately \$89,900, a 3.2% decrease. This was primarily a result of the decrease in fixed asset transfers from the Water, Wastewater, and Solid Waste funds.

The **Governmental Grants Fund** accounts for the receipt and expenditure of grant revenues supporting the City's governmental activities and represents the primary fund through which the City administers its grant-funded programs. This fund captures nearly all grant activity related to general government operations, public safety, planning and homelessness initiatives, and capital infrastructure projects. Most notably, the fund tracks the City's allocation of Coronavirus State and Local Fiscal Recovery Funds issued through the American Rescue Plan Act in the amount of \$11,508,106, the largest federal grant award the City has received to date.

In addition, the fund accounts for several other significant grant programs, including transportation-related engineering grants and equipment and facility grants supporting the Police and Fire Departments. The fund also tracks all grant revenues supporting the City's Homelessness Solutions Team, including the California Department of Housing and Community Development's Encampment Resolution Funding Program awards. During fiscal year 2025, the City received a new Encampment Resolution Funding (ERF-3-R) Program award in an amount not-to-exceed \$4,155,600. This fund also accounts for a \$2.0 million grant from the California Natural Resources Agency awarded in fiscal year 2025 to support completion of the Museum of Redlands construction project.

Major Enterprise Funds. The **Water Fund** has a total net position of \$158.4 million at the end of the fiscal year, \$22.2 million of which is unrestricted. The **Solid Waste (Disposal) Fund** has a total net position deficit of (\$712,000) at the end of the fiscal year, which marks a \$3.6 million reduction over the prior fiscal year; and its unrestricted net position is a deficit of (\$19.3 million). The **Wastewater Fund** has a total net position of \$57.5 million at the end of the fiscal year; \$529,00 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 2025 activity in the General Fund can be briefly summarized as follows:

- Total Revenues – \$10.3 million received in excess of budgeted amounts.
- General Government – spent \$5 million less than the final amount appropriated in the budget (savings).
- Public Safety – spent \$3.5 million less than the final amount appropriated in the budget (savings).
- Culture and Recreation – spent \$1.5 million less than the final amount appropriated in the budget (savings).

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- Highways and Streets – spent \$495,200 less than the final amount appropriated in the budget (savings).
- Library – spent roughly \$518,800 less than budgeted.
- Transfers Out – had a favorable variance of \$7.2 million, as actual transfers were lower than the amount budgeted in the final budget.
- Capital Outlay – there was a positive variance between the final budget and the amount expended of \$3.8 million.
- Debt Service – in this category, there was savings of \$984,900 when comparing the final budget to the actual amount expended during this fiscal year.

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	\$ 95,292,857	\$ 97,363,180	\$ 2,070,323
License and permits	8,593,681	9,780,390	1,186,709
Fines and forfeitures	85,100	71,312	(13,788)
Intergovernmental	499,640	1,246,109	746,469
Charges for services	7,283,660	7,657,756	374,096
Investment income (loss)	2,420,000	5,736,405	3,316,405
Rents and leases	1,258,522	1,308,803	50,281
Miscellaneous	2,040,476	2,291,210	250,734
Transfers in	2,506,621	2,760,231	253,610
Inception of lease liability	-	2,098,978	2,098,978
Total Revenues	<u>119,980,557</u>	<u>130,314,374</u>	<u>10,333,817</u>
EXPENDITURES*			
General Government	30,932,530	25,885,323	5,047,207
Public Safety	62,415,093	58,903,986	3,511,107
Culture & Recreation	10,479,714	8,930,389	1,549,325
Highways & Streets	5,900,313	5,405,089	495,224
Library	3,929,254	3,410,455	518,799
Transfers	22,166,495	14,995,869	7,170,626
Capital Outlay	11,671,681	7,893,014	3,778,667
Debt Service	2,718,190	1,733,327	984,863
Total Expenditures	<u>\$ 150,213,270</u>	<u>\$ 127,157,452</u>	<u>\$ 23,055,818</u>
*Budget savings noted as positive figures			

General Fund revenues remained highly concentrated in the City's two primary tax sources, property tax and sales tax, which together accounted for approximately 73% of total revenues for the year. Excluding the accounting-related inception of lease liability, actual General Fund revenues exceeded budget estimates by \$8.2 million. This favorable variance was driven in part by stronger-than-anticipated growth in property tax revenues, as discussed earlier in this section. Property tax has exhibited sustained growth over the past several years, supported by significant increases in the City's total assessed valuation. While assessed value growth has been robust over the last five years, the pace of growth is expected to moderate in future years as market conditions normalize. Higher-than-anticipated property tax revenues helped offset underperformance in more economically sensitive revenue sources, including sales tax and franchise fees.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The other significant variation vis-à-vis budget is the inception of lease liability in the amount of \$2.1 million. In compliance with GASB Statement No. 87, the City recognizes lease agreements as part of its financial activities. In essence, GASB 87 requires the lease liability to be recorded as if the City received financing, even though no cash was actually received. This year, the inception of lease liability is reported under General Fund revenues to reflect the financial impact of new lease agreements for key operational assets, including:

- Police Patrol Vehicles: Essential for maintaining public safety and responding to emergencies.
- Public Works Vehicles: Critical for infrastructure maintenance and other city services.
- Fire Department Vehicles: Used for non-emergency tasks such as inspections, logistics, and administrative duties.

The "inception of lease liability" represents the initial recognition of these lease agreements as a financing source, which include the future lease payments that the City is obligated to make. These are offset by the City's right to use the vehicles during the lease term.

All revenue categories had positive variances, except for the categories of Fines & Forfeitures.

- Investment income exceeded the final budget by \$3.3 million, resulting in a significantly favorable variance. The City intentionally budgets investment income conservatively to avoid reliance on market conditions that may fluctuate from year to year and to preserve budget stability. The favorable variance realized during the year reflects higher-than-anticipated interest earnings driven by elevated short-term interest rates, strong investment portfolio performance, and the timing of cash balances maintained throughout the fiscal year.
- Licenses and permits performed better than expected, roughly \$1.2 million, or 13.8%, above forecasts. This was mainly due to increased receipts from building permits and associated activity.
- Intergovernmental revenue was higher than expected by approximately \$746,500, or 149%. 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. Higher-than-anticipated revenue from mandated cost reimbursement also contributed to this increase.
- Charges for service were slightly higher by \$374,100, 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, rental inspections and application filing fees.
- Rents and leases were roughly \$50,300 higher than budgeted amounts. These revenues include lease revenue from a six-story office building located at 300 East State Street in downtown Redlands. Increases are attributed to higher than expected rental of recreation facilities.
- Transfers in were higher than budgeted by 10.1%. This can be attributed to higher funding received from the Gas Tax Fund and the Traffic Safety Fund. This is caused by more revenue than anticipated 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 \$250,700, or 12.3%. This was mainly due to an increase in miscellaneous receipts from the transfer of late fees from the Enterprise Funds to the General Fund.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Total General Fund expenditures ended the year under budget by 15.3%, or \$23.1 million. The majority of the unspent funds will be carried forward to the subsequent fiscal year (2026) for expenditure.

- General Government expenditures ended the year under budget by 16.3%, or \$5 million. This savings is mainly due to underspending with regard to the governmental grants fund for homelessness solutions-related grants, specifically a savings between full time staff salaries and special program expenditures totaling \$4.9 million, although several accounts of expenses fluctuated up and down within this category.
- Public Safety expenditures were under budget by \$3.5 million, or 5.6%. \$2.8 million of this savings can be attributed to the high vacancy rate experienced by the Police Department, which encountered significant difficulty recruiting new police officers during the fiscal year. Fire also experienced roughly \$617,000 in salary savings due to vacancies in the Emergency Services Fund.
- Culture and Recreation came in under budget by roughly \$1.5 million, or 14.8%, this was attributable to unspent funding on projects in the Parks division, as well as other fluctuations across multiple expenditure categories in Parks, Trees and Recreation & Senior Services divisions as well as a small amount of salary savings.
- Highways and Streets expenditures were under budget by \$495,200, or 8.4%. This savings was mainly a result of savings in the Streets Division in contractual and garage expenses, offset by some overspending in the Electrical Division, as well as savings in the development impact fee funds for arterial street construction, traffic signals, and freeway interchanges. The latter is mainly dependent on the timing of projects.
- Library expenditures were just under budget by less than \$518,800, or 13.2% at year-end. The variation includes salary savings, unspent project related funds and savings on non-capital expenditures.
- Capital outlay expenditures were \$3.8 million, or 32.4%, below the final budget at year-end. The favorable variance is primarily attributable to the timing of expenditures associated with several major capital and infrastructure projects that were budgeted but not fully executed during the fiscal year. Delays were largely related to project scheduling, design development, procurement, and coordination with external agencies and contractors. Capital projects within the streets, planning, recreation, and animal services programs accounted for the majority of the unspent appropriations, with remaining funds expected to carry forward for completion in subsequent fiscal years.
- Actual debt service expenditures were below budgeted levels, at a savings of 36.2%, or \$984,900, under budget. While various accounts in this category fluctuate, this variance 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 Police Department, where roughly \$1.5 million was budgeted to acquire patrol vehicle leases budgeted for in FY 2025. As noted above, almost all of these appropriations are carried over into the following fiscal year.

The General Fund realized a net favorable variance of \$23.1 million between actual revenues and expenditures, reflecting a combination of conservative budgeting, disciplined expenditure management, and stronger-than-anticipated property tax performance. Revenue growth was led by property tax, while expenditure savings were achieved across multiple operating categories, including salaries and benefits, contractual services, and vehicle and equipment purchases. These results demonstrate the City's continued emphasis on maintaining structural balance and exercising prudent financial management.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities totaled approximately \$880 million as of June 30, 2025 (net of accumulated depreciation and amortization). This investment includes land; buildings and improvements; machinery and equipment; vehicles; infrastructure; water rights; rights-of-way; and construction in progress. Capital assets also include lease assets and subscription assets recognized in accordance with GASB Statements Nos. 87 and 96, which require the recognition of right-to-use assets associated with lease and subscription-based arrangements.

Major capital asset events for **Governmental Activities** during FY 2025 include the following:

Within the Land category, the City acquired a public parking easement at 31 Stuart Street, providing a minimum of 200 parking spaces located on the third floor of the building. The easement was recorded as a capital asset at a cost of \$1.9 million and resulted in a net increase of \$1.9 million, or 4.6%, in the Land category during the fiscal year.

Buildings and Improvements – The City recorded several additions within this category during the fiscal year, including new HVAC systems at the Animal Shelter and Emergency Operations Center; guardrail installations along two minor streets and two arterial streets; and various park-related improvements, such as lighting and electrical upgrades at the Redlands Bowl and new lighting at the Community Sports Park. Collectively, these additions increased the Buildings and Improvements category by \$3.7 million, or 5.9%, during the year.

Additions and deletions to machinery, equipment, and vehicles in governmental activities resulted in a net increase of \$1.1 million, 4.4%. This increase reflects the purchase and installation of general office hardware, the implementation of a comprehensive network switch replacement project, a comprehensive Police Department Camera system replacement project, the addition of new traffic detection and control systems as well as a new fuel management system.

Net additions to infrastructure assets in general government activities totaled nearly \$12.5 million, or 4.4%. Roughly \$7 million of these additions were the result of projects constructed by the City, including the 2023 and 2024 Alley Paving Improvements and the 2024 street resurfacing project. Additions recorded as a result of private developer projects totaled roughly \$7 million as well. Deletions in this category represent adjustments made when portions of existing infrastructure assets were replaced or reconstructed. Specifically, if an infrastructure asset was newly constructed, no deletions were recorded. However, if an asset was completely reconstructed, the full cost of the original asset was removed from the records as a deletion. For assets where only a portion was removed and replaced, the corresponding percentage of the original asset's cost was recorded as a deletion in the accompanying schedules.

Right-of-way assets increased by \$7.0 million, or 1.9%, during the fiscal year, representing a more modest increase compared to the prior year. Although a comparable amount of right-of-way acreage was added, the recorded value was lower because the City applied an average assessed value methodology based on parcels classified as government land by the County Assessor's Office, which limited the overall increase in reported value.

Construction in Progress values in general government activities decreased slightly by almost \$500,000, or 3%. This decrease reflects completion of several large capital improvement projects and equipment purchases, including the Fire Station No. 262 Remodel Architectural and Construction Services, the Redlands Bowl Lighting, Speakers, Communication Outlets & Cabling Replacement, the purchase of three Type I Fire Engines, and the 2024 Alley Paving Improvement Project. Transfers and deletions in this category represent projects that were completed by June 30, 2025. Upon completion, these projects were reclassified into other asset categories, most commonly the infrastructure asset class, to reflect their transition from in-progress to capitalized assets.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Accumulated Depreciation increased by \$7.3 million, or 4.5%. 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 infrastructure and buildings & improvements.

Overall, lease assets increased by roughly \$2 million, or 46.2%, as a result of new lease agreements for public works and public safety vehicles.

Overall, subscription assets decreased by roughly \$81,700, or 19%, as a result of expired subscriptions in whole or part.

Accumulated amortization represents the portion of lease and subscription asset values that has been expensed over time as the City uses these assets, in accordance with GASB standards. During the fiscal year, accumulated amortization increased by approximately \$624,000, reflecting ongoing amortization of existing lease and subscription assets, partially offset by the addition of new assets with minimal amortization to date and adjustments related to asset reclassifications.

For **business type activities**, machinery, equipment and vehicle assets increased by roughly \$872,000, or 3.62%, representing purchases of office, laboratory and sampling equipment as well as the purchase of three (3) front-loading solid waste collection vehicles.

Building & Improvements increased by roughly 0.9%, or \$1.1 million.

Machinery & Equipment increased by \$2.9 million, or 11.6%.

Infrastructure assets increased by roughly \$10.3 million, or 4.9%. Roughly \$6.9 million of this increased is attributed to the 2022 & 2023 CIP Sewer Pipeline Replacement project as well as the 2024 Sewer Pipeline and Manhole Rehabilitation project. Another \$2.8 million is attributed to private development projects contributing to Water System infrastructure.

Construction in progress increased by \$5.6 million, or 45.7%, during the fiscal year, reflecting the initiation and continued advancement of several major capital projects. Notable projects contributing to this increase include the 2023 CIP Water Pipeline and Highline Replacement Project and the Wastewater Treatment Plant Phase II Modifications project. These increases were partially offset by the completion of various projects that were transferred out of construction in progress upon placement into service.

Accumulated depreciation increased by \$6.8 million, or 3.4%, with the largest increases in the categories of infrastructure and building & improvements.

Lease Assets increased by \$1.1 million, or 39%. This reflects new vehicle leases in the Water, Wastewater and Solid Waste divisions.

As noted above, accumulated amortization represents the portion of lease and subscription asset values that has been expensed over time as the City uses these assets, in accordance with GASB standards. During the fiscal year, accumulated amortization increased by approximately \$715,300, reflecting continued amortization of existing lease and subscription assets, partially offset by the addition of new assets with minimal amortization to date and adjustments related to asset reclassifications.

Overall, for primary government the City's net capital assets increased somewhat significantly by \$33.3 million for the fiscal year ended June 30, 2025, or 3.9% over prior year. This is slightly lower than the previous year's increase of 5.7%.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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.)
	2025	2024	2025	2024	2025	2024	% of Change
Land	\$ 43,645,905	\$ 41,707,282	\$ 28,069,057	\$ 28,069,057	\$ 71,714,962	\$ 69,776,339	2.8%
Buildings & Improvements	66,402,490	62,724,536	124,326,375	123,210,762	190,728,865	185,935,298	2.6%
Machinery/Equip./Vehicles	26,613,395	25,482,981	27,872,228	24,968,572	54,485,623	50,451,553	8.0%
Infrastructure	295,294,847	282,812,418	221,087,892	210,736,273	516,382,739	493,548,691	4.6%
Water Rights	408,125	408,125	9,792,995	9,792,995	10,201,120	10,201,120	0.0%
Right of Way	373,876,657	366,862,877	-	-	373,876,657	366,862,877	1.9%
Construction in Progress	15,808,739	16,307,905	17,768,499	12,194,230	33,577,238	28,502,135	17.8%
Accumulated Depreciation	(169,946,905)	(162,650,313)	(208,671,732)	(201,824,376)	(378,618,637)	(364,474,689)	3.9%
Lease Assets	6,401,170	4,377,917	3,971,466	2,854,808	10,372,636	7,232,725	43.4%
Subscription Assets	341,190	422,936	-	-	341,190	422,936	(19.3%)
Accumulated Amortization	(1,904,475)	(1,280,507)	(1,094,882)	(379,595)	(2,999,357)	(1,660,102)	80.7%
Total	\$ 656,941,138	\$ 637,176,157	\$ 223,121,898	\$ 209,622,726	\$ 880,063,036	\$ 846,798,883	3.9%

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 2025 include the following:

- The Lease liability category increased by \$1.3 million, or 25.2% as a result of the addition of new leases for vehicles in Police, Fire, Recreation, Streets, Parks, Engineering, Water and Wastewater operations.
- Subscription liability increased by \$42,000, or 76.4%, during the fiscal year, reflecting the net effect of the expiration of certain technology agreements and the initiation of new subscription-based arrangements.
- Taxable pension bonds experienced a decrease of 3.6% as a result of annual debt service and no new additions were made to such debt.
- Notes payable decreased by roughly \$971,400, or 6%, as a result of repayments and no new additions to debt in this category.
- Claims payable increased by \$4.4 million, or 28.6%, during the fiscal year. The increase reflects a higher volume of claims filed against the City. Claims activity can fluctuate significantly from year to year based on the timing and nature of filings.
- Compensated absences increased by approximately \$5.3 million, or 54%, during the fiscal year. This increase is primarily attributable to the City's implementation of GASB Statement No. 101 in fiscal year 2025, which requires the recognition of compensated absence liabilities based on leave benefits earned by employees and the likelihood that those benefits will ultimately be used or paid.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- The landfill closure liability increased slightly by \$578,300, or 3.75%. The landfill closure liability increased slightly by \$578,300, or 3.75%, primarily due to updated cost estimates and the passage of time as additional closure and post-closure obligations are recognized in accordance with regulatory requirements.
- After two years of favorable trends, the City's total OPEB liability increased by \$11.1 million, or 8.2%, primarily due to changes in actuarial assumptions and the normal accrual of benefits, partially offset by continued contributions and plan experience.
- The City's net pension liability decreased by \$5.2 million, or 3.1%, during the fiscal year, primarily reflecting favorable investment performance and actuarial experience within the pension plans, partially offset by the normal accrual of benefits.

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.)
	2025	2024	2025	2024	2025	2024	% of Change
Lease Liability	\$ 3,984,583	\$ 2,941,545	\$ 2,514,839	\$ 2,249,119	\$ 6,499,422	\$ 5,190,664	25.21%
Subscription Liability	97,108	55,044	-	-	97,108	55,044	76.42%
Taxable Pension Bonds	4,309,904	4,469,940	-	-	4,309,904	4,469,940	-3.58%
Notes Payable	4,565,774	4,789,210	10,561,432	11,309,430	15,127,206	16,098,640	-6.03%
Claims Payable	19,852,779	15,433,473	-	-	19,852,779	15,433,473	28.63%
Compensated Absences*	12,827,227	12,209,764	2,415,206	2,261,528	15,242,433	14,471,292	5.33%
Landfill Closure Liability	-	-	15,996,513	15,418,260	15,996,513	15,418,260	3.75%
Total OPEB Liability	98,257,355	89,577,526	42,703,270	40,315,855	140,960,625	129,893,381	8.52%
Net Pension Liability	137,481,905	139,682,059	21,072,264	24,033,967	158,554,169	163,716,026	-3.15%
Total	\$281,376,635	\$269,158,561	\$ 95,263,524	\$ 95,588,159	\$376,640,159	\$364,746,720	3.26%

*The balance in FY 2024 for compensated absences has been restated in accordance with GASB 101. More detail is available in Note 1 - M and Note 9.

Additional information on the City's long-term liabilities can be found in Notes 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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 175,704,531	\$ 106,888,214	\$ 282,592,745
Accounts receivable, net	1,926,414	10,373,559	12,299,973
Taxes receivable	10,090,098	2,209	10,092,307
Interest receivable	1,366,830	638,617	2,005,447
Lease receivable - due within one year	606,553	216,649	823,202
Due from other governments	2,041,360	705,208	2,746,568
Prepaid items	698,523	21,618	720,141
Inventories	343,262	-	343,262
Internal balances	417,285	(417,285)	-
Total current assets	193,194,856	118,428,789	311,623,645
Noncurrent assets:			
Restricted cash and investments	284,866	712,985	997,851
Loan receivable	551,178	-	551,178
Lease receivable - due in more than one year	2,206,272	1,950,001	4,156,273
Capital assets:			
Non-depreciable/amortizable	433,739,426	55,630,551	489,369,977
Depreciable/amortizable, net	223,201,712	167,491,347	390,693,059
Total capital assets	656,941,138	223,121,898	880,063,036
Total noncurrent assets	659,983,454	225,784,884	885,768,338
Total assets	853,178,310	344,213,673	1,197,391,983
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	32,082,610	10,696,551	42,779,161
Related to pensions	38,219,065	4,632,174	42,851,239
Total deferred outflows of resources	70,301,675	15,328,725	85,630,400

City of Redlands
Statement of Net Position (Continued)
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	7,536,127	6,733,717	14,269,844
Accrued payroll	4,826,878	1,274,954	6,101,832
Interest payable	117,097	98,524	215,621
Unearned revenue	7,006,874	308,451	7,315,325
Deposits payable	3,582,785	3,092,141	6,674,926
Compensated absences - due within one year	6,413,615	1,207,604	7,621,219
Claims payable - due within one year	9,926,390	-	9,926,390
Long-term debt - due within one year	1,477,783	2,198,446	3,676,229
Total current liabilities	<u>40,887,549</u>	<u>14,913,837</u>	<u>55,801,386</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	6,413,612	1,207,602	7,621,214
Claims payable - due in more than one year	9,926,389	-	9,926,389
Long-term debt - due in more than one year	11,479,586	10,877,825	22,357,411
Landfill closure liability	-	15,996,513	15,996,513
Total OPEB liability - due in more than one year	98,257,355	42,703,270	140,960,625
Aggregate net pension liability - due in more than one year	137,481,905	21,072,264	158,554,169
Total noncurrent liabilities	<u>263,558,847</u>	<u>91,857,474</u>	<u>355,416,321</u>
Total liabilities	<u>304,446,396</u>	<u>106,771,311</u>	<u>411,217,707</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	2,622,941	2,002,410	4,625,351
Related to OPEB	50,133,050	13,852,076	63,985,126
Related to pensions	593,834	-	593,834
Total deferred inflows of resources	<u>53,349,825</u>	<u>15,854,486</u>	<u>69,204,311</u>
NET POSITION			
Net investment in capital assets	648,293,673	210,045,627	858,339,300
Restricted:			
Donations	1,067,304	-	1,067,304
Grants	307,604	-	307,604
PEG fees	724,992	-	724,992
Park and open space acquisition/improvement	5,945,504	-	5,945,504
Public facilities	2,545,043	-	2,545,043
Public safety	398,763	-	398,763
Police programs and equipment	1,964,140	-	1,964,140
Public art	10,335	-	10,335
Street reconstruction/improvement projects	13,777,723	-	13,777,723
Debt service	637,959	462,600	1,100,559
Capital projects	3,063,594	19,193,915	22,257,509
Endowment - non-expendable	-	110,741	110,741
Endowment - expendable	35,245	-	35,245
CFD assessment	201,474	-	201,474
Total restricted	<u>30,679,680</u>	<u>19,767,256</u>	<u>50,446,936</u>
Unrestricted (deficit)	<u>(113,289,589)</u>	<u>7,103,718</u>	<u>(106,185,871)</u>
Total net position	<u>\$ 565,683,764</u>	<u>\$ 236,916,601</u>	<u>\$ 802,600,365</u>

See accompanying Notes to the Basic Financial Statements.

City of Redlands
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 42,523,409	\$ 16,977,454	\$ 6,950,745	\$ 222,079	\$ 24,150,278
Public safety	83,895,046	805,711	1,208,550	257,320	2,271,581
Culture and recreation	10,439,921	612,736	1,324	448,667	1,062,727
Highway and streets	13,578,992	387,015	-	23,741,631	24,128,646
Library	6,009,854	4,980	1,806,002	149,280	1,960,262
Interest on long-term debt	819,129	-	-	-	-
Total governmental activities	<u>157,266,351</u>	<u>18,787,896</u>	<u>9,966,621</u>	<u>24,818,977</u>	<u>53,573,494</u>
Business-type activities:					
Water	33,200,910	30,527,328	2,722,500	3,856,396	37,106,224
Disposal	17,794,049	22,361,903	131,457	88,151	22,581,511
Wastewater	15,228,817	13,757,797	-	2,217,248	15,975,045
Groves	1,560,580	378,608	-	-	378,608
Non-Potable	228,214	839,500	57,573	195,984	1,093,057
Cemetery	1,170,759	1,164,434	-	-	1,164,434
Aviation	1,202,040	165,683	585,761	-	751,444
Total business-type activities	<u>70,385,369</u>	<u>69,195,253</u>	<u>3,497,291</u>	<u>6,357,779</u>	<u>79,050,323</u>
Total primary government	<u><u>\$ 227,651,720</u></u>	<u><u>\$ 87,983,149</u></u>	<u><u>\$ 13,463,912</u></u>	<u><u>\$ 31,176,756</u></u>	<u><u>\$ 132,623,817</u></u>

City of Redlands
Statement of Activities (Continued)
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (18,373,131)	\$ -	\$ (18,373,131)
Public safety	(81,623,465)	-	(81,623,465)
Culture and recreation	(9,377,194)	-	(9,377,194)
Highway and streets	10,549,654	-	10,549,654
Library	(4,049,592)	-	(4,049,592)
Interest on long-term debt	(819,129)	-	(819,129)
Total governmental activities	(103,692,857)	-	(103,692,857)
Business-type activities:			
Water	-	3,905,314	3,905,314
Disposal	-	4,787,462	4,787,462
Wastewater	-	746,228	746,228
Groves	-	(1,181,972)	(1,181,972)
Non-Potable	-	864,843	864,843
Cemetery	-	(6,325)	(6,325)
Aviation	-	(450,596)	(450,596)
Total business-type activities	-	8,664,954	8,664,954
Total primary government	(103,692,857)	8,664,954	(95,027,903)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	45,991,007	115,954	46,106,961
Sales and use taxes	47,088,618	-	47,088,618
Franchise taxes	2,685,573	-	2,685,573
Other taxes	2,744,184	-	2,744,184
Total taxes	98,509,382	115,954	98,625,336
Investment income	9,605,154	5,418,312	15,023,466
Gain on sale of capital assets	-	-	-
Intergovernmental - unrestricted	1,341,917	-	1,341,917
Miscellaneous revenue	2,634,249	2,698,968	5,333,217
Transfers	2,925,235	(2,925,235)	-
Total general revenues and transfers	115,015,937	5,307,999	120,323,936
Change in net position	11,323,080	13,972,953	25,296,033
Net Position:			
Beginning of year, as restated (Note 19)	554,360,684	222,943,648	777,304,332
End of year	\$ 565,683,764	\$ 236,916,601	\$ 802,600,365

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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.

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

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**City of Redlands
Balance Sheet
Governmental Funds
June 30, 2025**

	Major Funds			
	General Fund	Governmental Grants Special Revenue Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 113,513,844	\$ 5,057,788	\$ 32,091,467	\$ 150,663,099
Restricted cash and investments	-	-	284,866	284,866
Accounts receivable, net	1,887,709	-	28,240	1,915,949
Taxes receivable	9,205,115	-	884,983	10,090,098
Interest receivable	1,220,731	-	-	1,220,731
Lease receivable	2,812,825	-	-	2,812,825
Due from other governments	544,043	1,451,310	46,007	2,041,360
Prepaid items	430,838	157,372	65,997	654,207
Due from other funds	420,168	-	-	420,168
Loan receivable	551,178	-	-	551,178
Total assets	\$ 130,586,451	\$ 6,666,470	\$ 33,401,560	\$ 170,654,481
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,924,070	\$ 838,123	\$ 1,086,414	\$ 5,848,607
Accrued payroll	3,524,077	54,340	280,281	3,858,698
Deposits payable	3,045,423	-	537,362	3,582,785
Unearned revenues	1,133,738	5,309,031	564,105	7,006,874
Due to other funds	-	-	2,883	2,883
Total liabilities	11,627,308	6,201,494	2,471,045	20,299,847
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,002,591	1,337,242	198,048	3,537,881
Deferred inflows related to leases	2,622,941	-	-	2,622,941
Total deferred inflows of resources	4,625,532	1,337,242	198,048	6,160,822
Fund Balances:				
Nonspendable	982,016	157,372	96,197	1,235,585
Restricted	1,792,296	-	28,381,732	30,174,028
Committed	13,479,646	-	-	13,479,646
Assigned	34,705,113	-	2,257,421	36,962,534
Unassigned (deficit)	63,374,540	(1,029,638)	(2,883)	62,342,019
Total fund balances	114,333,611	(872,266)	30,732,467	144,193,812
Total liabilities, deferred inflows of resources, and fund balances	\$ 130,586,451	\$ 6,666,470	\$ 33,401,560	\$ 170,654,481

City of Redlands
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds	<u>\$ 144,193,812</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>3,537,881</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	656,941,138
Less: capital assets reported in Internal Service Funds	<u>(1,794,841)</u>
Total capital assets	<u>655,146,297</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	(6,413,615)
Compensated absences - due in more than one year	(6,413,612)
Long-term debt - due within one year	(1,477,783)
Long-term debt - due in more than one year	(11,479,586)
Less: amount reported in Internal Service Funds:	
Compensated absences - due within one year	396,461
Compensated absences - due in more than one year	396,458
Long-term debt - due within one year	32,866
Long-term debt - due in more than one year	108,956
Total long-term liabilities	<u>(24,849,855)</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>(117,097)</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	(98,257,355)
Net pension liability	(137,481,905)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	8,361,942
Net pension liability	<u>6,546,230</u>
Total OPEB and Pension	<u>(220,831,088)</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	32,082,610
Deferred outflows of resources related to pensions	38,219,065
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(2,458,307)
Deferred outflows of resources related to pensions	<u>(1,439,013)</u>
Total deferred outflows of resources	<u>66,404,355</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	(50,133,050)
Deferred inflows of resources related to pensions	(593,834)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	3,998,134
Total deferred inflows of resources	<u>(46,728,750)</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>(11,071,791)</u>
Net Position of Governmental Activities	<u><u>\$ 565,683,764</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, 2025

	Major Funds				
	General Fund	Governmental Grants Special Revenue Fund		Non-major Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 44,844,805	\$ -	\$ 1,146,202	\$ 45,991,007	
Sales and use taxes	47,088,618	-	-	47,088,618	
Other taxes	2,744,184	-	-	2,744,184	
Franchise fees	2,685,573	-	-	2,685,573	
Licenses and permits	9,780,390	-	9,910	9,790,300	
Fines and forfeitures	71,312	-	160,847	232,159	
Intergovernmental	1,246,109	9,266,326	6,165,299	16,677,734	
Charges for services	7,657,756	-	2,842,621	10,500,377	
Investment income	5,736,405	34,021	1,093,837	6,864,263	
Rents and leases	1,308,803	-	3,360	1,312,163	
Miscellaneous	2,291,210	-	807,245	3,098,455	
Total revenues	125,455,165	9,300,347	12,229,321	146,984,833	
EXPENDITURES:					
Current:					
General government	25,885,323	5,849,237	2,066,133	33,800,693	
Public safety	58,903,986	300,882	6,316,342	65,521,210	
Culture and recreation	8,930,389	-	15,153	8,945,542	
Highway and streets	5,405,089	-	1,154,891	6,559,980	
Library	3,410,455	1,997,000	-	5,407,455	
Capital outlay	7,893,014	1,991,780	6,492,585	16,377,379	
Debt service:					
Principal	1,195,665	-	268,988	1,464,653	
Interest and fiscal charges	537,662	-	240,627	778,289	
Total expenditures	112,161,583	10,138,899	16,554,719	138,855,201	
REVENUES OVER (UNDER) EXPENDITURES	13,293,582	(838,552)	(4,325,398)	8,129,632	
OTHER FINANCING SOURCES (USES):					
Inception of lease liability	2,098,978	-	-	2,098,978	
Transfers in	2,760,231	14,448	14,284,815	17,059,494	
Transfers out	(14,995,869)	(66,702)	(6,484,962)	(21,547,533)	
Total other financing sources (uses)	(10,136,660)	(52,254)	7,799,853	(2,389,061)	
NET CHANGE IN FUND BALANCES	3,156,922	(890,806)	3,474,455	5,740,571	
FUND BALANCES (DEFICIT):					
Beginning of year	111,176,689	18,540	27,258,012	138,453,241	
End of year	\$ 114,333,611	\$ (872,266)	\$ 30,732,467	\$ 144,193,812	

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, 2025

Total Fund Balances - Total Governmental Funds	\$ 5,740,571
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 \$1,411,688 added in internal service funds) (\$87,165 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	16,377,379
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	15,891,456
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 \$575,318, was not reported as expenditures in the Governmental Funds.	(11,131,197)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(2,207,340)
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.	
Lease liabilities	(2,098,978)
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 \$94,448)	1,464,653
Amortization of accreted interest	(39,964)
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.	2,031
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 \$44,920 added in internal service funds).	(572,543)
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.	1,270,457
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	(11,753,826)
Changes in net pension liabilities	1,955,668
Changes in pension related deferred inflows of resources	770,183
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	(388,386)
Changes in total OPEB liabilities	(7,884,023)
Changes in OPEB related deferred inflows of resources	6,775,361
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.	(2,848,422)
Change in Net Position of Governmental Activities	<u>\$ 11,323,080</u>

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, 2025

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
ASSETS			
Current assets:			
Cash and investments	\$ 57,783,908	\$ 24,775,447	\$ 15,687,154
Accounts receivable, net	5,204,488	3,091,911	1,761,039
Taxes receivable	-	1,148	-
Interest receivable	344,088	148,604	94,092
Lease receivable - due within one year	104,108	-	-
Due from other governments	-	-	-
Prepaid items	10,369	-	11,239
Inventories	-	-	-
Total current assets	63,446,961	28,017,110	17,553,524
Noncurrent assets:			
Restricted cash and investments	702,995	-	-
Lease receivable - due in more than one year	1,559,514	-	-
Advances to other funds	360,077	680,157	-
Capital assets:			
Non-depreciable	30,738,985	40,737	9,471,438
Depreciable, net	107,421,104	10,642,422	46,800,160
Total capital assets	138,160,089	10,683,159	56,271,598
Total noncurrent assets	140,782,675	11,363,316	56,271,598
Total assets	204,229,636	39,380,426	73,825,122
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	5,010,443	3,301,487	1,976,770
Related to pensions	1,908,847	1,307,174	1,145,704
Total deferred outflows of resources	6,919,290	4,608,661	3,122,474

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 8,641,705	\$ 106,888,214	\$ 25,041,432
Accounts receivable, net	316,121	10,373,559	10,465
Taxes receivable	1,061	2,209	-
Interest receivable	51,833	638,617	146,099
Lease receivable - due within one year	112,541	216,649	-
Due from other governments	705,208	705,208	-
Prepaid items	10	21,618	44,316
Inventories	-	-	343,262
Total current assets	9,828,479	118,846,074	25,585,574
Noncurrent assets:			
Restricted cash and investments	9,990	712,985	-
Lease receivable - due in more than one year	390,487	1,950,001	-
Advances to other funds	-	1,040,234	-
Capital assets:			
Non-depreciable	15,379,391	55,630,551	669,105
Depreciable, net	2,627,661	167,491,347	1,125,736
Total capital assets	18,007,052	223,121,898	1,794,841
Total noncurrent assets	18,407,529	226,825,118	1,794,841
Total assets	28,236,008	345,671,192	27,380,415
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	407,851	10,696,551	2,458,307
Related to pensions	270,449	4,632,174	1,439,013
Total deferred outflows of resources	678,300	15,328,725	3,897,320

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
LIABILITIES			
Current liabilities:			
Accounts payable	4,835,438	565,133	1,199,847
Accrued payroll	514,685	381,213	302,103
Due to other funds	-	-	-
Interest payable	-	98,524	-
Deposits payable	1,547,198	29,015	5,515
Unearned revenue	6,845	200,144	-
Compensated absences - due within one year	504,613	330,375	318,386
Claims payable - due within one year	-	-	-
Long-term debt - due within one year	1,327,561	686,104	149,719
Total current liabilities	<u>8,736,340</u>	<u>2,290,508</u>	<u>1,975,570</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - due in more than one year	504,613	330,375	318,385
Claims payable - due in more than one year	-	-	-
Long term debt - due in more than one year	6,091,078	4,297,609	421,309
Landfill closure	-	15,996,513	-
Total OPEB liability	21,578,052	10,838,947	8,982,068
Net pension liability	8,683,552	5,946,478	5,211,933
Total noncurrent liabilities	<u>36,857,295</u>	<u>37,409,922</u>	<u>14,933,695</u>
Total liabilities	<u>45,593,635</u>	<u>39,700,430</u>	<u>16,909,265</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,514,961	-	-
Related to OPEB	5,656,896	5,000,609	2,512,103
Total deferred inflows of resources	<u>7,171,857</u>	<u>5,000,609</u>	<u>2,512,103</u>
NET POSITION			
Net investment in capital assets	130,741,450	5,699,446	55,700,570
Restricted:			
Debt service	462,600	-	-
Capital projects	5,000,000	12,897,799	1,296,116
Endowment - non-expendable	-	-	-
Total restricted	<u>5,462,600</u>	<u>12,897,799</u>	<u>1,296,116</u>
Unrestricted (deficit)	22,179,384	(19,309,197)	529,542
Total net position (deficit)	<u>\$ 158,383,434</u>	<u>\$ (711,952)</u>	<u>\$ 57,526,228</u>

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	133,299	6,733,717	1,687,520
Accrued payroll	76,953	1,274,954	968,180
Due to other funds	417,285	417,285	-
Interest payable	-	98,524	-
Deposits payable	1,510,413	3,092,141	-
Unearned revenue	101,462	308,451	-
Compensated absences - due within one year	54,230	1,207,604	396,461
Claims payable - due within one year	-	-	9,926,390
Long-term debt - due within one year	35,062	2,198,446	32,866
Total current liabilities	<u>2,328,704</u>	<u>15,331,122</u>	<u>13,011,417</u>
Noncurrent liabilities:			
Advances from other funds	1,040,234	1,040,234	-
Compensated absences - due in more than one year	54,229	1,207,602	396,458
Claims payable - due in more than one year	-	-	9,926,389
Long term debt - due in more than one year	67,829	10,877,825	108,956
Landfill closure	-	15,996,513	-
Total OPEB liability	1,304,203	42,703,270	8,361,942
Net pension liability	<u>1,230,301</u>	<u>21,072,264</u>	<u>6,546,230</u>
Total noncurrent liabilities	<u>3,696,796</u>	<u>92,897,708</u>	<u>25,339,975</u>
Total liabilities	<u>6,025,500</u>	<u>108,228,830</u>	<u>38,351,392</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	487,449	2,002,410	-
Related to OPEB	<u>682,468</u>	<u>13,852,076</u>	<u>3,998,134</u>
Total deferred inflows of resources	<u>1,169,917</u>	<u>15,854,486</u>	<u>3,998,134</u>
NET POSITION			
Net investment in capital assets	17,904,161	210,045,627	1,794,841
Restricted:			
Debt service	-	462,600	-
Capital projects	-	19,193,915	-
Endowment - non-expendable	<u>110,741</u>	<u>110,741</u>	<u>-</u>
Total restricted	<u>110,741</u>	<u>19,767,256</u>	<u>-</u>
Unrestricted (deficit)	<u>3,703,989</u>	<u>7,103,718</u>	<u>(12,866,632)</u>
Total net position (deficit)	<u>\$ 21,718,891</u>	<u>\$ 236,916,601</u>	<u>\$ (11,071,791)</u>

(Concluded)

City of Redlands
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
OPERATING REVENUES:			
Charges for services	\$ 30,527,328	\$ 22,361,903	\$ 13,757,797
Miscellaneous operating revenue	1,913,800	164,818	39,571
Total operating revenues	<u>32,441,128</u>	<u>22,526,721</u>	<u>13,797,368</u>
OPERATING EXPENSES:			
Salaries and benefits	8,463,965	6,014,570	4,496,998
General and administrative	7,954,344	9,589,925	4,204,299
Parts and supplies	7,489,467	853,967	2,308,006
Utilities	3,994,656	25,067	1,318,830
Depreciation/amortization	5,097,352	1,137,063	2,890,740
Total operating expenses	<u>32,999,784</u>	<u>17,620,592</u>	<u>15,218,873</u>
OPERATING INCOME (LOSS)	<u>(558,656)</u>	<u>4,906,129</u>	<u>(1,421,505)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	2,884,127	1,211,761	900,755
Interest expense	(201,126)	(173,457)	(9,944)
Property taxes	-	-	-
Operating grants	2,722,500	131,457	-
Total nonoperating revenues (expenses)	<u>5,405,501</u>	<u>1,169,761</u>	<u>890,811</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>4,846,845</u>	<u>6,075,890</u>	<u>(530,694)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	3,856,396	88,151	2,217,248
Transfers in	71,219	-	595,919
Transfers out	(1,179,841)	(2,224,147)	(355,411)
Total capital contributions and transfers	<u>2,747,774</u>	<u>(2,135,996)</u>	<u>2,457,756</u>
Changes in net position	7,594,619	3,939,894	1,927,062
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 19)	150,788,815	(4,651,846)	55,599,166
End of year	<u>\$ 158,383,434</u>	<u>\$ (711,952)</u>	<u>\$ 57,526,228</u>

(Continued)

City of Redlands
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 2,548,225	\$ 69,195,253	\$ 20,059,685
Miscellaneous operating revenue	580,779	2,698,968	1,024,204
Total operating revenues	<u>3,129,004</u>	<u>71,894,221</u>	<u>21,083,889</u>
OPERATING EXPENSES:			
Salaries and benefits	1,122,954	20,098,487	6,435,873
General and administrative	1,619,391	23,367,959	18,219,990
Parts and supplies	787,953	11,439,393	7,131,819
Utilities	228,204	5,566,757	408,407
Depreciation/amortization	345,762	9,470,917	575,318
Total operating expenses	<u>4,104,264</u>	<u>69,943,513</u>	<u>32,771,407</u>
OPERATING INCOME (LOSS)	<u>(975,260)</u>	<u>1,950,708</u>	<u>(11,687,518)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	421,669	5,418,312	1,428,729
Interest expense	(57,329)	(441,856)	(2,907)
Property taxes	115,954	115,954	-
Operating grants	643,334	3,497,291	-
Total nonoperating revenues (expenses)	<u>1,123,628</u>	<u>8,589,701</u>	<u>1,425,822</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>148,368</u>	<u>10,540,409</u>	<u>(10,261,696)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	195,984	6,357,779	-
Transfers in	224,599	891,737	7,868,434
Transfers out	(57,573)	(3,816,972)	(455,160)
Total capital contributions and transfers	<u>363,010</u>	<u>3,432,544</u>	<u>7,413,274</u>
Changes in net position	511,378	13,972,953	(2,848,422)
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 19)	21,207,513	222,943,648	(8,223,369)
End of year	<u>\$ 21,718,891</u>	<u>\$ 236,916,601</u>	<u>\$ (11,071,791)</u>

(Concluded)

City of Redlands
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 29,429,050	\$ 22,001,440	\$ 13,833,918
Cash payments to suppliers for goods and services	(16,175,467)	(10,128,819)	(7,807,291)
Cash payments to employees for services	(8,019,341)	(6,078,931)	(4,851,439)
Receipts from other operating activities	1,913,800	164,818	39,571
Net cash provided by (used in) operating activities	7,148,042	5,958,508	1,214,759
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	2,722,500	131,457	-
Property taxes	-	(338)	-
Due to other funds	-	-	-
Advances to other funds	127,790	27,772	-
Advances from other funds	-	-	-
Transfers from other funds	71,219	-	595,919
Transfers to other funds	(1,179,841)	(2,224,147)	(355,411)
Net cash provided by (used in) noncapital financing activities	1,741,668	(2,065,256)	240,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(11,699,185)	(1,589,723)	(7,607,117)
Cash contributions received from developers	3,856,396	88,151	2,217,248
Principal payment of long-term debt	(1,269,606)	(725,368)	(475,073)
Interest paid on debt	(201,126)	(132,593)	(9,944)
Net cash provided by (used in) capital and related financing activities	(9,313,521)	(2,359,533)	(5,874,886)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	2,768,901	1,154,327	886,001
Net cash provided by (used in) investing activities	2,768,901	1,154,327	886,001
Net change in cash and cash equivalents	2,345,090	2,688,046	(3,533,618)
CASH AND CASH EQUIVALENTS:			
Beginning of year	56,141,813	22,087,401	19,220,772
End of year	<u>\$ 58,486,903</u>	<u>\$ 24,775,447</u>	<u>\$ 15,687,154</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 57,783,908	\$ 24,775,447	\$ 15,687,154
Restricted cash and investments	702,995	-	-
Total cash and cash equivalents	<u>\$ 58,486,903</u>	<u>\$ 24,775,447</u>	<u>\$ 15,687,154</u>

(Continued)

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	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)	\$ (558,656)	\$ 4,906,129	\$ (1,421,505)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	5,097,352	1,137,063	2,890,740
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(1,057,762)	(247,692)	76,311
Prepaid items	(161)	275	(6,137)
Inventories	-	-	-
Lease receivable	96,323	-	-
Deferred outflows - OPEB related	44,674	45,585	21,881
Deferred outflows - pension related	754,026	681,252	676,091
Accounts payable	3,263,161	(238,388)	29,981
Accrued payroll	81,182	35,844	4,389
Deposits payable	(13,619)	260	(190)
Unearned revenue	6,845	(113,031)	-
Compensated absences	61,548	46,753	36,758
Claims payable	-	-	-
Landfill closure	-	578,253	-
Total OPEB liability	906,848	925,355	444,170
Net pension liability	(624,329)	(1,003,920)	(1,156,019)
Deferred inflows - lease related	(130,065)	-	-
Deferred inflows - OPEB related	(779,325)	(795,230)	(381,711)
Deferred inflows - pension related	-	-	-
Total adjustments	<u>7,706,698</u>	<u>1,052,379</u>	<u>2,636,264</u>
Net cash provided by (used in) operating activities	<u><u>\$ 7,148,042</u></u>	<u><u>\$ 5,958,508</u></u>	<u><u>\$ 1,214,759</u></u>
NONCASH FINANCING AND INVESTING ACTIVITIES:			
Inception of finance purchase/lease/subscription agreement	\$ 585,758	\$ 1,254,429	\$ 220,578
Total noncash capital and related financing activities	<u><u>\$ 585,758</u></u>	<u><u>\$ 1,254,429</u></u>	<u><u>\$ 220,578</u></u>

(Continued)

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,673,418	\$ 67,937,826	\$ 20,850,978
Cash payments to suppliers for goods and services	(2,627,993)	(36,739,570)	(21,034,509)
Cash payments to employees for services	(1,130,963)	(20,080,674)	(5,927,245)
Receipts from other operating activities	580,779	2,698,968	1,024,204
Net cash provided by (used in) operating activities	(504,759)	13,816,550	(5,086,572)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	(9,927)	2,844,030	-
Property taxes	114,996	114,658	-
Due to other funds	417,285	417,285	-
Advances to other funds	-	155,562	-
Advances from other funds	(155,562)	(155,562)	-
Transfers from other funds	224,599	891,737	7,868,434
Transfers to other funds	(57,573)	(3,816,972)	(455,160)
Net cash provided by (used in) noncapital financing activities	533,818	450,738	7,413,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(13,299)	(20,909,324)	(1,288,172)
Cash contributions received from developers	195,984	6,357,779	-
Principal payment of long-term debt	(72,996)	(2,543,043)	(94,488)
Interest paid on debt	(58,007)	(401,670)	(2,907)
Net cash provided by (used in) capital and related financing activities	51,682	(17,496,258)	(1,385,567)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	403,550	5,212,779	1,373,843
Net cash provided by (used in) investing activities	403,550	5,212,779	1,373,843
Net change in cash and cash equivalents	484,291	1,983,809	2,314,978
CASH AND CASH EQUIVALENTS:			
Beginning of year	8,167,404	105,617,390	22,726,454
End of year	<u>\$ 8,651,695</u>	<u>\$ 107,601,199</u>	<u>\$ 25,041,432</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 8,641,705	\$ 106,888,214	\$ 25,041,432
Restricted cash and investments	9,990	712,985	-
Total cash and cash equivalents	<u>\$ 8,651,695</u>	<u>\$ 107,601,199</u>	<u>\$ 25,041,432</u>

(Continued)

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	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)	\$ (975,260)	\$ 1,950,708	\$ (11,687,518)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	345,762	9,470,917	575,318
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(69,217)	(1,298,360)	791,293
Prepaid items	(10)	(6,033)	187,734
Inventories	-	-	(238,846)
Lease receivable	131,176	227,499	-
Deferred outflows - OPEB related	5,471	117,611	39,204
Deferred outflows - pension related	132,288	2,243,657	503,729
Accounts payable	7,565	3,062,319	357,514
Accrued payroll	7,435	128,850	53,355
Deposits payable	110,356	96,807	-
Unearned revenue	85,590	(20,596)	-
Compensated absences	8,618	153,677	44,919
Claims payable	-	-	4,419,305
Landfill closure	-	578,253	-
Total OPEB liability	111,042	2,387,415	795,806
Net pension liability	(177,435)	(2,961,703)	(244,486)
Deferred inflows - lease related	(132,712)	(262,777)	-
Deferred inflows - OPEB related	(95,428)	(2,051,694)	(683,899)
Deferred inflows - pension related	-	-	-
Total adjustments	470,501	11,865,842	6,600,946
Net cash provided by (used in) operating activities	\$ (504,759)	\$ 13,816,550	\$ (5,086,572)
NONCASH FINANCING AND INVESTING ACTIVITIES:			
Inception of finance purchase/lease/subscription agreement	\$ -	\$ 2,060,765	\$ 121,829
Total noncash capital and related financing activities	\$ -	\$ 2,060,765	\$ 121,829

(Concluded)

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Fiduciary Fund Financial Statements

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

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City of Redlands
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	Community Facilities District Custodial Fund
ASSETS	
Cash and investments	\$ 650
Restricted cash and investments with fiscal agent	3,089,350
Total assets	<u>3,090,000</u>
LIABILITIES	
Accounts payable	1,342
Total liabilities	<u>1,342</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	3,088,658
Total net position	<u><u>\$ 3,088,658</u></u>

City of Redlands
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2025

	Community Facilities District Custodial Fund
ADDITIONS:	
Fee collections for other governments	\$ 1,494,534
Investment income (loss)	128
Total additions	<u>1,494,662</u>
DEDUCTIONS:	
Administration	30,803
Contractual services	1,342
Conduit debt payment - principal	1,040,000
Conduit debt payment - interest	470,676
Total deductions	<u>1,542,821</u>
Change in net position	(48,159)
NET POSITION:	
Beginning of year	<u>3,136,817</u>
End of year	<u><u>\$ 3,088,658</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Redlands
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For the Year Ended June 30, 2025

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City of Redlands
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

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 fire protection.

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, 2025

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.

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

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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.

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.

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.

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
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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.

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.

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.

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.

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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.

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. Custodial funds are accounted for using the "economic resources" measurement focus and the 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.

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, 2025

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.

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Receivables (Continued)

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.

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessee (Continued)

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.

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 the government-wide 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

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.

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.

The City capitalizes land and right-of-way (ROW) associated with streets and roads as non-depreciable capital assets in accordance with GAAP. Right-of-way represents the underlying land upon which public streets and related infrastructure are constructed and maintained. The City's right-of-way inventory primarily consists of roadway corridors that have been acquired or dedicated to the City since incorporation. Except for a limited number of parcels previously held under individual parcel numbers and later converted to street use, the City's ROW does not have separate parcel identification numbers.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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.

M. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

M. *Compensated Absences (Continued)*

Sick Leave: The City's policy permits employees to accumulate earned but unused sick leave. Upon separation with the City, employees with more than 10 years of service may be eligible to convert up to 50% of the unused sick leave accrual to cash at the employee's current pay rate. Employees with less than 10 years of service are not eligible for this benefit and the sick hours will lapse at separation. For sick leave at retirement, employees are eligible to convert all unused sick hours to service credit or into a post-employment health plan account at the employee's current pay rate.

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. 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Pension Plans (Continued)

The following timeframes are used for pension reporting:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

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, 2023
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Fund Balances (Continued)

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, 2025, is \$11,069,310 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.

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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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, 2025

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, 2025. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

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. Implementation of this Statement had a significant effect on the City's financial statements for the fiscal year ended June 30, 2025. See Note 19.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2025.

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. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2025, as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 175,704,531	\$ 106,888,214	\$ 282,592,745	\$ 650	\$ 282,593,395
Cash and investments with fiscal agent	284,866	712,985	997,851	3,089,350	4,087,201
Total cash and investments	\$ 175,989,397	\$ 107,601,199	\$ 283,590,596	\$ 3,090,000	\$ 286,680,596

Cash and investments at June 30, 2025, consisted of the following:

Cash:	
Cash on hand	\$ 3,950
Deposits with financial institutions	35,464,144
Total cash	35,468,094
Investments:	
Investments	247,125,301
Investments held by bond trustee	4,087,201
Total investments	251,212,502
Total cash and investments	\$ 286,680,596

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

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$35,464,144 at June 30, 2025. Bank balances were \$36,755,698 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

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.

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.

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.

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, 2025

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2025, 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, 2025:

Investments measured by fair value level:	Total at June 30, 2025	Level 1	Level 2
Federal Agency Securities	\$ 68,795,811	\$ -	\$ 68,795,811
Corporate Bonds	15,897,503	-	15,897,503
Negotiable Certificates of Deposit	8,287,806	-	8,287,806
Municipal Bonds	6,365,657	-	6,365,657
U.S. Treasury Notes	4,879,170	4,879,170	-
Total investments by fair value level	104,225,947	\$ 4,879,170	\$ 99,346,777
Investments not subject to the fair value hierarchy:			
CalTrust	10,049,618		
CLASS	5,002,977		
Local Agency Investment Fund	41,849,590		
California Asset Management Program	85,997,169		
Money market mutual funds	4,087,201		
Total investments not subject to the fair value hierarchy	146,986,555		
Total investments	\$ 251,212,502		

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, 2025

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	\$ 29,524,783	\$ 32,280,228	\$ 6,990,800	\$ -	\$ -	\$ 68,795,811
Corporate Bonds	7,865,390	5,042,953	2,989,160	-	-	15,897,503
Negotiable Certificates of Deposit	3,421,507	2,890,306	1,975,993	-	-	8,287,806
Municipal Bonds	2,936,385	1,666,697	1,762,575	-	-	6,365,657
U.S. Treasury Notes	2,950,650	1,928,520	-	-	-	4,879,170
CalTrust	10,049,618	-	-	-	-	10,049,618
CLASS	5,002,977	-	-	-	-	5,002,977
Local Agency Investment Fund	41,849,590	-	-	-	-	41,849,590
California Asset Management Program	85,997,169	-	-	-	-	85,997,169
<i>Held by Trustees:</i>						
Money Market Funds	4,087,201	-	-	-	-	4,087,201
Total investments	\$ 193,685,270	\$ 43,808,704	\$ 13,718,528	\$ -	\$ -	\$ 251,212,502

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:

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
Federal Home Loan Bank	Federal Agency Securities	\$ 57,645,844	22.95%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	18,549,900	7.38%
Federal Farm Credit Bank	Federal Agency Securities	13,425,970	5.34%

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, 2025, the City's deposits (bank balances) were collateralized under California Law.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AA+/ AA/AA-	A+/A/A-	AAA/AAAm	Not Rated
<i>Held by City:</i>						
Federal Agency Securities	\$ 68,795,811	N/A	\$ 21,658,151	\$ -	\$ 6,883,230	\$ 40,254,430
Corporate Bonds	15,897,503	A	5,088,883	10,808,620	-	-
Negotiable Certificates of Deposit	8,287,806	A	-	-	-	8,287,806
Municipal Bonds	6,365,657	N/A	3,624,602	978,480	-	1,762,575
<i>Held by Trustee:</i>						
Money Market Funds	4,087,201		-	-	-	4,087,201
Total Rated Investments	103,433,978		\$ 30,371,636	\$ 11,787,100	\$ 6,883,230	\$ 54,392,012
<i>Not rated:</i>						
CalTrust	10,049,618	N/A				
CLASS	5,002,977	N/A				
Local Agency Investment Fund	41,849,590	N/A				
California Asset Management Program	85,997,169	N/A				
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes	4,879,170	N/A				
Total investments	\$ 251,212,502					

F. California CLASS

California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenience method for investing in high-liquid, short to medium term securities. Deposits and withdrawals to and from California CLASS are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, California CLASS is valued based on inputs not categorized as level 1, level 2 or level 3. As of June 30, 2025, the City had \$5,002,977 invested in the California CLASS.

G. Investment in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the City had \$41,849,590 invested in LAIF. 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 market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

H. California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2025 was \$22.3 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the City’s position in the pool. At June 30, 2025 the amortized cost approximates the City’s cost.

Note 3 – Leases 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, 2025, the City recognized \$601,487 in lease revenue and \$36,919 in interest revenue. At June 30, 2025, the City reported a deferred inflow of resources related to leases of \$2,622,941.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

	Balance		Balance		Classification	
	July 1, 2024	Additions	Deletions	June 30, 2025	Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,610,174	\$ 778,108	\$ (575,457)	\$ 2,812,825	\$ 606,553	\$ 2,206,272

As of June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 606,553	\$ 41,617	\$ 648,170
2027	519,157	34,668	553,825
2028	353,416	28,518	381,934
2029	224,845	23,285	248,130
2030	139,544	19,305	158,849
2031 - 2035	413,558	70,307	483,865
2036 - 2040	355,002	36,050	391,052
2041 - 2045	200,750	5,419	206,169
Total	\$ 2,812,825	\$ 259,169	\$ 3,071,994

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Lease Receivable (Continued)

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, 2025, the City recognized \$262,775 in lease revenue and \$40,580 in interest revenue. At June 30, 2025, the City reported a deferred inflow of resources related to leases of \$2,002,410.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

	Balance			Balance June 30, 2025	Classification	
	July 1, 2024	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,394,149	\$ -	\$ (227,499)	\$ 2,166,650	\$ 216,649	\$ 1,950,001

As of June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 216,649	\$ 37,180	\$ 253,829
2027	230,833	33,632	264,465
2028	236,592	29,925	266,517
2029	236,377	26,126	262,503
2030	173,957	22,535	196,492
2031 - 2035	262,306	92,435	354,741
2036 - 2040	262,496	69,157	331,653
2041 - 2045	345,717	38,760	384,477
2046 - 2048	201,723	5,172	206,895
Total	\$ 2,166,650	\$ 354,922	\$ 2,521,572

Note 4 – Loan Receivable

On March 5, 2024, the City entered into a loan agreement with the Museum of Redlands (the “Museum”) in the amount of \$1,000,000 to fund the completion of certain improvements associated with the proposed “Museum of Redlands”. The loan bears an annual interest rate of 4% and repayment of the loan principal and interest accrued on the unpaid principal balance is due on or before March 5, 2026. At June 30, 2025, the outstanding balance of the loan receivable was \$551,178.

On May 7, 2024, the City entered into a loan agreement with the Museum in the amount of \$2,000,000 to fund the completion of certain improvements associated with the proposed “Museum of Redlands”. The loan will be repaid through grant funding secured by the Museum from the State of California. The loan bears an annual interest rate of 0% and repayment of the loan principal is due upon receipt of the grant funding or before May 1, 2027. At June 30, 2025, the outstanding balance of the loan receivable was \$0.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

As of June 30, 2025, due to/from other funds were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Transportation Development Act Special Revenue Fund	\$ 2,883	Overdrawn Cash
General Fund	Groves Enterprise Fund	262,312	Overdrawn Cash
General Fund	Aviation Enterprise Fund	154,973	Overdrawn Cash
	Total	\$ 420,168	

B. Advance From / From Other Funds

As of June 30, 2025, advances to/from other funds were as follows:

Advances To	Advances From	Amount
Water Enterprise Fund	Cemetery Enterprise Fund	\$ 360,077
Disposal Enterprise Fund	Aviation Enterprise Fund	680,157
	Total	\$ 1,040,234

The Water Enterprise Fund and Disposal Enterprise Fund advanced the Cemetery and Aviation Enterprise Funds a total of \$1,040,234 to provide funding for capital expenditures.

C. Transfers

Interfund transfers during the year ended June 30, 2025, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Governmental Grants Special Revenue Fund	\$ 67,089	Program subsidy
General Fund	State Gas Tax Special Revenue Fund	2,048,335	Capital projects
General Fund	Traffic Safety Special Revenue Fund	170,307	Program subsidy
General Fund	Water Enterprise Fund	281,510	Program subsidy
General Fund	Disposal Enterprise Fund	68,313	Program subsidy
General Fund	Wastewater Service Enterprise Fund	29,277	Program subsidy
General Fund	Wastewater Service Enterprise Fund	95,400	Fixed Asset Transfer
	Subtotal	2,760,231	
Governmental Grants Special Revenue Fund	General Fund	14,448	Program subsidy
Emergency Service Special Revenue Fund	General Fund	4,700,338	Program subsidy
Traffic Safety Special Revenue Fund	General Fund	23,020	Program subsidy
Downtown Redlands Business Area Special Revenue Fund	General Fund	30,394	Program subsidy
Parking Authority Special Revenue Fund	General Fund	20,426	Program subsidy
Landscape Maintenance District Special Revenue Fund	General Fund	23,255	Program subsidy
Safety Hall Replacement Capital Projects Fund	General Fund	2,905,554	Capital projects
Groves Enterprise Fund	General Fund	10,000	Capital projects
General Liability Self-Insurance Internal Service Fund	General Fund	6,918,434	Program subsidy
Information Technology Internal Service Fund	General Fund	350,000	Reserve funding
	Subtotal	14,995,869	
PARIS Special Revenue Fund	State Gas Tax Special Revenue Fund	1,969,852	Capital projects
PARIS Special Revenue Fund	Measure I Special Revenue Fund	2,152,068	Capital projects
PARIS Special Revenue Fund	Water Enterprise Fund	102,412	Capital projects
PARIS Special Revenue Fund	Disposal Enterprise Fund	1,885,248	Capital projects
PARIS Special Revenue Fund	Wastewater Service Enterprise Fund	17,088	Capital projects
	Subtotal	6,126,668	

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Interfund Receivables, Payables, and Transfers (Continued)

C. Transfers (Continued)

Transfers In	Transfers Out	Amount	Purpose
Groves Enterprise Fund	CFD 2004-1 Assessment Special Revenue Fund	144,400	Capital projects
Groves Enterprise Fund	Disposal Enterprise Fund	70,199	Capital projects
	Subtotal	214,599	
General Liability Self-Insurance Internal Service Fund	Water Enterprise Fund	200,000	Reserve funding
General Liability Self-Insurance Internal Service Fund	Disposal Enterprise Fund	200,000	Reserve funding
General Liability Self-Insurance Internal Service Fund	Wastewater Enterprise Fund	200,000	Reserve funding
	Subtotal	600,000	
Water Enterprise Fund	Non-Potable Water Enterprise Fund	57,573	Fixed asset transfer
Water Enterprise Fund	Wastewater Service Fund	13,647	Fixed asset transfer
Wastewater Service Fund	Water Enterprise Fund	595,919	Fixed asset transfer
General Debt Service Fund	Payroll Clearing Internal Service Fund	455,160	Debt service - pension bonds
	Total	\$ 25,819,665	

Note 6 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 41,707,282	\$ 1,938,623	\$ -	\$ -	\$ 43,645,905
Water rights	408,125	-	-	-	408,125
Right of way	366,862,877	7,013,780	-	-	373,876,657
Construction in progress	16,307,905	4,122,959	(1,237,630)	(3,384,495)	15,808,739
Total capital assets, not being depreciated	425,286,189	13,075,362	(1,237,630)	(3,384,495)	433,739,426
Capital assets, being depreciated/amortized:					
Infrastructure	282,812,418	13,984,772	(2,348,380)	846,037	295,294,847
Building and improvements	62,724,536	1,196,968	-	2,480,986	66,402,490
Machinery, equipment and vehicles	25,482,981	2,694,145	(1,621,203)	57,472	26,613,395
Lease assets - buildings and improvements	53,177	-	-	-	53,177
Lease assets - machinery, equipment and vehicles	4,324,740	2,607,447	(584,194)	-	6,347,993
Subscription assets	422,936	121,829	(203,575)	-	341,190
Total capital assets, being depreciated/amortized	375,820,788	20,605,161	(4,757,352)	3,384,495	395,053,092
Accumulated depreciation/amortization:					
Infrastructure	(116,713,745)	(6,253,932)	1,395,059	-	(121,572,618)
Building and improvements	(26,597,718)	(2,138,220)	-	-	(28,735,938)
Machinery, equipment and vehicles	(19,338,850)	(1,902,629)	1,603,130	-	(19,638,349)
Lease assets - buildings and improvements	(26,589)	(8,863)	-	-	(35,452)
Lease assets - machinery, equipment and vehicles	(991,176)	(1,280,348)	584,191	-	(1,687,333)
Subscription assets	(262,742)	(122,523)	203,575	-	(181,690)
Total accumulated depreciation/amortization	(163,930,820)	(11,706,515)	3,785,955	-	(171,851,380)
Total capital assets, being depreciated/amortized, net	211,889,968	8,898,646	(971,397)	3,384,495	223,201,712
Total capital assets, net	\$ 637,176,157	\$ 21,974,008	\$ (2,209,027)	\$ -	\$ 656,941,138

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

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

General government	\$	1,087,120
Public safety		2,080,326
Culture and recreation		1,224,043
Highway and streets		6,739,708
Internal service funds		575,318
Total depreciation/amortization expense	\$	11,706,515

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 28,069,057	\$ -	\$ -	\$ -	\$ 28,069,057
Water rights	9,792,995	-	-	-	9,792,995
Construction in progress	12,194,230	8,762,998	(3,312)	(3,185,417)	17,768,499
Total capital assets, not being depreciated	<u>50,056,282</u>	<u>8,762,998</u>	<u>(3,312)</u>	<u>(3,185,417)</u>	<u>55,630,551</u>
Capital assets, being depreciated/amortized:					
Infrastructure	210,736,273	7,807,601	(194,012)	2,738,030	221,087,892
Building and improvements	123,210,762	1,125,488	(9,875)	-	124,326,375
Machinery, equipment and vehicles	24,968,572	4,304,703	(1,848,434)	447,387	27,872,228
Lease assets - buildings and improvements	53,178	-	-	-	53,178
Lease assets - machinery, equipment and vehicles	2,801,630	1,116,658	-	-	3,918,288
Total capital assets, being depreciated/amortized	<u>361,770,415</u>	<u>14,354,450</u>	<u>(2,052,321)</u>	<u>3,185,417</u>	<u>377,257,961</u>
Accumulated depreciation/amortization:					
Infrastructure	(97,478,353)	(3,698,166)	97,104	-	(101,079,415)
Buildings and improvements	(85,547,198)	(3,125,443)	4,937	-	(88,667,704)
Machinery, equipment and vehicles	(18,798,825)	(1,932,021)	1,806,233	-	(18,924,613)
Lease assets - buildings and improvements	(26,589)	(8,863)	-	-	(35,452)
Lease assets - machinery, equipment and vehicles	(353,006)	(706,424)	-	-	(1,059,430)
Total accumulated depreciation/amortization	<u>(202,203,971)</u>	<u>(9,470,917)</u>	<u>1,908,274</u>	<u>-</u>	<u>(209,766,614)</u>
Total capital assets, being depreciated/amortized, net	<u>159,566,444</u>	<u>4,883,533</u>	<u>(144,047)</u>	<u>3,185,417</u>	<u>167,491,347</u>
Total capital assets, net	<u>\$ 209,622,726</u>	<u>\$ 13,646,531</u>	<u>\$ (147,359)</u>	<u>\$ -</u>	<u>\$ 223,121,898</u>

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

Water Fund	\$	5,097,352
Disposal Fund		1,137,063
Wastewater Fund		2,890,740
Groves Fund		31,781
Non-Potable Water Fund		5,978
Cemetery Fund		86,469
Aviation Fund		221,534
Total depreciation/amortization expense	\$	9,470,917

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, is as follows:

	Balance July 1, 2024	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Public borrowings:						
Taxable Pension Funding Bonds	\$ 4,585,000	\$ -	\$ (200,000)	\$ 4,385,000	\$ 215,000	\$ 4,170,000
less: accreted interest	(115,060)	-	39,964	(75,096)	-	(75,096)
Total taxable pension funding bonds	4,469,940	-	(160,036)	4,309,904	215,000	4,094,904
Direct borrowings:						
Notes payable:						
I-Bank Sports Park	1,087,564	-	(68,988)	1,018,576	71,162	947,414
Finance Purchase Agreements	3,701,646	-	(154,448)	3,547,198	139,806	3,407,392
Total notes payable	4,789,210	-	(223,436)	4,565,774	210,968	4,354,806
Lease liability	2,941,545	2,098,978	(1,055,940)	3,984,583	1,029,690	2,954,893
Subscription liability	55,044	121,829	(79,765)	97,108	22,125	74,983
Total	\$ 12,255,739	\$ 2,220,807	\$ (1,519,177)	\$ 12,957,369	\$ 1,477,783	\$ 11,479,586

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, 2025, is \$4,385,000.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 215,000	\$ 207,455	\$ 422,455
2027	230,000	207,455	437,455
2028	250,000	207,455	457,455
2029	265,000	204,799	469,799
2030	285,000	193,733	478,733
2031-2035	2,010,000	654,827	2,664,827
2036-2037	1,130,000	66,168	1,196,168
Subtotal	4,385,000	1,741,892	6,126,892
Less: accreted interest	(75,096)	-	(75,096)
Total	\$ 4,309,904	\$ 1,741,892	\$ 6,051,796

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, the outstanding balance of the I-Bank Sports Park Lease Liability balance was \$1,018,576.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 71,162	\$ 30,964	\$ 102,126
2027	73,403	28,687	102,090
2028	75,715	26,339	102,054
2029	78,100	23,916	102,016
2030	80,561	21,417	101,978
2031-2035	442,504	66,760	509,264
2036-2037	197,131	6,258	203,389
Total	\$ 1,018,576	\$ 204,341	\$ 1,222,917

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, 2025, was \$4,191,707, with an accumulated amortization of \$644,509. The outstanding balance at June 30, 2025, is \$3,547,198.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 139,806	\$ 207,046	\$ 346,852
2027	115,512	199,440	314,952
2028	122,409	192,442	314,851
2029	129,738	185,113	314,851
2030	137,505	177,346	314,851
2031-2035	821,325	752,929	1,574,254
2036-2040	1,098,446	475,809	1,574,255
2041-2044	982,457	119,277	1,101,734
Total	\$ 3,547,198	\$ 2,309,402	\$ 5,856,600

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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 3.51 percent. As of June 30, 2025, the capitalized right-to-use assets related to leases were \$6,401,170 and the total lease liability was \$3,984,583, of which \$1,029,690 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
2026	\$ 1,029,690	\$ 89,204	\$ 1,118,894
2027	1,006,888	64,569	1,071,457
2028	975,785	39,394	1,015,179
2029	799,744	14,748	814,492
2030	172,476	1,539	174,015
Total	\$ 3,984,583	\$ 209,454	\$ 4,194,037

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, 2025, the capitalized right-to-use assets related to SBITAs were \$341,190 and the total subscription liability was \$97,108, of which \$22,125 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
2026	\$ 22,125	\$ 2,833	\$ 24,958
2027	23,513	2,193	25,706
2028	24,972	1,505	26,477
2029	26,498	775	27,273
Total	\$ 97,108	\$ 7,306	\$ 104,414

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, is as follows:

	Balance July 1, 2024	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Direct borrowings:						
Notes payable:						
California Recycled Water Project	\$ 356,135	\$ -	\$ (356,135)	\$ -	\$ -	\$ -
Safe Drinking Water Project	926,523	-	(364,156)	562,367	372,727	189,640
Hinckley Water Treatment Plant Upgrade	5,746,712	-	(512,536)	5,234,176	525,439	4,708,737
I-Bank Solid Waste	1,897,564	-	(148,081)	1,749,483	152,538	1,596,945
I-Bank City Streets	2,120,341	-	(147,377)	1,972,964	152,153	1,820,811
Finance Purchase Agreements	262,155	1,196,600	(416,313)	1,042,442	328,155	714,287
Total notes payable	11,309,430	1,196,600	(1,944,598)	10,561,432	1,531,012	9,030,420
Lease liability	2,249,119	864,165	(598,445)	2,514,839	667,434	1,847,405
Total	\$ 13,558,549	\$ 2,060,765	\$ (2,543,043)	\$ 13,076,271	\$ 2,198,446	\$ 10,877,825

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 note payable was paid in full as of June 30, 2025.

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, 2025, the City has \$562,367 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
2026	\$ 372,727	\$ 10,992	\$ 383,719
2027	189,640	2,219	191,859
Total	\$ 562,367	\$ 13,211	\$ 575,578

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, is \$5,234,176.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 525,439	\$ 127,678	\$ 653,117
2027	538,666	114,450	653,116
2028	552,226	100,890	653,116
2029	566,127	86,989	653,116
2030	580,379	72,738	653,117
2031-2034	2,471,339	141,124	2,612,463
Total	\$ 5,234,176	\$ 643,869	\$ 5,878,045

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, 2025, the outstanding balance of the loan was \$1,749,483.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 152,538	\$ 50,364	\$ 202,902
2027	157,129	45,703	202,832
2028	161,859	40,902	202,761
2029	166,731	35,957	202,688
2030	171,750	30,863	202,613
2031-2035	939,476	72,372	1,011,848
Total	\$ 1,749,483	\$ 276,161	\$ 2,025,644

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, 2025, the outstanding balance of the loan was \$1,972,964.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 152,153	\$ 61,459	\$ 213,612
2027	157,083	56,450	213,533
2028	162,172	51,278	213,450
2029	167,427	45,938	213,365
2030	172,851	40,426	213,277
2031-2035	951,981	112,983	1,064,964
2036	209,297	3,391	212,688
Total	\$ 1,972,964	\$ 371,925	\$ 2,344,889

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 6.99 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, 2025, was \$1,984,256, with an accumulated amortization of \$941,814. The outstanding balance at June 30, 2025, is \$1,042,442.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 328,155	\$ 66,597	\$ 394,752
2027	222,301	50,382	272,683
2028	237,841	34,843	272,684
2029	254,145	18,640	272,785
Total	\$ 1,042,442	\$ 170,462	\$ 1,212,904

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 3.51 percent. As of June 30, 2025, the capitalized right-to-use assets related to leases were \$3,971,466 and the total lease liability was \$2,514,839, of which \$667,434 is reported as a current liability representing the amount due within the next fiscal year.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Lease Liability (Continued)

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 667,434	\$ 53,904	\$ 721,338
2027	672,313	38,417	710,730
2028	635,816	22,594	658,410
2029	465,497	7,724	473,221
2030	73,779	708	74,487
Total	\$ 2,514,839	\$ 123,347	\$ 2,638,186

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, 2025, was \$1,345,000.

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, 2025, was \$6,015,000.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Noncommittal debt amounts issued and outstanding at June 30, 2025 are as follows:

	Original Amount	Outstanding Balance June 30, 2025
CFD 2001-1 Special Tax Bonds (Northwest Development Project)	\$ 9,255,000	\$ 1,345,000
CFD 2003-1 Special Tax Bonds (Redlands Business Center)	9,545,000	6,015,000
Total	\$ 18,800,000	\$ 7,360,000

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, 2025 is as follows:

	Balance		Balance June 30, 2025	Classification	
	July 1, 2024, as restated	Increases/ (Decreases)		Due within One Year	Due in More Than One Year
Compensated absences	\$ 12,209,764	\$ 617,463	\$ 12,827,227	\$ 6,413,615	\$ 6,413,612

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

Governmental Funds	\$ 12,034,308
Liability Self-Insurance Internal Service Fund	24,968
Information Technology Internal Service Fund	315,034
Workers Compensation	
Self-Insurance Internal Service Fund	64,769
Equipment Maintenance Internal Service Fund	136,539
Utility Billing Internal Service Fund	251,609
Total	\$ 12,827,227

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2025 is as follows:

	Balance		Balance June 30, 2025	Classification	
	July 1, 2024, as restated	Increases/ (Decreases)		Due within One Year	Due in More Than One Year
Compensated absences	\$ 2,261,528	\$ 153,678	\$ 2,415,206	\$ 1,207,604	\$ 1,207,602

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Compensated Absences (Continued)

B. Business-Type Activities (Continued)

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

Water Fund	\$	1,009,226
Disposal Fund		660,750
Wastewater Fund		636,771
Groves Fund		12,442
Non-Potable Water Fund		6,320
Cemetery Fund		76,434
Aviation Fund		13,263
Total	\$	2,415,206

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 \$15,996,513 reported as landfill closure and post closure liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 70.36 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 \$6,737,398 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2025 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, 2025, \$12,897,799 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, 2025

Note 11 – Pension Plans

A. Summary

The City 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, 2025, is presented below:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 4,600,385	3,220,920	\$ 7,821,305
CalPERS Safety	13,195,999	-	13,195,999
Total pension contribution made after measurement date	<u>17,796,384</u>	<u>3,220,920</u>	<u>21,017,304</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	1,353,716	947,793	2,301,509
CalPERS Safety	5,190,489	-	5,190,489
Total projected earnings on pension plan investments in excess of actual earnings	<u>6,544,205</u>	<u>947,793</u>	<u>7,491,998</u>
Change in assumption			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	2,645,739	-	2,645,739
Total change in assumption	<u>2,645,739</u>	<u>-</u>	<u>2,645,739</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	661,953	463,461	1,125,414
CalPERS Safety	8,478,609	-	8,478,609
Total difference between expected and actual experience	<u>9,140,562</u>	<u>463,461</u>	<u>9,604,023</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Safety	2,092,175	-	2,092,175
Total employer contributions in excess of proportionate share of contribution	<u>2,092,175</u>	<u>-</u>	<u>2,092,175</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	6,616,054	4,632,174	11,248,228
CalPERS Safety	31,603,011	-	31,603,011
Total deferred outflows of resources	<u>\$ 38,219,065</u>	<u>\$ 4,632,174</u>	<u>\$ 42,851,239</u>
Net pension liability:			
CalPERS Miscellaneous	\$ 30,097,157	\$ 21,072,264	\$ 51,169,421
CalPERS Safety	107,384,748	-	107,384,748
Total net pension liability	<u>\$ 137,481,905</u>	<u>\$ 21,072,264</u>	<u>\$ 158,554,169</u>
Deferred inflows of resources:			
Adjustment due to difference in proportions			
CalPERS Safety	\$ 593,834	\$ -	\$ 593,834
Total adjustment due to difference in proportions	<u>593,834</u>	<u>-</u>	<u>593,834</u>
Total deferred inflows of resources			
CalPERS Safety	593,834	-	593,834
Total deferred inflows of resources	<u>\$ 593,834</u>	<u>\$ -</u>	<u>\$ 593,834</u>
Pension expense (credit):			
CalPERS Miscellaneous	\$ 4,960,187	\$ 3,472,832	\$ 8,433,019
CalPERS Safety	21,153,457	-	21,153,457
Total net pension expenses	<u>\$ 26,113,644</u>	<u>\$ 3,472,832</u>	<u>\$ 29,586,476</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

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, 2024, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plans
Active employees	395
Transferred and terminated employees	488
Retired employees and beneficiaries	574
Total	1,457

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:

	Miscellaneous Plans	
	Classic	PEPRA
Hire Date		
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%	8.250%
Required employer contribution rates	9.950%	9.950%
Final Annual Compensation	1 year	3 year

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

B. City Miscellaneous 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 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, 2025, the plan’s contributions made for the Plan was as follows:

	Miscellaneous Plans
Contributions - employer	\$ 7,821,305

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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 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
Mortality Rate Tables ⁽¹⁾	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

Discount Rate (Continued)

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.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

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

²Figures are based on the 2021 Asset Liability Management study.

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% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
\$ 78,295,590	\$ 51,169,421	\$ 28,791,925

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

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, 2023 (Valuation Date)	\$ 203,519,621	\$ 148,457,542	\$ 55,062,079
Changes in the year:			
Service cost	4,349,924	-	4,349,924
Interest on the total pension liabilities	13,866,080	-	13,866,080
Differences between expected and actual experience	1,135,936	-	1,135,936
Changes of benefit terms	-	-	-
Benefit payments, including refunds of members contributions	(11,745,669)	(11,745,669)	-
Contributions - employer	-	6,961,999	(6,961,999)
Contributions - employee	-	2,205,700	(2,205,700)
Net investment income	-	14,197,699	(14,197,699)
Administrative expenses	-	(120,800)	120,800
Net changes	7,606,271	11,498,929	(3,892,658)
Balance at June 30, 2024 (Measurement Date)	\$ 211,125,892	\$ 159,956,471	\$ 51,169,421

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

For the year ended June 30, 2025, the City recognized pension expense in the amount of \$8,433,019 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 2023-24 measurement period is 3.2 years, which was obtained by dividing the total service years of 4,439 (the sum of remaining service lifetimes of the active employees) by 1,374 (the total number of participants: active, inactive, and retired).

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

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

At June 30, 2025 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	\$ 7,821,305	\$ -
Difference between projected and actual earning on pension plan investments	2,301,509	-
Differences between expected and actual experience	1,125,414	-
Total	\$ 11,248,228	\$ -

For the City Miscellaneous Plan, \$7,821,305 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, 2026. 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
2025	\$ 529,622
2026	4,267,158
2027	(558,388)
2028	(811,469)
2029	-
Thereafter	-
	\$ 3,426,923

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2024, the measurement date, the following employees were covered by the benefit terms the Plan:

	Safety Plans
Active employees	140
Transferred and terminated employees	56
Retired employees and beneficiaries	261
Total	457

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 Police	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%	14.500%	9.00%	14.500%
Required employer contribution rates	29.300%	14.720%	29.300%	14.720%
Final Annual Compensation	1 year	3 year	1 year	3 year

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, employer contributions made for the Safety Cost-sharing Plan was as follows:

	Safety Plans
Contributions - employer	\$ 13,195,999

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, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2025, the City reported net pension liability for its proportionate shares of the net pension liability of the Safety Plan as follows:

	Plan Total Pension Liability	Increase (Decrease)	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Balance at: 6/30/23 (Valuation date)	\$ 339,316,329		\$ 230,662,382	\$ 108,653,947
Balance at: 6/30/24 (Measurement date)	349,728,704		242,343,956	107,384,748
Net Changes during 2023-2024	10,412,375		11,681,574	(1,269,199)

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, 2023). 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, 2025

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, 2024). 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, 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2023-23).

(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, 2024 and 2023 was as follows:

Proportion June 30, 2023	1.45358%
Proportion June 30, 2024	1.47287%
Change - Increase (Decrease)	0.01930%

For the year ended June 30, 2025, the City recognized pension expense in the amount of \$21,153,457 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, 2024 is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (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, 2025

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, 2025, 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	\$ 13,195,999	\$ -
Difference between projected and actual earning on pension plan investments	5,190,489	-
Adjustment due to differences in proportions	-	(593,834)
Changes in assumptions	2,645,739	-
Difference between actual and expected experience	8,478,609	-
Difference between employer's actual contributions and proportionate share of contributions	2,092,175	-
Total	\$ 31,603,011	\$ (593,834)

For the City Safety Plan, \$13,195,999 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, 2026. 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
2025	\$ 6,796,044
2026	12,603,877
2027	189,209
2028	(1,775,952)
2029	-
Thereafter	-
	\$ 17,813,178

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. Both the June 30, 2024 and the June 30, 2023 total pension liabilities were based on the following actuarial methods and 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%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Tables ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

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, 2025

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

Discount Rate (Continued)

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10²</u>
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

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

²Figures are based on the 2021 Asset Liability Management study.

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

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

<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate + 1%</u>
<u>(5.90%)</u>	<u>Rate (6.90%)</u>	<u>(7.90%)</u>
\$ 155,157,353	\$ 107,384,748	\$ 68,313,473

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, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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	\$ 4,731,598	\$ 1,577,545	\$ 6,309,143
Difference between expected and actual experience	6,730,755	2,244,077	8,974,832
Changes in assumptions	20,620,257	6,874,929	27,495,186
Total deferred outflows of resources	\$ 32,082,610	\$ 10,696,551	\$ 42,779,161
Total OPEB liability:			
Total OPEB liability	\$ 98,257,355	\$ 42,703,270	\$ 140,960,625
Total OPEB liability	\$ 98,257,355	\$ 42,703,270	\$ 140,960,625
Deferred Inflows of Resources:			
Difference between expected and actual experience	\$ 22,016,093	\$ 6,083,185	\$ 28,099,278
Changes in assumptions	28,116,957	7,768,891	35,885,848
Total deferred inflows of resources	\$ 50,133,050	\$ 13,852,076	\$ 63,985,126
OPEB Expense	\$ 6,138,262	\$ 2,272,372	\$ 8,410,634

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, 2025

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:

Employee Group Service	Medical	Dental	Vision
Police (RPOA Members)			
Employees hired on or after November 4, 2014 with at least 5 years of CalPERS service	\$397 per month maximum	None	None
Employees hired on or after November 4, 2014 with at least 15 years of CalPERS service	100% of Least Expensive Retiree-only Premium until age 65 and \$397 after	100% of Premium until age 65 for retiree only	100% of Premium until age 65 for retiree only
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 and eligible dependents	100% of Premium of Retiree and Spouse and eligible dependents	100% of Premium of Retiree and Spouse and eligible dependents
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 on or after October 16, 2012 with at least 15 years of CalPERS Service	100% of Least Expensive Retiree-only Premium until age 65 and PEMHCA MRC after \$397	100% of Premium until age 65 for retiree only	100% of Premium until age 65 for retiree only
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 and eligible dependents	100% of Premium for Lifetime of Retiree and Spouse and eligible dependents	\$225 Maximum Reimbursement Per Year for Lifetime of Retiree and Spouse and eligible dependents
Miscellaneous (Teamsters, 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 on or after March 11, 2010 with at least 10 years of CalPERS Service	100% of Least Expensive Retiree-only Premium until age 65 and PEMHCA MRC after \$397	100% of Premium until age 65 for retiree only	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 and eligible dependents	100% of Premium for Lifetime of Retiree and Spouse and eligible dependents	None

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Benefits Provided (Continued)

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 on or after June 2, 2015 with at least 15 years of CalPERS Service	100% of Least Expensive Retiree-only Premium until age 65 and PEMHCA MRC after \$397	100% of Premium until age 65 for retiree only	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 and eligible dependents	100% of Premium & Medicare for Lifetime of Retiree and Spouse and eligible dependents	100% of Premium for Lifetime of Retiree and Spouse and eligible dependents

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 on or after January 1, 2009 with at least 10 years of CalPERS service	100% of Least Expensive Retiree-only Premium until age 65 and PEMHCA MRC after \$397	100% of Premium until age 65 for retiree only	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 and eligible dependents	100% of Premium & Medicare for Lifetime of Retiree and Spouse and eligible dependents	100% of Premium for Lifetime of Retiree and Spouse and eligible dependents

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, 2024, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	533
Retired employees and beneficiaries	373
Total	906

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Other Postemployment Benefits (Continued)

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, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The total OPEB liability at June 30, 2025 was \$140,960,625.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Discount Rate	4.21%
Inflation	2.80%
Aggregate payroll increases	2.80% plus merit increases for Miscellaneous employees based on the 2021 CalPERS Experience Study
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 2021 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2021
Healthcare Trend Rate	Pre-Medicare ages: 8.00 percent for 2024/25 to 4.50 percent for 2038/39; Medicare ages: 6.50 percent for 2024/25 to 4.50 percent for 2038/39.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

Discount Rate

The discount rate used to measure the total OPEB liability 4.21%. 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 of Assumption

The discount rate was changed from 4.13% to 4.21% based on updated 20-year municipal bond rates.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023 (Measurement Date)	\$ 129,893,381
Changes Recognized for the Measurement Period:	
Service Cost	3,653,758
Interest on the total OPEB liability	5,399,024
Changes of benefit terms	-
Difference between expected and actual experience	7,355,613
Changes of assumptions	356,830
Benefit payments	(5,697,981)
Net Changes during July 1, 2023 to June 30, 2024	11,067,244
Balance at June 30, 2024 (Measurement Date)	\$ 140,960,625

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Other Postemployment Benefits (Continued)

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

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 (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (3.21%)	Current Discount Rate (4.21%)	Discount Rate + 1% (5.21%)
\$ 162,340,325	\$ 140,960,625	\$ 123,662,322

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%
\$ 121,806,850	\$ 140,960,625	\$ 165,092,587

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$ \$8,410,634. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 6,309,143	\$ -
Difference between expected and actual experience	8,974,832	(28,099,278)
Changes of assumptions	27,495,186	(35,885,848)
Total	\$ 42,779,161	\$ (63,985,126)

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 10 years, which was determined as of June 30, 2023, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Other Postemployment Benefits (Continued)

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

For the OPEB Plan, \$6,309,143 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, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ (520,222)
2027	(1,665,429)
2028	(2,777,221)
2029	(2,777,221)
2030	(2,777,228)
Thereafter	(16,997,787)
	<u>\$ (27,515,108)</u>

Note 13 – Risk Management

A. Coverage

During the year ended June 30, 2025, the City was self-insured for the first \$500,000 per occurrence for general liability. The City purchased excess liability insurance to provide additional coverage of \$25,000,000 aggregate. The City also purchased airport liability and aircraft liability insurance with a liability amount of \$25,000,000 aggregate with a \$0 deductible. 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.

For property insurance, the City was self-insured for the amount of \$75,000 per occurrence. The City purchased excess property insurance for \$350,000,000 aggregate. This includes boiler and machinery, flood, earthquake, cyber, and pollution coverage.

For storage pollution liability, the City is insured for \$2,000,000 with a \$10,000 deductible.

For crime insurance, the City is insured for \$1,000,000 with a \$2,500 deductible.

B. Claims Activity

At June 30, 2025, \$6,401,341 and \$13,451,438 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Risk Management (Continued)

B. Claims Activity (Continued)

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, 2025, 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>						
2025	\$ 4,400,552	\$ 3,460,965	\$ (1,460,176)	\$ 6,401,341	\$ 3,200,671	\$ 3,200,670
2024	4,306,893	459,803	(366,144)	4,400,552	2,200,276	2,200,276
2023	2,595,507	2,374,997	(663,611)	4,306,893	2,153,447	2,153,446
<u>Workers' Compensation</u>						
2025	\$ 11,032,921	\$ 3,410,740	\$ (992,223)	\$ 13,451,438	\$ 6,725,719	\$ 6,725,719
2024	11,219,000	707,740	(893,819)	11,032,921	5,516,461	5,516,460
2023	12,171,624	185,188	(1,137,812)	11,219,000	5,609,500	5,609,500

Note 14 – Fund Balance and Net Position

A. Fund Balance/Net Position Deficits

At June 30, 2025 the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(113,289,589). This deficit is primarily attributable to the long-term pension and OPEB obligations reported under GASB Statements 68 and 75, including a net pension liability of approximately \$137.5 million and a total OPEB liability of approximately \$98.3 million.

At June 30, 2025, the following funds had a fund balance (deficit) or unrestricted net position (deficit):

Fund	Fund Type	Deficit
Governmental Grants Special Revenue Fund	Special Revenue Fund	\$ (872,266)
Transportation Development Act Fund	Special Revenue Fund	(2,883)
Disposal Fund	Enterprise Fund	(711,952)
General Liability Self-Insurance Fund	Internal Service Fund	(5,552,615)
Workers' Compensation Self-Insurance Fund	Internal Service Fund	(8,721,096)
Utility Billing Fund	Internal Service Fund	(3,203,479)

Special Revenue Funds

A net deficit of \$872,266 exists in the Governmental Grants Special Revenue 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Fund Balance and Net Position (Continued)

A. Fund Balance/Net Position Deficits (Continued)

Special Revenue Funds (Continued)

A net deficit of \$2,883 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 \$711,952 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 \$5,552,615 exists in the General 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 \$8,721,096 exists in the Workers’ Compensation Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased cost recovery charges, instituting cost containment measures.

A net deficit of \$3,203,479 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, 2025, expenditures exceeded appropriations in the following funds by function/department:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	City attorney	\$ 139,546
	Debt service:	
	Principal	1,041,301
Governmental Grants Special Revenue Fund	Library	2,182,592
Open Space Special Revenue Fund	Culture and recreation	1,316
Parking Authority Special Revenue Fund	General government	290
Asset Forfeiture Special Revenue Fund	Capital outlay	58,124
PARIS Special Revenue Fund	Highway and streets	72,917
Public Facilities Development Special Revenue Fund	General government	1,607
General Debt Service Fund	General government	22

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 15 – Fund Balance Classification

At June 30, 2025, the City reports the following fund balance classifications:

	General Fund	Governmental Grants Special Revenue Fund	Non-major Governmental Funds	Total
Nonspendable				
Prepaid items	\$ 430,838	\$ 157,372	\$ 65,997	\$ 654,207
Notes receivable	551,178	-	-	551,178
Endowment - non-expendable	-	-	30,200	30,200
Total nonspendable	982,016	157,372	96,197	1,235,585
Restricted				
Donations	1,067,304	-	-	1,067,304
PEG fees	724,992	-	-	724,992
Park and open space acquisition/improvement	-	-	5,945,504	5,945,504
Public facilities	-	-	2,545,043	2,545,043
Public safety	-	-	398,763	398,763
Police programs and equipment	-	-	1,964,140	1,964,140
Public art	-	-	10,335	10,335
Street reconstruction/improvement projects	-	-	13,579,675	13,579,675
Debt service	-	-	637,959	637,959
Storm drain improvements	-	-	3,063,594	3,063,594
Endowment - expendable	-	-	35,245	35,245
CFD assessment	-	-	201,474	201,474
Total restricted	1,792,296	-	28,381,732	30,174,028
Committed				
Stabilization agreement	11,069,310	-	-	11,069,310
Public benefit: parks, recreation, trails, open space, and improvements	2,410,336	-	-	2,410,336
Total committed	13,479,646	-	-	13,479,646
Assigned				
Public works	1,853,968	-	-	1,853,968
Capital projects	32,851,145	-	2,257,421	35,108,566
Total assigned	34,705,113	-	2,257,421	36,962,534
Unassigned (deficit)	63,374,540	(1,029,638)	(2,883)	62,342,019
Total fund balances	\$ 114,333,611	\$ (872,266)	\$ 30,732,467	\$ 144,193,812

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 16 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30, 2025 consisted of the following:

	Governmental Activities	Business-Type Activities
	<u> </u>	<u> </u>
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 433,739,426	\$ 55,630,551
Capital assets, depreciable/amortizable, net	223,201,712	167,491,347
Long-term debt:		
I-Bank Sports Park	(1,018,576)	-
Finance purchase agreement	(3,547,198)	(1,042,442)
Lease liability	(3,984,583)	(2,514,839)
Subscription liability	(97,108)	-
California Recycled Water Project	-	-
Safe Drinking Water Project	-	(562,367)
Hinckley Water Treatment Plant Upgrade	-	(5,234,176)
I-Bank Solid Waste	-	(1,749,483)
I-Bank City Streets	-	(1,972,964)
Total net investment in capital assets	<u>\$ 648,293,673</u>	<u>\$ 210,045,627</u>

Note 17 – Tax Abatements – Economic Development Incentives

GASB Statement No. 77, *Tax Abatement Disclosures*, 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, 2025, under this program the City had abatements of sales tax totaling \$94,957. Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 18 – Endowments

Simonds Endowment

The amount of net appreciation available for expenditure in the Simonds Endowment Fund is \$31,133. 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.

Pauline Stancliff Memorial Trust

The amount of net appreciation available for expenditure in the Pauline Stancliff Memorial Trust Fund is \$4,112. 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 19 – Restatements of Beginning Balances

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

	June 30, 2024, As Previously Reported	Restatement - GASB 101 implementation	June 30, 2024, As Restated
Government-wide			
Governmental activities	\$ 557,931,945	\$ (3,571,261)	\$ 554,360,684
Business-type activities	223,940,878	(997,230)	222,943,648
Total government-wide	<u>\$ 781,872,823</u>	<u>\$ (4,568,491)</u>	<u>\$ 777,304,332</u>
Proprietary funds			
Enterprise funds			
Major funds:			
Water Fund	\$ 151,159,960	\$ (371,145)	\$ 150,788,815
Disposal Fund	(4,346,879)	(304,967)	(4,651,846)
Wastewater Fund	55,865,212	(266,046)	55,599,166
Non-major funds:			
Groves Fund	13,946,889	(7,740)	13,939,149
Non-Potable Water Fund	3,881,728	(4,530)	3,877,198
Cemetery Fund	996,762	(33,149)	963,613
Aviation Fund	2,437,206	(9,653)	2,427,553
Total enterprise funds	<u>\$ 223,940,878</u>	<u>\$ (997,230)</u>	<u>\$ 222,943,648</u>
Internal service funds			
General Liability Self-Insurance Fund	\$ (3,713,921)	\$ (16,689)	\$ (3,730,610)
Workers' Compensation Self-Insurance Fund	(7,214,639)	(44,755)	(7,259,394)
Information Technology Fund	2,510,685	(100,085)	2,410,600
Equipment Maintenance Fund	2,689,369	(52,470)	2,636,899
Utility Billing Fund	(2,290,020)	(63,745)	(2,353,765)
Payroll Clearing Fund	72,901	-	72,901
Total internal service funds	<u>\$ (7,945,625)</u>	<u>\$ (277,744)</u>	<u>\$ (8,223,369)</u>

Note 20 – 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.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 20 – Commitments and Contingencies (Continued)

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.

D. Contractual Commitments

The City has capital contractual commitments for which funds have been encumbered as of June 30, 2025. 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, 2025:

Project Title	Commitment
General Fund	
Animal Services Dog Kennels	\$ 243,625
Asphalt Patch Truck	410,813
Bay Doors for Fire Stations 261, 262, & 263	490,205
New Generator for Fire Station 262	6,632
Texonia Park Renovation	44,850
Total for General Fund	1,196,125
Governmental Grants Special Revenue Fund	
HSIP Cycle 10 Enhanced Crosswalk Project	248,067
HSIP Cycle 11 Traffic Signal Head Improvements	20,759
HSIP Cycle 11 Traffic Signal Installation	108,484
Joslyn Senior Center Renovation	25,051
Library Lower Level Architecture Design	24,488
Wastewater Treatment Plant Primary Clarifier Upgrade	76,048
Total for Governmental Grants Special Revenue Fund	\$ 502,897

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 20 – Commitments and Contingencies (Continued)

D. Contractual Commitments (Continued)

Project Title	Commitment
Water Fund	
2023 CIP Water Pipeline & Highline Replacement	\$ 6,015,375
2025 Citywide Pavement Repair	340,473
Emergency Power Generators	907,479
Hinckley Sludge Press Project	735,481
Recycled Water California St. Orange Groves Project - Water Portion	412,306
Security Fencing Installation for Water Facilities	1,383,815
Sunset Reservoir Engineering Design Services	1,290,362
Tate Water Treatment Plant Influent Line Replacement	159,921
Water SCADA System Upgrade	2,569,793
Total for Water Fund	13,815,005
Solidwaste Fund	
Landfill Phase 5 Project	\$183,034
Solidwaste Vehicles	968,280
Total for Solidwaste Fund	1,151,314
Wastewater Fund	
Recycled Water California St. Orange Groves Project - Wastewater Portion	\$99,187
Wastewater Treatment Plant Rehabilitation - Phase 2	438,838
Total for Wastewater Fund	538,025
Non-Major Funds	
Cemetery Surveying & Map Update - Cemetery Fund	\$ 15,100
Design & Construction Mgmt of New City Hall - Safety/City Hall Replacement Fund	2,270,536
Design & Construction Mgmt of a Public Safety Facility - Safety/City Hall Replacement Fund	5,533,818
Orange Blossom Trail Phase 4 - Transportation Development Act Fund	960,145
Recycled Water Distribution System Expansion - Nonpotable Water Fund	278,447
Total for Non-Major Funds	9,058,046
Internal Service Funds	
Fleet Vehicle Exhaust System	\$ 46,845
Toyota Forklift 50-8FG4	75,865
Total for Non-Major Funds	122,710
Total for City	\$ 26,384,122

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Redlands
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2025

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 42,184,339	\$ 43,252,000	\$ 44,844,805	\$ 1,592,805
Sales and use taxes	48,338,803	46,410,418	47,088,618	678,200
Other taxes	2,566,345	2,760,000	2,744,184	(15,816)
Franchise fees	3,276,284	2,870,439	2,685,573	(184,866)
Licenses and permits	8,293,681	8,593,681	9,780,390	1,186,709
Fines and forfeitures	85,100	85,100	71,312	(13,788)
Intergovernmental	499,640	499,640	1,246,109	746,469
Charges for services	7,183,660	7,283,660	7,657,756	374,096
Investment income (loss)	250,000	2,420,000	5,736,405	3,316,405
Rents and leases	1,258,522	1,258,522	1,308,803	50,281
Miscellaneous	1,790,476	2,040,476	2,291,210	250,734
Total revenues	<u>115,726,850</u>	<u>117,473,936</u>	<u>125,455,165</u>	<u>7,981,229</u>
EXPENDITURES:				
Current:				
General government:				
City council	559,128	559,128	503,181	55,947
City clerk	683,460	685,109	435,016	250,093
City manager	7,520,532	9,263,118	7,645,640	1,617,478
Finance	3,427,215	3,546,521	2,988,614	557,907
City attorney	816,397	816,397	955,943	(139,546)
Development services	5,933,772	6,986,807	5,499,460	1,487,347
Facilities	8,041,298	7,497,659	6,779,826	717,833
Public works engineering	1,138,709	1,577,791	1,077,643	500,148
Public safety:				
Police	39,134,460	39,298,310	36,492,269	2,806,041
Fire	21,397,850	21,786,765	21,207,623	579,142
Animal services	1,329,188	1,330,018	1,204,094	125,924
Culture and recreation:				
Community services	2,469,010	2,641,906	2,174,031	467,875
Parks	7,038,129	7,837,808	6,756,358	1,081,450
Highway and streets:				
Electrical and streets	5,820,411	5,900,313	5,405,089	495,224
Library	3,596,220	3,929,254	3,410,455	518,799
Capital outlay	4,579,484	11,671,681	7,893,014	3,778,667
Debt service:				
Principal	154,364	154,364	1,195,665	(1,041,301)
Interest and fiscal charges	2,259,458	2,563,826	537,662	2,026,164
Total expenditures	<u>115,899,085</u>	<u>128,046,775</u>	<u>112,161,583</u>	<u>15,885,192</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(172,235)</u>	<u>(10,572,839)</u>	<u>13,293,582</u>	<u>23,866,421</u>

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund (Continued)
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Inception of lease liability	-	-	2,098,978	2,098,978
Transfers in	2,506,621	2,506,621	2,760,231	253,610
Transfers out	(11,642,556)	(22,166,495)	(14,995,869)	7,170,626
Total other financing sources (uses)	<u>(9,135,935)</u>	<u>(19,659,874)</u>	<u>(10,136,660)</u>	<u>9,523,214</u>
Net change in fund balance	<u>\$ (9,308,170)</u>	<u>\$ (30,232,713)</u>	3,156,922	<u>\$ 33,389,635</u>
FUND BALANCE:				
Beginning of year			<u>111,176,689</u>	
End of year			<u>\$ 114,333,611</u>	

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City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Governmental Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 19,497,788	\$ 9,266,326	\$ (10,231,462)
Investment income	-	-	34,021	34,021
Total revenues	<u>-</u>	<u>19,497,788</u>	<u>9,300,347</u>	<u>(10,197,441)</u>
EXPENDITURES:				
Current:				
General government	-	10,529,904	5,849,237	4,680,667
Public safety	-	838,290	300,882	537,408
Library	-	(185,592)	1,997,000	(2,182,592)
Capital outlay	-	8,124,940	1,991,780	6,133,160
Total expenditures	<u>-</u>	<u>19,307,542</u>	<u>10,138,899</u>	<u>9,168,643</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>190,246</u>	<u>(838,552)</u>	<u>(1,028,798)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	14,448	14,448
Transfers out	-	-	(66,702)	(66,702)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(52,254)</u>	<u>(52,254)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 190,246</u>	<u>(890,806)</u>	<u>\$ (1,081,052)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>18,540</u>	
End of year			<u>\$ (872,266)</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, 2025

Miscellaneous Plan					
Measurement period, year ended	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Total pension liability					
Service cost	\$ 4,349,924	\$ 4,056,901	\$ 3,969,259	\$ 3,525,116	\$ 3,365,376
Interest on total pension liability	13,866,080	13,369,640	12,856,892	12,569,714	12,119,433
Differences between expected and actual experience	1,135,936	970,748	(1,568,849)	247,796	270,034
Changes in assumptions	-	-	5,704,014	-	-
Changes in benefit terms	-	330,342	-	-	-
Benefit payments, including refunds of employee contributions	(11,745,669)	(11,282,718)	(10,197,185)	(9,643,784)	(9,385,911)
Net change in total pension liability	7,606,271	7,444,913	10,764,131	6,698,842	6,368,932
Total pension liability - beginning	203,519,621	196,074,708	185,310,577	178,611,735	172,242,803
Total pension liability - ending (a)	\$211,125,892	\$203,519,621	\$196,074,708	\$185,310,577	\$178,611,735
Plan fiduciary net position					
Contributions - employer	6,961,999	6,626,543	6,083,423	5,653,857	5,163,971
Contributions - employee	2,205,700	1,726,746	1,630,007	1,628,531	1,617,023
Investment income (net of administrative expenses)	14,197,699	8,817,845	(11,815,363)	29,305,630	6,312,755
Benefit payments	(11,745,669)	(11,282,718)	(10,197,185)	(9,643,784)	(9,385,911)
Plan to plan resources	-	-	-	-	-
Other	(120,800)	(104,916)	(97,846)	(130,119)	(178,655)
Net change in plan fiduciary net position	11,498,929	5,783,500	(14,396,964)	26,814,115	3,529,183
Plan fiduciary net position - beginning	148,457,542	142,674,042	157,071,006	130,256,891	126,727,708
Plan fiduciary net position - ending (b)	\$159,956,471	\$148,457,542	\$142,674,042	\$157,071,006	\$130,256,891
Net pension liability - ending (a)-(b)	\$ 51,169,421	\$ 55,062,079	\$ 53,400,666	\$ 28,239,571	\$ 48,354,844
Plan fiduciary net position as a percentage of the total pension liability	75.76%	72.95%	72.77%	84.76%	72.93%
Covered payroll	\$ 25,693,585	\$ 23,518,264	\$ 23,036,909	\$ 22,757,364	\$ 21,408,242
Net pension liability as a percentage of covered payroll	199.15%	234.12%	231.80%	124.09%	225.87%

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, 2025

Miscellaneous Plan (Continued)

Measurement period, year ended	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability					
Service cost	\$ 3,334,799	\$ 3,368,018	\$ 3,278,844	\$ 2,780,753	\$ 2,735,046
Interest on total pension liability	11,680,277	11,240,326	10,868,639	10,539,757	10,224,502
Differences between expected and actual experience	419,589	529,928	285,453	(1,148,342)	334,519
Changes in assumptions	-	(874,625)	8,600,283	-	(2,403,446)
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)
Net change in total pension liability	6,503,887	5,478,110	14,520,852	4,242,595	3,394,027
Total pension liability - beginning	165,738,916	160,260,806	145,739,954	141,497,359	138,103,332
Total pension liability - ending (a)	\$ 172,242,803	\$ 165,738,916	\$ 160,260,806	\$ 145,739,954	\$ 141,497,359
Plan fiduciary net position					
Contributions - employer	4,543,195	\$ 3,856,431	\$ 3,706,235	\$ 3,297,550	\$ 2,749,274
Contributions - employee	1,587,404	1,444,993	1,461,526	1,324,766	1,219,187
Investment income (net of administrative expenses)	7,923,614	9,732,163	11,870,046	602,969	2,473,614
Benefit payments	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)
Plan to plan resources	283	(343,451)	-	-	-
Other	(86,841)	(180,708)	(158,865)	(67,266)	(121,971)
Net change in plan fiduciary net position	5,036,877	5,723,891	8,366,575	(2,771,554)	(1,176,490)
Plan fiduciary net position - beginning	121,690,831	115,966,940	107,600,365	110,371,919	111,548,409
Plan fiduciary net position - ending (b)	\$ 126,727,708	\$ 121,690,831	\$ 115,966,940	\$ 107,600,365	\$ 110,371,919
Net pension liability - ending (a)-(b)	\$ 45,515,095	\$ 44,048,085	\$ 44,293,866	\$ 38,139,589	\$ 31,125,440
Plan fiduciary net position as a percentage of the total pension liability	73.58%	73.42%	72.36%	73.83%	78.00%
Covered payroll	\$ 20,763,335	\$ 20,950,595	\$ 19,905,560	\$ 18,459,592	\$ 17,893,660
Net pension liability as a percentage of covered payroll	219.21%	210.25%	222.52%	206.61%	173.95%

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City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Safety Plan					
Measurement period, year ended	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Plan's proportion of the net pension liability (asset)	1.472873%	1.453577%	1.475939%	1.660061%	0.809500%
Plan's proportionate share of the net pension liability (asset)	\$ 107,384,748	\$ 108,653,947	\$ 101,420,265	\$ 58,259,612	\$ 88,080,547
Plan's covered payroll	\$ 19,030,681	\$ 18,476,389	\$ 17,938,242	\$ 17,415,769	\$ 17,522,750
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	564.27%	588.07%	565.39%	334.52%	502.66%
Plan's fiduciary net position	\$ 242,343,956	\$ 230,662,382	\$ 223,139,182	\$ 244,268,089	\$ 200,216,677
Plan's fiduciary net position as a percentage of the total pension liability	69.29%	67.98%	68.75%	80.74%	69.45%
Plan's proportionate share of aggregate employer contributions	\$ 11,753,041	\$ 11,063,552	\$ 10,344,274	\$ 9,582,627	\$ 8,703,374
Measurement period, year ended	<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>
Plan's proportion of the net pension liability (asset)	0.790200%	0.779400%	0.746000%	0.748700%	0.737700%
Plan's proportionate share of the net pension liability (asset)	\$ 80,975,102	\$ 75,109,650	\$ 73,979,298	\$ 64,784,346	\$ 50,633,826
Plan's covered payroll	\$ 17,236,908	\$ 14,894,900	\$ 14,827,015	\$ 14,604,289	\$ 14,342,189
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	469.78%	504.26%	498.95%	443.60%	353.04%
Plan's fiduciary net position	\$ 195,371,697	\$ 188,434,296	\$ 182,071,554	\$ 172,261,918	\$ 178,611,604
Plan's fiduciary net position as a percentage of the total pension liability	70.70%	71.50%	71.11%	72.67%	77.91%
Plan's proportionate share of aggregate employer contributions	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655	\$ 4,246,980

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension
For the Year Ended June 30, 2025

Miscellaneous Plan

Fiscal Year:	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Contractually determined contribution (actuarially determined)	\$ 7,821,305	\$ 6,961,999	\$ 6,627,610	\$ 6,077,846	\$ 5,676,210
Contributions in relation to the actuarially determined contributions	(7,821,305)	(6,961,999)	(6,627,610)	(6,077,846)	(5,676,210)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,464,393	\$ 25,693,585	\$ 23,518,264	\$ 23,036,909	\$ 22,757,364
Contributions as a percentage of covered payroll	29.55%	27.10%	28.18%	26.38%	24.94%
Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually determined contribution (actuarially determined)	\$ 5,159,972	\$ 4,472,807	\$ 3,797,781	\$ 3,705,781	\$ 3,297,550
Contributions in relation to the actuarially determined contributions	(5,159,972)	(4,472,807)	(3,797,781)	(3,705,781)	(3,297,550)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,408,242	\$ 20,763,335	\$ 20,950,595	\$ 19,905,560	\$ 18,459,592
Contributions as a percentage of covered payroll	22.80%	20.22%	19.15%	18.35%	17.40%

Notes to Schedule:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Level percentage of payroll
Asset valuation method	Fair Market Value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and 2019.
Mortality	The probabilities of mortality are based on the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2025

Safety Plan

Fiscal Year:	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Contractually determined contribution (actuarially determined)	\$ 13,195,999	\$ 11,753,041	\$ 11,063,552	\$ 10,344,274	\$ 9,582,627
Contributions in relation to the actuarially determined contributions	(13,195,999)	(11,753,041)	(11,063,552)	(10,344,274)	(9,582,627)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,601,601	\$ 19,030,681	\$ 18,476,389	\$ 17,938,242	\$ 17,415,769
Contributions as a percentage of covered payroll	67.32%	61.76%	59.88%	57.67%	55.02%
Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually determined contribution (actuarially determined)	\$ 8,703,374	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655
Contributions in relation to the actuarially determined contributions	(8,703,374)	(7,448,780)	(6,211,050)	(5,886,486)	(5,126,655)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,522,750	\$ 17,236,908	\$ 14,894,900	\$ 14,827,015	\$ 14,604,289
Contributions as a percentage of covered payroll	49.67%	43.21%	41.70%	39.70%	35.10%

Notes to Schedule:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Level percentage of payroll
Asset valuation method	Fair Market Value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and 2019.
Mortality	The probabilities of mortality are based on the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Measurement period, year ending:	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017 ¹
Total OPEB liability								
Service cost	\$ 3,653,758	\$ 3,676,645	\$ 6,288,802	\$ 4,405,809	\$ 4,371,866	\$ 4,540,301	\$ 4,647,747	\$ 4,517,859
Interest	5,399,024	6,072,016	4,504,364	3,775,999	4,254,153	4,744,702	4,497,267	4,351,611
Changes of benefit terms	-	4,078,580	-	-	-	-	-	-
Differences between expected and actual experience	7,355,613	(26,395,453)	(9,975,595)	3,545,600	139,016	4,588,088	-	-
Changes of assumptions	356,830	(100,889)	(50,693,723)	42,967,302	14,314,382	(4,153,914)	(2,485,196)	-
Benefit payments, including refunds of member contributions	(5,697,981)	(4,397,783)	(5,079,505)	(4,960,733)	(4,882,065)	(4,526,765)	(4,525,686)	(4,050,613)
Net change in total OPEB liability	11,067,244	(17,066,884)	(54,955,657)	49,733,977	18,197,352	5,192,412	2,134,132	4,818,857
Total OPEB liability - beginning	129,893,381	146,960,265	201,915,922	152,181,945	133,984,593	128,792,181	126,658,049	121,839,192
Total OPEB liability - ending (a)	\$ 140,960,625	\$ 129,893,381	\$ 146,960,265	\$ 201,915,922	\$ 152,181,945	\$ 133,984,593	\$ 128,792,181	\$ 126,658,049
OPEB fiduciary net position²								
Contributions - employer	\$ 5,697,981	\$ 4,397,783	\$ 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	(5,697,981)	(4,397,783)	(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)	\$ 140,960,625	\$ 129,893,381	\$ 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%	0.00%	0.00%
Covered-employee payroll	\$ 51,352,870	\$ 44,914,460	\$ 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	274.49%	289.20%	409.13%	577.58%	426.01%	394.36%	410.03%	395.04%

¹ Information only presented from the implementation year

² The City has no assets accumulated in a trust that meets the requirements of GASB. Therefore no OPEB fiduciary net position balance is noted.

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.

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.

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.

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.

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
June 30, 2025

	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	\$ 256,434	\$ 331,074	\$ -	\$ 415,229	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	13,686	-	-	-
Taxes receivable	15,623	-	525,843	-	-
Due from other governments	-	-	-	25,304	18,727
Prepaid items	-	-	-	-	-
Total assets	\$ 272,057	\$ 344,760	\$ 525,843	\$ 440,533	\$ 18,727
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 38,042	\$ -	\$ -	\$ -	\$ 2,673
Accrued payroll	234,015	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	272,057	-	-	-	2,673
Deferred inflows of resources:					
Unavailable revenue	-	-	-	25,304	-
Total deferred inflows of resources	-	-	-	25,304	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	344,760	525,843	415,229	16,054
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	-	344,760	525,843	415,229	16,054
Total liabilities, deferred inflows of resources, and fund balances	\$ 272,057	\$ 344,760	\$ 525,843	\$ 440,533	\$ 18,727

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
ASSETS					
Cash and investments	\$ -	\$ 2,834,194	\$ 10,648	\$ 14,890	\$ 1,968,218
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	280	-
Taxes receivable	335,856	-	-	-	-
Due from other governments	-	-	-	-	1,976
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 335,856</u>	<u>\$ 2,834,194</u>	<u>\$ 10,648</u>	<u>\$ 15,170</u>	<u>\$ 1,970,194</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 10,648	\$ 1,774	\$ 95,122
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	13,116	10,822
Unearned revenues	-	-	-	280	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,648</u>	<u>15,170</u>	<u>105,944</u>
Deferred inflows of resources:					
Unavailable revenue	172,744	-	-	-	-
Total deferred inflows of resources	<u>172,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	163,112	2,834,194	-	-	1,864,250
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>163,112</u>	<u>2,834,194</u>	<u>-</u>	<u>-</u>	<u>1,864,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 335,856</u>	<u>\$ 2,834,194</u>	<u>\$ 10,648</u>	<u>\$ 15,170</u>	<u>\$ 1,970,194</u>

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	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	\$ 633,387	\$ 3,111,310	\$ 5,472,417	\$ 1,189,954	\$ 2,464,825
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	14,274
Taxes receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	65,997	-	-	-	-
Total assets	<u>\$ 699,384</u>	<u>\$ 3,111,310</u>	<u>\$ 5,472,417</u>	<u>\$ 1,189,954</u>	<u>\$ 2,479,099</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,044	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	28,554	368,482	-
Unearned revenues	549,551	-	-	-	14,274
Due to other funds	-	-	-	-	-
Total liabilities	<u>549,551</u>	<u>-</u>	<u>29,598</u>	<u>368,482</u>	<u>14,274</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	65,997	-	-	-	-
Restricted	83,836	3,111,310	5,442,819	821,472	2,464,825
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>149,833</u>	<u>3,111,310</u>	<u>5,442,819</u>	<u>821,472</u>	<u>2,464,825</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 699,384</u>	<u>\$ 3,111,310</u>	<u>\$ 5,472,417</u>	<u>\$ 1,189,954</u>	<u>\$ 2,479,099</u>

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	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	\$ 54,257	\$ 295,227	\$ 422	\$ 260,334	\$ 3,590,736
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	291	7,124	246	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 54,548	\$ 302,351	\$ 668	\$ 260,334	\$ 3,590,736
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 43,675	\$ 123	\$ -	\$ 333
Accrued payroll	545	3,215	545	-	41,961
Deposits payable	-	53,987	-	35,074	27,327
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	545	100,877	668	35,074	69,621
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	54,003	201,474	-	225,260	3,521,115
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	54,003	201,474	-	225,260	3,521,115
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,548	\$ 302,351	\$ 668	\$ 260,334	\$ 3,590,736

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds				Capital Projects Funds
	Public Art Fund	Transportation Development Act Fund	Public Facilities Development Special Revenue Fund	Storm Drain Fund	Safety Hall Replacement Capital Projects Fund
ASSETS					
Cash and investments	\$ 10,335	\$ -	\$ 2,545,043	\$ 3,063,594	\$ 3,150,401
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 10,335</u>	<u>\$ -</u>	<u>\$ 2,545,043</u>	<u>\$ 3,063,594</u>	<u>\$ 3,150,401</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 892,980
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	2,883	-	-	-
Total liabilities	<u>-</u>	<u>2,883</u>	<u>-</u>	<u>-</u>	<u>892,980</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	10,335	-	2,545,043	3,063,594	-
Assigned	-	-	-	-	2,257,421
Unassigned (deficit)	-	(2,883)	-	-	-
Total fund balances	<u>10,335</u>	<u>(2,883)</u>	<u>2,545,043</u>	<u>3,063,594</u>	<u>2,257,421</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,335</u>	<u>\$ -</u>	<u>\$ 2,545,043</u>	<u>\$ 3,063,594</u>	<u>\$ 3,150,401</u>

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Debt Service Funds		Permanent Funds		Total Non-Major Governmental Funds
	General Debt Service Fund	Simonds Endowment Fund	Pauline Stancliff Memorial Trust Fund		
ASSETS					
Cash and investments	\$ 353,093	\$ 41,133	\$ 24,312		\$ 32,091,467
Restricted cash and investments	284,866	-	-		284,866
Accounts receivable, net	-	-	-		28,240
Taxes receivable	-	-	-		884,983
Due from other governments	-	-	-		46,007
Prepaid items	-	-	-		65,997
Total assets	\$ 637,959	\$ 41,133	\$ 24,312		\$ 33,401,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -		\$ 1,086,414
Accrued payroll	-	-	-		280,281
Deposits payable	-	-	-		537,362
Unearned revenues	-	-	-		564,105
Due to other funds	-	-	-		2,883
Total liabilities	-	-	-		2,471,045
Deferred inflows of resources:					
Unavailable revenue	-	-	-		198,048
Total deferred inflows of resources	-	-	-		198,048
Fund Balances:					
Nonspendable	-	10,000	20,200		96,197
Restricted	637,959	31,133	4,112		28,381,732
Assigned	-	-	-		2,257,421
Unassigned (deficit)	-	-	-		(2,883)
Total fund balances	637,959	41,133	24,312		30,732,467
Total liabilities, deferred inflows of resources, and fund balances	\$ 637,959	\$ 41,133	\$ 24,312		\$ 33,401,560

(Concluded)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Emergency Service Fund	Household Hazardous Waste Fund	State Gas Tax Fund	Air Quality Improvement Fund	Traffic Safety Fund
REVENUES:					
Property taxes	\$ 1,146,202	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	148,599
Intergovernmental	-	-	4,044,395	95,808	-
Charges for services	-	165,321	-	-	-
Investment income (loss)	-	-	-	15,228	-
Rents and leases	-	-	-	-	-
Miscellaneous	100	-	-	-	-
Total revenues	<u>1,146,302</u>	<u>165,321</u>	<u>4,044,395</u>	<u>111,036</u>	<u>148,599</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	5,846,640	152,075	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	-	-	-	102	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>5,846,640</u>	<u>152,075</u>	<u>-</u>	<u>102</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,700,338)</u>	<u>13,246</u>	<u>4,044,395</u>	<u>110,934</u>	<u>148,599</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	4,700,338	-	-	-	23,020
Transfers out	-	-	(4,018,187)	-	(170,307)
Total other financing sources (uses)	<u>4,700,338</u>	<u>-</u>	<u>(4,018,187)</u>	<u>-</u>	<u>(147,287)</u>
NET CHANGES IN FUND BALANCES	-	13,246	26,208	110,934	1,312
FUND BALANCES (DEFICIT):					
Beginning of year	-	331,514	499,635	304,295	14,742
End of year	<u>\$ -</u>	<u>\$ 344,760</u>	<u>\$ 525,843</u>	<u>\$ 415,229</u>	<u>\$ 16,054</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, 2025

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	12,248
Intergovernmental	1,729,439	-	-	-	-
Charges for services	-	145,810	4,322	-	-
Investment income (loss)	118,647	123,091	(2,380)	-	59,569
Rents and leases	-	-	-	3,360	-
Miscellaneous	-	-	26,070	-	26,394
Total revenues	<u>1,848,086</u>	<u>268,901</u>	<u>28,012</u>	<u>3,360</u>	<u>98,211</u>
EXPENDITURES:					
Current:					
General government	-	-	58,406	23,786	-
Public safety	-	-	-	-	77,565
Culture and recreation	-	2,916	-	-	-
Highway and streets	8,197	-	-	-	-
Capital outlay	-	-	-	-	58,124
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>8,197</u>	<u>2,916</u>	<u>58,406</u>	<u>23,786</u>	<u>135,689</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,839,889</u>	<u>265,985</u>	<u>(30,394)</u>	<u>(20,426)</u>	<u>(37,478)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	30,394	20,426	-
Transfers out	(2,152,068)	-	-	-	-
Total other financing sources (uses)	<u>(2,152,068)</u>	<u>-</u>	<u>30,394</u>	<u>20,426</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(312,179)	265,985	-	-	(37,478)
FUND BALANCES (DEFICIT):					
Beginning of year	475,291	2,568,209	-	-	1,901,728
End of year	<u>\$ 163,112</u>	<u>\$ 2,834,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,864,250</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, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	240,061	-	-	-	-
Charges for services	-	448,667	297,857	18,146	175,584
Investment income (loss)	31,919	128,035	239,055	53,259	106,423
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	60,515
Total revenues	<u>271,980</u>	<u>576,702</u>	<u>536,912</u>	<u>71,405</u>	<u>342,522</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	240,062	-	-	-	-
Culture and recreation	-	12,237	-	-	-
Highway and streets	-	-	6,863	3,238	19,239
Capital outlay	-	-	71,666	-	99,155
Debt service:					
Principal	-	68,988	-	-	-
Interest and fiscal charges	-	33,172	-	-	-
Total expenditures	<u>240,062</u>	<u>114,397</u>	<u>78,529</u>	<u>3,238</u>	<u>118,394</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>31,918</u>	<u>462,305</u>	<u>458,383</u>	<u>68,167</u>	<u>224,128</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	31,918	462,305	458,383	68,167	224,128
FUND BALANCES (DEFICIT):					
Beginning of year	117,915	2,649,005	4,984,436	753,305	2,240,697
End of year	<u>\$ 149,833</u>	<u>\$ 3,111,310</u>	<u>\$ 5,442,819</u>	<u>\$ 821,472</u>	<u>\$ 2,464,825</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, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	9,910	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	25,305	734,274	28,674	-	-
Investment income (loss)	-	10,706	-	11,317	(37,848)
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	694,166
Total revenues	25,305	744,980	28,674	21,227	656,318
EXPENDITURES:					
Current:					
General government	-	479,390	51,929	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	12,898	-	-	-	1,104,354
Capital outlay	-	-	-	-	4,735,218
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	12,898	479,390	51,929	-	5,839,572
REVENUES OVER (UNDER) EXPENDITURES	12,407	265,590	(23,255)	21,227	(5,183,254)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	23,255	-	6,126,668
Transfers out	-	(144,400)	-	-	-
Total other financing sources (uses)	-	(144,400)	23,255	-	6,126,668
NET CHANGES IN FUND BALANCES	12,407	121,190	-	21,227	943,414
FUND BALANCES (DEFICIT):					
Beginning of year	41,596	80,284	-	204,033	2,577,701
End of year	<u>\$ 54,003</u>	<u>\$ 201,474</u>	<u>\$ -</u>	<u>\$ 225,260</u>	<u>\$ 3,521,115</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, 2025

	Special Revenue Funds				Capital Projects Funds
	Public Art Fund	Transportation Development Act Fund	Public Facilities Development Special Revenue Fund	Storm Drain Fund	Safety Hall Replacement Capital Projects Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	55,596	-	-	-
Charges for services	-	-	628,680	169,981	-
Investment income (loss)	468	-	-	132,090	85,109
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>468</u>	<u>55,596</u>	<u>628,680</u>	<u>302,071</u>	<u>85,109</u>
EXPENDITURES:					
Current:					
General government	-	-	12,574	3,399	1,431,447
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	-	-	-	-	-
Capital outlay	-	49,315	-	-	1,479,107
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>49,315</u>	<u>12,574</u>	<u>3,399</u>	<u>2,910,554</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>468</u>	<u>6,281</u>	<u>616,106</u>	<u>298,672</u>	<u>(2,825,445)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	2,905,554
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,905,554</u>
NET CHANGES IN FUND BALANCES	468	6,281	616,106	298,672	80,109
FUND BALANCES (DEFICIT):					
Beginning of year	9,867	(9,164)	1,928,937	2,764,922	2,177,312
End of year	<u>\$ 10,335</u>	<u>\$ (2,883)</u>	<u>\$ 2,545,043</u>	<u>\$ 3,063,594</u>	<u>\$ 2,257,421</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, 2025

	Debt Service Funds		Permanent Funds		Total Non-Major Governmental Funds
	General Debt Service Fund	Simonds Endowment Fund	Pauline Stancliff Memorial Trust Fund		
REVENUES:					
Property taxes	\$ -	\$ -	\$ -		\$ 1,146,202
Licenses and permits	-	-	-		9,910
Fines and forfeitures	-	-	-		160,847
Intergovernmental	-	-	-		6,165,299
Charges for services	-	-	-		2,842,621
Investment income (loss)	16,189	1,861	1,099		1,093,837
Rents and leases	-	-	-		3,360
Miscellaneous	-	-	-		807,245
Total revenues	16,189	1,861	1,099		12,229,321
EXPENDITURES:					
Current:					
General government	5,202	-	-		2,066,133
Public safety	-	-	-		6,316,342
Culture and recreation	-	-	-		15,153
Highway and streets	-	-	-		1,154,891
Capital outlay	-	-	-		6,492,585
Debt service:					
Principal	200,000	-	-		268,988
Interest and fiscal charges	207,455	-	-		240,627
Total expenditures	412,657	-	-		16,554,719
REVENUES OVER (UNDER) EXPENDITURES	(396,468)	1,861	1,099		(4,325,398)
OTHER FINANCING SOURCES (USES):					
Transfers in	455,160	-	-		14,284,815
Transfers out	-	-	-		(6,484,962)
Total other financing sources (uses)	455,160	-	-		7,799,853
NET CHANGES IN FUND BALANCES	58,692	1,861	1,099		3,474,455
FUND BALANCES (DEFICIT):					
Beginning of year	579,267	39,272	23,213		27,258,012
End of year	\$ 637,959	\$ 41,133	\$ 24,312		\$ 30,732,467

(Concluded)

City of Redlands
Budgetary Comparison Schedule
Emergency Service Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,146,202	\$ 46,202
Miscellaneous	5,000	5,000	100	(4,900)
Total revenues	<u>1,105,000</u>	<u>1,105,000</u>	<u>1,146,302</u>	<u>41,302</u>
EXPENDITURES:				
Current:				
Public safety	6,531,894	6,531,894	5,846,640	685,254
Total expenditures	<u>6,531,894</u>	<u>6,531,894</u>	<u>5,846,640</u>	<u>685,254</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,426,894)</u>	<u>(5,426,894)</u>	<u>(4,700,338)</u>	<u>726,556</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,426,894	5,426,894	4,700,338	(726,556)
Total other financing sources (uses)	<u>5,426,894</u>	<u>5,426,894</u>	<u>4,700,338</u>	<u>(726,556)</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
Household Hazardous Waste Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 130,000	\$ 130,000	\$ 165,321	\$ 35,321
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>165,321</u>	<u>35,321</u>
EXPENDITURES:				
Current:				
Public safety	152,575	152,575	152,075	500
Total expenditures	<u>152,575</u>	<u>152,575</u>	<u>152,075</u>	<u>500</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(22,575)</u>	<u>(22,575)</u>	<u>13,246</u>	<u>35,821</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (22,575)</u>	<u>\$ (22,575)</u>	<u>13,246</u>	<u>\$ 35,821</u>
FUND BALANCE:				
Beginning of year			<u>331,514</u>	
End of year			<u>\$ 344,760</u>	

City of Redlands
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,868,354	\$ 3,868,354	\$ 4,044,395	\$ 176,041
Total revenues	<u>3,868,354</u>	<u>3,868,354</u>	<u>4,044,395</u>	<u>176,041</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,868,354)	(3,868,354)	(4,018,187)	(149,833)
Total other financing sources (uses)	<u>(3,868,354)</u>	<u>(3,868,354)</u>	<u>(4,018,187)</u>	<u>(149,833)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	26,208	<u>\$ 26,208</u>
FUND BALANCE:				
Beginning of year			<u>499,635</u>	
End of year			<u>\$ 525,843</u>	

City of Redlands
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 92,000	\$ 92,000	\$ 95,808	\$ 3,808
Investment income (loss)	-	-	15,228	15,228
Total revenues	<u>92,000</u>	<u>92,000</u>	<u>111,036</u>	<u>19,036</u>
EXPENDITURES:				
Current:				
Highway and streets	878	122,520	102	122,418
Capital outlay	146,700	196,700	-	196,700
Total expenditures	<u>147,578</u>	<u>319,220</u>	<u>102</u>	<u>319,118</u>
Net change in fund balance	<u>\$ (55,578)</u>	<u>\$ (227,220)</u>	110,934	<u>\$ 338,154</u>
FUND BALANCE:				
Beginning of year			<u>304,295</u>	
End of year			<u>\$ 415,229</u>	

City of Redlands
Budgetary Comparison Schedule
Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 127,000	\$ 127,000	\$ 148,599	\$ 21,599
Total revenues	<u>127,000</u>	<u>127,000</u>	<u>148,599</u>	<u>21,599</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	23,020	23,020
Transfers out	(127,000)	(127,000)	(170,307)	(43,307)
Total other financing sources (uses)	<u>(127,000)</u>	<u>(127,000)</u>	<u>(147,287)</u>	<u>(20,287)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,312	<u>\$ 1,312</u>
FUND BALANCE:				
Beginning of year			<u>14,742</u>	
End of year			<u>\$ 16,054</u>	

City of Redlands
Budgetary Comparison Schedule
Measure I Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 1,729,439	\$ (270,561)
Investment income (loss)	200,000	200,000	118,647	(81,353)
Total revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,848,086</u>	<u>(351,914)</u>
EXPENDITURES:				
Current:				
Highway and streets	8,197	8,197	8,197	-
Total expenditures	<u>8,197</u>	<u>8,197</u>	<u>8,197</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,191,803</u>	<u>2,191,803</u>	<u>1,839,889</u>	<u>(351,914)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,191,803)	(2,191,803)	(2,152,068)	39,735
Total other financing sources (uses)	<u>(2,191,803)</u>	<u>(2,191,803)</u>	<u>(2,152,068)</u>	<u>39,735</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(312,179)	<u>\$ (312,179)</u>
FUND BALANCE:				
Beginning of year			475,291	
End of year			<u>\$ 163,112</u>	

City of Redlands
Budgetary Comparison Schedule
Open Space Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 80,000	\$ 80,000	\$ 145,810	\$ 65,810
Investment income (loss)	-	-	123,091	123,091
Total revenues	80,000	80,000	268,901	188,901
EXPENDITURES:				
Current:				
Culture and recreation	1,600	1,600	2,916	(1,316)
Total expenditures	1,600	1,600	2,916	(1,316)
REVENUES OVER (UNDER) EXPENDITURES	78,400	78,400	265,985	187,585
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ 78,400	\$ 78,400	265,985	\$ 187,585
FUND BALANCE:				
Beginning of year			2,568,209	
End of year			<u>\$ 2,834,194</u>	

City of Redlands
Budgetary Comparison Schedule
Downtown Redlands Business Area Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 25,000	\$ 25,000	\$ 4,322	\$ (20,678)
Investment income (loss)	-	-	(2,380)	(2,380)
Miscellaneous	-	-	26,070	26,070
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>28,012</u>	<u>3,012</u>
EXPENDITURES:				
Current:				
General government	125,294	126,094	58,406	67,688
Total expenditures	<u>125,294</u>	<u>126,094</u>	<u>58,406</u>	<u>67,688</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(100,294)</u>	<u>(101,094)</u>	<u>(30,394)</u>	<u>70,700</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,294	100,294	30,394	(69,900)
Total other financing sources (uses)	<u>100,294</u>	<u>100,294</u>	<u>30,394</u>	<u>(69,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (800)</u>	<u>-</u>	<u>\$ 800</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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Rents and leases	\$ 8,000	\$ 8,000	\$ 3,360	\$ (4,640)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>3,360</u>	<u>(4,640)</u>
EXPENDITURES:				
Current:				
General government	23,496	23,496	23,786	(290)
Total expenditures	<u>23,496</u>	<u>23,496</u>	<u>23,786</u>	<u>(290)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,496)</u>	<u>(15,496)</u>	<u>(20,426)</u>	<u>(4,930)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	15,496	15,496	20,426	4,930
Total other financing sources (uses)	<u>15,496</u>	<u>15,496</u>	<u>20,426</u>	<u>4,930</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
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 217,293	\$ 217,293	\$ 12,248	\$ (205,045)
Investment income (loss)	10,000	10,000	59,569	49,569
Miscellaneous	-	-	26,394	26,394
Total revenues	<u>227,293</u>	<u>227,293</u>	<u>98,211</u>	<u>(129,082)</u>
EXPENDITURES:				
Current:				
Public safety	207,293	207,293	77,565	129,728
Capital outlay	-	-	58,124	(58,124)
Total expenditures	<u>207,293</u>	<u>207,293</u>	<u>135,689</u>	<u>71,604</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>(37,478)</u>	<u>(57,478)</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>(37,478)</u>	<u>\$ (57,478)</u>
FUND BALANCE:				
Beginning of year			<u>1,901,728</u>	
End of year			<u>\$ 1,864,250</u>	

City of Redlands
Budgetary Comparison Schedule
Supplemental Law Enforcement Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 260,558	\$ 260,558	\$ 240,061	\$ (20,497)
Investment income (loss)	1,500	1,500	31,919	30,419
Total revenues	<u>262,058</u>	<u>262,058</u>	<u>271,980</u>	<u>9,922</u>
EXPENDITURES:				
Current:				
Public safety	260,558	260,558	240,062	20,496
Total expenditures	<u>260,558</u>	<u>260,558</u>	<u>240,062</u>	<u>20,496</u>
Net change in fund balance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	31,918	<u>\$ 30,418</u>
FUND BALANCE:				
Beginning of year			<u>117,915</u>	
End of year			<u>\$ 149,833</u>	

City of Redlands
Budgetary Comparison Schedule
Park and Open Space Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 500,000	\$ 500,000	\$ 448,667	\$ (51,333)
Investment income (loss)	-	-	128,035	128,035
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>576,702</u>	<u>76,702</u>
EXPENDITURES:				
Current:				
Culture and recreation	13,500	13,500	12,237	1,263
Capital outlay	1,120,000	1,120,000	-	1,120,000
Debt service:				
Principal	68,988	68,988	68,988	-
Interest and fiscal charges	33,172	33,172	33,172	-
Total expenditures	<u>1,235,660</u>	<u>1,235,660</u>	<u>114,397</u>	<u>1,121,263</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(735,660)</u>	<u>(735,660)</u>	<u>462,305</u>	<u>1,197,965</u>
Net change in fund balance	<u>\$ (735,660)</u>	<u>\$ (735,660)</u>	462,305	<u>\$ 1,197,965</u>
FUND BALANCE:				
Beginning of year			<u>2,649,005</u>	
End of year			<u>\$ 3,111,310</u>	

City of Redlands
Budgetary Comparison Schedule
Arterial Street Construction Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,150,000	\$ 2,150,000	\$ -	\$ (2,150,000)
Charges for services	220,000	220,000	297,857	77,857
Investment income (loss)	-	-	239,055	239,055
Total revenues	<u>2,370,000</u>	<u>2,370,000</u>	<u>536,912</u>	<u>(1,833,088)</u>
EXPENDITURES:				
Current:				
Highway and streets	4,400	92,269	6,863	85,406
Capital outlay	4,300,000	4,300,000	71,666	4,228,334
Total expenditures	<u>4,304,400</u>	<u>4,392,269</u>	<u>78,529</u>	<u>4,313,740</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,934,400)</u>	<u>(2,022,269)</u>	<u>458,383</u>	<u>2,480,652</u>
Net change in fund balance	<u>\$ (1,934,400)</u>	<u>\$ (2,022,269)</u>	<u>458,383</u>	<u>\$ 2,480,652</u>
FUND BALANCE:				
Beginning of year			<u>4,984,436</u>	
End of year			<u>\$ 5,442,819</u>	

City of Redlands
Budgetary Comparison Schedule
Traffic Signals Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 13,000	\$ 13,000	\$ 18,146	\$ 5,146
Investment income (loss)	-	-	53,259	53,259
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>71,405</u>	<u>58,405</u>
EXPENDITURES:				
Current:				
Highway and streets	260	161,930	3,238	158,692
Capital outlay	75,000	75,000	-	75,000
Total expenditures	<u>75,260</u>	<u>236,930</u>	<u>3,238</u>	<u>233,692</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(62,260)</u>	<u>(223,930)</u>	<u>68,167</u>	<u>292,097</u>
Net change in fund balance	<u>\$ (62,260)</u>	<u>\$ (223,930)</u>	68,167	<u>\$ 292,097</u>
FUND BALANCE:				
Beginning of year			<u>753,305</u>	
End of year			<u>\$ 821,472</u>	

City of Redlands
Budgetary Comparison Schedule
Freeway Interchanges Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 110,000	\$ 110,000	\$ 175,584	\$ 65,584
Investment income (loss)	-	-	106,423	106,423
Miscellaneous	-	-	60,515	60,515
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>342,522</u>	<u>232,522</u>
EXPENDITURES:				
Current:				
Highway and streets	2,200	62,453	19,239	43,214
Capital outlay	-	1,049,564	99,155	950,409
Total expenditures	<u>2,200</u>	<u>1,112,017</u>	<u>118,394</u>	<u>993,623</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>107,800</u>	<u>(1,002,017)</u>	<u>224,128</u>	<u>1,226,145</u>
Net change in fund balance	<u>\$ 107,800</u>	<u>\$ (1,002,017)</u>	224,128	<u>\$ 1,226,145</u>
FUND BALANCE:				
Beginning of year			<u>2,240,697</u>	
End of year			<u>\$ 2,464,825</u>	

City of Redlands
Budgetary Comparison Schedule
Street Lighting District #1 Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 24,820	\$ 24,820	\$ 25,305	\$ 485
Total revenues	<u>24,820</u>	<u>24,820</u>	<u>25,305</u>	<u>485</u>
EXPENDITURES:				
Current:				
Highway and streets	35,057	35,057	12,898	22,159
Total expenditures	<u>35,057</u>	<u>35,057</u>	<u>12,898</u>	<u>22,159</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,237)</u>	<u>(10,237)</u>	<u>12,407</u>	<u>22,644</u>
Net change in fund balance	<u>\$ (10,237)</u>	<u>\$ (10,237)</u>	<u>12,407</u>	<u>\$ 22,644</u>
FUND BALANCE:				
Beginning of year			<u>41,596</u>	
End of year			<u>\$ 54,003</u>	

City of Redlands
Budgetary Comparison Schedule
CFD 2004-1 Assessment Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 700,000	\$ 700,000	\$ 734,274	\$ 34,274
Investment income (loss)	-	-	10,706	10,706
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>744,980</u>	<u>44,980</u>
EXPENDITURES:				
Current:				
General government	614,697	673,621	479,390	194,231
Total expenditures	<u>614,697</u>	<u>673,621</u>	<u>479,390</u>	<u>194,231</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>85,303</u>	<u>26,379</u>	<u>265,590</u>	<u>239,211</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	30,000	30,000	-	(30,000)
Transfers out	(105,000)	(105,000)	(144,400)	(39,400)
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(144,400)</u>	<u>(69,400)</u>
Net change in fund balance	<u>\$ 10,303</u>	<u>\$ (48,621)</u>	121,190	<u>\$ 169,811</u>
FUND BALANCE:				
Beginning of year			80,284	
End of year			<u>\$ 201,474</u>	

City of Redlands
Budgetary Comparison Schedule
Landscape Maintenance District Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 29,000	\$ 29,000	\$ 28,674	\$ (326)
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>28,674</u>	<u>(326)</u>
EXPENDITURES:				
Current:				
General government	55,438	65,438	51,929	13,509
Total expenditures	<u>55,438</u>	<u>65,438</u>	<u>51,929</u>	<u>13,509</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(26,438)</u>	<u>(36,438)</u>	<u>(23,255)</u>	<u>13,183</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	26,438	26,438	23,255	(3,183)
Total other financing sources (uses)	<u>26,438</u>	<u>26,438</u>	<u>23,255</u>	<u>(3,183)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>-</u>	<u>\$ 10,000</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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 9,910	\$ 9,910
Investment income (loss)	-	-	11,317	11,317
Miscellaneous	-	44,000	-	(44,000)
Total revenues	<u>-</u>	<u>44,000</u>	<u>21,227</u>	<u>(22,773)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 44,000</u>	21,227	<u>\$ (22,773)</u>
FUND BALANCE:				
Beginning of year			<u>204,033</u>	
End of year			<u>\$ 225,260</u>	

City of Redlands
Budgetary Comparison Schedule
PARIS Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 150,000	\$ 150,000	\$ (37,848)	\$ (187,848)
Miscellaneous	-	815,066	694,166	(120,900)
Total revenues	<u>150,000</u>	<u>965,066</u>	<u>656,318</u>	<u>(308,748)</u>
EXPENDITURES:				
Current:				
Highway and streets	886,133	1,031,437	1,104,354	(72,917)
Capital outlay	4,540,000	6,012,485	4,735,218	1,277,267
Total expenditures	<u>5,426,133</u>	<u>7,043,922</u>	<u>5,839,572</u>	<u>1,204,350</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,276,133)</u>	<u>(6,078,856)</u>	<u>(5,183,254)</u>	<u>895,602</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,227,059	6,227,059	6,126,668	(100,391)
Total other financing sources (uses)	<u>6,227,059</u>	<u>6,227,059</u>	<u>6,126,668</u>	<u>(100,391)</u>
Net change in fund balance	<u>\$ 950,926</u>	<u>\$ 148,203</u>	943,414	<u>\$ 795,211</u>
FUND BALANCE:				
Beginning of year			<u>2,577,701</u>	
End of year			<u>\$ 3,521,115</u>	

City of Redlands
Budgetary Comparison Schedule
Public Art Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 468	\$ 468
Total revenues	<u>-</u>	<u>-</u>	<u>468</u>	<u>468</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	468	<u>\$ 468</u>
FUND BALANCE:				
Beginning of year			<u>9,867</u>	
End of year			<u>\$ 10,335</u>	

City of Redlands
Budgetary Comparison Schedule
Transportation Development Act Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,145,296	\$ 55,596	\$ (1,089,700)
Total revenues	<u>-</u>	<u>1,145,296</u>	<u>55,596</u>	<u>(1,089,700)</u>
EXPENDITURES:				
Highway and streets	-	50,000	-	50,000
Capital outlay	-	1,086,040	49,315	1,036,725
Total expenditures	<u>-</u>	<u>1,136,040</u>	<u>49,315</u>	<u>1,086,725</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,256</u>	6,281	<u>\$ (2,975)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(9,164)</u>	
End of year			<u>\$ (2,883)</u>	

City of Redlands
Budgetary Comparison Schedule
Public Facilities Development Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 360,000	\$ 360,000	\$ 628,680	\$ 268,680
Total revenues	<u>360,000</u>	<u>360,000</u>	<u>628,680</u>	<u>268,680</u>
EXPENDITURES:				
Current:				
General government	7,200	10,967	12,574	(1,607)
Total expenditures	<u>7,200</u>	<u>10,967</u>	<u>12,574</u>	<u>(1,607)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>352,800</u>	<u>349,033</u>	<u>616,106</u>	<u>267,073</u>
Net change in fund balance	<u>\$ 352,800</u>	<u>\$ 349,033</u>	616,106	<u>\$ 267,073</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>1,928,937</u>	
End of year			<u>\$ 2,545,043</u>	

City of Redlands
Budgetary Comparison Schedule
Storm Drain Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 75,000	\$ 75,000	\$ 169,981	\$ 94,981
Investment income (loss)	-	-	132,090	132,090
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>302,071</u>	<u>227,071</u>
EXPENDITURES:				
Current:				
General government	3,900	3,900	3,399	501
Capital outlay	<u>70,000</u>	<u>70,000</u>	-	<u>70,000</u>
Total expenditures	<u>73,900</u>	<u>73,900</u>	<u>3,399</u>	<u>70,501</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,100</u>	<u>1,100</u>	<u>298,672</u>	<u>297,572</u>
Net change in fund balance	<u>\$ 1,100</u>	<u>\$ 1,100</u>	298,672	<u>\$ 297,572</u>
FUND BALANCE:				
Beginning of year			<u>2,764,922</u>	
End of year			<u>\$ 3,063,594</u>	

City of Redlands
Budgetary Comparison Schedule
Safety Hall Replacement Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 85,109	\$ 85,109
Total revenues	-	-	85,109	85,109
EXPENDITURES:				
Current:				
General government	-	4,910,335	1,431,447	3,478,888
Capital outlay	-	10,771,610	1,479,107	9,292,503
Total expenditures	-	15,681,945	2,910,554	12,771,391
REVENUES OVER (UNDER) EXPENDITURES	-	(15,681,945)	(2,825,445)	12,856,500
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,665,921	2,905,554	(760,367)
Total other financing sources (uses)	-	3,665,921	2,905,554	(760,367)
Net change in fund balance	\$ -	\$ (12,016,024)	80,109	\$ 12,096,133
FUND BALANCE:				
Beginning of year			2,177,312	
End of year			<u>\$ 2,257,421</u>	

City of Redlands
Budgetary Comparison Schedule
General Debt Service Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Investment income (loss)	500	500	16,189	15,689
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>16,189</u>	<u>(14,311)</u>
EXPENDITURES:				
Current:				
General government	5,180	5,180	5,202	(22)
Principal	200,000	200,000	200,000	-
Interest and fiscal charges	207,455	207,455	207,455	-
Total expenditures	<u>412,635</u>	<u>412,635</u>	<u>412,657</u>	<u>(22)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(382,135)</u>	<u>(382,135)</u>	<u>(396,468)</u>	<u>(14,333)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	455,160	455,160
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>455,160</u>	<u>455,160</u>
Net change in fund balance	<u>\$ (382,135)</u>	<u>\$ (382,135)</u>	58,692	<u>\$ 440,827</u>
FUND BALANCE:				
Beginning of year			<u>579,267</u>	
End of year			<u>\$ 637,959</u>	

City of Redlands
Budgetary Comparison Schedule
Simonds Endowment Permanent Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 1,861	\$ 1,861
Total revenues	<u>-</u>	<u>-</u>	<u>1,861</u>	<u>1,861</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,861	<u>\$ 1,861</u>
FUND BALANCE:				
Beginning of year			<u>39,272</u>	
End of year			<u>\$ 41,133</u>	

City of Redlands
Budgetary Comparison Schedule
Pauline Stancliff Memorial Trust Permanent Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 1,099	\$ 1,099
Total revenues	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>1,099</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,099	<u>\$ 1,099</u>
FUND BALANCE:				
Beginning of year			<u>23,213</u>	
End of year			<u>\$ 24,312</u>	

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.

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City of Redlands
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2025

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 4,791,964	\$ 3,849,741	\$ -	\$ 8,641,705
Accounts receivable, net	-	92,120	206,439	17,562	316,121
Taxes receivable	-	-	-	1,061	1,061
Interest receivable	-	28,742	23,091	-	51,833
Lease receivable - due within one year	-	-	-	112,541	112,541
Due from other governments	-	57,573	-	647,635	705,208
Prepaid items	10	-	-	-	10
Total current assets	10	4,970,399	4,079,271	778,799	9,828,479
Noncurrent assets:					
Restricted cash and investments with fiscal agent	9,990	-	-	-	9,990
Lease receivable - due in more than one year	-	-	-	390,487	390,487
Capital assets:					
Non-depreciable	13,570,179	-	643,931	1,165,281	15,379,391
Depreciable, net	56,773	2,989	645,943	1,921,956	2,627,661
Total capital assets	13,626,952	2,989	1,289,874	3,087,237	18,007,052
Total noncurrent assets	13,636,942	2,989	1,289,874	3,477,724	18,407,529
Total assets	13,636,952	4,973,388	5,369,145	4,256,523	28,236,008
DEFERRED OUTFLOW OF RESOURCES					
Related to OPEB	-	-	320,636	87,215	407,851
Related to pensions	80,187	17,639	147,766	24,857	270,449
Total deferred outflow of resources	80,187	17,639	468,402	112,072	678,300
LIABILITIES					
Current liabilities:					
Accounts payable	53,734	9,684	46,014	23,867	133,299
Accrued payroll	22,219	4,991	42,288	7,455	76,953
Due to other funds	262,312	-	-	154,973	417,285
Deposits payable	-	-	1,499,645	10,768	1,510,413
Unearned revenue	-	-	-	101,462	101,462
Compensated absences - due within one year	6,221	3,160	38,217	6,632	54,230
Long-term debt - due within one year	5,218	-	29,844	-	35,062
Total current liabilities	349,704	17,835	1,656,008	305,157	2,328,704
Noncurrent liabilities:					
Advances from other funds	-	-	360,077	680,157	1,040,234
Compensated absences - due in more than one year	6,221	3,160	38,217	6,631	54,229
Long term debt - due in more than one year	-	-	67,829	-	67,829
Total OPEB liability	-	-	1,052,818	251,385	1,304,203
Net pension liability	364,780	80,241	672,203	113,077	1,230,301
Total noncurrent liabilities	371,001	83,401	2,191,144	1,051,250	3,696,796
Total liabilities	720,705	101,236	3,847,152	1,356,407	6,025,500
DEFERRED INFLOWS OF RESOURCES					
Related to leases	-	-	-	487,449	487,449
Related to OPEB	-	-	567,681	114,787	682,468
Total deferred inflows of resources	-	-	567,681	602,236	1,169,917
NET POSITION					
Net investment in capital assets	13,621,734	2,989	1,192,201	3,087,237	17,904,161
Restricted:					
Endowment - non-expendable	-	-	110,741	-	110,741
Total restricted	-	-	110,741	-	110,741
Unrestricted (deficit)	(625,300)	4,886,802	119,772	(677,285)	3,703,989
Total net position	\$ 12,996,434	\$ 4,889,791	\$ 1,422,714	\$ 2,409,952	\$ 21,718,891

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City of Redlands
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 378,608	\$ 839,500	\$ 1,164,434	\$ 165,683	\$ 2,548,225
Miscellaneous operating revenue	14,432	-	271,493	294,854	580,779
Total operating revenues	393,040	839,500	1,435,927	460,537	3,129,004
OPERATING EXPENSES:					
Salaries and benefits	500,961	72,771	532,159	17,063	1,122,954
General and administrative	885,531	132,299	369,636	231,925	1,619,391
Parts and supplies	20,796	-	116,546	650,611	787,953
Utilities	121,448	17,166	40,911	48,679	228,204
Depreciation/amortization	31,781	5,978	86,469	221,534	345,762
Total operating expenses	1,560,517	228,214	1,145,721	1,169,812	4,104,264
OPERATING INCOME (LOSS)	(1,167,477)	611,286	290,206	(709,275)	(975,260)
NONOPERATING REVENUES (EXPENSES):					
Investment income	226	205,323	193,933	22,187	421,669
Interest expense	(63)	-	(25,038)	(32,228)	(57,329)
Property taxes	-	-	-	115,954	115,954
Operating grants	-	57,573	-	585,761	643,334
Total nonoperating revenues (expenses)	163	262,896	168,895	691,674	1,123,628
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,167,314)	874,182	459,101	(17,601)	148,368
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	-	195,984	-	-	195,984
Transfers in	224,599	-	-	-	224,599
Transfers out	-	(57,573)	-	-	(57,573)
Total capital contributions and transfers	224,599	138,411	-	-	363,010
Changes in net position	(942,715)	1,012,593	459,101	(17,601)	511,378
NET POSITION:					
Beginning of year, as restated (Note 19)	13,939,149	3,877,198	963,613	2,427,553	21,207,513
End of year	<u>\$ 12,996,434</u>	<u>\$ 4,889,791</u>	<u>\$ 1,422,714</u>	<u>\$ 2,409,952</u>	<u>\$ 21,718,891</u>

City of Redlands
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 378,608	\$ 802,495	\$ 1,260,705	\$ 231,610	\$ 2,673,418
Cash payments to suppliers for goods and services	(1,014,032)	(141,306)	(539,340)	(933,315)	(2,627,993)
Cash payments to employees for services	(342,467)	(86,251)	(596,483)	(105,762)	(1,130,963)
Receipts from other operating revenues	14,432	-	271,493	294,854	580,779
Net cash provided by (used in) operating activities	(963,459)	574,938	396,375	(512,613)	(504,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants	-	-	-	(9,927)	(9,927)
Property taxes	-	-	-	114,996	114,996
Due to other funds	262,312	-	-	154,973	417,285
Advances from other funds	-	-	(127,790)	(27,772)	(155,562)
Transfers from other funds	224,599	-	-	-	224,599
Transfers to other funds	-	(57,573)	-	-	(57,573)
Net cash provided by (used in) noncapital financing activities	486,911	(57,573)	(127,790)	232,270	533,818
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	-	(13,299)	-	(13,299)
Cash contributions received from developers	-	195,984	-	-	195,984
Principal payment of long-term debt	(6,915)	-	(66,081)	-	(72,996)
Interest paid on debt	(63)	-	(25,716)	(32,228)	(58,007)
Net cash provided by (used in) capital and related financing activities	(6,978)	195,984	(105,096)	(32,228)	51,682
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income (loss)	2,253	192,623	185,293	23,381	403,550
Net cash provided by (used in) investing activities	2,253	192,623	185,293	23,381	403,550
Net change in cash and cash equivalents	(481,273)	905,972	348,782	(289,190)	484,291
CASH AND CASH EQUIVALENTS:					
Beginning of year	491,263	3,885,992	3,500,959	289,190	8,167,404
End of year	<u>\$ 9,990</u>	<u>\$ 4,791,964</u>	<u>\$ 3,849,741</u>	<u>\$ -</u>	<u>\$ 8,651,695</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	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)	\$ (1,167,477)	\$ 611,286	\$ 290,206	\$ (709,275)	\$ (975,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/amortization	31,781	5,978	86,469	221,534	345,762
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:					
Accounts receivable, net	-	(37,005)	(16,988)	(15,224)	(69,217)
Prepaid items	(10)	-	-	-	(10)
Lease receivable	-	-	20,485	110,691	131,176
Deferred outflows - OPEB related	-	-	4,559	912	5,471
Deferred outflows - pension related	(24,928)	12,244	98,198	46,774	132,288
Accounts payable	13,753	8,159	(12,247)	(2,100)	7,565
Accrued payroll	9,179	(2,136)	2,869	(2,477)	7,435
Deposits payable	-	-	113,100	(2,744)	110,356
Unearned revenue	-	-	-	85,590	85,590
Compensated absences	2,615	624	4,585	794	8,618
Total OPEB liability	-	-	92,535	18,507	111,042
Net pension liability	171,628	(24,212)	(187,547)	(137,304)	(177,435)
Deferred inflows - lease related	-	-	(20,326)	(112,386)	(132,712)
Deferred inflows - OPEB related	-	-	(79,523)	(15,905)	(95,428)
Total adjustments	204,018	(36,348)	106,169	196,662	470,501
Net cash provided by (used in) operating activities	\$ (963,459)	\$ 574,938	\$ 396,375	\$ (512,613)	\$ (504,759)

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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.

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.

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.

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, 2025

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
ASSETS				
Current assets:				
Cash and investments	\$ 1,823,056	\$ 5,741,125	\$ 6,274,126	\$ 8,343,048
Accounts receivable, net	577	-	4,783	-
Interest receivable	10,935	34,436	37,633	50,042
Prepaid items	-	300	44,016	-
Inventories	-	-	-	343,262
Total current assets	1,834,568	5,775,861	6,360,558	8,736,352
Noncurrent assets:				
Capital assets:				
Non-depreciable	-	-	669,105	-
Depreciable, net	-	-	824,205	272,044
Total capital assets	-	-	1,493,310	272,044
Total noncurrent assets	-	-	1,493,310	272,044
Total assets	1,834,568	5,775,861	7,853,868	9,008,396
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	87,215	87,215	904,257	408,955
Related to pensions	61,389	188,943	619,189	146,897
Total deferred outflow of resources	148,604	276,158	1,523,446	555,852
LIABILITIES				
Current liabilities:				
Accounts payable	369,814	-	271,284	1,033,674
Accrued payroll	15,172	42,106	142,329	57,932
Compensated absences - due within one year	12,484	32,385	157,517	68,270
Claims payable - due within one year	3,200,671	6,725,719	-	-
Long-term debt - due within one year	-	-	22,125	10,741
Total current liabilities	3,598,141	6,800,210	593,255	1,170,617
Noncurrent liabilities:				
Compensated absences - due in more than one year	12,484	32,384	157,517	68,269
Claims payable - due in more than one year	3,200,670	6,725,719	-	-
Long term debt - due in more than one year	-	-	74,983	33,973
Total OPEB liability	330,440	240,493	3,084,265	1,733,357
Net pension liability	279,265	859,522	2,816,760	668,251
Total noncurrent liabilities	3,822,859	7,858,118	6,133,525	2,503,850
Total liabilities	7,421,000	14,658,328	6,726,780	3,674,467
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	114,787	114,787	1,679,461	528,356
Total deferred inflows of resources	114,787	114,787	1,679,461	528,356
NET POSITION				
Net Investment in capital assets	-	-	1,493,310	272,044
Unrestricted (deficit)	(5,552,615)	(8,721,096)	(522,237)	5,089,381
Total net position (deficit)	\$ (5,552,615)	\$ (8,721,096)	\$ 971,073	\$ 5,361,425

(Continued)

City of Redlands
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2025

	Utility Billing Fund	Payroll Clearing Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,176,274	\$ 683,803	\$ 25,041,432
Accounts receivable, net	3,758	1,347	10,465
Interest receivable	13,053	-	146,099
Prepaid items	-	-	44,316
Inventories	-	-	343,262
Total current assets	<u>2,193,085</u>	<u>685,150</u>	<u>25,585,574</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	669,105
Depreciable, net	29,487	-	1,125,736
Total capital assets	<u>29,487</u>	<u>-</u>	<u>1,794,841</u>
Total noncurrent assets	<u>29,487</u>	<u>-</u>	<u>1,794,841</u>
Total assets	<u>2,222,572</u>	<u>685,150</u>	<u>27,380,415</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	970,665	-	2,458,307
Related to pensions	422,595	-	1,439,013
Total deferred outflow of resources	<u>1,393,260</u>	<u>-</u>	<u>3,897,320</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,107	1,641	1,687,520
Accrued payroll	100,033	610,608	968,180
Compensated absences - due within one year	125,805	-	396,461
Claims payable - due within one year	-	-	9,926,390
Long-term debt - due within one year	-	-	32,866
Total current liabilities	<u>236,945</u>	<u>612,249</u>	<u>13,011,417</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	125,804	-	396,458
Claims payable - due in more than one year	-	-	9,926,389
Long term debt - due in more than one year	-	-	108,956
Total OPEB liability	2,973,387	-	8,361,942
Net pension liability	1,922,432	-	6,546,230
Total noncurrent liabilities	<u>5,021,623</u>	<u>-</u>	<u>25,339,975</u>
Total liabilities	<u>5,258,568</u>	<u>612,249</u>	<u>38,351,392</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	1,560,743	-	3,998,134
Total deferred inflows of resources	<u>1,560,743</u>	<u>-</u>	<u>3,998,134</u>
NET POSITION			
Net Investment in capital assets	29,487	-	1,794,841
Unrestricted (deficit)	(3,232,966)	72,901	(12,866,632)
Total net position (deficit)	<u>\$ (3,203,479)</u>	<u>\$ 72,901</u>	<u>\$ (11,071,791)</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, 2025

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
OPERATING REVENUES:				
Charges for services	\$ -	\$ 3,341,585	\$ 4,500,000	\$ 10,304,446
Miscellaneous operating revenue	668,308	1,075	44,841	245,522
Total operating revenues	668,308	3,342,660	4,544,841	10,549,968
OPERATING EXPENSES:				
Salaries and benefits	231,865	880,134	2,889,252	477,564
General and administrative	9,549,230	4,165,187	2,196,974	1,196,819
Parts and supplies	753	7,143	713,264	6,399,410
Utilities	1,233	-	401,845	5,329
Depreciation/amortization	-	-	479,616	76,044
Total operating expenses	9,783,081	5,052,464	6,680,951	8,155,166
OPERATING INCOME (LOSS)	(9,114,773)	(1,709,804)	(2,136,110)	2,394,802
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	(225,666)	248,102	348,250	330,964
Interest expense	-	-	(1,667)	(1,240)
Total nonoperating revenues (expenses)	(225,666)	248,102	346,583	329,724
INCOME (LOSS) BEFORE TRANSFERS	(9,340,439)	(1,461,702)	(1,789,527)	2,724,526
TRANSFERS:				
Transfers in	7,518,434	-	350,000	-
Transfers out	-	-	-	-
Total transfers	7,518,434	-	350,000	-
Changes in net position	(1,822,005)	(1,461,702)	(1,439,527)	2,724,526
NET POSITION (DEFICIT):				
Beginning of year, as restated (Note 19)	(3,730,610)	(7,259,394)	2,410,600	2,636,899
End of year	<u>\$ (5,552,615)</u>	<u>\$ (8,721,096)</u>	<u>\$ 971,073</u>	<u>\$ 5,361,425</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, 2025

	Utility Billing Fund	Payroll Clearing Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,458,494	\$ 455,160	\$ 20,059,685
Miscellaneous operating revenue	64,458	-	1,024,204
Total operating revenues	1,522,952	455,160	21,083,889
OPERATING EXPENSES:			
Salaries and benefits	1,957,058	-	6,435,873
General and administrative	1,111,780	-	18,219,990
Parts and supplies	11,249	-	7,131,819
Utilities	-	-	408,407
Depreciation/amortization	19,658	-	575,318
Total operating expenses	3,099,745	-	32,771,407
OPERATING INCOME (LOSS)	(1,576,793)	455,160	(11,687,518)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	727,079	-	1,428,729
Interest expense	-	-	(2,907)
Total nonoperating revenues (expenses)	727,079	-	1,425,822
INCOME (LOSS) BEFORE TRANSFERS	(849,714)	455,160	(10,261,696)
TRANSFERS:			
Transfers in	-	-	7,868,434
Transfers out	-	(455,160)	(455,160)
Total transfers	-	(455,160)	7,413,274
Changes in net position	(849,714)	-	(2,848,422)
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 19)	(2,353,765)	72,901	(8,223,369)
End of year	<u>\$ (3,203,479)</u>	<u>\$ 72,901</u>	<u>\$ (11,071,791)</u>

(Concluded)

City of Redlands
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2025

	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	\$ 740,201	\$ 3,341,585	\$ 4,495,217	\$ 10,361,680
Cash payments to suppliers for goods and services	(7,329,148)	(1,754,114)	(3,068,103)	(7,787,355)
Cash payments to employees for services	(287,731)	(895,682)	(2,389,640)	(748,369)
Receipts from other operating activities	668,308	1,075	44,841	245,522
Net cash provided by (used in) operating activities	(6,208,370)	692,864	(917,685)	2,071,478
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	7,518,434	-	350,000	-
Transfers to other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	7,518,434	-	350,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	-	(1,184,115)	(104,057)
Principal payment of long-term debt	-	-	(79,765)	(14,723)
Interest paid on debt	-	-	(1,667)	(1,240)
Net cash (used in) capital and related financing activities	-	-	(1,265,547)	(120,020)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income (loss)	(233,520)	233,541	342,667	306,041
Net cash provided by (used in) investing activities	(233,520)	233,541	342,667	306,041
Net change in cash and cash equivalents	1,076,544	926,405	(1,490,565)	2,257,499
CASH AND CASH EQUIVALENTS:				
Beginning of year	746,512	4,814,720	7,764,691	6,085,549
End of year	<u>\$ 1,823,056</u>	<u>\$ 5,741,125</u>	<u>\$ 6,274,126</u>	<u>\$ 8,343,048</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2025

	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)	\$ (9,114,773)	\$ (1,709,804)	\$ (2,136,110)	\$ 2,394,802
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	-	-	479,616	76,044
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	740,201	-	(4,783)	57,234
Prepaid items	398	(300)	154,665	764
Inventories	-	-	-	(238,846)
Deferred outflows - OPEB related	912	912	15,499	7,294
Deferred outflows -pension related	49,406	93,083	94,905	182,699
Accounts payable	220,881	-	89,315	52,285
Accrued payroll	(2,917)	8,064	6,018	(3,534)
Compensated absences	2,143	6,072	18,251	5,745
Claims payable	2,000,789	2,418,516	-	-
Total OPEB liability	18,507	18,507	314,621	148,057
Net pension liability	(108,012)	(126,281)	320,696	(483,829)
Deferred inflows - OPEB related	(15,905)	(15,905)	(270,378)	(127,237)
Total adjustments	<u>2,906,403</u>	<u>2,402,668</u>	<u>1,218,425</u>	<u>(323,324)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (6,208,370)</u></u>	<u><u>\$ 692,864</u></u>	<u><u>\$ (917,685)</u></u>	<u><u>\$ 2,071,478</u></u>
NONCASH FINANCING AND INVESTING ACTIVITIES:				
Inception of finance purchase/lease/subscription agreement	\$ -	\$ -	\$ 121,829	\$ -
Total noncash capital and related financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 121,829</u></u>	<u><u>\$ -</u></u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2025

	Utility Billing Fund	Payroll Clearing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,458,482	\$ 453,813	\$ 20,850,978
Cash payments to suppliers for goods and services	(1,123,878)	28,089	(21,034,509)
Cash payments to employees for services	(1,633,850)	28,027	(5,927,245)
Receipts from other operating activities	64,458	-	1,024,204
Net cash provided by (used in) operating activities	(1,234,788)	509,929	(5,086,572)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	7,868,434
Transfers to other funds	-	(455,160)	(455,160)
Net cash provided by (used in) noncapital financing activities	-	(455,160)	7,413,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	-	(1,288,172)
Principal payment of long-term debt	-	-	(94,488)
Interest paid on debt	-	-	(2,907)
Net cash (used in) capital and related financing activities	-	-	(1,385,567)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	725,114	-	1,373,843
Net cash provided by (used in) investing activities	725,114	-	1,373,843
Net change in cash and cash equivalents	(509,674)	54,769	2,314,978
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,685,948	629,034	22,726,454
End of year	<u>\$ 2,176,274</u>	<u>\$ 683,803</u>	<u>\$ 25,041,432</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2025

	Utility Billing Fund	Payroll Clearing Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,576,793)	\$ 455,160	\$ (11,687,518)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation/amortization	19,658	-	575,318
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(12)	(1,347)	791,293
Prepaid items	-	32,207	187,734
Inventories	-	-	(238,846)
Deferred outflows - OPEB related	14,587	-	39,204
Deferred outflows -pension related	83,636	-	503,729
Accounts payable	(849)	(4,118)	357,514
Accrued payroll	17,697	28,027	53,355
Compensated absences	12,708	-	44,919
Claims payable	-	-	4,419,305
Total OPEB liability	296,114	-	795,806
Net pension liability	152,940	-	(244,486)
Deferred inflows - OPEB related	(254,474)	-	(683,899)
Total adjustments	<u>342,005</u>	<u>54,769</u>	<u>6,600,946</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,234,788)</u></u>	<u><u>\$ 509,929</u></u>	<u><u>\$ (5,086,572)</u></u>
NONCASH FINANCING AND INVESTING ACTIVITIES:			
Inception of finance purchase/lease/subscription agreement	\$ -	\$ -	\$ 121,829
Total noncash capital and related financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 121,829</u></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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City of Redlands
Schedule 1
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2025	2024	2023	2022	2021
Governmental activities					
Net investment in capital assets,	\$ 648,293,673	\$ 629,390,358	\$ 590,288,015	\$ 537,558,597	\$ 481,259,666
Restricted	30,679,680	26,403,823	13,385,123	11,326,983	14,059,449
Unrestricted (deficit)	<u>(113,289,589)</u>	<u>(97,862,236)</u>	<u>(88,121,189)</u>	<u>(114,273,699)</u>	<u>(143,979,153)</u>
Total governmental activities net position	<u>\$ 565,683,764</u>	<u>\$ 557,931,945</u>	<u>\$ 515,551,949</u>	<u>\$ 434,611,881</u>	<u>\$ 351,339,962</u>
Business type activities					
Net investment in capital assets	\$ 210,045,627	\$ 196,064,177	\$ 190,475,232	\$ 183,665,229	\$ 167,349,714
Restricted	19,767,256	19,763,252	16,677,323	16,677,323	18,031,654
Unrestricted	<u>7,103,718</u>	<u>8,113,449</u>	<u>18,287,832</u>	<u>20,522,584</u>	<u>25,405,456</u>
Total business type activities net position	<u>\$ 236,916,601</u>	<u>\$ 223,940,878</u>	<u>\$ 225,440,387</u>	<u>\$ 220,865,136</u>	<u>\$ 210,786,824</u>
Primary government					
Net investment in capital assets	\$ 858,339,300	\$ 825,454,535	\$ 780,763,247	\$ 721,223,826	\$ 648,609,380
Restricted	50,446,936	46,167,075	30,062,446	28,004,306	32,091,103
Unrestricted (deficit)	<u>(106,185,871)</u>	<u>(89,748,787)</u>	<u>(69,833,357)</u>	<u>(93,751,115)</u>	<u>(118,573,697)</u>
Total primary government net position	<u>\$ 802,600,365</u>	<u>\$ 781,872,823</u>	<u>\$ 740,992,336</u>	<u>\$ 655,477,017</u>	<u>\$ 562,126,786</u>

NOTE:

- (1) 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).
- (2) 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 in Management's Discussion and Analysis.
- (3) In FY 2020 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 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				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	\$ 473,042,917	\$ 443,551,078	\$ 655,044,577	\$ 642,109,428	\$ 622,119,006
Restricted	17,346,674	15,676,686	20,499,351	11,100,669	15,258,535
Unrestricted (deficit)	<u>(154,157,129)</u>	<u>(148,411,538)</u>	<u>(148,371,437)</u>	<u>(93,361,330)</u>	<u>(81,795,361)</u>
Total governmental activities net position	<u>\$ 336,232,462</u>	<u>\$ 310,816,226</u>	<u>\$ 527,172,491</u>	<u>\$ 559,848,767</u>	<u>\$ 555,582,180</u>
Business type activities					
Net investment in capital assets	\$ 165,453,760	\$ 150,997,528	\$ 150,228,905	\$ 149,771,777	\$ 163,565,980
Restricted	23,794,167	26,162,608	17,516,341	17,399,398	3,702,600
Unrestricted	<u>10,901,482</u>	<u>6,544,230</u>	<u>117,617</u>	<u>12,757,392</u>	<u>13,253,120</u>
Total business type activities net position	<u>\$ 200,149,409</u>	<u>\$ 183,704,366</u>	<u>\$ 167,862,863</u>	<u>\$ 179,928,567</u>	<u>\$ 180,521,700</u>
Primary government					
Net investment in capital assets	\$ 638,496,677	\$ 594,548,606	\$ 805,273,482	\$ 791,881,205	\$ 785,684,986
Restricted	41,140,841	41,839,294	38,015,692	28,500,067	18,961,135
Unrestricted (deficit)	<u>(143,255,647)</u>	<u>(141,867,308)</u>	<u>(148,253,820)</u>	<u>(80,603,938)</u>	<u>(68,542,241)</u>
Total primary government net position	<u>\$ 536,381,871</u>	<u>\$ 494,520,592</u>	<u>\$ 695,035,354</u>	<u>\$ 739,777,334</u>	<u>\$ 736,103,880</u>

NOTE:

- (1) 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).
- (2) 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 in Management's Discussion and Analysis.
- (3) In FY 2020, 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 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				
	2025	2024	2023	2022	2021
Expenses					
Governmental activities:					
General government	\$ 42,523,409	\$ 42,250,996	\$ 28,913,048	\$ 26,157,407	\$ 18,717,217
Public safety	83,895,046	70,359,582	48,272,159	61,325,651	57,395,655
Culture and recreation	10,439,921	9,900,700	9,123,335	6,902,767	4,250,967
Highway and streets	13,578,992	13,911,149	12,081,743	9,754,750	11,057,940
Library	6,009,854	4,068,345	3,557,350	2,754,340	2,792,316
Interest and fiscal charges	819,129	679,186	792,780	738,561	888,750
Total governmental activities expenses	157,266,351	141,169,958	102,740,415	107,633,477	95,102,845
Business type activities:					
Water	33,200,910	30,614,235	26,729,160	26,535,646	23,411,564
Disposal	17,794,049	22,954,172	17,755,193	15,637,376	15,026,409
Wastewater (Sewer)	15,228,817	16,143,743	13,554,178	11,764,304	12,077,904
Groves	1,560,580	1,507,349	1,880,763	1,146,879	991,602
Non-Potable Water	228,214	581,877	563,123	956,768	677,088
Cemetery	1,170,759	1,399,130	1,441,652	958,443	1,119,999
Aviation	1,202,040	789,821	819,188	715,647	582,770
Total business type activities expenses	70,385,369	73,990,327	62,743,257	57,715,063	53,887,336
Total primary government expenses	\$ 227,651,720	\$ 215,160,285	\$ 165,483,672	\$ 165,348,540	\$ 148,990,181
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 16,977,454	\$ 16,010,783	\$ 15,681,682	\$ 15,368,391	\$ 13,967,066
Public safety	805,711	965,128	932,542	744,389	669,155
Culture and recreation	612,736	641,939	421,867	748,377	261,090
Highway and streets	387,015	375,497	332,187	355,465	350,025
Library	4,980	20,721	83,541	118,701	418,298
Operating grants and contributions	9,966,621	14,227,777	5,158,328	4,223,681	3,941,740
Capital grants and contributions	24,818,977	38,207,775	53,471,990	28,433,466	11,372,774
Total governmental activities program revenues	53,573,494	70,449,620	76,082,137	49,992,470	30,980,148
Business type activities:					
Charges for services:					
Water	30,527,328	27,009,859	27,080,827	30,131,495	31,217,602
Disposal	22,361,903	20,764,912	20,313,945	21,066,272	19,009,933
Wastewater (Sewer)	13,757,797	13,144,186	12,465,052	11,998,633	10,124,426
Groves	378,608	845,420	1,681,761	863,303	684,782
Non-Potable Water	839,500	553,827	618,839	641,340	629,395
Cemetery	1,164,434	947,465	986,715	1,139,982	1,258,104
Aviation	165,683	152,175	136,727	135,480	125,857
Operating grants and contributions	3,497,291	114,117	385,895	631,695	20,125
Capital grants and contributions	6,357,779	3,867,244	4,010,635	6,134,627	2,840,765
Total business type activities program revenues	79,050,323	67,399,205	67,680,396	72,742,827	65,910,989
Total primary government program revenues	\$ 132,623,817	\$ 137,848,825	\$ 143,762,533	\$ 122,735,297	\$ 96,891,137
Net (Expense)/Revenue					
Governmental activities	(103,692,857)	(70,720,338)	(26,658,278)	(57,641,007)	(64,122,697)
Business type activities	8,664,954	(6,591,122)	4,937,139	15,027,764	12,023,653
Total primary government net expense	\$ (95,027,903)	\$ (77,311,460)	\$ (21,721,139)	\$ (42,613,243)	\$ (52,099,044)

City of Redlands
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2020 ³	2019 ²	2018 ¹	2017	2016
Expenses					
Governmental activities:					
General government	\$ 16,211,056	\$ 16,210,304	\$ 12,394,000	\$ 14,391,456	\$ 16,235,478
Public protection	57,656,302	53,095,381	32,240,549	43,263,363	42,097,211
Culture and recreation	5,227,381	4,783,803	4,748,841	4,086,880	3,542,242
Highway and streets	4,060,779	10,183,231	12,854,490	11,271,259	15,594,075
Library	2,921,245	2,537,698	2,000,613	2,304,552	2,023,972
Interest and fiscal charges	994,894	683,446	834,297	936,132	1,123,871
Total governmental activities expenses	<u>87,071,657</u>	<u>87,493,863</u>	<u>65,072,790</u>	<u>76,253,642</u>	<u>80,616,849</u>
Business type activities:					
Water	22,719,142	20,857,656	20,369,100	20,514,340	21,635,151
Disposal	15,194,462	16,162,875	12,877,703	12,274,583	12,172,640
Wastewater (Sewer)	11,242,914	9,926,236	8,851,848	8,979,254	8,956,871
Groves	845,498	849,678	788,554	742,740	841,529
Non-Potable Water	249,911	116,759	125,323	434,912	81,152
Cemetery	1,049,876	936,535	861,109	75,761	1,304,891
Aviation	637,012	617,285	466,972	785,348	609,088
Total business type activities expenses	<u>51,938,815</u>	<u>49,467,024</u>	<u>44,340,609</u>	<u>43,806,938</u>	<u>45,601,322</u>
Total primary government expenses	<u>\$ 139,010,472</u>	<u>\$ 136,960,887</u>	<u>\$ 109,413,399</u>	<u>\$ 120,060,580</u>	<u>\$ 126,218,171</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 11,482,417	\$ 11,151,187	\$ 10,811,937	\$ 10,144,231	\$ 9,270,657
Public safety	1,769,514	2,711,769	3,076,343	2,696,810	3,403,559
Culture and recreation	291,801	310,780	303,222	719,642	286,315
Highway and streets	2,311,254	2,322,468	1,895,996	1,361,187	1,205,141
Library	120,623	131,338	131,408	125,052	33,098
Operating grants and contributions	2,995,658	1,867,228	4,469,962	2,911,259	5,596,864
Capital grants and contributions	32,104,508	7,083,735	4,533,292	2,257,370	1,346,021
Total governmental activities program revenues	<u>51,075,775</u>	<u>25,578,505</u>	<u>25,222,160</u>	<u>20,215,551</u>	<u>21,141,655</u>
Business type activities:					
Charges for services:					
Water	28,014,723	28,053,989	27,030,979	22,479,655	18,873,106
Disposal	18,566,965	17,159,911	15,110,821	13,657,953	13,504,267
Wastewater (Sewer)	10,154,451	10,229,449	9,611,197	9,340,274	9,531,484
Groves	481,632	930,738	741,397	700,334	507,914
Non-Potable Water	484,262	528,296	638,313	83,905	508,556
Cemetery	926,398	555,256	745,347	514,015	461,997
Aviation	133,262	120,087	127,233	575,846	15,214
Operating grants and contributions	55,371	56,555	-	-	-
Capital grants and contributions	6,800,041	5,450,817	347,871	816,777	392,189
Total business type activities program revenues	<u>65,617,105</u>	<u>63,085,098</u>	<u>54,353,158</u>	<u>48,168,759</u>	<u>43,794,727</u>
Total primary government program revenues	<u>\$ 116,692,880</u>	<u>\$ 88,663,603</u>	<u>\$ 79,575,318</u>	<u>\$ 68,384,310</u>	<u>\$ 64,936,382</u>
Net (Expense)/Revenue					
Governmental activities	(35,995,882)	(61,915,358)	(39,850,630)	(56,038,091)	(59,475,194)
Business type activities	13,678,290	13,618,074	10,012,549	4,361,821	(1,806,595)
Total primary government net expense	<u>\$ (22,317,592)</u>	<u>\$ (48,297,284)</u>	<u>\$ (29,838,081)</u>	<u>\$ (51,676,270)</u>	<u>\$ (61,281,789)</u>

City of Redlands
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2025	2024	2023	2022	2021
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 45,991,007	\$ 42,883,738	\$ 40,372,312	\$ 37,769,495	\$ 35,722,886
Sales and taxes	47,088,618	47,629,644	48,632,853	48,232,171	26,541,469
Franchises taxes	2,685,573	4,471,469	4,487,821	2,625,852	2,379,571
Other taxes	2,744,184	2,676,553	3,109,696	2,706,919	2,462,019
Investment income (loss)	9,605,154	9,235,054	2,757,278	(1,546,892)	282,836
Intergovernmental (unrestricted)	1,341,917	852,762	572,685	1,308,520	1,455,573
Miscellaneous revenue	2,634,249	2,523,968	4,734,390	1,689,391	3,064,706
Transfers	2,925,235	2,827,146	2,742,192	48,127,470	3,660,469
Total governmental activities	115,015,937	113,100,334	107,409,227	140,912,926	75,569,529
Business type activities:					
Property taxes	115,954	104,411	96,621	73,337	79,616
Investment income (loss)	5,418,312	5,841,165	1,123,030	(2,746,746)	557,392
Miscellaneous revenue	2,698,968	1,973,183	1,107,435	1,208,057	1,637,223
Gain on sale of capital assets	-	-	-	44,643,370	-
Transfers	(2,925,235)	(2,827,146)	(2,742,192)	(48,127,470)	(3,660,469)
Total business type activities	5,307,999	5,091,613	(415,106)	(4,949,452)	(1,386,238)
Total primary government	\$ 120,323,936	\$ 118,191,947	\$ 106,994,121	\$ 135,963,474	\$ 74,183,291
Change in Net Position					
Governmental activities	\$ 11,323,080	\$ 42,379,996	\$ 80,750,949	\$ 83,271,919	\$ 11,446,832
Business type activities	13,972,953	(1,499,509)	4,522,033	10,078,312	10,637,415
Total primary government	\$ 25,296,033	\$ 40,880,487	\$ 85,272,982	\$ 93,350,231	\$ 22,084,247

NOTE:

- (1) 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).
- (2) 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 in Management's Discussion and Analysis.
- (3) 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. 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				
	2020 ³	2019 ²	2018 ¹	2017	2016
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 33,743,135	\$ 31,833,632	\$ 30,067,473	\$ 28,173,741	\$ 26,424,395
Sales and taxes	17,510,274	18,838,445	17,177,492	16,843,090	18,344,596
Franchises taxes	2,369,348	2,221,789	3,224,053	3,035,317	3,079,571
Other taxes	2,031,015	2,061,674	1,907,344	1,977,985	1,792,527
Investment income (loss)	1,869,008	2,421,036	206,304	212,991	800,889
Intergovernmental (unrestricted)	167,157	187,586	195,866	196,602	234,787
Miscellaneous revenue	1,865,686	1,498,562	1,689,135	7,331,734	1,105,258
Transfers	1,856,495	2,943,934	8,243,110	2,500,914	4,486,199
Total governmental activities	61,412,118	62,006,658	62,710,777	60,272,374	56,268,222
Business type activities:					
Property taxes	81,098	85,928	66,263	40,199	38,109
Investment income (loss)	3,214,540	3,310,733	509,882	500,783	1,335,997
Miscellaneous revenue	1,327,610	1,770,702	2,457,912	4,627,943	2,911,966
Gain on sale of capital assets	-	-	-	-	-
Transfers	(1,856,495)	(2,943,934)	(8,243,110)	(2,500,914)	(4,486,199)
Total business type activities	2,766,753	2,223,429	(5,209,053)	2,668,011	(200,127)
Total primary government	\$ 64,178,871	\$ 64,230,087	\$ 57,501,724	\$ 62,940,385	\$ 56,068,095
Change in Net Position					
Governmental activities	\$ 25,416,236	\$ 91,300	\$ 22,860,147	\$ 4,234,283	\$ (3,206,972)
Business type activities	16,445,043	15,841,503	4,803,496	7,029,832	(2,006,722)
Total primary government	\$ 41,861,279	\$ 15,932,803	\$ 27,663,643	\$ 11,264,115	\$ (5,213,694)

NOTE:

- (1) 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).
- (2) 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 in Management's Discussion and Analysis.
- (3) 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. 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				
	2025	2024	2023	2022	2021
General fund					
Nonspendable	\$ 982,016	\$ 3,513,932	\$ 8,214,591	\$ 8,369,652	\$ 8,327,781
Restricted	1,792,296	1,333,444	1,260,683	1,157,866	1,076,656
Committed	13,479,646	12,232,036	12,492,698	12,663,905	11,863,318
Assigned	34,705,113	33,591,308	35,700,799	31,734,961	4,188,185
Unassigned	63,374,540	60,505,969	53,289,070	39,513,840	29,877,229
Total general fund	<u>114,333,611</u>	<u>111,176,689</u>	<u>110,957,841</u>	<u>93,440,224</u>	<u>55,333,169</u>
All other governmental funds					
Nonspendable	253,569	293,319	574,827	43,400	30,200
Restricted	28,381,732	24,458,555	11,961,583	9,980,754	13,024,622
Committed	-	-	11,893,350	11,409,016	10,748,915
Assigned	2,257,421	2,764,922	2,325,558	2,560,682	2,742,004
Unassigned (deficit)	(1,032,521)	(240,244)	(8,448,957)	(6,610,754)	(7,558,978)
Total all other governmental funds	<u>29,860,201</u>	<u>27,276,552</u>	<u>18,306,361</u>	<u>17,383,098</u>	<u>18,986,763</u>
TOTAL FUND BALANCES	<u><u>\$ 144,193,812</u></u>	<u><u>\$ 138,453,241</u></u>	<u><u>\$ 129,264,202</u></u>	<u><u>\$ 110,823,322</u></u>	<u><u>\$ 74,319,932</u></u>

(1) 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 in FY 2022.

City of Redlands
Schedule 3
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2020	2019	2018	2017	2016
General fund					
Nonspendable	\$ 8,469,766	\$ 8,707,654	\$ 8,734,646	\$ 8,517,994	\$ 8,324,472
Restricted	1,058,540	1,104,848	1,057,918	-	-
Committed	8,285,676	8,285,676	8,285,676	8,122,332	8,122,332
Assigned	3,901,788	3,894,566	4,063,636	2,130,916	2,267,840
Unassigned	19,000,734	17,654,773	13,592,754	13,927,733	13,454,147
Total general fund	<u>40,716,504</u>	<u>116,098,651</u>	<u>35,734,630</u>	<u>32,698,975</u>	<u>32,168,791</u>
All other governmental funds					
Nonspendable	104,242	123,682	123,661	2,539,567	-
Restricted	16,266,437	14,541,638	19,321,372	9,563,703	15,258,535
Committed	11,048,266	9,738,292	8,441,919	8,013,248	7,212,199
Assigned	1,463,122	1,480,036	1,204,854	3,419,978	-
Unassigned (deficit)	(7,740,144)	(8,548,572)	(8,761,721)	(10,470,797)	(9,553,680)
Total all other governmental funds	<u>21,141,923</u>	<u>17,335,076</u>	<u>20,330,085</u>	<u>13,065,699</u>	<u>12,917,054</u>
TOTAL FUND BALANCES	<u><u>\$ 61,858,427</u></u>	<u><u>\$ 133,433,727</u></u>	<u><u>\$ 56,064,715</u></u>	<u><u>\$ 45,764,674</u></u>	<u><u>\$ 45,085,845</u></u>

(1) 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 in FY 2022.

City of Redlands
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2025	2024	2023	2022 ²	2021
Revenues					
Taxes	\$ 98,509,382	\$ 97,661,404	\$ 97,890,204	\$ 92,468,816	\$ 68,307,527
Licenses and permits	9,790,300	9,238,592	8,862,824	8,122,570	7,579,479
Intergovernmental	16,677,734	21,998,289	11,470,217	8,748,788	7,520,076
Charges for services	12,044,699	11,662,388	12,139,614	15,275,610	9,853,495
Use of money and property	6,864,263	6,916,285	482,019	(3,135,140)	248,353
Other miscellaneous	3,098,455	2,207,763	2,468,702	1,577,070	1,712,985
Total revenues	<u>146,984,833</u>	<u>149,684,721</u>	<u>133,313,580</u>	<u>123,057,714</u>	<u>95,221,915</u>
Expenditures					
Current:					
General government	33,800,693	36,952,522	25,336,594	23,345,899	16,897,961
Public safety	65,521,210	60,359,083	54,055,313	50,048,806	50,208,365
Culture and recreation	8,945,542	7,956,878	7,405,824	5,346,330	3,154,163
Highway and streets	6,559,980	6,513,304	5,851,214	4,491,032	4,657,068
Library	5,407,455	3,580,553	3,125,090	2,601,164	2,426,448
Capital outlay	16,377,379	23,894,085	14,328,396	47,887,675	11,067,756
Debt service:					
Principal	1,464,653	3,907,790	2,545,598	2,061,323	1,708,629
Interest and fiscal charges	778,289	630,463	851,968	612,391	488,363
Total expenditures	<u>138,855,201</u>	<u>143,794,678</u>	<u>113,499,997</u>	<u>136,394,620</u>	<u>90,608,753</u>
Excess of revenues over (under) expenditures	<u>8,129,632</u>	<u>5,890,043</u>	<u>19,813,583</u>	<u>(13,336,906)</u>	<u>4,613,162</u>
Other financing sources (uses)					
Proceeds from sale of property	-	-	-	-	1,425,889
Inception of finance purchase agreement	-	3,668,445	-	3,275,547	362,413
Inception of lease liability	2,098,978	2,546,260	384,011	196,119	-
Transfers in	17,059,494	23,060,757	11,455,770	69,860,227	14,158,728
Transfers out	(21,547,533)	(25,976,466)	(13,212,484)	(23,491,596)	(11,759,357)
Total other financing sources (uses)	<u>(2,389,061)</u>	<u>3,298,996</u>	<u>(1,372,703)</u>	<u>49,840,297</u>	<u>4,187,673</u>
Net change in fund balances	<u>\$ 5,740,571</u>	<u>\$ 9,189,039</u>	<u>\$ 18,440,880</u>	<u>\$ 36,503,391</u>	<u>\$ 8,800,835</u>
Restatements	\$ -	\$ -	\$ -	\$ -	\$ 3,660,669
Debt service as a percentage of non-capital expenditures ¹	1.8%	3.8%	3.4%	3.0%	2.8%

NOTE:

¹ Calculated by dividing the sum of principal and interest by noncapital expenditures which are total expenditures less

a) capital outlay (to extent capitalized for the government-wide statements of net position); and

b) expenditures for capitalized assets contained within the functional expenditure categories.

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

City of Redlands
Schedule 4
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2020	2019	2018	2017	2016
Revenues					
Taxes	\$ 57,080,368	\$ 56,188,843	\$ 53,608,771	\$ 51,196,332	\$ 49,641,089
Licenses and permits	9,786,703	9,363,446	8,249,522	8,482,996	7,321,567
Intergovernmental	5,052,310	4,290,382	4,029,164	4,266,267	3,637,854
Charges for services	9,659,518	9,912,278	8,100,020	7,484,890	7,469,738
Use of money and property	1,659,740	1,823,854	185,610	191,541	717,504
Other miscellaneous	2,846,580	1,930,916	4,866,979	3,958,621	3,785,796
Total revenues	<u>86,085,219</u>	<u>83,509,719</u>	<u>79,040,066</u>	<u>75,580,647</u>	<u>72,573,548</u>
Expenditures					
Current:					
General government	14,842,765	14,702,684	12,830,680	12,351,772	12,915,590
Public safety	48,554,670	45,514,084	45,246,205	42,755,811	40,337,356
Culture and recreation	3,244,432	3,286,739	2,870,721	2,611,210	2,481,223
Highway and streets	6,998,840	6,565,573	7,033,817	5,695,084	5,034,090
Library	2,464,463	2,158,580	1,989,717	1,942,607	1,909,442
Capital outlay	4,819,364	10,307,277	6,132,826	15,476,158	11,481,823
Debt service:					
Principal	1,477,188	2,688,630	3,043,767	3,115,653	3,947,223
Interest and fiscal charges	548,472	665,241	812,002	976,711	1,158,384
Total expenditures	<u>82,950,194</u>	<u>85,888,808</u>	<u>79,959,735</u>	<u>84,925,006</u>	<u>79,265,131</u>
Excess of revenues over (under) expenditures	<u>3,135,025</u>	<u>(2,379,089)</u>	<u>(919,669)</u>	<u>(9,344,359)</u>	<u>(6,691,583)</u>
Other financing sources (uses)					
Proceeds from sale of property	89,657	252,613	1,975,203	6,272,810	311,189
Inception of finance purchase agreement	-	-	-	-	-
Inception of lease liability	-	-	-	-	-
Transfers in	12,557,880	16,569,439	19,326,814	15,430,085	15,911,839
Transfers out	(10,906,728)	(13,525,085)	(9,788,204)	(11,558,209)	(9,720,247)
Total other financing sources (uses)	<u>1,740,809</u>	<u>3,296,967</u>	<u>11,513,813</u>	<u>10,144,686</u>	<u>6,502,781</u>
Net change in fund balances	<u>\$ 4,875,834</u>	<u>\$ 917,878</u>	<u>\$ 10,594,144</u>	<u>\$ 800,327</u>	<u>\$ (188,802)</u>
Restatements	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service as a percentage of non-capital expenditures ¹	2.6%	4.4%	5.2%	5.9%	7.5%

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.

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City of Redlands
Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2025	\$ 13,838,506	\$ 444,573	\$ (67,949)	\$ 14,215,130	0.19836
2024	12,812,282	410,488	(68,251)	13,154,519	0.21758
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

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
(In Thousands)

CATEGORY	Fiscal Years				
	2025	2024	2023	2022	2021
Residential	\$ 9,022,227	\$ 8,504,880	\$ 7,877,964	\$ 7,407,486	\$ 7,072,365
Commercial	1,571,666	1,488,548	1,387,866	1,299,726	1,253,237
Industrial	1,812,308	1,723,267	1,444,607	1,361,167	1,326,479
Government	7,209	7,068	6,929	15,553	2,883
Institutional	22,280	21,037	22,473	21,841	20,405
Irrigated	31,880	27,649	29,799	25,897	27,275
Miscellaneous	58,335	60,190	45,389	36,104	37,025
Recreational	33,266	49,504	48,611	55,431	51,028
Vacant Land	323,153	276,303	264,095	270,853	222,964
SBE Nonunitary	926,251	626,016	634,683	654,449	686,469
Unsecured	474,504	438,308	363,771	360,182	358,629
Unknown	-	-	-	-	-
Total Assessed Value	\$ 14,283,079	\$ 13,222,770	\$ 12,126,187	\$ 11,508,689	\$ 11,058,759
Less: Exemptions	(67,949)	(68,251)	(70,106)	(72,875)	(73,396)
Taxable Assessed Value	\$ 14,215,130	\$ 13,154,519	\$ 12,056,081	\$ 11,435,814	\$ 10,985,363
Total Direct Rate	0.19836	0.21758	0.21821	0.21755	0.21718

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.

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
(In Thousands)

CATEGORY	Fiscal Years				
	2020	2019	2018	2017	2016
Residential	\$ 6,708,893	\$ 6,246,593	\$ 5,935,215	\$ 5,643,230	\$ 5,355,614
Commercial	1,176,203	1,085,468	1,040,344	988,145	959,063
Industrial	1,253,275	1,201,011	1,160,879	1,035,053	790,087
Government	576	548	522	513	505
Institutional	18,506	18,463	17,188	16,293	16,172
Irrigated	28,199	26,136	26,471	26,750	26,691
Miscellaneous	33,513	39,302	27,016	26,495	23,785
Recreational	50,098	49,887	49,678	32,808	32,520
Vacant Land	232,018	199,973	200,329	209,375	277,305
SBE Nonunitary	686,469	696,927	633,273	637,752	631,155
Unsecured	361,653	387,527	328,121	309,224	337,359
Unknown	-	-	-	-	-
Total Assessed Value	\$ 10,549,403	\$ 9,951,835	\$ 9,419,036	\$ 8,925,638	\$ 8,450,256
Less: Exemptions	(74,204)	(74,744)	(76,265)	(76,808)	(74,030)
Taxable Assessed Value	\$ 10,475,199	\$ 9,877,091	\$ 9,342,771	\$ 8,848,830	\$ 8,376,226
Total Direct Rate	0.21732	0.21877	0.21877	0.21877	0.21877

City of Redlands
Schedule 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
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	0.00501	0.00501	0.00750	0.00740	0.00740
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	0.02640	0.02640	0.02630	0.02640	0.02640
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044
Superintendent - Physically Handicapped	0.00197	0.00197	-	-	-
Superintendent - Development Center	0.00052	0.00052	-	-	-
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	0.02770	0.03160	0.02790	0.06620	0.03600
San Bernardino Community College	0.03700	0.04520	0.04500	0.05340	0.06510
San Bernardino Unified	0.09360	0.06880	0.08780	0.10890	0.10340
San Bernardino Valley Municipal Water	0.11000	0.12000	0.13000	0.13000	0.14250
Total Voter Approved Rate	<u>0.26830</u>	<u>0.26560</u>	<u>0.29070</u>	<u>0.35850</u>	<u>0.34700</u>
Total Direct and Overlapping Rate	<u><u>1.26830</u></u>	<u><u>1.26560</u></u>	<u><u>1.29070</u></u>	<u><u>1.35850</u></u>	<u><u>1.34700</u></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)	0.19836	0.21758	0.21821	0.21755	0.21718

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				
	2020	2019	2018	2017	2016
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
Superintendent - Physically Handicapped	-	-	-	-	-
Superintendent - Development Center	-	-	-	-	-
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	0.03390	0.03240	0.04940	0.05240	0.05670
San Bernardino Community College	0.05620	0.04070	0.03760	0.03500	0.04030
San Bernardino Unified	0.09690	0.11260	0.10070	0.07950	0.11820
San Bernardino Valley Municipal Water	0.14250	0.15250	0.15250	0.16250	0.16250
Total Voter Approved Rate	<u>0.32950</u>	<u>0.33820</u>	<u>0.34020</u>	<u>0.32940</u>	<u>0.37770</u>
Total Direct and Overlapping Rate	<u><u>1.32950</u></u>	<u><u>1.33820</u></u>	<u><u>1.34020</u></u>	<u><u>1.32940</u></u>	<u><u>1.37770</u></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)	0.21732	0.21877	0.21877	0.21877	0.21877

NOTES:

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

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

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

(4) 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 2025 and Nine Years Prior
(in Thousands)

Taxpayer	2025		2016	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Southern California Edison Company	\$ 924,119	6.50%	\$ 630,821	7.53%
Prologis LP / Prologis CA II LP	217,519	1.53%	84,633	1.01%
Duke Realty LP*	208,438	1.47%	42,009	0.50%
Redlands Owner LP*	171,666	1.21%	-	-
NYS New LLC*	151,294	1.06%	83,082	0.99%
PVT Apartments SPE LLC	142,830	1.00%	-	-
Ashley Furniture Industries*	117,013	0.82%	-	-
BCI-OEF Redlands DC LP	114,516	0.81%	-	-
Venue at Orange LLC*	104,612	0.74%	-	-
AMB Institutional Alliance Fund III	98,476	0.69%	83,576	1.00%
Teachers Insurance and Annuity Assoc.	-	-	-	-
2301 W. San Bernardino Ave Invest Group	-	-	56,367	0.67%
BRE Piper/Parkview Terrace Assoc. LLC	-	-	84,214	1.01%
CLPF - Redlands Business Center	-	-	44,349	0.53%
ROC II California Redlands LLC	-	-	64,188	0.77%
PACGWL LLC	-	-	41,003	0.49%
Top Ten Total	\$ 2,250,483	15.83%	\$ 1,214,242	14.50%
City Total Net Taxable Assessed Value	\$ 14,215,130		\$ 8,376,226	

* 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
2025	\$ 59,008,938	\$ 58,755,200	99.57%	\$ 507,708	\$ 59,262,908	100.43%
2024	54,132,817	53,937,939	99.64%	997,801	54,935,740	101.48%
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%

NOTE:

¹ The amounts presented include only City property tax revenues. Prior to the dissolution of redevelopment in 2012, these amounts included Redevelopment Agency tax increment and related pass-through payments to other agencies. Following the dissolution, the City no longer receives redevelopment tax increment. Instead, the City now receives a residual distribution from the Redevelopment Property Tax Trust Fund (RPTTF), which is included in the City's property tax revenues.

² Subsequent years' collections of prior-year levies may include delinquent tax payments from multiple prior fiscal years. While the San Bernardino County Auditor-Controller/Treasurer/Tax Collector system now allows identification of payment vintage by levy year, the schedule presented here aggregates all prior-year collections for simplicity and does not segregate them by specific prior years.

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

City of Redlands
Schedule 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities
	Taxable Pension Bonds	Certificates of Participation	Notes / Leases / SBITAs Payable	
2025	\$ 4,309,904	\$ -	\$ 8,647,465	\$ 12,957,369
2024	4,469,940	-	7,785,799	12,255,739
2023	4,607,478	-	5,376,102	9,983,580
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

NOTE:

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

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	Notes / Leases / SBITAs Payable	Total Business-type Activities			
2025	\$ -	\$ -	\$ -	\$ 13,076,271	\$ 13,076,271	\$ 26,033,640	0.75%	354
2024	-	-	-	13,558,549	13,558,549	25,814,288	0.70%	355
2023	-	-	1,660,000	13,461,929	15,121,929	25,105,509	0.81%	343
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	34,482,951	2.63%	847

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
	Taxable Pension Bonds	Certificates of Participation	Total				
2025	\$ 4,310	\$ -	\$ 4,310	\$ 215	\$ 4,095	0.03%	\$ 56
2024	4,470	-	4,470	200	4,270	0.03%	59
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

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, 2025

Net Taxable 2024-2025 Assessed Valuation	\$	14,215,130	
	Percentage Applicable ¹	Outstanding Debt 06/30/25	Estimated Share of Overlapping Debt
<u>Overlapping Tax and Assessment Debt:</u>			
San Bernardino Community College District	13.044%	\$ 880,363,439	\$ 114,834,607
Redlands Unified School District	56.864%	142,943,512	81,283,399
San Bernardino City Unified School District	0.037%	299,021,967	110,638
City of Redlands Community Facilities District No. 2001-1	100.000%	1,345,000	1,345,000
City of Redlands Community Facilities District No. 2003-1	100.000%	6,015,000	6,015,000
Total Overlapping Tax and Assessment Debt		1,329,688,918	203,588,644
<u>Overlapping General Fund Debt:</u>			
San Bernardino County General Fund Obligations	4.152%	100,765,000	4,183,763
San Bernardino County Flood Control District General Fund Obligations	4.152%	37,295,000	1,548,488
San Bernardino City Unified School District (Certificates of Participation)	0.037%	149,245,000	55,221
Redlands Unified School District (Certificates of Participation)	56.864%	21,210,000	12,060,854
Yucaipa-Calimesa Joint Unified School District (Certificates of Participation)	0.688%	42,562,540	292,830
Total Overlapping General Fund Debt		351,077,540	18,141,157
<u>Overlapping Tax Increment Debt (Successor Agencies)</u>			
San Bernardino County Inland Valley Tax Allocation Bonds	5.470%	209,565,000	11,463,206
Total Overlapping Tax Increment Debt		209,565,000	11,463,206
Total Gross Overlapping General Fund Debt		560,642,540	29,604,362
Total Gross Overlapping Debt			233,193,006
<u>Direct General Fund Debt:</u>			
City of Redlands Pension Obligations	100.000%	4,309,904	4,309,904
Total Direct General Fund Debt			4,309,904
<u>Direct Loan/Capital Lease Debt:</u>			
I-Bank Sports Park Lease	100.000%	1,018,576	1,018,576
Finance Purchase Agreements and Leases Payable	100.000%	3,547,198	3,547,198
Lease Liability	100.000%	3,984,583	3,984,583
Subscription Liability	100.000%	97,108	97,108
Total Direct General Fund Debt		\$ 8,647,465	8,647,465
Total Direct Debt			\$ 12,957,369
Combined Total Direct and Overlapping Debt ²			\$ 246,150,375

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 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.44%
Total Direct Debt (\$4,317,402)	0.03%
Combined Total Debt	1.69%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$2,075,927,196)

Total Overlapping Tax Increment Debt	0.72%
--------------------------------------	-------

Sources: Nuemo / MuniServices LLC

California Municipal Statistics, Inc.

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
(In Thousands)

Legal Debt Margin Calculation	Fiscal Year				
	2025	2024	2023	2022	2021
Assessed valuation	\$ 14,215,130	\$ 13,154,519	\$ 12,056,083	\$ 11,435,815	\$ 10,985,363
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,553,783	3,288,630	3,014,021	2,858,954	2,746,341
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	533,067	493,294	452,103	428,843	411,951
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 533,067</u>	<u>\$ 493,294</u>	<u>\$ 452,103</u>	<u>\$ 428,843</u>	<u>\$ 411,951</u>
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
(In Thousands)

Legal Debt Margin Calculation	Fiscal Year				
	2020	2019	2018	2017	2016
	\$ 10,475,200	\$ 9,877,091	\$ 9,342,770	\$ 8,925,638	\$ 8,450,257
Conversion percentage	25%	25%	25%	25%	25%
	2,618,800	2,469,273	2,335,693	2,231,409	2,112,564
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	392,820	370,391	350,354	334,711	316,885
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 392,820</u>	<u>\$ 370,391</u>	<u>\$ 350,354</u>	<u>\$ 334,711</u>	<u>\$ 316,885</u>
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

City of Redlands
Schedule 14
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2025	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	
2024	-	-	-	-	-	N/A	
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	

Fiscal Year Ended June 30	Wastewater Revenue Bonds						Coverage
	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2025	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	
2024	-	-	-	-	-	N/A	
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	

Fiscal Year Ended June 30	Solid Waste Revenue Bonds						Coverage
	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2025	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	
2024	22,070,109	17,987,135	4,082,974	1,660,000	122,500 *	2.24	
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	

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.

* In 2024, the Solid Waste Revenue Bonds Series 2013A matured and were paid in full.

Note: The City had no outstanding debt secured by pledged revenues as of June 30, 2025. All previously outstanding bonds requiring calculation of pledged-revenue coverage were fully retired in fiscal year 2023-24; therefore, no coverage calculation is required for fiscal year 2024-25.

City of Redlands
Schedule 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year (1)	Population (2)	Personal Income (In Thousands)	Per Capita Personal Income (3)	Unemployment Rate (4)
2024	73,488	\$ 3,483,331	\$ 47,400	4.1%
2023	72,696	3,702,989	50,938	3.6%
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%

Sources:

- (1) Information presented on the calendar year basis, therefore the most current full year is included.
- (2) State of California, Department of Finance - Demographic Research Unit
- (3) U.S Department of Commerce U.S Census Bureau
- (4) State of California, Employment Development Department

City of Redlands
Schedule 16
Principal Employers
Fiscal Year 2025 and Nine Years Prior

Employer	2025		2016	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District*	2,433	6.58%	1,922	5.64%
ESRI	2,416	6.53%	2,795	8.20%
Redlands Community Hospital	1,847	4.99%	1,535	4.50%
Optum (Beaver Medical Group & Epic Mgmt)	1,000	2.70%	1,500	4.40%
Amazon Fulfillment Center (Redlands)	526	1.42%	1,300	3.81%
City of Redlands	539	1.46%	556	1.63%
University of Redlands	471	1.27%	550	1.61%
Loma Linda University Behavioral Medicine Ctr.	458	1.24%	360	1.06%
Madison Grove Post Acute (Terracina Post Acute)	384	1.04%		
Kaiser Permanente Medical Offices	328	0.89%		
The Home Depot			700	2.05%
La-Z-Boy, Inc.			385	1.13%
Total of Top Employers	10,402	28.11%	11,603	34.03%
Total Employees in City⁽¹⁾	37,000		34,100	
County "Donut Hole" Employers ⁽²⁾ :				
Burlington Coat Factory Distribution Center	742	2.01%		
Amazon Fulfillment Center*	500	1.35%		
Target Department Store	245	0.66%		
Lamps Plus DC & Store	119	0.32%		
Kohl's Retail Store	87	0.24%		
Total Employees	1,693	4.58%		

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

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, Mountain Grove 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: MuniServices, LLC / Neumo

City of Redlands
Schedule 17
Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Full-time employees:										
City clerk's office	2	2	2	2	2	-	1	1	1	1
City manager's office	12	14	13	10	7	9	12	12	11	9
Development services	28	27	27	19	18	17	19	21	22	22
Finance	35	33	31	28	26	24	27	24	27	26
Fire	70	70	70	65	63	62	63	61	60	60
Human resources	14	13	12	11	9	7	9	9	10	8
Library	24	24	23	20	11	18	20	18	17	17
Management information systems	-	-	-	-	-	-	-	-	-	-
Department of Innovation & Tech	17	16	15	12	9	12	12	10	9	10
Municipal utilities and engineering:										
Administration/Engineering	24	26	41	36	26	30	29	33	34	34
Water	49	48	47	48	45	48	50	50	49	49
Wastewater	24	22	22	17	21	23	24	24	24	24
Police	148	142	138	134	112	117	130	126	122	122
Facilities & Community Services ²										
Administration, parks & streets	89	85	67	67	51	63	63	62	56	56
Equipment maintenance	8	4	5	5	10	4	4	5	5	5
Solid waste	50	49	44	42	38	39	39	33	33	33
Cemetery	5	5	5	4	4	4	4	4	4	4
	<u>599</u>	<u>580</u>	<u>562</u>	<u>520</u>	<u>452</u>	<u>477</u>	<u>506</u>	<u>493</u>	<u>484</u>	<u>480</u>
Part-time employees	34	40	40	51	39	43	68	90	87	87
At-will employees	-	-	-	-	10	-	-	-	-	-
Grant-funded employees ¹	3	3	1	1	1	1	7	7	10	10
Limited Term Position	-	-	-	-	1	-	-	4	1	1
	<u>636</u>	<u>623</u>	<u>603</u>	<u>572</u>	<u>503</u>	<u>521</u>	<u>581</u>	<u>594</u>	<u>582</u>	<u>578</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				
	2025	2024	2023	2022	2021
Police:					
Calls for service	35,343	35,478	38,502	44,746	44,259
Emergency calls for service ¹	506	539	665	68,761	649
Citations issued	6,103	4,275	2,685	2,135	4,239
Fire:					
Number of incidents	12,057	12,118	11,624	11,386	10,636
Inspections performed	3,123	2,057	1,521	1,688	1,362
Building and safety:					
Permits issued	2,987	2,723	3,005	2,764	2,078
Inspections performed	18,063	17,970	18,040	15,613	12,017
Parks and recreation:					
Community center attendance	41,845	36,700	31,069	28,245	13,645
Senior center attendance	32,124	28,588	19,539	17,763	5,822
Joslyn center attendance ²	12,481	6,810	0	870	1,206
Youth sports attendance	35,124	34,392	34,392	31,266	4,774
Adult sports attendance	24,122	7,945	7,945	7,223	6,524
Water:					
Number of services	23,026	22,882	22,744	22,639	22,537
Average daily consumption (thousands of gallons)	21,930	20,445	20,487	29,317	22,560
Solid waste:					
Recycled materials (tons)	26,015	26,664	21,809	23,307	24,703
Refuse disposed (tons)	51,743	50,417	49,625	47,567	61,631
Library:					
Number of volumes	151,364	150,558	152,448	149,577	148,652

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.

Source: City of Redlands

City of Redlands
Schedule 18
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Years				
	2020	2019	2018	2017	2016
Police:					
Calls for service ¹	52,520	52,914	54,370	40,159	47,488
Emergency calls for service ¹	808	815	708	517	578
Citations issued ¹	6,837	5,449	7,347	5,299	7,062
Fire:					
Number of incidents	10,789	10,760	10,684	10,484	10,169
Inspections performed ¹	6,429	5,821	4,075	2,827	2,186
Building and safety:					
Permits issued	2,159	2,111	2,408	2,110	1,947
Inspections performed	11,211	9,431	9,381	10,015	8,293
Parks and recreation:					
Community center attendance	45,022	48,500	51,000	44,725	42,625
Senior center attendance	20,175	25,109	24,970	24,415	28,675
Joslyn center attendance	18,257	22,679	20,498	21,554	23,795
Youth sports attendance	10,032	12,396	12,870	12,271	11,521
Adult sports attendance	2,480	3,200	1,800	2,830	5,760
Water:					
Number of services	22,380	22,440	22,113	22,378	21,842
Average daily consumption (thousands of gallons)	25,926	26,670	30,328	20,989	18,679
Solid waste:					
Recycled materials (tons)	23,952	25,474	23,758	22,287	22,805
Refuse disposed (tons)	52,476	51,769	51,798	52,527	52,826
Library:					
Number of volumes	146,379	146,173	144,173	144,887	144,122

Source: City of Redlands

City of Redlands
Schedule 19
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Stations	2	1	1	1	1	1	1	1	1	1
Sub-stations	2	1	1	1	1	1	1	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	304	302	302	300	300	368	368	368	319	316
Traffic signals (city-owned)	74	74	74	73	73	73	72	69	68	68
Parks and recreation:										
Parks (acreage)	315	313	313	333	333	333	327	295	295	295
Groves (acreage)	184	184	184	199	199	199	180	164	164	159
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	431	427	427	400	400	388	388	388	385	386
Maximum daily production capacity (thousands of gallons)	65,300	56,500	34,900	34,900	34,900	55,000	55,000	55,000	55,000	55,000
Non Potable Water:										
Water mains (miles)	27	34	34	34	34	34	34	34	34	33
Maximum daily production capacity (thousands of gallons)	13,750	5,600	4,100	4,100	4,100	14,000	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	250	250	250	247	247	245	245	245	245	245
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

Source: City of Redlands