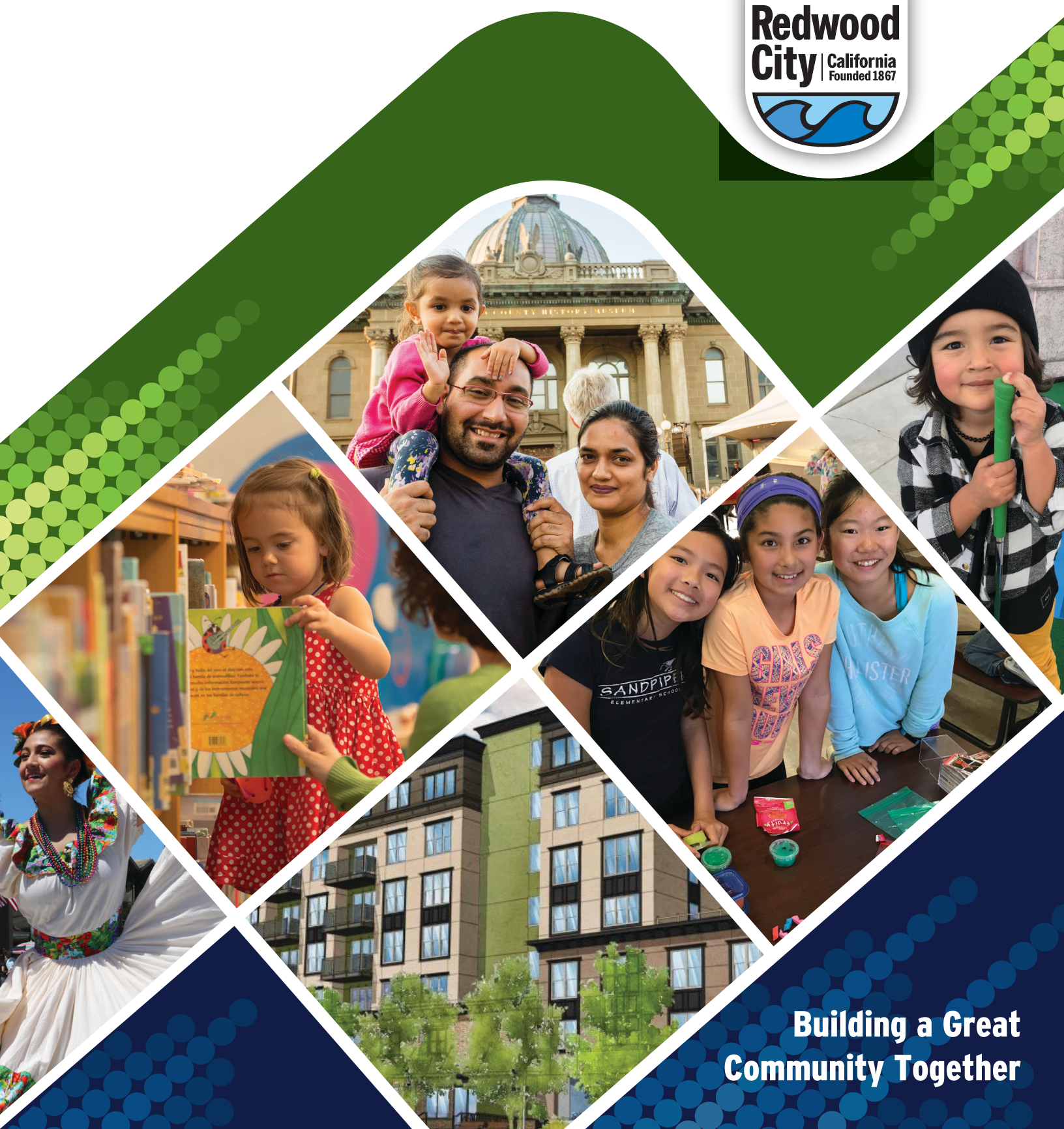


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019



**Building a Great
Community Together**

City of Redwood City

Redwood City, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:
Administrative Services Department – Finance Division



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

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For the fiscal year ended June 30, 2019

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*City of Redwood City
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Administrative Services Department



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December 9, 2019

Honorable Mayor Ian Bain
Members of the City Council,
City Manager, and Residents of the
City of Redwood City
Redwood City, California

I am pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of the City of Redwood City for the fiscal year ended June 30, 2019.

This report contains a complete set of audited financial statements, prepared by the City's Finance Division, in accordance with Generally Accepted Accounting Principles (GAAP), as promulgated by the Government Accounting Standards Board (GASB). The responsibility for both the accuracy of the printed data and the completeness and fairness of the presentation including all disclosures rests with the management of the City. It is our opinion that the data presented is accurate in all material respects and is presented in a manner designed to set forth the financial positions and results of operations of the City and its related entities as measured by the financial activities of their various funds. Furthermore, all disclosures necessary for the reader to gain a full understanding of their financial activities have been included.

To provide a reasonable basis for making those representations, City management has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP.

Maze & Associates, a firm of independent, licensed and Certified Public Accountants, has audited the City's financial statements for the fiscal year ended June 30, 2019. The objective of the independent audit is to provide reasonable assurance that the financial statements of the City and related entities are free of material misstatement. The auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report on page 1.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. Redwood City's MD&A can be found immediately following the report of the independent auditors on page 5. The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure.

REPORTING ENTITY AND ITS SERVICES

Redwood City is a San Francisco Bay Area community located in the heart of Silicon Valley. With a population of over 86,000, Redwood City is the third largest city within the County of San Mateo. The City of Redwood City was incorporated in 1867 and became a Charter City in 1929. It operates under a council-manager form of government and is a full service City, providing a range of services that include police and fire protection, recreation and parks, libraries, street maintenance and construction, infrastructure improvements, planning and zoning, water delivery, port facilities, and storm drains. Although the City maintains sewer lines and pump stations, the sewer plant and treatment services are provided by the Silicon Valley Clean Water Authority (formerly the South Bayside System Authority), a joint powers authority of which Redwood City is an equity holder.

The financial reporting entity includes all funds of the primary government (i.e. the City of Redwood City) as well as its component units. The City Council serves in separate session as the governing bodies of the Redwood City Facilities and Infrastructure Authority, and the Public Financing Authority, although these agencies are legal entities separate from the City. Debt service paid during the fiscal year is presented in the debt service fund. Under the City Charter, the City Council appoints the Board of Port Commissioners to oversee the operations of the Port of Redwood City, which is considered a department of the City of Redwood City. The Port of Redwood City is an enterprise activity and is presented as an enterprise fund.

Financial information for separate legal entities related to the City, including the Redwood City Facilities and Infrastructure Authority, Redwood City Public Financing Authority, and Successor Agency to the Redevelopment Agency of Redwood City, is blended in the City's financial statements in accordance with Governmental Accounting Standards Board Statement No. 14.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's accounting records for governmental operations are maintained on a modified accrual basis, with the revenues being recorded when both measurable and available, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise operations are maintained on the accrual basis.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Because the cost of internal controls should not outweigh their benefits, the City's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the evaluation of costs and benefits requires estimates and judgments by management. Within this framework, we believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Redwood City continues to meet its responsibility for sound financial management.

Beginning with the financial statements for FY 2014-15, the City, along with other governmental agencies, was required to implement a new accounting standard, Governmental Accounting Standards Board Statement No. 68 (GASB 68). GASB 68 required all governmental agencies to record the unfunded pension liability on their balance sheet (i.e. Statement of Net Position). Detailed information regarding the City's pension liability is described in Note 9.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The local economy continues to exhibit signs of a healthy economy. Local economists are not forecasting an economic downturn during the next fiscal year; however, it is likely that a downturn will occur at some point within the next five years. As of June 2019, the unemployment rate in San Mateo County was 2.2 percent, which is slightly higher than the May 2019 level of 1.7 percent (lowest level in almost 20 years). The City of Redwood City's unemployment rate as of June 2019 was 2.0 percent, which is considered full employment. Both San Mateo County and Redwood City unemployment rates are consistently lower than the State's unemployment rate of 4.2 percent and the national rate of 3.7 percent. The number of employed residents in the County increased by 2.0 percent from 438,700 in June 2018 to 447,300 in June 2019.

The Redwood City office market citywide vacancy rate is 7.1 percent, reflecting higher vacancy in the Redwood Shores area. Retail space vacancy in the downtown area remains at 3.7 percent, but the construction of two new mixed-use projects will add new retail space to the inventory.

We believe these indicators paint a positive picture of the local economy and provide a solid underpinning for steady economic growth continuing into the near future. Recognizing that local and regional growth have exacerbated long-term mobility and affordable housing challenges, the City Council has taken numerous steps to address these issues over the past several years.

Economic Development Initiatives

With the adoption of the Downtown Precise Plan in 2011, Downtown Redwood City has become a vibrant district where Redwood City residents enjoy working, living, and playing.

The close proximity to a Caltrain station, easy freeway access, and central location to San Francisco and San Jose has made downtown a desirable location for new businesses to locate. Redwood City has become one of the fastest growing locations for startup businesses to locate, and with the addition of new office developments, new employment opportunities are available for local residents. To further the downtown transformation, the recently adopted Retail Action Plan will focus the City's efforts on developing a diverse range of retail businesses that sell local goods for purchase by visitors, residents and workers, which would generate additional sales tax revenue.

Phase I of the Stanford Redwood City project was completed in March 2019, consisting of 570,000 square feet of office space, a 1,057 space parking structure, a fitness center, a childcare facility, and a 2.4-acre publicly accessible open space. As part of the development, Stanford will provide over \$15 million in community benefits for such things as education, sustainability, public transportation studies, affordable housing and more over the course of two phases. Additionally, 740,000 square feet of new office space has been approved and will start construction soon.

In addition to the new office developments, Redwood City is also seeing a growth in housing. New housing units in and around the Downtown are helping to address regional housing needs and provide housing for the City's growing employment base. Over one million square feet of housing has been approved and is currently under construction.

Long-Term Financial Planning

The City Council has a history of taking intentional, proactive, and strategic steps to ensure the long-term fiscal sustainability of the City, including adopting a structurally balanced annual budget, funding long-term needs, and maintaining a 15 percent General Fund reserve level.

The City has been assigned an Aa1 issuer rating by Moody's Investor Services. The rating reflects the City's sizeable and primarily residential tax base that is poised for moderate growth, strong wealth indicators, a healthy financial position supported by strong reserve and liquidity levels, and a very modest debt burden. Maintaining a sustainable budget and prudently planning for the City's current and long-term needs is a top priority for the City Council. The City continues to focus strategically on appropriate funding strategies for annual operations, a robust capital improvement program, and future liabilities.

Each fiscal year, the City prepares a ten-year General Fund forecast to project revenue and expenditure trends. This forecast is an integral part of the annual budget process as the City seeks to establish and implement its priorities in a fiscally sustainable manner. The forecast also assists in providing a long-term road map to guide the financial planning of the City as it addresses rising pension costs and unfunded liabilities. The City reviews major cost drivers to anticipate and control expenses to the maximum extent possible and makes fiscal decisions within the framework of the forecast. The City also monitors its revenue sources to identify and plan for trends. Financial planning also takes the form of continuous review and refinement of fiscal policies and forecasts, and an understanding of the citywide initiatives underway.

During FY 2017-18, the City began the process of reshaping service delivery for the future in order to fund upcoming costs and long-term liabilities. Strategic elements to this process included:

- Addressing unfunded liabilities and preparing for dramatic increases in pension costs
- Implementing operating efficiencies through reorganization and best management practices
- Seeking outside funding and exploring options for new revenue
- Exploring shared services and partnerships with outside agencies to reduce costs
- Paving the way for new and innovative service approaches
- Continuing to invest in employees and our organizational culture

Building on the strategic elements above, the City implemented the following strategies during FY 2018-19:

- Developed a ten-year General Fund forecast (formerly a five-year forecast) for the first time
- Analyzed and recommended an accelerated payoff timeframe for the City's pension obligations
- Continued to focus on cost containment citywide by identifying numerous efficiencies, innovations, and partnerships
- Streamlined the development of the Capital Improvement Program to provide a more realistic financially viable projection of the City's capital needs and revenue sources
- Placed two revenue measures on November 2018 ballot, including a half-cent sales tax increase (Measure RR) and a cannabis excise tax (Measure DD). Both measures passed, with 68 percent of voters supporting Measure RR, and 79 percent of voters supporting Measure DD.

A summary of major revenue sources and other significant financial planning items is below.

Sales Tax

Sales tax is an important source of General Fund revenue as it accounts for 16.7 percent of total General Fund revenues. When compared to the FY 2018-19 budget, actual revenues generated approximately 2.2 percent more revenue than the amount budgeted in the General Fund. Sales tax revenue in the General Fund increased by 16.8 percent when compared to the prior fiscal year. This increase is primarily due to the passage of Measure RR, a half-cent sales tax increase, in November 2018, which became effective April 1, 2019. The City was able to collect \$2.4 million for taxable sales occurring April through June 2019. The City has budgeted \$8.7 million of this new revenue source to be collected in FY 2019-20. Staff will analyze this new revenue during the mid-year budget review process to determine if a budget amendment is needed. If the new half-cent sales tax revenue was excluded from the FY 2018-19 actual amount, the increase in sales tax revenue would be 6.1 percent.

Redwood City, like all cities in California, experiences volatility of sales tax revenues as economic cycles ebb and flow. Residents are spending more of their disposable income on non-taxable items than before, like housing, medical care, and education. The Consumer Price Index reveals that in recent years, the prices of these items have increased rapidly, while the cost of many taxable items has dropped. Additionally, burgeoning trends toward online purchasing impact the City's sales tax revenue, since the method of distributing the tax varies. For purchases made at physical establishments located in Redwood City, sales tax is distributed based on "point of sale."

For online purchases, the tax is treated as a "use" tax. A use tax is charged on goods sold to California customers from out-of-state retailers. Use taxes are allocated to countywide pools where the goods are used. The taxes are distributed proportionately countywide based on the City's pro rata share of sales tax. Ultimately, increasing online sales will reduce local sales tax revenues.

In June 2018, the U.S. Supreme Court issued its ruling in *South Dakota vs. Wayfair, Inc.*, a case in which South Dakota sought to have a statute imposing economic nexus standards on remote sellers upheld by the Court. The Court held that states may charge taxes on purchases made by out-of-state sellers, even if the sellers do not have a physical presence in the taxing state. This decision opened the door for the State of California to require remote sellers to collect and remit sales and use taxes to local taxing agencies. As a result of this decision, it is estimated that the City will collect an additional \$500,000 in FY 2019-20.

Property Tax

Property tax accounts for 42.3 percent of total General Fund revenues and is a key indicator of the City's economic outlook. In FY 2018-19, secured property tax revenues increased by 5.6 percent over the previous fiscal year. Budget projections for secured property taxes in Redwood City in FY 2019-20 call for a 3.3 percent increase over FY 2018-19 actuals, with indications that growth in assessed value will continue in FY 2019-20 due to strong real estate sales, property improvements, and development.

Utility Users' Tax

This City collects a voter-approved Utilities User Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue decreased 3.4 percent in FY 2018-19 compared to FY 2017-18, driven by a decrease in demand for wireless and cable services. As more consumers move away from cable services and toward video streaming services, UUT revenue is expected to continue to decline. Following the passage of Assembly Bill 1717 in 2014, the City entered into an agreement with the State Board of Equalization for the collection of our UUT on prepaid wireless services. The City began collecting revenue on prepaid wireless in January 2016 and will continue until AB 1717 sunsets in 2021. This revenue source amounted to \$87,256 for FY 2018-19, which is 32.8 percent less than FY 2017-18. While traditional UUT revenue has been dedicated on an annual basis to support the City's capital improvement program, the City has committed this particular new source of UUT revenue to affordable housing.

Educational Revenue Augmentation Fund Refunds

In FY 1992-93 and FY 1993-94, the State shifted property taxes from cities, counties, and special districts to school districts to supplant funding that the State was providing to school districts. The County Controller places the funds that shifted from local government agencies into the Educational Revenue Augmentation Fund (ERAF). The Controller then disburses these funds to school districts based upon the formula prescribed by State law. Any funds remaining in ERAF (after the distribution to the school districts) are returned to the cities, county, and special districts in proportion to the amount they contributed to ERAF. This return of property tax revenue is difficult to anticipate due to complicated State school funding formulas, and is at risk of reduction or elimination by State action.

In FY 2017-18 and FY 2018-19, the City received \$5.6 million and \$11.0 million, respectively. FY 2018-19 revenue was much higher than estimated due to a one-time acceleration in the timing of payments. This level of funding is higher than can be expected in the future due to the accelerated timing of payments, and recent and potential changes in school financing, which the County Controller has indicated could significantly reduce this revenue source in future fiscal years. The City's policy is to budget what can reasonably be estimated, which was \$4.0 million, or about 36 percent of the FY 2018-19 actual amount received. The City has budgeted to receive \$4.2 million in FY 2019-20.

Successor Agency to the Redevelopment Agency

As of July 1, 2018, the Oversight Board of the Successor Agency to the Redevelopment Agency of Redwood City was reorganized and combined with other oversight boards in San Mateo County, thus creating one Countywide Oversight Board. Going forward, action on behalf of the Successor Agency to the Redevelopment Agency of Redwood City will be taken by the San Mateo County Countywide Oversight Board.

The City continues to focus on the disposition of the \$10.3 million in funds that had been in the former Redevelopment Agency's possession, which were encumbered for below-market rate housing through an agreement with the Legal Aid Society. The control of these funds has been in dispute with the State of California Department of Finance (DOF) since the Redevelopment Agency was dissolved in FY 2011-12. The City filed suit against the State of California challenging the DOF's position that these funds are unencumbered and must be remitted to the County Controller. Although the State prevailed in the Superior Court trial, the City has filed an appeal. The appeal is fully briefed and the City has been awaiting a court date since 2015.

In the meantime, new State legislation (SB107) was passed in September 2015 requiring that all obligations determined by the DOF be paid in order for successor agencies to receive the benefits of a finding of completion. The City remitted the funds prior to the end of calendar year 2015 for distribution to the taxing entities while it continues to pursue its appeal. The City advised the taxing entities to hold the funds in case the City prevails in this appeal.

The City also continues to work with the State of California regarding the disposition of several former Redevelopment Agency land parcels.

Relevant Financial Policies

In FY 2016-17, the City Council updated the General Fund reserve policy, where the unreserved portion of the General Fund's fund balance shall be 15 percent of anticipated General Fund revenues. With the FY 2019-20 Adopted Budget, the City Council approved a strategy to utilize 80 percent of the excess balance, above the 15 percent reserve threshold, to pay down the City's unfunded liabilities, including pension and retiree health liabilities, and 20 percent as one-time funding towards the City Council's priorities in the areas of housing, transportation, and children and youth.

The excess balance is reported under the category "Unassigned Fund Balances." In recent fiscal years, the City has used balances in excess of the reserve policy to pay down unfunded liabilities, contribute to a Section 115 Pension Trust Account for pension liabilities, and for one-time funding towards City Council priorities.

The City Council has adopted a Debt Disclosure Policy and Investment Policy. The City reviews these policies regularly and uses them to maintain sound fiscal practices. The City has also established cash management, accounting, budgetary, and risk management policies and practices that are essential to the City's long-term fiscal health. These financial policies and practices also promote public confidence and increase the City's credibility for bond rating agencies and potential investors. Such policies also provide the resources to react to financial needs in a prudent manner.

Appropriation Limit

Article XIII B of the California State Constitution, which became effective in FY 1979-80, and which was modified (by Proposition 111) in November 1989, establishes, by formula, an appropriation limit for governmental agencies. Using the appropriations of FY 1978-79 as the base year, the limit is modified by the change in the composite consumer price index, population, and the value of commercial property development within the City limits during each fiscal year. Article XIII B also sets the guidelines as to what is to be included in the appropriation limits.

The appropriation limit for Redwood City for FY 2018-19 was \$707,019,533, while the actual appropriations subject to the limit amounted to \$106,522,402. The FY 2018-19 appropriation limit increased from FY 2017-18 due primarily to the increase of 4.03 percent in assessed valuations attributable to growth in non-residential new construction in the City, one of the factors used in calculating the change in the appropriation limit.

OTHER INFORMATION

Annual Independent Audit

The annual audit of the books and financial records of the City was completed by Maze and Associates, certified public accountants appointed by the City Council. The independent auditor's report is part of this report, starting on page 1.

Awards

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Redwood City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This is the 32nd consecutive year that Redwood City has received this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate of achievement program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been achieved without the skillful, dedicated, and efficient services of the entire staff of the Finance Division. I would like to extend special recognition to Derek Rampone, Financial Services Manager, for his professionalism and leadership in overseeing this process. Special thanks must also be expressed to Jennifer Chang, Molly Flowerday, Carolyne Kerans, Jun Nguyen, and Sylvia Peters for their important contributions, and to Nancy Murguia for her support with the publication of this document.

I would also like to thank and commend the City Council and City Manager for their ongoing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner in the best interests of the residents of Redwood City.

Respectfully submitted,

A handwritten signature in black ink that reads "Kimbra McCarthy". The signature is fluid and cursive, with a large, looping flourish at the end of the name.

Kimbra McCarthy
Assistant City Manager and Administrative Services Director
City of Redwood City
Redwood City, California



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Redwood City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2019

CITY COUNCIL

Ian Bain, Mayor	November 2020
Diane Howard, Vice Mayor	November 2022
Alicia C. Aguirre	November 2020
Janet Borgens	November 2020
Giselle Hale	November 2022
Shelly Masur	November 2020
Diana Reddy	November 2022

CITY MANAGER

Melissa Stevenson Diaz

DEPARTMENT DIRECTORS

Assistant City Manager/Administrative Services.....	Kimbra McCarthy
City Clerk	Pamela Aguilar
Community Development and Transportation	Mark Muenzer
Fire Chief	Stan Maupin
Library	Derek Wolfgram
Parks, Recreation, and Community Services	Chris Beth
Police Chief	Dan Mulholland
Public Works	Terence Kyaw

CITY ATTORNEY

Veronica Ramirez

City of Redwood City
1017 Middlefield Road
Redwood City, California 94063
Telephone: (650) 780-7070
Fax: (650) 366-2447
E-Mail: mail@redwoodcity.org
Web Site: www.redwoodcity.org

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

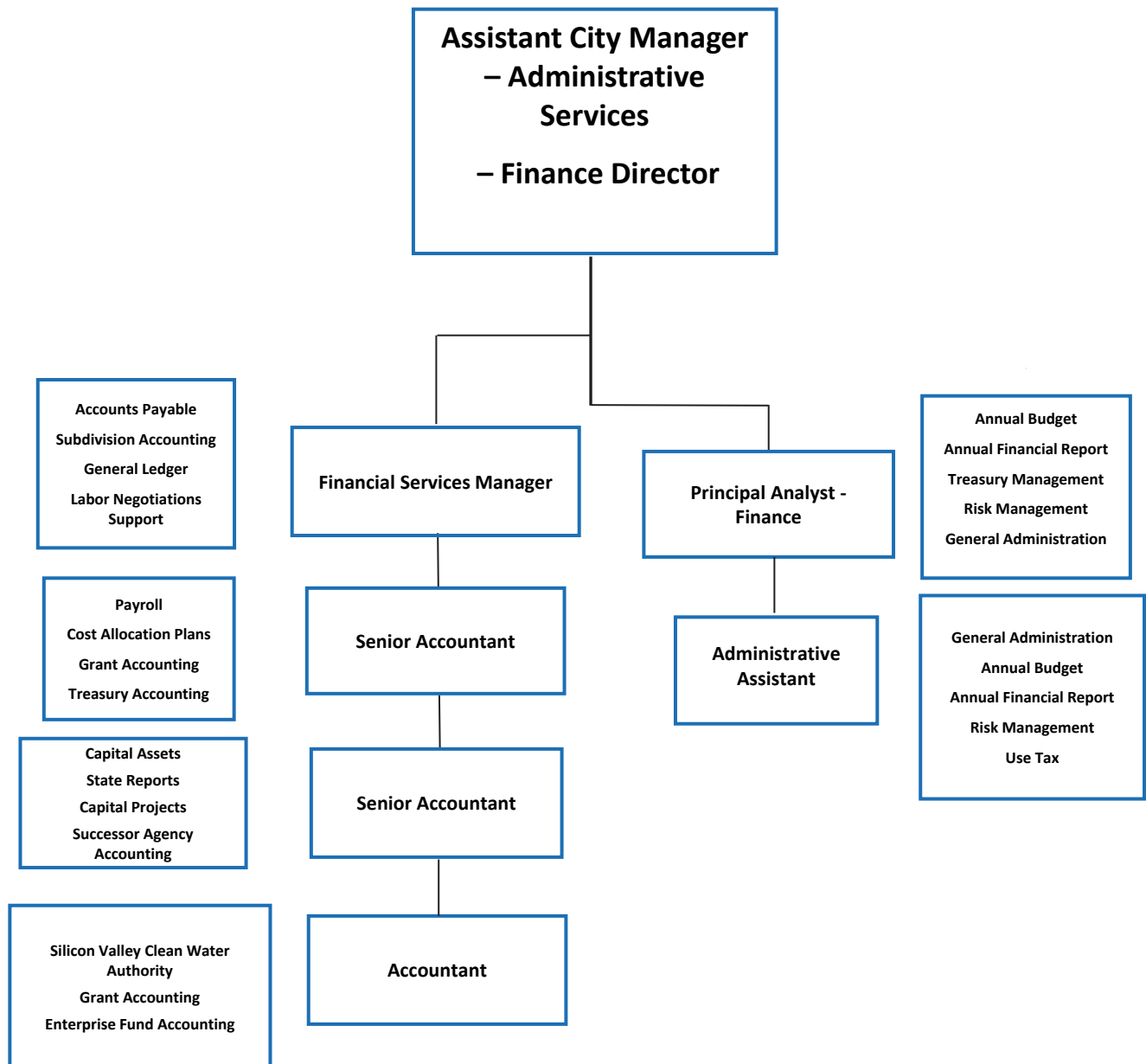
FINANCE DIVISION STAFF

As of June 30, 2019

Derek RamponeFinancial Services Manager
Jennifer ChangSenior Accountant
Carolyn KeransSenior Accountant
Sylvia Bravo PetersPrincipal Analyst
Molly FlowerdayAccountant
Gina ClarkAccount Technician
Anna IndyAccount Technician
Christopher ChauAccount Clerk
Lisa Crudo.....Account Clerk
Nancy MurguiaAdministrative Assistant

June 30, 2019

Administrative Services Department Finance Division





*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof as part of the basic financial statements 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 Management's Discussion and Analysis and other required supplementary information as listed in 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, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Maze & Associates

Pleasant Hill, California
November 25, 2019



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FISCAL YEAR 2018-19 FINANCIAL HIGHLIGHTS

During fiscal year 2018-19, the City continued to experience growth in revenues as the local economy continued to grow. Financial highlights of the fiscal year include the following:

- The City's total net position increased \$62.9 million in FY 2018-19, after a \$5.1 million increase in the prior fiscal year. At June 30, 2019, net position totaled \$445.0 million, comprised of \$160.4 million for governmental activities and \$284.6 for business-type activities.
- Total City revenues, including program and general revenues, were \$308.1 million, an increase of \$44.1 million over the prior fiscal year, while total expenses were \$245.2 million, a decrease of \$13.8 million from FY 2017-18.
- Net position in governmental activities increased \$35.7 million, while net position in business-type activities increased \$27.2 million.
- Governmental program revenues were \$71.8 million, which reflects an increase of \$14.5 million over the prior fiscal year.
- Governmental general revenues increased to \$128.8 million in FY 2018-19, up \$17.5 million from the prior fiscal year.
- Governmental program expenses decreased to \$160.2 million in FY 2018-19, down \$2.2 million from the prior fiscal year.
- Total revenues from business-type activities increased to \$107.4 million in FY 2018-19, up \$12.1 million from the prior fiscal year.
- Total expenses of business-type activities decreased to \$85.0 million in FY 2018-19, a decrease of \$11.5 million from FY 2017-18.
- General fund revenues of \$159.6 million increased by \$16.5 million over the prior fiscal year.
- General fund expenditures of \$122.6 million decreased by \$3.2 million over the prior fiscal year.
- General fund balance of \$51.3 million at June 30, 2019 increased by \$21.1 million over the prior fiscal year.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report includes six parts:

1. Introductory section, which includes the transmittal letter and general information
2. Management's Discussion and Analysis
3. Basic Financial Statements, which include the government-wide and the fund financial statements, along with the notes to these financial statements
4. Required supplementary information
5. Combining statements for non-major governmental funds and fiduciary funds
6. Statistical information

The Basic Financial Statements

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the fiscal year.

All of the City's activities are grouped into government activities and business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The Fund Financial Statements, which are prepared using the modified accrual basis of accounting, measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major funds are explained below.

The Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities — All of the City's basic services are considered governmental activities, including general government, community development, public safety, public works, culture-recreation, public improvements, planning and zoning, and general administration services. These activities have been broken down into various functions, such as community development, human services, public safety, transportation, environmental support and protection, leisure, cultural and information services, and policy development and implementation. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer fees.

Business-type Activities — All of the City's enterprise activities are reported here, including water, sewer, parking, the Port of Redwood City, and Docketown Marina. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Government-wide financial statements are prepared on the full accrual basis, which means they measure the flow of all economic resources of the City as a whole.

The government-wide financial statements may be found on pages 22-23 of this report.

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 of Redwood 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 of Redwood City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial statements provide detailed 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 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from fiscal year to fiscal year as a result of changes in the pattern of the City's activities.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements. 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 the City's near-term financing 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Redwood City maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital outlay fund, which meet the criteria to be considered major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Redwood City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund.

The governmental fund financial statements may be found on pages 26 and 29 of this report.

Proprietary funds are maintained in two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, parking, Port, and Docketown Marina operations. Internal services funds are used to account for costs of the City's equipment services, the City's insurance program, the costs of the City's telephone/communications and information technology services, maintenance and repair of buildings, custodial services, and employee benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements may be found on pages 32-34 of this report.

Since the City's internal service funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the fund level. Internal service funds may not be major funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the activities which created them, along with any residual net position of the internal service funds.

Comparisons of budget and actual financial information are presented only for the general fund and other major funds that are special revenue funds. For the fiscal year ended June 30, 2019 there were no major special revenue funds.

Fiduciary Funds

The City maintains fiduciary funds that consist of a Private Purpose Trust Fund, the City's Section 115 Trust Fund and Agency Funds. The Private Purpose Trust Fund accounts for the activity of the former Redevelopment Agency of Redwood City and the Section 115 Trust Fund accounts for the activity in the irrevocable trust fund that has been established for the City's Section 115 pension trust account. The Agency Funds account for tax free employee and employer contributions made under the provisions of section 125 of the Internal Revenue Code (cafeteria benefits fund), and for transactions involving the Pacific Shores Community Facilities District, the Shores Transportation Improvement District, the One Marina Community Facilities District, the Community Benefit Improvement District, Redwood City 2020, and Net-6 Fire JPA. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and the Agency Funds Statement of Changes in Assets and Liabilities. The accounting used for fiduciary funds is much like that used for proprietary funds. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

The fiduciary fund financial statements may be found on pages 35-36 of this report.

Notes to the Financial Statements

Notes to the Financial Statements 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 may be found on pages 37-92 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may, over time, serve as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$445.0 million at June 30, 2019.

City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2019	2018	2019	2018	2019	2018	
	\$	\$	\$	\$	\$	\$	
Cash and investments	189.750	168.357	106.899	99.839	296.649	268.196	10.61%
Other assets	46.564	43.154	50.609	40.024	97.173	83.178	16.83%
Capital assets	<u>225.966</u>	<u>199.611</u>	<u>223.355</u>	<u>218.460</u>	<u>449.321</u>	<u>418.071</u>	7.47%
Total assets	<u>462.280</u>	<u>411.122</u>	<u>380.863</u>	<u>358.323</u>	<u>843.143</u>	<u>769.445</u>	9.58%
Total deferred outflows of resources	<u>48.163</u>	<u>54.451</u>	<u>5.845</u>	<u>7.335</u>	<u>54.008</u>	<u>61.786</u>	-12.59%
Long-term debt outstanding	310.033	306.831	88.595	91.733	398.628	398.564	0.02%
Other liabilities	<u>37.022</u>	<u>32.378</u>	<u>12.998</u>	<u>16.318</u>	<u>50.020</u>	<u>48.696</u>	2.72%
Total liabilities	<u>347.055</u>	<u>339.209</u>	<u>101.593</u>	<u>108.051</u>	<u>448.648</u>	<u>447.260</u>	0.31%
Total deferred inflows of resources	<u>2.981</u>	<u>1.702</u>	<u>0.480</u>	<u>0.124</u>	<u>3.461</u>	<u>1.826</u>	89.54%
Net Position:							
Net investment in capital assets	225.966	199.264	163.031	161.939	388.997	361.203	7.69%
Restricted	54.296	64.924	9.922	9.543	64.218	74.467	-13.76%
Unrestricted	<u>(119.855)</u>	<u>(139.527)</u>	<u>111.683</u>	<u>86.001</u>	<u>(8.172)</u>	<u>(53.526)</u>	84.73%
Total net position	<u>160.407</u>	<u>124.661</u>	<u>284.636</u>	<u>257.483</u>	<u>445.043</u>	<u>382.144</u>	16.46%

The largest portion (87.4%) of the City's net position reflects its capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investment in 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, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (14.4%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position may be used to meet the government's ongoing obligations (although portions of unrestricted net position may, by law or contract, be only used for specified purposes and may not necessarily be used for any general governmental purpose) to residents and creditors. The City's unrestricted net position has a deficit balance of \$8.2 million, which is due to the recording of the City's net pension liability of \$248.4 million and the City's net other postemployment benefits liability of \$56.6 million.

The City's net position increased by \$62.9 million, or 16.5 percent, during the current fiscal year. This increase is comprised of \$35.7 million in governmental activities net position and \$27.2 million in business-type activities net position.

City of Redwood City
Management's Discussion and Analysis
For the fiscal year ended June 30, 2019

Changes in City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2019	2018	2019	2018	2019	2018	
	\$	\$	\$	\$	\$	\$	
Revenues							
Charges for services:							
Community development	12.876	12.452			12.876	12.452	3.41%
Public safety	11.075	10.017			11.075	10.017	10.56%
Transportation	0.042				0.042		
Environmental support and protection	1.710	1.586			1.710	1.586	7.82%
Leisure, cultural and information services	4.489	3.719			4.489	3.719	20.70%
Policy development and implementation	5.559	4.873			5.559	4.873	14.08%
Water			45.001	42.990	45.001	42.990	4.68%
Sewer			38.104	37.207	38.104	37.207	2.41%
Parking			2.636	2.692	2.636	2.692	-2.08%
Port of Redwood City			9.336	8.627	9.336	8.627	8.22%
Docketown Marina			0.038	0.329	0.038	0.329	-88.45%
Operating grants and contributions:							
Community development	1.007	1.653			1.007	1.653	-39.08%
Public safety	1.175	1.473			1.175	1.473	-20.23%
Transportation	1.521	3.781			1.521	3.781	-59.77%
Environmental support and protection		0.043				0.043	-100.00%
Leisure, cultural and information services	2.746	2.900			2.746	2.900	-5.31%
Policy development and implementation	0.560	0.518			0.560	0.518	8.11%
Water			0.036	0.011	0.036	0.011	227.27%
Parking			0.001	0.002	0.001	0.002	-50.00%
Port of Redwood City			0.032	0.004	0.032	0.004	700.00%
Capital grants and contributions:							
Community development	1.583	1.962			1.583	1.962	-19.32%
Transportation	22.789	6.929			22.789	6.929	228.89%
Environmental support and protection	1.834	0.052			1.834	0.052	3426.92%
Leisure, cultural and information services	2.873	5.335			2.873	5.335	-46.15%
Water			2.592	1.708	2.592	1.708	51.76%
Sewer			0.500	0.276	0.500	0.276	81.16%
Parking				3.275		3.275	-100.00%
General revenues:							
Taxes/special assessments	123.451	109.340	0.410	0.331	123.861	109.671	12.94%
Investment earnings	5.176	1.744	4.023	0.494	9.199	2.238	311.04%
Increase (decrease) in investment in sewer aut			4.738	(2.588)	4.738	(2.588)	*
Other	0.209	0.296		0.010	0.209	0.306	-31.70%
Total revenues	<u>200.675</u>	<u>168.673</u>	<u>107.447</u>	<u>95.368</u>	<u>308.122</u>	<u>264.041</u>	16.69%
Expenses							
Community development	20.210	15.606			20.210	15.606	29.50%
Human services	2.207	2.083			2.207	2.083	5.95%
Public safety	81.715	81.255			81.715	81.255	0.57%
Transportation	12.415	11.396			12.415	11.396	8.94%
Environmental support and protection	2.992	3.062			2.992	3.062	-2.29%
Leisure, cultural and information services	28.346	29.866			28.346	29.866	-5.09%
Policy development and implementation	12.339	19.190			12.339	19.190	-35.70%
Interest on long term debt		0.009				0.009	-100.00%
Water			37.755	41.469	37.755	41.469	-8.96%
Sewer			32.784	29.055	32.784	29.055	12.83%
Parking			3.356	3.387	3.356	3.387	-0.92%
Port of Redwood City			8.062	6.899	8.062	6.899	16.86%
Docketown Marina			3.042	15.700	3.042	15.700	-80.62%
Total expenses	<u>160.224</u>	<u>162.467</u>	<u>84.999</u>	<u>96.510</u>	<u>245.223</u>	<u>258.977</u>	-5.31%
Change in net position before transfers	40.451	6.206	22.448	(1.142)	62.899	5.064	1142.08%
Transfers	<u>(4.705)</u>	<u>(6.391)</u>	<u>4.705</u>	<u>6.391</u>			
Change in net position	35.746	(0.185)	27.153	5.249	62.899	5.064	1142.08%
Net position - July 1, as restated	<u>124.661</u>	<u>124.846</u>	<u>257.483</u>	<u>252.234</u>	<u>382.144</u>	<u>377.080</u>	1.34%
Net position - June 30	<u>160.407</u>	<u>124.661</u>	<u>284.636</u>	<u>257.483</u>	<u>445.043</u>	<u>382.144</u>	16.46%

*Variance results not displayed for negative to positive amounts

GOVERNMENTAL ACTIVITIES

Governmental activities prior to transfers increased the City's net position by \$40.4 million. Including transfers, governmental activities net position increased by \$35.7 million. Transfers out of governmental activities and into business-type activities of \$4.7 million during FY 2018-19 consisted of the transfer out of the general fund to the Docktown Marina fund of \$4.5 million to cover litigation settlement expenses related to ending residential uses at the marina and a transfer out of the general fund to the water fund in the amount of \$200 thousand to support operations.

Key elements of the increase/decrease in revenues for governmental activities are as follows:

General governmental revenues (non-program) increased by \$17.5 million, or 15.7 percent, from FY 2017-18, as almost all broad categories of general revenues increased, other than utility users' taxes, which decreased. Within the broad categories, property taxes increased \$9.3 million, sales taxes increased \$3.2 million, franchise taxes increased \$319 thousand, property transfer taxes increased \$29 thousand, business license taxes increased \$66 thousand, utility users' taxes decreased \$329 thousand, transient occupancy taxes increased \$1.8 million, motor vehicle in lieu tax increased \$6 thousand, investment earnings increased \$3.4 million, and other revenues decreased \$87 thousand.

Community development revenues decreased by \$601 thousand due to a decrease in the amount of community development related grants received in FY 2018-19, which was partially offset by an increase in building permits issued and related fees. Public safety revenues increased by \$760 thousand, primarily due to an increase in charges for services related to the Fire Department's contract to provide services to the City of San Carlos. Transportation revenues increased by \$13.6 million due to an increase of \$15.9 million in developer contributions and capital grants, offset by a decrease of \$2.3 million in operating grants received. Environmental support and protection revenues increased by \$1.9 million, primarily due to an increase of \$1.8 million in developer contributions. Leisure, cultural and information services decreased by \$1.9 million primarily due to a decrease of \$3.4 million in the receipt of Park Impact Fees that were partially offset by an increase of \$784 thousand in capital grants and an increase of \$770 thousand related to charges for services in the Parks, Recreation, and Community Services and Library Departments. Policy development and implementation revenue increased \$728 thousand due to an increase in charges to the Port of Redwood City and Silicon Valley Clean Water Authority, and the classification of a reimbursement from the City/County Association of Governments of San Mateo County of \$444 thousand.

Key elements of the increase/decrease in expenses for governmental activities are as follows:

Total governmental activities expenses were down \$2.2 million, or 1.4 percent. Most functions experienced a decrease in expenses, except community development, human services, and public safety. In FY 2017-18, there was a contribution to the Section 115 pension trust investment account of \$9.7 million that was recorded in the policy development and implementation expense category. In FY 2018-19, the City contributed \$1.7 million to the Section 115 pension trust investment account. If both of these special expense items are excluded from the total expense amount, the governmental activities expense amount would have increased by \$5.8 million, or 3.8 percent, in FY 2018-19.

Community development expenses increased \$4.6 million primarily due to the \$2.6 million disposition of property at 707 and 777 Bradford Street and increases in the community development administration and community planning programs. Human services expenses increased slightly (\$124 thousand) due to increased services provided through the social services center program. Public safety expenses increased by \$460 thousand primarily due to an increase in the police administration and fire operations programs, including the City of San Carlos fire costs. Transportation expenses increased \$1.0 million due to an increase of capital related expenditures in the Special Gas Tax and Transportation Grants funds that were not capitalized as fixed assets (for non-capitalized transportation project expenditures). Environmental support and protection decreased slightly (\$70 thousand), primarily due to reduced costs in the Redwood Shores Maintenance fund. Leisure, cultural, and information services decreased \$1.5 million due to a decrease of \$780 thousand in pension and depreciation costs, \$173 thousand in library related expenditures and \$445 thousand in Parks, Recreation, and Community Services expenditures. Policy development and implementation decreased \$6.9 million primarily due to the \$9.7 million contribution to the Section 115 pension trust investment account that occurred in FY 2017-18, which was offset by a contribution of \$1.7 million to the Section 115 pension trust investment account in FY 2018-19 and a \$1.1 million increase in the other administrative support services program.

Due to the City paying off the 2013 Public Financing Authority Refunding Lease in full in July 2018, the City reported \$0 in interest expense in FY 2018-19, as the interest paid was accrued as interest payable as of June 30, 2018.

BUSINESS-TYPE ACTIVITIES

Business-type activities prior to transfers increased the City's net position by \$22.4 million in FY 2018-19.

Key elements accounting for increases or decreases in revenues and expenses are as follows:

Business-type revenues increased by \$12.1 million, or 12.7 percent, from FY 2017-18. The increase is primarily due to the increase in utility rates, an increase in user fee revenues collected at the Port of Redwood City, and an increase in the City's investment in Silicon Valley Clean Water Authority (SVCWA). These increases were offset by a reduction of \$3.3 million in parking in-lieu fees collected.

The water utility's expenses decreased by \$3.7 million, primarily due to a decrease of \$2.0 million in the cost to purchase water from the San Francisco Public Utilities Commission. In addition, there was a decrease in employee services, maintenance, contractual services, supplies and services, and insurance and claims expenses, offset by increases in utilities and depreciation.

Sewer utility expenses increased by \$3.7 million, primarily due to an increase in payments to SVCWA for wastewater treatment, and debt service reimbursement for SVCWA debt issued for wastewater system capital improvements, as well as an increase in employee costs, utility costs, and depreciation, offset by decreases in maintenance, supplies and services, and non-capitalized project costs.

The expenses of the parking fund decreased slightly, by \$31 thousand, primarily due to a decrease in contractual services, offset by an increase in supplies and services.

The expenses of the Port of Redwood City increased by \$1.2 million due to an increase in maintenance costs, utility costs, contractual services, supplies and services, and depreciation, offset by decreases in employee costs, non-capitalized project costs and insurance and claims expenses.

During fiscal year 2018-19, the Docktown Marina expenses decreased by \$12.7 million due to a decrease in costs related to ending residential uses of the marina.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The general government functions are contained in the general, special revenue, debt service, and capital project funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources by using the modified accrual basis of accounting. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$154.7 million, which reflects an increase of \$21.2 million from the beginning fund balance.

Governmental fund revenues increased \$23.8 million this fiscal year to \$187.1 million. The majority of this increase occurred in the general fund (\$16.5 million) and transportation grants fund (\$7.9 million). The general fund revenue increases were primarily due to an increase in property taxes, sales tax, and interest/investment income. The transportation grants fund revenue increase was primarily due to an increase in various grant revenues. Expenditures, including capital outlay, increased \$9.9 million this fiscal year to \$160.4 million. A large part of the increase was attributable to increases in the following funds: transportation grants fund (\$4.4 million), low and moderate income housing asset fund (\$2.5 million), and parks impact and in lieu fund (\$4.8 million), offset by a decrease of \$3.2 million in general fund expenditures.

The general fund is the primary operating fund of the City. At June 30, 2019, unassigned fund balance of the general fund was \$41.3 million, while total fund balance increased to \$51.3 million from a beginning fund balance of \$30.2 million, as a result of revenues and transfers in of \$161.3 million exceeding expenditures and transfers out of \$140.2 million. Unassigned fund balance increased \$16.2 million during the current fiscal year. The general fund net change in fund balance of \$21.1 million was comprised of the following fund balance category changes: decrease of \$223 thousand in nonspendable fund balance, increase of \$1.4 million in restricted fund balance, increase of \$683 thousand in committed fund balance, increase of \$3.0 million in assigned fund balance, and an increase of \$16.2 million in unassigned fund balance.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.6% of total fund expenditures, while total fund balance represents 41.8% of that same amount.

The following are the major funds that qualified under the reporting criteria for major funds selection:

General Fund – General fund revenues increased approximately \$16.5 million this fiscal year due to increases in all revenues, except for fines, forfeitures and penalties, intergovernmental revenues, and other revenues. These increases were a result of the continued growth in the local economy and an increased rate of return on city investments. The increase in property taxes of \$9.3 million resulted primarily from an increase in assessed valuations. There was a large increase in revenue received in the general fund for property taxes in the former redevelopment area (downtown). This revenue increased by \$1.4 million, or 20.3 percent, in FY 2018-19 to \$8.3 million.

Sales and other taxes increased by \$4.5 million, primarily due to an increase of \$3.8 million in sales tax revenue and \$1.0 million in transient occupancy taxes. \$2.4 million of the increase in sales tax revenue is attributable to the passage of Measure RR, the half-cent sales tax increase passed by Redwood City voters in November 2018.

Licenses and permits increased by \$336 thousand, primarily due to an increase in building permit revenue related to increases in building activity (\$237 thousand) and the implementation of cannabis permits and related fees, which resulted in new revenue of \$264 thousand, offset by a decrease of \$165 thousand in fire and other permits.

Fines, forfeitures, and penalties decreased by \$97 thousand, due to a decrease in parking citations and library fines.

Use of money and property increased by \$1.8 million, due to an increase in interest income of \$743 thousand and an increase of \$1.1 million in the change in fair value of the City's investments.

Intergovernmental revenues decreased by \$732 thousand primarily due to the decrease in federal, state and county grants.

Charges for current services increased \$1.7 million, primarily due to an increase of \$1.1 million in revenue received from the City of San Carlos for fire services provided and an increase of \$343 thousand in recreation program revenues.

General fund expenditures decreased by \$3.2 million over the prior fiscal year. The decrease primarily resulted from a \$7.1 million reduction in the City's contribution to the Section 115 pension trust investment account (recorded in the policy development and implementation category), offset by increases in all expenditure categories except leisure, cultural and information services, capital outlay, and interest and fiscal charges. The amounts of the increases were as follows: community development (\$1.5 million), human services (\$115 thousand), public safety (\$2.8 million), transportation (\$19 thousand), and environmental support and protection (\$48 thousand). The amounts of the decreases were as follows: leisure, cultural, and information services (\$616 thousand), policy development and implementation (\$7.0 million), capital outlay (\$15 thousand), and interest and fiscal charges (\$688).

Transfers out of the general fund decreased by \$2.7 million in FY 2018-19 primarily due to a decrease of \$1.7 million in the transfer to the Docktown Marina fund and \$3.0 million in the transfer to the self-insurance internal service fund to cover increased workers' compensation costs. These decreases were partially offset by increases of \$465 thousand to the internal services fund \$1.5 million the capital outlay fund.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In FY 2018-19, the capital outlay fund generated \$2.7 million in revenue, most of which was from contributions from Pacific Gas and Electric for utility undergrounding, Stanford University development contributions, the Magical Bridge Foundation for the Magical Bridge playground, and use of money and property (investment income). This fund was also the recipient of transfers from the general fund of \$8.9 million, Utility Users' Tax, which has been allocated to support the City's infrastructure, and \$1.5 million in one-time transfers for sidewalk repairs (\$700 thousand) and security upgrades at City facilities (\$750 thousand). Total outlays were \$9.9 million, of which \$5.6 million met the City's criteria for capitalization. The balance (\$4.3 million) was expended on non-capitalized projects in FY 2018-19. Total outlays in the prior fiscal year (FY 2017-18) were \$7.9 million. Of the capital outlay fund's \$33.3 million fund balance, \$33.5 million of it was assigned to capital projects.

Proprietary Funds – Enterprise fund net position totaled \$284.6 million at the end of the fiscal year, an increase of \$27.1 million, or 10.5 percent, over the prior fiscal year's balance of \$257.5 million. Enterprise operating revenues were \$95.1 million this fiscal year, an increase of \$3.3 million over last fiscal year, while net non-operating revenues (expenses) were \$5.1 million compared to a negative \$17.8 million the prior fiscal year. Net non-operating revenues (expenses) experienced an increase of \$22.9 million, primarily due to \$12.1 million in lower costs related to ending residential uses of the Docktown Marina, an increase of \$3.5 million in investment earnings, and an increase in the change in the investment in SVCWA of \$7.3 million (current fiscal year increase of \$4.7 million versus a decrease of \$2.6 million in the prior fiscal year).

Enterprise fund operating expenses were \$80.9 million this fiscal year, an increase of \$.5 million, or 0.6 percent, from the prior fiscal year. This is due to higher operating expenses in the sewer utility fund (\$3.7 million) and the port fund (\$1.2 million), which were partially offset by lower operating expenses in the water utility fund (\$3.6 million), parking fund (\$31 thousand), and the Docktown Marina fund (\$723 thousand).

Water Utility – The water utility fund realized operating income of \$9.0 million in the current fiscal year, \$5.6 million higher than the operating income of \$3.4 million in the prior fiscal year. Operating revenues increased by \$2.0 million, while operating expenses decreased by \$3.6 million. After non-operating revenues (expenses), capital contributions, and transfers into the water utility fund, net position increased by \$12.3 million, compared to \$4.0 million in the prior fiscal year.

Sewer Utility – The sewer utility fund realized operating income of \$5.3 million in the current fiscal year, \$2.9 million lower than the operating income of \$8.2 million in the prior fiscal year. Operating revenues increased by \$897 thousand, while operating expenses increased by \$3.7 million from the prior fiscal year, primarily due to the operating costs of SVCWA. After non-operating revenues (expenses), capital contributions, and transfers out of the sewer utility fund, net position increased by \$11.3 million, compared to \$5.5 million in the prior fiscal year.

Parking Fund – The parking fund realized an operating loss of \$720 thousand in the current fiscal year, slightly higher than the operating loss of \$695 thousand in the prior fiscal year. Operating revenues decreased by \$56 thousand this fiscal year to \$2.6 million, while operating expenses decreased by \$31 thousand from the prior fiscal year to \$3.4 million. After non-operating revenues (expenses), capital contributions, and transfers into the parking fund, net position increased by \$404 thousand, compared to \$3.0 million in the prior fiscal year.

Port Fund – The port fund realized operating income of \$2.4 million in the current fiscal year, \$400 thousand lower than the operating income of \$2.8 million in the prior fiscal year. Operating revenues increased by \$708 thousand, while operating expenses were up \$1.1 million over FY 2017-18. After non-operating revenues (expenses), net position increased by \$1.7 million, compared to \$1.9 million in the prior fiscal year.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$1.8 million in the current fiscal year, slightly better than the operating loss of \$2.2 million in the prior fiscal year. Operating revenues decreased by \$292 thousand, while operating expenses decreased by \$723 thousand. During FY 2018-19, the general fund transferred \$4.5 million into the Docktown Marina Fund in relation to a litigation settlement agreement to end residential uses at the marina. After non-operating revenues (expenses) and transfers into the Docktown Marina fund, net position increased by \$1.5 million, compared to a decrease of \$9.1 million in the prior fiscal year. In addition, during FY 2017-18, the parking fund and equipment services fund loaned the Docktown Marina fund \$1.7 million and \$6.0 million, respectively. During FY 2018-19, the Docktown Marina fund was able to repay the parking fund and equipment services fund \$850 thousand and \$3.0 million, plus interest, respectively. It is expected that the Docktown Marina fund will repay the parking fund and equipment services fund in full in FY 2019-20.

GENERAL FUND BUDGETARY HIGHLIGHTS

Property taxes exceeded budget by \$8.4 million primarily due to the continued strength of the local housing market and higher than expected Education Revenue Augmentation Fund revenues, including one-time accelerated payments of this revenue stream.

Sales and other taxes were higher than budget by \$1.3 million, primarily due to strong sales tax, transient occupancy tax, property transfer tax, and business license tax revenues, but were partially offset by lower than expected franchise tax and utility users' tax revenues.

Licenses and permits exceeded budget by \$399 thousand due to higher than expected building permit and cannabis permit and related fees.

Fines, forfeitures, and penalties exceeded budget by \$108 thousand due to higher than expected parking fines.

Use of money and property revenue exceeded budget by \$1.7 million due to higher than expected rents and concessions revenue, investment earnings, and a temporary increase in fair value of investments.

Intergovernmental revenue was less than budget by \$109 thousand, primarily due to lower than expected governmental grants and homeowners' property tax relief revenues received in the current fiscal year.

Charges for current services revenue exceeded budget by \$3.1 million primarily due to fire service fees, forfeited construction and demolition debris deposit revenue, and recreation program fees exceeding expectations.

Other revenues exceeded budget by \$109 thousand due to higher than expected miscellaneous revenues and contribution from the Port of Redwood City.

Overall, expenditures were \$11.3 million less than budgeted primarily due to cost savings and vacancies in a majority of departments. Unexpected shortfalls in general engineering, street cleaning/storm water collection and disposal, and other administrative support services were offset by budget savings in all other programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2018-19, the City had \$449.3 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in the table below. Additional information on the City's capital assets can be found in Note 4 of this report.

Capital Assets at fiscal Year-end (in Millions)

	Governmental Activities		Business-Type Activities		Total		Variance
	2019	2018	2019	2018	2019	2018	
	\$	\$	\$	\$	\$	\$	
Land	31.963	31.963	3.126	3.180	35.089	35.143	-0.15%
Streets	128.121	118.154			128.121	118.154	8.44%
Construction in progress	38.502	26.171	10.026	18.338	48.528	44.509	9.03%
Buildings	83.309	83.309	62.686	62.467	145.995	145.776	0.15%
Equipment	28.578	26.278	2.111	1.928	30.689	28.206	8.80%
Improvements	14.137	9.946	237.254	217.961	251.391	227.907	10.30%
Harbor improvements			4.828	4.774	4.828	4.774	1.13%
Parks and bridges	42.213	41.521			42.213	41.521	1.67%
Traffic signals	6.333	3.371			6.333	3.371	87.87%
Storm drains	20.331	16.408			20.331	16.408	23.91%
Less accumulated depreciation	(167.521)	(157.509)	(96.676)	(90.188)	(264.197)	(247.697)	6.66%
Total capital assets	<u>225.966</u>	<u>199.612</u>	<u>223.355</u>	<u>218.460</u>	<u>449.321</u>	<u>418.072</u>	7.47%

Governmental Activities – The increase in construction in progress was due to significant expenditures in several ongoing projects, such as the Highway 101/84 Interchange, the Magical Bridge Playground, the YMCA Veterans Memorial Senior Center, and the Middlefield Road utility undergrounding. The increase in the streets category was due to the completion of a safe routes to school project and approximately \$8.0 million in developer improvements that were accepted by the City. The increase in the equipment category was a result of the replacement of 7 police vehicles in the Police Department and 3 large water tender fire trucks in the Fire Department. The increase in the improvements category was due to the completion of the Hudson Street Bike/Pedestrian project, the National Guard Armory ADA improvement project, and approximately \$1.6 million in developer improvements that were accepted by the City. Parks and bridges increased due to the completion of several tennis court replacement projects. The increase in the traffic signals category was due to the acceptance of approximately \$3.0 million in developer improvements by the City. The increase in the storm drains category was due to the completion of the Redwood Creek/storm drain collection system rehabilitation/improvements and approximately \$1.8 million in developer improvements that were accepted by the City.

Business-Type Activities – The decrease in the construction in progress category was due to the following projects being completed during FY 2018-19: the Distribution System Replacement project in the water utility fund, the FY 2015-16 and FY 2016-17 Collection System Replacement project and the Sanitary Sewer Pump Station project in the sewer utility fund, and the Parking Control System project and parking meter project in the parking fund. These completed projects were partially offset by capital expenses in several projects, such as the California Pump House and Generator project in the water utility fund and the FY 2017-18 Collection System Replacement project in the sewer utility fund. The increase in the equipment category was due to the purchase of a portable restroom/shower trailer in the Docktown Marina fund. The improvements category increased due to the completion of the Distribution System Replacement project in the water utility fund, the FY 2015-16 and FY 2016-17 Collection System Replacement project and the Sanitary Sewer Pump Station project in the sewer utility fund, and the Parking Control System project and parking meter project in the parking fund. There were also \$2.9 million in developer improvements that were accepted by the City.

Long-Term Debt

Additional information can be found in Notes 6 and 7 of this report.

Outstanding Debt (in Millions)

	Governmental Activities		Business-Type Activities		Total		Variance
	2019	2018	2019	2018	2019	2018	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			60.831	63.886	60.831	63.886	-4.78%
Refunding lease		0.348				0.348	-100.00%
Accrued sick leave and vacation	12.269	12.020	0.990	0.961	13.259	12.981	2.14%
Total long term debt	<u>12.269</u>	<u>12.368</u>	<u>61.821</u>	<u>64.847</u>	<u>74.090</u>	<u>77.215</u>	-4.05%

SPECIAL ASSESSMENT DISTRICT DEBT

Special assessment districts in different parts of the City have also issued debt to finance infrastructure and facilities construction in their respective districts.

At June 30, 2019, a total of \$11.9 million in special assessment district debt was outstanding, issued by three special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City’s responsibility, although the City does act as these Districts’ agent in the collection and remittance of assessments.

PRIVATE PURPOSE TRUST FUND DEBT

On February 1, 2012, the Redevelopment Agency of the City of Redwood City was dissolved pursuant to California State law, and as of that date, the long-term debt associated with the former Redevelopment Agency was transferred to a private purpose trust fund for the Successor Agency. At June 30, 2019, the Successor Agency had tax allocation bonds outstanding in the amount of \$49.1 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR'S BUDGET

Redwood City, like many cities, relies heavily upon property taxes and sales taxes to finance general governmental activities. In FY 2018-19 these two revenue streams accounted for approximately 42% and 17% of general fund revenues respectively. In FY 2018-19, the City continued to experience significant gains in property tax revenue, with an increase of 16.1% in the general fund. The increase in property tax revenue is attributed to the turnover of real estate properties and strong housing market. General fund sales tax revenue increased by 16.8%, which is primarily due to the passage of Measure RR, a half-cent sales tax increase that was passed by the voters in November 2018 and became effective on April 1, 2019. The City has budgeted \$8.7 million of this new revenue source to be collected in FY 2019-20. This additional annual sales tax revenue will contribute towards the long-term fiscal sustainability of the City, along with other measured steps the City has implemented to address escalating pension costs and other funding commitments.

The adopted FY 2019-20 general fund budget projects a surplus of \$5.2 million, and relies on ongoing revenue to fund ongoing expenses, uses one-time revenue for one-time expenses, and maintains a prudent general fund reserve of 15%. For the foreseeable future, the City's pension contributions are estimated to increase annually due to changes in actuarial assumptions and investment methodologies made by the California Public Employees Retirement System. Moreover, it is unknown when another recession will occur, but certain factors point to a slowing of the economy over the next few years. These factors will be taken into consideration when developing the FY 2020-21 budget and the 10-Year General Fund Forecast.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Division, at 1017 Middlefield Road, Redwood City, CA 94063.



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis of accounting — the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of the City's governmental activities in a single column, and the financial position of all City business-type activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's governmental activities include the activities of its general fund, along with all its special revenue, capital projects and debt service funds. Since the City's internal service funds service these funds, their activities are consolidated with governmental activities, after eliminating inter-fund transactions and balances. The City's business-type activities include all its enterprise fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues — that is, revenues which are generated directly by these programs — are then deducted from program expenses to arrive at the net expense of each governmental and business-type activity. The City's general revenues are then listed in the governmental activities or business-type activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	185,430,185	96,721,035	282,151,220
Cash and investments, restricted	4,320,061	10,177,867	14,497,928
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	8,759,987		8,759,987
Accounts	3,045,577	8,529,163	11,574,740
Loans	10,382,605		10,382,605
Accrued interest	3,333,241	10,927	3,344,168
Due from other governmental agencies	12,380,319	1,918,417	14,298,736
Internal balances	4,200,000	(4,200,000)	
Inventory of supplies at cost	124,898	747,371	872,269
Deposits	670,703	10,360	681,063
Prepaid items and other assets	546,479	440,404	986,883
Property held for development	3,120,241	740,203	3,860,444
Investment in Sewer Authority		42,012,663	42,012,663
Investment in sewer capacity rights		400,000	400,000
Capital assets:			
Nondepreciable	70,464,522	13,152,272	83,616,794
Depreciable, net	155,501,269	210,202,522	365,703,791
Total assets	462,280,087	380,863,204	843,143,291
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		1,484,183	1,484,183
Deferred outflows - Pension related	40,400,560	3,569,836	43,970,396
Deferred outflows - OPEB related	7,762,461	791,215	8,553,676
Total deferred outflows of resources	48,163,021	5,845,234	54,008,255
LIABILITIES			
Accounts payable	11,722,991	5,602,273	17,325,264
Accrued interest payable		828,207	828,207
Accrued payroll	2,886,825		2,886,825
Deposits payable	9,623,575	1,349,021	10,972,596
Unearned revenue	6,040,366	2,213,641	8,254,007
Insurance claims payable:			
Due in one year	6,300,766		6,300,766
Due in more than one year	22,914,182		22,914,182
Accrued sick leave and vacation:			
Due in one year	447,024	504,932	951,956
Due in more than one year	11,821,597	484,521	12,306,118
Net OPEB Liability	50,885,160	5,759,876	56,645,036
Net Pension liability	224,412,428	24,019,002	248,431,430
Long-Term Debt:			
Due in one year		2,938,775	2,938,775
Due in more than one year		57,892,465	57,892,465
Total liabilities	347,054,914	101,592,713	448,647,627
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension	2,427,503	369,143	2,796,646
Deferred inflows - OPEB	553,921	111,015	664,936
Total deferred inflows of resources	2,981,424	480,158	3,461,582
NET POSITION			
Net investment in capital assets	225,965,791	163,030,574	388,996,365
Restricted for:			
Capital projects	11,169,653	9,068,302	20,237,955
Transportation	19,280,903		19,280,903
Leisure, cultural, and information services	16,019,702		16,019,702
Debt service		853,775	853,775
Community development projects	3,253,633		3,253,633
Public safety	601,159		601,159
Housing purposes	1,473,067		1,473,067
Other purposes	2,498,135		2,498,135
Total restricted	54,296,252	9,922,077	64,218,329
Unrestricted	(119,855,273)	111,682,916	(8,172,357)
Total net position	160,406,770	284,635,567	445,042,337

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Community development	20,209,904	12,876,378	1,007,013	1,583,290	(4,743,223)		(4,743,223)
Human services	2,207,239				(2,207,239)		(2,207,239)
Public safety	81,714,725	11,074,905	1,175,237		(69,464,583)		(69,464,583)
Transportation	12,415,300	41,499	1,521,270	22,788,840	11,936,309		11,936,309
Environmental support and protection	2,991,575	1,710,325		1,833,659	552,409		552,409
Leisure, cultural and information services	28,346,520	4,489,120	2,745,312	2,872,761	(18,239,327)		(18,239,327)
Policy development and implementation	12,338,662	5,558,607	560,132		(6,219,923)		(6,219,923)
Total Governmental Activities	160,223,925	35,750,834	7,008,964	29,078,550	(88,385,577)		(88,385,577)
Business-Type Activities:							
Water Utility Fund	37,755,171	45,001,193	35,824	2,592,051		9,873,897	9,873,897
Sewer Utility Fund	32,783,853	38,104,406		500,082		5,820,635	5,820,635
Parking Fund	3,355,779	2,635,409	1,377			(718,993)	(718,993)
Port of Redwood City	8,061,695	9,335,548	31,757			1,305,610	1,305,610
Docktown Marina	3,042,215	37,555				(3,004,660)	(3,004,660)
Total Business-Type Activities	84,998,713	95,114,111	68,958	3,092,133		13,276,489	13,276,489
Total	245,222,638	130,864,945	7,077,922	32,170,683	(88,385,577)	13,276,489	(75,109,088)
General revenues:							
Taxes:							
Property taxes					67,714,530	409,989	68,124,519
Sales taxes					28,454,859		28,454,859
Franchise taxes					4,858,558		4,858,558
Property transfer taxes					929,459		929,459
Business license taxes					2,697,658		2,697,658
Utility users taxes					9,353,022		9,353,022
Transient occupancy taxes					9,069,437		9,069,437
Other taxes					374,117		374,117
Investment Earnings					5,175,591	4,023,177	9,198,768
Increase (decrease) in investment in sewer authority						4,737,591	4,737,591
Other					208,943		208,943
Transfers					(4,705,317)	4,705,317	
Total general revenues and transfers					124,130,857	13,876,074	138,006,931
Change in Net Position					35,745,280	27,152,563	62,897,843
Net position-Beginning					124,661,490	257,483,004	382,144,494
Net position-Ending					160,406,770	284,635,567	445,042,337

See accompanying notes to financial statements



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between fund types. The governmental funds described below were determined to be major funds by the City in FY 2018-19.

GENERAL FUND

The general fund is the general operating fund of the City. It is used to account for all financial resources except those to be accounted for in another fund.

CAPITAL OUTLAY FUND

This fund accounts for all miscellaneous capital improvement projects that are primarily financed by the general fund.

CITY OF REDWOOD CITY, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
ASSETS				
Cash and investments available for operations	53,505,535	33,571,204	53,049,221	140,125,960
Cash and investments, restricted			4,320,061	4,320,061
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	8,194,676		565,311	8,759,987
Accounts	1,437,693		1,602,865	3,040,558
Loans	686,661	214,286	9,481,658	10,382,605
Accrued interest	1,554,098	362,050	1,378,543	3,294,691
Due from other governmental agencies	8,293,604		3,820,093	12,113,697
Due from other funds		967,342		967,342
Inventory of supplies at cost				
Advances to RDA successor agency				
Prepaid items	46,987	245,931	4,067	296,985
Land held for redevelopment			3,120,241	3,120,241
Total Assets	<u>73,719,254</u>	<u>35,360,813</u>	<u>77,342,060</u>	<u>186,422,127</u>
LIABILITIES				
Accounts payable	4,365,746	1,201,272	5,308,950	10,875,968
Accrued payroll	2,886,825			2,886,825
Deposits payable	9,286,760	388,454	(51,639)	9,623,575
Due to other funds	967,342			967,342
Due to other governmental agencies				
Unearned revenue	4,932,200		1,108,166	6,040,366
Total Liabilities	<u>22,438,873</u>	<u>1,589,726</u>	<u>6,365,477</u>	<u>30,394,076</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Interest receivable			1,371,040	1,371,040
Total Deferred Inflows of Resources			<u>1,371,040</u>	<u>1,371,040</u>
FUND BALANCES				
Nonspendable:				
Loans	686,661	214,286	9,481,658	10,382,605
Land held for redevelopment			3,120,241	3,120,241
Prepaid items	46,987	245,931	4,067	296,985
Restricted for:				
Community development			3,253,633	3,253,633
Public safety			601,159	601,159
Transportation			19,280,903	19,280,903
Leisure, cultural and information services			16,019,702	16,019,702
Capital projects			11,169,653	11,169,653
Housing purposes			1,473,067	1,473,067
Other purposes	2,498,135			2,498,135
Committed to:				
General plan	2,761,836			2,761,836
Community benefits			2,410,357	2,410,357
Human services financial assistance			649,849	649,849
Housing purposes			2,176,217	2,176,217
Assigned to:				
Capital projects		33,310,870		33,310,870
Other purposes	4,036,548			4,036,548
Unassigned:	41,250,214		(34,963)	41,215,251
TOTAL FUND BALANCES	<u>51,280,381</u>	<u>33,771,087</u>	<u>69,605,543</u>	<u>154,657,011</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>73,719,254</u>	<u>35,360,813</u>	<u>77,342,060</u>	<u>186,422,127</u>

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2019

	\$
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	154,657,011
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p>	
CAPITAL ASSETS	
<p>Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.</p>	
Capital assets, net of Internal Service Fund of \$9,948,657	216,017,134
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
<p>Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The assets and liabilities of the Internal Service Funds are therefore included in Governmental Activities in the Statement of Net Position.</p>	
	8,622,239
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
<p>The amounts below are revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the Governmental Funds:</p>	
Interest revenue	1,371,040
LONG TERM ASSETS AND LIABILITIES	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:</p>	
Accrued sick leave and vacation, net of Internal Service Fund of (\$1,148,356)	(11,120,265)
Net Pension liability, net of Internal Service Fund of (\$19,293,563)	(205,118,865)
Net OPEB obligation, net of Internal Service Fund of (\$4,901,075)	(45,984,085)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$2,815,555	37,585,005
OPEB related, net of Internal Service Fund of \$769,830	6,992,631
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of (\$308,734)	(2,118,769)
OPEB related, net of Internal Service Fund of (\$57,615)	(496,306)
	160,406,770
NET POSITION OF GOVERNMENTAL ACTIVITIES	160,406,770

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
REVENUES				
Property taxes/special assessments	67,564,593		1,667,231	69,231,824
Sales and other taxes	49,388,583		2,913,516	52,302,099
Licenses and permits	6,598,938	41,583	176,382	6,816,903
Fines, forfeitures and penalties	806,281		168,814	975,095
Use of money and property	6,712,781	1,122,008	2,577,657	10,412,446
Intergovernmental	4,969,831	40,212	11,289,170	16,299,213
Charges for current services	22,862,692		2,310,426	25,173,118
Contributions	560,132	1,541,683	3,658,598	5,760,413
Other	156,971		(599)	156,372
Total Revenues	159,620,802	2,745,486	24,761,195	187,127,483
EXPENDITURES				
Current Operations:				
Community development	11,886,989	2,974,351	4,490,311	19,351,651
Human services	1,888,831		107,217	1,996,048
Public safety	72,741,217	65,763	15,004	72,821,984
Transportation	1,208,238	535,139	5,539,786	7,283,163
Environmental support and protection	490,208	42,671	1,286,052	1,818,931
Leisure, cultural and information services	23,853,363	36,018	486,308	24,375,689
Policy development and implementation	10,544,525	672,039	252,151	11,468,715
Capital outlay	33,033	5,573,641	15,285,180	20,891,854
Debt service:				
Principal retirement			347,486	347,486
Interest and fiscal charges			2,725	2,725
Total Expenditures	122,646,404	9,899,622	27,812,220	160,358,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,974,398	(7,154,136)	(3,051,025)	26,769,237
OTHER FINANCING SOURCES (USES)				
Transfers in	1,745,733	10,260,899	2,896,035	14,902,667
Transfers (out)	(17,649,468)	(1,477,783)	(1,326,733)	(20,453,984)
Total Other Financing Sources (Uses)	(15,903,735)	8,783,116	1,569,302	(5,551,317)
NET CHANGE IN FUND BALANCES	21,070,663	1,628,980	(1,481,723)	21,217,920
Fund balances - beginning	30,209,718	32,142,107	71,087,266	133,439,091
Fund balances - ending	51,280,381	33,771,087	69,605,543	154,657,011

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

	\$
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	21,217,920
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital acquisitions as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
This was the amount of capital assets recorded in the current period	19,735,626
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	14,384,384
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$1,500,905 which has already been allocated to the internal service funds.)	(8,644,841)
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Repayment of debt principal is added back to fund balance.	347,486
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Change in compensated absences	(185,763)
Change in interest payable	2,624
Interest receivable and intergovernmental revenue	(2,408,431)
OPEB related expenses	2,626,879
Pension related expense	(11,007,007)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	(323,597)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	35,745,280

See accompanying notes to financial statements



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

PROPRIETARY FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS

WATER UTILITY FUND

This fund is used to account for the provision of water services to the residents of Redwood City and some residents of areas adjacent to the City. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, capital improvements, financing, and billing/collections.

SEWER UTILITY FUND

This fund is used to account for the provision of sewer services to the residents of Redwood City and some residents of areas adjacent to the City. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, capital improvements, financing, and billing/collections.

PARKING FUND

This fund is used to account for on-street and off-street parking operations within the boundaries of the central business district of the City. All activities necessary to provide metered parking within the district are accounted for in these funds, including, but not limited to, administration, operations and maintenance, capital improvements, meter collection, and financing including related debt service. The authority for the formation of the district and the issuance of revenue bonds are contained in the State of California's Streets and Highway Code.

PORT OF REDWOOD CITY (PORT FUND)

This fund is used to account for Port activities within the Port Department as defined in the City Charter. These activities include, but are not limited to, administration, maintenance and operations, and Port improvements. Management of the Port of Redwood City is provided by the Port Commission, whose members are appointed for four-year terms by the City Council. The only limitation to the commissioner's authority is the power to levy taxes, which must be approved by the City Council. Also, the City Charter provides that the City Treasurer is the Port Treasurer and the City Attorney is the Port Attorney. This fund is included in this report because both the Bureau of Census and the State of California require the City to include a summary of the Port's financial transactions in the respective reports.

DOCKTOWN MARINA

This fund is used to account for the operation of the Docktown Marina including administration, operations, maintenance and billing/collections.

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods and services provided by one City department to others on a cost reimbursement basis. Internal service funds are included with enterprise funds as both use the same accounting and financial reporting.

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina		
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Current assets:							
Cash and investments available for operations	38,857,407	35,924,277	7,764,575	13,764,725	410,051	96,721,035	45,304,225
Receivables (net of allowance for uncollectibles):							
Accounts	4,085,869	2,004,178	408,409	2,026,941	3,766	8,529,163	5,019
Accrued interest	4		10,923			10,927	38,550
Due from other governmental agencies	19,724	1,897,783	910			1,918,417	266,622
Due from other funds							300,000
Inventory of supplies at cost	747,371					747,371	124,898
Deposits	10,360					10,360	670,703
Prepaid items and other assets	71,098	21,924	5,973	341,409		440,404	249,494
Total current assets	43,791,833	39,848,162	8,190,790	16,133,075	413,817	108,377,677	46,959,511
Noncurrent assets:							
Cash and investments, restricted	17,567		9,068,302	1,091,998		10,177,867	
Advances to other funds			850,000			850,000	3,900,000
Investment in Sewer Authority		42,012,663				42,012,663	
Investment in sewer capacity rights				400,000		400,000	
Investment in property held for development					740,203	740,203	
Capital assets:							
Nondepreciable	1,758,838	5,374,663	555,988	5,462,783		13,152,272	561,008
Depreciable buildings, property, equipment and infrastructure, net	113,296,039	39,896,458	22,839,191	34,126,842	43,992	210,202,522	9,387,649
Total noncurrent assets	115,072,444	87,283,784	33,313,481	41,081,623	784,195	277,535,527	13,848,657
Total assets	158,864,277	127,131,946	41,504,271	57,214,698	1,198,012	385,913,204	60,808,168
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	1,287,706			196,477		1,484,183	
Deferred outflows - Pension	1,712,142	864,546	461,475	453,078	78,595	3,569,836	2,815,555
Deferred outflow - OPEB	462,754	227,528	100,933			791,215	769,830
Total deferred outflows of resources	3,462,602	1,092,074	562,408	649,555	78,595	5,845,234	3,585,385
LIABILITIES							
Current liabilities:							
Accounts payable	2,576,097	1,529,412	458,769	933,312	104,683	5,602,273	847,023
Deposits payable	1,036,258		20,990	280,505	11,268	1,349,021	
Due to other funds	300,000					300,000	
Insurance claims payable - current portion							6,300,766
Accrued sick leave and vacation - current portion	273,095	113,928	52,035	65,874		504,932	447,024
Revenue bonds payable - current portion	2,085,000			853,775		2,938,775	
Unearned revenue	1,956,324		81,886	175,431		2,213,641	
Accrued interest payable	786,755			41,452		828,207	
Total current liabilities	9,013,529	1,643,340	613,680	2,350,349	115,951	13,736,849	7,594,813
Noncurrent liabilities:							
Insurance claims payable							22,914,182
Accrued sick leave and vacation	285,423	129,187	69,911			484,521	701,332
Advances from other funds	900,000				3,850,000	4,750,000	
Net OPEB Liability	2,902,873	1,486,555	693,665	676,783		5,759,876	4,901,075
Net Pension liability	11,732,429	5,924,296	2,718,994	3,104,711	538,572	24,019,002	19,293,563
Revenue bonds payable	45,946,401			11,946,064		57,892,465	
Total noncurrent liabilities	61,767,126	7,540,038	3,482,570	15,727,558	4,388,572	92,905,864	47,810,152
Total liabilities	70,780,655	9,183,378	4,096,250	18,077,907	4,504,523	106,642,713	55,404,965
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - OPEB	34,144	17,458	8,132	51,281		111,015	57,615
Deferred inflows - Pension	187,740	94,800	28,304	49,681	8,618	369,143	308,734
Total deferred inflows of resources	221,884	112,258	36,436	100,962	8,618	480,158	366,349
NET POSITION							
Net investment in capital assets	67,041,043	39,896,458	23,689,191	32,359,890	43,992	163,030,574	9,948,657
Restricted for capital projects			9,068,302			9,068,302	
Restricted for debt service				853,775		853,775	
Unrestricted	24,283,297	79,031,926	5,176,500	6,471,719	(3,280,526)	111,682,916	(1,326,418)
Total net position	91,324,340	118,928,384	37,933,993	39,685,384	(3,236,534)	284,635,567	8,622,239

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina		
	\$	\$	\$	\$	\$	\$	\$
Operating Revenues:							
Charges for services	45,001,193	38,104,406	2,635,409	9,335,548	37,555	95,114,111	35,367,010
Total Operating Revenues	45,001,193	38,104,406	2,635,409	9,335,548	37,555	95,114,111	35,367,010
Operating Expenses:							
Employee services	5,522,953	3,134,979	1,117,139	2,077,582	265,404	12,118,057	19,331,505
Maintenance	685,148	288,842	99,188	1,412,816	3,798	2,489,792	972,587
Water purchases	18,024,868					18,024,868	
Utilities	1,116,505	847,299	115,945	253,844	26,449	2,360,042	42,581
Contractual services	1,187,202	23,331,463	811,881	396,034	818,096	26,544,676	1,395,749
Supplies and services	4,515,018	2,770,279	444,099	839,168	128,539	8,697,103	4,805,358
Noncapitalized projects		979,161		7,307	515,393	1,501,861	
Depreciation and amortization	3,217,307	871,386	651,817	1,714,105	33,725	6,488,340	1,500,905
Insurance and claims	1,674,025	560,444	115,710	265,490	54,428	2,670,097	10,498,662
Total Operating Expenses	35,943,026	32,783,853	3,355,779	6,966,346	1,845,832	80,894,836	38,547,347
Operating Income (Loss)	9,058,167	5,320,553	(720,370)	2,369,202	(1,808,277)	14,219,275	(3,180,337)
Nonoperating Revenues (Expenses):							
Impairment gain (loss) on property					(1,054,510)	(1,054,510)	89,443
Property taxes			409,989			409,989	
Grant revenue	35,824		1,377	31,757		68,958	
Investment earnings	1,707,352	1,272,930	666,481	347,354	29,060	4,023,177	1,862,943
Interest expense authority	(1,804,615)	4,737,591		(538,926)	(141,873)	(2,485,414)	
Insurance recovery	(7,530)					(7,530)	12,501
Contributions							
Other				(556,423)		(556,423)	
Net Nonoperating Revenues (Expenses)	(68,969)	6,010,521	1,077,847	(716,238)	(1,167,323)	5,135,838	1,964,887
Net Income (Loss) Before Capital Contributions and Transfers	8,989,198	11,331,074	357,477	1,652,964	(2,975,600)	19,355,113	(1,215,450)
Capital contributions	2,592,051	500,082				3,092,133	45,853
Transfers in	749,637		46,424		4,470,519	5,266,580	850,000
Transfers (out)		(561,263)				(561,263)	(4,000)
Total Capital Contributions and Transfers	3,341,688	(61,181)	46,424		4,470,519	7,797,450	891,853
Change in net position	12,330,886	11,269,893	403,901	1,652,964	1,494,919	27,152,563	(323,597)
Total net position-beginning	78,993,454	107,658,491	37,530,092	38,032,420	(4,731,453)	257,483,004	8,945,836
Total net position-ending	91,324,340	118,928,384	37,933,993	39,685,384	(3,236,534)	284,635,567	8,622,239

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina	Totals	Governmental Activities - Internal Service Funds
	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:							
Cash received from customers	44,483,315	37,397,197	2,553,661	8,914,344	54,757	93,403,274	
Cash received from interfund services provided							35,383,772
Cash payments to suppliers for goods and services	(30,620,394)	(29,251,166)	(1,484,676)	(3,248,203)	(1,494,426)	(66,098,865)	(14,964,970)
Cash payments to employees for services	(4,779,960)	(2,760,915)	(1,007,753)	(1,978,183)	(231,110)	(10,757,921)	(18,152,389)
Net cash provided by (used in) operating activities	9,082,961	5,385,116	61,232	3,687,958	(1,670,779)	16,546,488	2,266,413
Cash flows from noncapital financing activities:							
Nonoperating grant revenue	35,824		1,377	31,757		68,958	
Insurance recovery (loss)	(7,530)					(7,530)	12,501
Property taxes			409,989			409,989	
Transfers in	749,637		46,424		4,470,519	5,266,580	850,000
Transfers out		(561,263)				(561,263)	(4,000)
Advances from (to) other funds	(300,000)		850,000		(3,850,000)	(3,300,000)	3,300,000
Other				(513,925)		(513,925)	
Net cash provided by (used in) noncapital financing activities	477,931	(561,263)	1,307,790	(482,168)	620,519	1,362,809	4,158,501
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(3,953,866)	(6,292,432)	(112,077)	(995,088)	(29,329)	(11,382,792)	(2,244,653)
Acquisition of property held for development					(1,085,533)	(1,085,533)	
Contributions	2,592,051	500,082				3,092,133	
Principal retirements	(2,231,054)			(824,259)		(3,055,313)	
Interest paid	(1,765,546)			(522,223)	(141,873)	(2,429,642)	
Net cash used in capital and related financing activities	(5,358,415)	(5,792,350)	(112,077)	(2,341,570)	(1,256,735)	(14,861,147)	(2,244,653)
Cash flows from investing activities:							
Interest on investments	1,707,352	1,272,930	655,558	347,354	29,060	4,012,254	1,838,526
Net cash provided by investing activities	1,707,352	1,272,930	655,558	347,354	29,060	4,012,254	1,838,526
Net increase (decrease) in cash and cash equivalents	5,909,829	304,433	1,912,503	1,211,574	(2,277,935)	7,060,404	6,018,787
Cash and cash equivalents at beginning of fiscal year	32,965,145	35,619,844	14,920,374	13,645,149	2,687,986	99,838,498	39,285,438
Cash and cash equivalents at end of fiscal year	38,874,974	35,924,277	16,832,877	14,856,723	410,051	106,898,902	45,304,225
Financial statement presentation:							
Cash and investments available for operations	38,857,407	35,924,277	7,764,575	13,764,725	410,051	96,721,035	45,304,225
Cash and investments, restricted	17,567		9,068,302	1,091,998		10,177,867	
Cash and cash equivalents at end of year	38,874,974	35,924,277	16,832,877	14,856,723	410,051	106,898,902	45,304,225

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	9,058,167	5,320,553	(720,370)	2,369,202	(1,808,277)	14,219,275	(3,180,337)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,217,307	871,386	651,817	1,714,105	33,725	6,488,340	1,500,905
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(487,313)	(243,472)	(81,518)	(404,231)	23,829	(1,192,705)	3,633
Decrease (increase) in due from other governmental agencies	(19,724)	(463,737)	(910)			(484,371)	13,129
Decrease (increase) in inventory/prepaid expenses/deposits	(793,971)	(12,220)	232	(24,472)		(830,431)	(254,438)
Decrease (increase) in pension deferred outflows	776,451	392,071	123,847	232,349	35,643	1,560,361	1,276,850
Decrease (increase) in OPEB deferred outflow	(115,086)	(48,571)	(16,919)	6,300		(174,276)	(181,732)
Increase (decrease) in vacation & sick leave payable	71,791	33,471	(43,641)	(30,650)	(2,285)	28,686	77,746
Increase (decrease) in accounts payable	(2,623,657)	(461,458)	101,915	(49,072)	52,277	(2,979,995)	336,140
Increase (decrease) in customer deposits	(10,841)		680	(17,019)	(6,627)	(33,807)	
Increase (decrease) in unearned revenue				46		46	
Increase (decrease) in net pension liability	(167,331)	(84,494)	43,728	(172,811)	(7,682)	(388,590)	(275,172)
Increase (decrease) in pension deferred inflows	187,740	94,800	12,860	49,681	8,618	353,699	308,734
Increase (decrease) in net OPEB liability	(15,616)	(15,693)	(11,589)	20,588		(22,310)	(35,702)
Increase (decrease) in OPEB deferred inflows	5,044	2,480	1,100	(6,058)		2,566	8,392
Increase (decrease) in insurance claims payable							2,668,265
Total adjustments	24,794	64,563	781,602	1,318,756	137,498	2,327,213	5,446,750
Net cash provided by (used in) operating activities	9,082,961	5,385,116	61,232	3,687,958	(1,670,779)	16,546,488	2,266,413
Noncash investing, capital and financing activities:							
Proceeds on sale of equipment							135,296
Increase (decrease) in investment in sewer authority		4,737,591				4,737,591	
Impairment loss on property held for development					(1,054,510)	(1,054,510)	

See accompanying notes to financial statements

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Successor Agency Private Purpose Trust Fund	Section 115 Trust Fund	Agency Funds
	\$	\$	\$
ASSETS			
Cash and Investments	5,179,034		1,355,456
Cash and Investments, restricted	1,584,564		945,315
Investment with Trustees:			
Cash and Equivalent		1,519,845	
Global Equity		3,603,235	
Global Fixed Income		7,727,796	
Accounts Receivables	5,961		178,222
Accrued Interest Receivable	5,199		3,976
Deposits			29,505
Due from other governmental agency			499,300
Non depreciable capital assets	2,560,739		
Depreciable capital assets, net	12,106,619		
Prepaid insurance	434,936		
	<u>21,877,052</u>	<u>12,850,876</u>	<u>3,011,774</u>
Total Assets			
LIABILITIES			
Accounts payable	362,209		57,524
Due to RWC 2020			690,683
Long-term debt:			
Due in one year	3,535,772		
Due in more than one year	31,684,549		
Due to Bondholders			1,892,450
Employee Benefit Plans Payable			53,224
Due to Community Benefit Improvement District			317,893
	<u>35,582,530</u>		<u>3,011,774</u>
Total Liabilities			
NET POSITION			
Restricted for pension		12,850,876	
Held in trust for other governments	<u>(13,705,478)</u>		

See accompanying notes to financial statements

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Successor Agency Private Purpose Trust Fund	Section 115 Trust Fund
	<u>\$</u>	<u>\$</u>
ADDITIONS		
Property taxes	3,545,189	
Employer contribution		1,650,000
Investment earnings	<u>190,375</u>	<u>703,432</u>
Total additions	<u>3,735,564</u>	<u>2,353,432</u>
DEDUCTIONS		
Community development	105,713	
Depreciation	515,979	
Interest and fiscal agency expenses	<u>1,888,664</u>	
Total deductions	<u>2,510,356</u>	
Change in net position	1,225,208	2,353,432
Net position - beginning	<u>(14,930,686)</u>	<u>10,497,444</u>
Net position - ending	<u><u>(13,705,478)</u></u>	<u><u>12,850,876</u></u>

See accompanying notes to financial statements

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Redwood City was incorporated in 1867, became a Charter City in 1929, and operates under a council-manager form of government. The City has defined its reporting entity in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Based upon the application of these criteria, the following is a brief description of each component unit included within the City’s reporting entity. All such component units have been “blended” as though they are part of the primary government because the component unit’s governing body is substantially the same as the City’s primary government and there is a financial benefit or burden relationship between the City and the component unit, management of the City has operational responsibilities for the component unit, and/or the component units provide services entirely to the City or otherwise exclusively benefits the City, even though it does not provide services directly to it.

Redwood City Facilities and Infrastructure Authority (RCFISA) was established in 1986 to finance the construction of certain public facilities such as the Main Fire Station, City Hall, and Main Library. After acquiring certain properties from the City, RCFISA leased them back to the City. The lease money provided the funds for the debt service for the certificates of participation issued by the RCFISA to acquire the properties from the City.

The Public Financing Authority (PFA) was established in 1991 to finance construction of the new Police Facility, to finance the defeasance of outstanding certificates of participation issued by the RCFISA, and to issue tax increment bonds on behalf of the former Redevelopment Agency. The PFA has since issued various types of debt on behalf of the City and the former Redevelopment Agency.

The Port of Redwood City was established under the City Charter as a department of the City and is managed by the Port Commission of Redwood City, whose members are appointed by the City Council. This commission is a semi-autonomous body and has full authority to manage the Port. Its financial system is maintained separately from the City by the Port’s own financial staff. The Port’s treasurer and legal counsel are the City’s Finance Director and the City Attorney, respectively. The financial transactions of the Port are incorporated as an enterprise fund. Financial statements for the Port of Redwood City may be obtained from the Port at 675 Seaport Blvd., Redwood City, CA 94063.

Separate financial statements are not prepared for other component units.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for proprietary funds are those expenses that are essential to the primary operations of the funds. All other expenses are reported as non-operating expenses.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General fund is to account for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

Capital outlay fund is to account for all miscellaneous capital improvement projects that are financed by the general fund.

The City reported all of its enterprise funds except the Docktown Marina Fund as major funds in the accompanying financial statements:

Water utility fund is to account for the provision of water services to the residents of Redwood City.

Sewer utility fund is to account for the provision of sewer services to the residents of Redwood City.

Parking fund is to account for on-street and off-street parking operations within the boundaries of the central business district of the City.

Port of Redwood City (Port fund) is to account for Port activities within the Port Department including, but not limited to, administration, maintenance and operations, and Port improvements.

The City also reports the following fund types:

Internal service funds – Internal service funds are used to account for costs of the City's equipment services, the City's insurance program, the costs of the City's telephone/communications and information technology services, maintenance and repair of buildings, custodial services, and employee benefits. These services are provided to departments and other governments on a cost-reimbursement basis.

Fiduciary funds – These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains one private purpose trust fund to account for activities of the Successor Agency to the former Redevelopment Agency. The Section 115 Trust Fund accounts for assets that are irrevocably dedicated to producing payments of pension obligations and paying the expenses of administering the trust. The Trustee is US bank and the Trust Administrator is Public Agency Retirement Services (PARS).

The City also maintains seven agency funds – Employee Benefit Plans Fund, the Pacific Shores Community Facilities District Fund, the Shores Transportation Improvement District Fund, the One Marina Community Facilities District Fund, the Community Benefit Improvement District Fund, the Redwood City 2020 Fund, and the Net-6 Fire JPA Fund - as an agent of the bondholders, City employees, or the Downtown Redwood City Community Benefit Improvement District, Redwood City 2020 and Net-6 Fire JPA.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after year-end.

The City's fiduciary funds consist of one private purpose trust fund and agency funds which use the accrual basis of accounting. The private purpose trust fund uses the economic resources measurement focus, whereas the agency funds do not have a measurement focus.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost- reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Compensated Absences

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued sick leave and vacation in relevant funds. For governmental activities, the current liability for the payouts made after June 30, 2019 for those employees retired on or before June 30, 2019 appears in the respective funds and the long-term liability appears in the government-wide financial statements. This liability is set up for the current employees at the current rates of pay. An employee may accumulate vacation up to two years entitlement and sick leave up to 960 or 1,920 hours depending on the bargaining unit (with the exception that Battalion Chiefs who work 24 hour shifts may accumulate up to 2,400 hours of sick leave).

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Compensated Absences, Continued

An employee may elect to receive compensation in lieu of sick leave credits for any calendar year with payment equal to varying amounts from 25% to 50% of the year's unused sick leave, depending upon the employee's sick leave usage during the year. In addition to sick leave, payouts are made for unused administrative holidays and accrued compensatory time.

If sick leave and vacation are not used by the employee or paid out during the term of employment, compensation is payable to the employee at the time of separation. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Whereas vacation is compensated at 100% of accumulated hours, sick leave is compensated at 50% of accumulated hours at retirement depending upon varying restrictions of the bargaining units. Upon termination, only accrued vacations are compensated. Each fiscal year an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The general fund is primarily responsible for the repayment of the governmental portion of the compensated absences.

Individual proprietary funds are responsible for the repayment of the liability attributable to their respective funds.

F. Cash and Cash Equivalents

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- a. Interest Rate Risk
- b. Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

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

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. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents, Continued

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 pooled 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 the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

G. Inventories and Prepaid Items

Inventories are stated at moving average cost. The cost is recorded as expenditure at the time an individual inventory item is consumed. As inventories must be maintained at a certain level, an amount for inventories is recorded as non-spendable in the general fund balances. Consequently, these non-spendable fund balance amounts are not available for appropriation.

General fund inventories consist of stationery. Equipment services fund inventory consists of tires, batteries, testing equipment, automotive parts, and small tools.

Under the consumption method, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, and are collected for a 12 month period effective July 1 by the San Mateo County tax collector. Taxes are billed once a year in late October and are payable in two equal installments due by December 10 and April 10 of the following year. The taxes not paid by those dates are subject to a penalty of 10%.

In September of 1993, the County of San Mateo Board of Supervisors adopted the "Teeter Plan" for secured property taxes. Under the Teeter Plan, the state law allows the county to advance to the cities all property taxes billed, regardless of whether the taxes have been paid. The county then is entitled to keep all penalties and interest accruing on delinquent taxes. Property taxes on unsecured taxable property are not affected by this change.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes, Continued

Under Proposition 13, adopted by the voters in a statewide ballot in 1978, assessed value is increased by the cost of living index, not to exceed 2% as of January 1 each year except for those properties that have changed ownership during the 12-month period since the lien date. City property tax revenues are recognized when levied to the extent that they result in current receivables.

I. Unbilled Service Receivables

In the water and sewer utilities, residential customers are billed bi-monthly and all commercial and industrial customers monthly. Revenue is recorded as billed to customers on a cyclical basis. No accrual is made for unbilled services. There were no unbilled services in Port, parking, Docktown Marina, or internal service funds as of June 30, 2019.

There is no accrual for unbilled water services as of June 30, 2019; revenues cannot be recognized since water meters are not read at such date. Management believes that the revenue from unbilled services does not have a material effect on total revenue.

J. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value on the date donated.

The City’s policy is to capitalize all assets with costs exceeding certain minimum thresholds, \$5,000 for machinery and equipment, \$100,000 for buildings, improvements, and infrastructure, and with useful lives exceeding two years.

With the implementation of GASB Statement No. 34, the City recorded all of its public domain (infrastructure) capital assets placed in service after June 30, 1980, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems using the basic approach.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

The City has assigned the useful lives listed as follows to capital assets:

Buildings	20-50 Years	Storm Drains	40 Years	Traffic Signals	20 Years
Improvements	33-60 Years	Bridges	30 Years	Streets	20 Years
Equipment	2-15 Years	Parks	25 Years		

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position (balance sheet) 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.

L. Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

M. 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.

N. Pensions

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. 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:	June 30, 2018
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

P. Implementation of New GASB Pronouncements

In FY 2018-19 the City adopted the following new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

GASB Statement No. 83 – In November 2017, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This statement had no impact on the City's/District's financial statements.

GASB Statement No. 88 – In June 2017, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City's Note 6 and 7 have been updated due to the implementation for this Statement.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent at June 30, 2019:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 185,430,185	\$ 96,721,035	\$ 6,534,490	\$ 288,685,710
Restricted cash and investments	4,320,061	10,177,867	15,380,755	29,878,683
Total cash and investments	\$ 189,750,246	\$ 106,898,902	\$ 21,915,245	\$ 318,564,393

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

Deposits:	
Cash on hand	\$ 13,610
Deposits with financial institution	(767,981)
Total deposits	(754,371)
Investments:	
County of San Mateo Investment Pool	47,432,204
California Local Agency Investment Fund	89,956,206
Federal Agency Securities	24,837,219
U.S. Treasury Notes	70,512,446
Corporate Notes	36,011,955
Certificate of deposit - Negotiable	12,370,923
Asset-backed Securities	10,217,317
Supranational Obligations	5,889,224
Municipal Bonds	1,017,970
Money Market	266,618
Total investments	298,512,082
Total City Treasury	297,757,711
Cash with fiscal agent	20,806,682
Total cash and investments	\$ 318,564,393

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City's cash and deposits, including restricted cash, was (\$767,981) at June 30, 2019. Bank balances before reconciling items were \$3,604,654 at June 30, 2019. Of the total bank balances, \$500,000 was insured or held by the City or its agent in the City's name.

All cash deposits in banks are fully insured or collateralized. California state law requires that public fund deposits be collateralized by either government securities with a value equal to 110% of the deposits or first trust deed mortgage notes having a value equal to 150%. Per state law each institution must use a third party (which may be the institution's trust department) to hold the pledged collateral in a pool to secure all the institution's public fund deposits. The 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 is considered to be held in the City's name. Banks and savings and loans in California are subject to state-mandated reporting requirements to ensure that the required levels of control are maintained. The City may waive collateral requirements for deposits, which are fully insured with each financial institution up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Cash balances from all funds are combined and invested to the extent possible pursuant to the City Council approved investment policy and guidelines and state government code. The earnings from these investments are allocated monthly to each fund based on an average of monthly opening and closing balances of cash and investments. Investments are stated at fair value. All enterprise fund investments are considered to be liquid investments for cash flow purposes.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that weighted average maturity of the general portfolio shall not exceed three years. Specific maturities of investments depend on liquidity needs.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments

As of June 30, 2019, the City had the following investments by maturity:

<u>Cash and Investments</u>	<u>Total</u>	<u>Investment Maturities (in years)</u>				
		<u>1 year or Less</u>	<u>1 - 2 years</u>	<u>2- 3 years</u>	<u>3 - 4 years</u>	<u>5 years or More</u>
County of San Mateo Investment Pool	\$ 47,432,204	\$ 47,432,204	\$ -	\$ -	\$ -	\$ -
California Local Agency Investment Fund	89,956,206	89,956,206	-	-	-	-
U.S. Agencies, Securities, and Corporate Notes:						
Federal Agency Securities	24,837,219	-	1,411,280	13,331,126	3,623,900	6,470,913
U.S. Treasury Notes	70,512,446	-	7,634,063	28,509,869	22,808,790	11,559,724
Corporate Notes	36,011,955	6,161,072	9,894,711	9,903,546	4,241,683	5,810,943
Certificate of Deposit - Negotiable	12,370,923	7,048,729	5,322,194	-	-	-
Municipal Bonds	1,017,970	-	-	-	1,017,970	-
Asset-backed Securities	10,217,317	-	-	1,888,660	6,598,507	1,730,150
Supranational Obligations	5,889,224	-	3,821,710	2,067,514	-	-
Money Market Mutual Funds	266,618	266,618	-	-	-	-
Total	\$ 298,512,082	\$ 150,864,829	\$ 28,083,958	\$ 55,700,715	\$ 38,290,850	\$ 25,571,730

Credit Risk – Defined as the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. Credit Risk shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that failure of any one issue does not unduly harm the City’s capital base and cash flow. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated in a rating category “A” or its equivalent or better by a NRSRO.

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	5 years	No limit	No limit
Federal Agency or Government Sponsored Enterprises (GSEs)	N/A	No limit	No limit
Local Agency Investment Fund	N/A	No limit	\$65 Million
San Mateo County Pool	N/A	No limit	\$50 Million
State and Local Agency Bonds	N/A	20%	5%
Money Market and Mutual Funds	N/A	20%	5%
Local Government Investment Pools	N/A	20%	No limit
U.S. Medium-Term Notes	5 years	30%	5%
Non-negotiable Certificates of Deposit	3 years	10%	2%
Negotiable Certificates of Deposit	N/A	30%	5%
Prime Commercial Paper	270 days	25%	10%
Bankers’ Acceptances	180 days	10%	2%
Repurchase Agreements	90 days	10%	No limit
Asset-backed Securities	5 years	20%	5%
Supranational Securities	5 years	30%	5%

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

	<u>Moody's</u>	<u>S&P</u>
U.S. Agencies, Securities, and Corporate Notes:		
Federal Home Loan Banks (FHLB)	AA+	Aaa
Federal National Mortgage Association (FNMA)	AA+	Aaa
Federal Home Loan Mortgage (FHLM)	AA+	Aaa
Corporate Notes:		
American Express Credit	A-	A2
General Electric Co.	BBB+	Baa1
JP Morgan Chase & Co.	A-	A2
State Street	A-	A1
The Procter & Gamble Co.	AA-	Aa3
Paccar Financial	A+	A1
Toyota Motor Credit	AA-	Aa3
Cisco Systems Inc.	AA-	A1
United States Parel	A+	A1
Bank of America	A-	A2
Goldman Sachs Group Inc.	BBB+	A3
Citygroup Inc.	BBB+	A3
Apple Inc.	AA+	Aa1
U.S. Bancorp	A+	A1
BB&T Corp.	A-	A2
National Rural Utilities Cooperative Finance Corp.	A	A1
Bank of New Mellon	A	A1
Amazon.com Inc.	AA-	A3
Home Depot Inc.	A	A2
Oracle	AA-	A1
Pfizer Inc.	AA	A1
BlackRock Inc.	AA-	Aa3
Municipal Bonds		
CA state taxable GO Bond	AA-	Aa3
Money Market Fund		
Morgan Stanley	Not Rated	Not Rated
Certificate Of Deposits-Negotiable:		
Credit Suisse New York Branch	A-1	P-1
Nordea Bank AB (publ), New York Branch	A-1+	P-1
UBS AG, Stamford Branch	A-1	P-1
Canadian Imperial Bank of Commerce	A-1	P-1
Bank of Montreal Chicago Branch	A+	Aa2
Credit Agricole CIB - New York	A+	A1
Royal Bank CDA New York Branch	AA-	Aa2
Asset-backed Securities:		
Honda Auto Receivables	Not Rated	Aaa
Nissan Auto Receivables Trust	Not Rated	Aaa
Toyota Auto Receivables Owner Trust	AAA	Aaa
Hyundai Auto Receivables Trust	AAA	Aaa
Ally Auto Receivables Trust	AAA	Aaa
Mercedes-Benz Auto Receivables Trust	AAA	Aaa
Honda Auto Receivables Owner Trust	AAA	Not Rated
Capital One Prime Auto Receivables Trust	AAA	Aaa
CarMax Auto Owner Trust	AAA	Not Rated
Supranational Obligations:		
International Finance Corporation	AAA	Aaa
Inter-American Development Bank	AAA	Aaa
International Bank for Reconstruction and Development	AAA	Aaa
External Investment Pools:		
San Mateo County Investment Fund	Not Rated	AAA/S1
California Local Agency Investment Fund	Not Rated	Not Rated

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the County Pool and LAIF, are held by third-party custodians (Union Bank of California Trust Division, U.S. Bank and Bank of New York). Union Bank, U.S. Bank, and Bank of New York are registered members of the Federal Reserve Bank. The securities held by Union Bank, U.S. Bank, and Bank of New York are in street name, and an account number assigned to the City identifies ownership. None of the City's investments were subject to custodial credit risk.

In fiscal year 1997-98, the City adopted Governmental Accounting Standards Board Statement No. 31, which requires that the City's investments be carried at fair value instead of cost. Under GASB 31, the City must adjust the carrying value of its investments to reflect their fair value at each fiscal year-end, and it must include the effects of these adjustments in income for that fiscal year. The adjustment from carrying value to fair value was an unrealized gain of \$2,363,172 as of June 30, 2019.

GASB 31 applies to all the City's investments, even if they are held to maturity and redeemed at full face value. Since the City's policy is to hold all investments to maturity, the fair value adjustments required by GASB 31 result in accounting gains or losses (called "recognized" gains or losses) which do not reflect actual sales of the investments (called "realized" gains or losses). Thus, recognized gains or losses on an investment purchased at par will now reflect changes in its value at each succeeding fiscal year-end, but these recognized gains or losses will net to zero if the investment is held to maturity. By following the requirements of GASB 31, the City is reporting the amount of resources which would actually have been available if it had been required to liquidate all its investments at any fiscal year-end.

External Investment Pools

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, supranational obligations, and corporations.

These investments may include the following:

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2019, the City had \$89,956,206 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 1.00171179. LAIF had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2019, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized costs.

The City is also a voluntary participant in the San Mateo County Investment Fund that is regulated by California Government Code Section 16429 under oversight of the Treasurer of the County of San Mateo. The City reports its investment in the San Mateo County Investment Fund at the fair value amount provided by County of San Mateo. Included in the San Mateo County Investment Fund investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, repurchase agreements, and corporations. At June 30, 2019 these investments matured at an average of 173 days.

Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2019 are described on the following page.

Investments included in LAIF and San Mateo County Pool as well as restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments subject to levels:</u>				
Corporate Notes	\$ 36,011,955	\$ -	\$ 36,011,955	\$ -
Certificate of deposit - Negotiable	12,370,923	-	12,370,923	-
Municipal Bonds	1,017,970	-	1,017,970	-
Collateralized Passthroughs	10,217,317	-	10,217,317	-
Supranational Obligations	5,889,224	-	5,889,224	-
Federal Home Loan Banks	2,195,133	-	2,195,133	-
Federal National Mortgage Association	19,018,186	-	19,018,186	-
Federal Home Loan Mortgage	3,623,900	-	3,623,900	-
Money Market	266,618	-	266,618	-
US Treasury Notes	70,512,446	70,512,446	-	-
Total investments subject to levels	161,123,672	\$ 70,512,446	\$ 90,611,226	\$ -
<u>Investment not subject to levels:</u>				
San Mateo County Pool	47,432,204			
Local Agency Investment Fund	89,956,206			
Total investments	\$ 298,512,082	\$ 70,512,446	\$ 90,611,226	\$ -

Treasury securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Federal Farm Credit Bank Bonds, Federal Home Loan Banks, Federal Home Loan Mortgage Corporate Notes, Federal National Mortgage Association Notes and Corporate Notes categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

C. Restricted Cash

The City's restricted cash consisted of \$20,806,682 in cash and investments as of June 30, 2019 held by trustees or fiscal agents. The City had \$9,072,001 in restricted cash and investments held by the City. This restricted cash is pledged for the payment or security of certain bonds, certificates of participation, and lease obligations. The California government code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make. In some situations, these investments differ from those permitted by the City investment policy. Included in these investments at June 30, 2019 is a guaranteed investment contract with a maturity date in fiscal year 2035 authorized in the bond indenture and by City Council prior to purchase.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. Investments held in Trust for Pension Benefits

The City established an irrevocable Section 115 Pension Trust with Public Agency Retirement Services (PARS). As of June 30, 2019, the trust had a balance of \$12,850,876. PARS' policy for allocation of invested assets is established as noted below:

<u>Asset Class</u>	<u>Target Allocation Range</u>
Equity	20-40%
Fixed Income	50-80%
Cash	0-20%

At June 30, 2019, PARS held no investments in any one organization that represented 5% of more of fiduciary net position.

Rate of return: For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expenses, was 7.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 – LOANS RECEIVABLE

As of June 30, 2019, loans receivable consists of the following:

	<u>Government-Wide</u>
Wyndham Place First Time Homebuyer Loan Program	\$ 302,649
First Time Homebuyer Silent Loan Program	246,790
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	1,029,142
Shores Childcare Loan	686,661
First Community Housing Loan	2,627,000
PAL Loan	214,286
Kainos Home and Training Center Loans	1,893,222
HIP Housing Development Corporation Loan	92,197
HIP Housing - Oxford	103,600
Mental Health Association of San Mateo County Loan	600,000
1512 Stafford Loan	1,577,750
Mezes Court Association	169,377
Mid-Pen Housing-Mosaic Garden	1,100,000
Redwood Oaks Associates	500,000
Allowance for Uncollectible Loans	(1,893,222)
Total	\$ 10,382,605

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

A. Wyndham Place First Time Homebuyer Loan Program

The City established a First Time Homebuyer Program during fiscal year 1995 on a specific development sponsored by the former Redevelopment Agency called Wyndham Place. The program currently involves the resale of Wyndham units where the City has First Right of Refusal. The City exercises its First Right of Refusal and markets the units to qualified buyers.

A portion of the City's Shared Appreciation is used to assist the new buyer in the Resale Program. While the initial program in 1995 made 0% interest loans, current buyers in the Resale Program are assisted according to the needs of the borrower. Depending on the borrower's ability to secure private financing for a first mortgage, the City loan is underwritten based on the borrower's spendable income.

These loans bear no interest and are secured by second deeds of trust on the property, and typically, no payments are due until five years after the date of purchase. As of June 30, 2019 the City has outstanding loans of \$302,649 to eleven Wyndham Place buyers.

B. First Time Homebuyer Silent Loan Program

In 2000, the former Redevelopment Agency established a First Time Homebuyer Silent Loan Program. Loans are deferred for the first five years, and then amortized at 4% interest over the remaining 25 years. An Equity Participation requirement shares appreciation based on the amount of the Agency's original loan amount. At June 30, 2019, there were outstanding loans to four homebuyers totaling \$246,790.

C. Loans with Non-profits and For Profit Organizations

The City and former Redevelopment Agency loaned \$500,000 to MP Redwood Court Associates and \$650,000 to Hallmark Apartments LLP. The MP Redwood Court Associates loan agreement was entered into in July 2003 for the repair and rehabilitation of housing units. The loan term is 55 years and bears 0% interest. The loan to Hallmark Apartments LLP has interest deferred for the first 30 years after which it bears interest at 3% until the December 2058 maturity. The outstanding balance at June 30, 2019 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and former Redevelopment Agency have outstanding loans for housing rehabilitation in the amount of \$1,029,142.

E. Shores Childcare Loan

The City entered into an agreement with Shores Childcare, LLC whereby \$3,200,000 was loaned to Shores Childcare, LLC for construction of a childcare facility on City-owned land in the Redwood Shores area. The term of the loan is 20 years maturing January 2023, with interest payable quarterly and calculated based on the quarterly rate of the State of California Local Agency Investment Fund plus 250 basis points. The outstanding balance of the loan at June 30, 2019 was \$686,661.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

F. First Community Housing Loan

The City entered into an agreement with First Community Housing whereby \$2,627,000 (\$200,000 from Community Development Block Grant, \$1,927,000 from the former Redevelopment Agency low and moderate housing fund, \$500,000 pass-through from County of San Mateo) was loaned to First Community Housing for construction of the Villa Montgomery housing development at El Camino and Vera Avenue. The portion of the loan attributable to the former Redevelopment Agency has been transferred to the City's Low and Moderate Income Housing Asset fund. The loan bears interest at 3% for 40 years. The loan will be repaid annually from 70% of the project's net cash flow. The outstanding balance of the loan at June 30, 2019 was \$2,627,000.

G. Police Activities League Loan

In March 2006, the City paid off a construction loan in the amount of \$1,500,000 that the Police Activities League (PAL), a separate, private, non-profit agency, entered into with Bay Area Bank to partially finance the construction of the new PAL community center at Taft School. The City Council and PAL agreed that one-half of the amount, or \$750,000, will be paid back to the City by PAL over a period of 15 years. The outstanding balance of the loan at June 30, 2019 was \$214,286.

H. Kainos Home and Training Center Loan

In 1989-90, the City entered into an agreement with Kainos Home and Training Center whereby \$548,000 from Community Development Block Grant was loaned to acquire and rehabilitate property at 2555 Middlefield Road. In 2013-14, Kainos Home and Training Center sold 2555 Middlefield Road, and used the proceeds from the sale to purchase 2761 Fair Oaks Avenue. The current City loan is structured as a lien transfer of the original amount plus the shared equity of \$437,722 from 2555 Middlefield Road to 2761 Fair Oaks Avenue, totaling \$985,722. The loan bears no interest and is due and payable on March 29, 2039.

In 1997-98, the City entered into an agreement with Kainos Home and Training Center whereby \$57,500 from Community Development Block Grant was loaned to acquire property at 2033 Jefferson Avenue for Kainos Home and Training Center. The loan is deferred and payable upon the sale of the property, at which time the City would receive repayment of the loan plus any accrued equity based on the prorated City share.

In 2010-11, the City entered into an agreement with Kainos Home and Training Center whereby \$400,000 from the City's HOME and CDBG grant programs were loaned to acquire property located at 1122 Valota Road in Redwood City for special needs housing. The loan is deferred for a term of 55 years at 0% interest.

In 2012-13, the City entered into an agreement with Kainos Home and Training Center whereby \$450,000 from HOME grant was loaned to acquire property located at 1033 Redwood Avenue for special needs housing. The loan is deferred for a term of 30 years at 0% interest.

The loans to Kainos Home and Training Center are intended to be forgiven upon maturity, and therefore, an allowance for uncollectible loans has been set up in the amount of \$1,893,222.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

I. HIP Housing Development Corporation (HHDC) Loan

In March 2013, the City entered into an agreement with HHDC whereby \$92,197 from HOME investment Partnership Act (HOME) funds were loaned to assist in the rehabilitation of a 12 unit apartment building located at 1157-1161 Willow Road in Menlo Park. The loan is deferred for a term of 30 years at 3% interest. The outstanding balance of the loan at June 30, 2019 was \$92,197.

In August 2015, the City entered into an agreement with HHDC whereby \$103,600 from HOME investment Partnership Act (HOME) funds were loaned to assist in the rehabilitation of rental housing property located at 1505-1509 Oxford Street in Redwood City. The outstanding balance of the loan at June 30, 2019 was \$103,600.

J. Mental Health Association of San Mateo County (MHA) Loan

In July, 2013, the City entered into an agreement with MHA whereby \$400,000 from Community Development Block Grant (CDBG) was loaned to assist with the acquisition of a vacant commercial property located at 105 5th Avenue in Redwood City. The loan is deferred for a term of 30 years at 0% interest. The outstanding balance of the loan at June 30, 2019 was \$400,000.

In 2016-2017, the City entered into a second agreement with MHA whereby an additional \$200,000 from Community Development Block Grant (CDBG) was loaned for the property located at 105 5th Avenue in Redwood City. The loan is deferred for a term of 30 years at 0% interest. The outstanding balance of the loan at June 30, 2019 was \$200,000.

K. Mezes Court Association

The City entered into an agreement with Mezes Court Associates on November 24, 2015 whereby \$259,757 from Community Development Block Grant was loaned to acquire property at 950 Main Street for affordable rental housing as set forth in the loan agreement evidencing the loan. The loan accrues interest from December 1, 2016 at the rate of two percent (2%) annual, simple interest for 57 years. Principal and interest are payable in full on the date which 57 years from the date of recordation of the Deed of Trust or the date of sale of property. The outstanding balance of the loan at June 30, 2019 was \$169,377.

L. Stafford Loan

In June, 2017, the City entered into an agreement with HHDC whereby \$1,577,750 from the City's Affordable Housing Fund and HOME and CDBG grant programs were loaned to assist with the acquisition of real property located at 1512 Stafford Street in Redwood City. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2019 was \$1,577,750.

M. Mid-Pen Mosaic Garden Loan

In February, 2018, the City entered into an agreement with MP Mosaic Garden Associates, L.P., whereby \$1,100,000 from the City's Affordable Housing Fund to refinance property located at 3752-3770 Rolison Road in the City of Redwood City to be used to provide rental housing to Low Income Household, Very Low Income Households, and Extremely Low Income Households. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2019 was \$1,100,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

N. Redwood Oaks Associates

In May, 2019, the City entered into an agreement with Redwood Oaks Associates LLP, whereby \$500,000 from the City's HOME and CDBG grant programs were loaned to assist with the rehabilitation of the Redwood Oaks Apartments at 330-340 Redwood Avenue. The loan term is 55 years and bears 0% interest. The loan will be repaid annually from 50% of the project's net cash flow. The outstanding balance of the loan at June 30, 2019 was \$500,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	Balance June 30, 2018	Adjustments	Additions	Retirements	Transfers	Balance June 30, 2019
Government activities						
Capital assets not being depreciated:						
Land	\$ 31,963,078	\$ -	\$ -	\$ -	\$ -	\$ 31,963,078
Construction in progress, Property	25,595,794	-	19,695,196	-	(7,350,554)	37,940,436
Construction in progress, Vehicles	575,463	-	287,921	-	(302,376)	561,008
Total capital assets not being depreciated	<u>58,134,335</u>	<u>-</u>	<u>19,983,117</u>	<u>-</u>	<u>(7,652,930)</u>	<u>70,464,522</u>
Capital assets being depreciated:						
Buildings	83,309,015	-	-	-	-	83,309,015
Accumulated depreciation	(33,402,198)	-	(1,652,843)	-	-	(35,055,041)
Improvements other than buildings	9,946,106	-	1,619,146	-	2,571,966	14,137,218
Accumulated depreciation	(3,095,732)	-	(609,279)	-	-	(3,705,011)
Parks	39,272,644	-	-	-	692,017	39,964,661
Accumulated depreciation	(19,384,258)	-	(1,360,562)	-	-	(20,744,820)
Streets	118,154,299	-	7,969,530	-	1,996,869	128,120,698
Accumulated depreciation	(76,865,373)	-	(4,117,846)	-	-	(80,983,219)
Bridges	2,248,335	-	-	-	-	2,248,335
Accumulated depreciation	(2,124,830)	-	(58,981)	-	-	(2,183,811)
Traffic Signals	3,371,294	-	2,962,049	-	-	6,333,343
Accumulated depreciation	(2,364,158)	-	(147,665)	-	-	(2,511,823)
Storm Drains	16,407,523	-	1,833,659	-	2,089,701	20,330,883
Accumulated depreciation	(3,265,150)	-	(547,668)	-	-	(3,812,818)
subtotal	<u>132,207,517</u>	<u>-</u>	<u>5,889,540</u>	<u>-</u>	<u>7,350,553</u>	<u>145,447,610</u>
Machinery & Equipment	26,277,808	-	2,140,760	(142,821)	302,377	28,578,124
Accumulated depreciation	(17,008,082)	-	(1,650,902)	134,519	-	(18,524,465)
Net capital assets being depreciated	<u>141,477,243</u>	<u>-</u>	<u>6,379,398</u>	<u>(8,302)</u>	<u>7,652,930</u>	<u>155,501,269</u>
Governmental activity capital assets, net	<u>\$ 199,611,578</u>	<u>\$ -</u>	<u>\$ 26,362,515</u>	<u>\$ (8,302)</u>	<u>\$ -</u>	<u>\$ 225,965,791</u>
Business-Type Activities						
Capital assets not being depreciated:						
Land	\$ 3,180,272	\$ -	\$ -	\$ -	\$ (54,002)	\$ 3,126,270
Construction in progress	18,338,212	-	9,740,988	(1,299,425)	(16,753,773)	10,026,002
Total capital assets not being depreciated	<u>21,518,484</u>	<u>-</u>	<u>9,740,988</u>	<u>(1,299,425)</u>	<u>(16,807,775)</u>	<u>13,152,272</u>
Capital assets being depreciated						
Harbor Improvements	4,773,955	-	-	-	54,002	4,827,957
Accumulated depreciation	(3,411,072)	(47,937)	(114,172)	-	-	(3,573,181)
Buildings	62,466,683	-	-	-	219,773	62,686,456
Accumulated depreciation	(16,970,445)	(19,771)	(1,331,996)	-	-	(18,322,212)
Machinery and equipment	1,928,195	-	29,330	-	153,409	2,110,934
Accumulated depreciation	(1,626,068)	-	(47,796)	-	-	(1,673,864)
Improvements other than buildings	217,961,319	-	2,911,900	-	16,380,591	237,253,810
Accumulated depreciation	(68,180,709)	67,708	(4,994,377)	-	-	(73,107,378)
Net capital assets being depreciated	<u>196,941,858</u>	<u>-</u>	<u>(3,547,111)</u>	<u>-</u>	<u>16,807,775</u>	<u>210,202,522</u>
Business-type activity capital assets, net	<u>\$ 218,460,342</u>	<u>\$ -</u>	<u>\$ 6,193,877</u>	<u>\$ (1,299,425)</u>	<u>\$ -</u>	<u>\$ 223,354,794</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 – CAPITAL ASSETS (CONTINUED)

A. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental Activities

Community Development	\$ 235,569
Human Services	110,461
Public Safety	1,146,597
Transportation	4,326,049
Leisure, cultural, and information services	2,934,976
Policy development and implementation	873,158
Environmental support and protection	518,936
Total Depreciation Expense-Governmental Activities	<u><u>\$ 10,145,746</u></u>

Business-Type Activities

Water Utility Fund	\$ 3,217,307
Sewer Utility Fund	871,386
Parking Fund	33,725
Docktown Marina Fund	651,817
Port of Redwood City	1,714,105
Total Depreciation Expense-Business-Type Activities	<u><u>\$ 6,488,340</u></u>

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY

Redwood City has an investment of \$32,618,638 in Silicon Valley Clean Water Authority (SVCW), a California Joint Powers Authority (JPA) with the cities of San Carlos, Belmont, and the West Bay Sanitation District. In addition, it has an additional investment of \$9,394,025, in SVCW stage II construction. The City’s investment in SVCW was adjusted to reflect a net increase in the investment of \$4,737,591. Every fiscal year the City adjusts the investment based on the City’s proportion of financial activity at SVCW.

SVCW operates and maintains a sewer plant, which was jointly constructed with federal and state grants and contributions from participating entities. SVCW is run by its board of directors, which is comprised of four members. The city councils of each member city and the board of the West Bay Sanitation District each select one of their own members to serve on this board. No member agency has control of SVCW’s budget, finances, or operations. The board acts autonomously of the respective member agencies.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY (CONTINUED)

During the fiscal year ended June 30, 2019, the City contributed \$11,245,296 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$11,135,615 that included the state revolving fund loan and the financing agreements to finance the construction and rehabilitation of the SVCW's wastewater system. The City also contributed \$1,199,460 toward capital improvements and capital reserves.

At June 30, 2019, the total obligation for the 2009, 2014, 2015 and 2018 revenue bonds is \$262,675,000. The City's direct obligation is \$145,902,008. For the fiscal year 2019-20, the City is obligated to pay debt principal and interest payments totaling \$10,999,297. The financing agreements for these bonds are secured by a pledge of the City's Sewer Enterprise Fund Net Revenue as defined under the financing agreements. For the fiscal year 2018-19, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$39,377,336. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$20,776,852. Net revenues available for debt services amounted to \$18,600,484, which represented coverage of 1.67 times over the total of debt services of \$11,135,615.

In October 2015, SVCW issued the 2015 wastewater revenue bonds in the amount of \$70.2 million. Pursuant to the financing agreement, the City's allocable share of the 2015 bonds is approximately 51.3%. Of the total bond proceeds, \$8.5 million will be used to refund, on an advance basis, certain maturities of the 2008 Bonds and approximately \$49.8 million will be used to refund, on an advance crossover basis, certain maturities of the 2009 Bonds.

In February 2018, SVCW issued \$140,955,000 in Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. Pursuant to the financing agreement, the City's allocable share of the 2018 bonds is approximately 58.32 %.

Proceeds associated with the Refunded 2009 Bonds have been deposited into the "2009 Escrow Fund" until the crossover date of August 1, 2019, when all of the outstanding Refunded 2009 Bonds will be redeemed, without premium. Prior to the crossover date, the Refunded 2009 Bonds will continue to be secured by and payable from the revenues that were originally pledged for the payment of the 2009 Bonds.

Audited financial statements are available from Silicon Valley Clean Water Authority, 1400 Radio Road, Redwood City, CA 94065.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY (CONTINUED)

The condensed unaudited financial information of the JPA as of June 30, 2019 is as follows:

Total Assets	\$ 479,334,378
Deferred Outflows of Resources	5,611,134
Total Liabilities	378,937,205
Deferred Inflows of Resources	1,246,858
Total Net Position	<u>\$ 104,761,449</u>
Total Operating Revenues	\$ 68,827,874
Total Operating Expenses	35,202,864
Total Operating Income (loss)	33,625,010
Other Income (loss)	<u>(8,781,740)</u>
Net Income (loss)	<u>\$ 24,843,270</u>

Cumulative Agency Balances:

Belmont	\$ 34,399,881
Redwood City	42,012,663
San Carlos	7,565,628
West Bay Sanitation District	20,783,277
Total Net Position	<u>\$ 104,761,449</u>

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

2013 Public Financing Authority Refunding lease – In May 2013, the City entered into a lease agreement with BBVA Compass Bank in the amount of \$3,360,000 to refund the 2003 Public Financing Authority Bonds. Net proceeds of \$3,292,748 plus the 2003 Public Financing Authority Bond Reserve were utilized for the purpose of establishing an irrevocable escrow to refund \$5,880,000 of the City’s 2003 Public Financing Authority Bonds. Principal is due in annual installments of \$347,486 to \$687,180, with total principal and interest remaining on the lease in the amount of \$2,450,768 through July 15, 2018. Payments are made from the Public Financing Authority Refunding Lease Debt Service fund out of lease payment revenue received from the general fund, requiring less than 10% of net revenues. The refunding resulted in a decrease in total debt service payments of \$347,302 and an economic gain of \$270,485. As of June 30, 2019, this refunding lease was paid off.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Obligations

As of June 30, 2019, the City had the following governmental long-term obligations outstanding:

	Interest Rate	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:						
Revenue Bonds						
2013 PFA Refunding Lease	1.51%	\$ 347,486	\$ -	\$ 347,486	\$ -	\$ -
Total Bonds and Loans		<u>347,486</u>	<u>-</u>	<u>347,486</u>	<u>-</u>	<u>-</u>
Accrued Sick Leave and Vacation		<u>12,020,400</u>	<u>12,256,523</u>	<u>12,008,302</u>	<u>12,268,621</u>	<u>447,024</u>
Total Governmental Activities Long-Term Debt		<u>\$ 12,367,886</u>	<u>\$ 12,256,523</u>	<u>\$ 12,355,788</u>	<u>\$ 12,268,621</u>	<u>\$ 447,024</u>

At year-end, \$1,148,356 of internal service fund compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 7 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

A. Description

Revenue Bonds:

Port of Redwood City 2012 Revenue Bonds – In June 2012, bonds were issued in the amount of \$10,000,000 to finance construction of the Port’s Wharf 1 & 2 Redevelopment Project. The bonds are due in annual installments of \$742,294 through 2032, with total principal and interest remaining of \$9,649,819. The bonds are payable out of net revenues of the Port, which are expected to equal at least 120% of the annual debt service requirement.

Port of Redwood City 2015 Revenue Bonds – In June 2015, bonds were issued in the amount of \$6,940,000 to (a) refund the 1999 Bonds, (b) purchase the 2016 Reserve Fund Policy in lieu of cash funding a reserve fund for the 2016 Bonds, and (c) pay a portion of the costs of issuance of the 2016 Bonds. The bonds are due in annual installments of \$561,600 to \$611,000 through 2030, with total principal and interest remaining of \$6,635,757. The bonds are payable out of net revenues of the Port, which are expected to equal at least 120% of the annual debt service requirement.

Water Revenue Bonds Series 2013 – In June 2013, Redwood City Public Financing Authority issued \$26,870,000 of bonds to refund the remaining Water Revenue Bonds Series 2005A. The refunding resulted in a decrease of total debt service payments of \$2,386,569 and an economic gain of \$1,231,113. Principal and interest is payable in 21 annual installments of \$2,058,000 to \$2,063,000 from August 2013 through February 2034, with total principal and interest remaining of \$30,911,950. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (CONTINUED)

A. Description, Continued

Water Revenue Bonds Series 2015 – In May 2015, Redwood City Public Financing Authority issued \$20,235,000 of bonds to refund the remaining Water Revenue Bonds Series 2006A. The refunding resulted in a decrease of total debt service payments of \$3,243,691 and an economic gain of \$2,117,710. Principal and interest is payable in 20 annual installments of \$1,416,844 to \$1,421,544 from August 2016 through February 2035 with total principal and interest remaining of \$22,722,645. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

Water Revenue Bonds Series 2017 – In February, 2017, Redwood City Public Financing Authority issued \$6,300,000 of bonds to refund the outstanding Water Revenue Bonds Series 2007A. The refunding resulted in a decrease of total debt service payments of \$8,191,968 and an economic gain of \$1,169,839. Principal and interest is payable in 18 annual installments of \$489,069 to \$497,669 from February 2018 through February 2035 with total principal and interest remaining of \$7,895,037. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

The Revenue Bonds are general obligations of the City, payable solely from the Net Revenue of the Water Utility Fund. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events occurred during the fiscal year ending June 30, 2019.

Pledges of Future Revenues – The pledge of future water utility fund revenues ends upon repayment of the \$69.5 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2035-36. For fiscal year 2018-19, water utility fund operating revenues amounted to \$45,001,193 and operating expenses excluding depreciation and amortizations amounted to \$32,725,719. Net revenues available for debt service amounted to \$13,982,826 which represented a coverage ratio of 3.53 over the \$3,965,763 in debt service.

The pledge of future Port of Redwood City fund revenues ends upon repayment of the \$19 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2031-32. Port of Redwood City fund operating revenues amounted to \$9,335,548 and operating expenses excluding depreciation, amortizations, and subvention to the City amounted to \$5,252,241. Net revenues available for debt service amounted to \$4,083,307 which represented a coverage ratio of 2.99 over the \$1,364,530 in debt service.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Obligations

As of June 30, 2019, the City had the following business-type long-term obligations outstanding:

Business-type Activities:	Interest Rate %	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds						
Port of Redwood City-2012 Series	4.20-4.20	\$ 7,846,817	\$ -	\$ 420,604	\$ 7,426,213	\$ 438,775
Port of Redwood City-2015 Series	2.00-4.00	5,795,000	-	405,000	5,390,000	415,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	22,430,000	-	980,000	21,450,000	1,020,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	18,035,000	-	775,000	17,260,000	810,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	6,035,000	-	245,000	5,790,000	255,000
Unamortized Premium-Water		3,762,455	-	231,055	3,531,400	-
Unamortized Discount-Port		(17,873)	-	(1,500)	(16,373)	-
Total Bonds and Loans		63,886,399	-	3,055,159	60,831,240	2,938,775
Accrued Sick Leave and Vacation:		960,767	1,001,551	972,865	989,453	504,932
Total Business-type Activities Long-Term Debt		\$ 64,847,166	\$ 1,001,551	\$ 4,028,024	\$ 61,820,693	\$ 3,443,707

C. Annual Repayment Requirements for Business-type Activities Long Term Debt

For The Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 2,938,775	\$ 2,378,767	\$ 5,317,542
2021	3,057,563	2,264,131	5,321,694
2022	3,177,155	2,144,888	5,322,043
2023	3,302,586	2,020,908	5,323,494
2024	3,443,891	1,877,652	5,321,543
2025-2029	19,627,372	7,005,728	26,633,100
2030-2034	19,918,871	2,740,457	22,659,328
2035	1,850,000	66,463	1,916,463
	\$ 57,316,213	\$ 20,498,994	\$ 77,815,207

NOTE 8 – DEBT WITHOUT CITY COMMITMENT

A. Successor Agency Private Purpose Trust Fund Debt

Tax Increment Bonds:

2003 Tax Allocation Bonds – In October 2003, the former Redevelopment Agency issued \$33,997,448 in bonds to finance various downtown improvements. These bonds consist of current coupon bonds and capital appreciation bonds. The current coupon bonds pay interest-only through January 15, 2010. Principal on the current coupon bonds is paid in annual installments of \$1,225,000 to \$3,045,000 from July 15, 2010 to July 15, 2014. Payments reflecting interest and principal on the capital appreciation bonds are due in annual installments of \$3,505,000 to \$3,510,000 from July 15, 2016 through July 15, 2032. Total principal and interest remaining on the bonds is \$52,580,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

B. Community Facilities District (Mello-Roos) Bonds

On October 17, 2000, the Community Facilities District (CFD) issued \$21,000,000 of bonds on behalf of the developer of the Pacific Shores Project to fund various transportation system improvements within the City's right-of-way that were required as a condition of the development.

In July 2012 the CFD issued \$5,555,000 Community Facilities District No. 2000-1 Pacific Shores Special Tax Refunding Bonds, Series 2012 to refund \$8,655,000 of the Series 2000A bonds. The refunding reduced annual debt service payments by approximately 25% or \$52,000, and resulted in an economic gain of \$398,000, which equates to 7.61% of the refunding bonds. In September 2016, the final payment was made and this obligation was paid in full.

On January 17, 2001, the Shores Transportation Improvement District issued \$5,045,000 of Phase I CFD bonds, and on September 3, 2003 the District issued \$7,505,000 of Phase II CFD bonds. The proceeds of these bonds were used to fund various transportation projects that are required under development agreements with commercial property owners in the Redwood Shores area of the City.

In December 2012 the Shores Transportation District issued \$10,275,000 Redwood Shores Community Facilities District No. 99-1 Special Tax Refunding Bonds, Series 2012B to refund \$3,640,000 of the outstanding Series 2001A Bonds and \$6,675,000 of the outstanding Series 2003A Bonds. The refunding reduced annual debt service payments by approximately 16% or \$140,000, and resulted in an economic gain of \$1.7 million, which equates to 16.62% of the refunding bonds.

These bonds are solely obligations of the property owners in this district and are not obligations of the City, nor has any political subdivision of the State of California pledged its full faith and credit for the payment of these bonds. The City's only responsibilities with respect to any delinquent assessment installments are solely advancing funds from the reserve fund (established with bond proceeds) to the redemption fund, to the extent that such funds are available, and instituting foreclosure proceedings.

The City is not required to advance available funds of the City for payment of principal or interest or to purchase land at a delinquent foreclosure assessment sale. As of June 30, 2019, the outstanding principal amount was \$7,805,000.

On April 5, 2011, the Community Facilities District (CFD) issued \$5,760,000 of bonds on behalf of the developer of the One Marina Project to fund various transportation system improvements within the City's right-of-way that were required as a condition of the development.

These bonds are solely obligations of the property owners in this district and are not obligations of the City, nor has any political subdivision of the State of California pledged its full faith and credit for the payment of these bonds. The City's only responsibilities with respect to any delinquent assessment installments are solely advancing funds from the reserve fund (established with bond proceeds) to the redemption fund, to the extent that such funds are available, and instituting foreclosure proceedings.

In June 2016, Community Facilities District No. 2010-1 issued \$4,350,000 Community Facilities District No. 2010-1 (One Marina) 2016 Special Tax Refunding Bonds to refund the outstanding 2011 Bonds.

The City is not required to advance available funds of the City for payment of principal or interest or to purchase land at a delinquent foreclosure assessment sale. As of June 30, 2019, the outstanding principal amount was \$4,100,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan

General Information about the Pension Plan:

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

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/or their 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 (PERL).

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

	<u>Public Safety Tier 1</u>	<u>Public Safety Tier 2</u>	<u>Public Safety Tier 3</u>
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Benefit factor for each year of service as a % of annual salary	3%	2.4%-3%	2%-2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates -normal cost	21.925%	21.925%	21.925%
	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous Tier 3</u>
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Benefit factor for each year of service as a % of annual salary	2%-2.7%	1.092%-2.418%	1%-2.5%
Required employee contribution rates	8%	7%	5.75%
Required employer contribution rates -normal cost	8.961%	8.961%	8.961%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$6,922,802 and \$7,329,321 for the safety and miscellaneous plans respectively in fiscal year 2019.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

The City’s Tier 2 plans for public safety and miscellaneous cover new employees hired on or after October 13, 2011.

The City’s Tier 3 plans for public safety and miscellaneous cover new employees hired on or after January 1, 2013 pursuant to the Public Employees’ Pension Reform Act of 2013.

Police and fire safety employees hired before October 13, 2011 (Tier 1) are covered under the “3% at 50” formula. Under this retirement plan, an employee's retirement earnings at age 50 are calculated by multiplying 3% by the employee's years of service. This percentage factor increases with the employee's age upon retirement.

Police and fire safety employees hired on or after October 13, 2011 (Tier 2) are covered under the “3% at 55” formula. Under this retirement plan, an employee’s retirement earnings at age 55 are calculated by multiplying 3% by the employee’s years of service. An employee with five years of service is eligible to retire at age 50 at a reduced pension amount. The pension amount increases with age and length of service, with the maximum percentage factor equal to 3%.

Police and fire safety employees hired on or after January 1, 2013 (Tier 3) are covered under the “2.7% at 57” formula. Under this retirement plan, an employee’s retirement earnings at age 57 are calculated by multiplying 2.7% by the employee’s years of service. An employee with five years of service is eligible to retire at age 50 at a reduced pension amount. The pension amount increases with age and length of service, with a maximum percentage factor equal to 2.7% at age 57.

Miscellaneous employees hired before October 13, 2011 (Tier 1) are covered under the “2.7% at 55” formula. Under this retirement plan, an employee's retirement earnings, at age 55, are calculated by multiplying 2.7% by the employee's years of service. An employee with five years of service is eligible to retire at age 50 at a reduced pension amount. The pension amount increases with age and length of service.

Miscellaneous employees hired on or after October 13, 2011 (Tier 2) are covered under the “2% at 60” formula. Under this retirement plan, an employee’s retirement earnings at age 60 are calculated by multiplying 2% by the employee’s years of service. An employee with five years of service is eligible to retire at age 50 at a reduced pension amount. The pension amount increases with age and length of service.

Miscellaneous employees hired on or after January 1, 2013 (Tier 3) are covered under the “2% at 62” formula. Under this retirement plan, an employee’s retirement earnings at age 62 are calculated by multiplying 2% by the employee’s years of service. An employee with five years of service is eligible to retire at age 52 at a reduced pension amount. The pension amount increases with age and length of service, with a maximum percentage factor equal to 2.5% at age 67.

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	515	320
Inactive employees entitled to but not yet receiving benefits	458	56
Active employees	404	176
Total	1,377	552

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Contributions – Section 20814(C) of the California Public Employees’ Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability:

The City’s net pension liability for each Plan 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuation were determined using the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.250%	7.250%
Inflation	2.625%	2.625%
Payroll Growth	2.875%	2.875%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.15% (1)	7.15% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2).	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.	

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) 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, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. 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 for each Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension 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 by calculating the single equivalent expected return that arrives at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	New		
	Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	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%
Total	100%		

(a) In the CalPERS 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.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Changes in the Net Pension Liability:

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (Measurement Date)	\$ 322,844,472	\$ 215,735,916	\$ 107,108,556
Changes in the year:			
Service cost	6,312,633	-	6,312,633
Interest on the total pension liability	22,736,338	-	22,736,338
Differences between actual and expected experience	1,635,445	-	1,635,445
Changes in assumptions	(2,534,753)	-	(2,534,753)
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	(536)	536
Contribution - employer	-	9,451,153	(9,451,153)
Contribution - employees	-	2,789,791	(2,789,791)
Net investment income	-	18,389,970	(18,389,970)
Administrative expenses	-	(336,176)	336,176
Benefit payments , including refunds of employee contributions	(14,221,495)	(14,221,495)	-
Other Miscellaneous Income/(expense)	-	(638,404)	638,404
Net changes	13,928,168	15,434,303	(1,506,135)
Balance at June 30, 2018 (Measurement Date)	\$ 336,772,640	\$ 231,170,219	\$ 105,602,421

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (Measurement Date)	\$ 375,727,999	\$ 237,257,823	\$ 138,470,176
Changes in the year:			
Service cost	8,929,972	-	8,929,972
Interest on the total pension liability	26,705,230	-	26,705,230
Differences between actual and expected experience	4,400,726	-	4,400,726
Changes in assumptions	(1,516,741)	-	(1,516,741)
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	(586)	586
Contribution - employer	-	12,005,986	(12,005,986)
Contribution - employees	-	3,179,855	(3,179,855)
Net investment income	-	20,046,903	(20,046,903)
Administrative expenses	-	(369,713)	369,713
Benefit payments , including refunds of employee contributions	(19,154,486)	(19,154,486)	-
Other Miscellaneous Income/(expense)	-	(702,091)	702,091
Net changes	<u>19,364,701</u>	<u>15,005,868</u>	<u>4,358,833</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 395,092,700</u>	<u>\$ 252,263,691</u>	<u>\$ 142,829,009</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 150,468,370	\$ 197,216,401	\$ 347,684,771
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 105,602,421	\$ 142,829,009	\$ 248,431,430
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 68,470,454	\$ 98,414,597	\$ 166,885,051

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$4,164,515 for the Miscellaneous Plan and \$4,999,995 for the Safety Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement	\$ 10,135,737	\$ -	\$ 12,871,662	\$ -
Changes of Assumptions	5,150,784	(1,689,835)	10,152,357	(1,106,811)
Differences between Expected and Actual	1,168,947	-	4,179,877	-
Net differences between projected and actual earnings on plan investments	156,592	-	154,440	-
Total	<u>\$ 16,612,060</u>	<u>\$ (1,689,835)</u>	<u>\$ 27,358,336</u>	<u>\$ (1,106,811)</u>

\$23,007,399 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Annual Amortization</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
2020	\$ 7,518,106	\$ 9,962,829
2021	192,700	6,062,570
2022	(2,298,202)	(1,985,978)
2023	(626,116)	(659,558)
Total	<u>\$ 4,786,488</u>	<u>\$ 13,379,863</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits

Plan Description

Redwood City:

The City administers an agent multiple-employer defined benefit post-employment healthcare plan. Employees hired before the effective dates reflected below and retire under the City’s retirement plan are, pursuant to their respective collective bargaining agreements, eligible to have their medical insurance premiums reimbursed by the City up to the CalPERS Bay Area Kaiser family premium rate (Health Benefit Tier1). Beginning in fiscal year 18-19, the City negotiated a new Retiree Health Benefit, Tier II with various bargaining units. Employees hired on or after the effective date reflected below and retire under the City’s retirement plan will fall under the Retiree Health Benefit Tier II: The City’s contribution shall not exceed ninety percent (90%) of the CalPERS Bay Area Kaiser Premium for employee only coverage.

Bargaining Unit	Effective Date of Retiree Health Tier 2
EXE	9/1/2019
POA	10/29/2019
PSA	9/1/2019
RCMEA	10/1/2019
COA	10/1/2019
IAFF	1/1/2019
SEIU	2/1/2019

The City is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. The City’s retiree health plan is being managed through the California Employer’s Retiree Benefits Trust (CERBT), an irrevocable trust fund that allows public employers to prefund the future cost of their retiree health insurance benefits and other post-employment benefits for their covered employees or retirees.

The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	501
Inactive employees or beneficiaries currently receiving benefits	393
Inactive employees entitled to, but not yet receiving benefits	92
	986
	986

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Contributions

The OPEB Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the City’s cash contributions were \$4,568,901 in payments to the trust plus \$3,241,475 cash benefit payments and the estimated implied subsidy was \$724,000 resulting in total payments of \$8,553,676.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	6.75%
Inflation	2.75% per annum
Salary Increases	Aggregate-3%
Investment Rate of Return	6.75%
Mortality Rate	(1) Derived using CalPERS’ Membership Data for all funds
Pre-Retirement Turnover	(2) Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	Non-Medicare - 6.25% for 2018, decreasing to an ultimate rate of 4.75% in 2021 and later years Medicare - 6.45% for 2018, decreasing to an ultimate rate of 4.75% in 2021 and later years

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
Treasury Inflation-Protected Securities (TIPS)	5%	1.29%
Commodities	3%	0.84%
Real Estate Investment Trusts	8%	3.76%
TOTAL	100%	

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 District 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018			
(Measurement date 06/30/2017)	\$ 84,171,879	\$ 26,834,169	\$ 57,337,710
Changes in the year:			
Service cost	2,504,347	-	2,504,347
Interest	5,741,299	-	5,741,299
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	-	-	-
Contribution - employer	-	6,830,404	(6,830,404)
Contribution - employee	-	-	-
Net investment income	-	2,158,132	(2,158,132)
Benefit payments	(3,239,884)	(3,239,884)	-
Administrative expenses	-	(50,216)	50,216
Net changes	5,005,762	5,698,436	(692,674)
Balance at June 30, 2019			
(Measurement date 06/30/2018)	\$ 89,177,641	\$ 32,532,605	\$ 56,645,036

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 a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Net OPEB Liability	\$ 68,782,560	\$ 56,645,036	\$ 46,731,434

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

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 measurement period ended June 30, 2018:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 45,081,264	\$ 56,645,036	\$ 70,994,116

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 OPEB plan investments	5 Years
All other amounts	Expected average remaining service lifetime (EARSL)

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,600,764. For the fiscal year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 8,553,676	\$ -
Changes of Assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(664,936)
Total	\$ 8,553,676	\$ (664,936)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$8,553,676 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/Inflows of Resources
2020	\$ (201,965)
2021	(201,965)
2022	(201,964)
2023	(59,042)
Total	<u>\$ (664,936)</u>

Port of Redwood City:

Plan Description

The other post-employment benefits (other than pension) offered by the Port are limited to reimbursement of medical premiums only. Eligibility extends to those employees hired before January 1, 2011 who, prior to retirement, have (a) worked ten or more consecutive years at the Port on a full time basis, and (b) are enrolled in the Port’s medical plan, and (c) age 55 or older, and (d) have not been voluntarily or involuntarily terminated from employment at the Port. Spouses and/or dependents are ineligible.

The reimbursement of medical premiums is limited to the lesser of (a) the medical insurance premium paid by the eligible retiree, or (b) the Port’s cost to provide medical coverage for an active employee of the same age as the retiree, or (c) the insurance premium for a Medicare supplement plan at the retiree’s earliest Medicare eligibility age, whether or not the retiree enrolls in Medicare.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	5
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to, but not yet receiving benefits	<u>-</u>
	8

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Contributions

The OPEB Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the Port’s cash contributions were \$0 in payments to the trust resulting in total payments of \$0.

Net OPEB Liability

The Port’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	Based on the Fidelity General Obligation AA Index
Inflation	3.62% as of June 30, 2018
Salary Increases	3.0% including inflation
Investment Rate of Return	3.56%
Healthcare Trend Rate	Medical premiums assumed to increase 8.0% in 2019 and 2020, 7.0% in 2021 through 2030, and 6.0% each year thereafter.
Mortality Rate	Based on the 2014 CalPERS OPEB Assumptions Model

Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The Port has chosen to use the “Fidelity General Obligation AA Index” as its 20-year bond rate. That Index was 3.56% at June 30, 2017, and 3.62% at June 30, 2018.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. The projection of cash flows used to determine the discount rate assumed that District 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

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 (Measurement date 06/30/2017)	\$ 656,195	\$ -	\$ 656,195
Changes in the year:			
Service cost	12,746	-	12,746
Interest	23,193	-	23,193
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	(5,925)	-	(5,925)
Contribution - employer	-	9,426	(9,426)
Contribution - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(9,426)	(9,426)	-
Administrative expenses	-	-	-
Net changes	20,588	-	20,588
Balance at June 30, 2019 (Measurement date 06/30/2018)	\$ 676,783	\$ -	\$ 676,783

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

The following presents the net OPEB liability of the Port if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current	1% Increase
	(2.62%)	Discount Rate (3.62%)	(4.56%)
Net OPEB Liability	\$ 787,003	\$ 676,783	\$ 588,823

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

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

The following presents the net OPEB liability of the Port 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 measurement period ended June 30, 2018:

	1% Decrease 5.0% to 7.0%	Current Trend Rate 6.0% to 8.0%	1% Increase 7.0% to 9.0%
Net OPEB Liability	\$ 586,339	\$ 676,783	\$ 788,889

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 OPEB plan investments	5 Years
All other amounts	Expected average remaining service lifetime (EARSL) (6.2 Years at June 30, 2018)

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

For the fiscal year ended June 30, 2019, the Port recognized OPEB expense of \$23,956. For the fiscal year ended June 30, 2019, 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	\$ -	\$ -
Changes of Assumptions	-	(51,281)
Net differences between projected and actual earnings on plan investments	-	-
Total	\$ -	\$ (51,281)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$0 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/Inflows of Resources
2020	\$ (11,983)
2021	(11,983)
2022	(11,983)
2023	(11,983)
2024	(3,160)
Thereafter	(189)
Total	<u>\$ (51,281)</u>

C. Cafeteria Benefit Plan

The City has a cafeteria benefit plan established pursuant to section 125 of the IRS code. Under this plan eligible employees may direct a contribution, made by the City or elect to contribute pre-tax dollars, into any combination of the following three benefit categories:

1. Medical Insurance Premium Account
2. Out of Pocket Medical Spending Account
3. Dependent Care Spending Account

Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account and \$2,550 annually into the Medical Spending Account. This cap applies to both City contributions and employee pre-tax contributions. There are no legal limits on contributions to the Health Premium Account.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the City begins on January 1 and ends December 31.

To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 or 3), employees must submit claims within 90 days of the end of the plan year or separation of service from the City, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the City.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

D. Deferred Compensation Plans

City employees may defer a portion of their compensation under four separate, optional City-sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plans.

Effective January 1, 1998, the City signed new deferred compensation plan administration agreements with the deferred compensation providers to provide for the administration and management of employees' deferred compensation plan assets. These agreements incorporate changes in the law governing deferred compensation plan assets which now require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

Effective January 28, 2003, the City implemented a retirement enhancement plan (401-A defined contribution plan) for certain executive management employees. In February 2005, a plan amendment was adopted to extend the 401-A plan to all members of the executive management employee classification. Under this plan, the City contributes 2% of the employees' compensation into the 401-A plan.

Effective October 1, 2002 for the Redwood City Management Employees Association, the City contributes an amount equal to 2% of the base monthly salary to a deferred compensation plan offered by the City to members of the Association.

NOTE 10 – NET POSITION AND FUND BALANCES

GASB Statement No. 63 adds the concept of net position, which is measured on the full accrual basis, to the concept of fund balance, which is measured on the modified accrual basis.

A. Net Position

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level and are described below:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes. At June 30, 2019, restricted net position for the governmental activities was \$54,296,252.

Unrestricted describes the portion of net position which is not restricted as to use.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 10 – NET POSITION AND FUND BALANCES (CONTINUED)

B. Fund Balances

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term loans receivable.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action, adopting a resolution, of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City adopting another resolution, as a resolution imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or City Manager, to which the City Council has delegated the authority through a resolution, to assign amounts to be used for specific purposes.

Pursuant to the authority delegated by City Council, the City Manager determines the amount of assigned fund balances, which includes items such as encumbrances, and constrained amounts when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of special revenue, capital projects and debt service funds which have not been restricted or committed.

Unassigned Fund Balance – is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative unassigned fund balance. Within the unassigned fund balance of the general fund, the City Council has established a minimum balance representing a level not less than 15% of the following fiscal year's budgeted general fund revenues.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 10 – NET POSITION AND FUND BALANCES (CONTINUED)

C. Deficit Fund Equity/Net Position

The Successor Agency Private Purpose Trust Fund had negative net position of \$13,149,137 due to long-term debt outstanding for bonds used to finance various downtown improvements.

The Planning Cost Recovery Fund had a negative fund balance of \$34,963.

The Internal Services Fund had a negative net position of \$17,419,774 due to the recording of the net pension liability.

The Docktown Marina Fund had a negative net position of \$3,236,534 due to the costs associated with the Docktown Plan.

NOTE 11 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

Environmental support and protection expenditures exceeded appropriations in the General Fund primarily due to unbudgeted program expenditures for which there were sufficient revenues available. The Seaport Landscape Maintenance Fund, the Low and Moderate Income Housing Asset Fund and the Public Financing Authority 2013 Refunding Lease Fund expenditures exceeded appropriations due to unbudgeted expenditures for which there were sufficient revenue and/or fund balance available.

NOTE 12 – INTERFUND TRANSFERS AND TRANSACTIONS

A. Transfers

The following interfund transfers were made during the year:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non Major Governmental Funds	\$ 1,326,733 (1)
	Capital Outlay Fund	415,000 (2)
	Internal Service Fund	4,000 (2)
Capital Outlay Fund	General Fund	10,260,899 (3)
Non Major Governmental Funds	General Funds	1,836,252 (1)
	Capital Outlay Fund	1,059,783 (1)
	Non Major Governmental Funds	100,000 (1)
Water Utility Fund	General Fund	188,374 (1)
	Sewer Utility Fund	561,263 (1)
Parking Fund	General Fund	43,424 (1)
	Capital Outlay Fund	3,000 (1)
Docktown	General Fund	4,470,519 (1)
Internal Service Funds	General Fund	850,000 (1)
Total Interfund Transfers		<u>\$ 21,119,247</u>

The reasons for these transfers are set forth below:

(1) Allocation of funds to support operations.

(2) Reimburse General Fund for interest earned by funds supported by the General Fund.

(3) Allocation of funds to construct/purchase general capital assets

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 12 – INTERFUND TRANSFERS AND TRANSACTIONS (CONTINUED)

B. Short-Term Due to/From other Funds

At the end of the fiscal year the general fund had net utility users tax receivable in the amount of \$967,342. The policy of the City Council dictates the transfer of utility users tax to the capital outlay fund, and once the revenue is received, the general fund will transfer the cash to the capital outlay fund. The \$300,000 is related to the long-term advance and is the current portion due.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount Due to/From</u>
Capital Outlay Fund	General Fund	\$ 967,342
Internal Service Fund	Water Utility Fund	300,000
		<u>\$ 1,267,342</u>

C. Long-Term Interfund Loans

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount of Advance</u>
Water Utility Fund	Equipment Service Fund	\$ 900,000
Docktown Marina	Parking Fund	850,000
	Equipment Service Fund	<u>3,000,000</u>
	Total Long-term Interfund Loans	<u>\$ 4,750,000</u>

During FY 2012-13, the equipment services internal service fund advanced \$3,000,000 to the water utility enterprise fund for the implementation of the Automated Meter Infrastructure Project to replace water meters. During FY 2013-14 the water utility enterprise fund repaid \$300,000 to the equipment services internal service fund. During FY 2016-17 the water utility enterprise fund repaid \$300,000 to the equipment services internal service fund. During FY 2017-18 the water utility enterprise fund repaid \$300,000 to the equipment services internal service fund. During FY 2018-19 the water utility enterprise fund repaid \$300,000 to the equipment services internal service fund. As of June 30, 2019, \$300,000 of this advance is considered current. During FY 2017-18, the parking fund and equipment services internal service fund advanced \$7,700,000 to the Docktown Marina Fund for costs associated with the Docktown Plan. During FY 2018-19, the Docktown Marina Fund repaid \$3,850,000, plus interest, to the parking fund and equipment services internal service fund.

NOTE 13 – RISK MANAGEMENT AND SELF-INSURANCE FUND

A. Workers' Compensation and Property Insurance

The City is self-insured for workers' compensation for the first \$350,000 per occurrence and has a commercial insurance policy that covers the City's exposure above the retained limits up to the statutory limits required by the State of California. The City paid \$675,092 during FY 2018-19 for the coverage.

The City's workers' compensation policy includes coverage for the Port of Redwood City. The Port carries property and liability insurance policies with limits of \$15,000,000 and \$150,000,000, respectively.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13 – RISK MANAGEMENT AND SELF-INSURANCE FUND (CONTINUED)

B. General Liability and Automobile

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA), which is an insurance pool consisting of 19 San Francisco Bay Area government agencies, which the City uses for general liability and auto liability coverage. In FY 2018-19 the City maintained a \$350,000 self-insured retention with coverage from \$350,000 to \$1,000,000 through the BCJPIA. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each agency pays an actuarially-determined premium based upon a formula which takes into account loss experience, annual payroll, and population. This premium pays for administrative costs and funds liability reserves. The total premium paid in FY 2018-19 was \$1,497,608 .

The BCJPIA belongs to the California Affiliated Risk Management Authority (CARMA) which is an excess liability pool comprised of the BCJPIA and four other local government insurance pools. CARMA provides coverage from \$1,000,000 to \$28,000,000. A layer from \$1,000,001 to \$4,000,000 is self-insured by CARMA, the layer from \$4,000,001 to \$28,000,000 is reinsured through agreements with commercial insurers.

The City also carries all risk coverage on buildings and their contents at replacement cost value.

Audited financial statements are available from the Bay Cities Joint Powers Insurance Authority at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

C. Self-Insurance Fund

The City maintains a self-insurance internal service fund for its workers’ compensation and general liability self-insurance programs. This fund accounts for revenues from departmental charges and operating expenses, including settlements within the City’s self-insured retentions. Reserves for incurred but not reported claims are maintained within this fund. These reserves are based on an actuarial analysis performed by Richard E. Sherman & Associates, Inc. in accordance with GASB 10.

Changes in the self-insurance fund’s claims payable liability for fiscal years ended 2017, 2018, and 2019 were:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims/Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2016-17	\$ 23,116,842	\$ 4,486,534	\$ (3,822,883)	\$ 23,780,493
2017-18	23,780,493	6,743,172	(3,976,982)	26,546,683
2018-19	26,546,683	6,698,913	(4,030,648)	29,214,948

Settlements have not exceeded coverage for each of the past three fiscal years.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 14 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY

As part of the FY 2011-12 State Budget package, and in an effort to help solve the State’s budget problems, the California legislature enacted and the Governor signed two companion bills addressing redevelopment, AB X1 26 (Dissolution Act) and AB X1 27 (Voluntary Program Act), which took effect on June 29, 2011.

The Dissolution Act immediately suspended all new redevelopment activities and incurrence of indebtedness, and eliminated redevelopment agencies as of October 1, 2011.

The Voluntary Program Act allows the community that created the redevelopment agency to avoid dissolution by opting to pay a substantial community remittance beginning FY 2011-12 and each year thereafter.

On July 18, 2011, the California Redevelopment Association, the League of California Cities, and others filed a Petition for Writ of Mandate in the Supreme Court of the State of California (California Redevelopment Association, et al. v. Ana Matosantos, et al., Case No. 5194861), challenging the constitutionality of the companion bills, the Dissolution Act, and the Voluntary Program Act, on behalf of cities, counties, and redevelopment agencies, and requesting a stay of their enforcement.

On December 29, 2011, the California Supreme Court upheld the Dissolution Act and found the Voluntary Program Act to be unconstitutional and extended the date of dissolution to February 1, 2012.

The Dissolution Act 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. The City Council elected to become Successor Agency on August 22, 2011 with resolution 15141, and reconfirmed this action on January 23, 2012 with resolution 15164.

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

In FY 2010-11, prior to AB X1 26 becoming law, \$3.3 million of real property assets (vacant land) were transferred from the RDA’s Low and Moderate Income Housing Fund to the City in an attempt to protect these assets from being diverted for the benefit of the State. AB X1 26, however, specifically disallowed such transfers. Accordingly, the assets were transferred to the Low and Moderate Income Housing Asset Fund in FY 2011-12.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

**NOTE 14 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY
(CONTINUED)**

Prior to the dissolution of the redevelopment agency, under an agreement with San Mateo County to receive a cumulative \$25 million of the County's share of tax increment and an agreement with the Legal Aid Society to deposit the first \$11.9 million of the \$25 million into the Low and Moderate Income Housing Fund, the agency had deposited \$10.3 million into the Low and Moderate Income Housing Fund as of June 30, 2011. Pursuant to the agreement with the Legal Aid Society to restrict these funds to housing, after the dissolution of the redevelopment agency these funds were deposited into a new fund, Housing Legal Aid Society Fund, to be used for housing purposes. The State Department of Finance (DOF) has disputed that these funds are restricted for housing, and the City has filed a lawsuit against the State of California on this matter. On October 30, 2013 the Superior Court Judge hearing the lawsuit filed against the State of California Department of Finance concerning the \$10.3 million the City is holding in the Housing Legal Aid Society Fund as part of the dissolution of the former Redevelopment Agency issued a tentative ruling in favor of the State of California. On November 6, 2013 the Judge then issued a "Request for Further Briefing" to be held on November 22, 2013. On January 4, 2014 the Superior Court Judge ruled in favor of the State of California. In April 2014, the City filed an appeal, and as of the date of this report, a ruling on the appeal has not been issued. In December 2015, the City remitted \$10.3 million to the DOF, under protest, in order for the Successor Agency to receive a finding of completion.

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

The City's former Redevelopment Agency had entered into agreements with certain public entities whose jurisdictions were within the territory of the former Redevelopment Agency under which these entities received a specified share of the property tax increment received by the former Redevelopment Agency. Under Assembly Bill X1 26 the responsibility for making these payments has been shifted to the County of San Mateo.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 14 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY (CONTINUED)

The following is a summary of the capital assets of the Successor Agency:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 2,560,739	\$ -	\$ -	\$ -	\$ 2,560,739
Total capital assets not being depreciated	<u>\$ 2,560,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,560,739</u>
Capital assets being depreciated:					
Improvements other than buildings	\$ 13,231,503	\$ -	\$ -	\$ -	\$ 13,231,503
Accumulated depreciation	(3,732,881)	(469,022)	-	-	(4,201,903)
Traffic Signals	208,691	-	-	-	208,691
Accumulated depreciation	(99,130)	-	-	-	(99,130)
Storm Drains	4,101,302	-	-	-	4,101,302
Accumulated depreciation	(1,486,725)	-	-	-	(1,486,725)
Machinery & Equipment	953,244	-	-	-	953,244
Accumulated depreciation	(553,406)	(46,957)	-	-	(600,363)
Net capital assets being depreciated	<u>\$ 12,622,598</u>	<u>\$ (515,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,106,619</u>
Total capital assets, net	<u>\$ 15,183,337</u>	<u>\$ (515,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,667,358</u>

The following is a summary of the long-term obligations of the Successor Agency.

Tax Increment Bonds:

2003 Tax Allocation Bonds – In October 2003, the former Redevelopment Agency issued \$33,997,448 in bonds to finance various downtown improvements. These bonds consist of current coupon bonds and capital appreciation bonds. The current coupon bonds pay interest-only through January 15, 2010. Principal on the current coupon bonds is paid in annual installments of \$1,225,000 to \$3,045,000 from July 15, 2010 to July 15, 2014. Payments reflecting interest and principal on the capital appreciation bonds are due in annual installments of \$3,505,000 to \$3,510,000 from July 15, 2016 through July 15, 2032. Total principal and interest remaining on the bonds is \$49,080,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

Change in Debt:

	Interest Rate %	Beginning Balance	Additions	Retirements	Ending Balance	Within One Year
Tax Increment Bonds						
2003 Tax Allocation Bonds	3.50-5.80	\$ 16,281,002	\$ -	\$ 1,663,894	\$ 14,617,108	\$ 1,557,657
Accreted interest payable		20,132,049	40,362	-	20,172,411	1,947,343
Unamortized Premium		461,572	-	30,772	430,800	30,772
Total Bonds		<u>\$ 36,874,623</u>	<u>\$ 40,362</u>	<u>\$ 1,694,666</u>	<u>\$ 35,220,319</u>	<u>\$ 3,535,772</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

**NOTE 14 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY
(CONTINUED)**

Annual Repayment Requirements for Long-Term Debt:

Year End June 30	Tax Increment Bonds	
	Principal	Interest
2020	\$ 1,557,657	\$ 1,947,343
2021	1,450,685	2,054,315
2022	1,352,544	2,152,456
2023	1,256,332	2,248,668
2024	1,172,831	2,337,169
2025-2029	4,855,056	12,669,944
2030-2033	2,972,003	11,052,997
	\$ 14,617,108	\$ 34,462,892

NOTE 15 – LITIGATION AND CONTINGENT LIABILITIES

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount.

The City is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and legal counsel, that the resolution of these matters will not have a material adverse effect on the City’s financial statements. In the opinion of the City Attorney, the City has adequate legal defenses and/or reserves to cover such liability if it does arise.

The City has received various state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2019, the City has the following significant commitments:

- \$9,600,000-Professional services related to California Water Tank, Pump Station and Transmission Improvements
- \$7,012,314 - Professional services related to Middlefield Road Bicycle and Pedestrian Improvements
- \$4,703,729 - Professional services related to Red Morton Westside Renovation/Magical Bridge Playground
- \$4,300,212 - Professional services related to Middlefield Road Utility Undergrounding
- \$3,418,394 - Professional services related to 101/84 Highway Interchange
- \$3,353,274 - Professional services related to ERP Software and Implementation
- \$1,729,697 - Professional services related to US 101 Pedestrian Undercrossing Project
- \$1,682,653 - Profession services related to Pump Station 18 Improvement Project
- \$1,611,373 - Professional services related to YMCA/Senior Center Project

Purchase orders are issued throughout the fiscal year to encumber the budgets in the governmental funds. Following are the outstanding encumbrances as of June 30, 2019:

Major Funds:	
General Fund	\$ 4,036,548
Capital Outlay Fund	11,707,267
Total Major Funds	<u>15,743,815</u>
Non-Major Funds	22,540,413
Total Encumbrances	<u>\$ 38,284,228</u>

NOTE 17 – SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

The City is a member of the South Bayside Waste Management Authority (SBWMA), a joint powers authority established to purchase the solid waste transfer station located in San Carlos, California from Browning-Ferris Industries. Currently there are 12 public entities that are members of this organization. Each of these members also, by individual and separate legislative action, has entered into a franchise agreement with Recology for solid waste collection within their respective jurisdictions.

The SBWMA issued \$20 million in bonds in 1999 to provide funds for the purchase of the transfer station. The debt issued by the SBWMA is not an obligation of any of the member entities. During FY 2009-10, SBWMA issued \$58.5 million in bonds to finance improvements at the solid waste transfer station, and the remaining balance of the 1999 bonds were retired.

The SBWMA also serves as a regional forum for member entities to collectively pursue other solid waste management matters such as rate setting, solid waste reduction, and meeting recycling goals as required by state law.

Audited financial statements are available from the SBWMA, c/o the City of Redwood City, 1017 Middlefield Road, Redwood City, CA 94063. The following is SBWMA's condensed unaudited financial results for the fiscal year ended June 30, 2019:

Total assets	\$ 74,731,713
Total liabilities	<u>53,404,817</u>
Total net position	<u>\$ 21,326,896</u>

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the fiscal year for the general fund, special revenue funds, debt service fund, and capital projects funds.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (USGAAP) for the general fund, special revenue funds, and debt service fund. Capital projects funds' budgets are adopted on a project length basis and are not presented here.

The City Manager submits a recommended operating budget in May each year to the City Council for the fiscal year commencing the following July 1, showing proposed expenditures by programs and the means of financing them.

The City Council conducts a budget study session, which is open for public comment, before adopting the budget. Once the budget is adopted, expenditures may not legally exceed appropriations at program at the program level.

At the request of the department head through the City Manager, the City Council may, by resolution, transfer appropriations between sub-programs and funds. Any increase or decrease to the total appropriations provided for in the budget must also be carried through by resolution passed by the City Council. The City Manager may authorize the transfer of funds between object categories within a sub-program of a department. The adoption and administration of the Port of Redwood City budget is exclusively under the control of the Board of Port Commissioners.

Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year. Individual amendments were not material in relation to the original appropriations.

All unexpended appropriations lapse at the end of the fiscal year. Appropriations for capital projects or appropriations that are encumbered are re-appropriated and carried over to the following fiscal year's budget.

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	\$
Fund balance, July 1	30,209,718	30,209,718	30,209,718	
Resources (inflows):				
Property taxes/special assessments	59,198,374	59,198,374	67,564,593	8,366,219
Sales and other taxes	45,611,688	48,111,688	49,388,583	1,276,895
Licenses and permits	6,035,000	6,199,691	6,598,938	399,247
Fines, forfeitures and penalties	688,000	698,000	806,281	108,281
Use of money and property	5,057,632	5,057,632	6,712,781	1,655,149
Intergovernmental	3,453,546	5,078,496	4,969,831	(108,665)
Charges for current services	18,986,235	19,767,702	22,862,692	3,094,990
Other	1,280,796	608,135	717,103	108,968
Amounts available for appropriation	140,311,271	144,719,718	159,620,802	14,901,084
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	344,532	345,132	326,552	18,580
Human Services Assistance	59,800	59,800	34,800	25,000
Total City Council	404,332	404,932	361,352	43,580
City Manager:				
Management/Policy execution/ Organizational Efficiencies	1,209,068	1,140,413	1,020,704	119,709
Communications/Community Engagement	1,080,861	2,105,142	1,006,611	1,098,531
Economic development	386,341	503,167	292,578	210,589
Total City Manager	2,676,270	3,748,722	2,319,893	1,428,829
City Attorney	1,702,246	1,868,113	1,613,376	254,737
City Clerk:				
City Clerk	719,611	800,421	693,770	106,651
Elections	242,246	242,246	148,746	93,500
Council support	38,785	68,785	59,255	9,530
Total City Clerk	1,000,642	1,111,452	901,771	209,681

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative) \$
	Original	Final	Actual Amounts	
	\$	\$	\$	
Community development:				
Planning	2,262,445	2,417,131	2,271,100	146,031
Strategic planning	848,632	1,240,861	932,913	307,948
Building regulation	4,551,085	5,464,640	4,346,758	1,117,882
Administration	426,590	1,529,506	1,197,138	332,368
General engineering	531,197	534,197	590,446	(56,249)
Subdivision engineering	517,882	652,699	605,135	47,564
Code enforcement	1,016,351	1,030,671	896,652	134,019
Affordable housing	100,000	100,000		100,000
Redevelopment	722,723	1,057,723	1,046,847	10,876
Total Community Development	<u>10,976,905</u>	<u>14,027,428</u>	<u>11,886,989</u>	<u>2,140,439</u>
Finance:				
Financial services	1,738,174	1,739,696	1,737,245	2,451
Administrative support services	1,818,348	3,679,033	3,880,491	(201,458)
Public Financing Authority lease payments	394,569	394,569	404,867	(10,298)
Total Finance	<u>3,951,091</u>	<u>5,813,298</u>	<u>6,022,603</u>	<u>(209,305)</u>
Fire:				
Administration	1,472,843	1,509,762	1,399,110	110,652
Operations	22,229,270	28,521,011	27,723,418	797,593
San Carlos Fire	7,075,007	2,419,011	1,520,998	898,013
Prevention	1,395,953	1,481,034	1,211,038	269,996
Training	329,954	330,936	354,552	(23,616)
Emergency medical services	29,155	29,155	27,665	1,490
Emergency operations	131,816	152,770	155,103	(2,333)
Total Fire	<u>32,663,998</u>	<u>34,443,679</u>	<u>32,391,884</u>	<u>2,051,795</u>
Human Resources	<u>1,611,513</u>	<u>1,767,735</u>	<u>1,700,250</u>	<u>67,485</u>
Library:				
Administrative services unit	1,651,051	1,655,449	1,618,247	37,202
Downtown library	3,496,828	3,771,835	3,486,458	285,377
Literacy services unit	1,106,010	1,563,080	1,493,371	69,709
Neighborhood libraries and outreach	2,415,968	2,660,520	2,257,299	403,221
Total Library	<u>8,669,857</u>	<u>9,650,884</u>	<u>8,855,375</u>	<u>795,509</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Parks, Recreation and Community Services:				
Human Services	1,664,763	1,896,767	1,854,031	42,736
Administration	1,518,272	1,677,672	1,565,071	112,601
Civic Cultural Commission	58,896	58,896	58,896	
Landscape maintenance	4,992,326	5,027,654	5,126,033	(98,379)
Youth and teen services	3,173,648	3,251,574	2,681,631	569,943
Sports and aquatics	2,616,414	2,237,168	2,132,928	104,240
Special interest programming/marketing	1,723,866	1,768,866	2,024,531	(255,665)
Community services	1,689,895	1,699,895	1,437,765	262,130
Total Parks, Recreation and Community Services	17,438,080	17,618,492	16,880,886	737,606
Police:				
Administration	8,803,840	8,911,708	8,884,995	26,713
Records	1,272,810	1,275,634	1,131,253	144,381
Training	663,491	1,254,224	908,739	345,485
Property/Evidence	376,240	379,064	293,350	85,714
Police Activities League	130,226	130,226	96,576	33,650
Patrol services	25,125,748	26,291,661	22,781,666	3,509,995
Criminal investigation	5,891,317	5,902,615	6,256,920	(354,305)
Total Police	42,263,672	44,145,132	40,353,499	3,791,633
Public Works:				
Street system maintenance	315,897	315,897	320,090	(4,193)
Street cleaning	262,350	324,388	325,503	(1,115)
Sidewalk maintenance/Replacement	23,074	23,074	24,832	(1,758)
Street tree maintenance	860,507	873,758	863,316	10,442
Trash and recycling efforts	18,893	57,944	54,161	3,783
Downtown/Entry feature maintenance	31,889	31,889	10,919	20,970
Storm water collection/Disposal	18,979	18,979	99,625	(80,646)
Total Public Works	1,531,589	1,645,929	1,698,446	(52,517)
Reimbursement from Other Funds	(2,339,920)	(2,339,920)	(2,339,920)	
Total charges to appropriations	122,550,275	133,905,876	122,646,404	11,259,472
OTHER FINANCING SOURCES (USES)				
Transfers in	714,475	1,414,475	1,745,733	331,258
Transfers (out)	(16,344,525)	(18,744,525)	(17,649,468)	1,095,057
Total Other Financing Sources (Uses)	(15,630,050)	(17,330,050)	(15,903,735)	1,426,315
Fund balance, June 30	32,340,664	23,693,510	51,280,381	27,586,871

NOTE 2 – DEFINED BENEFIT PENSION PLANS

A. Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Miscellaneous Plan

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY					
Service Cost	\$ 6,312,633	\$ 5,947,899	\$ 4,988,704	\$ 4,787,766	\$ 4,962,237
Interest	22,736,338	21,786,870	20,902,896	19,792,491	18,925,939
Difference Between Expected and Actual Experience	1,635,445	275,278	2,720,291	(546,244)	-
Changes of Assumptions	(2,534,753)	18,027,744	-	(4,797,291)	-
Benefit Payments, Including Refunds of Employee Contributions	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
Net Change in Total Pension Liability	13,928,168	32,782,140	15,461,089	6,615,686	12,353,481
Total Pension Liability - Beginning	322,844,472	290,062,332	274,601,243	267,985,557	255,632,076
Total Pension Liability - Ending (a)	\$ 336,772,640	\$ 322,844,472	\$ 290,062,332	\$ 274,601,243	\$ 267,985,557
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 9,451,153	\$ 8,428,180	\$ 7,063,347	\$ 6,882,313	\$ 6,449,302
Contributions - Employee	2,789,791	2,778,380	2,605,290	2,372,657	2,592,457
Net Investment Income	18,389,970	22,220,866	1,020,359	4,413,116	29,955,563
Benefit Payments, Including Refunds of Employee Contributions	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
Other Changes in Fiduciary Net Position	(336,712)	(295,555)	(112,373)	(205,162)	-
Other Miscellaneous Income/(Expense)	(638,404)	-	-	-	-
Net Change in Fiduciary Net Position	15,434,303	19,876,220	(2,574,179)	841,888	27,462,627
Plan Fiduciary Net Position - Beginning	215,735,916	195,859,694	198,433,873	197,591,985	170,129,358
Plan Fiduciary Net Position - Ending (b)	\$ 231,170,219	\$ 215,735,914	\$ 195,859,694	\$ 198,433,873	\$ 197,591,985
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 105,602,421	\$ 107,108,558	\$ 94,202,638	\$ 76,167,370	\$ 70,393,572
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.64%	66.82%	67.52%	72.26%	73.73%
Covered Payroll	\$ 33,401,807	\$ 34,756,799	\$ 31,484,407	\$ 28,944,841	\$ 28,592,551
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	316.16%	308.17%	299.20%	263.15%	246.20%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Net of administrative expenses.

NOTE 2 – DEFINED BENEFIT PENSION PLANS (Safety Plan)

A. Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period, Continued

	Measurement Period (1)	2017-18	2016-17	2015-16
TOTAL PENSION LIABILITY				
Service Cost		\$ 8,929,972	\$ 8,853,629	\$ 7,609,467
Interest		26,705,230	25,379,781	24,274,395
Changes of Benefit Terms		-	-	-
Difference Between Expected and Actual Experience		4,400,726	1,130,542	2,056,832
Changes of Assumptions		(1,516,741)	21,432,755	-
Benefit Payments, Including Refunds of Employee Contributions		(19,154,486)	(18,081,124)	(16,758,122)
Net Change in Total Pension Liability		19,364,701	38,715,583	17,182,572
Total Pension Liability - Beginning		375,727,999	337,012,416	319,829,844
Total Pension Liability - Ending (a)		\$ 395,092,700	\$ 375,727,999	\$ 337,012,416
PLAN FIDUCIARY NET POSITION				
Contributions - Employer		\$ 12,005,986	\$ 11,975,338	\$ 11,288,655
Contributions - Employee		3,179,855	2,916,109	2,375,511
Net Investment Income (2)		20,046,903	24,645,186	1,179,363
Benefit Payments, Including Refunds of Employee Contributions		(19,154,486)	(18,081,124)	(16,758,122)
Other Changes in Fiduciary Net Position		(370,299)	(210,549)	(132,896)
Other Miscellaneous Income/ (Expense)		(702,091)	-	-
Net Change in Fiduciary Net Position		15,005,868	21,244,960	(2,047,489)
Plan Fiduciary Net Position - Beginning		237,257,823	216,012,863	218,060,352
Plan Fiduciary Net Position - Ending (b)		\$ 252,263,691	\$ 237,257,823	\$ 216,012,863
Plan Net Position Liability/(Asset) - Ending (a) - (b)		\$ 142,829,009	\$ 138,470,176	\$ 120,999,553
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		63.85%	63.15%	64.10%
Covered Payroll		\$ 27,442,920	\$ 27,341,479	\$ 25,867,584
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll		520.46%	506.45%	467.77%
	Measurement Period (1)	2014-15	2013-14	
TOTAL PENSION LIABILITY				
Service Cost		\$ 7,620,719	\$ 6,630,333	
Interest		22,992,406	21,880,004	
Changes of Benefit Terms		-	-	
Difference Between Expected and Actual Experience		210,529	-	
Changes of Assumptions		(5,686,859)	-	
Benefit Payments, Including Refunds of Employee Contributions		(15,054,516)	(14,361,985)	
Net Change in Total Pension Liability		10,082,279	14,148,352	
Total Pension Liability - Beginning		309,747,565	295,599,213	
Total Pension Liability - Ending (a)		\$ 319,829,844	\$ 309,747,565	
PLAN FIDUCIARY NET POSITION				
Contributions - Employer		\$ 9,993,967	\$ 7,791,669	
Contributions - Employee		2,420,787	2,230,065	
Net Investment Income (2)		4,953,411	32,968,535	
Benefit Payments, Including Refunds of Employee Contributions		(15,054,516)	(14,361,985)	
Other Changes in Fiduciary Net Position		(245,450)	-	
Other Miscellaneous Income/ (Expense)		-	-	
Net Change in Fiduciary Net Position		2,068,199	28,628,284	
Plan Fiduciary Net Position - Beginning		215,992,153	187,363,869	
Plan Fiduciary Net Position - Ending (b)		\$ 218,060,352	\$ 215,992,153	
Plan Net Position Liability/(Asset) - Ending (a) - (b)		\$ 101,769,492	\$ 93,755,412	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.18%	69.73%	
Covered Payroll		\$ 25,330,626	\$ 21,679,799	
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll		401.76%	432.46%	

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Net of administrative expenses.

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

B. Schedule of Plan Contributions

Miscellaneous Plan

	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 10,135,737	\$ 7,527,907	\$ 7,428,605	\$ 6,923,087	\$ 6,799,358
Contribution in relation to the actuarially determined contributions	<u>(10,135,737)</u>	<u>(7,527,907)</u>	<u>(7,428,605)</u>	<u>(6,923,087)</u>	<u>(6,799,358)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	36,054,508	33,401,807	34,756,799	31,484,407	28,944,841
Contributions as a percentage of covered payroll	28.11%	22.54%	21.37%	21.66%	23.49%

Safety Plan

	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 12,871,662	\$ 10,880,756	\$ 10,292,946	\$ 10,439,692	\$ 9,667,759
Contribution in relation to the actuarially determined contributions	<u>(12,871,662)</u>	<u>(10,880,756)</u>	<u>(10,292,946)</u>	<u>(10,439,692)</u>	<u>(9,667,759)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 28,192,253	\$ 27,442,920	\$ 27,341,479	\$ 25,867,584	\$ 25,330,626
Contributions as a percentage of covered payroll	45.66%	39.65%	37.65%	40.36%	38.17%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedules	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining amortization period	21 Years as of valuation date	29 Years as of valuation date
Asset valuation method	15-year smoothed market	15-year smoothed market
Inflation	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	
Payroll growth	3.00%	
Investment rate of return	7.50%, net of pension plan investment expense; including inflation	
Retirement age	The probabilities of retirement are	
Mortality	The probabilities of mortality are	

NOTE 3 – POST-EMPLOYMENT BENEFITS

A. Schedule of Changes in the Net OPEB liability and Related Ratios

City of Redwood City

<i>Measurement Period</i>	2018	2017
Total OPEB Liability		
Service Cost	\$ 2,504,347	\$ 2,431,405
Interest on the total OPEB liability	5,741,299	5,420,908
Differences between expected and actual experience		
Changes of assumptions		
Benefit payments, including refunds of employee contributions	(3,239,884)	(3,117,523)
Net change in total OPEB liability	5,005,762	4,734,790
Total OPEB liability - beginning	84,171,879	79,437,089
Total OPEB liability - ending (a)	\$ 89,177,641	\$ 84,171,879
Plan Fiduciary Net Position		
Contributions - employer	\$ 6,830,404	\$ 6,163,000
Net investment income	2,158,132	2,270,291
Benefit payments, including refunds of employee contributions	(3,239,884)	(3,117,523)
Administrative expense	(50,216)	(11,547)
Net change in plan fiduciary net position	5,698,436	5,304,221
Plan fiduciary net position - beginning	26,834,169	21,529,949
Plan fiduciary net position - ending (b)	\$ 32,532,605	\$ 26,834,170
Net OPEB liability/(asset) - ending (a) - (b)	\$ 56,645,036	\$ 57,337,709
Plan fiduciary net position as a percentage of the total OPEB liability	36.5%	31.9%
Covered-employee payroll	73,121,435	71,831,235
Net OPEB liability as a percentage of covered-employee payroll	77.5%	79.8%

Notes to Schedule:

Changes in assumptions. Average per capita claims cost was updated to reflect actual 2017 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, and the mortality table was updated to reflect the most recent CalPERS studies.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

A. Schedule of Changes in the Net OPEB liability and Related Ratios, Continued

Port of Redwood City

<i>Measurement Period</i>	2018	2017
Total OPEB Liability		
Service Cost	\$ 12,746	\$ 14,623
Interest on the total OPEB liability	23,193	20,261
Differences between expected and actual experience	-	-
Changes of assumptions	(5,925)	(68,366)
Benefit payments, including refunds of employee contributions	(9,426)	(8,400)
Net change in total OPEB liability	20,588	(41,882)
Total OPEB liability - beginning	656,195	698,077
Total OPEB liability - ending (a)	\$ 676,783	\$ 656,195
 Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ -
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
Net OPEB liability/(asset) - ending (a) - (b)	\$ 676,783	\$ 656,195
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	632,232	754,684
Net OPEB liability as a percentage of covered-employee payroll	107.0%	86.9%

Notes to Schedule:

Changes in assumptions. Average per capita claims cost was updated to reflect actual 2017 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, and the mortality table was updated to reflect the most recent CalPERS studies.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years

City of Redwood City

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ 6,983,000	\$ 6,777,000
Contributions in relation to the ADC	8,553,676	6,830,404
Contribution deficiency (excess)	\$ (1,570,676)	\$ 53,404
Covered-employee payroll	73,074,208	73,121,435
Contributions as a percentage of covered-employee payroll	11.7%	9.3%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3% annual increases
Investment Rate of Return	6.75%
Healthcare cost-trend rates	Non-Medicare-6.25% decreasing to 4.75%
	Medicare-6.45% decreasing to 4.75%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years, Continued

Port of Redwood City

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -
Contributions in relation to the ADC	9,949	9,426
Contribution deficiency (excess)	\$ 9,949	\$ 9,426
Covered-employee payroll	\$ 501,790	\$ 632,232
Contributions as a percentage of covered-employee payroll	2.0%	1.5%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3% annual increases
Investment Rate of Return	3.56%
Healthcare cost-trend rates	6.0% to 8.0%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

GENERAL FUND

The general fund accounts for resources traditionally associated with governments that are not required to be accounted for in another fund.

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
	\$	\$
Cash and investments available for operations	53,505,535	38,451,592
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	8,194,676	6,425,053
Accounts	2,265,066	2,267,125
Loans	686,661	906,345
Accrued interest	1,554,098	932,158
Due from other governmental agencies	7,466,231	3,472,266
Due from other funds		910,000
Prepaid expenditures	46,987	49,862
 Total Assets	 73,719,254	 53,414,401
LIABILITIES		
Accounts payable	4,362,395	4,427,560
Accrued payroll	2,886,825	2,787,816
Deposits payable	9,286,760	8,394,594
Due to other funds	970,693	967,343
Unearned revenue	4,932,200	6,225,138
Accrued sick leave and vacation - current		13,104
 Total Liabilities	 22,438,873	 22,815,555
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		389,128
 Total Deferred Inflows of Resources		 389,128
FUND BALANCE		
Nonspendable:		
Loans	686,661	906,345
Prepaid items	46,987	49,862
Restricted for:		
Other purposes	2,498,135	1,118,953
Committed to:		
General plan	2,761,836	2,078,791
Assigned to:		
Other purposes	4,036,548	1,036,150
Unassigned:		
City Council directed minimum balance	23,615,516	21,397,679
Residual balance	17,634,698	3,621,938
 Total Fund Balance	 51,280,381	 30,209,718
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 73,719,254	 53,414,401

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes	59,198,374	67,564,593	8,366,219	57,631,489	58,217,554	586,065
Sales and other taxes	48,111,688	49,388,583	1,276,895	44,672,802	44,895,740	222,938
Licenses and permits	6,199,691	6,598,938	399,247	5,776,200	6,263,392	487,192
Fines, forfeitures and penalties	698,000	806,281	108,281	743,446	903,204	159,758
Uses of money and property	5,057,632	5,833,800	776,168	5,035,132	5,087,135	52,003
Net increases (decreases) in fair value of investments		878,981	878,981		(193,024)	(193,024)
Intergovernmental	5,078,496	4,969,831	(108,665)	6,172,166	5,701,999	(470,167)
Charges for current services	19,767,702	22,862,692	3,094,990	19,549,334	21,113,375	1,564,041
Other	608,135	717,103	108,968	903,362	1,145,725	242,363
Total revenues	144,719,718	159,620,802	14,901,084	140,483,931	143,135,100	2,651,169
EXPENDITURES						
Community development	14,027,428	11,886,989	2,140,439	11,280,731	10,365,246	915,485
Human services	1,956,567	1,888,831	67,736	1,890,105	1,774,314	115,791
Public safety	78,588,811	72,745,383	5,843,428	72,597,754	70,004,530	2,593,224
Transportation	1,212,729	1,208,238	4,491	1,201,389	1,188,816	12,573
Environmental support and protection	433,200	490,208	(57,008)	521,255	442,197	79,058
Leisure, cultural, and information services	25,372,609	23,882,230	1,490,379	24,594,710	24,499,545	95,165
Policy development and implementation	12,314,532	10,544,525	1,770,007	18,365,720	17,584,583	781,137
Total expenditures	133,905,876	122,646,404	11,259,472	130,451,664	125,859,231	4,592,433
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,813,842	36,974,398	26,160,556	10,032,267	17,275,869	7,243,602
OTHER FINANCING SOURCES (USES)						
Transfers in	1,414,475	1,745,733	331,258	898,359	709,600	(188,759)
Transfers (out)	(18,744,525)	(17,649,468)	1,095,057	(20,339,228)	(20,276,499)	62,729
Total Other Financing Sources (Uses)	(17,330,050)	(15,903,735)	1,426,315	(19,440,869)	(19,566,899)	(126,030)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(6,516,208)	21,070,663	27,586,871	(9,408,602)	(2,291,030)	7,117,572
Fund balance at beginning of fiscal year		30,209,718			32,500,748	
Fund balance at end of fiscal year		51,280,381			30,209,718	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2019		Variance with Final Budget Positive (Negative)	2018 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	59,198,374	67,564,593	8,366,219	58,217,554
Total Property Taxes	59,198,374	67,564,593	8,366,219	58,217,554
Sales and Other Taxes:				
Sales tax	25,400,000	25,877,615	477,615	22,086,172
Franchises	1,991,000	1,902,664	(88,336)	2,010,316
Transient occupancy tax	7,669,877	8,628,165	958,288	7,585,592
Property transfer tax	681,488	929,459	247,971	900,378
Business license tax	2,628,053	2,697,658	69,605	2,631,212
Utility users tax	9,741,270	9,353,022	(388,248)	9,682,070
Total Sales and Other Taxes	48,111,688	49,388,583	1,276,895	44,895,740
Licenses and Permits:				
Building permits	4,831,000	4,987,786	156,786	4,751,228
Cannabis permits		263,668	263,668	
Fire and other permits	1,368,691	1,347,484	(21,207)	1,512,164
Total Licenses and Permits	6,199,691	6,598,938	399,247	6,263,392
Fines, Forfeitures and Penalties:				
Parking and library fines	698,000	806,281	108,281	903,204
Total Fines, Forfeitures and Penalties	698,000	806,281	108,281	903,204
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	245,000	321,957	76,957	318,033
Interest income	100,000	799,211	699,211	56,470
Total Uses of Money and Property	5,057,632	5,833,800	776,168	5,087,135
Net Increase (Decrease) in Fair Value of Investments		878,981	878,981	(193,024)
Intergovernmental:				
Motor vehicle in lieu tax		41,463	41,463	45,059
Public safety sales tax	700,000	813,288	113,288	773,257
Police training allowance	10,000	26,917	16,917	50,352
Homeowners' property tax relief	213,947	149,937	(64,010)	179,694
State mandated programs grant		53,302	53,302	
Grants - County, State, and Federal	4,154,549	3,884,924	(269,625)	4,653,637
Total Intergovernmental	5,078,496	4,969,831	(108,665)	5,701,999
Charges for Current Services:				
Fire services	8,070,936	8,509,390	438,454	7,419,882
Police services	195,000	213,940	18,940	171,882
Plan checking	2,710,000	2,623,420	(86,580)	2,645,882
Garbage collections - net	2,485,363	2,586,969	101,606	2,482,399
Planning services	465,000	607,381	142,381	718,419
Library fees	8,800	21,840	13,040	14,424
Recreation programs	3,019,297	4,053,751	1,034,454	3,710,367
Other current service charges	2,813,306	4,246,001	1,432,695	3,950,120
Total Charges for Current Services	19,767,702	22,862,692	3,094,990	21,113,375
Other:				
Port contribution	516,135	560,132	43,997	517,634
Miscellaneous	92,000	156,971	64,971	628,091
Total Other	608,135	717,103	108,968	1,145,725
Total Revenue	<u>144,719,718</u>	<u>159,620,802</u>	<u>14,901,084</u>	<u>143,135,100</u>

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2019		Variance with Final Budget Positive (Negative)	2018 Actual
	Budget	Actual		
	\$	\$	\$	\$
Community Development:				
Community planning	2,417,131	2,271,102	146,029	1,990,006
Strategic planning	1,240,861	932,912	307,949	870,357
Building regulation	5,464,640	4,346,757	1,117,883	4,079,661
Administration	1,529,506	1,197,138	332,368	285,934
General engineering	534,197	590,447	(56,250)	615,517
Subdivision engineering	652,699	605,134	47,565	554,576
Code enforcement	1,030,671	896,652	134,019	1,020,741
Affordable housing	100,000		100,000	
Redevelopment	1,057,723	1,046,847	10,876	948,454
Total Community Development	14,027,428	11,886,989	2,140,439	10,365,246
Human Services:				
Human services assistance program	59,800	34,800	25,000	59,847
Social services center	1,896,767	1,854,031	42,736	1,714,467
Total Human Services	1,956,567	1,888,831	67,736	1,774,314
Public Safety:				
Law enforcement	44,145,132	40,353,499	3,791,633	39,124,588
Fire safety	34,443,679	32,391,884	2,051,795	30,879,942
Total Public Safety	78,588,811	72,745,383	5,843,428	70,004,530
Transportation:				
Street system/sidewalk maintenance, repair	1,212,729	1,208,238	4,491	1,188,816
Total Transportation	1,212,729	1,208,238	4,491	1,188,816
Environmental Support and Protection:				
Trash and recycling efforts	57,944	54,161	3,783	62,858
Street cleaning/storm water collection, disposal	375,256	436,047	(60,791)	379,339
Total Environmental Support and Protection	433,200	490,208	(57,008)	442,197
Leisure, Cultural, and Information Services:				
Parks and recreation	15,721,725	15,026,855	694,870	15,471,357
Information services	9,650,884	8,855,375	795,509	9,028,188
Total Leisure, Cultural, and Information Services	25,372,609	23,882,230	1,490,379	24,499,545
Policy Development and Implementation:				
Legislative/policy determination	345,132	326,552	18,580	316,661
Management/policy execution	3,748,722	2,319,893	1,428,829	2,440,030
Legislative services/records management	1,111,452	901,771	209,681	804,750
Financial services	1,739,696	1,737,245	2,451	1,567,718
Legal services	1,868,113	1,613,376	254,737	1,577,631
Human Resources	1,767,735	1,700,250	67,485	1,584,573
Other administrative support services	4,073,602	4,285,358	(211,756)	11,405,627
Less reimbursements from other funds	(2,339,920)	(2,339,920)		(2,112,407)
Total Policy Development and Implementation	12,314,532	10,544,525	1,770,007	17,584,583
Total Expenditures	133,905,876	122,646,404	11,259,472	125,859,231



*City of Redwood City
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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other dedicated revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Special Gas Tax Street Improvement Fund – This fund accounts for revenue received from the State of California derived from gasoline taxes. These funds may only be used for street purposes as specified in the State of California Streets and Highway Code.

Transportation Grants Fund – This fund accounts for grants and developer contributions received for specific transportation projects.

Grants Fund – This fund accounts for grants received for specific purposes. These include funds received under the Housing and Community Development Act.

Traffic Safety Fund – This fund accounts for revenues received from traffic fines and used for traffic safety programs.

Transportation Fund – This fund accounts for the City's share of special sales tax for transportation. Expenditures from this fund may only be incurred on transportation-related programs.

Seaport Landscape Maintenance Fund – This fund accounts for funds to be provided by property owners in the Seaport Boulevard area for maintenance of landscaping on Seaport Boulevard.

Seaport Centre Maintenance Fund – This fund accounts for funds provided by property owners in the Seaport Centre area for the maintenance and repair of drains and sewer lines connecting the Centre facilities to the public facilities.

Redwood Shores Maintenance Fund – This fund accounts for funds collected from property owners in the Redwood Shores area for the maintenance of various public areas.

Redwood Shores Landscape Maintenance Fund – This fund accounts for funds collected from property owners for landscape maintenance of certain areas in Redwood Shores.

Supplemental Law Enforcement Services Fund – This fund accounts for funds from the State of California "Citizens Option for Public Safety" program.

Traffic Mitigation Fees Fund – This fund accounts for developer contributions received for general transportation projects.

Low and Moderate Income Housing Asset Fund – This fund accounts for the restricted and obligated balances (other than the Legal Aid Society balance) of the former redevelopment agency low and moderate income housing fund that were transferred to the City after the dissolution of the redevelopment agency on February 1, 2012.

Planning Cost Recovery Fund – This fund accounts for fees charged for reimbursement of the expenditures associated with processing planning applications related to major projects.

SPECIAL REVENUE FUNDS (CONTINUED)

Community Benefits Fund – This fund accounts for funds committed by the City to enhance community programs.

Housing Legal Aid Society Fund – This fund accounts for revenues previously deposited in the former redevelopment agency low and moderate income housing fund pursuant to an agreement with the Legal Aid Society to set aside general tax increment revenue for housing purposes. After the February 1, 2012 dissolution of the redevelopment agency, this fund was created to account for this accumulated balance.

DEBT SERVICE FUNDS

Debt service funds are used to account for the payment of interest and principal on general debt of the City and related entities.

Public Financing Authority 2013 Refunding Lease Fund – This fund accounts for a lease entered into to refund the 2003 Public Financing Authority bonds. This lease is secured by lease payments from the City.

CAPITAL PROJECTS FUNDS

Capital project funds are established to account for resources used for the acquisition and construction of capital facilities by the City except for those financed by the proprietary funds or special revenue funds. Funding for these projects is provided by the general fund and by special assessment districts. Currently the City has the following funds:

Facilities Fee Construction Fund – This fund derives its revenue from fees collected from the developers in the Redwood Shores area. Funds are used for improvements to roads, drainage, water, traffic lights, canals, etc. in the area.

Parks Impact and In Lieu Fee Fund – This fund accounts for parks impact fees and Quimby Act in lieu fees charged to developers on new development projects, to enable the City to expand and improve its system of parks, parkland, and recreational facilities to provide services to future development.

Shores Transportation Improvement District Fund – This fund accounts for community facility district bonds that were issued and developer contributions that were received by the City to fund various transportation projects in the Redwood Shores area.

One Marina Community Facilities District Fund – This fund accounts for certain public infrastructure improvements within the One Marina district that are financed by community facilities district bonds, and developer contributions.

Art in Public Places Fund – This fund accounts for revenues and expenditures related to the Art in Public Places Ordinance.

PEG Fees Fund – This fund accounts for revenues and expenditures related to the public, education, or government access fees received from cable tv providers.



*City of Redwood City
Comprehensive Annual Financial
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CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Special Gas Tax Street Improvement Fund \$	Transportation Grants Fund \$	Grants Fund \$	Traffic Safety Fund \$	Transportation Fund \$
ASSETS					
Cash and investments available for operations	3,810,094	5,515,135	2,140,614	258,738	2,804,243
Cash and investments, restricted			124,554		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	136,669	156,641			188,354
Accounts		1,593,567	5,004	1,209	
Loans			3,706,626		
Accrued interest			268,986		
Due from other governmental agencies	282,707	2,923,936	571,682	13,733	
Prepaid items					
Land held for redevelopment			2,410,000		
Total Assets	4,229,470	10,189,279	9,227,466	273,680	2,992,597
LIABILITIES					
Accounts payable	53,395	1,961,928	204,325	98,512	93,956
Deposits payable			48,916		
Unearned revenue		1,075,862			
Total Liabilities	53,395	3,037,790	253,241	98,512	93,956
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest			268,986		
Total Deferred Inflows of Resources			268,986		
FUND BALANCES					
Nonspendable:					
Loans			3,706,626		
Prepaid items					
Land held for redevelopment			2,410,000		
Restricted for:					
Community development			784,408		
Public safety				175,168	
Transportation	4,176,075	7,151,489			2,898,641
Environmental support and protection					
Leisure, cultural and information services			1,154,356		
Capital projects					
Housing purposes					
Other purposes					
Committed to:					
Capital projects					
Community benefits					
Human services financial assistance			649,849		
Debt service					
Housing purposes					
Assigned to:					
Community development					
Transportation					
Capital projects					
Unassigned:					
Total Fund Balances	4,176,075	7,151,489	8,705,239	175,168	2,898,641
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,229,470	10,189,279	9,227,466	273,680	2,992,597

SPECIAL REVENUE FUNDS

Seaport Landscape Maintenance Fund \$	Seaport Centre Maintenance Fund \$	Redwood Shores Maintenance Fund \$	Redwood Shores Landscape Mtc. Fund \$	Supplemental Law Enforcement Services Fund \$	Traffic Mitigation Fees Fund \$
614,527	2,296,812	1,461,976	59,186	429,445	5,339,026 4,195,507
		1,778			
		27,785			7,503
4,067					
<u>618,594</u>	<u>2,296,812</u>	<u>1,491,539</u>	<u>59,186</u>	<u>429,445</u>	<u>9,542,036</u>
114	100	23,452	6,665	3,454	77,042
<u>114</u>	<u>100</u>	<u>23,452</u>	<u>6,665</u>	<u>3,454</u>	<u>77,042</u>
4,067					
614,413	2,296,712	1,468,087	52,521	425,991	
					9,464,994
<u>618,480</u>	<u>2,296,712</u>	<u>1,468,087</u>	<u>52,521</u>	<u>425,991</u>	<u>9,464,994</u>
<u>618,594</u>	<u>2,296,812</u>	<u>1,491,539</u>	<u>59,186</u>	<u>429,445</u>	<u>9,542,036</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Public Financing Authority 2013 Refunding Lease Fund \$
ASSETS					
Cash and investments available for operations	6,072,183	62,066	2,410,357	171,022	
Cash and investments, restricted					
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	78,143				
Accounts	3,085				
Loans	5,775,032				
Accrued interest	1,102,054				
Due from other governmental agencies					
Prepaid items					
Land held for redevelopment	710,241				
Total Assets	13,740,738	62,066	2,410,357	171,022	
LIABILITIES					
Accounts payable	500,634	197,584			
Deposits payable		(100,555)			
Unearned revenue				32,304	
Total Liabilities	500,634	97,029		32,304	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	1,102,054				
Total Deferred Inflows of Resources	1,102,054				
FUND BALANCES					
Nonspendable:					
Loans	5,775,032				
Prepaid items					
Land held for redevelopment	710,241				
Restricted for:					
Community development	2,003,493			138,718	
Public safety					
Transportation					
Environmental support and protection					
Leisure, cultural and information services					
Capital projects					
Housing purposes	1,473,067				
Other purposes					
Committed to:					
Capital projects					
Community benefits			2,410,357		
Human services financial assistance					
Debt service					
Housing purposes	2,176,217				
Assigned to:					
Community development					
Transportation					
Capital projects					
Unassigned:		(34,963)			
Total Fund Balances	12,138,050	(34,963)	2,410,357	138,718	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	13,740,738	62,066	2,410,357	171,022	

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund	Parks Impact and In Lieu Fee Fund	Shores Transportation Improvement District Fund	One Marina Community Facilities District Fund	Art in Public Places Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$
443,724	16,885,325	622,965	1,260,935	67,560	323,288	53,049,221
					3,726	4,320,061
						565,311
						1,602,865
						9,481,658
				250		1,378,543
						3,820,093
						4,067
						3,120,241
<u>443,724</u>	<u>16,885,325</u>	<u>622,965</u>	<u>1,260,935</u>	<u>67,810</u>	<u>327,014</u>	<u>77,342,060</u>
	2,076,589			11,200		5,308,950
						(51,639)
						1,108,166
	<u>2,076,589</u>			<u>11,200</u>		<u>6,365,477</u>
						1,371,040
						1,371,040
						9,481,658
						4,067
						3,120,241
					327,014	3,253,633
						601,159
		622,965				19,280,903
443,724	14,808,736		1,260,935	56,610		16,019,702
						11,169,653
						1,473,067
						2,410,357
						649,849
						2,176,217
						(34,963)
<u>443,724</u>	<u>14,808,736</u>	<u>622,965</u>	<u>1,260,935</u>	<u>56,610</u>	<u>327,014</u>	<u>69,605,543</u>
<u>443,724</u>	<u>16,885,325</u>	<u>622,965</u>	<u>1,260,935</u>	<u>67,810</u>	<u>327,014</u>	<u>77,342,060</u>

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS				
	Special Gas Tax Street Improvement Fund \$	Transportation Grants Fund \$	Grants Fund \$	Traffic Safety Fund \$	Transportation Fund \$
REVENUES					
Property taxes/special assessments					
Sales and other taxes					2,153,084
Licenses and permits					
Fines, forfeitures and penalties				168,814	
Use of money and property	15,916	272,642	128,138	(9,735)	71,455
Intergovernmental	3,422,919	6,089,823	1,096,821		
Contributions	56,100	3,257,488			30,400
Charges for current services	41,499			144,866	
Other			424	(4,329)	
Total Revenues	3,536,434	9,619,953	1,225,383	299,616	2,254,939
EXPENDITURES					
Current Operations:					
Community development			479,332		42,470
Human services			107,217		
Public safety				523	
Transportation	2,487,661	808,008	42,689	1,829,541	309,782
Environmental support and protection	398,607	274,390	3,720		
Leisure, cultural and information services			60,358		
Policy development and implementation	1,130				251,021
Capital outlay	560,825	6,829,002			334,923
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	3,448,223	7,911,400	693,316	1,830,064	938,196
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	88,211	1,708,553	532,067	(1,530,448)	1,316,743
OTHER FINANCING SOURCES (USES)					
Transfers in	1,059,783		100,000	1,565,976	
Transfers (out)					
Total Other Financing Sources (Uses)	1,059,783		100,000	1,565,976	
Net change in fund balances	1,147,994	1,708,553	632,067	35,528	1,316,743
Fund balances - beginning	3,028,081	5,442,936	8,073,172	139,640	1,581,898
Fund balances - ending	4,176,075	7,151,489	8,705,239	175,168	2,898,641

SPECIAL REVENUE FUNDS

Seaport Landscape Maintenance Fund \$	Seaport Centre Maintenance Fund \$	Redwood Shores Maintenance Fund \$	Redwood Shores Landscape Maintenance Fund \$	Supplemental Law Enforcement Services Fund \$	Traffic Mitigation Fees Fund \$
212,438	186,949	1,008,028	259,816		
23,085	86,374	67,434 2,882	(185)	12,641 195,125	319,339 471,452
<u>235,523</u>	<u>273,323</u>	<u>1,078,344</u>	<u>259,631</u>	<u>207,766</u>	<u>790,791</u>
1,594	2,330			14,481	62,105
201,578	51,365	356,392	248,311 8,070		612,753
<u>203,172</u>	<u>53,695</u>	<u>356,392</u>	<u>256,381</u>	<u>14,481</u>	<u>674,858</u>
32,351	219,628	721,952	3,250	193,285	115,933
		(626,733)	33,020		
		(626,733)	33,020		
32,351	219,628	95,219	36,270	193,285	115,933
<u>586,129</u>	<u>2,077,084</u>	<u>1,372,868</u>	<u>16,251</u>	<u>232,706</u>	<u>9,349,061</u>
<u>618,480</u>	<u>2,296,712</u>	<u>1,468,087</u>	<u>52,521</u>	<u>425,991</u>	<u>9,464,994</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Public Financing Authority 2013 Refunding Lease Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					
Sales and other taxes	441,272				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	242,993		105,763	6,803	350,211
Intergovernmental	10,148				
Contributions			312,110		
Charges for current services	1,071,180	1,052,881			
Other	3,306				
	<u>1,768,899</u>	<u>1,052,881</u>	<u>417,873</u>	<u>6,803</u>	<u>350,211</u>
Total Revenues	1,768,899	1,052,881	417,873	6,803	350,211
EXPENDITURES					
Current Operations:					
Community development	2,879,763	1,084,822			
Human services					
Public safety					
Transportation					
Environmental support and protection					
Leisure, cultural and information services					
Policy development and implementation					
Capital outlay					
Debt service:					
Principal retirement					347,486
Interest and fiscal charges					2,725
	<u>2,879,763</u>	<u>1,084,822</u>			<u>350,211</u>
Total Expenditures	2,879,763	1,084,822			350,211
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,110,864)</u>	<u>(31,941)</u>	<u>417,873</u>	<u>6,803</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	87,256				
Transfers (out)			(700,000)		
	<u>87,256</u>		<u>(700,000)</u>		
Total Other Financing Sources (Uses)	87,256		(700,000)		
Net change in fund balances	(1,023,608)	(31,941)	(282,127)	6,803	
Fund balances - beginning	13,161,658	(3,022)	2,692,484	131,915	
Fund balances - ending	<u>12,138,050</u>	<u>(34,963)</u>	<u>2,410,357</u>	<u>138,718</u>	

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund \$	Parks Impact and In Lieu Fee Fund \$	Shores Transportation Improvement District Fund \$	One Marina Community Facilities District Fund \$	Art in Public Places Fund \$	PEG Fees Fund \$	Total Nonmajor Governmental Funds \$
					319,160	1,667,231
	176,382					2,913,516
17,652	782,831	24,782	51,348	316	7,854	176,382
				2,500		168,814
						2,577,657
						11,289,170
						3,658,598
						2,310,426
						(599)
17,652	959,213	24,782	51,348	2,816	327,014	24,761,195
						4,490,311
						107,217
						15,004
						5,539,786
	144,251			33,388		1,286,052
						486,308
						252,151
	6,909,020		30,587			15,285,180
						347,486
						2,725
	7,053,271		30,587	33,388		27,812,220
17,652	(6,094,058)	24,782	20,761	(30,572)	327,014	(3,051,025)
						2,896,035
						(1,326,733)
						1,569,302
17,652	(6,094,058)	24,782	20,761	19,428	327,014	(1,481,723)
426,072	20,902,794	598,183	1,240,174	37,182		71,087,266
443,724	14,808,736	622,965	1,260,935	56,610	327,014	69,605,543

CITY OF REDWOOD CITY, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL GAS TAX STREET IMPROVEMENT FUND			TRANSPORTATION GRANTS FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments						
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	300	15,916	15,616	110,400	272,642	162,242
Intergovernmental	3,338,582	3,422,919	84,337	14,128,139	6,089,823	(8,038,316)
Contributions		56,100	56,100		3,257,488	3,257,488
Charges for current services	30,000	41,499	11,499			
Other						
Total Revenues	3,368,882	3,536,434	167,552	14,238,539	9,619,953	(4,618,586)
EXPENDITURES						
Current operations:						
Community development						
Human services						
Public safety						
Transportation	2,745,697	2,487,661	258,036	1,745,238	808,008	937,230
Environmental support and protection	650,420	398,607	251,813	274,390	274,390	
Leisure, cultural and information services						
Policy development and implementation		1,130	(1,130)			
Capital outlay	3,807,284	560,825	3,246,459	26,861,227	6,829,002	20,032,225
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	7,203,401	3,448,223	3,755,178	28,880,855	7,911,400	20,969,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,834,519)	88,211	3,922,730	(14,642,316)	1,708,553	16,350,869
OTHER FINANCING SOURCES (USES)						
Transfers in	1,016,612	1,059,783	43,171			
Transfers (out)						
Total Other Financing Sources (Uses)	1,016,612	1,059,783	43,171			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,817,907)	1,147,994	3,965,901	(14,642,316)	1,708,553	16,350,869
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		3,028,081			5,442,936	
Fund balances - ending		4,176,075			7,151,489	

There were no material changes between the original and final budgeted amounts.

GRANTS FUND			TRAFFIC SAFETY FUND			TRANSPORTATION FUND		
Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$	\$
						1,900,000	2,153,084	253,084
52,501	128,138	75,637	175,000	168,814	(6,186)			
2,897,947	1,096,821	(1,801,126)	(1,800)	(9,735)	(7,935)	13,000	71,455	58,455
							30,400	30,400
	424	424	12,000	144,866	132,866			
				(4,329)	(4,329)			
<u>2,950,448</u>	<u>1,225,383</u>	<u>(1,725,065)</u>	<u>185,200</u>	<u>299,616</u>	<u>114,416</u>	<u>1,913,000</u>	<u>2,254,939</u>	<u>341,939</u>
	479,332	(479,332)				189,664	42,470	147,194
	107,217	(107,217)						
	42,689	(42,689)	1,996,024	523	(523)	621,175	309,782	311,393
	3,720	(3,720)		1,829,541	166,483			
	60,358	(60,358)						
855,740		855,740				246,987	251,021	(4,034)
						2,898,251	334,923	2,563,328
<u>855,740</u>	<u>693,316</u>	<u>162,424</u>	<u>1,996,024</u>	<u>1,830,064</u>	<u>165,960</u>	<u>3,956,077</u>	<u>938,196</u>	<u>3,017,881</u>
<u>2,094,708</u>	<u>532,067</u>	<u>(1,562,641)</u>	<u>(1,810,824)</u>	<u>(1,530,448)</u>	<u>280,376</u>	<u>(2,043,077)</u>	<u>1,316,743</u>	<u>3,359,820</u>
100,000	100,000		1,699,393	1,565,976	(133,417)			
100,000	100,000		1,699,393	1,565,976	(133,417)			
<u>2,194,708</u>	<u>632,067</u>	<u>(1,562,641)</u>	<u>(111,431)</u>	<u>35,528</u>	<u>146,959</u>	<u>(2,043,077)</u>	<u>1,316,743</u>	<u>3,359,820</u>
	<u>8,073,172</u>			<u>139,640</u>			<u>1,581,898</u>	
	<u>8,705,239</u>			<u>175,168</u>			<u>2,898,641</u>	

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SEAPORT LANDSCAPE MAINTENANCE FUND			SEAPORT CENTRE MAINTENANCE FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments	212,500	212,438	(62)	187,000	186,949	(51)
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	8,500	23,085	14,585	31,000	86,374	55,374
Intergovernmental						
Contributions						
Charges for current services						
Other						
Total Revenues	221,000	235,523	14,523	218,000	273,323	55,323
Current operations:						
Community development		1,594	(1,594)		2,330	(2,330)
Human services						
Public safety						
Transportation						
Environmental support and protection		201,578	(201,578)		51,365	(51,365)
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	811		811	467,135		467,135
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	811	203,172	(202,361)	467,135	53,695	413,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	220,189	32,351	(187,838)	(249,135)	219,628	468,763
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	220,189	32,351	(187,838)	(249,135)	219,628	468,763
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		586,129			2,077,084	
Fund balances - ending		618,480			2,296,712	

There were no material changes between the original and final budgeted amounts.

REDWOOD SHORES MAINTENANCE FUND			REDWOOD SHORES LANDSCAPE MAINTENANCE FUND			SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND		
Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$	\$
961,521	1,008,028	46,507	260,817	259,816	(1,001)			
23,000	67,434	44,434		(185)	(185)	3,000	12,641	9,641
3,820	2,882	(938)				100,000	195,125	95,125
<u>988,341</u>	<u>1,078,344</u>	<u>90,003</u>	<u>260,817</u>	<u>259,631</u>	<u>(1,186)</u>	<u>103,000</u>	<u>207,766</u>	<u>104,766</u>
							14,481	(14,481)
536,652	356,392	180,260		248,311	(248,311)			
955,011		955,011		8,070	(8,070)			
<u>1,491,663</u>	<u>356,392</u>	<u>1,135,271</u>		<u>256,381</u>	<u>(256,381)</u>		<u>14,481</u>	<u>(14,481)</u>
<u>(503,322)</u>	<u>721,952</u>	<u>1,225,274</u>	<u>260,817</u>	<u>3,250</u>	<u>(257,567)</u>	<u>103,000</u>	<u>193,285</u>	<u>90,285</u>
<u>(295,475)</u>	<u>(626,733)</u>	<u>(331,258)</u>	<u>33,020</u>	<u>33,020</u>				
<u>(295,475)</u>	<u>(626,733)</u>	<u>(331,258)</u>	<u>33,020</u>	<u>33,020</u>				
<u>(798,797)</u>	<u>95,219</u>	<u>894,016</u>	<u>293,837</u>	<u>36,270</u>	<u>(257,567)</u>	<u>103,000</u>	<u>193,285</u>	<u>90,285</u>
	<u>1,372,868</u>			<u>16,251</u>			<u>232,706</u>	
	<u>1,468,087</u>			<u>52,521</u>			<u>425,991</u>	

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	TRAFFIC MITIGATION FEES FUND			LOW AND MODERATE INCOME HOUSING ASSET FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments						
Sales and other taxes					441,272	441,272
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	90,000	319,339	229,339	75,200	242,993	167,793
Intergovernmental	500,000	471,452	(28,548)		10,148	10,148
Contributions						
Charges for current services					1,071,180	1,071,180
Other					3,306	3,306
Total Revenues	590,000	790,791	200,791	75,200	1,768,899	1,693,699
Current operations:						
Community development				303,068	2,879,763	(2,576,695)
Human services						
Public safety						
Transportation	86,584	62,105	24,479			
Environmental support and protection						
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	5,394,080	612,753	4,781,327	693,100		693,100
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	5,480,664	674,858	4,805,806	996,168	2,879,763	(1,883,595)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,890,664)	115,933	5,006,597	(920,968)	(1,110,864)	(189,896)
OTHER FINANCING SOURCES (USES)						
Transfers in				120,000	87,256	(32,744)
Transfers (out)						
Total Other Financing Sources (Uses)				120,000	87,256	(32,744)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(4,890,664)	115,933	5,006,597	(800,968)	(1,023,608)	(222,640)
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		9,349,061			13,161,658	
Fund balances - ending		9,464,994			12,138,050	

There were no material changes between the original and final budgeted amounts.

PLANNING COST RECOVERY FUND			COMMUNITY BENEFITS FUND			HOUSING LEGAL AID SOCIETY		
Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$	\$
			40,000	105,763	65,763	2,600	6,803	4,203
				312,110	312,110			
800,000	1,052,881	252,881						
<u>800,000</u>	<u>1,052,881</u>	<u>252,881</u>	<u>40,000</u>	<u>417,873</u>	<u>377,873</u>	<u>2,600</u>	<u>6,803</u>	<u>4,203</u>
1,513,787	1,084,822	428,965		-				
<u>1,513,787</u>	<u>1,084,822</u>	<u>428,965</u>						
<u>(713,787)</u>	<u>(31,941)</u>	<u>681,846</u>	<u>40,000</u>	<u>417,873</u>	<u>377,873</u>	<u>2,600</u>	<u>6,803</u>	<u>4,203</u>
			(700,000)	(700,000)				
			(700,000)	(700,000)				
<u>(713,787)</u>	<u>(31,941)</u>	<u>681,846</u>	<u>(660,000)</u>	<u>(282,127)</u>	<u>377,873</u>	<u>2,600</u>	<u>6,803</u>	<u>4,203</u>
	<u>(3,022)</u>			<u>2,692,484</u>			<u>131,915</u>	
	<u>(34,963)</u>			<u>2,410,357</u>			<u>138,718</u>	

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	PUBLIC FINANCING AUTHORITY 2013 REFUNDING LEASE FUND			PARK IMPACT AND IN LIEU FEE FUND		
	Budget \$	Actual \$	Variance with Final Budget Positive (Negative) \$	Budget \$	Actual \$	Variance with Final Budget Positive (Negative) \$
REVENUES						
Property taxes/special assessments						
Sales and other taxes						
Licenses and permits				2,000,000	176,382	(1,823,618)
Fines, forfeitures and penalties						
Use of money and property	350,110	350,211	101	307,000	782,831	475,831
Intergovernmental						
Contributions						
Charges for current services						
Other						
Total Revenues	350,110	350,211	101	2,307,000	959,213	(1,347,787)
Current operations:						
Community development						
Human services						
Public safety						
Transportation						
Environmental support and protection						
Leisure, cultural and information services				3,252,626	144,251	3,108,375
Policy development and implementation						
Capital outlay				20,330,487	6,909,020	13,421,467
Debt service:						
Principal retirement	347,486	347,486				
Interest and fiscal charges	2,624	2,725	(101)			
Total Expenditures	350,110	350,211	(101)	23,583,113	7,053,271	16,529,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				(21,276,113)	(6,094,058)	15,182,055
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				(21,276,113)	(6,094,058)	15,182,055
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning					20,902,794	
Fund balances - ending					14,808,736	

There were no material changes between the original and final budgeted amounts.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one City department to others on a cost reimbursement basis.

Equipment Services Fund – This fund accounts for the costs of operation, maintenance, and replacement of automotive equipment used by other departments. Such costs are billed to the consuming departments at a rate that includes operation, maintenance, and an amount necessary to provide replacement of the equipment at a future date. Additional equipment is budgeted by the consuming department and is then transferred to the equipment services fund after purchase.

Self-Insurance Fund – This fund accounts for the City’s total insurance program which includes, but is not limited to, workers’ compensation, comprehensive automobile and general liability, marinas, and property and crime insurance. Included are administrative costs and costs associated with self-insurance and the purchase of excess insurance to adequately protect the City. User departments are charged for workers’ compensation insurance at rates based on loss experience and on departmental budget size.

Internal Services Fund – This fund accounts for the costs of operation of the City’s telephone/communications service, maintenance and repair of buildings, custodial services, and information technology services. The costs are billed to the user departments based on actual use by the departments.

Employee Benefits Fund – This fund is used to account for providing City workers with self-insured dental and vision benefits, unemployment insurance, and health insurance to retired City employees.

CITY OF REDWOOD CITY, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	12,106,673	32,149,932	473,621	573,999	45,304,225
Receivables (net of allowance for uncollectibles):					
Accounts	3,500		1,519		5,019
Accrued interest	38,550				38,550
Due from other governmental agencies	17,842		247,368	1,412	266,622
Due from other funds	300,000				300,000
Inventory of supplies at cost	124,898				124,898
Deposits		670,703			670,703
Prepaid items and other assets	13,218		9,168	227,108	249,494
Total current assets	<u>12,604,681</u>	<u>32,820,635</u>	<u>731,676</u>	<u>802,519</u>	<u>46,959,511</u>
Noncurrent assets:					
Advances to other funds	3,900,000				3,900,000
Capital assets:					
Construction in progress	561,008				561,008
Equipment, net	8,531,173		856,476		9,387,649
Net capital assets	<u>9,092,181</u>		<u>856,476</u>		<u>9,948,657</u>
Total noncurrent assets	<u>12,992,181</u>		<u>856,476</u>		<u>13,848,657</u>
Total assets	<u>25,596,862</u>	<u>32,820,635</u>	<u>1,588,152</u>	<u>802,519</u>	<u>60,808,168</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	303,593	132,533	2,379,429		2,815,555
Deferred outflows - OPEB	106,921	35,925	626,984		769,830
Total deferred outflows of resources	<u>410,514</u>	<u>168,458</u>	<u>3,006,413</u>		<u>3,585,385</u>
LIABILITIES					
Current liabilities:					
Accounts payable	121,866	379,887	302,061	43,209	847,023
Insurance claims payable - current portion		6,300,766			6,300,766
Accrued sick leave and vacation - current portion	46,841	4,983	395,200		447,024
Unearned revenue					
Total current liabilities	<u>168,707</u>	<u>6,685,636</u>	<u>697,261</u>	<u>43,209</u>	<u>7,594,813</u>
Noncurrent liabilities:					
Insurance claims payable		22,914,182			22,914,182
Accrued sick leave and vacation	72,374	7,115	621,843		701,332
Net OPEB Liability	591,896	227,808	4,081,371		4,901,075
Net pension liability	2,080,368	908,181	16,305,014		19,293,563
Total noncurrent liabilities	<u>2,744,638</u>	<u>24,057,286</u>	<u>21,008,228</u>		<u>47,810,152</u>
Total liabilities	<u>2,913,345</u>	<u>30,742,922</u>	<u>21,705,489</u>	<u>43,209</u>	<u>55,404,965</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	33,290	14,533	260,911		308,734
Deferred inflows - OPEB	6,997	2,679	47,939		57,615
Total deferred outflows of resources	<u>40,287</u>	<u>17,212</u>	<u>308,850</u>		<u>366,349</u>
NET POSITION					
Invested in capital assets	9,092,181		856,476		9,948,657
Unrestricted	13,961,563	2,228,959	(18,276,250)	759,310	(1,326,418)
Total net position	<u>23,053,744</u>	<u>2,228,959</u>	<u>(17,419,774)</u>	<u>759,310</u>	<u>8,622,239</u>

CITY OF REDWOOD CITY, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
OPERATING REVENUES					
Charges for services	4,809,623	10,400,847	11,595,894	8,560,646	35,367,010
OPERATING EXPENSES					
Employee services	1,227,736	525,535	8,756,359	8,821,875	19,331,505
Maintenance	44,483	4,664	923,440		972,587
Utilities	24,225	4,020	14,336		42,581
Contractual services	23,062	1,224,408	30,493	117,786	1,395,749
Supplies and services	1,674,198	693,582	2,437,578		4,805,358
Depreciation	1,312,604		188,301		1,500,905
Insurance and claims	222,294	9,060,949	278,565	936,854	10,498,662
Total operating expenses	4,528,602	11,513,158	12,629,072	9,876,515	38,547,347
Operating Income (Loss)	281,021	(1,112,311)	(1,033,178)	(1,315,869)	(3,180,337)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	89,443				89,443
Investment earnings	608,915	1,155,731	17,797	80,500	1,862,943
Insurance recovery	12,501				12,501
Net Nonoperating Revenues (Expenses)	710,859	1,155,731	17,797	80,500	1,964,887
Net Income (Loss) Before Capital Contributions and Transfers	991,880	43,420	(1,015,381)	(1,235,369)	(1,215,450)
Capital contributions			45,853		45,853
Transfers in				850,000	850,000
Transfers (out)			(4,000)		(4,000)
Total Capital Contributions and Transfers			41,853	850,000	891,853
Change in net position	991,880	43,420	(973,528)	(385,369)	(323,597)
Net position - beginning	22,061,864	2,185,539	(16,446,246)	1,144,679	8,945,836
Net position - ending	23,053,744	2,228,959	(17,419,774)	759,310	8,622,239

CITY OF REDWOOD CITY, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
Cash flows from operating activities:					
Cash received from interfund services provided	4,831,983	10,400,847	11,591,708	8,559,234	35,383,772
Cash payments to suppliers for goods and services	(2,007,365)	(8,202,363)	(3,516,703)	(1,238,539)	(14,964,970)
Cash payments to employees for services	(1,130,971)	(468,320)	(7,731,223)	(8,821,875)	(18,152,389)
Net cash provided by (used in) operating activities	<u>1,693,647</u>	<u>1,730,164</u>	<u>343,782</u>	<u>(1,501,180)</u>	<u>2,266,413</u>
Cash flows from noncapital financing activities					
Insurance recovery	12,501				12,501
Transfers in				850,000	850,000
Transfers out			(4,000)		(4,000)
Advances to other funds	3,300,000				3,300,000
Net cash provided by (used in) non-capital financing activities	<u>3,312,501</u>		<u>(4,000)</u>	<u>850,000</u>	<u>4,158,501</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,238,947)		(5,706)		(2,244,653)
Net cash used in capital and related financing activities	<u>(2,238,947)</u>		<u>(5,706)</u>		<u>(2,244,653)</u>
Cash flows from investing activities:					
Interest on investments	584,498	1,155,731	17,797	80,500	1,838,526
Net cash provided by investing activities	<u>584,498</u>	<u>1,155,731</u>	<u>17,797</u>	<u>80,500</u>	<u>1,838,526</u>
Net increase (decrease) in cash and cash equivalents	3,351,699	2,885,895	351,873	(570,680)	6,018,787
Cash and cash equivalents at beginning of fiscal year	8,754,974	29,264,037	121,748	1,144,679	39,285,438
Cash and cash equivalents at end of fiscal year	<u>12,106,673</u>	<u>32,149,932</u>	<u>473,621</u>	<u>573,999</u>	<u>45,304,225</u>

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	281,021	(1,112,311)	(1,033,178)	(1,315,869)	(3,180,337)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	1,312,604		188,301		1,500,905
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(431)		4,064		3,633
Decrease (increase) in due from other governmental agencies	22,791		(8,250)	(1,412)	13,129
Decrease (increase) in inventory/prepaid expense/deposits	(7,189)	(60,703)	40,562	(227,108)	(254,438)
Decrease (increase) in deferred outflows - pension	137,679	60,104	1,079,067		1,276,850
Decrease (increase) in deferred employer OPEB contributions	(37,251)	(8,603)	(135,878)		(181,732)
Increase (decrease) in vacation & sick leave payable	(15,498)	5,285	87,959		77,746
Increase (decrease) in accounts payable	(11,914)	177,698	127,147	43,209	336,140
Increase (decrease) in deferred inflows - pension	33,290	14,533	260,911		308,734
Increase (decrease) in net pension liability	(29,672)	(12,953)	(232,547)		(275,172)
Increase (decrease) in net OPEB liability	7,051	(1,543)	(41,210)		(35,702)
Increase (decrease) in deferred inflows - OPEB	1,166	392	6,834		8,392
Increase (decrease) in insurance claims payable		2,668,265			2,668,265
Total adjustments	<u>1,412,626</u>	<u>2,842,475</u>	<u>1,376,960</u>	<u>(185,311)</u>	<u>5,446,750</u>
Net cash provided by (used in) operating activities	<u>1,693,647</u>	<u>1,730,164</u>	<u>343,782</u>	<u>(1,501,180)</u>	<u>2,266,413</u>
Noncash investing, capital and financing activities:					
Proceeds on sale of equipment	89,443		45,853		135,296

AGENCY FUNDS

Agency funds are used to account for assets held by government in a trustee capacity or as an agent for an individual.

Employee Benefit Plans Fund – This fund is used to account for contributions to certain employee benefit categories established by the City under Section 125 of the Internal Revenue Code for the employees and their dependents.

Pacific Shores Community Facilities District Fund – This fund accounts for the Mello-Roos Pacific Shores Project special tax bonds that were issued to fund various transportation system improvements within the City's right-of-way in the Pacific Shores district.

Shores Transportation Improvement District Fund – This fund accounts for the Mello-Roos Shores Transportation Improvement special tax bonds that were issued to fund various transportation projects in the Redwood Shores area.

One Marina Community Facilities District Fund – This fund accounts for the Mello-Roos One Marina Project special tax bonds that were issued to fund certain public infrastructure improvements projects within the One Marina district.

Community Benefit Improvement District Fund – This fund accounts for the assessments collected on behalf of the Downtown Redwood City Community Benefit Improvement District which was established to enhance and support the City's Downtown business district.

Redwood City 2020 Fund – This fund accounts for the operations of Redwood City 2020, a collaboration of eight core partners, which was established to improve the health and success of Redwood City and North Fair Oaks.

Net-6 Fire JPA Fund – This fund accounts for the operations of the Net-6 Fire JPA, a consolidated dispatch system of seven fire agencies within San Mateo County.

CITY OF REDWOOD CITY, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018 \$	Additions \$	Withdrawals \$	Balance June 30, 2019 \$
EMPLOYEE BENEFIT PLANS				
ASSETS				
Cash and Investments				
Cafeteria Benefits Plan	50,755	385,315	(412,351)	23,719
Deposits	29,505			29,505
Total Assets	<u>80,260</u>	<u>385,315</u>	<u>(412,351)</u>	<u>53,224</u>
LIABILITIES				
Cafeteria Benefits Plan Payable	80,260	385,315	(412,351)	53,224
Total Liabilities	<u>80,260</u>	<u>385,315</u>	<u>(412,351)</u>	<u>53,224</u>
PACIFIC SHORES COMMUNITY FACILITIES DISTRICT				
ASSETS				
Cash and Investments	19,055	789		19,844
Total Assets	<u>19,055</u>	<u>789</u>		<u>19,844</u>
LIABILITIES				
Due to Bondholders	19,055	789		19,844
Total Liabilities	<u>19,055</u>	<u>789</u>		<u>19,844</u>
SHORES TRANSPORTATION IMPROVEMENT DISTRICT				
ASSETS				
Cash and Investments	633,365	2,289,334	(2,268,771)	653,928
Cash and Investments, restricted	743,949	11,386		755,335
Interest receivable		3,690		3,690
Total Assets	<u>1,377,314</u>	<u>2,304,410</u>	<u>(2,268,771)</u>	<u>1,412,953</u>
LIABILITIES				
Due to Bondholders	1,377,314	2,304,410	(2,268,771)	1,412,953
Total Liabilities	<u>1,377,314</u>	<u>2,304,410</u>	<u>(2,268,771)</u>	<u>1,412,953</u>
ONE MARINA COMMUNITY FACILITIES DISTRICT				
ASSETS				
Cash and Investments	261,370	851,779	(843,762)	269,387
Cash and Investments, restricted	188,289	1,691		189,980
Interest receivable		286		286
Total Assets	<u>449,659</u>	<u>853,756</u>	<u>(843,762)</u>	<u>459,653</u>
LIABILITIES				
Due to Bondholders	449,659	853,756	(843,762)	459,653
Total Liabilities	<u>449,659</u>	<u>853,756</u>	<u>(843,762)</u>	<u>459,653</u>
COMMUNITY BENEFIT IMPROVEMENT DISTRICT				
ASSETS				
Cash and Investments	389,216	922,655	(993,978)	317,893
Total Assets	<u>389,216</u>	<u>922,655</u>	<u>(993,978)</u>	<u>317,893</u>
LIABILITIES				
Due to Community Benefit Improvement District	389,216	922,655	(993,978)	317,893
Total Liabilities	<u>389,216</u>	<u>922,655</u>	<u>(993,978)</u>	<u>317,893</u>
REDWOOD CITY 2020 AGENCY FUND				
ASSETS				
Cash and Investments	295,869	452,208	(677,392)	70,685
Accounts Receivable	145,570	677,522	(644,870)	178,222
Due from other governmental agency	7,859	499,300	(7,859)	499,300
Total Assets	<u>449,298</u>	<u>1,629,030</u>	<u>(1,330,121)</u>	<u>748,207</u>
LIABILITIES				
Accounts payable	82,049	57,241	(81,766)	57,524
Due to the Redwood City 2020	367,249	1,571,789	(1,248,355)	690,683
Total Liabilities	<u>449,298</u>	<u>1,629,030</u>	<u>(1,330,121)</u>	<u>748,207</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018 \$	Additions \$	Withdrawals \$	Balance June 30, 2019 \$
NET-6 JPA				
ASSETS				
Due from other governmental agency		7,106		7,106
Total Assets		<u>7,106</u>		<u>7,106</u>
LIABILITIES				
Due to the Net-6 JPA		7,106		7,106
Total Liabilities		<u>7,106</u>		<u>7,106</u>
TOTAL FOR ALL FUNDS				
ASSETS				
Cash and Investments	1,649,630	4,902,080	(5,196,254)	1,355,456
Cash and Investments, restricted	932,238	13,077		945,315
Deposits	29,505			29,505
Accounts Receivable	145,570	677,522	(644,870)	178,222
Interest Receivable		3,976		3,976
Due from other governmental agency	7,859	499,300	(7,859)	499,300
Total Assets	<u>2,764,802</u>	<u>6,095,955</u>	<u>(5,848,983)</u>	<u>3,011,774</u>
LIABILITIES				
Accounts payable	82,049	57,241	(81,766)	57,524
Due to Redwood City 2020	367,249	1,571,789	(1,248,355)	690,683
Due to Bondholders	1,846,028	3,158,955	(3,112,533)	1,892,450
Employee Benefit Plans Payable	80,260	385,315	(412,351)	53,224
Due to Community Benefit Improvement District	389,216	922,655	(993,978)	317,893
Total Liabilities	<u>2,764,802</u>	<u>6,095,955</u>	<u>(5,848,983)</u>	<u>3,011,774</u>



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well0-being have changed over time.	138-145
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	146-149
Debt Capacity These schedules present information to help the reader asses the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	150-155
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	156-158
Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	159-161

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

Schedule 1
CITY OF REDWOOD CITY, CALIFORNIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Governmental activities					
Net investment in capital assets	169,093,206	169,197,701	185,512,524	190,190,522	184,624,589
Restricted	54,628,813	48,959,550	39,238,667	43,957,061	49,268,810
Unrestricted	37,166,449	42,990,998	48,138,559	48,015,241	60,038,520
Total governmental activities net position	<u>260,888,468</u>	<u>261,148,249</u>	<u>272,889,750</u>	<u>282,162,824</u>	<u>293,931,919</u>
Business-type activities					
Net investment in capital assets	90,877,809	101,835,656	107,036,885	110,901,151	117,927,502
Restricted	5,660,219	5,838,632	5,868,399	6,637,669	6,553,008
Unrestricted	64,022,824	65,532,636	69,695,347	76,506,675	92,340,047
Total business-type activities net position	<u>160,560,852</u>	<u>173,206,924</u>	<u>182,600,631</u>	<u>194,045,495</u>	<u>216,820,557</u>
Primary government					
Net investment in capital assets	259,971,015	271,033,357	292,549,409	301,091,673	302,552,091
Restricted	60,289,032	54,798,182	45,107,066	50,594,730	55,821,818
Unrestricted	101,189,273	108,523,634	117,833,906	124,521,916	152,378,567
Total primary government net position	<u>421,449,320</u>	<u>434,355,173</u>	<u>455,490,381</u>	<u>476,208,319</u>	<u>510,752,476</u>

Schedule 1 (Continued)
CITY OF REDWOOD CITY, CALIFORNIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year				
2015	2016	2017	2018	2019
\$	\$	\$	\$	\$
184,443,023	191,852,192	192,119,780	199,264,092	225,965,791
57,862,400	60,812,081	59,815,017	64,923,970	54,296,252
<u>(92,052,768)</u>	<u>(92,972,897)</u>	<u>(86,738,339)</u>	<u>(139,526,572)</u>	<u>(119,855,273)</u>
<u>150,252,655</u>	<u>159,691,376</u>	<u>165,196,458</u>	<u>124,661,490</u>	<u>160,406,770</u>
125,259,418	132,569,634	142,830,042	161,938,470	163,030,574
5,741,555	5,662,466	6,227,197	9,543,183	9,922,077
84,191,383	98,141,410	107,756,549	86,001,351	111,682,916
<u>215,192,356</u>	<u>236,373,510</u>	<u>256,813,788</u>	<u>257,483,004</u>	<u>284,635,567</u>
309,702,441	324,421,826	355,707,344	361,202,562	388,996,365
63,603,955	66,474,547	61,099,810	74,467,153	64,218,329
<u>(7,861,385)</u>	<u>5,086,791</u>	<u>25,203,092</u>	<u>(53,525,221)</u>	<u>(8,172,357)</u>
<u>365,445,011</u>	<u>396,064,886</u>	<u>442,010,246</u>	<u>382,144,494</u>	<u>445,042,337</u>

Schedule 2
CITY OF REDWOOD CITY, CALIFORNIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year				
	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Expenses					
Governmental Activities:					
Community development	18,412,550	17,702,202	22,954,181	9,090,251	8,150,880
Human services	1,554,411	1,582,251	1,495,964	1,562,157	1,462,300
Public safety	46,093,823	46,022,760	50,621,439	51,355,424	59,435,400
Transportation	13,535,438	11,650,032	11,352,844	11,332,401	11,572,619
Environmental support and protection	4,124,316	2,919,735	2,327,751	1,996,098	2,746,600
Leisure, cultural and information services	22,168,928	21,547,087	21,681,720	21,548,736	22,823,528
Policy development and implementation	4,726,541	5,528,602	4,773,768	6,030,657	5,982,346
Interest on long term debt	2,762,933	2,551,146	1,616,333	314,022	48,341
Total governmental activities expenses	<u>113,378,940</u>	<u>109,503,815</u>	<u>116,824,000</u>	<u>103,229,746</u>	<u>112,222,014</u>
Business-type activities					
Water utility fund	20,702,048	21,889,834	28,680,794	31,123,859	30,591,894
Sewer utility fund	17,776,510	19,900,464	20,017,426	19,287,430	19,989,758
Parking fund	2,476,991	2,420,716	2,420,029	2,430,359	2,471,222
Port of Redwood City	4,038,336	4,251,855	4,739,397	5,628,403	5,091,265
Docktown Marina				243,335	705,388
Total business-type activities expenses	<u>44,993,885</u>	<u>48,462,869</u>	<u>55,857,646</u>	<u>58,713,386</u>	<u>58,849,527</u>
Total primary government expenses	<u>158,372,825</u>	<u>157,966,684</u>	<u>172,681,646</u>	<u>161,943,132</u>	<u>171,071,541</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Community Development	3,996,401	6,503,254	4,852,265	4,651,706	8,553,508
Public Safety	1,995,853	2,345,175	3,199,818	3,131,805	6,922,702
Transportation	304,275	256,929	404,042	546,820	374,859
Environmental support and protection	1,351,354	1,328,009	1,330,208	1,335,544	1,417,353
Leisure, cultural, and information services	2,430,818	2,632,930	2,843,954	2,827,087	3,074,537
Policy development and implementation	1,626,141	1,656,917	1,817,823	1,780,367	1,871,774
Operating grants and contributions	7,380,584	6,159,842	6,193,090	6,716,207	7,072,772
Capital grants and contributions	7,978,474	6,243,279	8,503,363	12,658,933	9,505,357
Total governmental activities program revenues	<u>27,063,900</u>	<u>27,126,335</u>	<u>29,144,563</u>	<u>33,648,469</u>	<u>38,792,862</u>
Business-type activities:					
Water utility fund	23,255,926	26,038,320	28,465,337	33,202,194	36,271,106
Sewer utility fund	22,241,030	24,156,749	26,898,440	28,100,341	25,692,258
Parking fund	1,005,328	1,100,304	1,267,531	1,366,984	1,503,519
Port of Redwood City	6,073,755	7,674,030	7,638,585	6,262,660	6,824,474
Docktown Marina				493,262	665,819
Total business-type activities program revenues	<u>52,576,039</u>	<u>58,969,403</u>	<u>64,269,893</u>	<u>69,425,441</u>	<u>70,957,176</u>
Net (Expense)/Revenue					
Governmental activities	(86,315,040)	(82,377,480)	(87,679,437)	(69,581,277)	(73,429,152)
Business-type activities	7,582,154	10,506,534	8,412,247	10,712,055	12,107,649
Total primary government net expense	<u>(78,732,886)</u>	<u>(71,870,946)</u>	<u>(79,267,190)</u>	<u>(58,869,222)</u>	<u>(61,321,503)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	48,052,021	46,614,369	42,432,818	38,379,963	41,708,668
Sales taxes	15,023,882	15,671,238	16,998,443	19,240,290	20,781,613
Other taxes	18,034,397	18,440,213	19,595,982	20,335,928	21,612,376
Investment Earnings	1,629,298	1,042,032	579,394	301,171	992,221
Other	2,093,288	1,598,452	1,260,652	1,069,894	1,205,727
Extraordinary item			19,161,516		
Gain (loss) on retirement of capital assets					(3,359,063)
Transfers	(917,651)	(729,043)	(607,867)	(472,895)	2,314,350
Total governmental activities	<u>83,915,235</u>	<u>82,637,261</u>	<u>99,420,938</u>	<u>78,854,351</u>	<u>85,255,892</u>
Business-type activities:					
Property taxes	25,904	28,080	77,425	104,081	104,814
Investment Earnings	435,559	327,435	281,583	151,041	499,586
Incr. (decr.) in investment in sewer authority					
Other	2,885	17,324	14,585	4,792	4,132
Extraordinary item - pollution remediation					
Gain (loss) on retirement of capital assets					13,700,440
Transfers	917,651	729,043	607,867	472,895	(2,314,350)
Total business-type activities	<u>1,381,999</u>	<u>1,101,882</u>	<u>981,460</u>	<u>732,809</u>	<u>11,994,622</u>
Total primary government	<u>85,297,234</u>	<u>83,739,143</u>	<u>100,402,398</u>	<u>79,587,160</u>	<u>97,250,514</u>
Change in Net Position					
Governmental activities	(2,399,805)	259,781	11,741,501	9,273,074	11,826,740
Business-type activities	8,964,153	11,608,416	9,393,707	11,444,864	24,102,271
Total primary government	<u>6,564,348</u>	<u>11,868,197</u>	<u>21,135,208</u>	<u>20,717,938</u>	<u>35,929,011</u>

Schedule 2 (Continued)
 CITY OF REDWOOD CITY, CALIFORNIA
 CHANGES IN NET POSITION

(accrual basis of accounting)

Fiscal Year				
2015	2016	2017	2018	2019
\$	\$	\$	\$	\$
9,592,085	10,471,987	11,283,201	15,606,312	20,209,904
1,485,779	1,673,308	1,829,157	2,082,688	2,207,239
62,453,649	65,192,296	70,531,632	81,254,909	81,714,725
12,944,719	13,001,063	15,543,459	11,395,963	12,415,300
2,722,610	3,524,036	1,918,929	3,061,832	2,991,575
23,747,419	25,392,603	27,413,602	29,865,949	28,346,520
7,043,417	6,122,280	8,709,696	19,190,179	12,338,662
38,762	23,269	63,308	8,655	
<u>120,028,440</u>	<u>125,400,842</u>	<u>137,292,984</u>	<u>162,466,487</u>	<u>160,223,925</u>
30,937,175	33,505,028	36,788,633	41,468,907	37,755,171
22,081,105	34,345,565	26,675,531	29,054,577	32,783,853
2,916,242	3,005,729	3,004,956	3,386,730	3,355,779
5,231,644	5,179,284	5,692,117	6,899,536	8,061,695
763,211	826,201	1,408,137	15,700,537	3,042,215
<u>61,929,377</u>	<u>76,861,807</u>	<u>73,569,374</u>	<u>96,510,287</u>	<u>84,998,713</u>
<u>181,957,817</u>	<u>202,262,649</u>	<u>210,862,358</u>	<u>258,976,774</u>	<u>245,222,638</u>
5,171,299	6,340,242	8,087,438	12,452,093	12,876,378
7,744,775	7,905,079	8,215,731	10,016,793	11,074,905
282,324				41,499
1,456,889	1,460,797	1,541,388	1,585,832	1,710,325
3,553,925	3,090,945	3,534,018	3,718,902	4,489,120
1,736,648	1,775,752	4,906,365	4,872,753	5,558,607
7,721,851	7,755,830	8,524,425	10,368,250	7,008,964
17,492,948	12,592,165	7,354,555	14,278,202	29,078,550
<u>45,160,659</u>	<u>40,920,810</u>	<u>42,163,920</u>	<u>57,292,825</u>	<u>71,838,348</u>
37,082,113	38,227,757	38,495,923	44,709,197	47,629,068
29,837,033	45,533,365	37,294,965	37,483,243	38,604,488
2,019,961	2,401,924	6,891,197	5,968,659	2,636,786
6,721,955	6,862,662	7,131,948	8,630,600	9,367,305
681,115	663,658	693,355	329,112	37,555
<u>76,342,177</u>	<u>93,689,366</u>	<u>90,507,388</u>	<u>97,120,811</u>	<u>98,275,202</u>
(74,867,781)	(84,480,032)	(95,129,064)	(105,173,662)	(88,385,577)
14,412,800	16,827,559	16,938,014	610,524	13,276,489
<u>(60,454,981)</u>	<u>(67,652,473)</u>	<u>(78,191,050)</u>	<u>(104,563,138)</u>	<u>(75,109,088)</u>
44,546,153	48,033,490	52,616,638	58,400,498	67,714,530
22,372,756	23,513,420	24,825,685	25,233,175	28,454,859
23,364,156	24,200,427	24,299,061	25,706,747	27,282,251
1,055,417	1,424,919	1,242,098	1,743,818	5,175,591
1,277,511	199,510	332,294	295,538	208,943
1,315,418				
(22,230)	(3,453,013)	(2,681,630)	(6,390,848)	(4,705,317)
<u>93,909,181</u>	<u>93,918,753</u>	<u>100,634,146</u>	<u>104,988,928</u>	<u>124,130,857</u>
123,954	157,417	213,553	331,225	409,989
586,705	742,410	606,423	(2,094,124)	4,023,177
				4,737,591
2,536	755	658	10,436	
22,230	3,453,013	2,681,630	6,390,848	4,705,317
735,425	4,353,595	3,502,264	4,638,385	13,876,074
<u>94,644,606</u>	<u>98,272,348</u>	<u>104,136,410</u>	<u>109,627,313</u>	<u>138,006,931</u>
19,041,400	9,438,721	5,505,082	(184,734)	35,745,280
15,148,225	21,181,154	20,440,278	5,248,909	27,152,563
<u>34,189,625</u>	<u>30,619,875</u>	<u>25,945,360</u>	<u>5,064,175</u>	<u>62,897,843</u>

Schedule 3
 CITY OF REDWOOD CITY, CALIFORNIA
 FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year
	2010
	\$
General Fund	
Reserved	3,732,535
Unreserved	20,991,436
Total general fund	<u>24,723,971</u>
All Other Governmental Funds	
Reserved	26,067,203
Unreserved, reported in:	
Special revenue funds	32,706,733
Debt service funds	40,589
Capital projects funds	18,520,889
Total all other governmental funds	<u>77,335,414</u>
Total governmental funds	<u><u>102,059,385</u></u>

	Fiscal Year			
	2011	2012	2013	2014
	\$	\$	\$	\$
General Fund				
Nonspendable	5,522,056	1,902,685	1,785,184	1,608,733
Restricted				
Committed	864,057	551,640	370,927	536,108
Assigned	775,772	151,178	148,534	223,061
Unassigned	17,687,858	17,219,050	19,449,097	21,480,940
Total general fund	<u>24,849,743</u>	<u>19,824,553</u>	<u>21,753,742</u>	<u>23,848,842</u>
All Other Governmental Funds				
Nonspendable	16,740,323			
Restricted	39,829,153	39,468,697	43,969,746	49,268,810
Committed	22,014,259	24,806,534	22,494,438	29,788,888
Assigned	3,064,843	7,424,963	7,817,738	8,128,032
Unassigned	(3,181,518)			
Total all other governmental funds	<u>78,467,060</u>	<u>71,700,194</u>	<u>74,281,922</u>	<u>87,185,730</u>
Total Governmental Funds	<u><u>103,316,803</u></u>	<u><u>91,524,747</u></u>	<u><u>96,035,664</u></u>	<u><u>111,034,572</u></u>

Notes:
 The City began to classify fund balances into specifically defined classifications when it implemented GASB Statement No. 54 in FY 2010-11.

Schedule 3 (Continued)
 CITY OF REDWOOD CITY, CALIFORNIA
 FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year				
2015	2016	2017	2018	2019
\$	\$	\$	\$	\$
1,387,892	1,291,863	1,131,814	956,207	733,648
1,230	96,338	96,338	1,118,953	2,498,135
700,783	837,563	837,563	2,078,791	2,761,836
283,563	978,967	884,838	1,036,150	4,036,548
<u>26,231,888</u>	<u>25,233,340</u>	<u>29,421,956</u>	<u>25,019,617</u>	<u>41,250,214</u>
<u>28,605,356</u>	<u>28,438,071</u>	<u>32,372,509</u>	<u>30,209,718</u>	<u>51,280,381</u>
	105,702	124,395	5,799,838	13,066,183
55,913,000	59,678,286	58,674,542	60,025,546	51,798,117
34,613,371	22,446,882	34,219,577	5,323,534	5,236,423
8,060,682	14,270,412	5,230,911	32,083,477	33,310,870
		(3,022)	(3,022)	(34,963)
<u>98,587,053</u>	<u>96,501,282</u>	<u>98,246,403</u>	<u>103,229,373</u>	<u>103,376,630</u>
<u>127,192,409</u>	<u>124,939,353</u>	<u>130,618,912</u>	<u>133,439,091</u>	<u>154,657,011</u>

Schedule 4
CITY OF REDWOOD CITY, CALIFORNIA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year				
	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments	49,351,469	47,906,240	43,732,410	39,709,199	43,092,377
Sales and other taxes	30,964,483	31,575,135	34,231,492	37,072,870	39,970,312
Licenses and permits	875,019	1,097,906	1,266,183	1,897,584	2,561,642
Fines, forfeitures and penalties	1,216,604	1,404,168	1,313,826	1,198,611	887,309
Use of money and property	4,264,447	3,813,336	2,302,262	2,476,647	1,771,829
Intergovernmental	13,711,717	9,126,252	10,223,281	10,505,927	10,835,761
Contributions	829,561	1,850,469	3,971,547	7,743,498	8,301,860
Charges for current services	8,395,583	11,227,564	10,830,462	10,411,028	15,345,006
Other	1,608,439	1,028,902	750,414	557,739	623,242
Total Revenues	111,217,322	109,029,972	108,621,877	111,573,103	123,389,338
EXPENDITURES					
Current Operations:					
Community development	18,155,500	17,440,348	22,125,748	8,595,743	7,864,788
Human services	1,465,105	1,504,568	1,389,422	1,462,092	1,347,136
Public safety	45,500,450	45,470,647	49,175,285	49,368,709	56,115,246
Transportation	8,552,901	6,729,077	6,472,378	6,452,755	6,714,370
Environmental support and protection	4,152,609	2,916,577	2,260,457	1,959,881	2,601,280
Leisure, cultural and information services	20,479,455	19,876,261	19,585,039	19,778,480	20,789,647
Policy development and implementation	3,299,086	3,979,560	2,617,522	5,470,098	3,598,453
Capital outlay	5,025,308	4,902,938	7,665,302	10,502,338	5,310,292
Debt service:					
Principal retirement	14,657,321	3,182,321	3,275,000	5,880,000	324,742
Interest and fiscal charges	1,378,637	1,007,650	930,487	326,059	31,755
Bond issuance costs				67,252	
Total Expenditures	122,666,372	107,009,947	115,496,640	109,863,407	104,697,709
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,449,050)	2,020,025	(6,874,763)	1,709,696	18,691,629
OTHER FINANCING SOURCES (USES)					
Transfers in	28,655,915	13,288,203	18,062,351	13,223,617	13,632,786
Transfers (out)	(29,590,152)	(14,050,840)	(18,655,801)	(13,782,396)	(17,325,507)
Sale of property		30			
Bond proceeds/Refunding Lease				3,360,000	
Sale of capital assets					
Total Other Financing Sources (Uses)	(934,237)	(762,607)	(593,450)	2,801,221	(3,692,721)
Extraordinary gain (loss)			(4,323,843)		
NET CHANGE IN FUND BALANCES	(12,383,287)	1,257,418	(11,792,056)	4,510,917	14,998,908
Debt service as a percentage of non-capital expenditures	13.63%	4.10%	3.90%	6.25%	0.36%

Schedule 4 (Continued)
 CITY OF REDWOOD CITY, CALIFORNIA
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year				
2015	2016	2017	2018	2019
\$	\$	\$	\$	\$
45,973,909	49,312,670	53,975,055	59,803,386	69,231,824
43,307,531	44,186,332	44,037,753	44,906,727	52,302,099
1,467,814	7,151,286	4,189,195	9,832,842	6,816,903
878,334	983,449	989,611	1,059,004	975,095
1,918,899	2,164,743	6,115,750	6,513,028	10,412,446
12,416,110	13,265,046	12,243,780	14,053,873	16,299,213
11,363,481	2,296,073	3,559,664	2,402,789	5,760,413
16,420,416	16,900,849	19,791,531	23,399,087	25,173,118
708,967	621,247	788,639	1,289,804	156,372
<u>134,455,461</u>	<u>136,881,695</u>	<u>145,690,978</u>	<u>163,260,540</u>	<u>187,127,483</u>
9,479,762	10,320,807	10,987,811	14,719,418	19,351,651
1,400,276	1,624,187	1,708,705	1,874,314	1,996,048
61,713,585	65,020,500	68,186,718	70,296,129	72,821,984
8,685,224	9,099,717	11,241,321	6,473,602	7,283,163
2,525,916	2,360,169	2,160,598	2,179,407	1,818,931
22,013,436	23,537,162	24,507,866	24,983,432	24,375,689
5,202,537	4,259,132	8,440,654	18,350,842	11,468,715
6,162,302	14,730,024	8,365,803	10,840,645	20,891,854
656,858	666,814	676,920	687,180	347,486
43,348	74,696	61,958	13,842	2,725
<u>117,883,244</u>	<u>131,693,208</u>	<u>136,338,354</u>	<u>150,418,811</u>	<u>160,358,246</u>
<u>16,572,217</u>	<u>5,188,487</u>	<u>9,352,624</u>	<u>12,841,729</u>	<u>26,769,237</u>
12,241,110	10,795,891	11,997,013	11,845,559	14,902,667
(14,448,618)	(18,237,434)	(15,670,078)	(21,586,606)	(20,453,984)
1,793,128				
<u>(414,380)</u>	<u>(7,441,543)</u>	<u>(3,673,065)</u>	<u>(9,741,047)</u>	<u>(5,551,317)</u>
<u>16,157,837</u>	<u>(2,253,056)</u>	<u>5,679,559</u>	<u>3,100,682</u>	<u>21,217,920</u>
0.63%	0.63%	0.58%	0.50%	0.25%

Schedule 5
 CITY OF REDWOOD CITY, CALIFORNIA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	% Increase/ (Decrease) Over Prior Year	Effective Direct Tax Rate*
	State Assessed	Locally Assessed	Locally Assessed				
	\$	\$	\$	\$	\$	%	%
2010	5,003,014	14,885,525,123	757,610,502	664,018,869	14,984,119,770	1.43	0.2397
2011	5,003,014	14,673,871,469	770,364,641	704,940,601	14,744,298,523	(1.60)	0.2373
2012	1,466,946	14,712,120,582	674,899,038	646,459,575	14,742,026,991	(0.02)	0.2030
2013	1,466,946	15,154,966,352	763,901,657	766,118,316	15,154,216,639	2.80	0.2101
2014	1,466,946	16,187,528,735	785,538,767	726,787,642	16,247,746,806	7.22	0.1921
2015	1,466,946	17,089,497,213	816,665,290	791,008,571	17,116,620,878	5.35	0.1920
2016	1,591,555	18,644,533,868	801,908,976	731,483,833	18,716,550,566	9.35	0.1944
2017	1,591,555	20,475,454,077	844,061,306	758,856,031	20,562,250,907	9.86	0.1930
2018	1,591,555	22,264,350,439	803,417,774	754,963,061	22,314,396,707	8.52	0.1819
2019	1,591,555	23,987,541,814	839,857,951	1,060,343,422	23,768,647,898	6.52	0.1731

Note: In 1978 the voters of the State of California passed Proposition 13 which limited basic property tax to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is the purchase price. The estimated market value of taxable property is not available.

The amount shown above includes assessed value data for both the City and the Successor Agency to the former Redevelopment Agency.

* The direct tax rate calculation does not include the property tax amount that is shifted from local agencies by the State of California to the Educational Revenue Augmentation Fund used to support K-14 education.

Source: San Mateo County Assessor's records

Schedule 6

CITY OF REDWOOD CITY, CALIFORNIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed values)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Rates										
City	0.2397	0.2373	0.2030	0.2101	0.1921	0.1920	0.1944	0.1930	0.1819	0.1731
County and All Others*	0.7603	0.7627	0.7970	0.7899	0.8079	0.8080	0.8056	0.8070	0.8181	0.8269
Total Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates										
MidPeninsula Open Space**							0.0008	0.0006	0.0009	0.0018
Elementary School	0.0238	0.0249	0.0255	0.0256	0.0240	0.0230	0.0158	0.0461	0.0412	0.0384
High School	0.0277	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365
Community College	0.0182	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175
Total Overlapping Rate	0.0697	0.0753	0.0812	0.0806	0.0747	0.0853	0.0850	0.1105	0.1039	0.0942
Total Direct and Overlapping Rate	1.0697	1.0753	1.0812	1.0806	1.0747	1.0853	1.0850	1.1105	1.1039	1.0942

Source: San Mateo County Assessor's records (tax rate area 009-001)

* Elementary School, High School, Community College, MidPeninsula Open Space District, Bay Area Air Pollution, County Harbor District, Mosquito Abatement District, Sequoia Hospital District, and County Education tax.

** MidPeninsula Regional Open Space issued general obligation bonds through voter approved Measure AA in 2015-16.

Schedule 7
 CITY OF REDWOOD CITY, CALIFORNIA
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$			\$		
Oracle Corporation	638,902,534	1	2.69%	538,904,130	1	3.60%
Google Inc.	618,608,044	2	2.60%			
Hudson Towers At Shore Center	565,628,243	3	2.38%			
Aimco Indigo LP	349,723,657	4	1.47%			
Westport Office Park LLC	287,910,302	5	1.21%	255,025,089	3	1.70%
DWF IV 1400 1500 Seaport Blvd	273,572,913	6	1.15%			
RWC Harbor Communities LLC	263,415,693	7	1.11%			
Slough Redwood City LLC	261,888,796	8	1.10%	244,812,991	4	1.63%
TGA 299 Franklin LLC	221,205,508	9	0.93%			
Electronic Arts Inc.	220,192,342	10	0.93%	78,180,427	12	0.52%
Pacific Shores Investors LLC				498,283,720	2	3.33%
Selco Service Corporation				186,641,248	5	1.25%
Spk-Metro Center LLC Lessee				180,900,000	6	1.21%
SRI Eight Pacific Shores LLC				176,540,400	7	1.20%
Tishman Speyer Archstone Smith				134,750,265	8	0.90%
Irvine Co. LLC				130,330,794	9	0.87%
Metropolitan Life Insurance Co.				119,660,953	10	0.80%
	<u>3,701,048,032</u>		<u>15.57%</u>	<u>2,544,030,017</u>		<u>17.00%</u>

Source: San Mateo County Assessor via MuniServices, LLC.

Schedule 8
 CITY OF REDWOOD CITY, CALIFORNIA
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections	
		Amount ¹	Percentage of Levy	Delinquent Tax Collections ²	Amount	Percentage of Levy
	\$	\$	%		\$	%
2010	25,402,023	25,081,429	98.74	NA	25,081,429	98.74
2011	25,027,079	24,734,718	98.83	NA	24,734,718	98.83
2012	25,004,405	24,713,562	98.84	NA	24,713,562	98.84
2013	25,724,570	25,478,547	99.04	NA	25,478,547	99.04
2014	27,363,041	27,345,209	99.93	NA	27,345,209	99.93
2015	28,944,353	28,862,898	99.72	NA	28,862,898	99.72
2016	31,236,465	31,170,596	99.79	NA	31,170,596	99.79
2017	33,650,661	33,580,370	99.79	NA	33,580,370	99.79
2018	35,664,083	35,757,150	100.26	NA	35,757,150	100.26
2019	37,659,043	37,595,784	99.83	NA	37,595,784	99.83

Source: Audited City financial records - general fund

¹ Amount collected is less than levy as refunds are deducted from the current year tax apportionment and tax roll adjustments are initiated by the County of San Mateo after the levy has been established. Amount collected could be more than the levy if prior fiscal year revenues are received in the next fiscal year.

² San Mateo County assesses properties and bills, collects, and distributes property taxes to all taxing entities including the City. Under State law, known as the Teeter Plan, the County remits the entire amount levied for secured property taxes and handles all delinquencies, retaining interest and penalties.

Schedule 9
 CITY OF REDWOOD CITY, CALIFORNIA
 RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita amount)

	Governmental Activities					Business-Type Activities		Total Primary Govt	Per Capita	Debt/ Personal Income
	Revenue Bonds	Refunding Lease	GID Bonds	Tax Increment Bonds*	Loans*	Revenue Bonds	Loans			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
2010	9,807			43,423	127	78,236	1,848	133,441	1,698	4.37
2011	7,892			43,767	85	76,266	1,819	129,829	1,671	4.20
2012	5,882					84,217	1,789	91,888	1,174	2.94
2013		3,360				81,346	1,758	86,464	1,093	2.70
2014		3,035				80,393	424	83,852	1,038	2.51
2015		2,378				77,749		80,127	979	2.35
2016		1,712				74,814		76,526	890	1.72
2017		1,035				66,890		67,925	794	1.61
2018		347				63,886		64,233	745	1.28
2019						60,831		60,831	713	1.16

*Tax Increment Bonds and Loans were transferred from Governmental Funds to a Private Purpose Trust Fund in 2012.

Schedule 10
 CITY OF REDWOOD CITY, CALIFORNIA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of June 30, 2019

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
	%	\$
City Overlapping Debt		
Debt Repaid with Property Taxes		
San Mateo Community College District	10.821	91,821,227
Sequoia Union High School District	25.248	129,071,306
Belmont-Redwood Shores School District	42.610	25,696,170
Belmont-Redwood Shores School District School Facilities Improvement Distr.	92.625	19,037,571
Redwood City School District	62.743	84,571,997
San Carlos School District	1.189	1,289,356
Midpeninsula Regional Park District	8.433	7,700,993
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	7,805,000
Redwood City Community Facilities District 2010-1	100.000	4,100,000
TOTAL DEBT REPAID WITH PROPERTY TAXES		371,093,620
Other Debt		
San Mateo County General Fund Obligations	10.821	58,792,272
San Mateo County Board of Education Certificates of Participation	10.821	868,538
Midpeninsula Regional Park District General Fund Obligations	8.433	9,782,460
Menlo Park Fire Protection District Certificates of Participation	0.018	1,735
TOTAL OTHER DEBT		69,445,005
Overlapping Tax Increment Debt (Successory Agency)	100.000	14,617,108
Total City Overlapping Debt		455,155,733
City Direct Debt		
City of Redwood City General Fund Obligations	100.000	
Total City Direct Debt		
Total Overlapping and Direct Debt		455,155,733

Source: California Municipal Statistics and City's Audited Financials

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Redwood City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Schedule 11
 CITY OF REDWOOD CITY, CALIFORNIA
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Total Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as % of Debt Limit</u>
	\$	\$	\$	%
2009-10	586,805,199		586,805,199	
2010-11	579,346,467		579,346,467	
2011-12	577,068,246		577,068,246	
2012-13	597,012,561		597,012,561	
2013-14	636,545,042		636,545,042	
2014-15	671,536,104		671,536,104	
2015-16	729,301,290		729,301,290	
2016-17	799,541,510		799,541,510	
2017-18	865,100,991		865,100,991	
2018-19	931,087,175		931,087,175	

Legal Debt Margin Calculation for FY 2018-19

Assessed value	23,768,647,898
Add back: exempt real property	1,060,343,422
Total assessed value	<u>24,828,991,320</u>
Debt limit (3.75% of total assessed value)	931,087,175
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u> </u>
Legal debt margin	<u><u>931,087,175</u></u>

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 15% of total assessed property value. However, the city has established a more conservative internal limit of not more than 3.75%. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.



*City of Redwood City
Comprehensive Annual Financial
Report June 30, 2019*

Schedule 12
 CITY OF REDWOOD CITY, CALIFORNIA
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					
	Gross Revenue \$	Less: Operating Expenses \$	Net Available Revenue \$	Debt Service		Coverage Ratio
				Principal \$	Interest \$	
2010	23,063,981	17,421,429	5,642,552	1,675,000	2,938,691	1.22
2011	26,004,880	18,597,779	7,407,101	1,730,000	2,930,765	1.59
2012	28,110,646	22,103,449	6,007,197	1,795,000	2,868,003	1.29
2013	33,167,501	23,321,874	9,845,627	1,865,000	2,802,852	2.11
2014	35,655,559	23,173,261	12,482,298	1,845,000	2,269,566	3.03
2015	35,323,680	25,430,020	9,893,660	1,905,000	2,943,480	2.04
2016	35,508,299	28,248,490	7,259,809	1,995,000	2,214,629	1.72
2017	36,752,635	31,411,452	5,341,183	2,080,000	2,352,256	1.21
2018	43,031,133	36,469,678	6,561,455	1,975,000	1,999,194	1.65
2019	46,708,545	32,725,719	13,982,826	2,000,000	1,965,763	3.53

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 Operating expenses do not include interest, depreciation, amortization expenses, or noncapitalized project costs.

*For transparency and consistency, Schedule 12 has been restated to reflect gross operating revenues and investment earnings per the Proprietary Funds Statements of Revenues, Expenses and Changes in Fund Net Position for all years listed above.

Schedule 12 (Continued)
CITY OF REDWOOD CITY, CALIFORNIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Port Revenue Bonds					
	Gross	Less:	Net	Debt Service		Coverage
	Revenues	Operating Expenses ¹	Available Revenue	Principal	Interest	Ratio ²
	\$	\$	\$	\$	\$	
2010	5,729,278	2,648,046	3,081,232	277,721	499,137	3.97
2011	5,820,715	2,561,439	3,259,276	288,969	485,389	4.21
2012	6,159,871	2,746,082	3,413,789	305,273	471,085	4.40
2013	6,262,660	2,703,564	3,559,096	644,144	875,483	2.34
2014	6,824,474	2,786,181	4,038,293	646,186	819,930	2.75
2015	6,721,955	3,033,231	3,688,724	710,341	807,953	2.43
2016*	6,779,863	2,823,939	3,955,924	772,130	630,193	2.82
2017	7,127,814	3,106,577	4,021,237	771,916	577,965	2.98
2018	8,627,231	4,245,795	4,381,436	798,483	556,144	3.23
2019	9,335,548	5,252,241	4,083,307	825,604	538,926	2.99

	Tax Increment Bonds			
	Property	Debt Service		Coverage
	Tax Increment	Principal	Interest	Ratio
	\$	\$	\$	
2008	8,416,294	1,210,000	988,415	3.83
2009	7,921,159	1,270,000	929,730	3.60
2010 ³	7,953,318	4,195,000	886,687	1.57
2011	7,552,777	1,225,000	632,713	4.07
2012 ⁴		1,265,000	585,975	
2013 ⁴		2,480,000	511,075	
2014 ⁴		2,895,000	385,481	
2015 ⁴		3,045,000	229,556	
2016 ⁴		3,142,669	292,144	
2017		1,889,861	1,615,139	
2018		1,773,916	1,731,084	
2019		1,663,894	1,841,106	

¹ Port operating expenses above exclude subvention payment to the City and depreciation.

² Debt service coverage is calculated using maximum annual debt service as required for the annual disclosure report.

³ In FY 2009-10, the 1997 Tax Increment Bonds were paid off resulting in additional principal payment of \$2,865,000.

⁴ As a result of the California Supreme Court upholding AB X1 26, Redevelopment Agencies were eliminated as of January 31, 2012. Consequently, all former tax increment revenue is retained by the County of San Mateo Controller's Office and deposited into the "Redevelopment Property Tax Trust Fund" (RPTTF) and is disbursed according to the provisions of AB X1 26 and AB 1484, the clean-up legislation that became law effective June 27, 2012. Under these laws the Successor Agencies to the Redevelopment Agencies now receive funding from the RPTTF to pay these types of debt obligations as the Redevelopment Agency is no longer in existence to receive tax increment revenue.

*2016 Port Operating Expenses were restated in FY 2017.

Schedule 13
 CITY OF REDWOOD CITY, CALIFORNIA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (\$000)	Per Capita Personal Income	Unemployment Rate	Number of Water System Customers
		\$	\$	%	
2010	78,568	3,052,053	38,846	9.10	23,784
2011	77,712	3,091,772	39,785	8.70	23,972
2012	78,244	3,125,218	39,942	7.10	24,119
2013	79,074	3,204,632	40,527	5.40	24,296
2014	80,768	3,342,018	41,378	4.20	24,347
2015	81,838	3,408,940	41,655	3.00	24,472
2016	85,992	4,459,975	51,865	3.00	24,485
2017	85,601	4,206,433	49,140	2.70	24,508
2018	86,271	5,008,894	58,060	2.40	24,600
2019	85,319	5,224,936	61,240	2.00	24,627

Sources:

Population is provided by the State of California Department of Finance. Population numbers in this schedule reflect the Department of Finance's annual adjustments.

Personal income and per capita personal income is provided by United States Census Data via MuniServices, LLC and is adjusted for inflation.

The unemployment rate for the City of Redwood City is provided by the State of California Employee Development Department and is not seasonally adjusted.

The number of water system customers is provided by the City's utility billing system.

Schedule 14
CITY OF REDWOOD CITY, CALIFORNIA
PRINCIPAL EMPLOYERS
Current and Nine Years Ago

Employer	2019			2010		
	Employees*	Rank	% of Total City Employment	Employees**	Rank	% of Total City Employment
Oracle Corporation	6,154	1	12.61%	6,700	1	17.91%
County of San Mateo	2,446	2	5.01%	2,200	3	5.88%
Electronic Arts	1,478	3	3.03%	3,416	2	9.13%
Kaiser Foundation Hospitals	923	4	1.89%	2,044	4	5.47%
Sequoia Hospital	915	5	1.88%	1,013	5	2.71%
Box Inc.	855	6	1.75%			
Stanford Hospital and Clinics	750	7	1.54%			
Redwood City School District	713	8	1.46%	1,000	6	2.67%
City of Redwood City	574	9	1.18%	575	9	1.54%
Genomic Health Inc	551	10	1.13%			
Broad Vision				759	7	2.03%
Sequoia Union High School District				700	8	1.87%
Informatica				400	10	1.07%

Source: *As of 2015, data from City of Redwood City Business License Database; non-profit organizations' data was via published annual reports or direct inquiry to the organization.

**2010 Data from Redwood City Chamber of Commerce.

Schedule 15
CITY OF REDWOOD CITY, CALIFORNIA
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION/DEPARTMENT
Last Ten Fiscal Years

Function	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
Community Development	72.68	71.53	69.33	62.63	64.76	56.98	64.31
Human Services	7.92	7.82	7.82	7.82	7.82	7.82	7.82
Public Safety	194.57	178.50	180.34	181.84	207.00	210.00	213.00
Transportation	18.85	17.15	16.05	16.05	16.09	16.09	16.29
Environmental Support/Protection	7.95	5.95	5.85	3.15	3.55	3.71	4.71
Leisure/Cultural/Information Services	142.08	128.65	127.94	124.74	103.80	104.59	106.23
Policy Development/Implementation	63.94	59.52	60.42	59.57	80.90	83.69	87.05
Water	35.45	32.45	30.85	35.05	30.97	34.37	34.77
Sewer	16.20	16.20	15.70	18.40	17.88	18.62	18.92
Parking	5.45	5.35	5.65	5.65	5.65	5.65	5.65
Docktown Marina*						0.13	0.13
Port	10.00	10.00	10.00	10.00	9.00	9.00	8.00
Total	575.09	533.12	529.95	524.90	547.42	550.65	566.88

Department**	Fiscal Year		
	2017	2018	2019
City Council	7.00	7.00	7.00
City Manager	7.49	8.59	10.89
City Attorney	6.83	5.97	5.97
City Clerk	4.41	3.78	3.78
Administrative Services	41.99	41.13	39.13
Community Development	70.31	65.46	59.03
Fire	93.00	89.50	91.00
Library	40.72	38.53	40.30
Parks, Recreation, Community Svcs	71.66	71.74	71.11
Police	128.00	124.00	130.00
Public Works	97.39	101.52	106.15
Port	8.00	9.00	10.00
	576.80	566.22	574.36

*The City took over the management of Docktown Marina in FY 2012-13, and began supporting with FTE in 2014-15.

**City began to report FTE by Department in FY 2016-17.

Source: Redwood City Adopted Budget

Schedule 16
CITY OF REDWOOD CITY, CALIFORNIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community Development:										
Building permits	2,003	2,191	1,972	2,320	2,549	2,650	3,493	3,310	3,017	2,888
Building inspections conducted	10,732	13,502	13,391	11,844	16,669	17,547	20,383	21,640	25,201	25,999
Public Safety:										
Police:										
Moving citations (per 1,000 population)	131	114	112	94	97	120	103	68	61	68
Fire:										
Emergency responses - all calls*	6,683	6,733	7,111	7,656	9,096	10,078	10,245	10,479	10,742	10,690
Leisure/Cultural/Information Services:										
Number of items in collection	324,672	295,444	326,251	332,776	299,673	292,781	277,520	273,391	244,106	236,705
Water:										
Average daily consumption (thousands of gallons)	9,193	9,337	9,446	9,402	9,910	10,401	7,507	7,729	8,536	8,328

*Redwood City began providing fire services to the residents of San Carlos in FY 13-14 as a result of a shared services agreement between the two cities.

Sources: Various City departments

Schedule 17
CITY OF REDWOOD CITY, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations*	5	5	5	5	7	7	7	7	7	7
Transportation										
Miles of streets	155	155	155	155	155	155	155	155	155	155
Number of street lights**	8,500	8,500	4,512	4,512	5,035	5,055	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	23	24	24	24	24	25	25	25	25	25
Number of libraries	4	4	4	4	4	4	4	4	4	4
Number of recreation center facilities	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	264	264	264	264	262	262	262	262	262	262
Miles of recycled water system lines	15	15	15	15	17	17	18	18	18	18
Sewer										
Miles of sanitary sewers	193	193	193	193	196	198	198	198	198	198
Miles of storm sewers	129	129	129	129	130	133	133	133	133	133

Sources: Various city departments

Notes:

* In FY 2013-14 Redwood City entered into a shared services agreement with the City of San Carlos. Redwood City provides fire services to the residents of San Carlos out of the two fire stations located in San Carlos.

**In 2012 the Public Works Services division employed a consultant to create a physical inventory of street lights. Criteria was updated and applied for a more accurate count of the number of street lights in the City's right-of-way. Inventories were refined and lights were added through

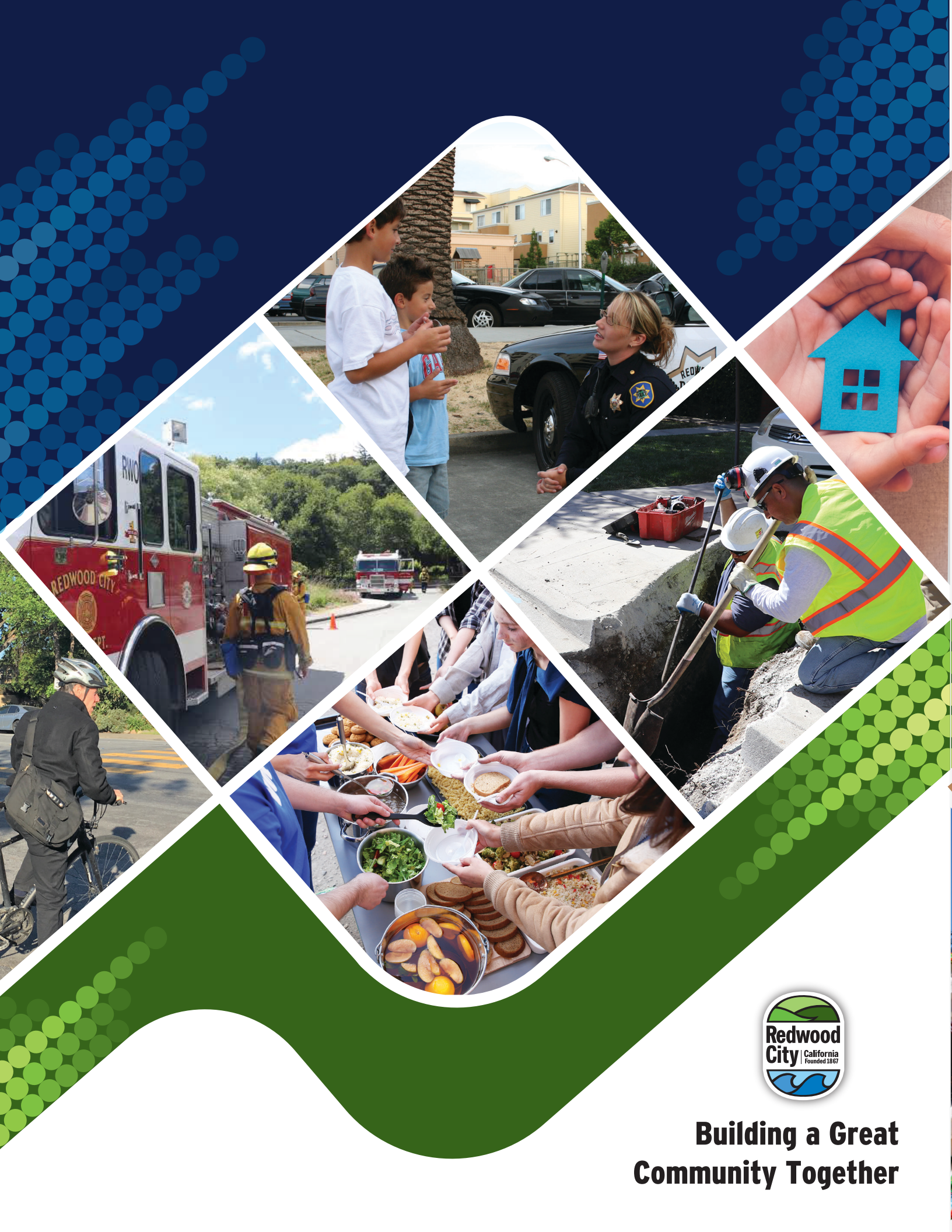
Schedule 18
 CITY OF REDWOOD CITY, CALIFORNIA
 CONSTRUCTION VALUES
 Last Ten Fiscal Years

Fiscal Year	Residential Construction		All Other Construction		Residences/Additions and Alterations		Other Buildings Additions/Alterations		Total Property Values
	Number of Permits Issued	Property Value	Number of Permits Issued	Property Value	Number of Permits Issued	Property Value	Number of Permits Issued	Property Value	
		\$		\$		\$		\$	\$
2010	39	15,495,398	5	6,048,354	1,098	21,065,615	861	26,436,017	69,045,384
2011	47	25,629,952	5	1,078,000	1,088	25,554,042	1,051	35,938,801	88,200,795
2012	200	40,914,805	22	402,509	912	21,119,778	1,011	64,738,238	127,175,330
2013	605	126,141,306	3	19,333,650	1,226	28,200,872	1,041	56,330,964	230,006,792
2014	426	82,816,188	5	94,930,847	1,270	30,617,300	1,213	73,184,001	281,548,336
2015	86	194,571,550	8	36,583,115	1,485	37,474,855	1,071	119,773,839	388,403,359
2016	120	133,448,208	14	44,186,444	1,762	51,966,358	1,597	116,225,763	345,826,773
2017	85	29,578,614	10	16,375,200	1,463	41,937,060	1,419	271,670,621	359,561,495
2018	3	398,600	2	39,150,000	149	3,499,075	2,863	643,620,383	686,668,058
2019	-	-	1	14,685,722	46	300,000	2,841	383,824,579	398,810,301

Source: Redwood City's Community Development Department



*City of Redwood City
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**Building a Great
Community Together**