



Comprehensive Annual Financial Report

**City of Redondo Beach, California
For the year ending June 30, 2020**

CITY OF REDONDO BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

Prepared by:
Financial Services Department

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CITY OF REDONDO BEACH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiii
List of Principal Officials	xiv
Organizational Chart	xv
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Net Position – Proprietary Funds	42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	46
Statement of Fiduciary Net Position – Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	51
Notes to Basic Financial Statements	53

CITY OF REDONDO BEACH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Notes to Required Supplementary Information	103
Budgetary Comparison Information:	
Budgetary Comparison Schedule – General Fund	104
Budgetary Comparison Schedule – Other Intergovernmental Grants	105
Budgetary Comparison Schedule – Low-Mod Income Housing	106
Pension Information:	
Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan – Agent Multiple-Employer Plan	107
Schedule of Plan Contributions – Miscellaneous Plan - Agent Multiple-Employer Plan	108
Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan – Agent Multiple-Employer Plan	109
Schedule of Plan Contributions - Safety Plan - Agent Multiple-Employer Plan	110
OPEB Information:	
Schedule of Changes in Net OPEB Liability and Related Ratios	111
Schedule of Contributions	112
Modified Approach for City Streets Infrastructure Capital Assets	113
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Non-Major Governmental Funds	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	124
Budgetary Comparison Schedules - Special Revenue Funds:	
State Gas Tax	130
Parks and Recreation Facilities	131
Narcotic Seizure / Forfeiture	132
Proposition A	133
Proposition C	134
Measure R	135
Local Transportation Article 3	136
Air Quality Improvement	137
Storm Drain Improvement	138
Street Landscaping and Lighting District	139
Community Development Block Grant	140
Disaster Recovery	141
Housing Authority	142
Subdivision Park Trust	143
Measure M	144
Measure W	145

CITY OF REDONDO BEACH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
Budgetary Comparison Schedules – Capital Project Funds:	
Capital Improvement Projects	146
Budgetary Comparison Schedules – Debt Service Funds:	
Public Financing Authority	147
Combining Statement of Net Position – Internal Service Funds	148
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	150
Combining Statement of Cash Flows – Internal Service Funds	152
Combining Statement of Net Position – All Agency Funds	154
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	155
 STATISTICAL SECTION	
Net Position by Component	158
Changes in Net Position	160
Fund Balances of Governmental Funds	164
Changes in Fund Balances of Governmental Funds	166
Assessed Value and Estimated Actual Value of Taxable Property	168
Direct and Overlapping Property Tax Rates	170
Principal Property Taxpayers	171
Property Tax Levies and Collections	172
Ratios of Outstanding Debt by Type	173
Direct and Overlapping Governmental Activities Debt	175
Legal Debt Margin Information	176
Pledged - Revenue Coverage	178
Demographic and Economic Statistics	179
Principal Employers	180
Full - Time City Government Employees by Function	181
Operating Indicators by Function	182
Capital Asset Statistics by Function	183
Redondo Beach South Bay Center Redevelopment Project:	
- Certification of Continuing Disclosure	185
- Historical Project Area Valuations	186
- Revenue vs. Levy Analysis	188
- Top Ten Taxable Property Owners	191
- Recent Appeals History	192
Redondo Beach Public Financing Authority, Wastewater System Financing Project:	
- Certification of Continuing Disclosure	194
- Sewer Rates per Month	195
- Top Ten Customers – Sewage Usage	196
- Sewer Connections by Type of Customer	197

CITY OF REDONDO BEACH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
Redondo Beach Community Financing Authority; Leaseback Agreement: - Certification of Continuing Disclosure	198
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	199



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December 15, 2020

Honorable Mayor, City Council and
Residents of the City of Redondo Beach:

The Financial Principles of the City of Redondo Beach require we issue the Comprehensive Annual Financial Report by the second Council meeting in December of each year. Pursuant to this requirement, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Redondo Beach, California (City), for the fiscal year ended June 30, 2020. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

The primary purpose in providing this report, as defined by the City Charter, is to inform the Mayor and City Council of all financial and administrative activities of the previous fiscal year. In addition, this report is directed to two other groups: the residents of Redondo Beach, and the financial community. For the residents, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the City. Consequently, management assumes full responsibility for the completeness and reliability of all 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 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 conformance with GAAP. Because the cost of internal controls should not outweigh the 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. GAAP requires that management provide a narrative introduction, i.e., overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

PROFILE OF THE CITY OF REDONDO BEACH

The City of Redondo Beach, incorporated in 1892, is located in the South Bay part of Los Angeles County and spans 6.3 square miles. According to the State of California's Department of Finance, Redondo Beach has a population of 66,994 as of January 1, 2020, remaining relatively flat with 2019. The City remains a highly residential, non-industrial community. It is a highly educated, upscale community where the median cost of a home is \$1,245,000.

Redondo Beach has significant concentrations of employment and retail activity in the northern industrial complex anchored by Northrop Grumman, while the South Bay Galleria anchors the east end of the City. The Harbor/Pier area also contributes to the City's economy, and an eclectic mix of specialty shops, restaurants and services known as the Riviera Village is located at the south end of the City. Based on the number of full-time employees, the top ten employers in Redondo Beach are Northrop Grumman, Redondo Beach Unified School District, City of Redondo Beach, Macy's, OHL Global Forwarding, The Cheesecake Factory, United States Post Office, Frontier, Target Stores, and Silverado Beach Cities.

The City is divided into five districts and operates under a Council-Manager form of government. One councilperson is elected from each district and serves a term of four years, with a limit of two full terms. The Mayor is elected by the City at large, also limited to serving two full terms of four years each. Other elected officials are the City Treasurer, City Attorney and City Clerk - all serving terms of four years, but can be re-elected an unlimited number of times. The City Council is responsible for, among other things, passing ordinances, adopting the budget, establishing policy, appointing committees/commissions and appointing a City Manager.

In addition to sitting as the governing board of the City, the Mayor and City Council act as the Board of Directors for various component units of the City: the Redondo Beach Housing Authority, the Redondo Beach Public Financing Authority, the Redondo Beach Community Financing Authority, the Parking Authority of the City of Redondo Beach, and the Redevelopment/Successor Agency of the City of Redondo Beach. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for appointing the heads of the City's various departments. In May 2008, the Mayor and City Council established an audit committee to enhance the City's communication with its independent accounting firm, ensuring increased involvement by the governing board in the City's accounting processes. And, in September 2015, the City Council adopted a resolution to expand the membership of the audit committee to include the elected City Clerk and the elected City Treasurer.

The City provides a full range of municipal services. These include public safety (police and fire protection), recreation and community services, library, parks, maintenance and improvement of streets and infrastructure, planning and zoning, housing, economic development, transit, and general government. The City also operates and maintains a harbor under a trust agreement with the State of California.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget on or before June 30 of each year for the General Fund, Special Revenue Funds, Enterprise Funds, Capital Projects Fund and Internal Service Funds. The City also adopts a five-year capital improvement program and a Redevelopment/Successor Agency budget.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions, and all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers within each fund and between line items or programs within each department; however, supplemental appropriations and transfers between funds or departments during the budget year must be approved by four affirmative votes of the City Council. Unexpended or unencumbered appropriations expire at the end of each fiscal year. Encumbered appropriations and appropriations related to grants and donations are re-appropriated in the ensuing year's budget by action of the City Council. The City utilizes an encumbrance system, whereby commitments, such as purchase orders and unperformed contracts, are recorded as assigned fund balances at year end.

FACTORS AFFECTING FINANCIAL CONDITION

Significant Events, Accomplishments and Economic Development Activities

Over the years, Redondo Beach has remained fiscally sound through proactive management, disciplined oversight of expenditures, development of a diversified revenue base, and optimizing public/private partnerships that reduce City costs, create new public amenities and increase revenue. These financial practices have enabled the City to maintain healthy capital and operating funding reserves and achieve an Aa1 credit rating. While the fiscal year started off with the City undertaking several strategic initiatives, the fiscal climate took a dramatic turn during Q4 as a result of the COVID-19 pandemic. The mandated closure of several businesses during Q4 has had an adverse impact on the City's sales tax and transient occupancy tax revenue.

For most of FY 2019-20, the City's economic development efforts focused on three commercial zones within the City – the Artesia/Aviation Commercial Corridor, the Riviera Village Business District, and the Redondo Beach Pier. As part of the FY 2017-18 and FY 2018-19 budget, the City Council allocated \$150,000 to a Storefront Improvement Grant Program for the Artesia/Aviation Commercial Corridor. During FY 2019-20, the grantees completed all of the projects approved by the City Council related to this funding, which has stimulated local investment and enhanced the Corridor's appearance. The City also continued the ongoing streetscape improvement project for Artesia Blvd approved by the City Council. This effort includes new lighting fixtures, street signage, and upgrades to the landscaped medians.

Within the Riviera Village Business District, the City continued to implement several initiatives to improve the experience of the visitors and patrons to the area. However, with the onset of the COVID-19 pandemic, the economic development focus shifted to finding creative ways to allow the local business community to continue to operate within the regulatory framework set for by the State of California and the Los Angeles County Department of Public Health. Within the Village, the City worked with the Riviera Village Association to secure approvals for the development of "parklets" that provide outdoor space for local business to operate. In addition, the City provided grant funding to ensure these parklets could be modified to operate during the fall and winter.

During the initial stages of the pandemic, the Redondo Beach Pier and adjacent areas were closed by the County Department of Public Health. The City worked with our local elected leaders and was able to open a portion of the Pier in June of 2020 – only to have it closed again due to a spike in COVID-19 cases. In response to the regulatory framework, the City instituted a Temporary Use Permit for businesses at the Pier to allow them to use portions of the public right of way to set up outdoor dining and retail areas. This program was quite successful with nearly every business at the Pier participating in some capacity.

Outside of the commercial zones work, has begun on a 115-unit apartment project with a revitalized 110-room hotel (that is currently dormant) and approximately 20,000 square feet of commercial space that was approved by the City Council on the corner of PCH and Palos Verdes Blvd. Demolition of the existing structures and site preparation work is underway that will allow for construction to begin in FY 2020-21.

One long-term project that continues to take shape is the redevelopment of the AES Power Plant site. The owner, AES, closed on the sale of the of property - which includes the former SeaLab Building, during FY 2019-20. Shortly after the sale was completed, AES and the new owner successfully lobbied the State of California to allow the plant to continue operating for one additional year. This operating extension was opposed by the City and it has complicated the City's effort to secure a portion of the site for park and open space uses. As a result, the City may seek to redirect a \$4.9 million grant of Proposition 68 funds, that was intended to transition portions of the power plant to public park purposes, to the planning and acquisition of adjacent property. In addition, the City is evaluating the viability of establishing an Enhanced Infrastructure Financing District for the site that allows for the reinvestment of tax dollars generated by any new development on new public amenities or infrastructure improvements that support the site.

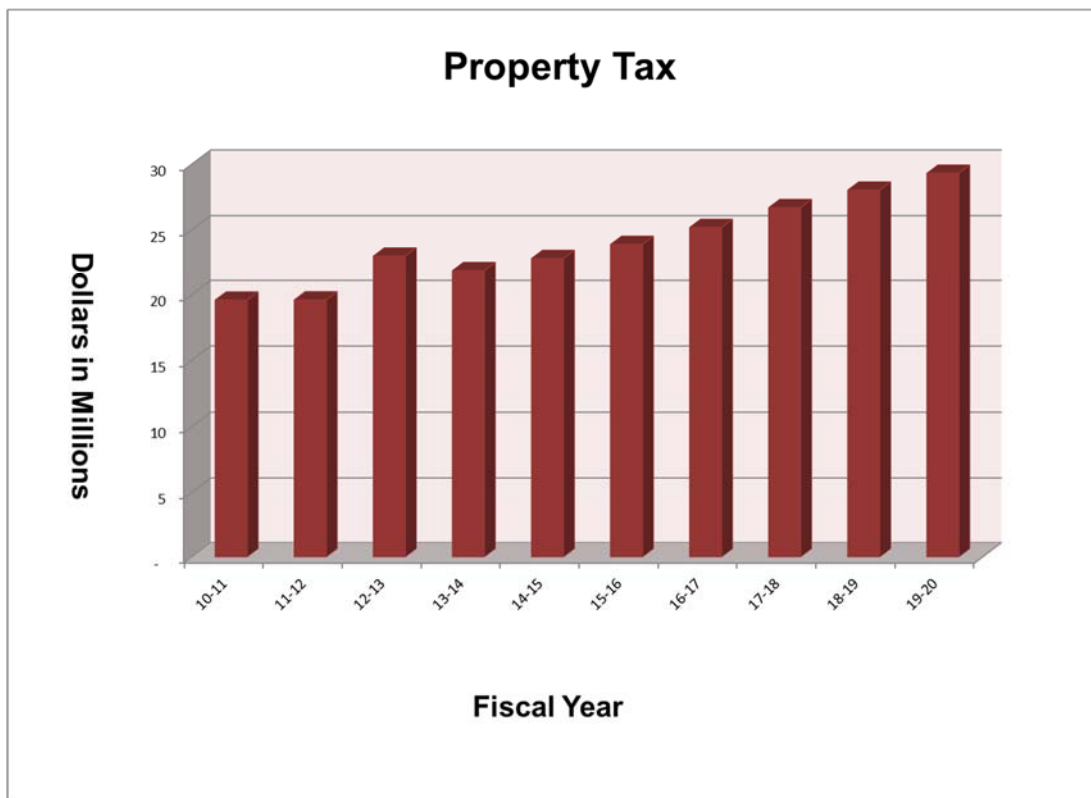
In spite of the COVID-19 pandemic, property values (and related tax revenue) in the City continue to grow driven in large part by the City's close proximity to LAX, the Silicon Beach jobs center, the community's high quality of life, and the continued excellence and success of the Redondo Beach Unified School District. A primary negative General Fund revenue trend that continued to persist during FY 2019-20 is the decline of sales tax revenue, which is driven in large part by the continued deterioration of the South Bay Galleria.

As noted earlier, this trend was further exacerbated during Q4 of FY 2019-20 due to the impacts of COVID-19 on the local economy.

Property Tax

The City's largest revenue source, property tax, is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property) located within the City. Property is initially assessed by the County Assessor at a tax rate of 1.0% of the assessed value and rising no more than 2.0% each year. The City receives revenues equal to 16.5% of the tax rate from the County of Los Angeles - Auditor/Controller's Office, or the equivalent of 16.5 cents out of each dollar of property tax collected through the property tax bills.

Because the FY 2019-20 property tax revenue was based on calendar year 2018 property values, the coronavirus pandemic did not impact this revenue source with the City's property tax valuations continuing to be positive. With Redondo Beach being a desirable location, coupled with continued low mortgage interest rates, the FY 2019-20 citywide assessed valuation experienced a positive change of \$831.3 million, or 5.0%, to \$17.6 billion. The City's assessed valuation amount is derived 82.2% from residential properties, 8.3% from commercial properties, 3.4% from industrial properties, and the remaining 6.1% from vacant, institutional, and other properties. During FY 2019-20, property tax revenue (including homeowners' exemptions) increased \$1,283,141, or 4.6%, to \$29.3 million seen in the median sale price of a single-family home in Redondo Beach at an all-time high of \$1,245,000 (an \$80,000, or 6.9%, increase).

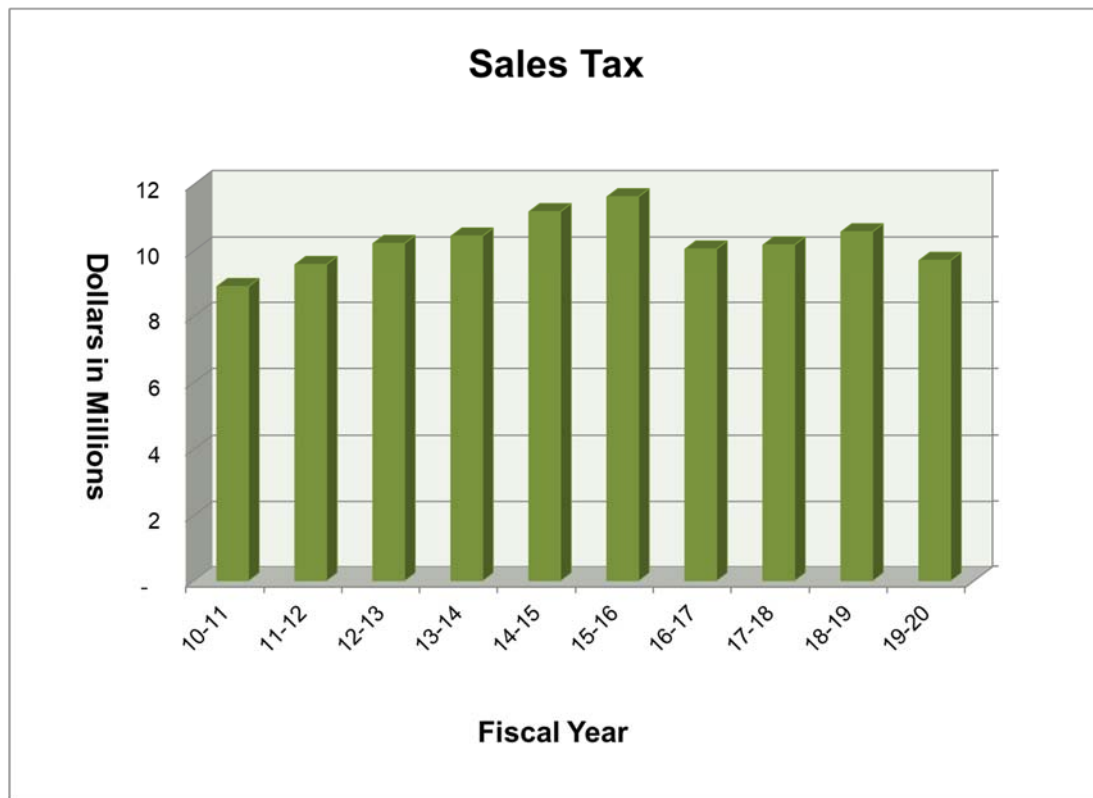


Sales Tax

The City's second largest revenue source is sales tax. The sales tax rate in Los Angeles County was 9.50% for FY 2019-20. Redondo Beach receives 1% of taxable sales from the California Department of Tax and Fee Administration. FY 2015-16 was the final year of the revenue swapping procedure commonly referred to as the "triple flip". With the triple flip, twenty-five percent of the City's traditional sales tax base was committed to the State for deficit reduction bonds and backfilled with the same amount but distributed on the same basis as property tax revenue to the City.

The departure of Nordstrom from Redondo Beach to a neighboring city at the end of calendar year 2015 has greatly impacted sales tax revenue, including FY 2016-17 one-time negative adjustments made by the State Board of Equalization. Another negative impact to both FY 2017-18 and FY 2018-19 sales tax revenue was the State's transition to a new software and reporting system which caused a lengthy delay in the processing of payments.

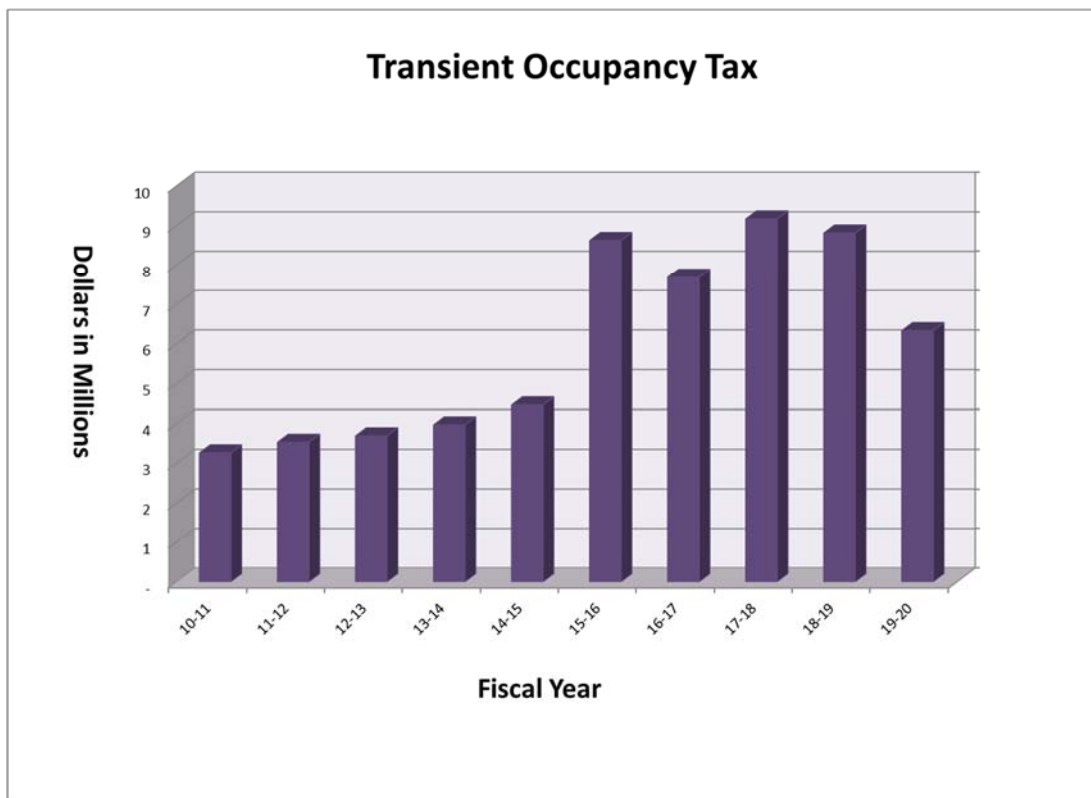
Sales tax revenue decreased substantially in FY 2019-20 due to the pandemic-related economic conditions. The lack of sales in the categories of restaurants and hotels, general consumer goods, autos and transportation, and fuel and service stations were the major contributors to the decline in revenue while online and food and drug sales somewhat tempered the losses.



Transient Occupancy Tax (TOT)

The City's third largest revenue source, transient occupancy tax (TOT), is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities, unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill at a rate of 12%, which was increased 2% in July 2005, and substantially enhanced revenues. Through FY 2016-17, generally 10% of the TOT received by the City was contributed to the Redondo Beach Chamber of Commerce and Visitors Bureau to support marketing and tourism in the City. This amount was not netted against revenues, but rather reflected in the City's expenditures. For the hotels on Marine Avenue, 8.33% of the TOT received by the City was contributed to a reserve account and netted against revenues until the reserve account became fully funded in FY 2016-17.

The City's TOT revenue was experiencing positive growth prior to the onset of the coronavirus pandemic. In FY 2015-16, the Marine Avenue hotel reserve account requirement was reduced from \$8.5 million to \$3.0 million which allowed the City to begin receiving, in March 2016, the TOT revenue. Additionally, in FY 2015-16, the \$3.0 million reserve account was recorded for the first time on the City's books as a one-time revenue with the fund balance impact classified as restricted. FY 2016-17 revenue included the first full year's TOT from the first two Marine Avenue hotels, and FY 2017-18 revenue included the first full year's TOT from the new Homewood Suites Hotel on Marine Avenue and the Shade Hotel in the waterfront. FY 2019-20 decreased revenue reflects closed and nearly empty hotels during the final quarter of the fiscal year together with drawdowns of the Marine Avenue hotel reserve account.



Vehicle License Fees (VLF)

The City's fourth largest revenue source is vehicle license fees (property tax in lieu of VLF and motor vehicle in-lieu tax) and is imposed by the State on owners of registered vehicles for the privilege of operating a vehicle on public highways. A portion of the tax is disbursed to cities based on the proportion that the population of each city bears to the total population of all cities in the State (a per capita formula). The license fee paid to the State by vehicle owners is 0.65% of the market value of the motor vehicle; however, cities are due 2% of the market value of the motor vehicle. Since there is a discrepancy of 1.35% in what the State collects and what cities are due, the State backfills the additional 1.35% from its General Fund in the form of property tax revenue.

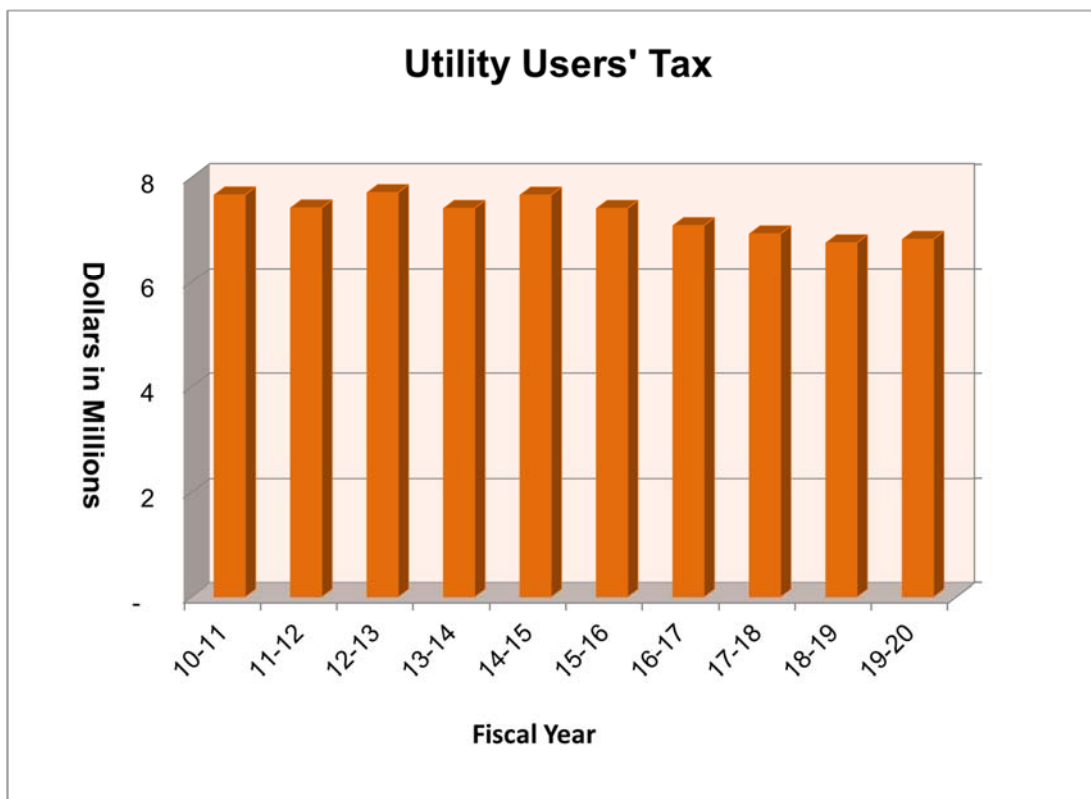
Since FY 2011-12, the City has seen increased VLF revenue due to the growth in property tax in lieu of VLF with relatively flat motor vehicle in-lieu tax. In FY 2019-20, VLF revenue totaled \$8.0 million, increasing \$394,673, or 5.2%, from the prior year. This increase comprises gains in property tax in lieu of VLF revenues of \$373,445 and increased motor vehicle in-lieu tax revenues of \$21,228.



Utility Users' Tax (UUT)

The City's fifth largest revenue source, utility users' tax (UUT), is imposed on consumers of electric, gas, cable services, water and telephone services. Federal and state governmental agencies and pay telephone users are exempt. Each city sets its UUT rate, and Redondo Beach's is 4.75%. The City successfully protected this UUT rate by placing a measure on the March 2009 ballot to modernize the City's UUT ordinance. This important measure was strongly endorsed by the citizens, passing it by 75%. Therefore, the long-term viability of telecommunications-based UUT revenue has been secured. Additionally, in response to AB 1717 and as approved by the State Board of Equalization, the City began collecting UUT from the sale of prepaid wireless devices in in FY 2015-16.

UUT revenue for FY 2019-20 totaled \$6.8 million, reflecting an increase from the prior year of only \$67,251, or 1.0%.



CAPITAL IMPROVEMENT PROJECT PLANNING, ACOMPLISHMENTS AND ACTIVITIES

Over the past year, the City focused on maintaining and improving its core infrastructure and completing or advancing the design of critical street improvement projects. Notable projects included the Inglewood Avenue, Flagler Lane, and Prospect Avenue resurfacing projects, the Veterans Park Play Equipment Replacement Project, the Main Library Elevator Repair Project, and the PCH right turn lane at Torrance Blvd. The City's established process for evaluating, reviewing, and prioritizing future capital efforts concentrates on enhancing the quality of existing public facilities, streets, sewers, and open spaces. The FY 2020-21 capital budget continues the reinvestment in current infrastructure and includes significant funding for traffic calming projects, street rehabilitation, transit center reconstruction, park play equipment enhancements, and stormwater drainage and treatment projects.

In FY 2019-20, the City continued to plan, design, and construct a significant number of capital improvement projects. Street improvement projects, with the greatest variety of funding sources, continued to represent much of the work plan. However, several other projects were completed throughout the City as well.

The City continued to make progress on five Regional Measure R funded transportation-related capital projects. The City completed construction on the right turn lane project at northbound Pacific Coast Highway and Torrance Boulevard (\$840,000). A similar project on southbound Pacific Coast Highway at Torrance Boulevard is with Caltrans for design review. The right turn lane project located on Aviation Boulevard at Artesia Boulevard has been conceptually designed and the City is negotiating with the property owner to secure the right of way necessary for construction. The engineering firm retained to complete plans for a southbound right turn lane on Inglewood Avenue at Manhattan Beach Boulevard has nearly completed the plans for that project and the City is working with the Metropolitan Water District to relocate their infrastructure near the intersection. Regional Measure R funds have also been secured to complete the Kingsdale Widening Project that will be completed following construction of the Transit Center.

Construction was completed on the Flagler Lane Resurfacing – 190th Street to Beryl Street Project (\$360,000), the Inglewood Avenue – Grant Avenue to 190th Street Resurfacing Project (\$1,100,000), and the Prospect Avenue Resurfacing – Beryl to Del Amo Project (\$875,000). Construction was also completed on the Citywide Curb Ramp Improvements Project (\$635,000) and the Palos Verdes Boulevard Median Renovations Project (\$100,000). The Citywide Slurry Seal Project (\$400,000) is nearing completion and the Residential Resurfacing Cycle 2, Phases 1 & 2 Project (\$4,700,000) is under construction and will be completed this summer. Plans and specifications for the Grant Avenue Signal Improvements Project were completed and approved by the City Council in June.

The Aviation Track Resurfacing Project (\$180,000) was completed, as well as, the Veterans Park Play Equipment Project (\$685,000) and the adjacent National Fitness Court Project (\$100,000). The Anderson Park Improvement Project (\$600,000) was also completed. Construction was completed on the Special Park Needs – Julia Field Lights Project and project acceptance will occur early in FY 2020-2021. Plans and Specifications for the City Council Chamber Improvements Project were approved and project bidding was completed. Construction will begin early in FY 2020-21.

The City continues to devote significant resources to the maintenance and improvement of its wastewater infrastructure. Construction is complete on the new \$2 million Rindge Sewer Pump Station and the City Council accepted the project as complete in June. Design of the Yacht Club Way and Portofino Sewer Pump Stations is nearly complete and those projects will begin construction in FY 2020-21. A very significant stormwater improvement project, the Torrance Circle Low Flow Diversion (LFD) Project (\$400,000) was also completed.

In the waterfront, work on the Pier Parking Structure Repairs Project is well underway and will be completed early this summer. The project continues to repair joints, leaks, damaged floors, and other structural members of the structure, as well as the railing around the top of the North Pier Parking Structure for a total construction cost of \$2,000,000. Additionally, the new Transit Center Project (\$11,500,000) contract was awarded by the City Council in May.

In summary, the City completed 17 CIP projects in FY 2019-20 and designed an additional 14 projects for execution in FY 2020-21 for a total capital expenditure of approximately \$14.7 million. The FY 2020-21 capital budget contains \$46.3 million of carryover funding for 73 previously approved

project and \$11.7 million of appropriations for 29 new and existing projects for a total FY 2020-21 capital budget of approximately \$58 million and 82 projects. The combined effect of the City's continuing capital project planning and execution efforts will impact the community for generation to come.

CASH MANAGEMENT POLICIES AND PRACTICES

The City invests all idle cash in various investment instruments, as authorized within the City's Statement of Investment Policy. The City Treasurer employs a buy and hold philosophy of cash management, ensuring the full return of all investment principal. In February of 2013, the City commenced utilization of FHN Financial Main Street Advisors in providing non-discretionary investment management services to the City Treasurer. Composition of the City's investment portfolio consists of a well-diversified mix of US Treasury securities, Federal Agency securities, FDIC insured collateralized deposits, and a blend of A-AAA rated Corporate Medium-Term Notes, all of which are structured along a five-year ladder maturity schedule. In addition, sufficient portfolio liquidity is maintained through continued maintenance of a significant portion of the investment portfolio's position in the State managed Local Agency Investment Fund, or LAIF.

The City maintains an Investment Policy certified for reporting excellence by the Association of Public Treasurers – United States & Canada (APT – US&C) and has established both a written investment policy and investment procedures manual. The Investment Policy is reviewed and approved by both the City Council and the Budget and Finance Commission on an annual basis. The investment policy's established performance benchmark is the thirty-month moving average of the ICE BofAMLzer to five-year Treasury index. In the periodic purchase of investments, both the rate of return provided by LAIF and the yield on the US Treasury security of closest maturity to the purchased investment serve also as investment performance benchmarks.

The level of investments maintained with LAIF fluctuates in accordance with variations in both the City's operational and capital improvement program cash flow requirements. The LAIF balance is maintained at a level of \$5 to \$25 million, or approximately 10% of the general portfolio's assets on average, ensuring maintenance of sufficient investment portfolio liquidity. The yield provided by LAIF has increased over the past years in line with the overall increase in short-term market interest rates. Idle investment funds above the liquidity threshold have been placed primarily in Federal Agency investments within the two to five year investment maturity range. The reduction in market interest rates experienced over the past year have been both anticipated and well managed, proactively responding to both the City's operating and capital improvement cash flow requirements. The City's investment portfolio consistently meets the primary objectives set forth in the City's investment policy.

As of June 30, 2020, the City's general portfolio was invested as follows:

Book Value Comparison of Investment Portfolio Positions FY 2019-20								
	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
Investment Type	\$MM	%	\$MM	%	\$MM	%	\$MM	%
Cash in Banks & Money Markets	\$ 8.00	8.6%	\$ 10.42	10.7%	\$ 5.31	5.5%	\$ 9.19	8.9%
Local Agency Investment Fund (LAIF)	\$ 7.00	7.6%	\$ 17.05	17.6%	\$ 14.00	14.6%	\$ 22.00	21.2%
Federal Agency Issues	\$ 41.46	44.8%	\$ 35.46	36.5%	\$ 40.61	42.3%	\$ 38.60	37.2%
Corporate Medium Term Notes	\$ 24.84	26.9%	\$ 22.85	23.6%	\$ 22.87	23.8%	\$ 20.89	20.1%
Bank Certificates of Deposit	\$ 3.22	3.5%	\$ 3.22	3.3%	\$ 3.22	3.3%	\$ 2.98	2.9%
Treasuries	\$ 7.99	8.6%	\$ 8.04	8.3%	\$ 10.07	10.5%	\$ 10.06	9.7%
Total Investment Portfolio	\$ 92.51	100.0%	\$ 97.04	100.0%	\$ 96.08	100.0%	\$103.72	100.0%
Weighted Average Maturity (Years)	2.10		1.89		2.02		1.72	
Portfolio Yield %	2.23%		2.27%		2.26%		2.22%	
LAIF Yield	2.28%		2.04%		1.79%		1.20%	
Yield on Benchmark	2.06%		2.08%		2.06%		2.02%	

As required by GASB 31, the City recorded the unrealized gain/loss on certain investments to account for the market value at June 30, 2020. The portfolio market value, \$106,832,775, rose above the book value of \$103,725,499 by \$3,107,276 of the current market value of the investments within the City's investment portfolio. This unrealized gain in the value of investments results from structural factors and interest rate movements within the financial marketplace over the past year impacting the market valuation of the City's investments in both Federal Agency issues and Corporate Medium-Term Notes.

RISK MANAGEMENT

The City maintains a self-insurance program for workers' compensation and liability claims. The program accumulates resources in the Self-Insurance Program internal service fund to meet potential losses. For FY 2019-20, the self-insurance retention (SIR) is \$750,000 for workers' compensation and \$500,000 for liability. Excess coverage up to \$50 million for each workers' compensation claim is provided by a third-party private insurer, and excess liability up to \$30 million for each occurrence is covered by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA).

The CSAC-EIA is a joint powers authority for 95% of California counties as well as 68% of California municipalities where risks and losses are pooled together to keep annual premiums low. Both the workers' compensation and liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Human Resources Department.

The amounts included in the Self-Insurance Program internal service fund are significant, partly due to requirements of Government Accounting Standards Board (GASB) Statement No.10. In complying with GASB 10, the City must record as a liability and expenditure not only actual risk/loss experienced in the areas of workers' compensation and liability, but also claims incurred but not reported (IBNR). IBNR claims include exposure for losses of which a city is not yet aware, as well as any statistically probable increase in costs for accidents that are already known to the City. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary.

As of June 30, 2020, the City recorded the following:

Workers' Compensation Claims

Claims payable totaled \$17.3 million representing an increase of approximately \$1.4 million, or 14.8%, from the prior period. This increase is attributable to higher estimated reserves and the settlement of claims in previous years.

Liability Claims

Claims payable totaled \$7.4 million representing a decrease of approximately \$2.3 million, or 134.8%, from the prior period. This decrease is attributable to lower estimated reserves and the settlement of claims in previous years.

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department (EDD) to provide salary continuance for terminated employees. For FY 2019-20, reimbursement to EDD was \$60,455.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City provides three Tier 1 defined benefit pension plans – two for safety employees (3% at 55 for Fire and 3% at 50 for Police) and one for miscellaneous employees (2% at 55). Beginning July 2012, two additional Tier 2 defined benefit pension plans were provided – one for safety employees (3% at 55 for both Fire and Police) and one for miscellaneous employees (2% at 60). Beginning January 2013, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), Tier 3 defined benefit pension plans were added, 2.7% at 57 for safety employees and 2% at 62 for miscellaneous employees. These plans are part of the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. Employees of some bargaining groups paid a portion of the employee and/or employer contribution to CalPERS.

CalPERS began to separate the City's employer contributions into their "normal cost" and "unfunded liability" portions in FY 2017-18. The normal cost portion continued to be paid as a percentage of payroll, while the unfunded liability portion was paid as a flat dollar amount. In FY 2019-20, the percentage-based portion of the rate increased from 21.66% to 22.32% for safety employees and 8.65% to 9.15% for

miscellaneous employees. The balance of the CalPERS rate was made up with an unfunded liability payment of \$11,741,061 (\$7,751,682 for safety employees and \$3,989,379 for miscellaneous employees). Rates will increase from FY 2019-20 levels for the 2020-21 fiscal year to 23.35% for safety employees and 9.34% for miscellaneous employees together with an unfunded liability payment of \$13,241,791 (\$8,730,646 for safety employees and \$4,511,145 for miscellaneous employees). Although increases in the coming years for the normal cost portion are expected to be relatively small, the increases for the unfunded liability portion are expected to be significant.

The total contribution paid by the City toward pension benefits was \$18.2 million, which includes the employer and employer-paid member contributions. Approximately 83.2%, or \$15.1 million, was charged to the General Fund. The budgeted total City contribution for FY 2019-20 was approximately \$18.7 million, and pension costs are expected to increase again in FY 2020-21.

Aside from contributing to CalPERS, the City also contributes to Social Security. The FY 2019-20 total cost for Social Security and Medicare coverage was \$2.2 million, of which \$1.5 million, or 68.2%, was from the General Fund. Safety employees do not participate in Social Security and Medicare, except for those employees hired after 1986, who are required to participate in Medicare.

The City also provides post-retirement health care benefits to its employees in accordance with agreements reached with various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. After age 64, only the City's minimum health premium contribution under the Public Employees' Medical and Hospital Care Act (PEHMCA) is paid. These payments are paid through an Other Post-Employment Benefits (OPEB) trust, which was established by the City in FY 2009-10 to comply with GASB 45. The OPEB trust allows the City to prefund actuarially derived OPEB costs that are expected to be incurred in future periods. In FY 2019-20, the City contributed \$2.2 million to the OPEB trust to cover current and future retiree medical benefits; however, future contributions may vary based on future actuarial studies. As of June 30, 2020, the City was providing full benefits to 169 participants.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redondo Beach for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. This makes 27 consecutive years that the City has been awarded this achievement. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

For FY 2019-20, the City will again apply to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting. We believe that our current comprehensive annual financial report continues to meet and exceed the criteria to receive this certificate, and we will be submitting it to GFOA for consideration.

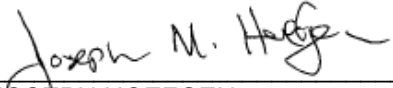
ACKNOWLEDGMENTS

The timely preparation of this report has been accomplished with the efficient and dedicated services of the staff of the Financial Services Department. We also thank the City's independent auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants, for their assistance and expertise, and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council, the City's Audit Committee, and the Budget and Finance Commission for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



MARNI RUHLAND
Finance Director



JOSEPH HOEFGEN
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Redondo Beach
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

CITY OF REDONDO BEACH

MAYOR AND CITY COUNCIL



Bill Brand
Mayor



Nils Nehrenheim
Councilmember
District 1



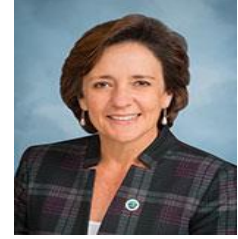
Todd Loewenstein
Councilmember
District 2



Christian Horvath
Councilmember
District 3



John Gran
Councilmember
District 4



Laura Emdee
Councilmember
District 5

CITY OFFICIALS

Joseph Hoefgen
City Manager

Michael Witzansky
Assistant City Manager



Michael Webb
City Attorney



Eleanor Manzano
City Clerk



Steven Diels
City Treasurer

John LaRock
Community Services Director

Robert Metzger
Fire Chief

Stephen Proud
Waterfront and Economic Development Director

Chris Benson
Information Technology Director

Marni Ruhland
Finance Director

Brandy Forbes
Community Development Director

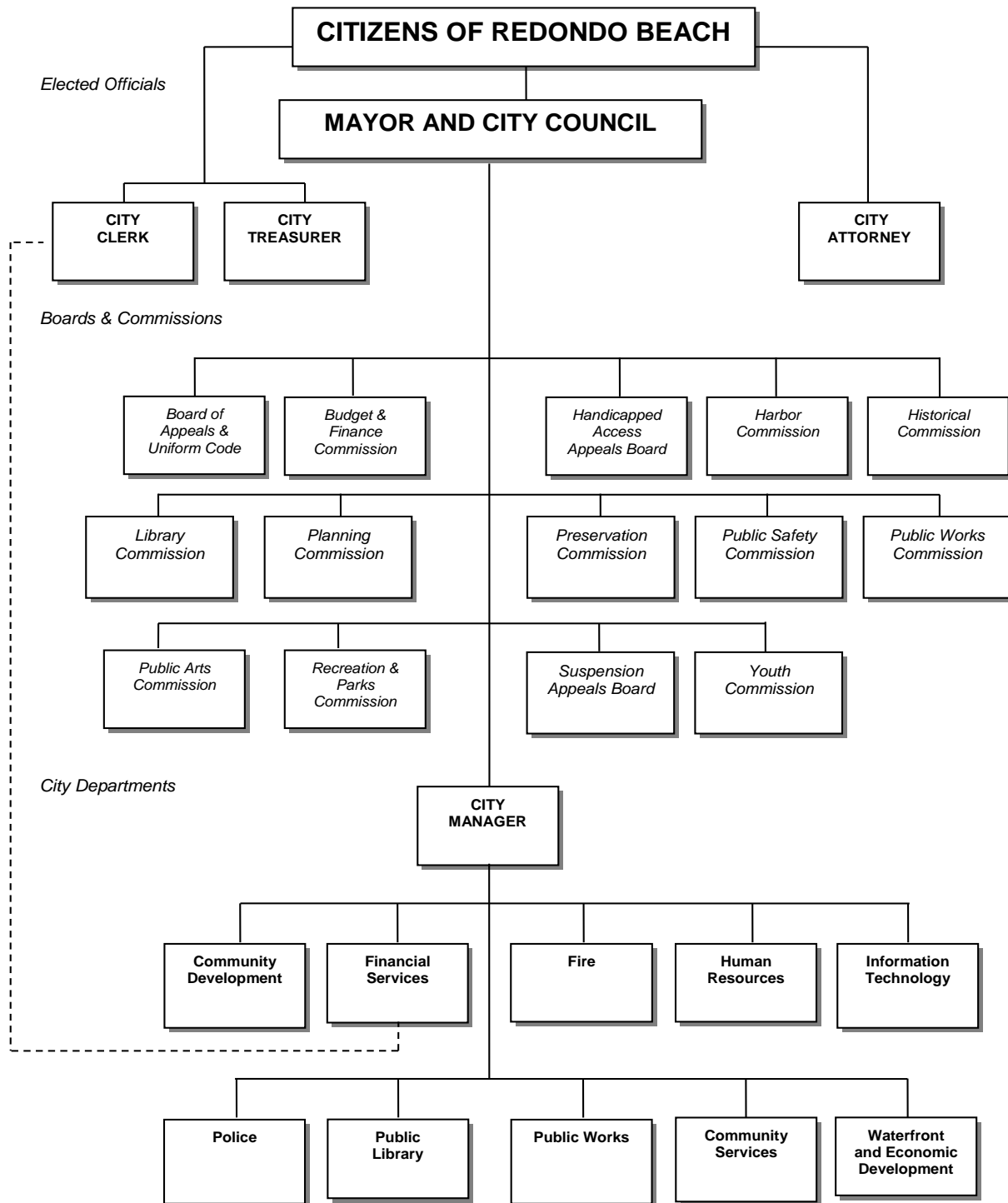
Keith Kauffman
Chief of Police

Susan Anderson
Library Director

Ted Semaan
Public Works Director

Diane Strickfaden
Human Resources Director

ORGANIZATIONAL CHART FY 2019-2020



**ORGANIZATIONAL CHART
FY 2019-2020**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Redondo Beach, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redondo Beach, California, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the Other Intergovernmental Grants special revenue fund, and the Low-Mod Income Housing special revenue fund, the modified approach for the City's infrastructure assets, the schedules of changes in net pension liability and related ratios, the schedules of employer plan contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of contributions as listed on the 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.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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



To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the 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 the 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 the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 8, 2020

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CITY OF REDONDO BEACH

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Redondo Beach (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position, changes in net position, and fund disclosures are discussed in more detail later in the report.

Financial Highlights - Primary Government

- *Government-Wide Highlights*

Net Position - Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2020 by \$92.7 million - assets and deferred outflows for governmental activities exceeded liabilities and deferred inflows by \$15.7 million and assets and deferred outflows for business-type activities exceeded liabilities and deferred inflows by \$76.9 million.

Changes in Net Position - The City's net position decreased \$(11.4) million in fiscal year 2019-2020. Net position of governmental activities decreased \$(20.0) million, and net position of business-type activities increased \$8.6 million.

- *Fund Highlights*

Governmental Funds - At the close of fiscal year 2019-2020, the City's total governmental funds reported a fund balance of \$53.0 million, a decrease of \$(12.4) million from the prior year. Highlighted below are this year's major funds included in this grouping.

General Fund - The fund balance of the General Fund (including Special Revenue – CalPERS Reserve Fund of \$6.6 million) on June 30, 2020 was \$17.5 million, a decrease of \$(3.2) million from the prior year.

Special Revenue - Other Intergovernmental Grants Fund - The fund balance of the Special Revenue – Other Intergovernmental Grants Fund on June 30, 2020 was negative \$2.7 million, a decrease to the negative fund balance by \$(0.3) million from the prior year.

Special Revenue - Low-Mod Income Housing Fund - The fund balance of the Special Revenue - Low-Mod Income Housing Fund on June 30, 2020 was \$4.1 million, a decrease of \$(153,541) from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the following:

- *Statement of Net Position*

The Statement of Net Position presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.

- *Statement of Activities*

The Statement of Activities presents information showing how the government's net assets changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, cultural and leisure services and housing and community development. Business type activities include operations of the harbor, sewer (wastewater), solid waste, and transit.

The government-wide financial statements include not only the City itself (known as the primary government), but also the activities of legally separate component units: the Parking Authority of the City of Redondo Beach, the Redondo Beach Public Financing Authority (PFA), the Redondo Beach Community Financing Authority (CFA), and the Redondo Beach Housing Authority. Because the City Council acts as the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

The government-wide financial statements can be found behind the tab section titled Government-Wide Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

- ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance with the government-wide financial statements can be found on pages behind the tab section titled Government-Wide Financial Statements.

The City has 25 governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's three major funds are: General Fund, Other Intergovernmental Grants Special Revenue Fund, and Low-Mod Income Housing Special Revenue Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, Proposition A Fund, Storm Drain Fund, Disaster Recovery Fund) are combined into a single, aggregated presentation. The governmental funds financial statements can be found on pages behind the tab section titled Fund Financial Statements. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages behind the tab section titled Non-Major Governmental Funds.

- *Proprietary Funds*

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for harbor activities, solid waste (i.e., collection, recycling and hazardous waste disposal), operations and maintenance of City sewers, and transit activities. Internal service funds are used to accumulate and account for the City's vehicles, building maintenance and repair, major facilities repair, information technology, emergency communications, and insurance. Because internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds' financial statements provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds' financial statements use the accrual basis of accounting. Separate financial statements are provided for Harbor Uplands, Harbor Tidelands, Solid Waste, Wastewater, and Transit. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for each internal service fund is provided in the form of combining statements in the Internal Service Funds section of this report.

The basic proprietary funds financial statements can be found behind the tab section titled Fund Financial Statements.

- *Fiduciary Funds*

Fiduciary (Agency and Private-Purpose Trust Fund) funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found behind the tab section titled Notes to the Financial Statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes disclosure of the modified approach for the city pavement infrastructure and budgetary, pension plan information, and other post-employment benefit (OPEB) information. This information can be found behind the tab section titled Required Supplementary Information.

City of Redondo Beach's Statement of Net Position
Fiscal Year Ended June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Current and Other Assets	\$ 92,118,096	\$ 102,355,053	\$ 38,359,191	\$ 42,269,847	\$ 130,477,287	\$ 144,624,900
Capital Assets, Net Depreciation	155,856,897	150,016,518	64,028,945	52,001,100	219,885,842	202,017,618
Total Assets	247,974,993	252,371,571	102,388,136	94,270,947	350,363,129	346,642,518
Deferred Outflows of Resources	30,308,482	28,981,180	3,469,846	3,555,152	33,778,328	32,536,332
Long-Term Liabilities						
Outstanding	247,738,322	229,540,949	26,431,862	26,298,269	274,170,184	255,839,218
Other Liabilities	8,604,299	11,762,598	1,780,410	2,648,940	10,384,709	14,411,538
Total Liabilities	256,342,621	241,303,547	28,212,272	28,947,209	284,554,893	270,250,756
Deferred Inflows of Resources	6,213,739	4,360,024	710,380	531,072	6,924,119	4,891,096
Net Investment in Capital Assets	155,670,310	149,571,518	58,077,077	44,986,964	213,747,387	194,558,482
Restricted	29,323,216	36,179,269	-	-	29,323,216	36,179,269
Unrestricted	(169,266,411)	(150,061,607)	18,858,253	23,360,854	(150,408,158)	(126,700,753)
Total Net Position	\$ 15,727,115	\$ 35,689,180	\$ 76,935,330	\$ 68,347,818	\$ 92,662,445	\$ 104,036,998

Current and Other Assets include: Cash and investments; Accounts receivable; Receivables for interest, taxes, and notes and loans; Internal balances (due to/from and advances between business activities and governmental activities); Due from other governments; Advances to Successor Agency; Prepaid items; and Restricted cash and investments with fiscal agents.

Capital Assets include: Assets net of depreciation as well as assets not being depreciated (e.g., Streets, Land, and Construction in progress).

Deferred Outflows of Resources include: Deferred charge on debt refunding, pension related items, and OPEB related items.

Long-Term Liabilities Outstanding include: Compensated absences payable, Claims and judgments payable, and Long-term debt payable.

Other Liabilities include: Accounts payable, Accrued liabilities; Pollution remediation liability; Accrued interest; Unearned revenue; and Deposits payable.

Deferred Inflows of Resources include: Pension related items and OPEB related items.

Net Position

The chart above reflects the City's combined net position (governmental and business-type activities) of \$92.7 million at the close of fiscal year ending June 30, 2020.

The largest portion of the City's total net position (230.9%) reflects investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment) net of outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining City net position represents resources that are either subject to external restrictions (e.g., certain capital projects, debt service) or unrestricted. The unrestricted net position is negative primarily as a result of pension related reporting first implemented in Fiscal Year 2014-2015 pursuant to GASB Statement No. 68.

Changes in Net Position

Also noted in the chart above, the City's Fiscal Year 2019-2020 total net position decreased by \$(11.4) million, or (10.9)%, from the prior year. The governmental activities net position decreased \$(20.0) million, or (55.9)%, and business-type activities net position increased \$8.6 million, or 12.6%.

Within total assets, the increase in capital assets, net of accumulated depreciation by \$17.9 million, or 8.8%, was primarily attributable to the purchase of the Redondo Fisherman's Cove Company leasehold. This increase in capital assets also resulted in a corresponding increase in Net Investments in Capital Assets. However, the decrease in net position is primarily due to an increase in deferred inflows of resources related to pensions and other post employment benefits (OPEB) of \$2.0 million.

**City of Redondo Beach's Change in Net Position
Fiscal Year Ended June 30, 2019 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Revenues:						
Program revenues:						
Charges for services	\$ 27,718,619	\$ 29,049,013	\$ 20,719,658	\$ 22,568,133	\$ 48,438,277	\$ 51,617,146
Operating grants and contributions	10,326,680	10,151,972	2,958,743	2,362,021	13,285,423	12,513,993
Capital grants and contributions	2,882,105	485,693	-	-	2,882,105	485,693
Total program revenues	<u>40,927,404</u>	<u>39,686,678</u>	<u>23,678,401</u>	<u>24,930,154</u>	<u>64,605,805</u>	<u>64,616,832</u>
General revenues:						
Property taxes	39,774,170	38,249,535	-	-	39,774,170	38,249,535
Transient occupancy taxes	6,335,445	8,816,739	-	-	6,335,445	8,816,739
Sales taxes	9,716,883	10,578,527	-	-	9,716,883	10,578,527
Franchise taxes	1,706,355	1,647,287	-	-	1,706,355	1,647,287
Business license taxes	1,251,673	1,295,050	-	-	1,251,673	1,295,050
Utility users' taxes	6,824,873	6,757,622	-	-	6,824,873	6,757,622
Other taxes	969,721	917,102	-	-	969,721	917,102
Motor vehicle in-lieu - unrestricted	54,193	32,965	-	-	54,193	32,965
Use of money and property	5,219,501	5,483,218	1,563,880	1,442,556	6,783,381	6,925,774
Other	1,640,662	2,314,681	712,172	180,038	2,352,834	2,494,719
Gain (loss) on sale of capital assets	-	19,352	-	244	-	19,596
Total general revenues	<u>73,493,476</u>	<u>76,112,078</u>	<u>2,276,052</u>	<u>1,622,838</u>	<u>75,769,528</u>	<u>77,734,916</u>
Total revenue	<u>114,420,880</u>	<u>115,798,756</u>	<u>25,954,453</u>	<u>26,552,992</u>	<u>140,375,333</u>	<u>142,351,748</u>
Expenses:						
General government	13,574,385	12,380,308	-	-	13,574,385	12,380,308
Public safety	71,807,026	62,740,166	-	-	62,740,166	62,740,166
Public works	15,373,701	14,655,265	-	-	15,373,701	14,655,265
Cultural and leisure services	11,810,514	12,296,505	-	-	11,810,514	12,296,505
Housing and community development	11,456,603	11,460,619	-	-	11,456,603	11,460,619
Interest on long-term debt	1,272,259	641,587	-	-	1,272,259	641,587
Harbor Tidelands	-	-	9,067,251	9,433,807	9,067,251	9,433,807
Harbor Uplands	-	-	4,707,797	5,016,104	4,707,797	5,016,104
Wastewater	-	-	3,809,885	3,406,302	3,809,885	3,406,302
Solid Waste	-	-	4,894,581	4,690,425	4,894,581	4,690,425
Transit	-	-	3,975,884	4,004,654	3,975,884	4,004,654
Total expenses	<u>125,294,488</u>	<u>114,174,450</u>	<u>26,455,398</u>	<u>26,551,292</u>	<u>151,749,886</u>	<u>140,725,742</u>
Change in net position before special item and transfers	<u>(10,873,608)</u>	<u>1,624,306</u>	<u>(500,945)</u>	<u>1,700</u>	<u>(11,374,553)</u>	<u>1,626,006</u>
Special item	(1,595,860)	(18,823,249)	1,595,860	-	-	(18,823,249)
Transfers	(7,492,597)	(498,722)	7,492,597	498,722	-	-
Change in net position	<u>(19,962,065)</u>	<u>(17,697,665)</u>	<u>8,587,512</u>	<u>500,422</u>	<u>(11,374,553)</u>	<u>(17,197,243)</u>
Net position, beginning of year, as restated	35,689,180	53,386,845	68,347,818	67,847,396	104,036,998	121,234,241
Net position, end of year	<u>\$ 15,727,115</u>	<u>\$ 35,689,180</u>	<u>\$ 76,935,330</u>	<u>\$ 68,347,818</u>	<u>\$ 92,662,445</u>	<u>\$ 104,036,998</u>

Levels of revenues and expenses also impact current assets and other liabilities and, therefore, cause changes in net position. As reflected above, total revenues decreased in fiscal year 2019-2020 by \$(2.0) million, or (1.4)%. Decreases in program revenues are primarily reflected in charges for services. General revenue decreased overall as a result of lower transient occupancy tax revenue.

Citywide total expenses increased \$11.0 million, or 7.8%, when compared to fiscal year 2018-2019. The increase in expenses was primarily related to increased personnel costs with higher CalPERS contributions and fiscal year 2019-2020 work on capital improvement projects.

Governmental Activities

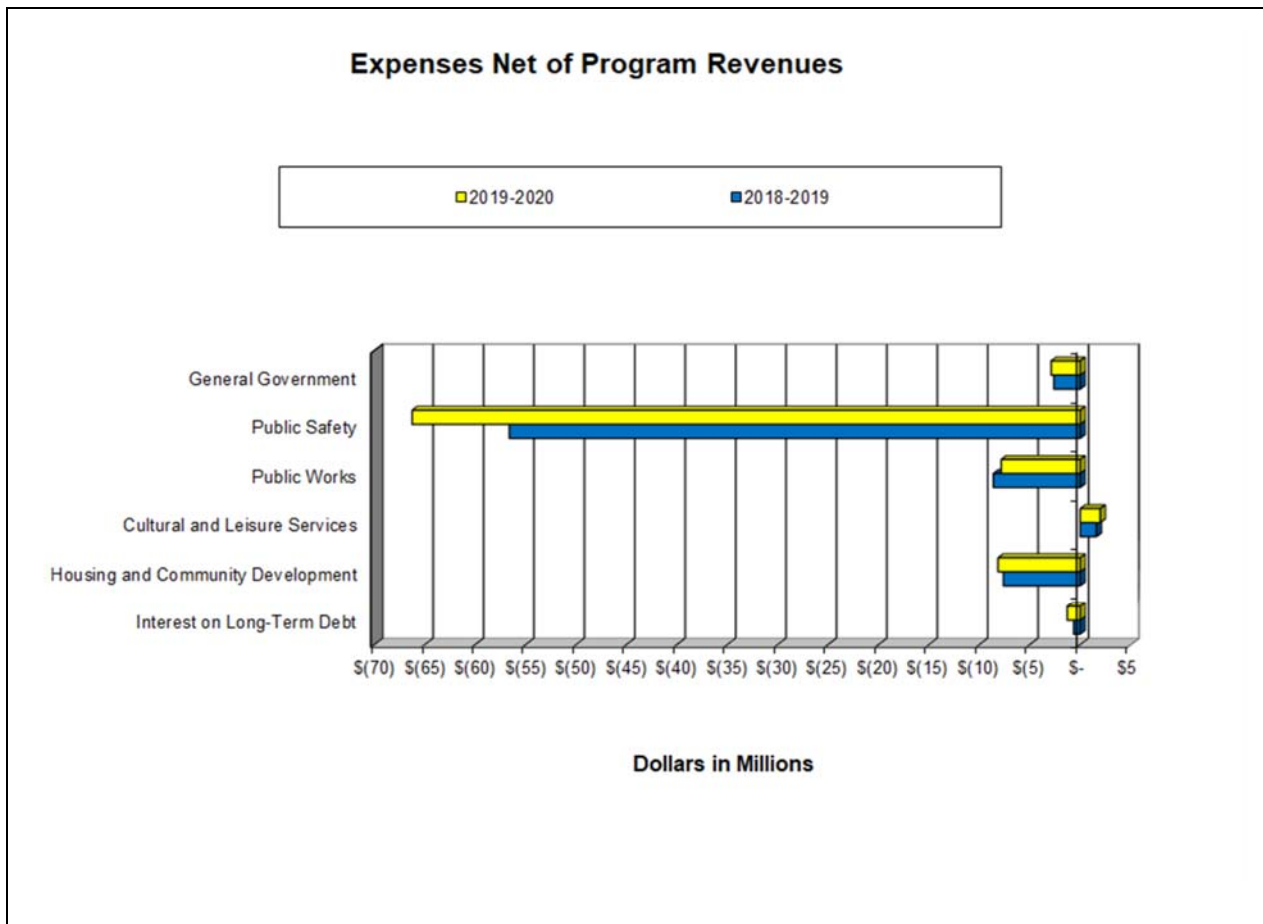
As reflected in the Changes in Net Position schedule above, the total governmental activity expenses were \$125.3 million in fiscal year 2019-2020; and total revenues from governmental activities were \$114.4 million, of which 35.8% were derived from program revenues primarily consisting of charges for services and grants.

As shown on the following chart, the governmental activity expenses net of program revenues, increased \$9.9 million, or 13.3%, in fiscal year 2019-2020. As with the increase in citywide total expenses, the increase reflects higher expenses for pension-related items and capital improvement projects.

Governmental Activities:	Impact to Net Position		Percent Increase (Decrease)
	2019-2020	2018-2019	
Expenses Net of Program Revenues*			
General government	\$ (2,875,371)	\$ (2,610,591)	10.1%
Public safety	(66,252,293)	(56,617,218)	17.0%
Public works	(7,822,658)	(8,611,605)	(9.2)%
Cultural and leisure services	1,991,608	1,606,003	24.0%
Housing and community development	(8,136,111)	(7,612,774)	6.9%
Interest on long term debt	(1,272,259)	(641,587)	98.3%
Total Governmental Activity Expenses Net of Program Revenues	\$ (84,367,084)	\$ (74,487,772)	13.3%

**Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.*

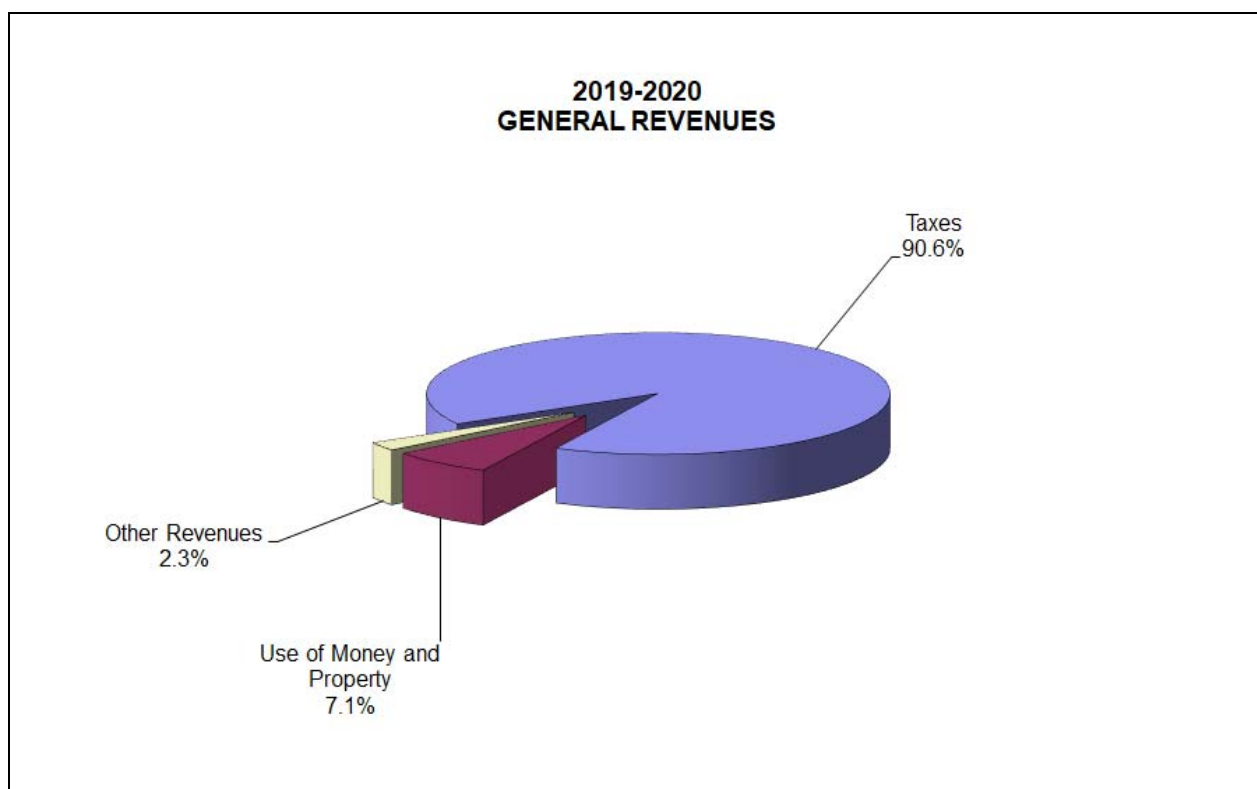
The chart below is a graphical representation of the schedule above.



General Revenues Related to Governmental Activities

General Revenues	2019-2020	2018-2019	Increase / (Decrease)
Taxes	\$ 66,579,120	\$ 68,261,862	(2.5)%
Use of money and property	5,219,501	5,483,218	(4.8)%
Other revenues	1,694,855	2,366,998	(28.4)%
Total General Revenues	<u>\$ 73,493,476</u>	<u>\$ 76,112,078</u>	(3.4)%

General revenues are all other revenues not attributable to a specific program and, therefore, not categorized as program revenues. These revenues include taxes, use of money and property, and other revenues and decreased (3.4)%.



Business-Type Activities

The City has five business-type activities: Harbor Tidelands, Harbor Uplands, Solid Waste, Wastewater, and Transit. The total net position of the business-type activities increased by \$8.6 million from the prior year.

Harbor Tidelands is used for the operations of small boat harbor facilities available to the general public, including related pier activities. This fund is restricted under the City Tidelands Trust Agreement with the State of California. In fiscal year 2019-2020, the total net position of the Harbor Tidelands decreased \$(3.6) million from prior year.

Harbor Uplands is also used for the operations of small boat harbor facilities available to the general public, including related pier activities. However, the use of these funds is subject only to the decisions of the City Council. In fiscal year 2019-2020, the total net position of Harbor Uplands increased by \$9.5 million from prior year.

Wastewater is funded by a capital facility charge, more commonly referred to as a sewer user fee. These funds are used to support the City's sewer infrastructure operations and improvements. In fiscal year 2019-2020, the total net position of Wastewater increased \$3.0 million from the prior year.

Solid Waste is the City's comprehensive solid waste program, which includes refuse collection, recycling, and hazardous waste disposal services. The solid waste program is supported through user service fees. In fiscal year FY 2018-2019, the total net position of Solid Waste decreased \$(0.4) million from prior year.

Transit operations provide transportation services mainly to the cities of Redondo Beach, Hermosa Beach, and Manhattan Beach. The transit system is supported through bus passes, passenger fares, Transportation Development Act Article 4 funding, and Propositions A and C discretionary funding. In fiscal year 2019-2020, the total net position of Transit did not change from the prior year.

INTERNAL SERVICE FUNDS

The City has six internal service funds, as well as overhead. The internal service funds are: Vehicle Replacement, Building Occupancy, Information Technology, Self-Insurance Program, Emergency Communications, and Major Facilities Repair. These funds are used to account for interdepartmental operations where service providers (e.g., fleet, IT, building maintenance) recoup costs by charging user departments.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

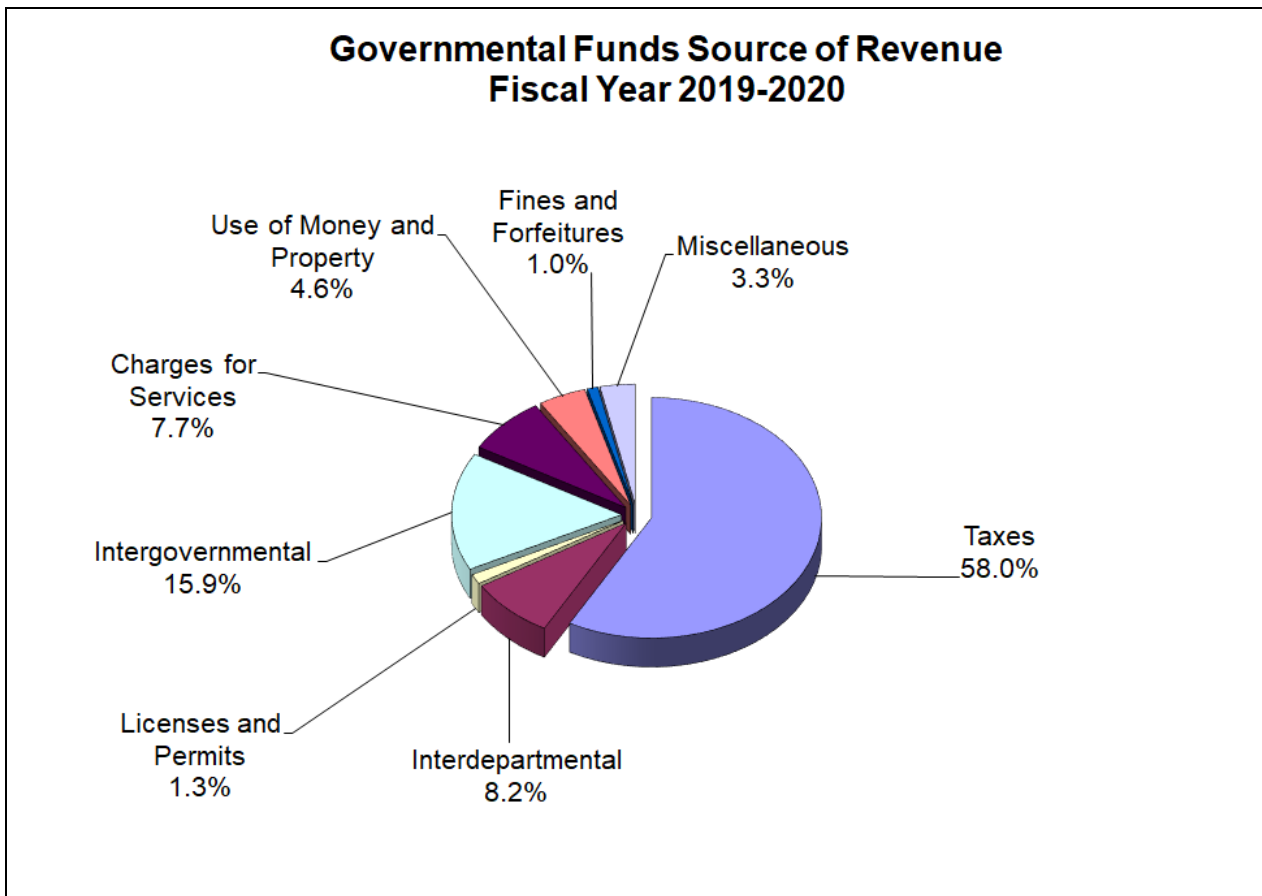
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements displayed previously, the fund financial statements which follow are not reflected on a full accrual basis. Therefore, amounts reflected in the fund financial statements versus the Government-Wide statements may differ due to this change in accounting methodology.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds - The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2020, and includes Major and Non-Major Funds. It reflects the amount and percent of increase or decrease of each source of revenue compared to the prior year.

Source of Revenue	Amount FY 2019-2020	Percent of Total	Increase (Decrease) FY 2018-2019	Percent Increase (Decrease)
Taxes	\$ 66,579,120	58.0 %	\$ (1,746,659)	(2.6) %
Interdepartmental	9,417,289	8.2 %	914,006	10.7 %
Licenses & permits	1,503,909	1.3 %	(51,498)	(3.3) %
Intergovernmental	18,215,129	15.9 %	2,911,595	19.0 %
Charges for services	8,851,688	7.7 %	(1,360,229)	(13.3) %
Use of money & property	5,219,501	4.6 %	(263,717)	(4.8) %
Fines & forfeitures	1,163,678	1.0 %	(325,746)	(21.9) %
Miscellaneous	3,835,968	3.3 %	(1,213,425)	(24.0) %
Total	<u>\$ 114,786,282</u>	<u>\$ 100.0 %</u>	<u>\$ (1,135,673)</u>	<u>(1.0) %</u>

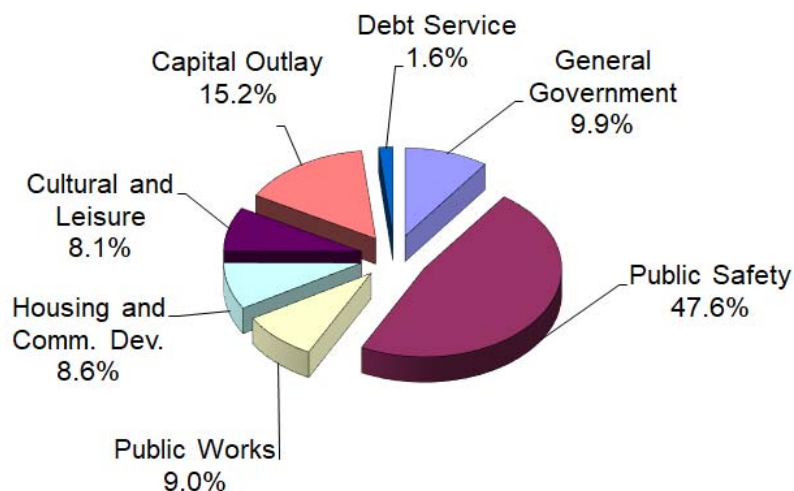


Total governmental fund revenues decreased \$(1.1) million, or (1.0)%, from fiscal year 2018-2019. Taxes decreased \$(1.7) million, or (2.6)%, primarily from transient occupancy tax revenue with closed and nearly empty hotels as a result of the COVID-19 restrictions. Intergovernmental revenue increased \$2.9 million, or 19.0%, with higher funding from sources recorded in the Intergovernmental Grants Fund for various capital improvement projects and bus purchases.

The following schedule is a summary of governmental fund expenditures by function for fiscal year ended June 30, 2020, and includes both Major and Non-Major Funds. It reflects the amount and percent of increase or decrease for each functional category of expenditures compared to the prior year.

Expenditures	Amount FY 2019-2020	Percent of Total	Increase (Decrease) FY 2018-2019	Percent Increase (Decrease)
Current:				
General government	\$ 12,701,080	9.9 %	\$ 1,154,954	10.0 %
Public safety	61,281,401	47.6 %	3,045,708	5.2 %
Public works	11,543,612	9.0 %	539,417	4.9 %
Housing and community development	11,075,922	8.6 %	(109,381)	(1.0) %
Cultural and leisure services	10,466,375	8.1 %	(1,531,370)	(12.8) %
Capital outlay	19,525,792	15.2 %	14,383,545	279.7 %
Debt service	2,117,680	1.6 %	900,253	73.9 %
Total	<u>\$ 128,711,862</u>	<u>100.0 %</u>	<u>\$ 18,383,126</u>	<u>16.7 %</u>

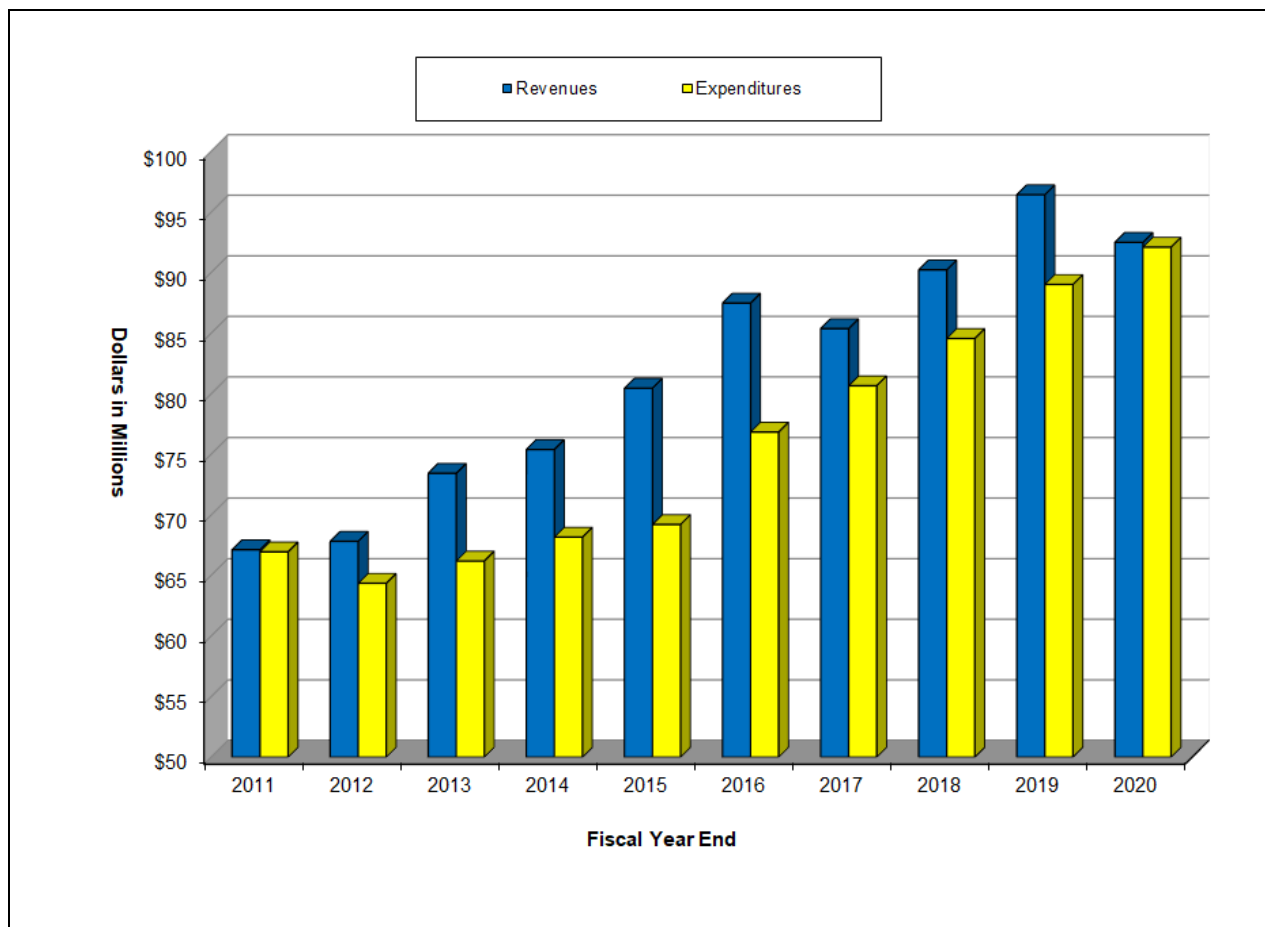
Governmental Funds Expenditures by Category Fiscal Year 2019-2020



Total governmental fund expenditures increased \$18.4 million, or 16.7%, from fiscal year 2018-2019. As mentioned earlier, the variances are attributable to:

- Current expenditures increased by \$3.1 million, or 3.0%, with higher personnel costs from higher CalPERS contributions.
- Capital outlay expenditures substantially increased by \$14.4 million, or 279.7%, reflecting the fluctuating nature of capital improvement project expenses.
- Debt service expenditures increased by \$900,253 or 73.9% in accordance with the debt payment schedules, including the first year of payments on the 2019 Lease Revenue Refunding Bonds.

Although there are three major funds in the City of Redondo Beach (the General Fund, the Other Intergovernmental Grants Fund, and the Low-Mod Income Housing Fund), the following discussions focus on the General Fund, which is the major operating fund of the City.



Only in this fiscal year of the COVID-19 pandemic (fiscal year 2019-2020) have expenditures exceeded revenues in the General Fund. When compared to fiscal year 2018-2019, revenues decreased \$(3.9) million, or (4.1)%, while expenditures increased \$2.5 million, or 2.7%.

General Fund Balance

The fund balance of the General Fund as of June 30, 2020 was \$17.5 million (includes Special Revenue – CalPERS Reserve Fund of \$6.6 million), an decrease of \$(3.2) million, when compared to the prior year. The City Council approved the constraints of the General Fund balance reflected below.

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>	<u>FY 2019-2020</u>
General Fund Contingency	\$ 7,605,573	\$ 7,989,184	\$ 7,585,231
Compensated Absences	616,299	731,829	770,942
Carryover Assignments	441,715	470,680	502,930
Encumbrances	1,456,722	1,270,741	1,292,166
Petty Cash	12,850	12,800	10,800
CalPERS	6,841,751	7,723,782	6,572,307
Future Year's Appropriations	11,670	789,985	-
Library Collection	50,000	-	-
Unassigned Balance	653,649	753,238	704,067

As part of year-end activities, the City Council reviews the General Fund balance and determines how the City should commit/assign the unrestricted portion. As illustrated above, Council constraints of General Fund balance over the past several years reflect the City's Strategic Plan. Aside from policy-designated amounts (i.e., General Fund Contingency and Compensated Absences), much of the money is committed or assigned to accomplish strategic goals.

Other Intergovernmental Grants Fund Balance

The fund balance of the Other Intergovernmental Grants Fund as of June 30, 2020 was \$(2.7) million, an decrease to the negative fund balance of \$(0.3) million, when compared to the prior year. Revenues and expenditures of the fund, where monies from Federal, State and other governmental agencies are used primarily for capital improvement projects, tend to fluctuate from year to year depending on resources received from other governmental agencies.

Low-Mod Income Housing Fund Balance

The fund balance of the Low-Mod Income Housing Fund as of June 30, 2020 was \$4.1 million, a decrease of \$(0.2) million, when compared to the prior year. Housing assets transferred from the dissolved Redevelopment Agency and funds generated from those assets are used to assist with housing needs for low- and moderate- income individuals.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended fiscal year 2019-2020 budget totaled \$99.2 million, excluding transfers out and including net amendments of \$2.7 million to the originally adopted budget. The City Council adopts budget adjustments during the year to reflect both changed priorities and consideration of events that took place subsequent to the budget adoption. The amendments can be briefly summarized as follows:

- Funding of prior-year encumbrances of \$1,269,380.
- Funding of carry-over appropriations of \$470,680.
- Increased mid-year appropriations by \$252,901.
- Appropriations of \$661,232 for employee wage and benefit payments.

Budget amendments were funded from/credited to available fund balance. During the year, however, revenues were approximately \$5.1 million and expenditures were \$4.7 million less than budgetary estimates, primarily due to contractual services that were not completed by year-end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets of the City, including infrastructure assets are those assets used in the performance of the City's functions. At June 30, 2020, net capital assets of the governmental and business-type activities totaled \$155.9 million and \$64.0 million, respectively. Depreciation on capital assets is recognized in the Government-Wide financial statements.

The City has elected to use the "Modified Approach" as defined by GASB 34 for infrastructure reporting for its paving system (streets). Under GASB 34, eligible infrastructure capital assets are not required to be depreciated as long as:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of: 1) an up-to-date inventory, 2) condition assessments which summarize the results using a measurement scale, and 3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- The City documents the eligible infrastructure capital assets being preserved approximately at the established and disclosed condition assessment level.

Prior to fiscal year 2008-2009, the City's PQI rating, an amalgam of the PCR and the International Roughness Index (IRI) established by the World Bank, was based on a 10.0 scale. In fiscal year 2008-2009, the PQI rating was converted to a 100 point scale to make it comparable to alternative pavement rating methods. In fiscal year 2017-2018, the City moved to the PCI rating, an alternate paving rating method, which is most frequently used by adjacent cities for an easier comparison. In line with the Capital Improvement Program and as presented to the City Council on January 16, 2018, City policy is to achieve an average PCI rating of 75 for all streets beginning in fiscal year 2028. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. As of June 30, 2020, the City's street system was rated at a PCI of 72.

The City's budget for street maintenance for the fiscal year ended June 30, 2020 was \$25.7 million. Actual expenditures were \$6.1 million, with the remaining budget carried forward as continuing appropriations. The City is judiciously investing in this infrastructure asset as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2020 through June 30, 2021 is a minimum of \$4.3 million.

More information on the modified approach for City streets infrastructure capital assets is behind the tab section titled Required Supplementary Information.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities			
Land	\$ 16,522,947	\$ -	\$ 16,522,947
Construction in Progress	11,750,941	-	11,750,941
Building and Improvements	54,245,677	(25,326,286)	28,919,391
Furniture and Equipment	11,008,826	(7,955,224)	3,053,602
Automotive Equipment	17,947,692	(12,286,135)	5,661,557
Leased Equipment	1,544,327	(948,217)	596,110
Infrastructure	146,382,300	(57,029,951)	89,352,349
Total	\$ 259,402,710	\$ (103,545,813)	\$ 155,856,897
Capital Assets - Business-Type Activities			
Land	\$ 20,323,255	\$ -	\$ 20,323,255
Construction in Progress	6,526,231	-	6,526,231
Building and Improvements	36,726,007	(19,981,426)	16,744,581
Furniture and Equipment	1,066,861	(953,452)	113,409
Automotive Equipment	3,562,814	(2,052,948)	1,509,866
Infrastructure	32,098,685	(13,287,082)	18,811,603
Total	\$ 100,303,853	\$ (36,274,908)	\$ 64,028,945

For more information on the City's capital assets, refer to Note 6 of the Notes to Financial Statements.

DEBT ADMINISTRATION

Debt service funds are used to account for the accumulation of resources for payment of interest and principal on bonds issued by the City. The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita for the fiscal year 2019-2020 are provided below. These indicators provide important information for management and concerned citizens, as well as potential investors.

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value of Property</u>	<u>Debt per Capita</u>
Net Direct Bonded Debt	\$ 33,335,000	0.19%	\$ 497.58

Bonds issued by the Community Financing Authority (CFA), a component unit of the City, were issued to finance various improvements to, and to remedy a variety of deficiencies in the facilities of the Wastewater Enterprise. In FY 2018-2019, the CFA issued bonds to refund various leaseback contingencies and finance the purchase of a sublease between the City and Redondo Fisherman's Cove Company. The City has no general obligation bond indebtedness.

For a complete listing of the City's long-term debt obligations, refer to Note 8 of the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering Fiscal Year 2020-2021, the local economy continues to be impacted by the coronavirus pandemic.

- Only impacted by possible payment delinquencies, property tax revenue for fiscal year 2020-2021 is projected to increase by only \$33,000 to \$29.3 million. Redondo Beach's housing market has remained fairly stable due to its coastal location. Property tax revenue is the City's number one source of operating revenue.
- Sales and Use Tax revenue is projected to decrease \$377,000 to \$9.3 million. This decrease is due to the lack of sales in the categories of restaurants and hotels, general consumer goods, business and industry, and autos and transportation from the pandemic-related business closures.
- Utility Users' Tax (UUT) revenue is projected to decrease to \$6.4 million. This estimate is based upon analysis of the projected performance from each of the categorical components of the City's UUT tax base, including electricity, natural gas, telecommunications, water, and cable television. A decreased usage of utilities (primarily water and electric) during the pandemic-related business closures is not offsetting the increased residential usage as more individuals work from home. UUT revenue provides support for essential City operational services.
- Transient Occupancy Tax (TOT) revenue is projected to decrease \$485,000 to \$5.8 million with an anticipation of a slow recovery from the closed and nearly empty hotels seen in FY 2019-20.

General Fund appropriations for fiscal year 2020-2021 are projected at \$91.1 million. Personnel costs are projected to increase primarily with CalPERS employer contribution rate increases. Reductions were required of all departments to arrive at a balanced budget.

During fiscal year 2019-2020, Redondo Beach experienced a 5.0% change in real property assessed valuations, compared to last year's 5.2%. However, the pandemic impacted all other economic factors negatively. Transient occupancy tax saw a 28.1% revenue decrease, and sales tax saw an 8.2% decrease while falling from ranking 35 out of 88 cities in Los Angeles County in total taxable retail sales to 38 out of 88. The unemployment rate for Redondo Beach in 2019 also rose dramatically to 15.2% from its 2019 rate of 3.8%, which generally reflected the rates of Los Angeles County's and the State of California's 2020 unemployment rates of 19.6% and 14.9%, respectively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Financial Services Department at 415 Diamond Street, Redondo Beach CA 90277, phone 310-318-0683, or e-mail FinanceMail@redondo.org.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF REDONDO BEACH

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 70,043,971	\$ 38,366,309	\$ 108,410,280
Receivables:			
Accounts	1,548,446	369,788	1,918,234
Taxes	3,837,569	103,568	3,941,137
Notes and loans	3,407,483	-	3,407,483
Accrued interest	317,800	164,875	482,675
Internal balances	973,213	(973,213)	-
Prepaid costs	689,400	-	689,400
Due from other governments	8,894,409	327,743	9,222,152
Advances to Successor Agency	535,731	-	535,731
Restricted assets:			
Cash with fiscal agent	1,870,074	121	1,870,195
Capital assets not being depreciated	82,327,924	26,849,486	109,177,410
Capital assets, net of depreciation	73,528,973	37,179,459	110,708,432
Total Assets	247,974,993	102,388,136	350,363,129
Deferred Outflows of Resources:			
Deferred charge on refunding	-	359,908	359,908
Deferred pension related items	26,692,637	2,678,952	29,371,589
Deferred OPEB related items	3,615,845	430,986	4,046,831
Total Deferred Outflows of Resources	30,308,482	3,469,846	33,778,328
Liabilities:			
Accounts payable	2,886,969	824,824	3,711,793
Accrued liabilities	2,350,041	-	2,350,041
Accrued interest	178,700	-	178,700
Unearned revenue	332,234	66,439	398,673
Deposits payable	164,939	230,239	395,178
Pollution remediation liability	150,000	-	150,000
Compensated absences due in one year	563,246	84,714	647,960
Claims payable due in one year	1,329,877	-	1,329,877
Long-term obligations due in one year	648,293	574,194	1,222,487
Noncurrent liabilities:			
Net pension liability due in more than one year	180,110,560	18,483,566	198,594,126
Net OPEB liability due in more than one year	14,924,182	1,778,876	16,703,058
Compensated absences due in more than one year	2,871,185	431,838	3,303,023
Claims payable due in more than one year	23,351,255	-	23,351,255
Long-term obligations due in more than one year	26,481,140	5,737,582	32,218,722
Total Liabilities	256,342,621	28,212,272	284,554,893
Deferred Inflows of Resources:			
Deferred pension related items	2,834,391	307,582	3,141,973
Deferred OPEB related items	3,379,348	402,798	3,782,146
Total Deferred Inflows of Resources	6,213,739	710,380	6,924,119
Net Position:			
Net investment in capital assets	155,670,310	58,077,077	213,747,387
Restricted for:			
Housing and community development	13,276,453	-	13,276,453
Public safety	517,359	-	517,359
Public works	4,361,809	-	4,361,809
Debt service	5,760,940	-	5,760,940
Low and moderate income housing	5,406,655	-	5,406,655
Unrestricted	(169,266,411)	18,858,253	(150,408,158)
Total Net Position	\$ 15,727,115	\$ 76,935,330	\$ 92,662,445

CITY OF REDONDO BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 13,574,385	\$ 10,699,014	\$ -	\$ -
Public safety	71,807,026	4,922,828	631,905	-
Housing and community development	11,456,603	3,189,541	-	130,951
Cultural and leisure services	11,810,514	6,609,840	6,274,302	917,980
Public works	15,373,701	2,297,396	3,420,473	1,833,174
Interest on long-term debt	1,272,259	-	-	-
Total Governmental Activities	125,294,488	27,718,619	10,326,680	2,882,105
Business-Type Activities:				
Harbor Tidelands	9,067,251	5,729,264	-	-
Harbor Uplands	4,707,797	4,886,188	-	-
Wastewater	3,809,885	5,523,009	-	-
Solid Waste	4,894,581	4,330,439	35,518	-
Transit	3,975,884	250,758	2,923,225	-
Total Business-Type Activities	26,455,398	20,719,658	2,958,743	-
Total Primary Government	\$ 151,749,886	\$ 48,438,277	\$ 13,285,423	\$ 2,882,105

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Special item**Transfers****Total General Revenues, Special Item
and Transfers**

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		

Governmental Activities	Business-Type Activities	Total
\$ (2,875,371)	\$ -	\$ (2,875,371)
(66,252,293)	-	(66,252,293)
(8,136,111)	-	(8,136,111)
1,991,608	-	1,991,608
(7,822,658)	-	(7,822,658)
(1,272,259)	-	(1,272,259)
(84,367,084)	-	(84,367,084)
-	(3,337,987)	(3,337,987)
-	178,391	178,391
-	1,713,124	1,713,124
-	(528,624)	(528,624)
-	(801,901)	(801,901)
-	(2,776,997)	(2,776,997)
(84,367,084)	(2,776,997)	(87,144,081)
39,774,170	-	39,774,170
6,335,445	-	6,335,445
9,716,883	-	9,716,883
1,706,355	-	1,706,355
1,251,673	-	1,251,673
6,824,873	-	6,824,873
969,721	-	969,721
54,193	-	54,193
5,219,501	1,563,880	6,783,381
1,640,662	712,172	2,352,834
(1,595,860)	1,595,860	-
(7,492,597)	7,492,597	-
64,405,019	11,364,509	75,769,528
(19,962,065)	8,587,512	(11,374,553)
35,689,180	68,347,818	104,036,998
\$ 15,727,115	\$ 76,935,330	\$ 92,662,445

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

CITY OF REDONDO BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

		Special Revenue Funds	
	General	Other Intergovernmental Grants	Low-Mod Income Housing
Assets:			
Pooled cash and investments	\$ 6,019,135	\$ -	\$ 1,249,080
Receivables:			
Accounts	1,383,561	-	-
Taxes	3,815,126	-	-
Notes and loans	23,262	-	3,027,392
Accrued interest	249,918	-	-
Prepaid costs	84,435	-	-
Due from other governments	1,772,637	2,266,029	-
Due from other funds	5,518,469	-	-
Advances to Successor Agency	-	-	535,731
Restricted assets:			
Cash and investments with fiscal agents	1,869,940	-	-
Total Assets	\$ 20,736,483	\$ 2,266,029	\$ 4,812,203
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 490,450	\$ 126,652	\$ 25,000
Accrued liabilities	2,350,041	-	-
Unearned revenues	32,285	299,949	-
Deposits payable	164,939	-	-
Due to other funds	-	2,656,000	174,000
Pollution remediation liability	150,000	-	-
Total Liabilities	3,187,715	3,082,601	199,000
Deferred Inflows of Resources:			
Unavailable revenues	2,628	1,862,858	469,992
Total Deferred Inflows of Resources	2,628	1,862,858	469,992
Fund Balances:			
Nonspendable:			
Prepaid costs	84,435	-	-
Notes and loans	23,262	-	-
Restricted for:			
Housing and community development	-	-	-
Public safety	-	-	-
Public works	-	-	-
Debt service	-	-	-
Low and moderate income housing	-	-	4,143,211
Committed to:			
Contingency	7,585,231	-	-
Assigned to:			
General government	260,844	-	-
Housing and community development	308,100	-	-
Public safety	517,235	-	-
Public works	205,987	-	-
Capital projects	-	-	-
Carryover assignments	502,930	-	-
Compensated absences	770,942	-	-
Petty cash	10,800	-	-
CalPERS	6,572,307	-	-
Unassigned	704,067	(2,679,430)	-
Total Fund Balances	17,546,140	(2,679,430)	4,143,211
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,736,483	\$ 2,266,029	\$ 4,812,203

CITY OF REDONDO BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 31,991,767	\$ 39,259,982
Receivables:		
Accounts	123,365	1,506,926
Taxes	22,443	3,837,569
Notes and loans	356,829	3,407,483
Accrued interest	67,882	317,800
Prepaid costs	-	84,435
Due from other governments	4,854,129	8,892,795
Due from other funds	435,987	5,954,456
Advances to Successor Agency	-	535,731
Restricted assets:		
Cash and investments with fiscal agents	134	1,870,074
Total Assets	\$ 37,852,536	\$ 65,667,251
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,282,796	\$ 1,924,898
Accrued liabilities	-	2,350,041
Unearned revenues	-	332,234
Deposits payable	-	164,939
Due to other funds	2,151,243	4,981,243
Pollution remediation liability	-	150,000
Total Liabilities	3,434,039	9,903,355
Deferred Inflows of Resources:		
Unavailable revenues	409,036	2,744,514
Total Deferred Inflows of Resources	409,036	2,744,514
Fund Balances:		
Nonspendable:		
Prepaid costs	-	84,435
Notes and loans	-	23,262
Restricted for:		
Housing and community development	13,276,453	13,276,453
Public safety	517,359	517,359
Public works	4,361,809	4,361,809
Debt service	5,760,940	5,760,940
Low and moderate income housing	1,263,444	5,406,655
Committed to:		
Contingency	-	7,585,231
Assigned to:		
General government	-	260,844
Housing and community development	-	308,100
Public safety	-	517,235
Public works	-	205,987
Capital projects	9,708,041	9,708,041
Carryover assignments	-	502,930
Compensated absences	-	770,942
Petty cash	-	10,800
CalPERS	-	6,572,307
Unassigned	(878,585)	(2,853,948)
Total Fund Balances	34,009,461	53,019,382
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 37,852,536	\$ 65,667,251

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CITY OF REDONDO BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances of governmental funds		\$ 53,019,382
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		145,857,572
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (26,942,846)	
Net OPEB liability	(13,925,340)	
Net pension liability	(171,353,626)	
Compensated absences	<u>(3,077,824)</u>	(215,299,636)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(178,700)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		2,744,514
Deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - pension related items		25,491,131
Deferred inflows of resources - pension related items		(2,669,927)
Deferred outflows of resources - OPEB related items		3,373,845
Deferred inflows of resources - OPEB related items		<u>(3,153,176)</u>
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>6,542,110</u>
Net Position of Governmental Activities		<u>\$ 15,727,115</u>

CITY OF REDONDO BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General	Special Revenue Funds	
		Other Intergovernmental Grants	Low-Mod Income Housing
Revenues:			
Taxes	\$ 66,386,725	\$ -	\$ -
Interdepartmental	9,417,289	-	-
Licenses and permits	1,503,909	-	-
Intergovernmental	278,418	3,417,722	-
Charges for services	7,003,574	-	-
Use of money and property	3,784,458	-	46,548
Fines and forfeitures	1,163,678	-	-
Miscellaneous	2,951,772	-	70,000
Total Revenues	92,489,823	3,417,722	116,548
Expenditures:			
Current:			
General government	12,701,080	-	-
Public safety	60,204,007	424,418	-
Housing and community development	4,044,131	-	270,089
Cultural and leisure services	10,456,518	9,000	-
Public works	7,126,164	73,997	-
Capital outlay	52,009	2,614,792	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	94,583,909	3,122,207	270,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,094,086)	295,515	(153,541)
Other Financing Sources (Uses):			
Transfers in	1,526,718	-	-
Transfers out	(2,609,468)	-	-
Total Other Financing Sources (Uses):	(1,082,750)	-	-
Net Change in Fund Balances	(3,176,836)	295,515	(153,541)
Fund Balances, Beginning of Year	20,722,976	(2,974,945)	4,296,752
Fund Balances, End of Year	\$ 17,546,140	\$ (2,679,430)	\$ 4,143,211

CITY OF REDONDO BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 192,395	\$ 66,579,120
Interdepartmental	-	9,417,289
Licenses and permits	-	1,503,909
Intergovernmental	14,518,989	18,215,129
Charges for services	1,848,114	8,851,688
Use of money and property	1,388,495	5,219,501
Fines and forfeitures	-	1,163,678
Miscellaneous	814,196	3,835,968
Total Revenues	18,762,189	114,786,282
Expenditures:		
Current:		
General government	-	12,701,080
Public safety	652,976	61,281,401
Housing and community development	6,761,702	11,075,922
Cultural and leisure services	857	10,466,375
Public works	4,343,451	11,543,612
Capital outlay	16,858,991	19,525,792
Debt service:		
Principal retirement	795,000	795,000
Interest and fiscal charges	1,322,680	1,322,680
Total Expenditures	30,735,657	128,711,862
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,973,468)	(13,925,580)
Other Financing Sources (Uses):		
Transfers in	3,391,387	4,918,105
Transfers out	(801,234)	(3,410,702)
Total Other Financing Sources (Uses):	2,590,153	1,507,403
Net Change in Fund Balances	(9,383,315)	(12,418,177)
Fund Balances, Beginning of Year	43,392,776	65,437,559
Fund Balances, End of Year	\$ 34,009,461	\$ 53,019,382

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CITY OF REDONDO BEACH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds \$ (12,418,177)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 18,601,938	
Depreciation	(3,798,815)	
Loss on disposal	(40,298)	
Transfer to enterprise fund	<u>(9,000,000)</u>	5,762,825

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	795,000	
Amortization of bond premiums/discounts	<u>(24,902)</u>	770,098

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 75,323

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (122,806)

Governmental funds report all contributions in relation to the annual required contribution for pensions as expenditures, however, in the Statement of Activities, pension expense is actually determined and certain pension related adjustments are deferred to future periods. (16,577,668)

Governmental funds report all contributions in relation to the annual required contribution for OPEB as expenditures, however, in the Statement of Activities, OPEB expense is actually determined and certain pension related adjustments are deferred to future periods. 387,673

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (365,402)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 2,526,069

Change in Net Position of Governmental Activities \$ (19,962,065)

CITY OF REDONDO BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
Assets:				
Current:				
Cash and investments	\$ 14,648,515	\$ 3,010,096	\$ 19,379,308	\$ 1,328,390
Receivables:				
Accounts	49,151	162,258	31,118	127,261
Taxes	-	-	59,205	44,363
Accrued interest	66,684	14,106	84,085	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Restricted:				
Cash with fiscal agent	-	-	121	-
Total Current Assets	14,764,350	3,186,460	19,553,837	1,500,014
Noncurrent:				
Capital assets - net of accumulated depreciation	19,984,047	24,327,151	18,191,484	30,643
Total Noncurrent Assets	19,984,047	24,327,151	18,191,484	30,643
Total Assets	34,748,397	27,513,611	37,745,321	1,530,657
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	359,908	-
Deferred pension related items	1,705,299	270,544	411,154	162,389
Deferred OPEB related items	211,244	81,746	72,438	38,849
Total Deferred Outflows of Resources	1,916,543	352,290	843,500	201,238
Liabilities:				
Current:				
Accounts payable	131,058	290,041	130,519	8,194
Unearned revenues	-	-	-	45,884
Deposits payable	144,634	85,605	-	-
Due to other funds	435,987	-	-	-
Accrued compensated absences	30,643	9,804	24,550	9,944
Accrued claims and judgments	-	-	-	-
Long-term debt - due within one year	274,194	-	300,000	-
Total Current Liabilities	1,016,516	385,450	455,069	64,022
Noncurrent:				
Accrued compensated absences	156,203	49,977	125,147	50,690
Accrued claims and judgments	-	-	-	-
Net pension liability	11,446,074	1,913,016	2,996,622	1,183,540
Net OPEB liability	871,900	337,402	298,985	160,349
Long-term debt - due in more than one year	-	-	5,737,582	-
Total Noncurrent Liabilities	12,474,177	2,300,395	9,158,336	1,394,579
Total Liabilities	13,490,693	2,685,845	9,613,405	1,458,601
Deferred Inflows of Resources:				
Deferred pension related items	177,641	33,696	56,281	22,229
Deferred OPEB related items	197,428	76,399	67,701	36,308
Total Deferred Inflows of Resources	375,069	110,095	123,982	58,537
Net Position:				
Net investment in capital assets	19,709,853	24,327,151	12,513,810	30,643
Unrestricted	3,089,325	742,810	16,337,624	184,114
Total Net Position	\$ 22,799,178	\$ 25,069,961	\$ 28,851,434	\$ 214,757

CITY OF REDONDO BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
Assets:			
Current:			
Cash and investments	\$ -	\$ 38,366,309	\$ 30,783,989
Receivables:			
Accounts	-	369,788	41,520
Taxes	-	103,568	-
Accrued interest	-	164,875	-
Prepaid costs	-	-	604,965
Due from other governments	327,743	327,743	1,614
Restricted:			
Cash with fiscal agent	-	121	-
Total Current Assets	327,743	39,332,404	31,432,088
Noncurrent:			
Capital assets - net of accumulated depreciation	1,495,620	64,028,945	9,999,325
Total Noncurrent Assets	1,495,620	64,028,945	9,999,325
Total Assets	1,823,363	103,361,349	41,431,413
Deferred Outflows of Resources:			
Deferred charge on refunding	-	359,908	-
Deferred pension related items	129,566	2,678,952	1,201,506
Deferred OPEB related items	26,709	430,986	242,000
Total Deferred Outflows of Resources	156,275	3,469,846	1,443,506
Liabilities:			
Current:			
Accounts payable	265,012	824,824	962,071
Unearned revenues	20,555	66,439	-
Deposits payable	-	230,239	-
Due to other funds	537,226	973,213	-
Accrued compensated absences	9,773	84,714	58,483
Accrued claims and judgments	-	-	1,329,877
Long-term debt - due within one year	-	574,194	93,293
Total Current Liabilities	832,566	2,753,623	2,443,724
Noncurrent:			
Accrued compensated absences	49,821	431,838	298,124
Accrued claims and judgments	-	-	23,351,255
Net pension liability	944,314	18,483,566	8,756,934
Net OPEB liability	110,240	1,778,876	998,842
Long-term debt - due in more than one year	-	5,737,582	93,294
Total Noncurrent Liabilities	1,104,375	26,431,862	33,498,449
Total Liabilities	1,936,941	29,185,485	35,942,173
Deferred Inflows of Resources:			
Deferred pension related items	17,735	307,582	164,464
Deferred OPEB related items	24,962	402,798	226,172
Total Deferred Inflows of Resources	42,697	710,380	390,636
Net Position:			
Net investment in capital assets	1,495,620	58,077,077	9,812,738
Unrestricted	(1,495,620)	18,858,253	(3,270,628)
Total Net Position	\$ -	\$ 76,935,330	\$ 6,542,110

CITY OF REDONDO BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
Operating Revenues:				
Sales and service charges	\$ 928,410	\$ 1,817,616	\$ 5,523,009	\$ 4,330,439
Harbor rentals	4,800,854	3,068,572	-	-
Miscellaneous	13,870	12,139	510,945	174,551
Total Operating Revenues	5,743,134	4,898,327	6,033,954	4,504,990
Operating Expenses:				
Administration and general	617,392	524,591	108,596	91,006
Personnel services	6,014,700	1,286,741	2,141,370	941,685
Contractual services	409,294	982,984	540,832	3,259,048
Internal service charges	1,555,255	1,395,165	462,552	596,086
Depreciation expense	440,896	518,316	299,345	6,756
Total Operating Expenses	9,037,537	4,707,797	3,552,695	4,894,581
Operating Income (Loss)	(3,294,403)	190,530	2,481,259	(389,591)
Nonoperating Revenues (Expenses):				
Intergovernmental	-	-	-	35,518
Interest revenue	623,587	122,663	817,630	-
Interest expense	(29,714)	-	(257,190)	-
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	593,873	122,663	560,440	35,518
Income (Loss) Before Transfers and Special Item	(2,700,530)	313,193	3,041,699	(354,073)
Transfers in	-	9,000,000	-	-
Transfers out	(876,330)	(1,432,307)	-	-
Special item	-	1,595,860	-	-
Changes in Net Position	(3,576,860)	9,476,746	3,041,699	(354,073)
Net Position:				
Beginning of Year	26,376,038	15,593,215	25,809,735	568,830
End of Fiscal Year	\$ 22,799,178	\$ 25,069,961	\$ 28,851,434	\$ 214,757

CITY OF REDONDO BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
Operating Revenues:			
Sales and service charges	\$ 250,758	\$ 12,850,232	\$ 22,989,650
Harbor rentals	-	7,869,426	-
Miscellaneous	667	712,172	98,081
Total Operating Revenues	251,425	21,431,830	23,087,731
Operating Expenses:			
Administration and general	435,257	1,776,842	7,500,113
Personnel services	593,754	10,978,250	7,204,411
Contractual services	2,609,288	7,801,446	1,937,855
Internal service charges	213,663	4,222,721	2,010,844
Depreciation expense	123,922	1,389,235	1,684,200
Total Operating Expenses	3,975,884	26,168,494	20,337,423
Operating Income (Loss)	(3,724,459)	(4,736,664)	2,750,308
Nonoperating Revenues (Expenses):			
Intergovernmental	2,923,225	2,958,743	-
Interest revenue	-	1,563,880	-
Interest expense	-	(286,904)	-
Gain (loss) on disposal of capital assets	-	-	(224,239)
Total Nonoperating Revenues (Expenses)	2,923,225	4,235,719	(224,239)
Income (Loss) Before Transfers and Special Item	(801,234)	(500,945)	2,526,069
Transfers in	801,234	9,801,234	-
Transfers out	-	(2,308,637)	-
Special item	-	1,595,860	-
Changes in Net Position	-	8,587,512	2,526,069
Net Position:			
Beginning of Year	-	68,347,818	4,016,041
End of Fiscal Year	\$ -	\$ 76,935,330	\$ 6,542,110

CITY OF REDONDO BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 6,102,242	\$ 4,900,326	\$ 6,022,131	\$ 4,503,867
Cash received from/(paid to) interfund service provided				
Cash paid to suppliers for goods and services	(2,775,505)	(2,896,579)	(1,224,842)	(4,473,426)
Cash paid to employees for services	(3,826,720)	(1,557,318)	(1,440,606)	(812,643)
Net Cash Provided (Used) by Operating Activities	(499,983)	446,429	3,356,683	(782,202)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(876,330)	(1,432,307)	-	-
Cash transfers in	-	-	-	-
Repayment received from other funds	328,049	-	-	-
Payment made to other funds	435,987	-	-	-
Cash received from other governments	-	-	-	35,518
Net Cash Provided (Used) by Non-Capital Financing Activities	(112,294)	(1,432,307)	-	35,518
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(638,820)	(2,000,406)	(1,554,072)	-
Principal paid on capital debt	(386,104)	-	(290,000)	-
Interest paid on capital debt	(29,714)	-	(257,738)	-
Proceeds from capital debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,054,638)	(2,000,406)	(2,101,810)	-
Cash Flows from Investing Activities:				
Interest received	637,005	139,002	820,685	-
Net Cash Provided (Used) by Investing Activities	637,005	139,002	820,685	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,029,910)	(2,847,282)	2,075,558	(746,684)
Cash and Cash Equivalents at Beginning of Year	15,678,425	5,857,378	17,303,871	2,075,074
Cash and Cash Equivalents at End of Year	\$ 14,648,515	\$ 3,010,096	\$ 19,379,429	\$ 1,328,390

CITY OF REDONDO BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (3,294,403)	\$ 190,530	\$ 2,481,259	\$ (389,591)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	440,896	518,316	299,345	6,756
Special item	-	1,595,860	-	-
(Increase) decrease in accounts receivable	362,108	1,999	(29,284)	5,797
(Increase) decrease in taxes receivable	-	-	17,461	-
(Increase) decrease in deferred outflow pension related items	(286,751)	368,469	(77,392)	(1,378)
(Increase) decrease in deferred outflow OPEB related items	20,512	23,116	5,108	3,008
(Increase) decrease in prepaid expense	1,800	-	-	-
Increase (decrease) in accounts payable	(97,946)	107,348	(87,513)	(512,568)
Increase (decrease) in due from other governments	-	-	-	-
Increase (decrease) in unearned revenue	(3,000)	-	-	(6,920)
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in net pension liability	2,334,339	(2,230,133)	736,742	93,347
Increase (decrease) in OPEB liability	(97,418)	(101,187)	(25,349)	(14,718)
Increase (decrease) in deferred inflow pension related items	77,307	(15,070)	21,939	5,662
Increase (decrease) in deferred inflow OPEB related items	45,873	7,824	16,991	8,936
Increase (decrease) in compensated absences	(3,300)	(20,643)	(2,624)	19,467
Total Adjustments	2,794,420	255,899	875,424	(392,611)
Net Cash Provided (Used) by Operating Activities	\$ (499,983)	\$ 446,429	\$ 3,356,683	\$ (782,202)
Non-Cash Investing, Capital, and Financing Activities:				
Transfer of Land	\$ -	\$ 9,000,000	\$ -	\$ -

CITY OF REDONDO BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 125,070	\$ 21,653,636	\$ 23,113,498
Cash received from/(paid to) interfund service provided		-	-
Cash paid to suppliers for goods and services	(3,300,385)	(14,670,737)	(13,291,455)
Cash paid to employees for services	(522,901)	(8,160,188)	(5,670,172)
Net Cash Provided (Used) by Operating Activities	(3,698,216)	(1,177,289)	4,151,871
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	(2,308,637)	-
Cash transfers in	801,234	801,234	-
Repayment received from other funds	-	328,049	-
Payment made to other funds	391,014	827,001	-
Cash received from other governments	2,729,750	2,765,268	-
Net Cash Provided (Used) by Non-Capital Financing Activities	3,921,998	2,412,915	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(223,782)	(4,417,080)	(2,050,863)
Principal paid on capital debt	-	(676,104)	(93,293)
Interest paid on capital debt	-	(287,452)	-
Proceeds from capital debt issued	-	-	279,880
Proceeds from sale of capital assets	-	-	65,598
Net Cash Provided (Used) by Capital and Related Financing Activities	(223,782)	(5,380,636)	(1,798,678)
Cash Flows from Investing Activities:			
Interest received	-	1,596,692	-
Net Cash Provided (Used) by Investing Activities	-	1,596,692	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	(2,548,318)	2,353,193
Cash and Cash Equivalents at Beginning of Year	-	40,914,748	28,430,796
Cash and Cash Equivalents at End of Year	\$ -	\$ 38,366,430	\$ 30,783,989

CITY OF REDONDO BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (3,724,459)	\$ (4,736,664)	\$ 2,750,308
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	123,922	1,389,235	1,684,200
Special item	-	1,595,860	-
(Increase) decrease in accounts receivable	8,070	348,690	27,381
(Increase) decrease in taxes receivable	-	17,461	(1,614)
(Increase) decrease in deferred outflow pension related items	2,094	5,042	(178,414)
(Increase) decrease in deferred outflow OPEB related items	2,812	54,556	5,177
(Increase) decrease in prepaid expense	-	1,800	(596,730)
Increase (decrease) in accounts payable	(28,949)	(619,628)	(483,199)
Increase (decrease) in due from other governments	-	-	-
Increase (decrease) in unearned revenue	(134,425)	(144,345)	-
Increase (decrease) in claims and judgments	-	-	(955,682)
Increase (decrease) in net pension liability	52,854	987,149	1,829,663
Increase (decrease) in OPEB liability	(13,228)	(251,900)	(34,974)
Increase (decrease) in deferred inflow pension related items	4,188	94,026	59,196
Increase (decrease) in deferred inflow OPEB related items	5,658	85,282	64,533
Increase (decrease) in compensated absences	3,247	(3,853)	(17,974)
Total Adjustments	26,243	3,559,375	1,401,563
Net Cash Provided (Used) by Operating Activities	\$ (3,698,216)	\$ (1,177,289)	\$ 4,151,871
Non-Cash Investing, Capital, and Financing Activities:			
Transfer of Land	\$ -	\$ 9,000,000	\$ -

CITY OF REDONDO BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

		Private-Purpose Trust Fund
	Agency Funds	Redevelopment Obligation Retirement Fund
Assets:		
Pooled cash and investments	\$ 2,336,946	\$ 1,676,042
Receivables:		
Accounts	12,567	-
Accrued interest	-	6,784
Total Assets	\$ 2,349,513	\$ 1,682,826
Liabilities:		
Accounts payable	\$ 57,271	-
Accrued interest	-	188,845
Deposits payable	2,292,242	-
Long-term liabilities:		
Due in one year	-	460,000
Due in more than one year	-	17,848,786
Advances from City	-	535,731
Total Liabilities	\$ 2,349,513	19,033,362
Net Position:		
Held in trust for other purposes		(17,350,536)
Total Net Position		\$ (17,350,536)

CITY OF REDONDO BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Fund
	Redevelopment Obligation Retirement Fund
Additions:	
Charges for services	\$ 247,252
RPTTF distributions	898,530
Investment earnings	41,680
Total Additions	1,187,462
Deductions:	
Administrative expenses	250,000
Interest expense	380,520
Total Deductions	630,520
Changes in Net Position	556,942
Net Position - Beginning of the Year	(17,907,478)
Net Position - End of the Year	\$ (17,350,536)

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Redondo Beach, California (City) have been prepared in conformity with generally accepted accounting principles (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 principles. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City was incorporated on April 29, 1892, under the laws of the State of California and enjoys all the rights and privileges applicable to a Charter City. It is governed by an elected Mayor and a five-member council.

As required by GAAP, the financial statements present the City and its component units, entities for which the City is substantively the same governing body of the component unit's governing body and there is either a financial benefit or burden relationship between the City and the component units. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

The Parking Authority of the City of Redondo Beach (Parking Authority) was established on March 3, 1969, pursuant to the provisions of the Streets and Highway Code of the State of California. The principal purpose of the Parking Authority is to provide public off-street parking within the City. The Parking Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council. The Parking Authority is considered a blended component unit due to the financial benefit or burden relationship the Parking Authority shares with the City as its financial transactions are reported in a Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

The Redondo Beach Housing Authority (Housing Authority) was formed on June 2, 1975, for the purpose of providing affordable, decent housing for lower income residents of the City. The Housing Authority operates the Fair Housing and Section 8 housing programs. The Housing Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council. The Housing Authority is considered a blended component unit due to the financial benefit or burden relationship the Housing Authority shares with the City as its financial transactions are reported in a Special Revenue Fund. Separate financial statements are not prepared for this blended component unit.

The Redondo Beach Public Financing Authority (Public Financing Authority), a joint powers authority, was formed on June 25, 1996, to provide financing for capital improvement projects. The Redevelopment Agency joined with the City to form the Public Financing Authority to operate rental property and issue bonds to provide funds for public capital improvements. The Public Financing Authority has the same governing board as the City, which also performs all accounting and administrative functions for the Public Financing Authority. The Public Financing Authority is considered a blended component unit due to the financial benefit or burden relationship the Public Financing Authority shares with the City as its financial transactions are reported in a Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The Redondo Beach Community Financing Authority (Community Financing Authority), a joint powers authority was formed on January 31, 2012, to provide financing for capital improvement projects as the State's elimination of the Redevelopment Agency, which was a member of the Public Financing Authority, created the need for a new financing authority. The Parking Authority joined with the City to form the Community Financing Authority. The Community Financing Authority has the same governing board as the City, which also performs all accounting and administrative functions for the Community Financing Authority. The Community Financing Authority is considered a blended component unit due to the financial benefit or burden relationship the Community Financing Authority shares with the City as its financial transactions are combined with the Public Financing Authority and reported in a Debt Service Fund. The Community Financing Authority does not issue separate financial statements.

Financial information relating to the component units can be obtained from the City Clerk's Office or Financial Services Department located at City Hall.

b. Basis of 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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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 basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, deferred inflows of resources, 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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses reported for specific functions.

Certain types of transactions are reported as program revenues for the City in three categories:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Certain eliminations have been made in regard 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, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The City has presented all major funds that have 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.

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end), which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, special assessments, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable or unearned revenue is removed and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are 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 - The City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

- Other Intergovernmental Grants Special Revenue Fund - To account for federal, state and other governmental agencies grant funding that supplements local funding.
- Low-Mod Income Housing Asset Special Revenue Fund - To account for all transferred housing assets of the dissolved Redevelopment Agency and funds generated from those housing assets.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in 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 enterprise funds as major proprietary funds:

- Harbor Tidelands Fund - accounts for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is restricted under the City Tideland Trust Agreement with the State of California.
- Harbor Uplands Fund - accounts for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is subject only to the decisions of the City Council.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

- Wastewater Fund - accounts for the capital facility charge and a sewer use fee. The charges are designed to reimburse the City's wastewater system for the capital and maintenance and operations costs necessary for providing wastewater capacity to system users. These charges are associated with the expansion of the system required over time to address increases in wastewater flow generated by new development.
- Solid Waste Fund – accounts for the revenues and expenses related to the City's comprehensive solid waste program, which includes refuse collection, recycling and hazardous waste disposal.
- Transit Fund – accounts for public transportation programs and projects of the City.

Fiduciary Fund Financial Statements

The City maintains two fiduciary fund types. The first is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The second is an agency fund which has no measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

c. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

d. 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, or to serve as collateral for debt. Cash and investments are also restricted for deposits held for others within the enterprise funds.

e. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

f. 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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."

g. Capital Assets

In the Government-Wide Financial Statements, capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets and capital assets received in a service concession are valued at their acquisition value rather than fair value.

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$ 5,000
Infrastructure Capital Assets	25,000
Buildings, Paring Structures and Parking Lots	100,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The City has chosen the Modified Approach for reporting of the Street Pavement Subsystem infrastructure assets, and as a result no depreciation is recorded for that system; instead, all expenditures made for these assets, except for additions and improvements, are expensed in the year incurred. For all other assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	5-45
Equipment	5-20
Vehicles	4-20
Infrastructure	5-60

The City defines infrastructure as the physical assets that allow the City to function. These assets include:

- Streets system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business
- Underground utilities

Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these financial statements; however, the City maintains detailed information on these subsystems.

In May 2020, a physical assessment of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments. Upon completion of the study, a Pavement Condition Index (PCI) was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Ratings ranged from 0 to 100. A PCI of 0 would correspond to badly deteriorated pavement with virtually no remaining life; a PCI of 100 would correspond to pavement with proper engineering design and construction at the beginning of its life cycle. During the year, the comprehensive survey is updated to reflect the pavement's current condition.

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

In line with the Capital Improvement Program and as presented to the City Council on January 16, 2018, City policy is to achieve an average PCI rating of 75 for all streets beginning in fiscal year 2028. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. For 2018, 2019 and 2020, the City's street system was rated at a PCI of 68, 66 and 72 on the average, respectively.

For a detailed description of the Modified Approach, see the Required Supplementary Information section of this report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

For all other infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. As such, the City records the assets at historical cost and depreciates them over their useful lives, and regularly evaluates them for impairment. Expenditures that extend the life of the asset are capitalized.

Interest accrued during capital assets construction, if any, is capitalized for the governmental and proprietary funds as part of the asset cost.

In the fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

h. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, governmental fund types do not recognize interest payable, while proprietary fund types recognize the interest payable when the liability is incurred.

i. Unearned/Unavailable Revenue

In the financial statements, unearned revenue is recognized for transactions in which revenue has not yet been earned, and unavailable revenue is recognized for transactions in which revenue is measurable but not available. Typical transactions recorded as unearned revenues in the financial statements are prepaid charges for services, and grants received but not yet earned. Typical transactions recorded as unavailable revenues in the financial statements are long term loans receivable, and reimbursable grants that are not collected in the City's availability period.

j. Compensated Absences Payable

Only the short-term liability for compensated absences (the amount due to employees for future absences, such as vacation and compensatory time, which are attributable to services already rendered) is reported as a current liability in the governmental funds and only if they have matured, for example, as a result of employee resignations and retirements; the long-term liability is reported in the government-wide financial statements. The short-term liability is the amount that will be liquidated with current financial resources and is expected to be paid during the next fiscal year. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue from two to three times their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Unused sick leave is forfeited upon termination.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

k. Claims and Judgments Payable

The short-term and long-term claims are reported as liabilities in the Self-Insurance Program Internal Service Fund. The short-term liability which will be liquidated with *current financial resources* is the amount of the settlement reached, but unpaid, related to claims and judgments entered.

l. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Financial Statements

The fund financial statements do not present long-term debt. Consequently, long-term debt is a reconciling item and is shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount.

m. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

n. Net Position

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

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

o. Fund Balances

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

Nonspendable – Nonspendable fund balances are items that are not expected to be converted to cash, such as prepaid items and inventories, or items that are required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resources providers, such as grant providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances include amounts that can be used only for the specific purposes when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Assigned - Assigned fund balances comprise amounts intended to be used by the government for specific purposes, but are neither restricted nor committed. Intent is expressed when the City Council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned - Unassigned fund balance is a residual (surplus) classification used for the General Fund only and includes amounts not contained in the other classifications. Unassigned amounts in the General Fund are technically available for any purpose. If a governmental fund, other than the General Fund, has a fund balance deficit, it will be reported as a negative amount in the unassigned classification in that fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

p. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the source:

- Restricted
- Committed
- Assigned
- Unassigned

q. Property Taxes

Under California law, property taxes are assessed and collected by the counties on up to 1% of assessed property value, plus other increases approved by the voters. Property taxes collected are pooled and then allocated to the cities based on complex formulas.

January 1	Lien Date
June 30	Levy Date
November 1 and February 1	Due Dates
December 10 and April 10	Collection Date

r. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

s. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunding debt. Secondly, the City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 11), which are amortized by an actuarial determined period. Thirdly, the City has deferred outflows related to Other Post-Employment Benefits (OPEB), which include contributions subsequent to the measurement date of the total OPEB liability and other amounts.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Firstly, the City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. These amounts (see Note 11) are amortized by an actuarial determined period. Secondly, the City also has deferred inflows of resources related to OPEB, which arise only under a full accrual basis of accounting.

t. Other Post-Employment 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 City's plan (OPEB Plan), the assets of which are held by California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

u. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARL) (8.1 years at July 1, 2018)

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 2: Stewardship, Compliance, and Accountability

Excess of expenditures over appropriations in individual funds was as follows:

<u>Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Non-Major Funds:			
Public Financing Authority	\$ 3,012,743	\$ 11,316,695	\$ (8,303,952)

Deficit Fund Balance

The following funds had a deficit balance as of June 30, 2020:

Major Funds:	
Other Intergovernmental Grants	\$ (2,679,430)
Non-Major Funds:	
Disaster Recovery	(325,010)
Measure W	(553,575)
Internal Service Funds:	
Building Occupancy	(205,345)
Self-Insurance Program	(10,798,974)

The deficit fund balances are expected to be recovered through grant and other reimbursement revenues.

Note 3: Cash and Investments

Cash and investments are presented on the Statement of Net Position as follows at June 30, 2020:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Funds</u>	
	<u>Governmental</u>	<u>Business-type</u>		<u>Statement of</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Net Position</u>	<u>Total</u>
Cash and investments	\$ 70,043,971	\$ 38,366,309	\$ 108,410,280	\$ 4,012,988	\$ 112,423,268
Restricted cash and investments with fiscal agents	1,870,074	121	1,870,195	-	1,870,195
Total	<u>\$ 71,914,045</u>	<u>\$ 38,366,430</u>	<u>\$ 110,280,475</u>	<u>\$ 4,012,988</u>	<u>\$ 114,293,463</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Cash, cash equivalents, and investments consisted of the following at June 30, 2020:

Cash and cash equivalents:	
Petty cash	\$ 10,800
Demand deposits - City	11,557,820
Demand deposits - Successor Agency	<u>1,074,797</u>
Total cash and cash equivalents	<u>12,643,417</u>
Investments:	
Local Agency Investment Fund (LAIF) - City	22,289,762
Local Agency Investment Fund (LAIF) - Successor Agency	1,850,324
Negotiable certificates of deposit	3,096,820
Corporate Bonds	21,964,110
US Government Securities	10,178,200
Federal Agency Securities	<u>40,400,635</u>
Total investments	<u>99,779,851</u>
Total cash and investments	<u>112,423,268</u>
Cash and investments with fiscal agents	<u>1,870,195</u>
Total	<u><u>\$ 114,293,463</u></u>

a. Cash Deposits

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 on an accounting period basis 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

b. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- United States Treasury Bills, Notes and Bonds
- Obligations issued by the Federal Government
- Bankers' Acceptances with a maturity of 180 days or less
- Time Certificates of Deposits
- Negotiable Certificates of Deposit
- Commercial Paper with a maturity of 270 days or less
- Local Agency Investment Fund (LAIF) limited to \$75,000,000 by LAIF
- Medium-Term Notes (5 year maximum) of Domestic Corporations or Depository Institutions
- Mutual Funds
- Guaranteed Investment Contracts not to exceed \$5 million annually
- Certificate of Deposit Placement Services
- Collateralized Bank Deposits
- Supranationals

The City investment policy applies to all financial assets, investment activities and debt issues of the City (including funds which are invested by trustees appointed under debt trust indentures, with direction from the City Treasurer).

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

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

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

As of June 30, 2020, the City and the Successor Agency had \$24,140,086 invested in LAIF, which had invested 2.21% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

c. Deposit and Investment Risk

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or "A2" or higher by Moody's. As of June 30, 2020, all MTN's were rated "A2" or higher by Moody's. As of June 30, 2020, the City's Federal Agency investments were rated "AA+" by Moody's and "Aaa" by S&P. All securities were investment grade and were in accordance with State and City law. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2020, the City's investments in external investment pools are unrated.

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The carrying amounts of the City's cash deposits were \$12,632,617 at June 30, 2020. Bank balances at June 30, 2020, were \$16,543,982 which were fully insured or collateralized 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 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. The City, however, has not waived the collateralization requirements.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. Investments in Federal Agencies have the implied guarantee of the United States government. While all the City's investments are in compliance with the City's investment policy as of June 30, 2020, in accordance with GASB Statement No. 40, if a City has invested more than 5% of its total investments in any one issuer, they are exposed to concentration of credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

The City has invested more than 5% of the total investment value with the following issuers:

		% of Total Investments
Federal Home Loan Bank	\$ 8,415,180	8%
Federal Farm Credit Bank	16,551,765	17%
Federal National Mortgage Association	6,065,020	9%
Federal Home Loan Mortgage Corporation	9,368,670	6%
	<u>\$ 40,400,635</u>	<u>40%</u>

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 50% of the City's portfolio shall mature in three years or less; and at least 25% in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2020, the City had the following investments and remaining maturities:

Investment Types	Investment Maturities				Fair Value
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	
External Investment Pools -	\$ 24,140,086	\$ -	\$ -	\$ -	\$ 24,140,086
Local Agency Investment Fund					
Negotiable certificate of deposits	1,246,231	518,263	261,385	1,070,941	3,096,820
US Treasury Notes	6,033,120	4,145,080	-	-	10,178,200
Federal Agencies					
Federal Farm Credit Bank	-	-	2,069,940	14,481,825	16,551,765
Federal Home Loan Bank	2,001,580	-	4,209,380	2,204,220	8,415,180
Federal Home Loan Mortgage Corporation	6,065,020	-	-	-	6,065,020
Federal National Mortgage Association	-	2,029,960	2,076,620	5,262,090	9,368,670
Money Market	1,870,195	-	-	-	1,870,195
Corporate Bonds	1,012,800	8,279,990	6,245,520	6,425,800	21,964,110
Total Investments	<u>\$ 42,369,032</u>	<u>\$ 14,973,293</u>	<u>\$ 14,862,845</u>	<u>\$ 29,444,876</u>	<u>\$ 101,650,046</u>

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**Note 3: Cash and Investments (Continued)**Fair Value Hierarchy

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

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2020.

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
US Treasury Notes	\$ 10,178,200	\$ 10,178,200	\$ -	\$ -
Federal Farm Credit Bank	16,551,765	-	16,551,765	-
Federal Home Loan Bank	8,415,180	-	8,415,180	-
Federal Home Loan Mortgage Corporation	6,065,020	-	6,065,020	-
Federal National Mortgage Association	9,368,670	-	9,368,670	-
Corporate Bonds	21,964,110	-	21,964,110	-
Negotiable Certificates of Deposit	3,096,820	-	3,096,820	-
Total Investments by Fair Value Level	75,639,765	\$ 10,178,200	\$ 65,461,565	\$ -
Investments measured at Net Asset Value				
Money Market	1,870,195			
Local Agency Investment Fund (LAIF)	24,140,086			
Total Investments	\$ 101,650,046			

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

Note 4: Receivables

The following is a summary of receivables net of allowances for uncollectible amounts at June 30, 2020:

	Government-Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Accounts receivable	\$ 1,548,446	\$ 369,788	\$ 12,567	\$ 1,930,801
Accrued interest receivable	317,800	164,875	6,784	489,459
Taxes receivable	3,837,569	103,568	-	3,941,137
Notes and loans receivable	3,407,483	-	-	3,407,483
Total	\$ 9,111,298	\$ 638,231	\$ 19,351	\$ 9,768,880

CITY OF REDONDO BEACH**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2020

Note 4: Receivables (Continued)

At June 30, 2020, the Fund Financial Statements show the following receivables:

a. Accounts Receivable

Accounts receivable consisted of amounts accrued in separate funds in the ordinary course of operations. The total amount of accounts receivable for each major fund and non-major fund in the aggregate as of June 30, 2020, was as follows:

Governmental Funds:

General Fund	\$ 1,383,561
Non-Major Funds	123,365
Total Governmental Funds	<u>1,506,926</u>

Proprietary Funds:

Harbor Tidelands - Enterprise Fund	49,151
Harbor Uplands - Enterprise Fund	162,258
Wastewater - Enterprise Fund	31,118
Solid Waste - Enterprise Fund	127,261
Internal Service Funds	41,520
Total Proprietary Funds	<u>411,308</u>

Fiduciary Funds:

Agency Funds	12,567
Total Fiduciary Funds	<u>12,567</u>
Total	<u>\$ 1,930,801</u>

b. Accrued Interest Receivable

Interest receivable consists of interest from investments pooled by the City and is distributed among the funds according to their ending cash balances. The interest receivable as of June 30, 2020, was as follows:

Governmental Funds:

General Fund	\$ 249,918
Non-Major Funds	67,882
Total Governmental Funds	<u>317,800</u>

Proprietary Funds:

Harbor Tidelands - Enterprise Fund	66,684
Harbor Uplands - Enterprise Fund	14,106
Wastewater - Enterprise Fund	84,085
Total Proprietary Funds	<u>164,875</u>

Fiduciary Funds:

Redevelopment Obligation Retirement Fund	6,784
Total Fiduciary Funds	<u>6,784</u>
Total	<u>\$ 489,459</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 4: Receivables (Continued)

c. Taxes Receivable

At June 30, 2020, the City had the following taxes receivable:

Type of Taxes	Governmental Funds		Proprietary Funds		Total
	General Fund	Non-Major Governmental Funds	Wastewater Fund	Solid Waste Fund	
Property Taxes	\$ 803,849	\$ 22,443	\$ 59,205	\$ 44,363	\$ 929,860
Sales Taxes	1,494,879	-	-	-	1,494,879
Transient Occupancy Taxes	390,799	-	-	-	390,799
Utility Users Taxes	716,668	-	-	-	716,668
Franchise Taxes	277,241	-	-	-	277,241
Transfer Taxes	131,690	-	-	-	131,690
Total Taxes	<u>\$ 3,815,126</u>	<u>\$ 22,443</u>	<u>\$ 59,205</u>	<u>\$ 44,363</u>	<u>\$ 3,941,137</u>

d. Loans Receivable

At June 30, 2020, the City had the following loans receivable:

	Governmental Funds			Total
	General Fund	Low-Mod Income Housing	Non-Major Governmental Funds	
Home Rehabilitation Loans	\$ -	\$ 469,992	\$ -	\$ 469,992
Housing Assistance Loans	-	-	356,829	356,829
Senior Housing Program	-	2,557,400	-	2,557,400
Computer Loan Program	23,262	-	-	23,262
Total	<u>\$ 23,262</u>	<u>\$ 3,027,392</u>	<u>\$ 356,829</u>	<u>\$ 3,407,483</u>

Home Rehabilitation Loans

At June 30, 2020, the City was owed, in its Low and Moderate Income Housing Asset Special Revenue Fund, \$469,992 for various home rehabilitation loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has classified the revenue related to these loans as deferred inflow of resources in the governmental funds. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 4: Receivables (Continued)Housing Assistance Loans

At June 30, 2020, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$356,829 for various housing assistance loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has classified the revenue related to these loans as deferred inflow of resources related to these loans. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

Senior Housing Program

On June 21, 1995, the Agency loaned \$2,200,000 to the Corporate Fund for Housing (a California non-profit public benefit corporation), the McCandless senior housing complex. The loan term is for 45 years and bears interest at 2% per annum. Any portion of the Agency loan remaining unpaid upon the 45th anniversary of completion shall be forgiven. Repayments will be made from residual receipts of the housing complex. The loan is secured by the Agency Deed of Trust. At June 30, 2020, the loan receivable included accrued interest of \$357,400.

Computer Loan Program

The City has a computer loan program for employees to purchase computers. The maximum loan amount per employee is \$1,500 with a repayment term maximum of two years. Repayments from the employees are made through payroll deductions. At June 30, 2020, the loan receivable balance was \$23,262.

Note 5: Interfund Transactions**a. Government-Wide Financial Statements**

Internal Balances: At June 30, 2020, the City had the following internal receivables and payables for covering cash shortfalls:

	Internal Balances Receivable Governmental Activities
Internal Balances Payable Business-Type Activities	<u>\$ 973,213</u>

Transfers: The City had the following transfers as of June 30, 2020:

	Transfers In Business-Type Activities
Transfers Out Governmental Activities	<u>\$ 7,492,597</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 5: Interfund Transactions (Continued)

b. Fund Financial Statements

Due to/from Other Funds

The City had the following due to/from other funds as of June 30, 2020:

Due to Other Funds	Due from Other Funds		
	General Fund	Non-Major Governmental Funds	Total
Other Intergovernmental Grants Fund	\$ 2,656,000	\$ -	\$ 2,656,000
Low-Mod Income Housing	174,000	-	174,000
Non-Major Governmental Funds	2,151,243	-	2,151,243
Harbor Tidelands Enterprise Fund	-	435,987	435,987
Transit Enterprise Fund	537,226	-	537,226
Total	<u>\$ 5,518,469</u>	<u>\$ 435,987</u>	<u>\$ 5,954,456</u>

The \$2,656,000 due to other funds in the Other Intergovernmental Grants Fund is to cover negative cash balances.

The \$174,000 due to other funds in the Low-Mod Income Housing Fund is to reimburse the General fund for homeless outreach salaries expenses.

The \$2,151,243 due to other funds in the Non-Major Governmental Funds, \$2,089,696 was to cover negative cash balances and \$61,547 due to other funds in the Housing Authority Special Revenue Fund was to reimburse expenditures made on the Housing Authority's behalf.

The \$435,987 due to other funds in the Harbor Tidelands Fund is to reimburse the obligations of the Public Financing Authority, a nonmajor governmental fund, including a loan payoff and any excess of the Kincaid's Restaurant rental income.

The \$537,226 due to other funds in the Transit Enterprise Fund was to cover the negative cash balances.

Advances to/from Other Funds

During the 2009-2010 fiscal year, the City made a loan to the Financing Authority for the internal refinancing of the remaining loan principal to repay First California Bank for the South Bay Bank loan. During fiscal year 2019-2020, the remaining amount owed on the loan fully paid.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 5: Interfund Transactions (Continued)

Due From Other Governments

During the previous fiscal years, the Financing Authority made loans to the Redevelopment Agency for various bonds. However, due to the dissolution of the Agency in fiscal year 2011-2012, the balance of the loans previously made to the redevelopment agency was transferred to the Successor Agency of the former redevelopment agency, pursuant to ABx1 26 and AB 1484. Therefore, the balance was moved in from an Advance to Other Funds to a Due from Other Governments in the Public Financing Authority Debt Service Fund. The Successor Agency's remaining balances as of June 30, 2020 was \$535,731.

Transfers

The City had the following transfers as of June 30, 2020:

Transfers Out	Transfers In				
	General Fund	Non-Major Governmental Funds	Enterprise Funds	Enterprise Funds	Total
			Harbor Uplands	Transit	
General Fund	\$ -	\$ 2,609,468	\$ -	\$ -	\$ 2,609,468
Enterprise Funds:					
Harbor Tidelands	94,411	781,919	-	-	876,330
Harbor Uplands	1,432,307	-	-	-	1,432,307
Non-Major Governmental Funds	-	-	-	801,234	801,234
Government-Wide	-	-	9,000,000	-	9,000,000
Total	\$ 1,526,718	\$ 3,391,387	\$ 9,000,000	\$ 801,234	\$ 14,719,339

Of the \$2,609,468 transfer from the General Fund, \$1,137,161 was a street landscaping and lighting district subsidy, \$1,432,307 was for the 2019 Lease Revenue Refunding bond debt service payments, and \$40,000 transfer to the Capital Projects Fund was to fund the skatepark project.

\$801,234 was transferred from the Proposition A Special Revenue Fund to the Transit Enterprise Fund for a transit subsidy.

The \$94,411 transfer from the Harbor Tidelands Enterprise Fund to the General Fund was for the property tax in lieu fee. The \$781,919 transfer from the Harbor Tidelands Enterprise Fund to the Public Financing Authority Non-Major Governmental Fund was a reimbursement for the payoff of the loan between the City and the Public Financing Authority.

The \$1,432,307 transfer from the Harbor Uplands Enterprise Fund to the General Fund was for the 2019 Leaser Revenue Refunding bond debt service payments.

The \$9,000,000 transfer from the City to the Harbor Uplands Enterprise Fund was for a transfer of land.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**Note 6: Capital Assets**

The City elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the "Modified Approach" is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

At June 30, 2020, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 16,522,947	\$ 20,323,255	\$ 36,846,202
Construction in progress	11,750,941	6,526,231	18,277,172
Infrastructure-streets	54,054,036	-	54,054,036
Total non-depreciable assets	82,327,924	26,849,486	109,177,410
Depreciable assets:			
Buildings and improvements	54,245,677	36,726,007	90,971,684
Furniture and equipment	11,008,826	1,066,861	12,075,687
Automotive equipment	17,947,692	3,562,814	21,510,506
Leased equipment	1,544,327	-	1,544,327
Infrastructure	92,328,264	32,098,685	124,426,949
Total depreciable assets	177,074,786	73,454,367	250,529,153
Less accumulated depreciation for:			
Buildings and improvements	25,326,286	19,981,426	45,307,712
Furniture and equipment	7,955,224	953,452	8,908,676
Automotive equipment	12,286,135	2,052,948	14,339,083
Leased equipment	948,217	-	948,217
Infrastructure	57,029,951	13,287,082	70,317,033
Total accumulated depreciation	103,545,813	36,274,908	139,820,721
Total depreciable assets, net	73,528,973	37,179,459	110,708,432
Total capital assets, net	\$ 155,856,897	\$ 64,028,945	\$ 219,885,842

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets (Continued)

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balance at June 30, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Non-depreciable assets:					
Land	\$ 16,522,947	\$ 9,000,000	\$ (9,000,000)	\$ -	\$ 16,522,947
Construction in progress	10,019,168	4,706,926	-	(2,975,153)	11,750,941
Infrastructure-streets	54,054,036	-	-	-	54,054,036
Total non-depreciable assets	80,596,151	13,706,926	(9,000,000)	(2,975,153)	82,327,924
Depreciable assets:					
Buildings and improvements	49,659,744	2,523,203	-	2,062,730	54,245,677
Furniture and equipment	10,504,389	563,379	(58,942)	-	11,008,826
Automotive equipment	18,999,384	303,419	(1,355,111)	-	17,947,692
Leased equipment	1,264,447	279,880	-	-	1,544,327
Infrastructure	88,139,120	3,276,722	-	912,423	92,328,265
Total depreciable assets	168,567,084	6,946,603	(1,414,053)	2,975,153	177,074,787
Less accumulated depreciation for:					
Buildings and improvements	24,034,954	1,291,331	-	-	25,326,285
Furniture and equipment	7,613,011	386,298	(44,083)	-	7,955,226
Automotive equipment	11,444,448	1,881,522	(1,039,835)	-	12,286,135
Leased equipment	854,924	93,293	-	-	948,217
Infrastructure	55,199,380	1,830,571	-	-	57,029,951
Total accumulated depreciation	99,146,717	5,483,015	(1,083,918)	-	103,545,814
Total depreciable assets, net	69,420,367	1,463,588	(330,135)	2,975,153	73,528,973
Governmental activities capital assets, net	\$ 150,016,518	\$ 15,170,514	\$ (9,330,135)	\$ -	\$ 155,856,897

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2020, as follows:

General Government:	
General Government	\$ 34,667
Public Safety	235,641
Public Works	2,630,084
Cultural and leisure services	898,423
Internal Service Funds:	
Vehicle Replacement	1,303,616
Building Occupancy	11,750
Information Technology	142,536
Communications Equipment Replace	226,298
Total Depreciation Expense	\$ 5,483,015

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**Note 6: Capital Assets (Continued)**

The following is a summary of changes in the capital assets for business-type activities for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Non-depreciable assets:					
Land	\$ 11,323,255	\$ 9,000,000	\$ -	\$ -	\$ 20,323,255
Construction in progress	4,920,082	3,162,893	-	(1,556,744)	6,526,231
Total non-depreciable assets	<u>16,243,337</u>	<u>12,162,893</u>	<u>-</u>	<u>(1,556,744)</u>	<u>26,849,486</u>
Depreciable assets:					
Buildings and improvements	34,169,848	999,415	-	1,556,744	36,726,007
Furniture and equipment	788,912	-	-	277,949	1,066,861
Automotive equipment	3,344,491	223,782	(5,459)	-	3,562,814
Leased equipment	277,949	-	-	(277,949)	-
Infrastructure	32,067,695	30,990	-	-	32,098,685
Total depreciable assets	<u>70,648,895</u>	<u>1,254,187</u>	<u>(5,459)</u>	<u>1,556,744</u>	<u>73,454,367</u>
Less accumulated depreciation for:					
Buildings and improvements	19,245,324	736,102	-	-	19,981,426
Furniture and equipment	667,262	8,241	-	277,949	953,452
Automotive equipment	1,933,361	125,046	(5,459)	-	2,052,948
Leased equipment	189,932	88,017	-	(277,949)	-
Infrastructure	12,855,253	431,829	-	-	13,287,082
Total accumulated depreciation	<u>34,891,132</u>	<u>1,389,235</u>	<u>(5,459)</u>	<u>-</u>	<u>36,274,908</u>
Total depreciable assets, net	<u>35,757,763</u>	<u>(135,048)</u>	<u>-</u>	<u>1,556,744</u>	<u>37,179,459</u>
Business-type activities capital assets, net	<u>\$ 52,001,100</u>	<u>\$ 12,027,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,028,945</u>

Depreciation expense for business-type activities for the fiscal year ended June 30, 2020, was charged as follows:

Harbor Tidelands	\$ 440,896
Harbor Uplands	518,316
Wastewater	299,345
Solid Waste	6,756
Transit	<u>123,922</u>
Total depreciation expense	<u>\$ 1,389,235</u>

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**Note 7: Compensated Absences Payable**

The following is a summary of compensated absences payable transactions for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 3,329,599	\$ 2,423,072	\$ (2,318,240)	\$ 3,434,431	\$ 563,246
Business-Type Activities:					
Compensated absences payable	520,405	394,869	(398,722)	516,552	84,714
Total	<u>\$ 3,850,004</u>	<u>\$ 2,817,941</u>	<u>\$ (2,716,962)</u>	<u>\$ 3,950,983</u>	<u>\$ 647,960</u>

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statement. Also, compensated absences are generally liquidated by the General Fund. There is no fixed payment schedule to pay these liabilities.

Note 8: Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
PFA 2008 Refunding Revenue Bonds	\$ 445,000	\$ -	\$ (445,000)	\$ -	\$ -
CFA 2019 Lease Rev Refunding Bonds	28,015,000	-	(350,000)	27,665,000	555,000
Unamortized bond discount	(747,056)	-	24,902	(722,154)	-
Capital Leases	-	279,880	(93,293)	186,587	93,293
Total governmental activities	<u>\$ 27,712,944</u>	<u>\$ 279,880</u>	<u>\$ (863,391)</u>	<u>\$ 27,129,433</u>	<u>\$ 648,293</u>
Business-type Activities:					
Wastewater Revenue Refunding 2014, Series A Unamortized bond premium	\$ 5,960,000 393,838	\$ - -	\$ (290,000) (26,256)	\$ 5,670,000 367,582	\$ 300,000 -
Boating and Waterways Construction Loan 88-21-84	123,710	-	(123,710)	-	-
Boating and Waterways Construction Loan 89-21-147	536,588	-	(262,394)	274,194	274,194
Total business-type activities	<u>\$ 7,014,136</u>	<u>\$ -</u>	<u>\$ (702,360)</u>	<u>\$ 6,311,776</u>	<u>\$ 574,194</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

The following amount was reported as deferred outflows of resources at the end of June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Deferred outflows of resources				
Deferred loss on refunding	\$ 385,616	\$ -	\$ (25,708)	\$ 359,908

Public Financing Authority 2008 Refunding Revenue Bonds

The Financing Authority issued refunding revenue bonds dated January 2008, totaling \$7,645,000. The proceeds of the bonds were used to refund the Financing Authority's 1996 Revenue Bonds and pay the costs of issuance of the bonds. As of June 30, 2020, the balance outstanding was zero.

The Bonds bore interest at rates between 3.00% and 4.00% and interest was payable on each January 1 and July 1, commencing July 1, 2008. The bonds were payable from a pledge of revenues consisting primarily of payments to be made by the City of Redondo Beach under a lease agreement. Principal was due annually beginning on July 1, 2008, in amounts ranging from \$385,000 to \$805,000. The bonds matured on July 1, 2019.

Community Financing Authority 2019A Lease Revenue Refunding Bonds

The Community Financing Authority issued refunding revenue bonds dated February 2019, totaling \$28,015,000. The proceeds of the bonds were used to refund the various leaseback contingencies and finance the purchase of a sublease between the City and Redondo Fisherman's Cove Company.

The Bonds shall bear interest at rates between 4.00% and 5.00% and interest is payable on each May 1 and November 1, commencing November 1, 2019. The bonds are payable from base rental payments. Principal is due annually beginning on May 1, 2020, in amounts ranging from \$350,000 to \$1,585,000. The bonds mature on May 1, 2049. The bonds are subject to optional and mandatory early redemption provisions.

As of June 30, 2020, the balance outstanding was \$27,665,000, with an unamortized discount of \$722,154.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**Note 8: Long-Term Debt (Continued)**

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 555,000	\$ 1,095,981	\$ 1,650,981
2022	570,000	1,081,413	1,651,413
2023	585,000	1,065,738	1,650,738
2024	605,000	1,048,188	1,653,188
2025	625,000	1,030,038	1,655,038
2026-2030	3,430,000	4,833,406	8,263,406
2031-2035	4,120,000	4,138,025	8,258,025
2036-2040	5,030,000	3,227,000	8,257,000
2041-2045	6,180,000	2,077,188	8,257,188
2046-2050	5,965,000	646,850	6,611,850
Total	<u>\$ 27,665,000</u>	<u>\$ 20,243,827</u>	<u>\$ 47,908,827</u>

The following is a summary of the 2019A Lease Revenue Refunding unamortized discount outstanding at June 30, 2020:

Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
\$ (747,056)	\$ -	\$ 24,902	\$ (722,154)

Capital Leases

The City has entered into various lease purchase agreements for equipment. These leases have been classified as capital leases. The related assets have been capitalized in the government-wide financial statements at the initial present value of the lease payments. The balance outstanding at June 30, 2020, was \$186,587 in governmental activities.

The total leased assets by major asset class consisted of the following:

	June 30, 2020
Equipment under capitalized lease, at cost	\$ 1,541,019
Accumulated depreciation	<u>(948,217)</u>
Equipment under capitalized lease, net	<u>\$ 592,802</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

Wastewater Revenue Bonds 2014, Series A

On March 25, 2014, the City issued \$7,230,000 of Wastewater Revenue Refunding Bonds for the purpose of refunding \$7,230,000 of then-outstanding 2004 Wastewater Revenue Refunding Bonds. The purpose of the bonds was to finance certain improvements and related facilities that constitute part of the Wastewater Enterprise Fund. The serial bonds in the amount of \$4,795,000 mature through May 1, 2029 and bear a variable interest rate ranging from 3% to 5% per annum. Term bonds in the amount of \$2,435,000 mature through May 1, 2034, and bear interest at the rate of 4%. The serial bonds maturing on or after May 1, 2015, are subject to optional redemption provisions. The term bonds are subject to optional and mandatory redemption provisions. The bonds are payable solely from and secured by a pledge of and lien upon the net revenues of the Wastewater Enterprise Fund.

As of June 30, 2020, the balance outstanding was \$5,670,000, with an unamortized bond premium of \$367,582.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 300,000	\$ 246,138	\$ 546,138
2022	310,000	234,138	544,138
2023	325,000	221,738	546,738
2024	340,000	205,488	545,488
2025	355,000	188,488	543,488
2026-2030	2,055,000	678,175	2,733,175
2031-2034	1,985,000	202,200	2,187,200
Total	<u>\$ 5,670,000</u>	<u>\$ 1,976,365</u>	<u>\$ 7,646,365</u>

The following is a summary of the 2014 Revenue Bond Series A unamortized premium outstanding at June 30, 2020:

Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u>\$ 393,838</u>	<u>\$ -</u>	<u>\$ (26,256)</u>	<u>\$ 367,582</u>

Boating and Waterways Construction Loan 88-21-84

On July 25, 1988, the City entered into a \$2,000,000 loan agreement with the California Department of Boating and Waterways (Contract No. 88-21-84). Proceeds of the loan were used to finance harbor dredging, storm recovery repairs and hazard-mitigation projects. The loan bore interest at 4.5%. As of June 30, 2020, the balance outstanding was zero.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

Boating and Waterways Construction Loan 89-21-147

In 1989, the City entered into a \$4,500,000 construction loan agreement with the California Department of Boating and Waterways (Contract No. 89-21-147) at an interest rate of 4.5%. Proceeds of the loan were used to finance the City's cost-sharing obligations in connection with the Federal breakwater improvement program, storm repairs and hazard-mitigation projects. As of June 30, 2020, the balance outstanding was \$274,194.

The annual debt service requirements for the Boating and Waterways Construction indebtedness outstanding at June 30, 2020, are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 274,194	\$ 12,339	\$ 286,533
Total	<u>\$ 274,194</u>	<u>\$ 12,339</u>	<u>\$ 286,533</u>

Note 9: Operating Lease Income

Harbor Tidelands and Uplands Enterprise Operating Leases

The Harbor Tidelands and Harbor Uplands Enterprise Funds were created to provide small boat harbor facilities to the general public. The Harbor Tidelands and Harbor Uplands Enterprise Funds operate as landlords, assigning or leasing facilities and land area. Principal sources of income are from rental of land and facilities.

A major portion of the operating revenue of the Harbor Tidelands and Uplands Enterprise Funds arise from long-term leases of land, pier space, waterways and other facilities which require the lessees to make substantial investments in leasehold improvements. These leases are accounted for as operating leases.

The total cost of the assets leased was \$10,406,895, less accumulated depreciation of \$1,205,307. The balance as of June 30, 2020 was \$9,201,588.

CITY OF REDONDO BEACH**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2020

Note 9: Operating Lease Income (Continued)

The following is a schedule, by year, of minimum future lease rentals on non-cancellable operating leases as of June 30, 2020:

<u>Year Ending June 30</u>	<u>Minimum Future Lease Rentals</u>
2021	\$ 7,343,806
2022	7,312,447
2023	7,314,486
2024	7,297,238
2025	7,213,077
2026-2030	27,427,625
2031-2035	13,922,005
2036-2040	9,603,005
2041-2045	9,603,005
2046-2050	9,603,005
2051-2055	9,603,005
2056-2060	9,603,005
2061-2065	5,048,976
2066-2069	1,550,580
Totals	<u><u>\$ 132,445,265</u></u>

The above accounts do not include lease rental income based on a percentage of lessee's gross revenues that may be received under the leases.

Note 10: Risk Management

The City is exposed to risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and currently reports all of its risk management activities in its Self-Insurance Program Internal Service Fund.

The City has adopted a self-insurance workers' compensation program, which is administered by a third-party agent, AdminSure. The self-insurance coverage for each claim is limited to \$750,000. Excess coverage of up to \$50,000,000 for each claim is provided by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), an insurance pool, in which a consortium of counties and cities has agreed to share risks and losses. As of June 30, 2020, the estimated claims payable for workers' compensation was \$17,312,132, which included claims incurred but not reported (IBNR). The current year's portion of the claims was \$926,143.

For general liability claims, the City is also self-insured up to \$500,000 for each occurrence. The self-insurance program is administered by a third-party agent, AdminSure. Each claim in excess of the self-insured retention of up to \$30,000,000 is covered by the CSAC-EIA.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 10: Risk Management (Continued)

As of June 30, 2020, the estimated claims payable for general liability was \$7,369,000, which included IBNR. The current year's portion was \$403,734. Governmental activities claims and judgments are generally liquidated by the General Fund.

	Liability on June 30, 2020
General Liability	\$ 7,369,000
Workers' Compensation	17,312,132
Total Claims Payable	<u>\$ 24,681,132</u>
Due within on year	\$ 1,329,877
Due in more than one year	23,351,255
	<u>\$ 24,681,132</u>

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's coverage during the year.

The estimated claims payable for workers' compensation and general liability is based on estimates provided by the third-party administrator, the City Attorney, the Risk Management staff, and the City's actuary.

Changes in the reported liability resulted from the following:

Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
\$ 25,636,814	\$ 3,781,453	\$ (4,737,135)	\$ 24,681,132	\$ 1,329,877

Note 11: Employee Retirement Plans

a. Pension Plans

Plan Description

The Plans are agent, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2018 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

Benefits Provided

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

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
		On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date	Prior to May 1, 2012		
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	7.00%	7.00%	7.25%
Required employer contribution rates.	27.686%	27.686%	27.686%

	Safety		
	Tier 1	Tier 2	Tier 3
		On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date	Prior to May 1, 2012		
Benefit formula	Police - 3% @ 50 Fire - 3% @ 55	Police & Fire 3% @ 55	Police & Fire 2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4-3%	2.4-3%	2%-2.7%
Required employee contribution rates	9.00%	9.00%	12.00%
Required employer contribution rates	66.622%	66.622%	66.622%

As of the valuation date of June 30, 2018, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	462	293
Inactive employees entitled to but not yet receiving benefits	382	50
Active employees	328	150
Total	1,172	493

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement 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. The actuarially determined rate is based on the estimated amount necessary to finance the costs and 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2020, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$15,639,400.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Changes of Assumptions

None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes to the discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases (1)	3.30% to 14.20%	3.30% to 10.90%
Mortality Rate Table (2)	Derived using CALPERS' membership data for all Funds	
	Contract COLA up to 2.50% until purchasing power	
Post Retirement Benefit Increase	protection allowance floor on purchasing power applies, 2.50% thereafter	

- (1) Annual increases vary by category, entry age, and duration of service.
- (2) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.capers.ca.gov.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020
Note 11: Employee Retirement Plans (Continued)

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 (Public Employees' Retirement Fund) cash flows. 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+ 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Global Debt Securities	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

* In the System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

** An expected inflation of 2.00% used for this period.

***An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the City Miscellaneous Plan.

Miscellaneous Plan	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2018 - Measurement Date	\$ 209,437,501	\$ 152,656,591	\$ 56,780,910
Changes Recognized for the Measurement Period:			
Service Cost	3,397,192	-	3,397,192
Interest on the Total Pension Liability	14,990,021	-	14,990,021
Differences between Expected and Actual Experience	4,185,447	-	4,185,447
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	5,141,337	(5,141,337)
Contributions from the Employees	-	1,461,551	(1,461,551)
Net Investment Income	-	9,905,031	(9,905,031)
Benefit Payments, including Refunds of Employee Contributions	(11,341,781)	(11,341,781)	-
Administrative Expense	-	(108,939)	108,939
Other Miscellaneous Income/(Expense)	-	355	(355)
Net Changes during 2018-19	11,230,879	5,057,554	6,173,325
Balance at: 6/30/2019 - Measurement Date (1)	\$ 220,668,380	\$ 157,714,145	\$ 62,954,235

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

The following table shows the changes in net pension liability recognized over the measurement period for the City Safety Plan.

Safety Plan	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2018 - Measurement Date	<u>\$ 361,514,596</u>	<u>\$ 239,570,425</u>	<u>\$ 121,944,171</u>
Changes Recognized for the Measurement Period:			
Service Cost	5,753,947	-	5,753,947
Interest on the Total Pension Liability	25,990,861	-	25,990,861
Differences between Expected and Actual Experience	9,616,039	-	9,616,039
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	10,499,397	(10,499,397)
Contributions from the Employees	-	1,753,382	(1,753,382)
Net Investment Income	-	15,582,752	(15,582,752)
Benefit Payments, including Refunds of Employee Contributions	(20,998,140)	(20,998,140)	-
Administrative Expense	-	(170,963)	170,963
Other Miscellaneous Income/(Expense)	-	559	(559)
Net Changes during 2018-19	<u>20,362,707</u>	<u>6,666,987</u>	<u>13,695,720</u>
Balance at: 6/30/2019 - Measurement Date (1)	<u>\$ 381,877,303</u>	<u>\$ 246,237,412</u>	<u>\$ 135,639,891</u>

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

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

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

Net Pension Liability	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 90,644,299	\$ 62,954,235	\$ 39,940,865
Safety Plan	183,960,884	135,639,891	96,631,131
	<u>\$ 274,605,183</u>	<u>\$ 198,594,126</u>	<u>\$ 136,571,996</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020
Note 11: Employee Retirement Plans (Continued)***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

For the measurement period ending June 30, 2019 (the measurement date) and fiscal year ending June 30, 2020, the City incurred a pension expense of \$12,136,629 and 24,993,585 the miscellaneous and safety plans, respectively.

As of June 30, 2019 (the measurement date), the following were the reported deferred outflows of resources and deferred inflows of resources related to all pension plans:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Current year contributions that occurred after the measurement date of June 30, 2019	\$ 5,895,512	\$ -	\$ 11,860,372	\$ -
Change of Assumption	-	(300,081)	1,735,258	(529,562)
Difference between Expected and Actual Experience	2,742,189	(83,414)	7,138,258	(44,869)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(798,874)	-	(1,385,173)
	<u>\$ 8,637,701</u>	<u>\$ (1,182,369)</u>	<u>\$ 20,733,888</u>	<u>\$ (1,959,604)</u>

Contributions subsequent to the measurement date in the amount of \$17,755,884 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous	Safety
Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2020	\$ 1,670,560	\$ 5,352,386
2021	(31,588)	609,284
2022	(241,060)	709,624
2023	161,908	242,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)**b. Other Post-Employment Benefits**

Plan Description and Eligibility. In addition to the pension benefits described above, the City provides certain health insurance benefits, in accordance with memorandums of understanding, to retired employees through the California Employers' Retiree Benefit Trust (CERBT) Fund, which is an agent multiple-employer plan administered by CalPERS. The City provides medical insurance for employees in accordance with agreements reached with various bargaining groups. The City shall pay the single retiree medical premium rate, for qualified retirees, for a medical insurance plan in which the retiree is enrolled from among those medical plans provided by the City. These contributions of the City for such medical premiums shall cease on the date the retiree becomes eligible to enroll in the Federal Medicare program and/or any Medicare supplemental plans. Membership of the plan consisted of the following at June 30, 2019 (the measurement date).

	Number of Employees
Active Employees	415
Inactives currently receiving benefits	169
Inactives entitled to but not yet receiving benefits	301
Total	<u>885</u>

Contributions. The required contribution of the City is based on a percentage of PERSable payroll. For the measurement date ended June 30, 2019 the City's cash contributions were \$2,217,998.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

Net OPEB Liability. The City's net OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Contribution Policy	City contributes full ADC
Discount Rate	6.75%
Long-Term Expected Rate of Return on Assets	Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP.
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Medical Trend	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum Increases	Currently covered - 3.3% for 2019, increasing to ultimate rate of 50% in 2033 Not currently covered - 90% of above rates
Life Insurance Participation	Future retirees: 10%
	Mortality improvement scale was updated to Scale MP-2019
Change of assumptions	Medical plan election assumption was change to assume future retirees will stay in the same plan
Events subsequent to June 30, 2019 measurement and before June 30, 2020	ACA Excise Tax load was removed due to repeal of law in December 2019. It reduced the City's June 30, 2019 liability by \$326,000. Since that occurred after the 6/30/19 measurement date, the impact is not reflected in the City's GASB 75 accounting report for FY2020.
Changes of benefit terms	None

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

Expected Long Term Rate of Return.

Asset Class Component	Target Allocation CERBT - Strategy 1	Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
(1) Assumed Long-Term Rate of Inflation		2.75%
(2) Expected Long-Term Net Rate of Return, rounded to the nearest quarter percent		6.75%

The long-term expected real rates of return are presented as geometric means.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019 (valuation date June 30, 2019)	\$ 24,083,383	\$ 5,655,292	\$ 18,428,091
Changes recognized for the measurement period:			
Service cost	911,766	-	911,766
Interest	1,635,748	-	1,635,748
Benefit changes	-	-	-
Actual vs. expected experience	(147,110)	-	(147,110)
Assumption changes	(1,415,841)	-	(1,415,841)
Contributions - employer	-	2,217,998	(2,217,998)
Net investment income	-	497,289	(497,289)
Benefit payments	(1,523,667)	(1,523,667)	-
Administrative expenses	-	(5,691)	5,691
Net changes	(539,104)	1,185,929	(1,725,033)
Balance at June 30, 2020 (measurement date June 30, 2019)	\$ 23,544,279	\$ 6,841,221	\$ 16,703,058

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City if it were calculated using discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2019.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 19,022,346	\$ 16,703,058	\$ 14,705,909

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability of the City if it were calculated using health care cost-trend rates that are one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2019.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 14,401,185	\$ 16,703,058	\$ 19,451,320

OPEB Plan Fiduciary Net Position. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,749,832. As of fiscal year ended June 30, 2020 (June 30, 2019 measurement date), the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,214,831	\$ -
Differences between expected and actual experience	-	(2,340,948)
Changes of assumptions	1,832,000	(1,241,046)
Net difference between projected and actual earnings on OPEB plan investments	-	(200,152)
Total	\$ 4,046,831	\$ (3,782,146)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Employee Retirement Plans (Continued)

The \$2,214,831 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction to net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	Deferred Outflow / (Inflows) of Resources
2021	\$ (351,325)
2022	(350,325)
2023	(290,324)
2024	(276,006)
2025	(266,957)
Thereafter	(415,209)
	<u>\$ (1,950,146)</u>

Note 12: Commitments and Contingencies**a. Lawsuits**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are subject to audit. No cost disallowance is expected as a result of any audits. Expenditures which may be disallowed, if any, by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

c. Commitments

The following material construction commitments existed at June 30, 2020:

Project Name	Contract Amount	Expenditures to date as of June 30, 2020	Remaining Commitments
RB Transit Center Construction	\$ 11,500,000	\$ -	\$ 11,500,000
Residential Street Rehab Cycle 2 Phase 1 & 2	4,798,631	2,054,466	2,744,165

d. Contingencies

On January 17, 2017, the City Council entered into Amendment No. 11 to the Sublease with the Redondo Fisherman's Cove Company (RFCC) to allow for purchase and termination of the Sublease and to set terms for minimum and percentage rent until termination and entered into a Settlement Agreement with RFCC to resolve all outstanding claims and disputes. The \$9,000,000 payment for the purchase and termination of the leasehold was due three years from the effective date of the Amendment, January 17, 2020. The \$9,000,000 payment was contingent upon the termination of the lease agreement which occurred on January 17, 2020. In preparation of the payment, the City issued the 2019 Lease Revenue Refunding Bonds in February 2019, which are described in Note 8 of the financial statements. Recognition of the \$9,000,000 payment was recorded upon termination of the lease and transfer of the leasehold to the City of Redondo Beach which occurred in January 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 13: Pollution Remediation Obligations

The Department of Toxic Substances Control (DTSC) filed a regulatory Notice of Violation against the City regarding the Redondo Beach Police Department's gun range concerning issues with contamination from lead bullet fragments. Cleanup, fines, assessments, and settlements incurred by the City for this DTSC action were approximately \$282,000. This liability has been accrued in the General Fund, and the City does not anticipate any recoveries reducing the liability, nor any further liability from this DTSC investigation as the DTSC has closed the matter.

Neighboring property owners adjacent to the gun range also filed civil claims for bodily injury and property damage due to alleged lead exposure. This matter is currently in mediation and in preparation for arbitration. Defense costs are being covered by several of the City's historical insurance policies and the related insurance carriers defending under a reservation of rights. Cleanup and settlements currently are estimated to be \$150,000, using assumptions based on similar cleanup and settlements previously paid in the DTSC matter. Plaintiffs' demands are significantly higher.

The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, changes in evidence, or changes in applicable laws or regulations. Similarly, bodily injury claims are estimated based on current evidence (or lack thereof) presented by the various plaintiffs and are subject to revision if additional admissible evidence is presented during preparation for arbitration.

Note 14: Successor Agency

Dissolution of California Redevelopment Agencies

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the City as a blended component unit (since the City Council, in many cases, also served as the governing board for those agencies).

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the City declines to accept the role of successor agency, other local agencies may elect to perform this role. If no local agency accepts the role of successor agency the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 10, 2012 the City Council met and created a Successor Agency in accordance with the Bill as part of the City's resolution number 12-01.

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

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 14: Successor Agency (Continued)

a. Long Term Debt

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

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency is reported in the governmental funds of the City. After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the fiduciary statements of the City.

In accordance with the provisions of Assembly Bill X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Successor Agency:					
County Deferral Loan-1983 Tax Increment	\$ 6,934,419	\$ -	\$ -	\$ 6,934,419	\$ -
County Deferral Loan-1984 Tax Increment	7,154,367	-	-	7,154,367	-
Bank of America Loan	99,000	-	99,000	-	-
City Loan-South Bay Center	4,640,000	-	420,000	4,220,000	460,000
Total	<u>\$ 18,827,786</u>	<u>\$ -</u>	<u>\$ 519,000</u>	<u>\$ 18,308,786</u>	<u>\$ 460,000</u>

1983 Tax Increment Deferral - On November 15, 1983, the Agency and the County of Los Angeles (County) entered into an agreement for reimbursement of tax increment funds. It was recognized that the South Bay Center Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future pledged tax increment. There is no fixed payment schedule to repay this loan and is non-interest bearing. The balance outstanding at June 30, 2020, was \$6,934,419.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 14: Successor Agency (Continued)

1984 Tax Increment Deferral - On February 14, 1984, the Agency and the County entered into an agreement for reimbursement of tax increment funds. It was recognized that the Aviation High School Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future pledged tax increment. There is no fixed payment schedule to repay this loan and is non-interest bearing. The balance outstanding at June 30, 2020, was \$7,154,367.

Bank of America Loan - On December 1, 2012, the Agency entered into a note payable with Bank of America to pay off the City loan to Public Finance Agency of \$693,000. The note principal balance is payable annually in installments of \$99,000, and interest payments are made semi-annually at 5.75%. The final financing commitment expired September 1, 2019. The balance outstanding at June 30, 2020, was zero.

South Bay Center City Loan - On July 1, 1996, the Public Financing Authority advanced \$8,660,000 to the former Redevelopment Agency for improvements within the South Bay Center Redevelopment Project Area. This advance was made through the Authority's purchase of the Agency's 1996 tax allocation bonds and bears interest at 8.95% per annum. As of June 30, 2020, the balance outstanding was \$4,220,000.

b. Advances from City

During the 2014-2015 fiscal year, the Successor Agency Oversight Board adopted resolutions approving the repayment of loans from the Low and Moderate Income Housing fund of the former Redevelopment Agency for legally required payments to the Supplemental Educational Revenue Augmentation Fund (SERAF) for Fiscal Years 2009-2010 and 2010-2011. As of June 30, 2020 the outstanding balance was \$535,731.

Note 15: Risks and Uncertainties

a. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

b. Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2020 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 16: Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China, and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, have declared a state of emergency.

Potential impacts to our future tax revenues include disruptions or restrictions on our current employees' ability to work. Any of the foregoing could negatively impact our revenues and we currently can't anticipate all of the ways in which this health epidemics, COVID-19 could adversely impact our government agency. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our government agency, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The funding is to be received in six monthly installments of \$137,864, with the first installment received by the City in July 2020. The total amount of CARES Act funding to be received by the City is \$827,184. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

Note 17: Special Item

During fiscal year 2019-2020, the City's allocation of the net pension liability and related inflows and outflows related to the Safety agent-multiple plan changed. The change resulted in a special item totaling \$1,595,860 in the Harbor Uplands Enterprise Fund and the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

Note 1: BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year.
2. The City Council's policy is to adopt an annual line-item budget for the general, special revenue, debt service, and capital projects funds.
3. Public hearings are conducted prior to its adoption by the Council.
4. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager.
5. Expenditures may not exceed appropriations at the departmental level, which is the legal level of control.

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 integration in the general, special revenue, debt service, and capital projects funds. Unexpended and unencumbered appropriations of these governmental funds automatically lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported with restricted, committed, assigned, and/or unassigned fund balances. They do not constitute expenditures or estimated liabilities. Budgets were legally adopted for all governmental funds with the exception of the Parking Authority Debt Service Fund, the Pier Parking Structure Rehabilitation Capital Projects Fund, Major Facilities Reconstruction Capital Projects Fund and Open Space Acquisition Capital Projects Fund.

The following are the budget comparison schedules for General Fund, Other Intergovernmental Grants Special Revenue Fund and Low-Mod Income Housing Special Revenue Fund.

As of June 30, 2020, there were no major funds with an excess of expenditures over appropriations.

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 20,722,976	\$ 20,722,976	\$ 20,722,976	\$ -
Resources (Inflows):				
Taxes	68,130,000	69,630,000	66,386,725	(3,243,275)
Interdepartmental	8,503,283	9,417,289	9,417,289	-
Licenses and permits	1,779,590	1,772,340	1,503,909	(268,431)
Intergovernmental	145,000	260,000	278,418	18,418
Charges for services	8,543,865	8,497,999	7,003,574	(1,494,425)
Use of money and property	3,414,475	3,418,282	3,784,458	366,176
Fines and forfeitures	1,360,000	1,365,000	1,163,678	(201,322)
Miscellaneous	3,723,090	2,800,757	2,951,772	151,015
Transfers in	3,030,101	1,998,608	1,526,718	(471,890)
Amounts Available for Appropriations	119,352,380	119,883,251	114,739,517	(5,143,734)
Charges to Appropriation (Outflow):				
General government				
Mayor and city council	719,844	726,578	696,070	30,508
City clerk	1,092,503	1,150,060	1,051,243	98,817
City treasurer	443,171	440,458	364,704	75,754
City attorney	3,722,666	3,749,576	3,607,948	141,628
City manager	1,317,404	1,502,204	1,113,041	389,163
Human resources	2,801,128	3,451,074	3,397,331	53,743
Financial services	3,352,131	2,519,460	2,470,743	48,717
Public safety				
Police	40,191,725	41,273,888	40,188,169	1,085,719
Fire	20,650,249	21,015,269	20,015,838	999,431
Housing and community development				
Community development	3,567,686	3,873,100	3,368,868	504,232
Waterfront and economic development	637,518	813,454	675,263	138,191
Cultural and leisure services				
Community services	6,731,701	6,453,794	6,207,815	245,979
Library	4,663,936	4,600,017	4,248,703	351,314
Public works				
Public works	6,444,786	7,388,685	7,126,164	262,521
Capital outlay	260,000	252,642	52,009	200,633
Transfers out	3,853,888	2,645,132	2,609,468	35,664
Total Charges to Appropriations	100,450,336	101,855,391	97,193,377	4,662,014
Budgetary Fund Balance, June 30	\$ 18,902,044	\$ 18,027,860	\$ 17,546,140	\$ (481,720)

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 OTHER INTERGOVERNMENTAL GRANTS
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (2,974,945)	\$ (2,974,945)	\$ (2,974,945)	\$ -
Resources (Inflows):				
Intergovernmental	5,522,005	20,941,085	3,417,722	(17,523,363)
Amounts Available for Appropriations	2,547,060	17,966,140	442,777	(17,523,363)
Charges to Appropriation (Outflow):				
Public safety	172,380	794,976	424,418	370,558
Cultural and leisure services	-	26,000	9,000	17,000
Public works	79,430	79,430	73,997	5,433
Capital outlay	5,270,195	21,673,097	2,614,792	19,058,305
Total Charges to Appropriations	5,522,005	22,573,503	3,122,207	19,451,296
Budgetary Fund Balance, June 30	\$ (2,974,945)	\$ (4,607,363)	\$ (2,679,430)	\$ 1,927,933

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
LOW-MOD INCOME HOUSING
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,296,752	\$ 4,296,752	\$ 4,296,752	\$ -
Resources (Inflows):				
Charges for services	500	500	-	(500)
Use of money and property	-	-	46,548	46,548
Miscellaneous	258,883	258,883	70,000	(188,883)
Amounts Available for Appropriations	4,556,135	4,556,135	4,413,300	(142,835)
Charges to Appropriation (Outflow):				
Housing and community development	280,500	280,500	270,089	10,411
Cultural and leisure services	-	-	-	-
Total Charges to Appropriations	280,500	280,500	270,089	10,411
Budgetary Fund Balance, June 30	\$ 4,275,635	\$ 4,275,635	\$ 4,143,211	\$ (132,424)

CITY OF REDONDO BEACH

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

	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service Cost	\$ 2,874,216	\$ 2,537,587	\$ 2,658,781	\$ 3,296,064	\$ 3,370,814	\$ 3,397,192
Interest	12,419,054	12,947,817	13,391,115	13,844,417	14,225,068	14,990,021
Difference between Expected and Actual Experience	-	(58,913)	(717,631)	808,043	(291,950)	4,185,447
Changes in Assumptions	-	(3,072,251)	-	11,132,579	(1,050,285)	-
Benefit Payments, Including						
Refunds of Employee Contributions	(7,872,679)	(8,784,656)	(9,282,593)	(10,173,782)	(10,849,928)	(11,341,781)
Net Change in Total Pension Liability	7,420,591	3,569,584	6,049,672	18,907,321	5,403,719	11,230,879
Total Pension Liability - Beginning	168,086,614	175,507,205	179,076,789	185,126,461	204,033,782	209,437,501
Total Pension Liability - Ending (a)	\$ 175,507,205	\$ 179,076,789	\$ 185,126,461	\$ 204,033,782	\$ 209,437,501	\$ 220,668,380
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 2,678,754	\$ 2,783,258	\$ 3,517,596	\$ 4,018,170	\$ 4,408,505	\$ 5,141,337
Contributions - Employee	1,301,991	1,282,878	1,361,650	1,404,270	1,456,828	1,461,551
Plan to Plan Resource Movement	-	2,745	(2,463)	-	(355)	-
Net Investment Income	21,314,935	3,161,165	777,656	14,967,632	12,226,183	9,905,031
Benefit Payments, Including						
Refunds of Employee Contributions	(7,872,679)	(8,784,656)	(9,282,593)	(10,173,782)	(10,849,928)	(11,341,781)
Administrative Expense	-	(158,175)	(85,184)	(200,883)	(227,625)	(108,939)
Other Miscellaneous Income/(Expense)	-	-	-	-	(432,265)	355
Net Change in Fiduciary Net Position	17,423,001	(1,712,785)	(3,713,338)	10,015,407	6,581,343	5,057,554
Plan Fiduciary Net Position - Beginning	124,062,963	141,485,964	139,773,179	136,059,841	146,075,248	152,656,591
Plan Fiduciary Net Position - Ending (b)	\$ 141,485,964	\$ 139,773,179	\$ 136,059,841	\$ 146,075,248	\$ 152,656,591	\$ 157,714,145
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 34,021,241	\$ 39,303,610	\$ 49,066,620	\$ 57,958,534	\$ 56,780,910	\$ 62,954,235
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.62%	78.05%	73.50%	71.59%	72.89%	71.47%
Covered Payroll	\$ 17,538,911	\$ 17,124,613	\$ 19,222,807	\$ 19,613,902	\$ 20,156,748	\$ 21,343,149
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	193.98%	229.52%	255.25%	295.50%	281.70%	294.96%

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

Notes to Schedule:Benefit Changes:

There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions:

None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF REDONDO BEACH

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

	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 2,783,258	\$ 3,517,053	\$ 4,018,056	\$ 4,399,141	\$ 5,140,690	\$ 5,895,512
Contribution in Relation to the Actuarially Determined Contribution	(2,783,258)	(3,517,053)	(4,018,056)	(4,399,141)	(5,140,690)	(5,895,512)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,124,613	\$ 19,222,807	\$ 19,613,902	\$ 20,156,748	\$ 21,343,149	\$ 20,914,206
Contributions as a Percentage of Covered Payroll	16.25%	18.30%	20.49%	21.82%	24.09%	28.19%

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

Note to Schedule:

Valuation Date:

June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method
 Assets valuation method
 Discount rate
 Projected Salary Increases
 Inflation
 Payroll growth

Entry Age Normal Cost Method
 Level percentage of payroll, closed
 Fair Value of Assets.
 7.25% (net of investment and administrative expenses)
 Varies by Entry Age and Service
 2.625%
 2.875%

CITY OF REDONDO BEACH

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

	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service Cost	\$ 4,500,890	\$ 4,369,526	\$ 4,352,710	\$ 5,065,945	\$ 5,468,356	\$ 5,753,947
Interest	21,930,219	22,764,197	23,438,824	23,940,703	24,611,566	25,990,861
Difference between Expected and Actual Experience	-	854,509	(769,075)	(493,558)	817,752	9,616,039
Changes in Assumptions	-	(5,276,514)	-	19,087,843	(1,235,646)	-
Benefit Payments, Including						
Refunds of Employee Contributions	(16,352,903)	(17,197,393)	(17,877,775)	(18,716,805)	(20,097,705)	(20,998,140)
Net Change in Total Pension Liability	10,078,206	5,514,325	9,144,684	28,884,128	9,564,323	20,362,707
Total Pension Liability - Beginning	298,328,930	308,407,136	313,921,461	323,066,145	351,950,273	361,514,596
Total Pension Liability - Ending (a)	\$ 308,407,136	\$ 313,921,461	\$ 323,066,145	\$ 351,950,273	\$ 361,514,596	\$ 381,877,303
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 5,790,913	\$ 6,493,477	\$ 7,448,334	\$ 8,431,955	\$ 9,310,708	\$ 10,499,397
Contributions - Employee	2,003,854	1,397,695	1,457,236	1,592,490	1,887,216	1,753,382
Plan to Plan Resource Movement	-	(2,745)	2,463	-	(559)	-
Net Investment Income	34,672,500	5,030,896	1,150,020	23,744,382	19,399,983	15,582,752
Benefit Payments, Including						
Refunds of Employee Contributions	(16,352,903)	(17,197,393)	(17,877,775)	(18,716,805)	(20,097,705)	(20,998,140)
Administrative Expense	-	(251,346)	(136,109)	(317,989)	(358,575)	(170,963)
Other Miscellaneous Income/(Expense)	-	-	-	-	(680,940)	559
Net Change in Fiduciary Net Position	26,114,364	(4,529,416)	(7,955,831)	14,734,033	9,460,128	6,666,987
Plan Fiduciary Net Position - Beginning	201,747,147	227,861,511	223,332,095	215,376,264	230,110,297	239,570,425
Plan Fiduciary Net Position - Ending (b)	\$ 227,861,511	\$ 223,332,095	\$ 215,376,264	\$ 230,110,297	\$ 239,570,425	\$ 246,237,412
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 80,545,625	\$ 90,589,366	\$ 107,689,881	\$ 121,839,976	\$ 121,944,171	\$ 135,639,891
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.88%	71.14%	66.67%	65.38%	66.27%	64.48%
Covered Payroll	\$ 14,418,451	\$ 15,122,058	\$ 15,770,385	\$ 16,424,748	\$ 17,552,942	\$ 18,388,027
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	558.63%	599.05%	682.86%	741.81%	694.72%	737.65%

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

Notes to Schedule:Benefit Changes:

There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions:

None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF REDONDO BEACH

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

	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 6,493,477	\$ 7,448,335	\$ 8,431,955	\$ 9,310,585	\$ 10,498,710	\$ 11,860,372
Contribution in Relation to the Actuarially Determined Contribution	(6,493,477)	(7,448,335)	(8,431,955)	(9,310,585)	(10,498,710)	(11,860,372)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 15,122,058	\$ 15,770,385	\$ 16,424,748	\$ 17,552,942	\$ 18,388,027	\$ 18,508,977
Contributions as a Percentage of Covered Payroll	42.94%	47.23%	51.34%	53.04%	57.10%	64.08%

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

Note to Schedule:

Valuation Date:

June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Fair Value of Assets.
Discount rate	7.25% (net of investment and administrative expenses)
Projected Salary Increases	Varies by Entry Age and Service
Inflation	2.625%
Payroll growth	2.875%

CITY OF REDONDO BEACH

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 560,000	\$ 885,210	\$ 911,766
Interest on the total OPEB liability	1,521,000	1,581,920	1,635,748
Actual and expected experience difference	(3,502,000)	-	(147,110)
Changes in assumptions	2,900,000	-	(1,415,841)
Changes in benefit terms	2,593,000	-	-
Benefit payments	(2,002,000)	(1,868,747)	(1,523,667)
Net change in total OPEB liability	2,070,000	598,383	(539,104)
Total OPEB liability - beginning	21,415,000	23,485,000	24,083,383
Total OPEB liability - ending (a)	23,485,000	24,083,383	23,544,279
Plan Fiduciary Net Position			
Contribution - employer	1,428,000	2,191,008	2,217,998
Net investment income	632,000	469,710	497,289
Benefit payments	(2,002,000)	(1,868,747)	(1,523,667)
Administrative expense	(3,000)	(9,679)	(5,691)
Net change in plan fiduciary net position	55,000	782,292	1,185,929
Plan fiduciary net position - beginning	4,818,000	4,873,000	5,655,292
Plan fiduciary net position - ending (b)	4,873,000	5,655,292	6,841,221
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 18,612,000	\$ 18,428,091	\$ 16,703,058
Plan fiduciary net position as a percentage of the total OPEB liability	20.75%	23.48%	29.06%
Covered-employee payroll	\$ 35,816,000	\$ 36,708,000	\$ 38,823,317
Net OPEB liability as a percentage of covered-employee payroll	51.97%	50.20%	43.02%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: No changes as of measurement date June 30, 2019. The discount rate was changed from 7.25 percent to 6.75 percent for the measurement period ended June 30, 2017.

CITY OF REDONDO BEACH

**SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2018	2019	2020
Actuarially Determined Contribution	\$ 1,802,000	\$ 2,217,998	\$ 2,214,831
Contribution in Relation to the Actuarially Determined Contributions	(705,000)	(2,217,998)	(2,214,831)
Contribution Deficiency (Excess)	<u>\$ 1,097,000</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 36,708,000	\$ 38,823,317	\$ 38,202,693
Contributions as a percentage of covered-employee payroll	4.91%	5.71%	5.80%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the January 1, 2018

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll
Asset Valuation Method	Investment gains and losses spread over
Discount Rate	5-year rolling period
Inflation	6.75%
Mortality	2.75%
	Mortality projected fully generational with

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2020

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "...long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Major infrastructure systems include the street system, storm water system, sewer system, and traffic control system. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments which summarize results using a measurement scale; and (3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a physical assessment of the street conditions as of June 30, 2020. The study assisted the City by providing inspection data used to evaluate pavement condition. This helped to establish a City-defined target level of pavement performance, while optimizing the expenditure of limited fiscal resources. The entire pavement network within the City is composed of approximately 125 centerline miles of paved surfaces. The City's street system can be grouped by function class as follows: 22 centerline miles of arterial, 5 centerline miles of collector and 98 centerline miles of residential.

In May 2020, a physical assessment of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments based on the ASTM D6433-11 standards for Pavement Condition Index (PCI). The PCI method only looks at distresses in the pavement since all of the City streets are structurally adequate and have speed limits less than 45mph. Evaluating the pavement based on PCI is a widely used standard in the United States, internationally, and commonly used by adjacent cities. This change allows the City to easily compare street conditions with comparable adjacent cities.

Upon completion of the study, the PCI was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Ratings range from 0 to 100. A newly constructed street will have a PCI of 100, while a failed street will have a PCI of 25 or less. The pavement condition is primarily affected by the climate, traffic loads and volumes, construction materials and age. During the year, the comprehensive survey is updated to reflect the pavement's current condition.

CITY OF REDONDO BEACH

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2020

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (Continued)

The following conditions were defined:

Condition	Rating
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

In line with the Capital Improvement Program and as presented to City Council on January 16, 2018, City policy is to achieve an average rating of 75 PCI, for all streets by fiscal year 2027/28. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds.

The condition assessments for the most recent years since implementation are as follows:

Year	PQI Rate	Condition	% of Streets
2018	68 PCI	Very Good	52%
		Good	30%
		Poor	16%
		Very Poor	2%
2019	66 PCI	Very Good	49%
		Good	30%
		Poor	18%
		Very Poor	3%
2020	72 PCI	Very Good	55%
		Good	32%
		Poor	12%
		Very Poor	1%

The City expended \$6,085,084 on street improvement projects for the fiscal year ended June 30, 2020. These capital improvements expenditures enhanced the condition of many streets and delayed deterioration on others. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2020 through June 30, 2021 is a minimum of \$4,280,000.

A schedule of budget versus actual for the most recent years since implementation, which preserved City streets at the current 72 PCI rating, is presented in the following:

Fiscal Year	Final Budget	Funded By Capital Improvement Project Fund	Funded By Other Funds	Total Expenditures
2014-2015	\$ 15,216,557	\$ 585,138	\$ 4,882,873	\$ 5,468,011
2015-2016	18,316,725	349,942	2,225,322	2,575,264
2016-2017	18,181,254	426,308	2,176,521	2,602,829
2017-2018	25,410,860	2,277,323	3,029,105	5,306,428
2018-2019	28,101,756	858,836	1,567,341	2,426,177
2019-2020	25,722,992	983,290	5,101,794	6,085,084

As of June 30, 2020, 50% of City streets were rated below the targeted average condition level of 75 PCI. However, as noted above, the City is investing in these infrastructure assets as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal.

CITY OF REDONDO BEACH

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2020

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (Continued)

Project	Project #	Budget	General Fund Expenditures	Other Fund Expenditures	Total Expenditures
Bus Shelters & Benches	40120	\$ 100,516	\$ -	\$ -	\$ -
Pavement & Sidewalk Repairs	40140	240,238	162,809	-	162,809
Residential Street Rehabilitation	40190	5,235,255	237,975	1,200,513	1,438,488
Citywide Curb Ramp Improvements	40399	631,232	18,054	613,178	631,232
Traffic Calming Project	40470	647,079	216,289	-	216,289
Bicycle Trans Plan Implementation	40510	113,627	-	24,009	24,009
PCH/Torrance Blvd Right Hand Turn Lane	40650	66,508	2,090	-	2,090
Artesia/Aviation NB Rt Turn Lane	40780	607,120	-	56,283	56,283
PCH Study Recommendations	40800	1,150,481	-	37,415	37,415
PCH/Torrance Blvd NB Rt Turn Lane	40810	628,116	-	532,818	532,818
Bike Plan Grant - Beryl St. Bike Lanes	40940	136,829	-	-	-
Bike Plan Grant - N Catalina Bikelane	40941	414,370	-	-	-
Bike Plan Grant - S Catalina/I Bikelane	40942	44,640	-	-	-
Bike Plan Grant - Lillienthal Bikelane	40943	282,525	-	-	-
Bike Plan Grant - Torrance Blvd Bike Lane	40944	215,790	-	-	-
Bike Plan Grant - Citywide Bike Facilities	40945	853,340	-	-	-
Inglewood at MBB Rt Turn Lane Feasibility	40960	4,927,127	-	156,173	156,173
Riviera Village Imp - Phase IV	40980	10,436	2,343	5,631	7,974
Riviera Village Parking Meter Replacement	41000	59,673	9,718	-	9,718
Prospect Resurfacing: Beryl to Del Amo	41030	817,404	-	613,437	613,437
Flagler Resurfacing - 190th to Beryl St.	41060	339,237	215,427	107,500	322,927
Torrance Blvd & Francisca Traffic Signal Mod	41070	270,000	-	9,104	9,104
Artesia Blvd Improvements - Phase 1	41080	228,782	32,866	-	32,866
Grant Ave Signal Improvements	41090	1,534,637	-	72,934	72,934
Inglewood Resurfacing - Grant to 190th	41100	1,070,217	-	1,009,290	1,009,290
Median Reno - PV Blvd/Prospect/MBB	41110	249,200	47,768	119,249	167,017
Beryl Resurfacing & Drainage - Prospect to Flag	41130	800,000	-	1,454	1,454
Citywide Slurry Seal Program	41140	1,164,000	20,382	471,417	491,799
Kingsdale Avenue Widening	41150	984,601	-	2,150	2,150
Manhattan Beach Boulevard Resurfacing	41160	935,012	17,569	-	17,569
Regional Hwy/Arterial Operating Improvements	41170	85,000	-	-	-
Citywide Striping	41180	200,000	-	65,116	65,116
Artesia Blvd Resurfacing - Harper to Hawthorne	41190	100,000	-	-	-
Citywide Traffic Signal Upgrades	41200	250,000	-	2,669	2,669
Inglewood Ave Resurfacing - Marine to MBB	41210	130,000	-	-	-
RB Blvd Resurfacing - Artesia to Hawthorne	41220	70,000	-	-	-
Torrance Blvd Resurfacing - PCH to Prospect	41230	130,000	-	1,454	1,454
		<u>\$ 25,722,992</u>	<u>\$ 983,290</u>	<u>\$ 5,101,794</u>	<u>\$ 6,085,084</u>

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SUPPLEMENTARY INFORMATION

CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure / Forfeiture	Proposition A
Assets:				
Pooled cash and investments	\$ 2,064,185	\$ 37,243	\$ 528,349	\$ 2,483,965
Receivables:				
Accounts	3,550	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	9,436	-	2,309	8,356
Due from other governments	181,100	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,258,271	\$ 37,243	\$ 530,658	\$ 2,492,321
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 840,538	\$ -	\$ 13,299	\$ -
Due to other funds	-	-	-	-
Total Liabilities	840,538	-	13,299	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Housing and community development	-	37,243	-	2,492,321
Public safety	-	-	517,359	-
Public works	1,417,733	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,417,733	37,243	517,359	2,492,321
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,258,271	\$ 37,243	\$ 530,658	\$ 2,492,321

CITY OF REDONDO BEACH

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Proposition C	Measure R	Local Transportation Article 3	Air Quality Improvement
Assets:				
Pooled cash and investments	\$ 7,214,628	\$ 1,930,631	\$ -	\$ 296,763
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	31,252	3,613	-	1,280
Due from other governments	-	-	139,765	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 7,245,880	\$ 1,934,244	\$ 139,765	\$ 298,043
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,303	\$ 29,658	\$ 4,113	\$ 119
Due to other funds	-	-	135,619	-
Total Liabilities	5,303	29,658	139,732	119
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Housing and community development	7,240,577	1,904,586	33	297,924
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	7,240,577	1,904,586	33	297,924
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,245,880	\$ 1,934,244	\$ 139,765	\$ 298,043

CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			
	Storm Drain Improvement	Street Landscaping and Lighting District	Community Development Block Grant	Disaster Recovery
Assets:				
Pooled cash and investments	\$ 372,782	\$ 105,702	\$ -	\$ -
Receivables:				
Accounts	-	475	-	-
Taxes	-	22,443	-	-
Notes and loans	-	-	356,829	-
Accrued interest	-	-	-	-
Due from other governments	-	-	313,264	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 372,782	\$ 128,620	\$ 670,093	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 128,620	\$ 45,092	\$ -
Due to other funds	-	-	177,902	325,010
Total Liabilities	-	128,620	222,994	325,010
Deferred Inflows of Resources:				
Unavailable revenues	-	-	409,036	-
Total Deferred Inflows of Resources	-	-	409,036	-
Fund Balances:				
Restricted for:				
Housing and community development	-	-	38,063	-
Public safety	-	-	-	-
Public works	372,782	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	(325,010)
Total Fund Balances	372,782	-	38,063	(325,010)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 372,782	\$ 128,620	\$ 670,093	\$ -

CITY OF REDONDO BEACH

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Housing Authority	Subdivision Park Trust	Measure M	Measure W
Assets:				
Pooled cash and investments	\$ 1,324,991	\$ 1,285,718	\$ 2,565,319	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	10,975	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,324,991	\$ 1,285,718	\$ 2,576,294	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 20,012	\$ 5,000	\$ 1,406
Due to other funds	61,547	-	-	552,169
Total Liabilities	61,547	20,012	5,000	553,575
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Housing and community development	-	1,265,706	-	-
Public safety	-	-	-	-
Public works	-	-	2,571,294	-
Debt service	-	-	-	-
Low and moderate income housing	1,263,444	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	(553,575)
Total Fund Balances	1,263,444	1,265,706	2,571,294	(553,575)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,324,991	\$ 1,285,718	\$ 2,576,294	\$ -

CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Capital Projects Funds			
	Capital Improvement Projects	Pier Parking Structure Rehabilitation	Major Facilities Reconstruction	Open Space Acquisition
Assets:				
Pooled cash and investments	\$ 7,425,298	\$ 831	\$ 1,150,000	\$ 1,201,516
Receivables:				
Accounts	119,340	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 7,544,638	\$ 831	\$ 1,150,000	\$ 1,201,516
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 188,944	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	188,944	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital projects	7,355,694	831	1,150,000	1,201,516
Unassigned	-	-	-	-
Total Fund Balances	7,355,694	831	1,150,000	1,201,516
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,544,638	\$ 831	\$ 1,150,000	\$ 1,201,516

CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Debt Service Funds		
	Public Financing Authority	Parking Authority	Total Other Governmental Funds
Assets:			
Pooled cash and investments	\$ 1,997,765	\$ 6,081	\$ 31,991,767
Receivables:			
Accounts	-	-	123,365
Taxes	-	-	22,443
Notes and loans	-	-	356,829
Accrued interest	641	20	67,882
Due from other governments	4,220,000	-	4,854,129
Due from other funds	435,987	-	435,987
Restricted assets:			
Cash and investments with fiscal agents	134	-	134
Total Assets	\$ 6,654,527	\$ 6,101	\$ 37,852,536
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 692	\$ -	\$ 1,282,796
Due to other funds	898,996	-	2,151,243
Total Liabilities	899,688	-	3,434,039
Deferred Inflows of Resources:			
Unavailable revenues	-	-	409,036
Total Deferred Inflows of Resources	-	-	409,036
Fund Balances:			
Restricted for:			
Housing and community development	-	-	13,276,453
Public safety	-	-	517,359
Public works	-	-	4,361,809
Debt service	5,754,839	6,101	5,760,940
Low and moderate income housing	-	-	1,263,444
Assigned to:			
Capital projects	-	-	9,708,041
Unassigned	-	-	(878,585)
Total Fund Balances	5,754,839	6,101	34,009,461
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,654,527	\$ 6,101	\$ 37,852,536

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure / Forfeiture	Proposition A
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,737,792	-	-	1,332,250
Charges for services	-	22,400	-	-
Use of money and property	95,969	-	21,935	77,678
Miscellaneous	9,129	-	-	-
Total Revenues	2,842,890	22,400	21,935	1,409,928
Expenditures:				
Current:				
Public safety	-	-	65,820	-
Housing and community development	-	-	-	-
Culture and leisure services	-	-	-	-
Public works	1,364,510	-	-	-
Capital outlay	1,240,796	194,471	42,664	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,605,306	194,471	108,484	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,584	(172,071)	(86,549)	1,409,928
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(801,234)
Total Other Financing Sources (Uses):	-	-	-	(801,234)
Net Change in Fund Balances	237,584	(172,071)	(86,549)	608,694
Fund Balances, Beginning of Year	1,180,149	209,314	603,908	1,883,627
Fund Balances, End of Year	\$ 1,417,733	\$ 37,243	\$ 517,359	\$ 2,492,321

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Proposition C	Measure R	Local Transportation Article 3	Air Quality Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,105,104	827,642	139,765	88,371
Charges for services	-	-	-	-
Use of money and property	309,780	28,345	-	12,779
Miscellaneous	-	-	-	-
Total Revenues	1,414,884	855,987	139,765	101,150
Expenditures:				
Current:				
Public safety	-	-	-	-
Housing and community development	-	-	-	51,556
Culture and leisure services	483	-	-	-
Public works	9,182	17,739	-	-
Capital outlay	1,050,592	717,905	139,329	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,060,257	735,644	139,329	51,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	354,627	120,343	436	49,594
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses):	-	-	-	-
Net Change in Fund Balances	354,627	120,343	436	49,594
Fund Balances, Beginning of Year	6,885,950	1,784,243	(403)	248,330
Fund Balances, End of Year	\$ 7,240,577	\$ 1,904,586	\$ 33	\$ 297,924

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Storm Drain Improvement	Street Landscaping and Lighting District	Community Development Block Grant	Disaster Recovery
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	604,074	-
Charges for services	30,530	1,503,544	-	720
Use of money and property	-	-	-	-
Miscellaneous	-	4,585	-	124,012
Total Revenues	30,530	1,508,129	604,074	124,732
Expenditures:				
Current:				
Public safety	-	-	-	587,156
Housing and community development	-	-	130,661	-
Culture and leisure services	-	-	-	-
Public works	-	2,645,290	-	-
Capital outlay	-	-	473,850	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	2,645,290	604,511	587,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,530	(1,137,161)	(437)	(462,424)
Other Financing Sources (Uses):				
Transfers in	-	1,137,161	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses):	-	1,137,161	-	-
Net Change in Fund Balances	30,530	-	(437)	(462,424)
Fund Balances, Beginning of Year	342,252	-	38,500	137,414
Fund Balances, End of Year	\$ 372,782	\$ -	\$ 38,063	\$ (325,010)

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Housing Authority	Subdivision Park Trust	Measure M	Measure W
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,753,064	-	930,927	-
Charges for services	-	-	-	-
Use of money and property	1,472	-	114,586	-
Miscellaneous	-	675,000	-	-
Total Revenues	6,754,536	675,000	1,045,513	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Housing and community development	6,380,470	-	-	-
Culture and leisure services	-	-	374	-
Public works	-	-	-	144,072
Capital outlay	-	1,203,213	221,920	409,503
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	6,380,470	1,203,213	222,294	553,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	374,066	(528,213)	823,219	(553,575)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses):	-	-	-	-
Net Change in Fund Balances	374,066	(528,213)	823,219	(553,575)
Fund Balances, Beginning of Year	889,378	1,793,919	1,748,075	-
Fund Balances, End of Year	\$ 1,263,444	\$ 1,265,706	\$ 2,571,294	\$ (553,575)

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Project Funds			
	Capital Improvement Projects	Pier Parking Structure Rehabilitation	Major Facilities Reconstruction	Open Space Acquisition
Revenues:				
Taxes	\$ 192,395	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	290,920	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	1,470	-	-	-
Total Revenues	484,785	-	-	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Housing and community development	-	-	-	-
Culture and leisure services	-	-	-	-
Public works	162,658	-	-	-
Capital outlay	2,164,748	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,327,406	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,842,621)	-	-	-
Other Financing Sources (Uses):				
Transfers in	40,000	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses):	40,000	-	-	-
Net Change in Fund Balances	(1,802,621)	-	-	-
Fund Balances, Beginning of Year	9,158,315	831	1,150,000	1,201,516
Fund Balances, End of Year	\$ 7,355,694	\$ 831	\$ 1,150,000	\$ 1,201,516

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Debt Service Funds		
	Public Financing Authority	Parking Authority	Total Other Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 192,395
Intergovernmental	-	-	14,518,989
Charges for services	-	-	1,848,114
Use of money and property	725,817	134	1,388,495
Miscellaneous	-	-	814,196
Total Revenues	725,817	134	18,762,189
Expenditures:			
Current:			
Public safety	-	-	652,976
Housing and community development	199,015	-	6,761,702
Culture and leisure services	-	-	857
Public works	-	-	4,343,451
Capital outlay	9,000,000	-	16,858,991
Debt service:			
Principal retirement	795,000	-	795,000
Interest and fiscal charges	1,322,680	-	1,322,680
Total Expenditures	11,316,695	-	30,735,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,590,878)	134	(11,973,468)
Other Financing Sources (Uses):			
Transfers in	2,214,226	-	3,391,387
Transfers out	-	-	(801,234)
Total Other Financing Sources (Uses):	2,214,226	-	2,590,153
Net Change in Fund Balances	(8,376,652)	134	(9,383,315)
Fund Balances, Beginning of Year	14,131,491	5,967	43,392,776
Fund Balances, End of Year	\$ 5,754,839	\$ 6,101	\$ 34,009,461

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,180,149	\$ 1,180,149	\$ 1,180,149	\$ -
Resources (Inflows):				
Intergovernmental	2,921,553	2,985,207	2,737,792	(247,415)
Use of money and property	2,000	2,000	95,969	93,969
Miscellaneous	6,000	13,500	9,129	(4,371)
Amounts Available for Appropriations	4,109,702	4,180,856	4,023,039	(157,817)
Charges to Appropriation (Outflow):				
Public works	1,426,757	1,421,165	1,364,510	56,655
Capital outlay	1,136,717	2,536,717	1,240,796	1,295,921
Total Charges to Appropriations	2,563,474	3,957,882	2,605,306	1,352,576
Budgetary Fund Balance, June 30	\$ 1,546,228	\$ 222,974	\$ 1,417,733	\$ 1,194,759

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 PARKS AND RECREATION FACILITIES
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 209,314	\$ 209,314	\$ 209,314	\$ -
Resources (Inflows):				
Charges for services	30,000	30,000	22,400	(7,600)
Amounts Available for Appropriations	239,314	239,314	231,714	(7,600)
Charges to Appropriation (Outflow):				
Capital outlay	100,000	212,773	194,471	18,302
Total Charges to Appropriations	100,000	212,773	194,471	18,302
Budgetary Fund Balance, June 30	\$ 139,314	\$ 26,541	\$ 37,243	\$ 10,702

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 NARCOTIC SEIZURE / FORFEITURE
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 603,908	\$ 603,908	\$ 603,908	\$ -
Resources (Inflows):				
Use of money and property	12,000	12,000	21,935	9,935
Fines and forfeitures	20,000	-	-	-
Amounts Available for Appropriations	635,908	615,908	625,843	9,935
Charges to Appropriation (Outflow):				
Public safety	52,957	201,166	65,820	135,346
Capital outlay	200,000	224,235	42,664	181,571
Total Charges to Appropriations	252,957	425,401	108,484	316,917
Budgetary Fund Balance, June 30	\$ 382,951	\$ 190,507	\$ 517,359	\$ 326,852

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,883,627	\$ 1,883,627	\$ 1,883,627	\$ -
Resources (Inflows):				
Intergovernmental	1,390,225	1,390,225	1,332,250	(57,975)
Use of money and property	22,000	22,000	77,678	55,678
Amounts Available for Appropriations	3,295,852	3,295,852	3,293,555	(2,297)
Charges to Appropriation (Outflow):				
Capital outlay	-	75,000	-	75,000
Transfers out	1,726,945	2,145,658	801,234	1,344,424
Total Charges to Appropriations	1,726,945	2,220,658	801,234	1,419,424
Budgetary Fund Balance, June 30	\$ 1,568,907	\$ 1,075,194	\$ 2,492,321	\$ 1,417,127

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,885,950	\$ 6,885,950	\$ 6,885,950	\$ -
Resources (Inflows):				
Intergovernmental	1,153,155	1,153,155	1,105,104	(48,051)
Use of money and property	55,000	55,000	309,780	254,780
Amounts Available for Appropriations	8,094,105	8,094,105	8,300,834	206,729
Charges to Appropriation (Outflow):				
Cultural and leisure services	-	483	483	-
Public works	38,127	37,579	9,182	28,397
Capital outlay	1,620,000	7,242,568	1,050,592	6,191,976
Total Charges to Appropriations	1,658,127	7,280,630	1,060,257	6,220,373
Budgetary Fund Balance, June 30	\$ 6,435,978	\$ 813,475	\$ 7,240,577	\$ 6,427,102

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
MEASURE R
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,784,243	\$ 1,784,243	\$ 1,784,243	\$ -
Resources (Inflows):				
Intergovernmental	864,959	864,959	827,642	(37,317)
Use of money and property	2,000	2,000	28,345	26,345
Miscellaneous	300	-	-	-
Amounts Available for Appropriations	2,651,502	2,651,202	2,640,230	(10,972)
Charges to Appropriation (Outflow):				
Public works	84,000	84,000	17,739	66,261
Capital outlay	770,000	2,523,642	717,905	1,805,737
Total Charges to Appropriations	854,000	2,607,642	735,644	1,871,998
Budgetary Fund Balance, June 30	\$ 1,797,502	\$ 43,560	\$ 1,904,586	\$ 1,861,026

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
 LOCAL TRANSPORTATION ARTICLE 3
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (403)	\$ (403)	\$ (403)	\$ -
Resources (Inflows):				
Intergovernmental	49,587	49,587	139,765	90,178
Amounts Available for Appropriations	49,184	49,184	139,362	90,178
Charges to Appropriation (Outflow):				
Capital outlay	-	136,929	139,329	(2,400)
Total Charges to Appropriations	-	136,929	139,329	(2,400)
Budgetary Fund Balance, June 30	\$ 49,184	\$ (87,745)	\$ 33	\$ 87,778

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 248,330	\$ 248,330	\$ 248,330	\$ -
Resources (Inflows):				
Intergovernmental	88,000	88,000	88,371	371
Use of money and property	2,000	2,000	12,779	10,779
Amounts Available for Appropriations	338,330	338,330	349,480	11,150
Charges to Appropriation (Outflow):				
Cultural and leisure services	72,285	78,859	51,556	27,303
Capital outlay	-	185,600	-	185,600
Total Charges to Appropriations	72,285	264,459	51,556	212,903
Budgetary Fund Balance, June 30	\$ 266,045	\$ 73,871	\$ 297,924	\$ 224,053

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
 STORM DRAIN IMPROVEMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 342,252	\$ 342,252	\$ 342,252	\$ -
Resources (Inflows):				
Charges for services	50,000	50,000	30,530	(19,470)
Amounts Available for Appropriations	392,252	392,252	372,782	(19,470)
Charges to Appropriation (Outflow):				
Capital outlay	-	288,730	-	288,730
Total Charges to Appropriations	-	288,730	-	288,730
Budgetary Fund Balance, June 30	\$ 392,252	\$ 103,522	\$ 372,782	\$ 269,260

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
STREET LANDSCAPING AND LIGHTING DISTRICT
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	1,543,600	1,543,600	1,503,544	(40,056)
Miscellaneous	25,000	15,000	4,585	(10,415)
Transfers in	1,128,198	1,190,899	1,137,161	(53,738)
Amounts Available for Appropriations	2,696,798	2,749,499	2,645,290	(104,209)
Charges to Appropriation (Outflow):				
Public works	2,696,798	2,749,499	2,645,290	104,209
Total Charges to Appropriations	2,696,798	2,749,499	2,645,290	104,209
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 38,500	\$ 38,500	\$ 38,500	\$ -
Resources (Inflows):				
Intergovernmental	274,752	576,209	604,074	27,865
Amounts Available for Appropriations	313,252	614,709	642,574	27,865
Charges to Appropriation (Outflow):				
Housing and community development	158,118	161,397	130,661	30,736
Capital outlay	170,037	481,079	473,850	7,229
Total Charges to Appropriations	328,155	642,476	604,511	37,965
Budgetary Fund Balance, June 30	\$ (14,903)	\$ (27,767)	\$ 38,063	\$ 65,830

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 DISASTER RECOVERY
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 137,414	\$ 137,414	\$ 137,414	\$ -
Resources (Inflows):				
Charges for services	2,000	2,000	720	(1,280)
Miscellaneous	50,000	877,184	124,012	(753,172)
Amounts Available for Appropriations	189,414	1,016,598	262,146	(754,452)
Charges to Appropriation (Outflow):				
Public safety	17,060	844,244	587,156	257,088
Total Charges to Appropriations	17,060	844,244	587,156	257,088
Budgetary Fund Balance, June 30	\$ 172,354	\$ 172,354	\$ (325,010)	\$ (497,364)

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 889,378	\$ 889,378	\$ 889,378	\$ -
Resources (Inflows):				
Intergovernmental	7,404,563	7,404,563	6,753,064	(651,499)
Use of money and property	-	-	1,472	1,472
Amounts Available for Appropriations	8,293,941	8,293,941	7,643,914	(650,027)
Charges to Appropriation (Outflow):				
Housing and community development	6,668,461	6,668,461	6,380,470	287,991
Total Charges to Appropriations	6,668,461	6,668,461	6,380,470	287,991
Budgetary Fund Balance, June 30	\$ 1,625,480	\$ 1,625,480	\$ 1,263,444	\$ (362,036)

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
 SUBDIVISION PARK TRUST
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,793,919	\$ 1,793,919	\$ 1,793,919	\$ -
Resources (Inflows):				
Miscellaneous	1,262,500	1,262,500	675,000	(587,500)
Amounts Available for Appropriations	3,056,419	3,056,419	2,468,919	(587,500)
Charges to Appropriation (Outflow):				
Capital outlay	1,160,000	2,862,127	1,203,213	1,658,914
Total Charges to Appropriations	1,160,000	2,862,127	1,203,213	1,658,914
Budgetary Fund Balance, June 30	\$ 1,896,419	\$ 194,292	\$ 1,265,706	\$ 1,071,414

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE

MEASURE M

YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,748,075	\$ 1,748,075	\$ 1,748,075	\$ -
Resources (Inflows):				
Intergovernmental	980,182	980,182	930,927	(49,255)
Use of money and property	10,000	10,000	114,586	104,586
Amounts Available for Appropriations	2,738,257	2,738,257	2,793,588	55,331
Charges to Appropriation (Outflow):				
Cultural and leisure services	62	374	374	-
Capital outlay	850,000	2,665,000	221,920	2,443,080
Total Charges to Appropriations	850,062	2,665,374	222,294	2,443,080
Budgetary Fund Balance, June 30	\$ 1,888,195	\$ 72,883	\$ 2,571,294	\$ 2,498,411

CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE
MEASURE W
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	760,000	720,000	-	(720,000)
Amounts Available for Appropriations	760,000	720,000	-	(720,000)
Charges to Appropriation (Outflow):				
Public works	225,000	197,079	144,072	53,007
Capital outlay	535,000	520,000	409,503	110,497
Total Charges to Appropriations	760,000	717,079	553,575	163,504
Budgetary Fund Balance, June 30	\$ -	\$ 2,921	\$ (553,575)	\$ (556,496)

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT PROJECTS
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 9,158,315	\$ 9,158,315	\$ 9,158,315	\$ -
Resources (Inflows):				
Taxes	200,000	200,000	192,395	(7,605)
Charges for services	290,921	290,921	290,920	(1)
Miscellaneous	-	-	1,470	1,470
Transfers in	40,000	40,000	40,000	-
Amounts Available for Appropriations	9,689,236	9,689,236	9,683,100	(6,136)
Charges to Appropriation (Outflow):				
Public works	165,725	165,725	162,658	3,067
Capital outlay	1,955,000	8,602,363	2,164,748	6,437,615
Total Charges to Appropriations	2,120,725	8,768,088	2,327,406	6,440,682
Budgetary Fund Balance, June 30	\$ 7,568,511	\$ 921,148	\$ 7,355,694	\$ 6,434,546

CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 14,131,491	\$ 14,131,491	\$ 14,131,491	\$ -
Resources (Inflows):				
Use of money and property	301,896	301,896	725,817	423,921
Transfers in	1,654,197	1,654,197	2,214,226	560,029
Amounts Available for Appropriations	16,087,584	16,087,584	17,071,534	983,950
Charges to Appropriation (Outflow):				
Housing and community development	212,500	212,500	199,015	13,485
Capital outlay	-	-	9,000,000	(9,000,000)
Debt service:				
Principal retirement	817,565	817,565	795,000	22,565
Interest and fiscal charges	1,379,928	1,379,928	1,322,680	57,248
Transfers out	602,750	602,750	-	602,750
Total Charges to Appropriations	3,012,743	3,012,743	11,316,695	(8,303,952)
Budgetary Fund Balance, June 30	\$ 13,074,841	\$ 13,074,841	\$ 5,754,839	\$ (7,320,002)

CITY OF REDONDO BEACH

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement	Building Occupancy	Information Technology
Assets:			
Current:			
Cash and investments	\$ 8,229,401	\$ 2,259,422	\$ 2,339,343
Receivables:			
Accounts	41,520	-	-
Prepaid costs	-	-	20,592
Due from other governments	-	-	-
Total Current Assets	8,270,921	2,259,422	2,359,935
Noncurrent:			
Capital assets - net of accumulated depreciation	6,895,411	170,337	838,432
Total Noncurrent Assets	6,895,411	170,337	838,432
Total Assets	15,166,332	2,429,759	3,198,367
Deferred Outflows of Resources:			
Deferred pension related items	145,114	341,189	298,865
Deferred OPEB related items	28,328	59,084	58,679
Total Deferred Outflows of Resources	173,442	400,273	357,544
Liabilities:			
Current:			
Accounts payable	108,305	135,098	68,035
Accrued compensated absences	4,432	11,119	21,401
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	-	-	93,293
Total Current Liabilities	112,737	146,217	182,729
Noncurrent:			
Accrued compensated absences	22,592	56,680	109,092
Accrued claims and judgments	-	-	-
Net pension liability	1,057,631	2,486,692	2,178,217
Net OPEB liability	116,921	243,865	242,194
Bonds, notes, and capital leases	-	-	93,294
Total Noncurrent Liabilities	1,197,144	2,787,237	2,622,797
Total Liabilities	1,309,881	2,933,454	2,805,526
Deferred Inflows of Resources:			
Deferred pension related items	19,863	46,704	40,910
Deferred OPEB related items	26,475	55,219	54,841
Total Deferred Inflows of Resources	46,338	101,923	95,751
Net Position:			
Net investment in capital assets	6,895,411	170,337	651,845
Unrestricted	7,088,144	(375,682)	2,789
Total Net Position	\$ 13,983,555	\$ (205,345)	\$ 654,634

CITY OF REDONDO BEACH

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Self- Insurance Program	Emergency Communications	Major Facilities Repair	Totals
Assets:				
Current:				
Cash and investments	\$ 14,201,733	\$ 2,760,112	\$ 993,978	\$ 30,783,989
Receivables:				
Accounts	-	-	-	41,520
Prepaid costs	584,373	-	-	604,965
Due from other governments	1,614	-	-	1,614
Total Current Assets	14,787,720	2,760,112	993,978	31,432,088
Noncurrent:				
Capital assets - net of accumulated depreciation	45,361	1,824,333	225,451	9,999,325
Total Noncurrent Assets	45,361	1,824,333	225,451	9,999,325
Total Assets	14,833,081	4,584,445	1,219,429	41,431,413
Deferred Outflows of Resources:				
Deferred pension related items	43,189	373,149	-	1,201,506
Deferred OPEB related items	10,926	84,983	-	242,000
Total Deferred Outflows of Resources	54,115	458,132	-	1,443,506
Liabilities:				
Current:				
Accounts payable	620,710	29,195	728	962,071
Accrued compensated absences	1,367	20,164	-	58,483
Accrued claims and judgments	1,329,877	-	-	1,329,877
Bonds, notes, and capital leases	-	-	-	93,293
Total Current Liabilities	1,951,954	49,359	728	2,443,724
Noncurrent:				
Accrued compensated absences	6,970	102,790	-	298,124
Accrued claims and judgments	23,351,255	-	-	23,351,255
Net pension liability	314,771	2,719,623	-	8,756,934
Net OPEB liability	45,098	350,764	-	998,842
Bonds, notes, and capital leases	-	-	-	93,294
Total Noncurrent Liabilities	23,718,094	3,173,177	-	33,498,449
Total Liabilities	25,670,048	3,222,536	728	35,942,173
Deferred Inflows of Resources:				
Deferred pension related items	5,910	51,077	-	164,464
Deferred OPEB related items	10,212	79,425	-	226,172
Total Deferred Inflows of Resources	16,122	130,502	-	390,636
Net Position:				
Net investment in capital assets	45,361	1,824,333	225,451	9,812,738
Unrestricted	(10,844,335)	(134,794)	993,250	(3,270,628)
Total Net Position	\$ (10,798,974)	\$ 1,689,539	\$ 1,218,701	\$ 6,542,110

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement	Building Occupancy	Information Technology
Operating Revenues:			
Sales and service charges	\$ 4,049,072	\$ 3,277,446	\$ 4,054,480
Miscellaneous	68,013	25,120	4,948
Total Operating Revenues	4,117,085	3,302,566	4,059,428
Operating Expenses:			
Administration and general	934,883	1,076,754	502,311
Personnel services	767,576	1,908,095	1,525,490
Contractual services	47,091	293,072	1,164,905
Internal service charges	259,915	522,576	457,690
Depreciation expense	1,303,616	11,750	142,536
Total Operating Expenses	3,313,081	3,812,247	3,792,932
Operating Income (Loss)	804,004	(509,681)	266,496
Nonoperating Revenues (Expenses):			
Gain (loss) on disposal of capital assets	(224,239)	-	-
Total Nonoperating Revenues (Expenses)	(224,239)	-	-
Changes in Net Position	579,765	(509,681)	266,496
Net Position:			
Beginning of Year	13,403,790	304,336	388,138
End of Fiscal Year	\$ 13,983,555	\$ (205,345)	\$ 654,634

CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Self- Insurance Program	Emergency Communications	Major Facilities Repair	Totals
Operating Revenues:				
Sales and service charges	\$ 8,064,832	\$ 3,452,277	\$ 91,543	\$ 22,989,650
Miscellaneous	-	-	-	98,081
Total Operating Revenues	8,064,832	3,452,277	91,543	23,087,731
Operating Expenses:				
Administration and general	4,937,002	49,163	-	7,500,113
Personnel services	277,581	2,725,669	-	7,204,411
Contractual services	227,942	204,845	-	1,937,855
Internal service charges	72,230	698,433	-	2,010,844
Depreciation expense	-	226,298	-	1,684,200
Total Operating Expenses	5,514,755	3,904,408	-	20,337,423
Operating Income (Loss)	2,550,077	(452,131)	91,543	2,750,308
Nonoperating Revenues (Expenses):				
Gain (loss) on disposal of capital assets	-	-	-	(224,239)
Total Nonoperating Revenues (Expenses)	-	-	-	(224,239)
Changes in Net Position	2,550,077	(452,131)	91,543	2,526,069
Net Position:				
Beginning of Year	(13,349,051)	2,141,670	1,127,158	4,016,041
End of Fiscal Year	\$ (10,798,974)	\$ 1,689,539	\$ 1,218,701	\$ 6,542,110

CITY OF REDONDO BEACH

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement	Building Occupancy	Information Technology
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 4,130,054	\$ 3,302,566	\$ 4,073,828
Cash paid to suppliers for goods and services	(1,184,547)	(1,869,452)	(2,243,398)
Cash paid to employees for services	(606,906)	(1,249,967)	(1,186,778)
Net Cash Provided (Used) by Operating Activities	2,338,601	183,147	643,652
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,259,491)	-	(449,371)
Principal paid on capital debt	-	-	(93,293)
Proceeds from capital debt issued	-	-	279,880
Proceeds from sale of capital assets	65,598	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,193,893)	-	(262,784)
Net Increase (Decrease) in Cash and Cash Equivalents	1,144,708	183,147	380,868
Cash and Cash Equivalents at Beginning of Year	7,084,693	2,076,275	1,958,475
Cash and Cash Equivalents at End of Year	\$ 8,229,401	\$ 2,259,422	\$ 2,339,343
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 804,004	\$ (509,681)	\$ 266,496
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,303,616	11,750	142,536
(Increase) decrease in accounts receivable	12,969	-	14,400
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in deferred outflow pension related items	(10,938)	(84,578)	(24,640)
(Increase) decrease in deferred outflow OPEB related items	1,193	4,362	(80)
(Increase) decrease in prepaid expense	6,228	-	(18,585)
Increase (decrease) in accounts payable	57,661	44,450	(97,007)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in net pension liability	149,136	749,196	321,481
Increase (decrease) in net OPEB liability	(6,547)	(21,500)	(2,900)
Increase (decrease) in deferred inflow pension related items	6,057	20,300	12,695
Increase (decrease) in deferred inflow OPEB related items	7,171	13,728	16,520
Increase (decrease) in compensated absences	8,051	(44,880)	12,736
Total Adjustments	1,534,597	692,828	377,156
Net Cash Provided (Used) by Operating Activities	\$ 2,338,601	\$ 183,147	\$ 643,652

CITY OF REDONDO BEACH

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 8,063,230	\$ 3,452,277	\$ 91,543	\$ 23,113,498
Cash paid to suppliers for goods and services	(6,949,057)	(1,045,001)	-	(13,291,455)
Cash paid to employees for services	(461,423)	(2,165,098)	-	(5,670,172)
Net Cash Provided (Used) by Operating Activities	652,750	242,178	91,543	4,151,871
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(118,000)	(224,001)	(2,050,863)
Principal paid on capital debt	-	-	-	(93,293)
Proceeds from capital debt issued	-	-	-	279,880
Proceeds from sale of capital assets	-	-	-	65,598
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(118,000)	(224,001)	(1,798,678)
Net Increase (Decrease) in Cash and Cash Equivalents	652,750	124,178	(132,458)	2,353,193
Cash and Cash Equivalents at Beginning of Year	13,548,983	2,635,934	1,126,436	28,430,796
Cash and Cash Equivalents at End of Year	\$ 14,201,733	\$ 2,760,112	\$ 993,978	\$ 30,783,989
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,550,077	\$ (452,131)	\$ 91,543	\$ 2,750,308
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	226,298	-	1,684,200
(Increase) decrease in accounts receivable	12	-	-	27,381
(Increase) decrease in due from other governments	(1,614)	-	-	(1,614)
(Increase) decrease in deferred outflow pension related items	(2,937)	(55,321)	-	(178,414)
(Increase) decrease in deferred outflow OPEB related items	89	(387)	-	5,177
(Increase) decrease in prepaid expense	(584,373)	-	-	(596,730)
Increase (decrease) in accounts payable	(398,798)	(89,505)	-	(483,199)
Increase (decrease) in claims and judgments	(955,682)	-	-	(955,682)
Increase (decrease) in net pension liability	42,223	567,627	-	1,829,663
Increase (decrease) in net OPEB liability	(972)	(3,055)	-	(34,974)
Increase (decrease) in deferred inflow pension related items	1,769	18,375	-	59,196
Increase (decrease) in deferred inflow OPEB related items	3,009	24,105	-	64,533
Increase (decrease) in compensated absences	(53)	6,172	-	(17,974)
Total Adjustments	(1,897,327)	694,309	-	1,401,563
Net Cash Provided (Used) by Operating Activities	\$ 652,750	\$ 242,178	\$ 91,543	\$ 4,151,871

CITY OF REDONDO BEACH

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2020

	Deposits	Assessment District 92-1	Totals
Assets:			
Pooled cash and investments	\$ 2,158,934	\$ 178,012	\$ 2,336,946
Receivables:			
Accounts	12,567	-	12,567
Total Assets	\$ 2,171,501	\$ 178,012	\$ 2,349,513
Liabilities:			
Accounts payable	\$ 57,271	\$ -	\$ 57,271
Deposits payable	2,114,230	178,012	2,292,242
Total Liabilities	\$ 2,171,501	\$ 178,012	\$ 2,349,513

CITY OF REDONDO BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 1,880,344	\$ 2,578,054	\$ 2,299,464	\$ 2,158,934
Receivables:				
Accounts	-	119,168	106,601	12,567
Total Assets	\$ 1,880,344	\$ 2,697,222	\$ 2,406,065	\$ 2,171,501
Liabilities:				
Accounts payable	\$ 19,276	\$ 922,254	\$ 884,259	\$ 57,271
Deposits payable	1,861,068	2,541,692	2,288,530	2,114,230
Total Liabilities	\$ 1,880,344	\$ 3,463,946	\$ 3,172,789	\$ 2,171,501
<u>Assessment District 92-1</u>				
Assets:				
Pooled cash and investments	\$ 178,012	\$ -	\$ -	\$ 178,012
Advances to other funds	-	-	-	-
Total Assets	\$ 178,012	\$ -	\$ -	\$ 178,012
Liabilities:				
Deposits payable	\$ 178,012	\$ -	\$ -	\$ 178,012
Total Liabilities	\$ 178,012	\$ -	\$ -	\$ 178,012
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 2,058,356	\$ 2,578,054	\$ 2,299,464	\$ 2,336,946
Receivables:				
Accounts	-	119,168	106,601	12,567
Total Assets	\$ 2,058,356	\$ 2,697,222	\$ 2,406,065	\$ 2,349,513
Liabilities:				
Accounts payable	\$ 19,276	\$ 922,254	\$ 884,259	\$ 57,271
Deposits payable	2,039,080	2,541,692	2,288,530	2,292,242
Total Liabilities	\$ 2,058,356	\$ 3,463,946	\$ 3,172,789	\$ 2,349,513

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Overview of the Five Categories Presented in the City's Statistical Section

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
Presented are schedules containing trend information to assist in the reader's understanding of how the City's financial performance has changed over time.	158
<i>Revenue Capacity</i>	
Presented are schedules to assist the reader's assessment of the factors affecting the City's ability to generate revenue through property taxes.	168
<i>Debt Capacity</i>	
Presented are schedules to assist the reader's understanding of the City's current level of outstanding debt and its ability to issue additional debt in the future.	173
<i>Demographic and Economic Information</i>	
Presented are schedules to assist the reader's understanding of the socioeconomic environment within which the City operates and to help make comparisons over time and with other governments.	179
<i>Operating & Other Information</i>	
Presented are schedules to assist the reader's understanding of how the City's financial information relates to the services provided by the City and the activities it performs.	182

City of Redondo Beach
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015 *
Governmental Activities:					
Net investment in capital assets	\$ 140,306,635	\$ 143,049,830	\$ 142,096,684	\$ 138,614,141	\$ 139,555,634
Restricted	29,890,049	17,861,803	17,703,725	19,059,951	16,503,649
Unrestricted	(12,443,192)	21,623,137	24,173,154	28,918,308	(85,699,247)
Total governmental activities net position	<u>157,753,492</u>	<u>182,534,770</u>	<u>183,973,563</u>	<u>186,592,400</u>	<u>70,360,036</u>
Business-type activities:					
Net investment in capital assets	34,790,325	34,957,595	38,936,171	36,646,484	37,629,261
Restricted	-	-	-	-	-
Unrestricted	27,481,003	24,616,381	28,210,687	27,250,666	18,257,918
Total business-type activities net position	<u>62,271,328</u>	<u>59,573,976</u>	<u>67,146,858</u>	<u>63,897,150</u>	<u>55,887,179</u>
Primary government:					
Net investment in capital assets	175,096,960	178,007,425	181,032,855	175,260,625	177,184,895
Restricted	29,890,049	17,861,803	17,703,725	19,059,951	16,503,649
Unrestricted	15,037,811	46,239,518	52,383,841	56,168,974	(67,441,329)
Total primary government net position	<u>\$ 220,024,820</u>	<u>\$ 242,108,746</u>	<u>\$ 251,120,421</u>	<u>\$ 250,489,550</u>	<u>\$ 126,247,215</u>

NOTE: * In FY 2014-2015, GASB Statement 68 was implemented and contributed to the decrease in net position.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

City of Redondo Beach
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

(CONTINUED)

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net investment in capital assets	\$ 135,628,091	\$ 139,053,697	\$ 147,515,377	\$ 149,571,518	\$ 155,670,310
Restricted	26,346,341	22,833,987	24,348,682	36,179,269	29,323,216
Unrestricted	(81,186,849)	(83,567,317)	(118,477,214)	(150,061,607)	(169,266,411)
Total governmental activities net position	<u>80,787,583</u>	<u>78,320,367</u>	<u>53,386,845</u>	<u>35,689,180</u>	<u>15,727,115</u>
Business-type activities:					
Net investment in capital assets	37,542,589	37,169,598	43,285,102	44,986,964	58,077,077
Restricted	-	-	-	-	-
Unrestricted	24,136,647	28,549,056	24,562,294	23,360,854	18,858,253
Total business-type activities net position	<u>61,679,236</u>	<u>65,718,654</u>	<u>67,847,396</u>	<u>68,347,818</u>	<u>76,935,330</u>
Primary government:					
Net investment in capital assets	173,170,680	176,223,295	190,800,479	194,558,482	213,747,387
Restricted	26,346,341	22,833,987	24,348,682	36,179,269	29,323,216
Unrestricted	(57,050,202)	(55,018,261)	(93,914,920)	(126,700,753)	(150,408,158)
Total primary government net position	<u>\$ 142,466,819</u>	<u>\$ 144,039,021</u>	<u>\$ 121,234,241</u>	<u>\$ 104,036,998</u>	<u>\$ 92,662,445</u>

City of Redondo Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Government activities:					
General government	\$ 7,951,800	\$ 8,560,957	\$ 11,974,780	\$ 10,177,409	\$ 10,293,394
Public Safety	41,849,863	43,020,839	43,141,036	44,022,014	47,331,250
Housing and community development	13,159,622	13,822,831	10,085,882	10,115,114	9,229,689
Cultural and leisure services	7,002,619	7,389,274	10,933,176	10,042,640	10,990,481
Public works	12,381,276	10,589,076	11,588,895	11,817,281	15,500,144
Interest on long-term debt	1,014,572	637,624	266,651	194,200	152,348
AB 1484 demand payment	-	9,914,969	-	-	-
Total governmental activities expenses	83,359,752	93,935,570	87,990,420	86,368,658	93,497,306
Business-type activities:					
Harbor Tidelands	5,415,810	7,689,071	4,998,098	5,040,308	5,279,836
Harbor Uplands	4,571,399	3,952,061	3,657,127	4,051,432	4,230,371
Solid Waste	3,574,516	3,431,017	3,610,925	3,580,040	3,506,271
Transit	3,102,333	3,113,076	3,288,696	3,346,989	3,366,535
Wastewater	2,476,972	3,196,442	1,880,835	2,557,592	2,022,271
Total business-type activities expenses	19,141,030	21,381,667	17,435,681	18,576,361	18,405,284
Total primary government expenses	102,500,782	115,317,237	105,426,101	104,945,019	111,902,590
Component Units:					
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	6,941,477	10,416,465	11,315,431	7,539,299	9,083,395
Public Safety	4,133,005	4,448,833	4,466,605	4,942,725	4,611,279
Housing and community development	2,613,104	1,743,286	2,246,976	2,858,612	2,681,729
Cultural and leisure services	1,553,477	1,615,347	1,770,757	5,942,540	6,733,424
Public works	1,834,052	2,127,381	2,170,823	2,386,890	2,154,679
Operating grants and contributions	8,928,050	8,590,969	9,925,853	8,052,877	8,170,736
Capital grants and contributions	6,976,620	4,582,744	705,357	294,342	2,310,026
Total governmental activities program revenues	32,979,785	33,525,025	32,601,802	32,017,285	35,745,268

City of Redondo Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(CONTINUED)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses					
Government activities:					
General government	\$ 10,946,935	\$ 10,846,646	\$ 14,142,348	\$ 12,380,308	\$ 13,574,385
Public Safety	46,362,851	55,489,827	60,845,022	62,740,166	71,807,026
Housing and community development	8,936,256	9,769,288	11,797,299	11,460,619	11,456,603
Cultural and leisure services	11,556,891	12,496,716	14,539,255	12,296,505	11,810,514
Public works	12,616,719	14,135,326	16,496,964	14,655,265	15,373,701
Interest on long-term debt	124,522	80,782	51,658	641,587	1,272,259
AB 1484 demand payment	-	-	-	-	-
Total governmental activities expenses	90,544,174	102,818,585	117,872,546	114,174,450	125,294,488
Business-type activities:					
Harbor Tidelands	5,652,988	6,395,134	7,035,921	9,433,807	9,067,251
Harbor Uplands	4,469,890	4,479,269	3,224,093	5,016,104	4,707,797
Solid Waste	3,763,513	3,973,666	3,968,186	4,690,425	4,894,581
Transit	3,536,593	3,626,075	3,844,008	4,004,654	3,975,884
Wastewater	2,144,353	2,917,527	3,667,593	3,406,302	3,809,885
Total business-type activities expenses	19,567,337	21,391,671	21,739,801	26,551,292	26,455,398
Total primary government expenses	110,111,511	124,210,256	139,612,347	140,725,742	151,749,886
Component Units:					
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	8,689,834	8,570,506	8,305,869	9,769,717	10,699,014
Public Safety	4,503,948	4,764,211	5,310,033	5,766,102	4,922,828
Housing and community development	2,160,284	3,577,756	3,458,586	3,491,863	3,189,541
Cultural and leisure services	6,606,802	5,837,816	6,709,262	7,283,873	6,609,840
Public works	2,334,537	2,579,475	2,459,268	2,737,458	2,297,396
Operating grants and contributions	8,135,187	8,563,072	8,090,195	10,151,972	10,326,680
Capital grants and contributions	912,045	492,146	1,872,910	485,693	2,882,105
Total governmental activities program revenues	33,342,637	34,384,982	36,206,123	39,686,678	40,927,404

City of Redondo Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Business-type activities:					
Charges for services:					
Harbor Tidelands	5,475,085	5,290,706	5,572,625	5,870,760	6,526,625
Harbor Uplands	3,672,769	4,009,954	3,760,715	4,311,358	4,585,998
Solid Waste	3,454,839	3,312,471	3,396,353	3,369,217	3,569,336
Transit	519,082	676,020	349,454	352,756	360,519
Wastewater	2,444,086	2,575,279	3,764,711	4,568,330	5,433,185
Operating grants and contributions	1,231,111	1,395,363	1,672,668	1,754,397	1,848,671
Capital grants and contributions	-	-	2,545,504	-	-
Total business-type activities program revenues	16,796,972	17,259,793	21,062,030	20,226,818	22,324,334
Total primary government program revenues	49,776,757	50,784,818	53,663,832	52,244,103	58,069,602
Net (expense)/revenue					
Governmental activities	(50,379,967)	(60,410,545)	(55,388,618)	(54,351,373)	(57,752,038)
Business-type activities	(2,344,058)	(4,121,874)	3,626,349	1,650,457	3,919,050
Total primary government net expense	(52,724,025)	(64,532,419)	(51,762,269)	(52,700,916)	(53,832,988)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purpose	28,320,076	28,335,561	30,728,698	30,175,663	31,424,789
Transient occupancy taxes	3,267,209	3,533,501	3,693,144	3,970,786	4,464,811
Sales taxes	8,902,151	9,594,901	10,228,355	10,450,402	11,889,190
Franchise taxes	1,816,314	1,950,934	1,796,606	1,973,182	1,981,936
Business licenses taxes	1,240,024	1,203,591	1,018,677	1,296,531	1,178,016
Utility users taxes	7,667,130	7,422,089	7,711,580	7,412,250	7,664,385
Other taxes	-	-	8,703	1,840	5,149
Motor vehicle in lieu	310,907	33,693	34,912	28,894	27,910
Investment earnings	3,585,902	3,371,724	1,212,032	1,251,129	1,069,970
Other revenues	1,601,333	2,831,748	1,499,306	1,885,242	2,271,960
Gain (loss) on sale of capital assets	54,076	73,574	35,578	12,657	27,676
Special item	-	-	-	-	-
Transfers	(758,345)	(1,017,605)	(1,202,508)	(1,350,534)	(1,462,139)
Gain (loss) on dissolution of Redevelopment Agency	-	27,858,112	-	-	-
Total governmental activities	56,006,777	85,191,823	56,765,083	57,108,042	60,543,653
Business-type activities:					
Investment earnings	408,915	241,958	69,851	331,919	237,235
Gain (loss) on sale of capital assets	-	-	-	(79,277)	-
Other revenues	307,915	181,532	2,674,174	400,396	375,982
Special item	-	-	-	-	-
Transfers	758,345	1,017,605	1,202,508	1,350,534	1,462,139
Total business-type activities	1,475,175	1,441,095	3,946,533	2,003,572	2,075,356
Total primary government	57,481,952	86,632,918	60,711,616	59,111,614	62,619,009
Change in Net Position					
Governmental activities	5,626,810	24,781,278	1,376,465	2,756,669	2,791,615
Business-type activities	(868,883)	(2,680,779)	7,572,882	3,654,029	5,994,406
Totally primary government	\$ 4,757,927	\$ 22,100,499	\$ 8,949,347	\$ 6,410,698	\$ 8,786,021

Source: City of Redondo Beach Comprehensive Annual Financial Report,
Government-Wide Financial Statements

City of Redondo Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(CONTINUED)

	Fiscal Year				
	2016	2017	2018	2019	2020
Business-type activities:					
Charges for services:					
Harbor Tidelands	6,483,927	6,694,914	6,565,619	6,714,763	5,729,264
Harbor Uplands	5,314,448	5,378,886	5,267,564	6,129,658	4,886,188
Solid Waste	3,832,166	3,792,964	3,836,976	3,965,662	4,330,439
Transit	366,314	344,071	336,962	338,835	250,758
Wastewater	5,618,086	5,546,090	5,575,855	5,419,215	5,523,009
Operating grants and contributions	2,200,958	1,888,902	2,247,490	2,362,021	2,958,743
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	23,815,899	23,645,827	23,830,466	24,930,154	23,678,401
Total primary government program revenues	57,158,536	58,030,809	60,036,589	64,616,832	64,605,805
Net (expense)/revenue					
Governmental activities	(57,201,537)	(68,433,603)	(81,666,423)	(74,487,772)	(84,367,084)
Business-type activities	4,248,562	2,254,156	2,090,665	(1,621,138)	(2,776,997)
Total primary government net expense	(52,952,975)	(66,179,447)	(79,575,758)	(76,108,910)	(87,144,081)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purpose	32,766,493	34,375,818	36,847,562	38,249,535	39,774,170
Transient occupancy taxes	8,627,801	7,689,889	9,172,934	8,816,739	6,335,445
Sales taxes	12,347,884	10,059,087	10,185,208	10,578,527	9,716,883
Franchise taxes	1,963,752	1,706,371	1,896,809	1,647,287	1,706,355
Business licenses taxes	1,186,567	1,201,068	1,322,333	1,295,050	1,251,673
Utility users taxes	7,411,930	7,085,063	6,928,129	6,757,622	6,824,873
Other taxes	-	731,571	632,084	917,102	969,721
Motor vehicle in lieu	27,475	31,132	36,272	32,965	54,193
Investment earnings	1,184,588	3,038,633	3,134,966	5,483,218	5,219,501
Other revenues	2,826,066	1,521,902	1,407,243	2,314,681	1,640,662
Gain (loss) on sale of capital assets	71,254	-	-	19,352	-
Special item	-	-	-	(18,823,249)	(1,595,860)
Transfers	(784,726)	(1,474,147)	(1,106,621)	(498,722)	(7,492,597)
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Total governmental activities	67,629,084	65,966,387	70,456,919	56,790,107	64,405,019
Business-type activities:					
Investment earnings	450,632	99,085	237,280	1,442,556	1,563,880
Gain (loss) on sale of capital assets	11,868	5,606	-	244	-
Other revenues	296,269	206,424	282,370	180,038	712,172
Special item	-	-	-	-	1,595,860
Transfers	784,726	1,474,147	1,106,621	498,722	7,492,597
Total business-type activities	1,543,495	1,785,262	1,626,271	2,121,560	11,364,509
Total primary government	69,172,579	67,751,649	72,083,190	58,911,667	75,769,528
Change in Net Position					
Governmental activities	10,427,547	(2,467,216)	(11,209,504)	(17,697,665)	(19,962,065)
Business-type activities	5,792,057	4,039,418	3,716,936	500,422	8,587,512
Totally primary government	\$ 16,219,604	\$ 1,572,202	\$ (7,492,568)	\$ (17,197,243)	\$ (11,374,553)

Source: City of Redondo Beach Comprehensive Annual Financial Report,
Government-Wide Financial Statements

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

	Fiscal Year				
	2011 *	2012 *	2013 *	2014*	2015*
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	167,035	76,547	120,831	82,255	90,836
Restricted	-	-	-	-	-
Committed	5,595,596	5,712,942	5,889,783	6,188,191	6,738,848
Assigned	7,891,828	7,601,191	11,275,445	12,025,746	10,500,675
Unassigned	-	-	272,083	2,674,597	5,786,193
Total general fund	13,654,459	13,390,680	17,558,142	20,970,789	23,116,552
All other governmental funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Designated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Undesignated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	1,012	57,995	-	2,952,500	2,749,394
Nonspendable, reported in:					
Special revenue funds	-	2,898,234	-	-	-
Restricted	8,524,280	10,472,386	16,010,908	13,408,799	12,107,627
Restricted, reported in:					
Special revenue funds	13,257,981	-	-	-	-
Debt service funds	8,107,706	7,362,829	6,818,696	6,450,252	6,310,008
Committed	-	-	-	-	-
Assigned	-	3,503,086	3,113,179	6,956,943	6,466,871
Assigned, reported in:					
Capital projects funds	1,645,977	-	-	-	-
Special revenue funds	-	535,731	-	-	-
Unassigned	841,689	3,170,437	-	(99,891)	(64,425)
Unassigned, reported in:					
Special revenue funds	(3,027,926)	(1,319,919)	(1,044,377)	(1,551,713)	(1,852,352)
Capital projects funds	3,040,646	-	-	-	-
Debt service funds	(15,046,266)	-	-	-	-
Total all other governmental funds	\$ 17,345,099	\$ 26,680,779	\$ 24,898,406	\$ 28,116,890	\$ 25,717,123

NOTE: *The change of fund balance descriptions is due to the implementation of GASB 54 in fiscal year 2010/2011.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Governmental Fund Financial Statements

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

(CONTINUED)

	Fiscal Year				
	2016*	2017*	2018*	2019*	2020
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	87,345	1,013,152	93,705	980,737	107,697
Restricted	3,000,000	-	-	-	-
Committed	7,154,237	7,409,689	7,605,573	7,989,184	7,585,231
Assigned	9,303,536	9,134,516	9,431,007	10,999,817	9,149,145
Unassigned	1,694,671	945,992	653,649	753,238	704,067
Total general fund	21,239,789	18,503,349	17,783,934	20,722,976	17,546,140
All other governmental funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Designated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Undesignated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Nonspendable, reported in:					
Special revenue funds	-	-	-	-	-
Restricted	22,309,801	18,625,842	20,061,786	17,751,026	25,180,005
Restricted, reported in:					
Special revenue funds	-	4,208,145	4,286,896	4,296,752	4,143,211
Debt service funds	-	-	-	14,131,491	-
Committed	-	-	-	-	-
Assigned	2,150,834	2,152,347	2,152,347	2,352,347	9,708,041
Assigned, reported in:					
Capital projects funds	11,112,946	12,372,901	10,057,599	9,158,315	-
Special revenue funds	-	-	-	-	-
Unassigned	(106,954)	(66,919)	(5,146)	(403)	(878,585)
Unassigned, reported in:					
Special revenue funds	(1,335,382)	(1,453,532)	(3,031,772)	(2,974,945)	(2,679,430)
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 34,131,245	\$ 35,838,784	\$ 33,521,710	\$ 44,714,583	\$ 35,473,242

City of Redondo Beach
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 51,768,825	\$ 51,875,943	\$ 55,882,844	\$ 55,958,439	\$ 58,603,127
Interdepartmental	6,383,731	6,249,628	6,656,858	7,143,371	7,588,928
Licenses and permits	1,248,916	1,343,422	1,259,505	1,504,502	1,333,512
Intergovernmental	14,545,341	16,339,864	13,380,088	11,096,634	14,091,278
Charges for services	7,485,670	7,486,013	7,461,642	8,401,697	8,511,455
Use of money and property	3,512,619	3,760,501	3,146,954	2,499,563	2,795,350
Fines and forfeitures	1,785,067	1,634,786	1,663,966	1,836,166	1,960,083
Other revenues	1,447,680	2,948,048	1,062,143	1,816,196	2,147,500
Total Revenues	88,177,849	91,638,205	90,514,000	90,256,568	97,031,233
Expenditures:					
Current:					
General government	7,582,969	8,085,175	9,285,279	9,157,309	9,757,869
Public safety	41,450,374	42,244,015	42,480,962	43,653,885	48,274,212
Housing and community development	12,882,944	13,549,748	9,360,093	9,116,267	8,883,086
Cultural and leisure services	6,671,934	5,282,197	8,567,569	8,789,002	10,023,420
Public works	9,450,771	7,395,866	9,212,829	9,362,140	10,325,935
AB 1484 demand payment	-	9,914,969	-	-	-
Capital outlay	8,384,700	5,491,358	6,357,661	1,248,965	7,382,451
Debt service:					
Principal	777,554	1,750,000	1,380,000	665,000	695,000
Interest	1,017,824	641,376	270,903	240,736	187,296
Debt issuance costs	-	-	-	-	-
Total Expenditures	88,219,070	94,354,704	86,915,296	82,233,304	95,529,269
Excess of Revenues Over (Under) Expenditures	(41,221)	(2,716,499)	3,598,704	8,023,264	1,501,964
Other Financing Sources (Uses):					
Transfers in	17,341,414	11,497,255	3,223,702	2,768,840	1,394,604
Transfers out	(15,834,081)	(13,478,178)	(4,437,317)	(4,160,973)	(3,150,572)
Refunding bonds issued	-	-	-	-	-
Other debts issued	301,197	246,200	-	-	-
Bond premium	-	-	-	-	-
Refunding bonds redeemed	-	-	-	-	-
Gain (loss) on Redevelopment Agency dissolution	-	13,523,123	-	-	-
Total Other Financing Sources (Uses)	1,808,530	11,788,400	(1,213,615)	(1,392,133)	(1,755,968)
Special item	-	-	-	-	-
Net Change in Fund Balances	\$ 1,767,309	\$ 9,071,901	\$ 2,385,089	\$ 6,631,131	\$ (254,004)
Debt service as a percentage of noncapital expenditures	2.30%	2.77%	2.09%	1.13%	1.01%

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

City of Redondo Beach
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(CONTINUED)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 64,304,427	\$ 62,848,867	\$ 67,323,695	\$ 68,325,779	\$ 66,579,120
Interdepartmental	8,176,790	8,292,178	8,170,297	8,503,283	9,417,289
Licenses and permits	1,701,786	1,755,119	1,801,502	1,555,407	1,503,909
Intergovernmental	12,259,088	12,359,047	12,574,428	15,303,534	18,215,129
Charges for services	9,618,003	9,128,589	9,732,500	10,211,917	8,851,688
Use of money and property	3,113,269	3,038,633	3,134,966	5,483,218	5,219,501
Fines and forfeitures	1,645,777	1,523,928	1,368,615	1,489,424	1,163,678
Other revenues	2,678,261	2,540,369	2,498,976	5,049,393	3,835,968
Total Revenues	103,497,401	101,486,730	106,604,979	115,921,955	114,786,282
Expenditures:					
Current:					
General government	10,189,258	10,535,983	9,920,879	11,546,126	12,701,080
Public safety	50,019,597	52,875,881	57,451,797	58,235,693	61,281,401
Housing and community development	9,546,763	9,759,833	10,156,777	11,185,303	11,075,922
Cultural and leisure services	11,001,375	11,265,379	11,598,804	11,997,745	10,466,375
Public works	11,198,389	11,235,682	11,016,488	11,004,195	11,543,612
AB 1484 demand payment	-	-	-	-	-
Capital outlay	3,235,047	4,682,977	7,442,754	5,142,247	19,525,792
Debt service:					
Principal	715,000	745,000	775,000	805,000	795,000
Interest	152,896	121,999	89,856	412,427	1,322,680
Debt issuance costs	-	-	-	-	-
Total Expenditures	96,058,325	101,222,734	108,452,355	110,328,736	128,711,862
Excess of Revenues Over (Under) Expenditures	7,439,076	263,996	(1,847,376)	5,593,219	(13,925,580)
Other Financing Sources (Uses):					
Transfers in	8,464,353	4,031,647	2,326,416	3,701,950	4,918,105
Transfers out	(9,366,070)	(5,324,544)	(3,372,317)	(3,607,949)	(3,410,702)
Refunding bonds issued	-	-	-	-	-
Other debts issued	-	-	-	28,015,000	-
Bond premium	-	-	-	(747,056)	-
Refunding bonds redeemed	-	-	-	-	-
Gain (loss) on Redevelopment Agency dissolution	-	-	-	-	-
Total Other Financing Sources (Uses)	(901,717)	(1,292,897)	(1,045,901)	27,361,945	1,507,403
Special item	-	-	-	(18,823,249)	-
Net Change in Fund Balances	\$ 6,537,359	\$ (1,028,901)	\$ (2,893,277)	\$ 14,131,915	\$ (12,418,177)
Debt service as a percentage of noncapital expenditures	0.94%	0.91%	0.86%	1.17%	1.98%

City of Redondo Beach
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2011	11,088,815,868	609,276,121	(82,655,891)	11,615,436,098
2012	11,385,441,715	432,094,319	(56,430,405)	11,761,105,629
2013	11,606,153,109	503,602,130	(59,615,627)	12,050,139,612
2014	12,119,561,792	479,888,191	(86,536,840)	12,512,913,143
2015	12,740,467,541	424,217,169	(73,103,981)	13,091,580,729
2016	13,389,390,286	445,897,750	(74,129,707)	13,761,158,329
2017	14,185,826,554	422,121,124	(72,679,071)	14,535,268,607
2018	14,985,005,088	475,749,665	(72,464,646)	15,388,290,107
2019	15,796,994,740	475,845,459	(72,083,515)	16,200,756,684
2020	16,570,567,490	495,949,088	(43,871,304)	17,022,645,274

In 1978 the voters of the State of California passed Proposition 13 which limited property 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 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 reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Coren & Cone, Los Angeles County Auditor-Controller/Tax Division 2019-20 Combined Tax Rolls

City of Redondo Beach

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(CONTINUED)

Fiscal Year Ended June 30	Redevelopment			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Exemptions		
2011	397,519,636	31,015,873	(864,841)	427,670,668	0.18818
2012	389,564,455	54,640,221	(658,821)	443,545,855	0.18575
2013	441,667,976	37,592,938	(671,996)	478,588,918	0.18746
2014	453,832,698	38,326,859	(352,000)	491,807,557	0.15783
2015	470,317,505	55,967,662	(221,000)	526,064,167	0.15797
2016	481,010,582	48,097,617	-	529,108,199	0.15808
2017	492,828,395	26,806,104	-	519,634,499	0.15834
2018	502,042,344	27,984,358	-	530,026,702	0.15871
2019	522,861,449	26,288,663	-	549,150,112	0.15883
2020	533,318,662	25,264,657	-	558,583,319	0.16317

City of Redondo Beach
Direct and Overlapping Property Tax Rates
(Rate per \$100 of taxable value)
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City basic rate	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539
Redevelopment agency	1.00370	1.00370	-	-	-	-	-	-	-	-
Overlapping Rates:										
Los Angeles County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.01614	0.01688	0.01849	0.01750	0.01742	0.01745	0.02294	0.02120	0.02223	0.02155
Unified School District	0.06977	0.08610	0.08162	0.09242	0.09689	0.09174	0.09079	0.08630	0.08086	0.08428
Total Direct Rate	0.18818	0.18575	0.18746	0.15783	0.15797	0.15808	0.15834	0.15871	0.15883	0.16317

Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest general fund tax rate area (TRA) by net taxable value.

Total Direct Rate is the weighted average of all individual direct rates applied by the City of Redondo Beach.

RDA rate is based on the largest RDA tax rate area(TRA) and includes only rate(s) from indebtedness adopted prior to 1969 per California State statute.

RDA direct and overlapping rates are applied only to the incremental property values.

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

Source: HdL Coren & Cone, Los Angeles County Assessor 2019/2020 Tax Rate Table

City of Redondo Beach
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Northrop Gruman Systems Corporation	\$ 488,384,189	2.78%	\$ 446,052,495	3.70%
South Bay Center SPE LLC	257,806,783	1.47%	192,976,132	1.60%
The Kobe Group Inc	77,910,169	0.44%	-	-
Noble House Recp Hotel Venture LLC	71,734,928	0.41%	181,309,126	1.51%
AES Redondo Beach LLC	66,689,063	0.38%	-	-
Redondo Industrial Park LLC	63,252,666	0.36%	-	-
Redondo Distribution Center LLC	54,864,453	0.31%	-	-
Redondo Owner LLC	54,447,478	0.31%	-	-
HPT IHG 2 Properties Trust	52,898,035	0.30%	42,321,015	0.35%
LPF Redondo Beach Inc	50,288,908	0.29%	-	-
MKEG P LLC	-	-	36,715,469	0.30%
Portofino Partners	-	-	36,298,606	0.30%
AMB AMS Spinnaker LLC	-	-	33,028,228	0.27%
Harbor Cove The Bascom Group	-	-	32,811,512	0.27%
Target Corporation	-	-	32,772,590	0.27%
Trust NOIP Doolittle - Redondo Beach	-	-	32,674,577	0.27%
	<u>\$ 1,238,276,672</u>	<u>7.04%</u>	<u>\$ 1,066,959,750</u>	<u>8.86%</u>

NOTE: The amounts shown above include assessed value date for both the City and the Successor Agency (former Redevelopment Agency).

Source: HdL Coren & Cone, Los Angeles County Assessor 2019/2020 Combined Tax Rolls

City of Redondo Beach
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Percentage of			Percentage	
		Amount	Levy		Amount	of Levy
2011	25,809,271	25,195,837	97.62%	829,417	26,025,253	100.84%
2012	26,025,500	25,493,811	97.96%	586,821	26,080,632	100.21%
2013	27,652,911	27,193,269	98.34%	567,962	27,761,231	100.39%
2014	29,413,514	28,953,089	98.43%	487,130	29,440,219	100.09%
2015	31,503,828	31,035,789	98.51%	451,369	31,487,158	99.95%
2016	32,883,797	32,440,070	98.65%	405,762	32,845,833	99.88%
2017	34,125,966	33,690,049	98.72%	388,499	34,078,548	99.86%
2018	35,718,202	35,230,091	98.63%	383,301	35,613,392	99.71%
2019	37,267,914	36,719,102	98.53%	364,627	37,083,729	99.51%
2020	39,182,819	38,271,140	97.67%	404,113	38,675,253	98.70%

Source: County of Los Angeles Auditor-Controller

City of Redondo Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income *	Per Capita
	Refunding Revenue	Loans	Capital Leases	County AB 1484	Wastewater Revenue	Construction Loans	Capital Leases			
2011	8,126,906	14,088,789	887,204	-	8,905,394	3,207,098	-	35,215,391	8.37%	526
2012	6,357,917	-	883,933	7,700,000	8,682,769	2,935,586	-	26,560,205	6.00%	396
2013	4,958,928	-	884,094	-	8,450,143	2,651,854	-	16,945,019	3.64%	251
2014	4,271,142	-	444,896	-	7,755,117	2,355,354	-	14,826,509	2.97%	219
2015	3,553,356	-	750,436	-	7,503,861	2,045,512	114,597	13,967,762	2.57%	205
2016	2,815,570	-	565,029	-	7,232,606	1,721,727	58,404	12,393,336	1.63%	180
2017	2,047,784	-	253,265	-	6,951,350	1,383,372	-	10,635,771	1.33%	154
2018	1,250,000	-	28,902	-	6,660,094	1,029,790	-	8,968,786	1.06%	131
2019	27,712,944	-	-	-	6,353,838	660,298	-	34,727,080	3.94%	507
2020	26,942,846	-	186,587	-	6,037,582	274,194	-	33,441,209	-	499

NOTES: * Personal income data was not available from the U.S. Department of Bureau Analysis subsequent to fiscal year 2018/2019. Percentages reflected are calculated using personal income based on the metropolitan area Los Angeles-Long Beach-Anaheim.

Source: Note 8 of the Notes to Financial Statements

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City of Redondo Beach
Direct and Overlapping Governmental Activities Debt
June 30, 2020

City Assessed Valuation		\$	17,581,228,593	
Incremental Valuation			524,154,416	
Total Assessed Valuation		\$	<u>17,057,074,177</u>	
	Percentage Applicable	Outstanding Debt 6/30/20		Estimated Share of Overlapping Debt
Direct Debt:				
Community Financing Authority Lease Revenue Refunding Bonds 2019A	100%	27,665,000		27,665,000
Community Financing Authority 2019A Unamortized Bond Premium	100%	(747,056)		(747,056)
Total direct debt		\$ 26,917,944		\$ 26,917,944
Overlapping Debt:				
* Metropolitan Water District	1.324%	18,151,752		240,305
El Camino CCD DS 2002 Series 2012C	14.777%	175,210,018		25,891,178
El Camino CCD DS 2012 Ref Bonds	14.777%	25,335,000		3,743,810
El Camino CCD DS 2012 Series 2016 A	14.777%	88,550,000		13,085,233
El Camino CCD DS 2016 Ref Bonds	14.777%	66,625,000		9,845,326
El Camino CCD DS 2012 Series 2018B	14.777%	48,610,000		7,183,209
Redondo Beach Unified School District DS 2008 Ser B	100%	685,000		685,000
Redondo Beach Unified School District DS 2008 Ser C	100%	11,994,394		11,994,394
Redondo Beach Unified School District DS 2010 Refunding Series 2000A	100%	494,172		494,172
Redondo Beach Unified School District DS 2010 Refund 2000CDE	100%	1,145,000		1,145,000
Redondo Beach Unified School District DS 2008 Series E	100%	6,762,642		6,762,642
Redondo Beach Unified School District DS 2008 Series F QSCB	100%	13,915,000		13,915,000
Redondo Beach Unified School District DS 2012 Ref Bond	100%	9,025,000		9,025,000
Redondo Beach Unified School District DS 2012 Series A	100%	19,785,000		19,785,000
Redondo Beach Unified School District DS 2013 Refunding Series 2000E	100%	7,800,000		7,800,000
Redondo Beach Unified School District DS 2012 Series B	100%	16,445,000		16,445,000
Redondo Beach Unified School District DS 2014 Ref Series 2008A	100%	44,585,000		44,585,000
Redondo Beach Unified School District DS 2012 Series C	100%	11,460,000		11,460,000
Redondo Beach Unified School District DS 2016 Ref Series A	100%	25,000,000		25,000,000
Redondo Beach Unified School District DS 2012 Series D	100%	23,640,000		23,640,000
Redondo Beach Unified School District DS 2020 REF	100%	17,210,000		17,210,000
Total overlapping debt		\$ 632,427,978		\$ 269,935,269
Total direct and overlapping debt				\$ <u>296,853,213</u>

NOTE: * This fund is a portion of a larger agency and is responsible for debt in areas outside the City.

Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2019/2020 Lien Date Tax Rolls

City of Redondo Beach

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 1,775,420,369	\$ 1,830,697,723	\$ 1,879,309,280	\$ 1,950,708,105	\$ 2,042,646,734
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	1,775,420,369	1,830,697,723	1,879,309,280	1,950,708,105	2,042,646,734
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: County of Los Angeles Auditor-Controller

City of Redondo Beach

Legal Debt Margin Information

Last Ten Fiscal Years

(CONTINUED)

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 17,581,228,593
Debt Limit (15% of assessed value)	2,637,184,289
Debt applicable to limit	-
Legal debt margin	\$ 2,637,184,289

Fiscal Year				
2016	2017	2018	2019	2020
\$ 2,143,539,979	\$ 2,258,235,466	\$ 2,387,747,521	\$ 2,512,486,019	\$ 2,637,184,289
-	-	-	-	-
2,143,539,979	2,258,235,466	2,387,747,521	2,512,486,019	2,637,184,289
0%	0%	0%	0%	0%

City of Redondo Beach
Pledged-Revenue Coverage
Last Ten Fiscal Years

Wastewater Revenue Bonds						
Fiscal Year Ended	Wastewater	Less	Net	Debt Service		Coverage
June 30,	Revenue	Operating	Available	Principal	Interest	
		Expenses	Revenue			
2011	2,376,530	1,023,182	1,353,348	215,000	459,650	2.01
2012	2,469,073	1,241,772	1,227,301	225,000	451,050	1.82
2013	3,469,675	1,201,797	2,267,878	235,000	442,050	3.35
2014*	4,311,350	1,214,545	3,096,805	-	208,634	14.84
2015	5,290,338	1,432,699	3,857,640	225,000	322,459	7.05
2016	5,320,916	1,575,501	3,745,415	245,000	301,988	6.85
2017	5,475,892	2,283,864	3,192,028	255,000	289,738	5.86
2018	5,521,455	2,597,120	2,924,335	265,000	279,538	5.37
2019	5,364,859	2,751,925	2,612,934	280,000	268,938	4.76
2020	5,455,997	3,148,875	2,307,122	290,000	257,189	4.22

NOTE: *The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.
It was replaced in fiscal year 2013-14 with the issue of the 2014 Wastewater Refunding Revenue Bonds.

City of Redondo Beach
Demographic and Economic Statistics
June 30, 2020

Calendar Year	Population	Personal Income * (in millions)	Per Capita Personal Income *	Unemployment Rate **
2011	66,970	420,803	42,564	11.7%
2012	67,007	443,006	44,474	10.8%
2013	67,396	466,098	46,530	9.2%
2014	67,717	499,768	49,400	7.7%
2015	68,095	544,168	53,521	6.9%
2016	68,844	760,829	57,160	5.0%
2017	68,907	802,394	60,087	4.7%
2018	68,677	849,493	63,913	4.1%
2019	68,473	881,215	66,684	4.0%
2020	66,994	-	-	13.6%

NOTES: * Personal income data was not available from the California Department of Finance subsequent to fiscal year 2018/2019. Per Capita Personal Income is based on the metropolitan area of Los Angeles-Long Beach-Anaheim, CA. Statistics not available subsequent to fiscal year 2018/2019. ** Unemployment rate is based on the metropolitan area of Los Angeles-Long Beach-Anaheim, CA.

Source: California Department of Finance, Demographic Research Unit
U.S. Bureau of Economic Analysis
U.S. Department of Labor

City of Redondo Beach
Principal Employers
Current Year and Nine Years Ago

Employer	2020		2011	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Northrup Grumman Corporation	6,045	33.04%	5,645	17.65%
Redondo Beach Unified School District	868	4.74%	995	3.11%
City of Redondo Beach	402	2.20%	444	1.39%
The Cheesecake Factory	261	1.43%	261	0.82%
United States Postal Service	260	1.42%	260	0.81%
Target Stores	241	1.32%	217	0.68%
Macy's	232	1.27%	198	0.62%
DHL Global Forwarding	227	1.24%	244	0.76%
Frontier	164	0.90%	-	-
Silverado Beach Cities	140	0.77%	-	-
Crowne Plaza Redondo Beach	-	-	339	1.06%
Nordstrom, Inc.	-	-	258	0.81%

Source: City of Redondo Beach

City of Redondo Beach
Full-Time City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	52	50	49	49	51	51	53	54	54	48
Public Safety										
Police										
Officers	96	96	96	96	93	96	96	96	96	92
Civilians	59	59	59	59	59	58	58	58	58	53
Fire										
Firefighters and Officers	60	60	60	60	62	62	62	62	62	56
Civilians	3	3	3	3	3	3	3	5	5	4
Public Works	100	95	96	111	111	111	112	112	110	104
Cultural and Leisure Services	37	37	35	33	34	34	33	33	32	26
Housing & Community Development	31	30	30	15	17	17	17	18	18	16
Harbor, Business, & Transit	6	3	3	3	3	4	4	4	4	3
TOTAL	444	433	431	429	433	436	438	442	439	402

Source: City of Redondo Beach

City of Redondo Beach
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police										
Physical arrests	2,464	2,200	2,095	2,141	2,146	2,325	2,490	2,184	2,108	- *
Traffic citations issued	12,217	4,490	4,764	4,966	4,516	3,898	4,699	4,220	4,015	- *
Fire										
Number of runs - rescues	4,016	4,313	4,265	4,338	4,604	4,702	5,025	4,665	4,791	- *
Number of runs - structures & other	1,315	1,743	1,685	1,822	1,989	2,115	2,107	2,605	2,602	- *
Public Works										
Street rehabilitation (miles)	3.5	-	1.5	3.1	1.1	2.4	-	4.1	0.7	1.4
Culture and Leisure Services										
Library										
Number of items borrowed	920,941	933,939	806,890	621,139	584,643	545,316	476,837	479,575	447,966	402,964
Number of visitors	437,529	455,030	370,357	333,869	350,958	343,395	332,181	308,542	314,093	210,999
Recreation and Community Services										
Admissions - Seaside Lagoon	63,799	80,381	70,935	82,414	81,328	87,422	79,833	79,856	60,419	- **
Number of facility rentals - Seaside Lagoon	412	352	376	387	381	388	378	382	422	- **
Housing & Community Development										
Number of permits issued	2,832	3,088	2,651	2,955	3,295	6,899	3,435	3,522	3,172	2,655
Number of plan checks issued	1,177	1,036	615	1,471	1,559	4,200	2,492	2,436	2,060	2,038
Number of inspections	6,848	8,514	5,048	4,411	10,326	12,827	12,276	11,748	17,007	9,723
Number of real estate reports	702	737	904	922	973	1,925	861	814	807	672
Number of bus boardings - Transit	378,326	403,041	401,827	410,585	415,259	407,272	383,112	375,545	367,087	288,912
Revenue miles - Transit	474,564	475,754	474,140	475,564	459,468	458,198	448,682	448,541	448,016	414,401

NOTE: * Data is for calendar year and not available until the year is complete.

** Seaside Lagoon did not operate for the year due to COVID-19 closure.

Source: City of Redondo Beach - Financial Services Department

City of Redondo Beach
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-station	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	127	127	127	127	127	127	127	127	127	127
Streetlights *	1892	1892	1892	1892	1892	1892	1892	1892	1892	1892
Street Traffic Controllers	84	84	84	84	84	84	84	84	84	84
Sanitary sewers (miles)	112	112	112	112	112	112	112	112	112	112
Culture and Leisure Services										
Parks	15	15	15	15	15	15	15	15	15	15
Parkettes	13	13	13	13	13	13	13	13	13	13
Total Park Acreage	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26
Boat Slips	1509	1509	1509	1509	1509	1509	1509	1509	1509	1509
Harbor acreage:										
Total water area (exclusive of the pier)	107	107	107	107	107	107	107	107	107	107
Total land area	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5
Libraries	2	2	2	2	2	2	2	2	2	2
Community Centers	5	5	5	5	5	5	5	5	5	5

NOTE: * Methodology modification made in fiscal year 2004/2005 to reflect city-owned street lights only.

Source: City of Redondo Beach

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City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Public Financing Authority 2008 Revenue Bonds
(South Bay Center Redevelopment Project)
June 30, 2020

This Certification of Continuing Disclosure is provided by the Successor Agency of the City of Redondo Beach and the Redondo Beach Community Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated February 13, 2008 executed and delivered by the Redevelopment Agency and the Public Financing Authority and the Dissemination Agent in connection with the issuance of \$7,645,000 Revenue Bonds, South Bay Center Redevelopment Project Bonds ("the Bonds"). The Bonds were issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of the Act, and an Indenture of Trust dated as of February 1, 2008 between the Public Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (i) refund the Authority's Redondo Beach Public Financing Authority 1996 Revenue Bonds (South Bay Center Redevelopment Project), originally issued in the principal amount of \$10,330,000 of which \$8,550,000 remained outstanding, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs of issuance of the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2019-20 fiscal year.

The Redevelopment Agency and the Public Financing Authority hereby report the following:

1. The audited financial statements of the Successor Agency and the Community Financing Authority for the fiscal year ended June 30, 2020 comprise the book in which this report is included. As such, they contain the amount of all Successor Agency debt outstanding secured by a pledge of tax revenues.
2. During the fiscal year ended June 30, 2020, neither the Successor Agency nor the Community Financing Authority has issued any parity or subordinate debt.
3. During the fiscal year ended June 30, 2020, neither the Successor Agency nor the Community Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
 - g. Modifications to rights of security holders;
 - h. Bond calls;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities; or
 - k. Rating changes.
4. The South Bay Center Redevelopment Plan stipulates the Project Area will not receive more than a cumulative limit of \$65,000,000 in gross tax increment over its life. According to the records of the Los Angeles County Auditor Controller, as of June 30, 2020 the Agency had been apportioned \$46,837,412 in gross tax increment.

By projecting the current tax increment levels using only a two percent inflationary growth rate, the tax increment limit is reached in the final year of the bond issue repayment period.

City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Redevelopment Project
Historical Project Area Valuations
June 30, 2020

	Base Year					
<u>Secured *</u>	1983-84	2010-11	2011-12	2012-13	2013-14	2014-15
Land	\$ 9,772,776	\$ 55,363,042	\$ 63,866,252	\$ 65,121,571	\$ 64,955,237	\$ 68,936,775
Impts	16,977,265	191,933,851	182,264,908	230,445,447	227,165,770	239,067,472
Pers Prop	-	-	-	-	-	-
Exemptions	-	-	-	-	-	-
Total Secured	26,750,041	247,296,893	246,131,160	295,567,018	292,121,007	308,004,247
<u>Unsecured</u>						
Land	-	-	-	-	-	-
Impts	3,023,006	13,273,687	13,028,973	14,769,340	13,789,880	16,189,462
Pers Prop	1,848,954	12,457,717	10,906,075	15,379,059	17,828,352	15,723,406
Exemptions	-	(50,000)	-	-	-	-
Total Unsecured	4,871,960	25,681,404	23,935,048	30,148,399	31,618,232	31,912,868
GRAND TOTAL	31,622,001	<u>272,978,297</u>	<u>270,066,208</u>	<u>325,715,417</u>	<u>323,739,239</u>	<u>339,917,115</u>
Incremental Value:		241,356,296	238,444,207	294,093,416	292,117,238	308,295,114
Incremental Value Change:		(10,994,366)	(2,912,089)	55,649,209	(1,976,178)	16,177,876
% Change:		-4.36%	-1.21%	23.34%	-0.67%	5.54%

NOTE: * Secured values include state assessed non-unitary utility property.

Source: County of Los Angeles

City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Redevelopment Project
Historical Project Area Valuations
June 30, 2020

(CONTINUED)

<u>Secured *</u>	2015-16	2016-17	2017-18	2018-19	2019-20
Land	\$ 70,394,775	\$ 71,468,287	\$ 72,897,647	\$ 74,355,594	\$ 75,842,701
Impts	245,063,955	249,299,336	254,285,317	259,371,018	264,558,433
Pers Prop	-	-	-	-	-
Exemptions	-	-	-	-	-
Total Secured	315,458,730	320,767,623	327,182,964	333,726,612	340,401,134
<u>Unsecured</u>					
Land	-	-	-	-	-
Impts	12,820,554	9,991,299	10,637,712	10,081,628	10,171,643
Pers Prop	15,356,431	11,550,461	12,023,735	10,938,159	10,029,625
Exemptions	-	-	-	-	-
Total Unsecured	28,176,985	21,541,760	22,661,447	21,019,787	20,201,268
GRAND TOTAL	<u>343,635,715</u>	<u>342,309,383</u>	<u>349,844,411</u>	<u>354,746,399</u>	<u>360,602,402</u>
Incremental Value:	312,013,714	310,687,382	318,222,410	323,124,398	328,980,401
Incremental Value Change:	3,718,600	(1,326,332)	7,535,028	4,901,988	5,856,003
% Change:	1.21%	-0.43%	2.43%	1.54%	1.81%

City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Redevelopment Project
Revenue vs. Levy Analysis
June 30, 2020

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Original Charge Secured Value	\$ 247,296,893	\$ 246,131,160	\$ 297,200,307	\$ 292,121,007	\$ 308,004,247
Adjustments to Original Charge	-	-	-	-	-
Base Year Secured Value	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>
Incremental Secured Value	220,546,852	219,381,119	270,450,266	265,370,966	281,254,206
Tax Rate	<u>0.0100370</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>
Adjusted Levy	2,213,629	2,193,811	2,704,503	2,653,710	2,812,542
Unitary Revenue	<u>30,206</u>	<u>31,724</u>	<u>31,898</u>	<u>33,847</u>	<u>34,202</u>
Total Secured/Unitary Levy	<u>2,243,835</u>	<u>2,225,536</u>	<u>2,736,401</u>	<u>2,687,556</u>	<u>2,846,744</u>
Original Charge Unsecured Value	25,681,404	23,935,048	30,466,133	31,667,073	31,912,868
Adjustments to Original Charge	240,106	-	-	-	(174,527)
Base Year Unsecured Value	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>
Incremental Unsecured Value	21,049,550	19,063,088	25,594,173	26,795,113	26,866,381
Tax Rate	<u>0.0100430</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>
Unsecured Adjusted Levy	<u>211,401</u>	<u>190,631</u>	<u>255,942</u>	<u>267,951</u>	<u>268,664</u>
Net Total Revenue	<u>2,455,236</u>	<u>2,416,166</u>	<u>2,992,343</u>	<u>2,955,508</u>	<u>3,115,408</u>
Remittance to Agency					
Secured/Unitary Remitted	2,243,814	2,097,340	2,704,482	2,687,556	2,846,702
Unsecured Remitted	206,749	-	252,935	264,298	264,321
HOX Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Remittance to Agency:	2,450,563	2,097,340	2,957,417	2,951,854	3,111,024
% of Collection to Levy	99.81%	86.80%	98.83%	99.88%	99.86%
Grand Total Revenue					
Secured and Unsecured Revenue	2,450,563	2,097,340	2,957,417	2,951,854	3,111,024
SB 813 Supplemental Payments	-	786	-	-	66,224
Redemptions/Open Roll Corrections	13	351	-	-	18
Taxpayer Refunds	(1,476)	30,658	-	(96,843)	(98,408)
Deferral Payments/ Adjustments	<u>(52,554)</u>	<u>-</u>	<u>-</u>	<u>38,608</u>	<u>(5,534)</u>
Total Paid to Agency:	<u>2,396,546</u>	<u>2,129,135</u>	<u>2,957,417</u>	<u>2,893,619</u>	<u>3,073,323</u>
SB 2557 Charges (1)	(39,350)	(37,125)	(43,844)	(42,298)	(42,298)
Housing Set Aside	(479,309)	-	-	-	-
Tax Sharing Payments	(1,021,920)	(1,147,604)	(1,594,048)	(1,559,661)	(1,325,217)
Negative Balance from Prior Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Grand Total Revenue:	<u>\$ 855,966</u>	<u>\$ 944,407</u>	<u>\$ 1,319,525</u>	<u>\$ 1,291,661</u>	<u>\$ 1,705,809</u>

Source: HdL Coren & Cone

City of Redondo Beach

Successor Agency of the City of Redondo Beach

South Bay Center Redevelopment Project

Revenue vs. Levy Analysis

June 30, 2020

(CONTINUED)

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Original Charge Secured Value	\$ 315,458,730	\$ 320,767,623	\$ 327,182,964	\$ 333,726,612	\$ 340,401,134
Adjustments to Original Charge	-	-	-	10,946,293	471,924
Base Year Secured Value	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>
Incremental Secured Value	288,708,689	294,017,582	300,432,923	317,922,864	314,123,017
Tax Rate	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>
Adjusted Levy	2,887,087	2,940,176	3,004,329	3,179,229	3,141,230
Unitary Revenue	<u>37,180</u>	<u>40,220</u>	<u>43,065</u>	<u>45,361</u>	<u>48,938</u>
Total Secured/Unitary Levy	<u>2,924,267</u>	<u>2,980,396</u>	<u>3,047,395</u>	<u>3,224,589</u>	<u>3,190,168</u>
Original Charge Unsecured Value	28,176,985	21,541,760	22,661,447	21,019,787	20,201,268
Adjustments to Original Charge	-	-	-	646,368	1,877,911
Base Year Unsecured Value	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>
Incremental Unsecured Value	23,305,025	16,669,800	17,789,487	16,794,195	17,207,219
Tax Rate	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>	<u>0.0100000</u>
Unsecured Adjusted Levy	<u>233,050</u>	<u>166,698</u>	<u>177,895</u>	<u>167,942</u>	<u>172,072</u>
Net Total Revenue	<u>3,157,317</u>	<u>3,147,094</u>	<u>3,225,290</u>	<u>3,392,531</u>	<u>3,362,241</u>
Remittance to Agency					
Secured/Unitary Remitted	2,873,901	2,980,396	3,047,392	3,224,585	3,190,162
Unsecured Remitted	233,724	176,256	175,223	159,258	162,051
HOX Payments	-	-	-	-	-
Total Remittance to Agency:	<u>3,107,624</u>	<u>3,156,652</u>	<u>3,222,614</u>	<u>3,383,843</u>	<u>3,352,213</u>
% of Collection to Levy	98.43%	100.30%	99.92%	99.74%	99.70%
Grand Total Revenue					
Secured and Unsecured Revenue	3,107,624	3,156,652	3,222,614	3,383,843	3,352,213
SB 813 Supplemental Payments	-	-	-	-	-
Redemptions/Open Roll Corrections	18	12	9	(81)	3
Taxpayer Refunds	(91,342)	(0)	-	-	-
Deferral Payments/Adjustments	<u>(1,462)</u>	<u>1,396</u>	<u>4,481</u>	<u>613</u>	<u>(7,023)</u>
Total Paid to Agency:	<u>3,014,838</u>	<u>3,158,059</u>	<u>3,227,104</u>	<u>3,384,374</u>	<u>3,345,193</u>
SB 2557 Charges (1)	(42,298)	(64,276)	(43,400)	(45,228)	(43,978)
Housing Set Aside	-	-	-	-	-
Tax Sharing Payments	(1,299,998)	(1,357,300)	(1,391,527)	(1,459,342)	(1,442,447)
Negative Balance from Prior Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Grand Total Revenue:	<u>\$ 1,672,543</u>	<u>\$ 1,736,484</u>	<u>\$ 1,792,177</u>	<u>\$ 1,879,804</u>	<u>\$ 1,858,767</u>

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City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Redevelopment Project
Top Ten Taxable Property Owners
June 30, 2020

	Secured				Unsecured			Total		Use Code
	Value	Parcels	Percent of	Value	Parcels	Percent of	Value	Percent of		
			Secured Actual Value			Unsecured Actual Value		Total Value		
1. South Bay Center SPE LLC Pending Appeals on Parcels	\$ 255,856,242	5	81.57%	\$ 466,206	1	3.04%	\$ 256,322,448	77.91%	Commercial	
2. LPF Redondo Beach Inc.	\$ 50,288,908	3	16.03%	-	0	0.00%	50,288,908	15.29%	Commercial	
3. 1519 Hawthorne Blvd. LLC	\$ 19,751,848	1	6.30%	-	0	0.00%	19,751,848	6.00%	Commercial	
4. Walgreen Company Pending Appeals on Parcels	\$ 7,974,325	7	2.54%	\$ 270,101	1	1.76%	8,244,426	2.51%	Commercial	
5. Outparcel Investment Partners V LLC	\$ 6,529,811	1	2.08%	-	0	0.00%	6,529,811	1.98%	Commercial	
6. American Multi-Cinema Inc. Pending Appeals on Parcels	-	0	0.00%	\$ 2,931,352	1	19.12%	2,931,352	0.89%	Unsecured	
7. SFM LLC	-	0	0.00%	\$ 1,958,461	1	12.78%	1,958,461	0.60%	Unsecured	
8. Bank of America	-			\$ 1,806,946	1	11.79%	1,806,946	0.55%	Unsecured	
9. Macy's West Stores Inc. Pending Appeals on Parcels	-	0	0.00%	\$ 1,311,818	1	8.56%	1,311,818	0.40%	Unsecured	
10. Kohls Department Store Inc. Pending Appeals on Parcels	-	0	0.00%	\$ 927,468	1	6.05%	927,468	0.28%	Unsecured	
	\$340,401,134	17	108.53%	\$9,672,352	7	63.10%	\$ 350,073,486	106.41%		
Project Area Incremental Value:	\$313,651,093			\$15,329,308			\$328,980,401			

Source: HdL Coren & Cone

City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Project Area
Recent Appeals History

<u>Owner</u>	<u>APN</u>	<u>Appeal Type</u>	<u>Appeal Status</u>
Currently Pending Appeals (FY Appeals)			
2016-17			
American Multi-Cinema Inc	u	Unsecured	Pending
South Bay Center SPE LLC	4082-018-005	Secured	Pending
Walgreen Co	u	Unsecured	Pending
South Bay Center SPE LLC/Macy's West Stores	4082-018-004	Secured	Pending
Kohl's Department Stores Inc.	u	Unsecured	Pending
2017-18			
South Bay Center SPE LLC/Macy's West Stores	4082-018-004	Secured	Pending
Macy's West Stores, Inc.	u	Unsecured	Pending
American Multi-Cinema Inc	u	Unsecured	Pending
South Bay Center SPE LLC	4082-018-010	Secured	Pending
Kohl's Department Stores Inc.	u	Secured	Pending
Walgreen Co	u	Unsecured	Pending
2018-19			
American Multi-Cinema Inc	u	Unsecured	Pending
Kohl's Department Stores Inc	u	Unsecured	Pending
Macy's West Stores Inc.	u	Unsecured	Pending
South Bay Center SPE LLC	u	Unsecured	Pending
South Bay Center SPE LLC	4082-018-004	Secured	Pending
South Bay Center SPE LLC	4082-018-005	Secured	Pending
South Bay Center SPE LLC	4082-018-010	Secured	Pending
Starbucks Corporation	u	Unsecured	Pending
ULTA Salon Cosmetics and Fragrance Inc.	u	Unsecured	Pending
Walgreen Co	u	Unsecured	Pending
2019-20			
American Multi-Cinema Inc	u	Unsecured	Pending
ATC Indoor DAS LLC/American Tower Co.	u	Unsecured	Pending
California Fine Wine and Spirits LLC	u	Unsecured	Pending
Kohl's Department Stores Inc	u	Unsecured	Pending
Macy's West Stores Inc.	u	Unsecured	Pending
Redondo Beach Dental Services	u	Unsecured	Pending
South Bay Center SPE LLC	u	Unsecured	Pending
South Bay Center SPE LLC	4082-018-010	Secured	Pending
South Bay Center SPE LLC	4082-018-005	Secured	Pending
South Coast Plaza Bullocks Inc C/O Macy's Inc.	4082-018-004	Secured	Pending
Starbucks Corporation	u	Unsecured	Pending
ULTA Salon Cosmetics and Fragrance Inc.	u	Unsecured	Pending
Walgreen Co	u	Unsecured	Pending

Most Recently Resolved Appeals Among Owners with Pending Appeals

	<u>Original Value</u>	<u>Board Value</u>	<u>Change</u>	<u>% Change</u>
2016-17				
Macy's West Stores, Inc.	1,234,116	1,197,031	37,085	3.00%
ATC Indoor DAS LLC/American Tower Co.	713,367	551,156	162,211	22.74%
2017-18				
ATC Indoor DAS LLC/American Tower Co.	691,810	478,847	212,963	30.78%
Kohl's Department Stores Inc	31,159,236	29,800,000	1,359,236	4.36%
2018-19				
NONE				

City of Redondo Beach
Successor Agency of the City of Redondo Beach
South Bay Center Project Area
Recent Appeals History

(CONTINUED)

<u>Owner</u>	<u>APN</u>	<u>Original Value</u>	<u>Opinion Value</u>	<u>Proposed Change</u>	<u>Proposed % Change</u>
Currently Pending Appeals (FY Appeals)					
2016-17					
American Multi-Cinema Inc	u	714,376	600,000	(114,376)	-16.01%
South Bay Center SPE LLC	4082-018-005	23,460,134	11,599,000	(11,861,134)	-50.56%
Walgreen Co	u	348,762	174,000	(174,762)	-50.11%
South Bay Center SPE LLC/Macy's West Stores	4082-018-004	26,840,034	14,180,184	(12,659,850)	-47.17%
Kohl's Department Stores Inc.	u	1,357,112	680,000	(677,112)	-49.89%
		<u>52,720,418</u>	<u>27,233,184</u>		
2017-18					
South Bay Center SPE LLC/Macy's West Stores	4082-018-004	27,376,834	14,180,184	(13,196,650)	-48.20%
Macy's West Stores, Inc.	u	1,351,596	694,700	(656,896)	-48.60%
American Multi-Cinema Inc	u	2,677,073	2,600,693	(76,380)	-2.85%
South Bay Center SPE LLC	4082-018-010	162,943,037	122,200,000	(40,743,037)	-25.00%
Kohl's Department Stores Inc.	u	1,169,158	584,000	(585,158)	-50.05%
Walgreen Co	u	311,252	192,000	(119,252)	-38.31%
		<u>195,828,950</u>	<u>140,451,577</u>		
2018-19					
American Multi-Cinema Inc	u	2,837,088	1,986,000	(851,088)	-30.00%
Kohl's Department Stores Inc	u	1,089,329	545,000	(544,329)	-49.97%
Macy's West Stores Inc.	u	1,461,304	644,382	(816,922)	-55.90%
South Bay Center SPE LLC	u	522,849	261,400	(261,449)	-50.00%
South Bay Center SPE LLC	4082-018-004	27,924,370	13,962,200	(13,962,170)	-50.00%
South Bay Center SPE LLC	4082-018-005	24,407,921	12,204,000	(12,203,921)	-50.00%
South Bay Center SPE LLC	4082-018-010	166,201,897	83,101,000	(83,100,897)	-50.00%
Starbucks Corporation	u	82,106	45,000	(37,106)	-45.19%
ULTA Salon Cosmetics and Fragrance Inc.	u	619,449	310,000	(309,449)	-49.96%
Walgreen Co	u	296,318	169,000	(127,318)	-42.97%
		<u>225,442,631</u>	<u>113,227,982</u>		
2019-20					
American Multi-Cinema Inc	u	2,931,352	2,051,900	(879,452)	-30.00%
ATC Indoor DAS LLC/American Tower Co.	u	647,765	197,489	(450,276)	-69.51%
California Fine Wine and Spirits LLC	u	484,984	242,493	(242,491)	-50.00%
Kohl's Department Stores Inc	u	927,468	465,000	(462,468)	-49.86%
Macy's West Stores Inc.	u	1,311,818	632,000	(679,818)	-51.82%
Redondo Beach Dental Services	u	181,224	76,207	(105,017)	-57.95%
South Bay Center SPE LLC	u	533,305	267,000	(266,305)	-49.93%
South Bay Center SPE LLC	4082-018-010	169,525,934	84,763,000	(84,762,934)	-50.00%
South Bay Center SPE LLC	4082-018-005	24,896,079	12,448,000	(12,448,079)	-50.00%
South Coast Plaza Bullocks Inc C/O Macy's Inc.	4082-018-004	28,482,856	14,500,000	(13,982,856)	-49.09%
Starbucks Corporation	u	79,595	40,000	(39,595)	-49.75%
ULTA Salon Cosmetics and Fragrance Inc.	u	567,639	285,000	(282,639)	-49.79%
Walgreen Co	u	270,101	-	(270,101)	-100.00%
		<u>230,840,120</u>	<u>115,968,089</u>		

City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Community Financing Authority 2014 Wastewater Refunding Revenue Bonds
(Wastewater System Financing Project)
June 30, 2020

This Certification of Continuing Disclosure is provided by the City of Redondo Beach ("the City") and the Redondo Beach Community Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated March 25, 2014 executed and delivered by the City of Redondo Beach and the Community Financing Authority and the Dissemination Agent in connection with the issuance of \$7,230,000 Refunding Revenue Bonds, City of Redondo Beach Wastewater System Financing Project Bonds ("the Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of March 25, 2014 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (a) finance the Improvements and related facilities which constitute part of the Wastewater Enterprise of the City, (b) fund capitalized interest on the Bonds through November 1, 2014, (c) fund a reserve fund for the Bonds, and (d) pay the cost of issuance for the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2019-20 fiscal year.

The City and the Community Financing Authority hereby report the following:

1. The audited financial statements of the City, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2020 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2020, neither the City nor the Community Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
 - g. Modifications to rights of security holders;
 - h. Contingent or unscheduled bond calls;
 - i. Defeasances;
 - j. Resale, substitution, or sale of property securing repayment of the securities; or
 - k. Rating changes

City of Redondo Beach
Sewer Rates Per Month
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Use Classification										
Each single family dwelling unit	\$ 7.12	\$ 7.25	\$ 10.25	\$ 13.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25
Each unit in a 2-3 unit condo structure	7.12	7.25	10.25	13.25	16.25	16.25	16.25	16.25	16.25	16.25
Each unit in a 2-3 unit apartment structure	5.55	5.65	7.97	10.31	12.64	12.64	12.64	12.64	12.64	12.64
Each unit in a 4 or more unit condo structure	5.55	5.65	7.97	10.31	12.64	12.64	12.64	12.64	12.64	12.64
Each unit in a 4 or more unit apartment structure	3.82	3.88	5.49	7.09	8.70	8.70	8.70	8.70	8.70	8.70
Commercial/Industrial/Institutional parcels	0.61	0.62	0.88	1.13 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004. A reissue of the Bonds was done in fiscal year 2013/2014 by the Community Financing Authority.

* Per 100 cubic feet of average monthly water usage. 100 cubic feet of water is equal to 748 gallons, average monthly water usage is established based on the latest actual annual water usage record available to the City. On an annual basis, the city will recalculate the monthly charge by using the latest available annual water usage record of each non-residential user at the same \$1.13 per 100 cubic feet rate to set a new monthly rate. Any water proven to be used for boilers, cooling towers or similar devices that will not be discharged into the sewer system may be deducted from the annual water usage record for rate calculation purposes.

Source: City of Redondo Beach

City of Redondo Beach
Top Ten Customers - Sewage Usage
June 30, 2020

<u>Account Name</u>	<u>Type of Use</u>	<u>Usage (ccf)</u>	<u>Billed Amount</u>	<u>% of Revenue</u>
AES Redondo Beach LLC	Power Plant	95,953	\$133,375	2.4%
Northrop Grumman Systems	Aerospace	35,514	\$49,365	0.9%
Redondo Beach Unified - South Bay Union High	Education	28,081	\$39,033	0.7%
Marina Way Mole B	Harbor Facilities	17,547	\$24,390	0.4%
City of Redondo Beach Leased Properties	Harbor Facilities	16,785	\$23,331	0.4%
Beach Cities Health District	Hospital	16,760	\$23,296	0.4%
Hilton Garden Inn	Hotel	14,579	\$20,265	0.4%
South Bay Center SPE LLC	Shopping Mall	13,934	\$19,368	0.4%
City of Redondo Beach Leased Properties	Harbor Facilities	12,498	\$17,372	0.3%
HPT IHG 2 Properties Trust	Hotel	12,329	\$17,137	0.3%
				<hr/>
				6.6%

City of Redondo Beach
Sewer Connections by Type of Customer
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Type of Customer										
Residential	13,109	13,105	13,106	13,104	13,105	13,105	13,111	13,113	13,114	13,116
Industrial	56	61	61	61	61	59	59	59	58	57
Commercial	466	457	463	463	461	462	464	463	465	465
Institutional	58	61	59	59	59	59	58	58	57	56
Mixed use	42	43	43	43	43	43	43	43	43	43
Total	13,731	13,727	13,732	13,730	13,729	13,728	13,735	13,736	13,737	13,737

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.
A reissue of the Bonds was done in fiscal year 2013/2014 by the Community Financing Authority.

Source: City of Redondo Beach

City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Community Financing Authority Lease Revenue Refunding Bonds Series 2019A
(Leaseback Agreement)
June 30, 2020

This Certification of Continuing Disclosure is provided by the City of Redondo Beach ("the City") and the Redondo Beach Community Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated February 1, 2019 executed and delivered by the City of Redondo Beach and the Community Financing Authority and the Dissemination Agent in connection with the issuance of \$28,015,000 Lease Revenue Refunding Bonds ("the Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of February 1, 2019 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (a) refund the City of Redondo Beach's (the "City") \$8,300,000 Leaseback Agreement (Redondo Beach Pier Plaza), dated as of March 1, 2012, by and between Compass Bank and the City, currently outstanding in the principal amount of \$6,314,012.91; (b) refund the City's \$2,700,000 Leaseback Agreement (Redondo Beach International Boardwalk Project), dated as of May 1, 2012 by and between Compass Bank and the City, currently outstanding in the principal amount of \$2,021,296.58; (c) refund the City's \$12,500,000 Leaseback Agreement (Redondo Beach Marina Project), dated as of May 1, 2014, by and between Compass Bank and the City, currently outstanding in the principal amount of \$10,076,474.18; (d) finance the purchase of a Sublease between the City and Redondo Fisherman's Cove Company; and (e) pay costs of issuance of the Bonds.

This Certification is made pursuant to the requirements of Section 3 and 4 of the Continuing Disclosure Certificate with respect to the 2019-20 fiscal year.

The City and the Community Financing Authority hereby report the following:

1. The audited financial statements of the City, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2020 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2020, neither the City nor the Community Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of security holders;
 - h. Contingent or unscheduled bond calls;
 - i. Defeasances;
 - j. Resale, substitution, or sale of property securing repayment of the securities;
 - k. Rating changes
 - l. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 - m. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redondo Beach, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

Brea, California
December 8, 2020