



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

Respond. Restore. Reimagine.

City of Redwood City

Redwood City, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Prepared by:
Administrative Services Department – Finance Division



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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Administrative Services Department



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

February 22, 2021

Honorable Mayor Diane Howard
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, 2020.

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, 2020. 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, 2020. 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 require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in a section titled 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 Silicon Valley. With a population of more than 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, storm drains, and port facilities. 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. 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 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 requires all governmental agencies to record unfunded pension liability on their balance sheets (i.e., Statement of Net Position). Detailed information regarding the City's pension liability is described in Note 9.

FACTORS AFFECTING FINANCIAL CONDITION

Pandemic and other National Challenges

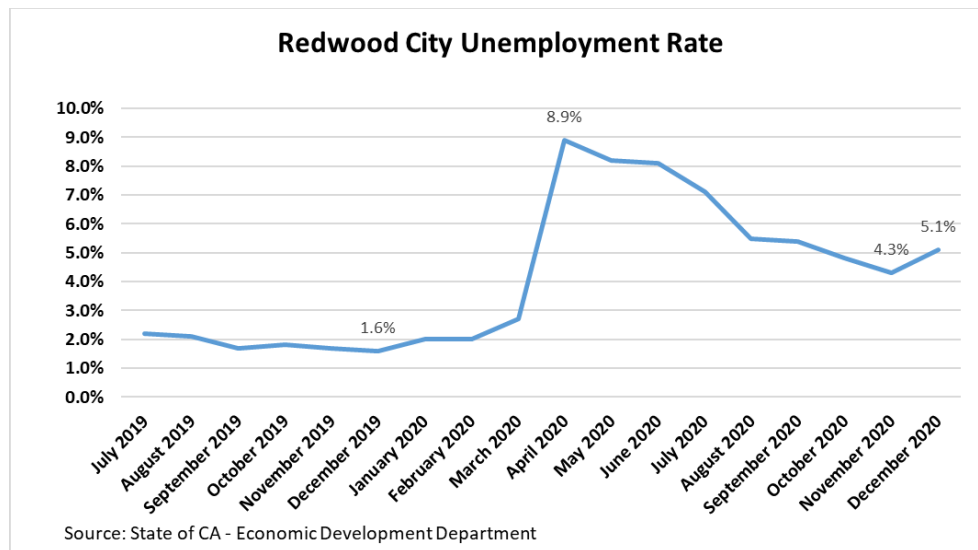
FY 2019-20 was the beginning of an extraordinary time in our nation. Our country, and the rest of the world, was confronted with a highly contagious coronavirus that causes Coronavirus Disease 2019 (COVID-19). The pandemic triggered a collapse of the global economy along with a public health care system crisis from which no state has been immune. On March 17, counties throughout the Bay Area issued the first in a series of shelter-in-place orders that essentially quarantined residents and closed businesses to in-person commerce and activity, including the City Hall of Redwood City. The economic impact of COVID-19 has resulted in business closures and job losses for 10.7 million Americans and an unemployment rate of 6.7 percent as of December 2020. The economic crisis has correlated to a decrease in revenue sources while community needs for essential services and new assistance have increased. For example, transient occupancy tax revenue plummeted, while the City stood up new programs to provide rental assistance, food distribution, COVID-19 testing and vaccination distribution. The full impact of the pandemic on the City's finances is not reflected in the FY 2019-20 CAFR as it only includes activity for the early phases of the pandemic through June 30, 2020.

Subsequent challenges in 2020 included social unrest following the deaths of African Americans Breonna Taylor on March 13 in Louisville, and George Floyd on May 25 in Minneapolis, at the hands of their respective police departments. Resulting nationwide protests elevated the Black Lives Matter movement to a national reckoning with racial injustice across America. Concurrently, unprecedented partisanship fomented months-long anxiety surrounding a Presidential election with historic voter turnout despite the logistical challenges of the pandemic. Heated controversy over the election results ultimately culminated in an historic riot of insurrectionists at the nation's Capitol in the first week of 2021. In addition, the impacts of climate change on the environment and weather patterns brought an unprecedented number of wildfires in the summer and autumn of 2020 throughout the western United States, including California, more than doubling the millions of U.S. acres burned compared to the previous year. Redwood City's firefighters were deployed to multiple strike teams in San Mateo County and throughout the Bay Area, which was blanketed with air quality rated the worst in the world as the sun was blotted out by smoke for days at a time and emergency power shut-offs repeatedly restricted residential and commercial activity. The nation and, more specifically, Redwood City continue to navigate the lasting consequences of the pandemic and multiple concurrent crises of 2020; as a result, there remain financial, social, and environmental uncertainties that make an economic recovery difficult to predict.

Local Economy

The local economy exhibited signs of a healthy economy before it was thrust into a recession in March 2020, along with the rest of the nation and the world, due to the pandemic and associated government orders intended to slow the spread of COVID-19. The largest economic sectors affected were transportation, tourism and hospitality. By June 1, 2020, CalTrain reported a 97% drop in ridership; and Bay Area airports reported a 19% reduction in passenger departures for the full fiscal year 2019-2020. Redwood City Transit Occupancy Tax from hotel stays dropped by nearly 30% in fiscal year 2019-20 from the previous fiscal year (more details regarding this and other taxes are provided below). Given the health of the economy for the during the first half of fiscal year 2019-20, such annualized reductions indicate considerably greater drops in economic activity during the spring of 2020.

Perhaps the most discouraging economic impact of the pandemic is unemployment. After falling to 1.6 percent in December 2019, Redwood City's unemployment rate abruptly leapt to a high of 8.9 percent in April 2020. Since that time, unemployment slowly decreased down to 4.3 percent in November 2020, but increased slightly to 5.1 percent in December 2020.



Property tax in Redwood City, the largest single source of General Fund revenue for the City, did not experience negative impacts from the challenges of 2020. This is encouraging for City revenues and is discussed in more detail below.

San Mateo County, like the nation, has suffered a pronounced and deadly surge in COVID-19 cases during the winter of 2020-21; however, with widespread vaccine administration underway in early 2021, there is reason for hope for the economy. An anticipated easing of public health restrictions that would free up economic activity – and a proposed package of federal stimulus funding – may promote a positive economic trajectory beginning later in 2021.

Respond, Restore, and Reimagine

The City Council-endorsed financial and community recovery strategy to help our community and organization meet the health, economic, and social challenges due to the COVID-19 pandemic is nicknamed the “Three R’s” for Respond, Restore and Reimagine:



Respond...

...to immediate community needs resulting from the COVID-19 pandemic, with particular care for seniors and vulnerable residents



Restore...

...community cultural, economic, and social vitality in partnership with community organizations and businesses



Reimagine...

...public services in light of evolving community needs and financial resources

The City has initiated numerous programs to help residents mitigate the economic damage caused by COVID-19, including emergency rental assistance, meal distribution, and waiving late payment penalties for utility customers. Redwood City committed more than \$4.6 million in operating funds responding to the COVID-19 crisis – in staff time, purchases, and direct aid to residents in FY 2019-20. This includes more than \$1.7 million in overtime and supplies and service expenditures. To date, the City has received \$1.1 million in federal CARES Act assistance passed through the State of California. City staff continue to document expenditures with the anticipation of additional funding proposed from the Federal Emergency Management Agency, and the possibility that funding for state and local governments might be included in a future federal stimulus bill or state response program.

The City partnered with San Mateo County to make COVID-19 testing more accessible to City residents and to promote safe hygiene. As of December 2020, San Mateo County continued to lead the state as the second highest County for COVID-19 testing. Staff have provided the business community with information and health guideline materials to post in their establishments and have coordinated onsite community testing in Redwood City neighborhoods at risk.

Redwood City has administered an Emergency Rental Assistance Program for families and individuals who have experienced a loss of income due to the pandemic. The City has committed over \$500,000 in operating funds, and allocated over \$2.0 million in federal, county, and private funds to this program. This program, provided through the Fair Oaks Community Center, has provided assistance to over 3,500 individuals in over 1,000 unduplicated households – including over one-third of households being assisted multiple months and/or multiple times since March 2020. The Veterans Memorial Senior Center continues to provide 380 “to go” and “delivered” meals daily, Monday through Friday, for Redwood City seniors. In addition, the Fair Oaks Community Center continues to provide groceries and bag lunches to over 1,400 households each month and connects residents to a variety of food resources available throughout the community.

Utility customers are also receiving relief in the form of waived late payment penalties. The City’s water and sewer rate assistance program had 97 participants during calendar year 2020, with 25 participants being added after April 2020. Beginning in March 2020, the City has waived late payment penalties for the 18 percent of utility customers who would have been charged monthly penalties. An extension of the waiver of late payments through February 2021 was approved by the City Council in October 2020. The annual revenue forgone from the waived charges is approximately \$210,000.

The City has committed \$1.7 million over two years for a Safe Parking Pilot program to allow 110 permits for on- and off-street Recreational Vehicle (RV) parking and the creation of a 30-50 space Safe RV Parking Site, supported by outreach and case management services from LifeMoves. To date, much progress has been made in the initial launching of the Safe Parking Pilot program. Prior to implementation of the program, 120 RVs were parked on city streets, and currently there are around 40 RVs on city streets.

The temporary school transition from onsite to remote learning, and remote work options for adults able to use them, has elevated electronic work to an essential solution during the pandemic. A June 2020 survey of San Mateo County school districts found that more than 4,400 elementary and high school students did not have access to laptops and/or Wi-Fi connectivity in their homes. The City has prioritized bridging the digital divide in pandemic response and recovery efforts by partnering with schools and community-based organizations to distribute hotspots and other equipment; and the City Council approved a license agreement with San Mateo County in December 2020 for installation, operation, and maintenance of free public Wi-Fi in underserved neighborhoods.

Economic Vitality

With the adoption of the Downtown Precise Plan in 2011, Downtown Redwood City had become a vibrant district where Redwood City residents enjoyed working, living, and playing. As a result of the pandemic, fewer workers

are commuting into the city on a daily basis, which has resulted in fewer customers for local businesses. To help support the city's downtown businesses, the City has alternatively closed and re-opened streets to vehicular traffic to make it easier for customers to dine outside or purchase take-out orders, respectively, as public health orders have constricted with pandemic surges and relaxed as conditions improved.

The City continues to attract significant development interest, following slightly lower building permit revenues in FY 2019-20 than originally anticipated. In October 2020, the City Council approved initiation of three housing projects and two commercial/mixed-use projects as part of the Gatekeeper process. Also in late 2020, the City Council approved zoning ordinance amendments to allow up to six storefront cannabis retailers, projected to generate more than \$1.3 million annually in tax revenue. In January 2021, the City began accepting applications from interested parties.

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 Redwood City, including adopting a structurally balanced annual budget, funding long-term needs, and maintaining a 15 percent General Fund reserve level.

The City has earned 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 slow to 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 the 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.

During the latter part of FY 2019-20, in the face of multiple crises, the City remained true to the fiscal strategies of the past two years while responding to the crises of 2020 through its recovery strategy of “Respond, Restore, and Reimagine,”

- Continued, through several emergencies, to fund ongoing services with ongoing revenues and limited one-time revenues to one-time expenses
- Limited the use of reserve funds in response to emergencies so as to maintain the 15 percent General Fund reserve level established in policy
- Began reimagining what services are provided, how they are provided, and to whom they are provided, in order to adapt to a rapidly evolving environment with a focus on fiscal conservation and social equity
- Launched a Climate Action Plan that includes risk management and long-term forecasting to ensure financial as well as environmental benefits
- Leveraged the ten-year forecast not only for financial planning but also to analyze trends over time and reinforce a longer view in times of crisis, to support thoughtful problem solving and strategic action

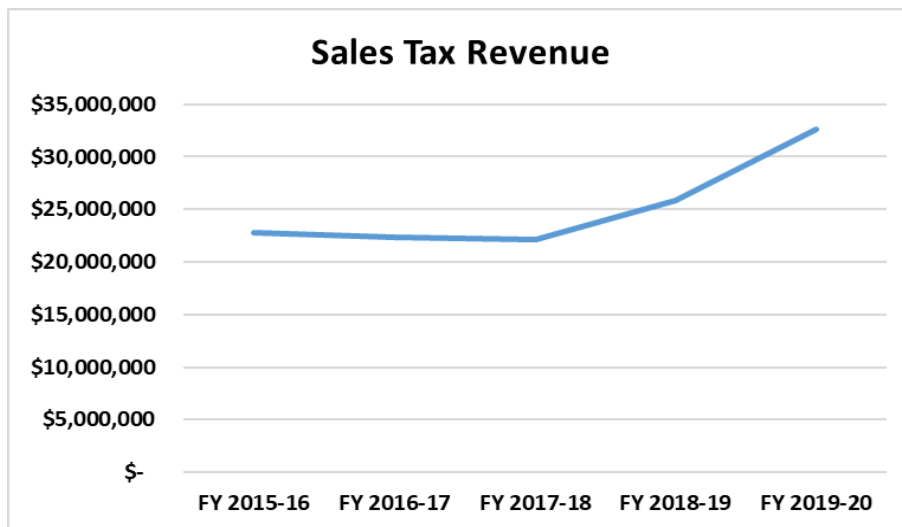
A summary of major revenue sources and other significant financial planning items is below. When compared to the FY 2019-20 budget, actual revenues generated approximately \$10.7 million, or 6.9 percent, more revenue than the amount budgeted in the General Fund.

Sales Tax

Sales tax is an important source of General Fund revenue as it accounts for 19.7 percent of total General Fund revenues. This is a primary concern during the pandemic and throughout the recovery period due to nationwide reductions in consumer spending for fuel, entertainment, dining, new cars, and travel. While several of the City’s larger generators of sale tax can expect reduced revenues in the economic downturn, most are still open for business. In addition, the anticipated reduction in sales tax due to COVID-19 closures has been offset by two positive developments: increased revenues from online shopping, and the addition of revenues from Measure RR.

Sales tax revenues paid through resident online purchases have increased both in the number of transactions as well as the City’s allocation of sales tax from them. Rather than experiencing a complete loss of sales tax from the purchases lost through storefront closures, many of those transactions moved to electronic shopping during the pandemic. This activity has coincided with a new allocation of sales tax by the purchaser’s point-of-origin resulting from the U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*, which enabled state and local governments to recoup tax revenue formerly lost to remote sellers. This new influx of formerly lost online sales tax, together with the addition of revenue from the new Measure RR sales tax, has offset some of the reductions in sales tax revenue caused by the 2020 recession, softening the impact of the economic downturn on the City in FY 2019-20.

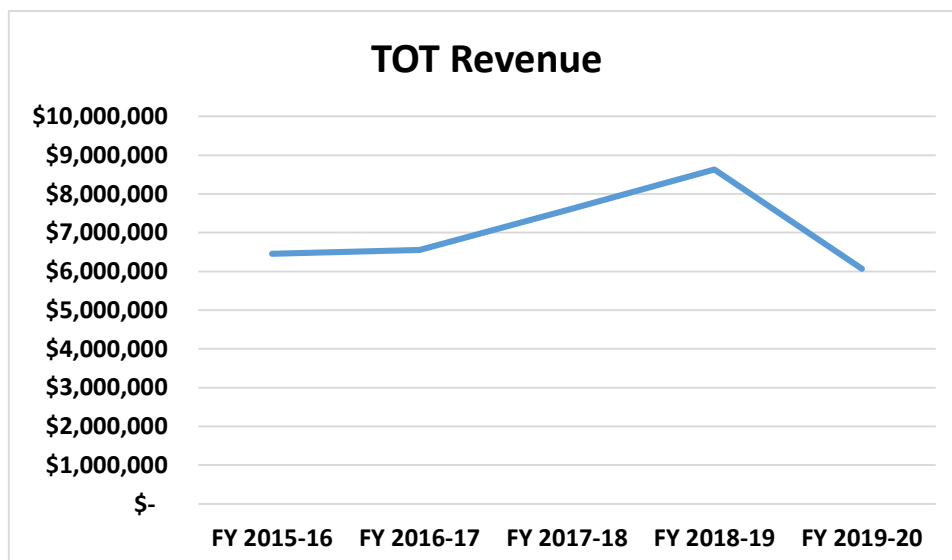
The passage of Redwood City’s Measure RR, a half-cent sales tax increase, in November 2018, became effective April 1, 2019. In FY 2019-20, Measure RR generated an additional \$10.3 million in revenue; more than 30 percent of all sales tax revenue for the City. Total sales tax revenue in the General Fund increased by \$6.7 million, or 25.8 percent, when compared to the prior fiscal year. Without the new half-cent sales tax revenue from Measure RR, Redwood City would have experienced a decrease in sales tax revenue of \$1.2 million, or 5.1 percent in FY 2019-20, even with the increase in online tax revenue. The City has budgeted \$9.6 million of this new revenue source to be collected in FY 2020-21. Staff will analyze the sales tax revenue on a quarterly basis during the fiscal year to determine if a year-end budget amendment is needed.



Transient Occupancy Tax

Transient occupancy tax (TOT) is collected from visitors to Redwood City through a charge on hotel accommodations. TOT revenue accounts for 3.7 percent of total General Fund revenues. Although it is not a primary revenue source, it has been severely impacted by the COVID-19 pandemic; occupancy rates for hotels in the San Francisco/San Mateo area have dropped by more than 60 percent. TOT revenue in FY 2019-20 decreased by \$2.6 million, or 29.7 percent, when compared to the prior fiscal year (from \$8.6 million to \$6.0 million).

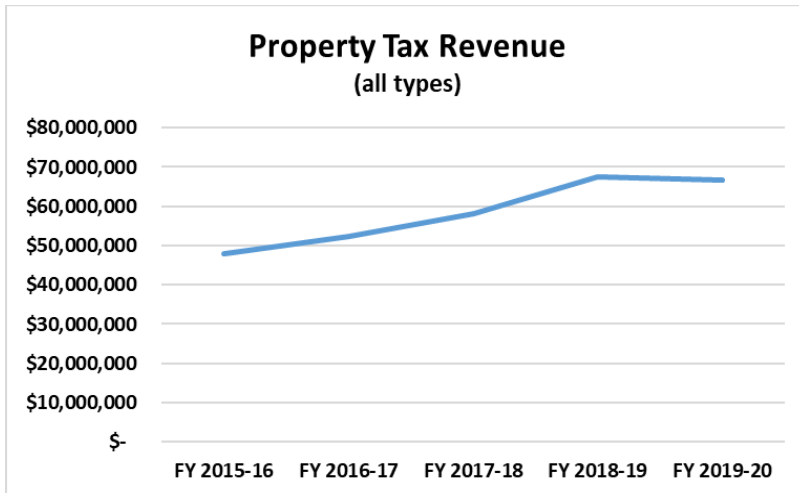
In the Redwood City area, revenue per available room, which is calculated by multiplying a hotel’s average daily room rate by its occupancy rate, is down from \$94 million in 2019 to just \$29 million in 2020. In addition to the reduction in tourism due to the pandemic, two Redwood City hotels were sold to San Mateo County in 2020 for use as affordable housing, thereby removing them from the TOT pool as well as the property tax rolls at an annual loss to the City of over \$800,000. The City has budgeted \$4.5 million of this revenue source to be collected in FY 2020-21. Staff will analyze this unstable revenue on a monthly basis during the fiscal year to determine if a year-end budget amendment is needed.



Property Tax

Property tax accounts for 40.5 percent of total General Fund revenues and is a key indicator of the City’s economic outlook. Redwood City property values have remained stable during the COVID-19 pandemic. The median sale price of homes in Redwood City is currently \$1.6 million. While overall property tax revenues have

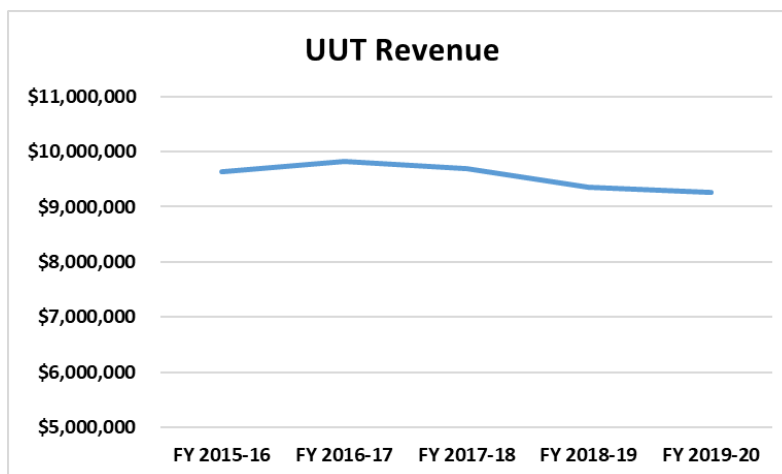
declined slightly in FY 2019-20, from \$67.6 million to \$66.8 million, **secured property tax**, the largest component of property tax revenue, increased by \$2.5 million, or 6.9 percent, over the previous fiscal year. Development activity and associated City revenues have also remained stable during the first part of the COVID-19 pandemic, and interest in commercial and multi-family development in the downtown area remains strong. Budget projections for secured property taxes in Redwood City in FY 2020-21 call for this revenue source to remain virtually unchanged from the FY 2019-20 actual amount. Staff is currently working with the City’s property tax consultant to calculate the potential revenue changes associated with Proposition 19. Staff will analyze the property tax revenue in the Spring of FY 2020-21 to determine if a year-end budget amendment is needed.



Utility Users’ Tax

This City collects a voter-approved Utilities User Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue decreased \$100,000, or 1.0 percent, in FY 2019-20 compared to FY 2018-19 (\$9.4 million to \$9.3 million), 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 SB 1441 sunsets in 2026. This revenue source amounted to \$56,341 FY 2019-20, which is \$31,000, or 35.4 percent less than FY 2018-19. While UUT revenue has traditionally 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 had been 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 on a 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 continually at risk of reduction or elimination by state action.

In FY 2018-19 and FY 2019-20, Redwood City received \$11.0 million and \$6.8 million in returned funds, 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, particularly given recent and potential changes in school financing, which the County Controller has indicated could significantly reduce this revenue source for cities and the County in future fiscal years. The City's policy is to budget what can reasonably be estimated, which was \$4.2 million, or about 62 percent of the actual amount received in FY 2019-20. The City has also budgeted to receive \$4.2 million in FY 2020-21. Staff will analyze this revenue source in the Spring of FY 2020-21 to determine if a year-end budget amendment is needed.

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 filed an appeal. The appeal was heard on December 14, 2020 and the Court of Appeal reversed the lower court decision and DOF determination, accepting all of the City's Dissolution Act arguments. A petition by DOF for review by the Supreme Court is due by February 8, 2021.

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 prevailed in this appeal. If there are no more petitions by the DOF, the City will proceed with recovering the \$10.3 million. This recovery is likely to occur over several years.

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 above the 15 percent reserve threshold 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. It is anticipated that a portion of the available excess fund balance as of June 30, 2020 will be redirected to support recovery activities in response to the crises of 2020 and in alignment with the strategies to respond, restore and reimagine services; as well as retained to cover future anticipated revenue shortfalls.

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.

The City is currently in the process of implementing a new Enterprise Resource Planning system (ERP), which is expected to begin operation in July 2021. In preparation for the new ERP, City staff, in conjunction with consultants from the Government Finance Officers Association, are reviewing financial policies and procedures and recommending updates as needed.

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 growth in inflation and population during each fiscal year. Inflation is measured as the year-over-year growth in per capita personal income, while population growth is based on a weighted growth measure that blends growth in the civilian population with growth in K-12 and community college average daily attendance. 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 2019-20 was \$741,875,879, while the actual appropriations subject to the limit amounted to \$110,923,088. The FY 2019-20 appropriation limit increased from FY 2018-19 due primarily to the increase of 3.85 percent in per capita personal income, 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, 2019. This is the 33rd 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 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

Special recognition is extended to the entire Finance Division staff for their ongoing dedication and efficient services provided to all City departments, residents and customers on a daily basis. 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, Carlyne Kerans, Nancy Murguia, Jun Nguyen, and Sylvia Peters for their important contributions, and to Jennifer Yamaguma for her assistance in the design of the report cover.

I would especially like to thank and commend the City Council and City Manager for their ongoing interest and unwavering support in planning and conducting the financial operations of the City in a responsible and progressive manner – during a time of unprecedented crisis for the City and the nation – in service to the continued best interests of the residents of Redwood City.

Respectfully submitted,



Michelle Poché Flaherty
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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2020

CITY COUNCIL

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

CITY MANAGER

Melissa Stevenson Diaz

DEPARTMENT DIRECTORS

Assistant City Manager/Administrative Services	Michelle Poché Flaherty
Assistant City Manager	Alex Khojikian
City Clerk.....	Pamela Aguilar
Community Development and Transportation.....	Mark Muenzer
Fire Chief, Acting.....	Dave Pucci
Human Resources	Michelle Katsuyoshi
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

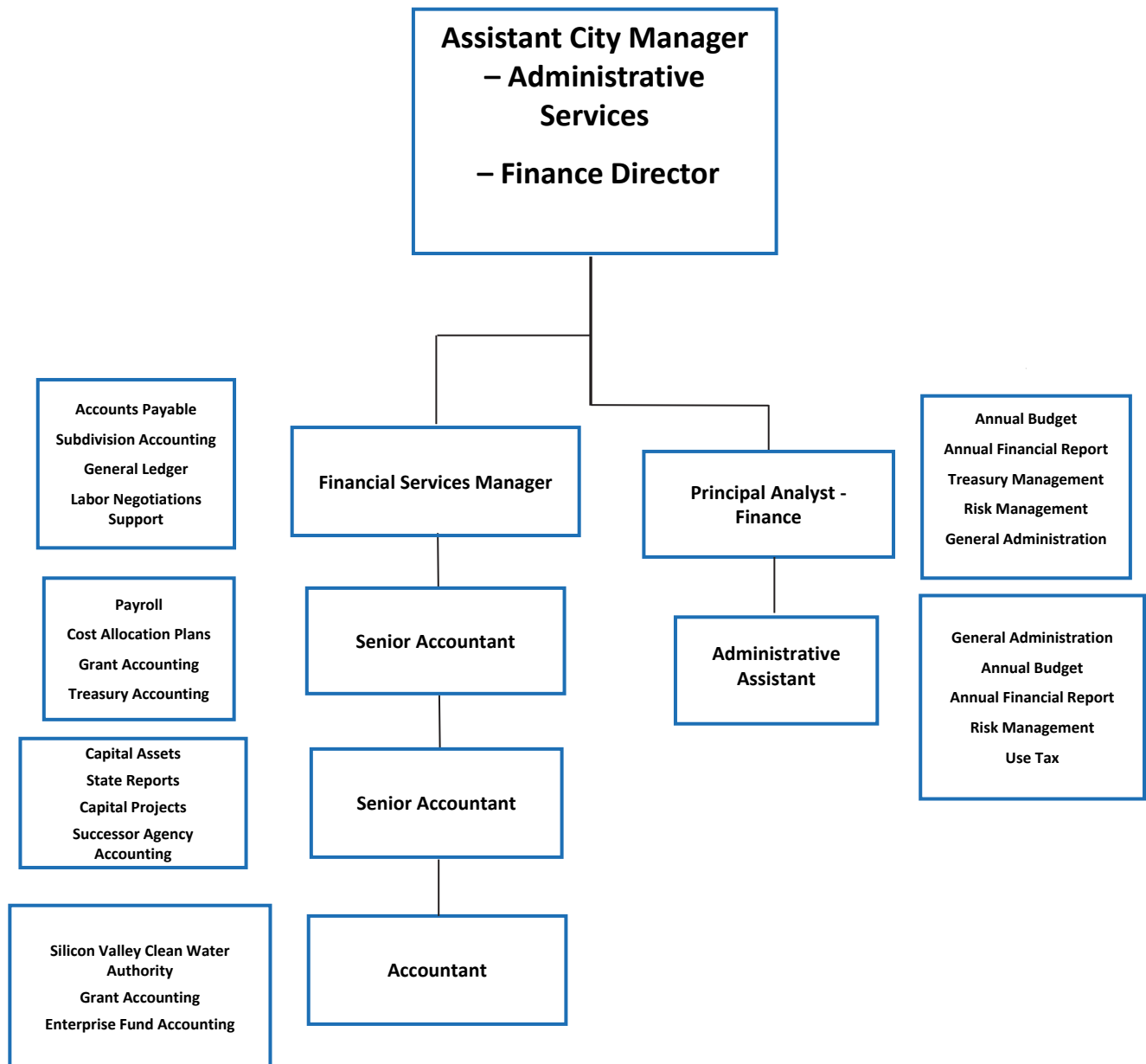
FINANCE DIVISION STAFF

As of June 30, 2020

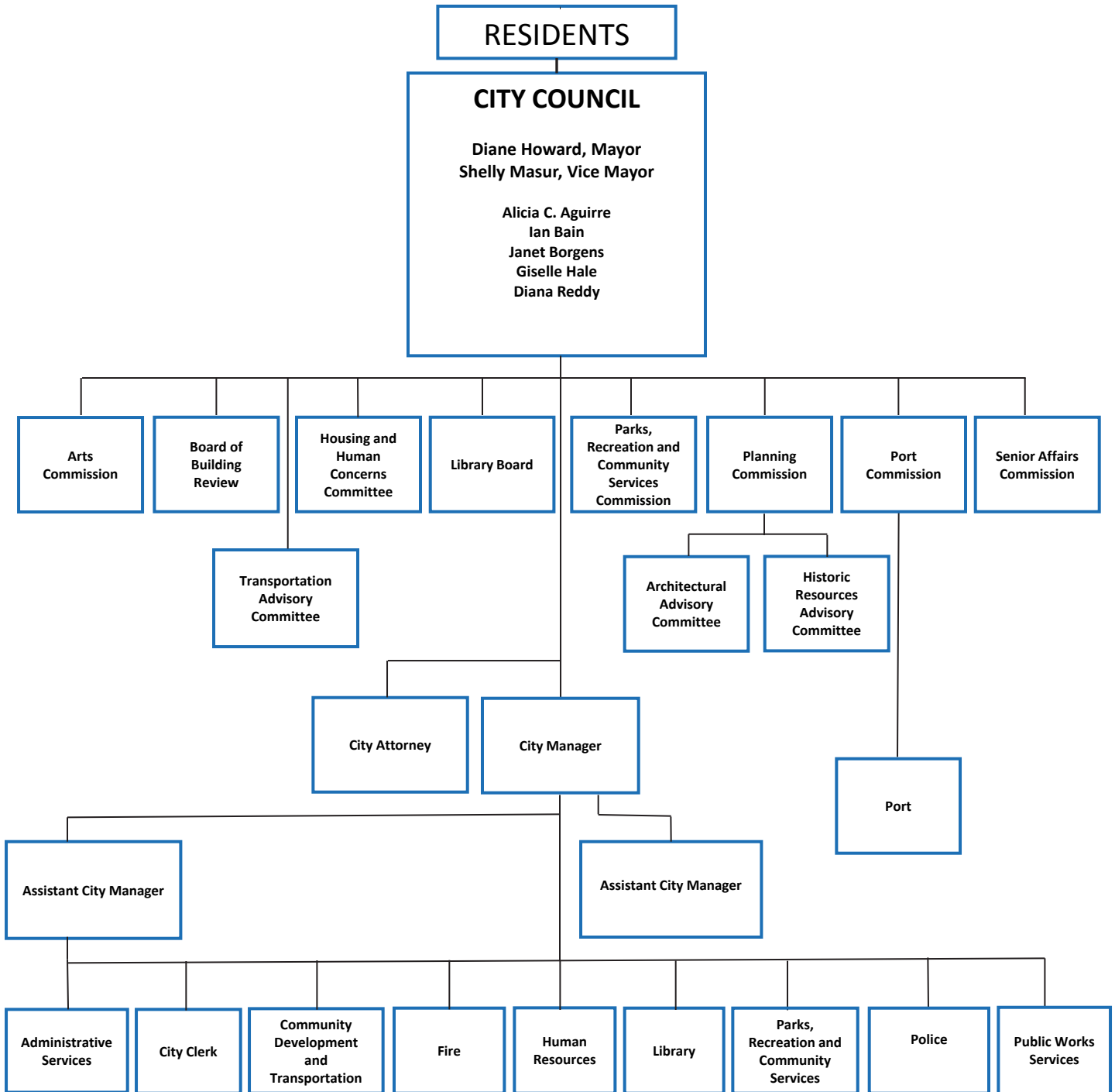
Derek Rampone Financial Services Manager
Jennifer Chang Senior Accountant
Carolyn Kerans Senior Accountant
Sylvia Bravo Peters Principal Analyst
Joan Brumleve Accountant
Molly Flowerday Accountant
Fion Liu Accountant
Gina Clark Account Technician
Anna Indy Account Technician
Christopher Chau Account Clerk
Lisa Crudo Account Clerk
Nancy Murguia Administrative Assistant

June 30, 2020

Administrative Services Department Finance Division



2020





*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, 2020, 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 January 11, 2021, 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
January 11, 2021



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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, 2020. We encourage all readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FISCAL YEAR 2019-20 FINANCIAL HIGHLIGHTS

The financial effects of the COVID-19 pandemic and resulting stay-at-home orders were only incurred during the last four months of FY 2019-20. As the pandemic continues, staff is monitoring actual revenues received and being proactive in continuing to control expenditures. Financial highlights of the fiscal year include the following:

- The City's total net position increased \$36.2 million in FY 2019-20, after a \$62.9 million increase in the prior fiscal year. At June 30, 2020, net position totaled \$481.2 million, comprised of \$169.2 million for governmental activities and \$312.0 for business-type activities.
- Total City revenues, including program and general revenues, were \$298.9 million, a decrease of \$9.2 million over the prior fiscal year, while total expenses were \$262.7 million, an increase of \$17.5 million from FY 2018-19.
- Net position in governmental activities increased \$8.8 million, while net position in business-type activities increased \$27.4 million.
- Governmental program revenues were \$53.5 million, which reflects a decrease of \$18.3 million over the prior fiscal year.
- Governmental general revenues increased to \$138.4 million in FY 2019-20, up \$9.6 million from the prior fiscal year.
- Governmental program expenses increased to \$177.7 million in FY 2019-20, up \$17.5 million from the prior fiscal year.
- Total program revenues from business-type activities decreased to \$100.8 million in FY 2019-20, down \$6.6 million from the prior fiscal year.
- Total expenses of business-type activities did not change from FY 2018-19 to FY 2019-20, and was stable at \$85.0 million.
- General fund revenues of \$165.0 million increased by \$5.4 million over the prior fiscal year.
- General fund expenditures of \$142.4 million increased by \$19.8 million over the prior fiscal year.
- General fund balance of \$55.8 million at June 30, 2020 increased by \$4.5 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 22 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 20 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, 2020 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 \$481.2 million at June 30, 2020.

City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2020	2019	2020	2019	2020	2019	
	\$	\$	\$	\$	\$	\$	
Cash and investments	195.601	189.750	125.080	106.899	320.681	296.649	8.10%
Other assets	42.489	46.564	54.709	50.609	97.198	97.173	0.03%
Capital assets	247.094	225.966	228.745	223.355	475.839	449.321	5.90%
Total assets	<u>485.184</u>	<u>462.280</u>	<u>408.534</u>	<u>380.863</u>	<u>893.718</u>	<u>843.143</u>	6.00%
Total deferred outflows of resources	<u>44.859</u>	<u>48.163</u>	<u>5.182</u>	<u>5.845</u>	<u>50.041</u>	<u>54.008</u>	-7.35%
Long-term debt outstanding	314.054	310.033	85.171	88.595	399.225	398.628	0.15%
Other liabilities	37.418	37.022	15.312	12.998	52.730	50.020	5.42%
Total liabilities	<u>351.472</u>	<u>347.055</u>	<u>100.483</u>	<u>101.593</u>	<u>451.955</u>	<u>448.648</u>	0.74%
Total deferred inflows of resources	<u>9.348</u>	<u>2.981</u>	<u>1.209</u>	<u>0.480</u>	<u>10.557</u>	<u>3.461</u>	205.03%
Net Position:							
Net investment in capital assets	247.094	225.966	169.692	163.031	416.786	388.997	7.14%
Restricted	50.200	54.296	10.264	9.922	60.464	64.218	-5.85%
Unrestricted	<u>(128.072)</u>	<u>(119.855)</u>	<u>132.068</u>	<u>111.683</u>	<u>3.996</u>	<u>(8.172)</u>	148.90%
Total net position	<u>169.222</u>	<u>160.407</u>	<u>312.024</u>	<u>284.636</u>	<u>481.246</u>	<u>445.043</u>	8.13%

The largest portion (86.6 percent) 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 (12.6 percent) 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 balance of \$4.0 million, an increase of \$12.2 million from the prior fiscal year.

The City's total net position increased by \$36.2 million, or 8.1 percent, during the current fiscal year. This increase is comprised of \$8.8 million in governmental activities net position and \$27.4 million in business-type activities net position.

City of Redwood City
Management's Discussion and Analysis
For the fiscal year ended June 30, 2020

Changes in City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2020	2019	2020	2019	2020	2019	
	\$	\$	\$	\$	\$	\$	
Revenues							
Charges for services:							
Community development	11.503	12.876			11.503	12.876	-10.66%
Public safety	10.288	11.075			10.288	11.075	-7.11%
Transportation	0.028	0.042			0.028	0.042	-33.33%
Environmental support and protection	1.696	1.710			1.696	1.710	-0.82%
Leisure, cultural and information services	3.377	4.489			3.377	4.489	-24.77%
Policy development and implementation	5.833	5.559			5.833	5.559	4.93%
Water			47.221	45.001	47.221	45.001	4.93%
Sewer			42.352	38.104	42.352	38.104	11.15%
Parking			1.672	2.636	1.672	2.636	-36.57%
Port of Redwood City			8.762	9.336	8.762	9.336	-6.15%
Docktown Marina			0.019	0.038	0.019	0.038	-50.00%
Operating grants and contributions:							
Community development	0.647	1.007			0.647	1.007	-35.75%
Public safety	0.815	1.175			0.815	1.175	-30.64%
Transportation	1.411	1.521			1.411	1.521	-7.23%
Leisure, cultural and information services	2.647	2.746			2.647	2.746	-3.61%
Policy development and implementation	0.526	0.560			0.526	0.560	-6.07%
Water				0.036		0.036	-100.00%
Parking			0.001	0.001	0.001	0.001	
Port of Redwood City			0.037	0.032	0.037	0.032	15.63%
Capital grants and contributions:							
Community development	1.179	1.583			1.179	1.583	-25.52%
Transportation	13.325	22.789			13.325	22.789	-41.53%
Environmental support and protection		1.834				1.834	-100.00%
Leisure, cultural and information services	0.229	2.873			0.229	2.873	-92.03%
Water			0.586	2.592	0.586	2.592	-77.39%
Sewer			0.102	0.500	0.102	0.500	-79.60%
Parking			0.050		0.050		N/A
General revenues:							
Taxes/special assessments	128.162	123.451	0.448	0.410	128.610	123.861	3.83%
Investment earnings	10.092	5.176	3.241	4.023	13.333	9.199	44.94%
Increase (decrease) in investment in sewer authority			2.499	4.738	2.499	4.738	-47.26%
Other	0.187	0.209			0.187	0.209	-10.53%
Total revenues	<u>191.945</u>	<u>200.675</u>	<u>106.990</u>	<u>107.447</u>	<u>298.935</u>	<u>308.122</u>	-2.98%
Expenses							
Community development	18.010	20.210			18.010	20.210	-10.89%
Human services	3.446	2.207			3.446	2.207	56.14%
Public safety	86.705	81.715			86.705	81.715	6.11%
Transportation	13.208	12.415			13.208	12.415	6.39%
Environmental support and protection	3.825	2.992			3.825	2.992	27.84%
Leisure, cultural and information services	27.042	28.346			27.042	28.346	-4.60%
Policy development and implementation	25.473	12.339			25.473	12.339	106.44%
Water			39.824	37.755	39.824	37.755	5.48%
Sewer			33.531	32.784	33.531	32.784	2.28%
Parking			3.815	3.356	3.815	3.356	13.68%
Port of Redwood City			6.892	8.062	6.892	8.062	-14.51%
Docktown Marina			0.961	3.042	0.961	3.042	-68.41%
Total expenses	<u>177.709</u>	<u>160.224</u>	<u>85.023</u>	<u>84.999</u>	<u>262.732</u>	<u>245.223</u>	7.14%
Change in net position before transfers	14.236	40.451	21.967	22.448	36.203	62.899	-42.44%
Transfers	(5.421)	(4.705)	5.421	4.705			
Change in net position	8.815	35.746	27.388	27.153	36.203	62.899	-42.44%
Net position - July 1, as restated	<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%
Net position - June 30	<u>169.222</u>	<u>160.407</u>	<u>312.024</u>	<u>284.636</u>	<u>481.246</u>	<u>445.043</u>	8.13%

GOVERNMENTAL ACTIVITIES

Governmental activities prior to transfers increased the City's net position by \$14.2 million. Including transfers, governmental activities net position increased by \$8.8 million. Transfers out of governmental activities and into business-type activities of \$5.4 million during FY 2019-20 consisted of the transfer out of the general fund to the Docketown Marina fund of \$4.3 million to cover litigation settlement expenses related to ending residential uses at the marina, a transfer out of the general fund to the parking fund in the amount of \$900 thousand to support operations, 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 \$9.6 million, or 7.4 percent, from FY 2018-19, as most categories of general revenues increased, other than property taxes, franchise taxes, utility users' taxes, transient occupancy taxes, and other revenue, which decreased. Within the broad categories, property taxes decreased \$.7 million – due to a decrease in Educational Revenue Augmentation Fund (ERAF) revenue of \$4.2 million, offset by increases in secured property taxes; sales taxes increased \$7.8 million – due to receiving 12 months of the new half-cent sales tax, versus three months in the prior fiscal year; franchise taxes decreased \$200 thousand; property transfer taxes increased \$100 thousand, business license taxes increased \$500 thousand, utility users' taxes decreased \$100 thousand, transient occupancy taxes decreased \$2.7 million – due to a large decrease in occupancy rates that began in April 2020, as a result of COVID-19 and the resulting stay-at-home order; investment earnings increased \$4.9 million – due to a large accounting entry related to the fair value adjustment of investments as of June 30, 2020; and other revenues remained virtually unchanged.

Community development revenues decreased by \$2.1 million due to a decrease in building permit fees charged to customers of \$1.3 million, and a decrease of \$800 thousand in the amount of community development related grants received in FY 2019-20. Public safety revenues decreased by \$1.1 million, primarily due to a decrease of \$700 thousand in citations – due to a one-time back payment of citation administration fees to the County of San Mateo, and a decrease of \$400 thousand in the amount of public safety related grants received in FY 2019-20. Transportation revenues decreased by \$9.6 million, primarily due to a decrease of \$9.5 million in developer contributions and capital grants. Environmental support and protection revenues decreased by \$1.8 million, primarily due to a decrease of \$1.8 million in developer contributions. Leisure, cultural and information services revenues decreased by \$3.9 million primarily due to a decrease of \$2.6 million in capital grants and a decrease of \$1.1 million related to charges for services in the Parks, Recreation, and Community Services and Library Departments. Policy development and implementation revenue increased \$200 thousand primarily due to an increase in charges to the South Bayside Waste Management Authority for accounting services.

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

Total governmental activities expenses were up \$17.5 million, or 10.9 percent. Most functions experienced an increase in expenses, except community development and leisure, cultural and information services. In FY 2019-20, there was a contribution to the Section 115 pension trust investment account of \$11.1 million that was recorded in the policy development and implementation expense category. This was an increase of \$9.4 million from the FY 2018-19 contribution of \$1.7 million to the Section 115 pension trust investment account. In addition, \$3.8 million in additional payments were made directly to CalPERS to pay down the City's pension liability, which was also recorded in the policy development and implementation expense category. The increase in the policy development and implementation expense category accounted for 75 percent of the increase in governmental activities expenses in FY 2019-20.

Community development expenses decreased \$2.2 million primarily due to a decrease of \$700 in administration costs and slightly lower costs in most programs related to community development. Human services expenses increased by \$1.2 million due to \$400 thousand in COVID-19 emergency rental assistance and increased services provided through the social services center program, also as a result of the COVID-19 pandemic. Public safety expenses increased by \$5.0 million, primarily due to an increase in the police administration due to an increase in employee costs of 20 percent; police patrol due to an increase of \$700 thousand in insurance costs; and fire department costs related to the City of San Carlos fire department. Transportation expenses increased \$800 thousand due to an increase of capital related expenditures in the Special Gas Tax, Transportation Grants, and Transportation special revenue funds that were not capitalized as fixed assets (for non-capitalized transportation project expenditures). Environmental support and protection increased \$800 thousand, primarily due to increased costs in the Special Gas Tax Street Improvement and Redwood Shores Maintenance funds. Leisure, cultural, and information services decreased \$1.3 million, primarily due to increases of \$700 thousand in library related expenditures and \$500 thousand in Parks, Recreation, and Community Services expenditures. Policy development and implementation increased \$13.1 million primarily due to the \$11.1 million contribution to the Section 115 pension trust investment account that occurred in FY 2019-20, which was offset by a contribution of \$1.7 million to the Section 115 pension trust investment account in FY 2018-19. In FY 2019-20, the City also made an additional payment directly to CalPERS in the amount of \$3.8 million to pay down the City's long-term pension liability.

BUSINESS-TYPE ACTIVITIES

Business-type activities prior to transfers increased the City's net position by \$22.0 million in FY 2019-20.

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

Business-type revenues decreased by \$500 thousand, or .4 percent, from FY 2018-19. The decrease is primarily due to lower capital grants and contributions received in the water and sewer funds, a smaller increase in the City's investment in Silicon Valley Clean Water (SVCW) when compared to the prior fiscal year, and lower fees collected by the Port of Redwood City. These decreases were offset by an increase in utility revenues paid by water and sewer customers.

The water utility's expenses increased by \$2.1 million, primarily due to an increase of \$2.0 million in the cost to purchase water from the San Francisco Public Utilities Commission.

Sewer utility expenses increased slightly, by \$700 thousand, primarily due to an increase in depreciation and non-capitalized project costs.

The expenses of the parking fund increased slightly, by \$500 thousand, primarily due to an increase in employee service costs and depreciation.

The expenses of the Port of Redwood City decreased by \$1.2 million due to a decrease in maintenance costs and supplies and services, offset by an increase in insurance and claims expenses.

During fiscal year 2019-20, the Docketown Marina expenses decreased by \$2.1 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, 2020, the City's governmental funds reported combined fund balances of \$149.8 million, which reflects a decrease of \$4.8 million from the beginning fund balance.

Governmental fund revenues increased \$800 thousand this fiscal year to \$187.9 million. The majority of this increase occurred in the general fund (\$5.4 million) and \$700 thousand in the transportation fund, offset by a decrease of \$1.9 million in the capital outlay fund, \$1.1 million in the transportation grants fund, \$600 thousand in the grants fund, \$400 thousand in the community benefits fund, \$400 thousand in the debt service fund, \$500 thousand in the parks impact and in lieu fee fund, and \$300 thousand in the Public, Educational, and Governmental (PEG) fees fund. The general fund revenue increase was primarily due to an increase in sales tax of \$6.7 million, business license taxes of \$400 thousand, interest income/fair value of investments of \$4.7 million, police service fees of \$200 thousand, plan check fees of \$400 thousand, and garbage collection fees of \$200 thousand. These increases were offset by decreases in general fund revenue property taxes of \$800 thousand, transient occupancy tax of \$2.6 million, building permits of \$1.3 million, fines, forfeitures, and penalties of \$800 thousand, recreation program revenues of \$1.0 million, and other current service charges of \$400 thousand. The transportation fund revenue increase was due to an increase in Measure W sales tax revenue collected by the County of San Mateo, which took effect on July 1, 2019. The decrease in the capital outlay fund of \$1.9 million was due to lower investment income of \$400 thousand and developer contributions of \$1.5 million. The transportation grants fund had \$1.1 million in lower revenues due to lower grant revenues of \$2.2 million and lower investment income of \$200 thousand, offset by higher developer contributions of \$1.3 million. The decrease in the grants fund of \$600 thousand was solely due to less grant revenue being received in FY 2019-20, when compared to the prior fiscal year. The community benefits fund had \$400 thousand in lower revenues, primarily due to lower developer contributions. The decrease in the debt service fund of \$400 thousand was a result of the City's governmental long-term debt being paid off in FY 2018-19, therefore, there are no more debt service payments. The parks impact and in lieu fee fund had \$500 thousand in lower revenues was directly due to lower investment income in FY 2019-20, when compared to the prior fiscal year. The decrease in the PEG fees was due to lower public, educational, or governmental fees received in FY 2019-20 than the prior fiscal year.

Total expenditures increased \$25.5 million this fiscal year to \$185.9 million. A large part of the increase was attributable to increases in the following funds: general fund (\$19.7 million), capital outlay fund (\$3.4 million), special gas tax street improvement fund (\$800 thousand), transportation grants fund (\$2.7 million), traffic safety fund (\$200 thousand), transportation fund (\$1.6 million), Redwood Shores maintenance fund (\$200 thousand), traffic mitigation fees fund (\$1.2 million), and One Marina community

facilities district fund (\$1.2 million), offset by a decrease in the low and moderate income housing asset fund (\$1.8 million), debt service fund (\$400 thousand), and parks impact and in lieu fund (\$3.3 million).

The general fund is the primary operating fund of the City. At June 30, 2020, unassigned fund balance of the general fund was \$42.8 million, while total fund balance increased to \$55.8 million from a beginning fund balance of \$51.3 million, as a result of revenues and transfers in of \$165.5 million exceeding expenditures and transfers out of \$161.0 million. Unassigned fund balance increased \$1.5 million during the current fiscal year. The general fund net change in fund balance of \$4.5 million was comprised of the following fund balance category changes: decrease of \$300 thousand in nonspendable fund balance, increase of \$700 thousand in restricted fund balance, increase of \$1.3 million in committed fund balance, increase of \$1.3 million in assigned fund balance, and an increase of \$1.5 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 30.1% of total fund expenditures, while total fund balance represents 39.2% 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 \$5.4 million this fiscal year due to increases in sales and other taxes, use of money and property, the fair value adjustment of investments, and other revenues. These increases were partially offset by decreases in property taxes, licenses and permits, fines, forfeitures and penalties, intergovernmental revenues, and charges for current services.

Property taxes decreased by \$700 thousand, primarily due to a decrease in ERAF of \$4.2 million, offset by increases in secured property taxes.

Sales and other taxes increased by \$4.4 million, primarily due to an increase of \$6.7 million in sales tax revenue, which is primarily attributable to the passage of Measure RR, the half-cent sales tax increase passed by Redwood City voters in November 2018, an increase in business license tax revenue of \$400 thousand, and an increase of \$100 thousand in property transfer taxes. These increases were partially offset by a decrease in transient occupancy tax of \$2.6 million due to a large decrease in occupancy rates that began in April 2020, as a result of COVID-19 and the resulting stay-at-home order, a decrease in franchise taxes of \$100 thousand, and a decrease of utility users' tax revenue of \$100 thousand.

Licenses and permits decreased by \$1.4 million, primarily due to a decrease in building permit revenue.

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 \$4.7 million, due to a large accounting entry related to the fair value adjustment of investments as of June 30, 2020

Intergovernmental revenues decreased by \$100 thousand primarily due to a decrease in federal, state and county grants.

Charges for current services decreased \$700 thousand, primarily due to a decrease of \$1.0 million in recreation program revenues and a decrease of \$400 thousand in other current service charges, partially offset by an increase in police service revenues of \$200 thousand, an increase in plan check fees of \$400 thousand, and an increase in garbage collection revenues of \$100 thousand.

General fund expenditures increased by \$19.7 million over the prior fiscal year. The increase primarily resulted from an increase of \$9.4 million in the City's contribution to the Section 115 pension trust investment account and \$3.8 million in additional payments made directly to CalPERS (both expenditures recorded in the policy development and implementation category) and increases in all expenditure categories except community development and environmental support and protection. The amounts of the increases were as follows: human services (\$1.2 million), public safety (\$5.2 million), transportation, leisure, cultural, and information services (\$1.2 million), and policy development and implementation (\$13.3 million). The amounts of the decreases were as follows: community development (\$1.1 million) and environmental support and protection (\$100 thousand).

Transfers out of the general fund increased by \$1.0 million in FY 2019-20 primarily due to an increase of \$900 thousand to the parking fund, an increase of \$500 thousand in the transfer to the internal service funds, and an increase of \$500 thousand in the transfer to the special revenue funds to support operations. These increases were partially offset by decreases of \$800 thousand to the capital outlay fund and \$100 thousand to the Docketown Marina Fund.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In FY 2019-20, the capital outlay fund generated \$800 thousand in revenue, most of which was from the use of money and property (investment income). This fund was also the recipient of transfers from the general fund of \$9.5 million, Utility Users' Tax, which has been allocated to support the City's infrastructure. Total outlays were \$13.3 million, of which \$8.3 million met the City's criteria for capitalization. The balance (\$5.0 million) was expended on non-capitalized projects in FY 2019-20. Total outlays in the prior fiscal year (FY 2018-19) were \$9.9 million. Of the capital outlay fund's \$29.6 million fund balance, \$29.1 million of it was assigned to capital projects.

Proprietary Funds – Enterprise fund net position totaled \$312.0 million at the end of the fiscal year, an increase of \$27.4 million, or 9.6 percent, over the prior fiscal year's balance of \$284.6 million. Enterprise operating revenues were \$100.0 million this fiscal year, an increase of \$4.9 million over last fiscal year, while net non-operating revenues (expenses) were \$3.2 million compared to \$5.1 million the prior fiscal year. Net non-operating revenues (expenses) experienced a decrease of \$1.9 million, primarily due to \$800 thousand in lower costs related to ending residential uses of the Docketown Marina, a decrease of \$800 thousand in investment earnings, and a decrease in the change in the investment in SVCWA of \$2.2 million (current fiscal year increase of \$2.5 million versus \$4.7 million in the prior fiscal year).

Enterprise fund operating expenses were \$82.0 million this fiscal year, an increase of \$1.1 million, or 1.4 percent, from the prior fiscal year. This is due to higher operating expenses in the water fund (\$2.1 million), sewer utility fund (\$700 thousand), parking fund (\$500 thousand), which were partially offset by lower operating expenses in the port fund (\$1.0 million), and the Docketown Marina fund (\$1.2 million).

Water Utility – The water utility fund realized operating income of \$9.2 million in the current fiscal year, \$200 thousand higher than the operating income of \$9.0 million in the prior fiscal year. Operating revenues increased by \$2.2 million, while operating expenses increased by \$2.0 million. After non-

Sewer Utility – The sewer utility fund realized operating income of \$8.8 million in the current fiscal year, \$3.5 million higher than the operating income of \$5.3 million in the prior fiscal year. Operating revenues increased by \$4.2 million, while operating expenses increased by \$700 thousand 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 \$11.8 million, compared to \$11.3 million in the prior fiscal year.

Parking Fund – The parking fund realized an operating loss of \$2.1 million thousand in the current fiscal year, \$1.4 million higher than the operating loss of \$700 thousand in the prior fiscal year. Operating revenues decreased by \$1.0 million, due to the lack of parking permit revenue and meter revenue starting in March/April 2020, this fiscal year to \$1.7 million, while operating expenses increased by \$500 thousand from the prior fiscal year to \$3.8 million. After non-operating revenues (expenses), capital contributions, and transfers into the parking fund, net position decreased to negative \$300 thousand, compared to a positive \$400 thousand in the prior fiscal year, a decrease of \$700 thousand. It is likely that transfers from the General Fund will continue to be required in future fiscal years to cover operational deficits.

Port Fund – The port fund realized operating income of \$2.8 million in the current fiscal year, \$400 thousand higher than the operating income of \$2.4 million in the prior fiscal year. Operating revenues decreased by \$600 thousand, while operating expenses were down \$1.0 million over FY 2018-19. After non-operating revenues (expenses), net position increased by \$2.2 million, compared to \$1.7 million in the prior fiscal year.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$700 thousand in the current fiscal year, better than the operating loss of \$1.8 million in the prior fiscal year. Operating revenues decreased by \$20 thousand, while operating expenses decreased by \$1.2 million. During FY 2019-20, the general fund transferred \$4.4 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 \$3.4 million, compared to an increase of \$1.5 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. In FY 2019-20, the Docktown Marina fund repaid the parking fund and equipment services fund in full.

GENERAL FUND BUDGETARY HIGHLIGHTS (BUDGET VS. ACTUAL RESULTS)

Property taxes exceeded budget by \$1.2 million primarily due to the continued strength of the local housing market and higher than expected Education Revenue Augmentation Fund revenues.

Sales and other taxes were higher than budget by \$3.4 million, primarily due to strong sales tax – as a result of 12 months of the new half-cent sales tax that became effective on April 1, 2019, transient occupancy tax that was slightly better than expected (after the large budget reduction in response to COVID-19), business license tax revenues that were \$200 thousand higher than budget, and utility users' tax revenue that was \$500 thousand higher than expected. These were offset by lower than expected franchise tax and property transfer tax revenues.

Licenses and permits were less than budget by \$700 thousand due to lower than expected building permit, cannabis permit, and fire related fees.

Fines, forfeitures, and penalties were less than budget by \$100 thousand due to lower than expected parking fines.

Use of money and property revenue exceeded budget by \$8.3 million due to higher than expected investment earnings and a temporary increase in fair value of investments.

Intergovernmental revenue was less than budget by \$400 thousand, primarily due to lower than expected governmental grants, homeowners' property tax relief, and public safety sales tax revenues received in the current fiscal year.

Charges for current services revenue exceeded budget by \$800 thousand primarily due to police and fire service fees, planning service fees, and other current service charges.

Other revenues exceeded budget by \$100 thousand due to higher than expected miscellaneous revenues and contribution from the Port of Redwood City.

Overall, expenditures were \$11.2 million less than budgeted primarily due to reductions in programs as a result of COVID-19 and vacancies in a majority of departments. Unexpected shortfalls in subdivision engineering, redevelopment, COVID-19 emergency rental assistance, financial services, and other administrative support services, were all offset by budget savings in all other programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2019-20, the City had \$475.8 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
	2020	2019	2020	2019	2020	2019	
	\$	\$	\$	\$	\$	\$	
Land	31.963	31.963	3.126	3.126	35.089	35.089	0.00%
Streets	132.556	128.121			132.556	128.121	3.46%
Construction in progress	61.691	38.502	16.149	10.026	77.840	48.528	60.40%
Buildings	83.550	83.309	62.686	62.686	146.236	145.995	0.17%
Equipment	29.391	28.578	2.253	2.111	31.644	30.689	3.11%
Improvements	14.932	14.137	243.200	237.254	258.132	251.391	2.68%
Harbor improvements			4.828	4.828	4.828	4.828	0.00%
Parks and bridges	44.104	42.213			44.104	42.213	4.48%
Traffic signals	6.561	6.333			6.561	6.333	3.60%
Storm drains	20.486	20.331			20.486	20.331	0.76%
Less accumulated depreciation	(178.140)	(167.521)	(103.497)	(96.676)	(281.637)	(264.197)	6.60%
Total capital assets	247.094	225.966	228.745	223.355	475.839	449.321	5.90%

Governmental Activities – The increase in streets was primarily due to reconstruction of various intersections and traffic signal systems, safety improvements at existing railway-highway crossings, and the installation of permanent pavement markings. The increase in construction in progress was primarily due to significant expenditures in several ongoing projects, such as the new Enterprise Resource Planning system, Highway 101/84 Interchange, the Magical Bridge Playground, the Highway 101 pedestrian undercrossing, the YMCA Veterans Memorial Senior Center, and the Middlefield Road utility undergrounding. The increase in buildings was primarily due to improvements at City Hall. The increase in the equipment category was a result of the purchase of various vehicles, such as an Isuzu flatbed truck, electric generator, mobile barrier, Chevrolet Suburban, Ford Explorer, and Chevy Silverado. The increase in the improvements category was primarily due to the completion of various utility and trenching project and the implementation of the OnBase agenda management system. Parks and bridges increased due to the completion of the synthetic turf replacement project and art work at the Magical Bridget Playground. The increase in the traffic signals category was due to the installation of various traffic signals and street lights. The increase in the storm drains category was due to the installation of various storm drains and manholes.

Business-Type Activities – The increase in the construction in progress category was primarily due to significant expenditures in several ongoing projects, such as the new Enterprise Resource Planning system in the water and sewer utility funds, the California Pump House and Generator project in the water utility fund, the FY 2018-19 Collection System Replacement project in the sewer utility fund, and the pump station improvements and pump stations 18 and 20 in the sewer utility fund. The increase in the equipment category was due to the purchase of various equipment at the Port. The improvements category increased primarily due to the completion of the FY 2017-18 Collection System Replacement project in the sewer utility fund.

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
	2020	2019	2020	2019	2020	2019	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			57.663	60.831	57.663	60.831	-5.21%
Accrued sick leave and vacation	13.614	12.269	1.189	0.990	14.803	13.259	11.64%
Total long term debt	<u>13.614</u>	<u>12.269</u>	<u>58.852</u>	<u>61.821</u>	<u>72.466</u>	<u>74.090</u>	-2.19%

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, 2020, a total of \$11.4 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, 2020, the Successor Agency had tax allocation bonds outstanding in the amount of \$45.6 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR'S BUDGET

During FY 2019-20, the local economy was confronted with the COVID-19 pandemic, leading to business closures and job losses. As a result of numerous stay-at-home orders, the City is experiencing losses in most revenue sources, as well as increased expenditures in order to protect residents and staff from COVID-19. Although the City continues to be impacted by the reduction of sales tax and other related revenues associated with the numerous stay-at-home orders due to the worldwide pandemic, the City is committed to the "Three R's": Respond, Restore, and Reimagine. The City is well positioned to continue to proactively manage the financial challenges that lie ahead. By constantly monitoring financial operating results of the City, staff can provide relevant information to management and the City Council to ensure that all financial decisions are made with key financial data that includes actual amounts and financial projections.

Redwood City, like many cities, relies heavily upon property taxes and sales taxes to finance general governmental activities. In FY 2019-20 these two revenue streams accounted for approximately 41% and 20% of general fund revenues, respectively. In FY 2019-20, the City continued to experience steady growth in secured property tax revenue, with an increase of 7.0% in the general fund. The increase in property tax revenue is attributed to the turnover of real estate properties and steady housing market. General fund sales tax revenue increased by 25.8%, 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. In FY 2019-20, the City collected \$10.3 million of this new revenue source. The City has budgeted \$9.6 million of this new revenue source to be collected in FY 2020-21. 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 in the past to address escalating pension costs and other funding commitments.

The original recommended FY 2020-21 budget, developed during the early stages of the pandemic, was considered a status-quo budget, with FY 2019-20 budget amounts rolled forward to FY 2020-21, with only minor required changes. A revised budget was proposed in October 2020, and adopted on October 26, 2020. This revised budget included updated assumptions, as more reliable financial information was able to be used to forecast future revenues.

Without significant reductions in FY 2020-21, the forecast for the City of Redwood City operating budget, recommended in June, was projected to run a deficit of \$10.6 million, with future deficits ranging from \$7.0 million to \$13.5 million for the coming decade. However, reductions in total expenditures were implemented for the FY 2020-21 revised budget, adopted in October 2020, which now projects a general fund budget deficit of \$3.5 million, after the required reserve contribution of \$546 thousand. It is anticipated that the deficit will be balanced by a combination of increases to revenues, additional reductions in expenditures, and utilizing a portion of the FY 2019-20 operating surplus.

Given the lagging impact of the COVID-19 pandemic on significant revenues, such as property tax and business license taxes, it is likely that the economic recovery will have a delayed and uneven impact on the City's finances. However, it should be noted that even this assumption is uncertain due to the unprecedented nature of the COVID-19 pandemic.

If the expenditure reductions implemented in FY 2020-21 are maintained through some combination of ongoing and alternative reductions from existing levels, this would provide fiscal stability during the 2-5 years anticipated for an economic recovery. If the City is able to strategically realign services during this time, then anticipated deficits in the outer years may be preventable without dramatic community or organizational impacts. Updated assumptions and economic factors will be taken into consideration when developing the FY 2021-22 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.

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, 2020

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	191,216,869	114,589,425	305,806,294
Cash and investments, restricted	4,383,853	10,491,117	14,874,970
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	10,348,395		10,348,395
Accounts	7,525,803	6,670,291	14,196,094
Loans	9,464,136		9,464,136
Accrued interest	3,019,807		3,019,807
Due from other governmental agencies	5,827,670	2,453,657	8,281,327
Deposits receivable	700,267		700,267
Internal balances	900,000	(900,000)	
Inventory of supplies at cost	133,574	715,945	849,519
Deposits	745,946	10,360	756,306
Prepaid items and other assets	702,944	448,495	1,151,439
Property held for development	3,120,241	398,478	3,518,719
Investment in Sewer Authority		44,511,273	44,511,273
Investment in sewer capacity rights		400,000	400,000
Capital assets:			
Nondepreciable	93,654,489	19,274,794	112,929,283
Depreciable, net	153,439,808	209,470,287	362,910,095
Total assets	485,183,802	408,534,122	893,717,924
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		1,380,812	1,380,812
Deferred outflows - Pension related	36,483,107	2,880,688	39,363,795
Deferred outflows - OPEB related	8,375,686	920,428	9,296,114
Total deferred outflows of resources	44,858,793	5,181,928	50,040,721
LIABILITIES			
Accounts payable	11,792,130	7,297,836	19,089,966
Accrued interest payable		798,362	798,362
Accrued payroll	4,010,657		4,010,657
Deposits payable	8,978,427	1,355,405	10,333,832
Unearned revenue	5,833,263	2,213,641	8,046,904
Insurance claims payable:			
Due in one year	6,195,761		6,195,761
Due in more than one year	23,551,136		23,551,136
Accrued sick leave and vacation:			
Due in one year	607,266	588,698	1,195,964
Due in more than one year	13,007,093	600,204	13,607,297
Long-Term Debt:			
Due in one year		3,057,563	3,057,563
Due in more than one year		54,605,348	54,605,348
Net OPEB liability, due in more than one year	45,043,214	5,035,891	50,079,105
Net Pension liability, due in more than one year	232,452,751	24,930,107	257,382,858
Total liabilities	351,471,698	100,483,055	451,954,753
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension	4,176,125	527,519	4,703,644
Deferred inflows - OPEB	5,172,289	681,796	5,854,085
Total deferred inflows of resources	9,348,414	1,209,315	10,557,729
NET POSITION			
Net investment in capital assets	247,094,297	169,692,416	416,786,713
Restricted for:			
Capital projects	8,936,094	9,370,425	18,306,519
Transportation	18,452,901		18,452,901
Leisure, cultural, and information services	12,779,193		12,779,193
Debt service		892,563	892,563
Community development projects	3,743,728		3,743,728
Public safety	769,007		769,007
Housing purposes	2,371,629		2,371,629
Other purposes	3,147,443		3,147,443
Total restricted	50,199,995	10,262,988	60,462,983
Unrestricted	(128,071,809)	132,068,276	3,996,467
Total net position	169,222,483	312,023,680	481,246,163

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
	\$	\$	\$	\$	\$	\$	\$
Governmental Activities:							
Community development	18,010,124	11,502,883	646,511	1,179,453	(4,681,277)		(4,681,277)
Human services	3,446,039				(3,446,039)		(3,446,039)
Public safety	86,704,991	10,287,791	815,015		(75,602,185)		(75,602,185)
Transportation	13,207,698	27,647	1,410,936	13,325,023	1,555,908		1,555,908
Environmental support and protection	3,825,093	1,696,024			(2,129,069)		(2,129,069)
Leisure, cultural and information services	27,041,650	3,377,144	2,646,875	229,479	(20,788,152)		(20,788,152)
Policy development and implementation	25,473,041	5,832,595	525,735		(19,114,711)		(19,114,711)
Total Governmental Activities	177,708,636	32,724,084	6,045,072	14,733,955	(124,205,525)		(124,205,525)
Business-Type Activities:							
Water Utility Fund	39,823,510	47,221,422		586,422		7,984,334	7,984,334
Sewer Utility Fund	33,531,050	42,351,611		101,724		8,922,285	8,922,285
Parking Fund	3,815,421	1,672,503	1,606	50,000		(2,091,312)	(2,091,312)
Port of Redwood City	6,892,387	8,761,928	37,342			1,906,883	1,906,883
Docktown Marina	961,079	18,773				(942,306)	(942,306)
Total Business-Type Activities	85,023,447	100,026,237	38,948	738,146		15,779,884	15,779,884
Total	262,732,083	132,750,321	6,084,020	15,472,101	(124,205,525)	15,779,884	(108,425,641)
General revenues:							
Taxes:							
Property taxes					66,951,020	447,594	67,398,614
Sales taxes					36,264,329		36,264,329
Franchise taxes					4,655,771		4,655,771
Property transfer taxes					1,038,267		1,038,267
Business license taxes					3,202,303		3,202,303
Utility users taxes					9,258,184		9,258,184
Transient occupancy taxes					6,370,227		6,370,227
Other taxes					422,001		422,001
Investment Earnings					10,092,576	3,241,147	13,333,723
Increase (decrease) in investment in sewer authority						2,498,610	2,498,610
Other					187,438		187,438
Transfers					(5,420,878)	5,420,878	
Total general revenues and transfers					133,021,238	11,608,229	144,629,467
Change in Net Position					8,815,713	27,388,113	36,203,826
Net position-Beginning					160,406,770	284,635,567	445,042,337
Net position-Ending					169,222,483	312,023,680	481,246,163

See accompanying notes to financial statements



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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 2019-20.

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 financed by the general fund.

CITY OF REDWOOD CITY, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
ASSETS				
Cash and investments available for operations	58,814,601	30,770,326	46,757,389	136,342,316
Cash and investments, restricted			4,383,853	4,383,853
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	9,935,997		412,398	10,348,395
Accounts	4,787,010		2,625,718	7,412,728
Loans		214,286	9,249,850	9,464,136
Accrued interest	1,109,093	362,050	1,542,049	3,013,192
Due from other governmental agencies	2,263,844		3,529,260	5,793,104
Due from other funds	674,177	967,342		1,641,519
Prepaid items	390,428	234,848	4,161	629,437
Deposits receivable			700,267	700,267
Land held for redevelopment			3,120,241	3,120,241
Total Assets	<u>77,975,150</u>	<u>32,548,852</u>	<u>72,325,186</u>	<u>182,849,188</u>
LIABILITIES				
Accounts payable	4,124,704	2,480,637	4,393,808	10,999,149
Accrued payroll	4,010,657			4,010,657
Deposits payable	8,442,066	499,404	36,957	8,978,427
Due to other funds	967,342		674,177	1,641,519
Unearned revenue	4,672,830		1,160,433	5,833,263
Accrued sick leave and vacation				
Total Liabilities	<u>22,217,599</u>	<u>2,980,041</u>	<u>6,265,375</u>	<u>31,463,015</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Interest receivable			1,553,191	1,553,191
Total Deferred Inflows of Resources			<u>1,553,191</u>	<u>1,553,191</u>
FUND BALANCES				
Nonspendable:				
Loans		214,286	9,249,850	9,464,136
Land held for redevelopment			3,120,241	3,120,241
Prepaid items	390,428	234,848	4,161	629,437
Restricted for:				
Community development			3,743,728	3,743,728
Public safety			769,007	769,007
Transportation			18,452,901	18,452,901
Leisure, cultural and information services			12,779,193	12,779,193
Capital projects			8,936,094	8,936,094
Housing purposes			2,371,629	2,371,629
Other purposes	3,147,443			3,147,443
Committed to:				
General plan	4,049,872			4,049,872
Community benefits			2,424,263	2,424,263
Human services financial assistance			568,742	568,742
Housing purposes			2,138,088	2,138,088
Assigned to:				
Capital projects		29,119,677		29,119,677
Other purposes	5,319,419			5,319,419
Unassigned:	42,850,389		(51,277)	42,799,112
TOTAL FUND BALANCES	<u>55,757,551</u>	<u>29,568,811</u>	<u>64,506,620</u>	<u>149,832,982</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>77,975,150</u>	<u>32,548,852</u>	<u>72,325,186</u>	<u>182,849,188</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, 2020

	\$
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	149,832,982
<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 \$9,914,088	237,180,209
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>	
	12,843,783
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	1,553,191
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 (\$1,290,597)	(12,323,762)
Net Pension liability, net of Internal Service Fund of (\$20,031,064)	(212,421,687)
Net OPEB obligation, net of Internal Service Fund of (\$4,254,161)	(40,789,053)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$2,277,508	34,205,599
OPEB related, net of Internal Service Fund of \$827,765	7,547,921
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of (\$432,735)	(3,743,390)
OPEB related, net of Internal Service Fund of (\$508,979)	(4,663,310)
NET POSITION OF GOVERNMENTAL ACTIVITIES	169,222,483

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, 2020

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
REVENUES				
Property taxes/special assessments	66,777,082		1,675,797	68,452,879
Sales and other taxes	53,826,307		3,204,271	57,030,578
Licenses and permits	5,246,650		225,479	5,472,129
Fines, forfeitures and penalties	(3,705)		125,817	122,112
Use of money and property	11,351,533	684,865	1,347,347	13,383,745
Intergovernmental	4,896,994	20,290	8,695,672	13,612,956
Charges for current services	22,180,094		2,151,675	24,331,769
Contributions	525,715	103,229	4,593,571	5,222,515
Other	241,125	7	761	241,893
Total Revenues	165,041,795	808,391	22,020,390	187,870,576
EXPENDITURES				
Current Operations:				
Community development	10,814,704	3,590,136	2,716,976	17,121,816
Human services	3,129,216		108,750	3,237,966
Public safety	77,878,782	23,169	41,249	77,943,200
Transportation	1,217,743	864,944	7,452,190	9,534,877
Environmental support and protection	360,964	33,876	1,492,959	1,887,799
Leisure, cultural and information services	24,911,107	36,697	448,707	25,396,511
Policy development and implementation	23,869,120	377,187	244,617	24,490,924
Capital outlay	196,994	8,331,208	17,744,062	26,272,264
Total Expenditures	142,378,630	13,257,217	30,249,510	185,885,357
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,663,165	(12,448,826)	(8,229,120)	1,985,219
OTHER FINANCING SOURCES (USES)				
Transfers in	487,445	9,498,342	3,617,810	13,603,597
Transfers (out)	(18,673,440)	(1,251,792)	(487,613)	(20,412,845)
Total Other Financing Sources (Uses)	(18,185,995)	8,246,550	3,130,197	(6,809,248)
NET CHANGE IN FUND BALANCES	4,477,170	(4,202,276)	(5,098,923)	(4,824,029)
Fund balances - beginning	51,280,381	33,771,087	69,605,543	154,657,011
Fund balances - ending	55,757,551	29,568,811	64,506,620	149,832,982

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, 2020

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	(4,824,029)
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	25,116,036
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	2,417,461
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$1,503,132 which has already been allocated to the internal service funds.)	(6,370,422)
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	(1,203,497)
Interest receivable and intergovernmental revenue	182,151
OPEB related expenses	1,583,318
Pension related expense	(12,306,849)
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	4,221,544
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	8,815,713

See accompanying notes to financial statements



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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 Docketown 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, 2020

	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	47,269,748	39,362,966	9,327,087	18,360,194	269,430	114,589,425	54,874,553
Receivables (net of allowance for uncollectibles):							
Accounts	4,316,388	1,853,817	11,965	462,150	25,971	6,670,291	113,075
Accrued interest							6,615
Due from other governmental agencies	5,385	2,448,272				2,453,657	34,566
Due from other funds							300,000
Inventory of supplies at cost	715,945					715,945	133,574
Deposits	10,360					10,360	745,946
Prepaid items and other assets	83,253	19,856	1,423	343,963		448,495	73,507
Total current assets	<u>52,401,079</u>	<u>43,684,911</u>	<u>9,340,475</u>	<u>19,166,307</u>	<u>295,401</u>	<u>124,888,173</u>	<u>56,281,836</u>
Noncurrent assets:							
Cash and investments, restricted	17,649		9,370,425	1,103,043		10,491,117	
Advances to other funds							600,000
Investment in Sewer Authority		44,511,273				44,511,273	
Investment in sewer capacity rights				400,000		400,000	
Investment in property held for development					398,478	398,478	
Capital assets:							
Nondepreciable	6,766,394	6,402,511	557,140	5,548,749		19,274,794	1,244,094
Depreciable buildings, property, equipment and infrastructure, net	110,454,984	44,368,959	22,083,957	32,537,457	24,930	209,470,287	8,669,994
Total noncurrent assets	<u>117,239,027</u>	<u>95,282,743</u>	<u>32,011,522</u>	<u>39,589,249</u>	<u>423,408</u>	<u>284,545,949</u>	<u>10,514,088</u>
Total assets	<u>169,640,106</u>	<u>138,967,654</u>	<u>41,351,997</u>	<u>58,755,556</u>	<u>718,809</u>	<u>409,434,122</u>	<u>66,795,924</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	1,202,191			178,621		1,380,812	
Deferred outflows - Pension	1,384,953	699,333	366,331	366,495	63,576	2,880,688	2,277,508
Deferred outflow - OPEB	497,584	237,693	137,807	47,344		920,428	827,765
Total deferred outflows of resources	<u>3,084,728</u>	<u>937,026</u>	<u>504,138</u>	<u>592,460</u>	<u>63,576</u>	<u>5,181,928</u>	<u>3,105,273</u>
LIABILITIES							
Current liabilities:							
Accounts payable	4,854,427	1,192,876	320,214	904,365	25,954	7,297,836	792,981
Deposits payable	1,039,852		20,730	283,977	10,846	1,355,405	
Due to other funds	300,000					300,000	
Insurance claims payable - current portion							6,195,761
Accrued sick leave and vacation - current portion	330,385	128,718	67,991	59,204	2,400	588,698	504,024
Revenue bonds payable - current portion	2,165,000			892,563		3,057,563	
Unearned revenue	1,956,324		81,886	175,431		2,213,641	
Accrued interest payable	758,620			39,742		798,362	
Total current liabilities	<u>11,404,608</u>	<u>1,321,594</u>	<u>490,821</u>	<u>2,355,282</u>	<u>39,200</u>	<u>15,611,505</u>	<u>7,492,766</u>
Noncurrent liabilities:							
Insurance claims payable							23,551,136
Accrued sick leave and vacation	331,042	147,261	121,901			600,204	786,573
Advances from other funds	600,000					600,000	
Net OPEB Liability	2,514,006	1,294,324	613,195	614,366		5,035,891	4,254,161
Net Pension liability	12,180,905	6,150,754	2,815,899	3,223,390	559,159	24,930,107	20,031,064
Revenue bonds payable	43,550,347			11,055,001		54,605,348	
Total noncurrent liabilities	<u>59,176,300</u>	<u>7,592,339</u>	<u>3,550,995</u>	<u>14,892,757</u>	<u>559,159</u>	<u>85,771,550</u>	<u>48,622,934</u>
Total liabilities	<u>70,580,908</u>	<u>8,913,933</u>	<u>4,041,816</u>	<u>17,248,039</u>	<u>598,359</u>	<u>101,383,055</u>	<u>56,115,700</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - OPEB	305,466	147,068	83,275	145,987		681,796	508,979
Deferred inflows - Pension	263,146	132,876	49,782	69,635	12,080	527,519	432,735
Total deferred inflows of resources	<u>568,612</u>	<u>279,944</u>	<u>133,057</u>	<u>215,622</u>	<u>12,080</u>	<u>1,209,315</u>	<u>941,714</u>
NET POSITION							
Net investment in capital assets	71,523,680	44,368,959	22,083,957	31,690,890	24,930	169,692,416	9,914,088
Restricted for capital projects			9,370,425			9,370,425	
Restricted for debt service				892,563		892,563	
Unrestricted	30,051,634	86,341,844	6,226,880	9,300,902	147,016	132,068,276	2,929,695
Total net position	<u>101,575,314</u>	<u>130,710,803</u>	<u>37,681,262</u>	<u>41,884,355</u>	<u>171,946</u>	<u>312,023,680</u>	<u>12,843,783</u>

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, 2020

	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	47,221,422	42,351,611	1,672,503	8,761,928	18,773	100,026,237	37,553,896
Total Operating Revenues	47,221,422	42,351,611	1,672,503	8,761,928	18,773	100,026,237	37,553,896
Operating Expenses:							
Employee services	6,051,795	3,073,178	1,335,719	2,156,508	224,490	12,841,690	18,943,583
Maintenance	693,693	313,198	106,481	399,366	18,023	1,530,761	900,519
Water purchases	20,032,749					20,032,749	
Utilities	1,099,577	762,351	101,740	270,353	13,191	2,247,212	41,270
Contractual services	1,309,839	23,706,690	936,963	435,375	157,505	26,546,372	1,496,877
Supplies and services	4,418,913	2,876,467	450,910	598,232	117,671	8,462,193	5,136,557
Noncapitalized projects		1,246,402		3,880	107,613	1,357,895	
Depreciation and amortization	3,279,479	1,035,464	755,235	1,730,886	19,062	6,820,126	1,503,132
Insurance and claims	1,171,200	517,300	128,373	336,054	35,231	2,188,158	8,173,823
Total Operating Expenses	38,057,245	33,531,050	3,815,421	5,930,654	692,786	82,027,156	36,195,761
Operating Income (Loss)	9,164,177	8,820,561	(2,142,918)	2,831,274	(674,013)	17,999,081	1,358,135
Nonoperating Revenues (Expenses):							
Impairment gain (loss) on property					(211,698)	(211,698)	
Property taxes			447,594			447,594	
Grant revenue			1,606	37,342		38,948	
Investment earnings	1,536,474	953,296	474,644	292,088	(15,355)	3,241,147	1,475,039
Interest expense	(1,756,626)			(510,405)	(56,595)	(2,323,626)	
Increase (decrease) in investment in sewer authority		2,498,610				2,498,610	
Insurance recovery	(278)	(2,950)				(3,228)	
Other	(6,411)			(451,328)		(457,739)	
Net Nonoperating Revenues (Expenses)	(226,841)	3,448,956	923,844	(632,303)	(283,648)	3,230,008	1,475,039
Net Income (Loss) Before Capital Contributions and Transfers	8,937,336	12,269,517	(1,219,074)	2,198,971	(957,661)	21,229,089	2,833,174
Capital contributions	586,422	101,724	50,000			738,146	
Transfers in	777,404		916,343		4,366,141	6,059,888	1,401,727
Transfers (out)	(50,188)	(588,822)				(639,010)	(13,357)
Total Capital Contributions and Transfers	1,313,638	(487,098)	966,343		4,366,141	6,159,024	1,388,370
Change in net position	10,250,974	11,782,419	(252,731)	2,198,971	3,408,480	27,388,113	4,221,544
Total net position-beginning	91,324,340	118,928,384	37,933,993	39,685,384	(3,236,534)	284,635,567	8,622,239
Total net position-ending	101,575,314	130,710,803	37,681,262	41,884,355	171,946	312,023,680	12,843,783

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	47,008,836	41,951,483	2,069,597	10,330,191	(3,854)	101,356,253	
Cash received from interfund services provided							37,677,896
Cash payments to suppliers for goods and services	(26,428,370)	(29,756,876)	(1,858,472)	(2,119,277)	(527,963)	(60,690,958)	(15,179,071)
Cash payments to employees for services	(5,250,190)	(2,683,353)	(1,096,447)	(1,953,017)	(183,022)	(11,166,029)	(17,655,278)
Net cash provided by (used in) operating activities	15,330,276	9,511,254	(885,322)	6,257,897	(714,839)	29,499,266	4,843,547
Cash flows from noncapital financing activities:							
Nonoperating grant revenue			1,606	37,342		38,948	
Insurance recovery (loss)	(278)	(2,950)				(3,228)	
Property taxes			447,594			447,594	
Transfers in	777,404		916,343		4,366,141	6,059,888	1,401,727
Transfers out	(50,188)	(588,822)				(639,010)	(13,357)
Advances from (to) other funds	(300,000)		850,000		(3,850,000)	(3,300,000)	3,300,000
Other	(6,411)			(408,830)		(415,241)	
Net cash provided by (used in) noncapital financing activities	420,527	(591,772)	2,215,543	(371,488)	516,141	2,188,951	4,688,370
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(5,445,980)	(6,535,813)	(1,153)	(227,467)		(12,210,413)	(1,468,563)
Sale of property held for development					130,027	130,027	
Contributions	586,422	101,724	50,000			738,146	
Principal retirements	(2,316,054)			(852,429)		(3,168,483)	
Interest paid	(1,699,246)			(492,087)	(56,595)	(2,247,928)	
Net cash used in capital and related financing activities	(8,874,858)	(6,434,089)	48,847	(1,571,983)	73,432	(16,758,651)	(1,468,563)
Cash flows from investing activities:							
Interest on investments	1,536,478	953,296	485,567	292,088	(15,355)	3,252,074	1,506,974
Net cash provided by investing activities	1,536,478	953,296	485,567	292,088	(15,355)	3,252,074	1,506,974
Net increase (decrease) in cash and cash equivalents	8,412,423	3,438,689	1,864,635	4,606,514	(140,621)	18,181,640	9,570,328
Cash and cash equivalents at beginning of fiscal year	38,874,974	35,924,277	16,832,877	14,856,723	410,051	106,898,902	45,304,225
Cash and cash equivalents at end of fiscal year	47,287,397	39,362,966	18,697,512	19,463,237	269,430	125,080,542	54,874,553
Financial statement presentation:							
Cash and investments available for operations	47,269,748	39,362,966	9,327,087	18,360,194	269,430	114,589,425	54,874,553
Cash and investments, restricted	17,649		9,370,425	1,103,043		10,491,117	
Cash and cash equivalents at end of year	47,287,397	39,362,966	18,697,512	19,463,237	269,430	125,080,542	54,874,553
Reconciliation of Net Cash Flow from Operating Activities							
Operating income (loss)	9,164,177	8,820,561	(2,142,918)	2,831,274	(674,013)	17,999,081	1,358,135
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,279,479	1,035,464	755,235	1,730,886	19,062	6,820,126	1,503,132
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(230,519)	150,361	396,444	1,564,791	(22,205)	1,858,872	(108,056)
Decrease (increase) in due from other governmental agencies	14,339	(550,489)	910			(535,240)	232,056
Decrease (increase) in inventory/prepaid expenses/deposits	19,271	2,068	4,550	(4,726)		21,163	92,068
Decrease (increase) in pension deferred outflows	327,189	165,213	95,144	86,583	15,019	689,148	538,047
Decrease (increase) in OPEB deferred outflow	(34,830)	(10,165)	(36,874)	(47,344)		(129,213)	(57,935)
Increase (decrease) in vacation & sick leave payable	102,909	32,864	67,946	(6,670)	2,400	199,449	142,241
Increase (decrease) in accounts payable	2,278,330	(336,536)	(138,555)	(71,291)	(78,729)	1,653,219	(54,042)
Increase (decrease) in customer deposits	3,594		(260)	3,472	(422)	6,384	
Increase (decrease) in unearned revenue							
Increase (decrease) in net pension liability	448,476	226,458	96,905	118,679	20,587	911,105	737,501
Increase (decrease) in pension deferred inflows	75,406	38,076	21,478	19,954	3,462	158,376	124,001
Increase (decrease) in net OPEB liability	(388,867)	(192,231)	(80,470)	(62,417)		(723,985)	(646,914)
Increase (decrease) in OPEB deferred inflows	271,322	129,610	75,143	94,706		570,781	451,364
Increase (decrease) in insurance claims payable							531,949
Total adjustments	6,166,099	690,693	1,257,596	3,426,623	(40,826)	11,500,185	3,485,412
Net cash provided by (used in) operating activities	15,330,276	9,511,254	(885,322)	6,257,897	(714,839)	29,499,266	4,843,547
Noncash investing, capital and financing activities:							
Proceeds on sale of equipment							
Increase (decrease) in investment in sewer authority		2,498,610				2,498,610	
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, 2020

	Successor Agency Private Purpose Trust Fund	Section 115 Trust Fund	Agency Funds
	\$	\$	\$
ASSETS			
Cash and Investments	4,017,512		20,867,725
Cash and Investments, restricted	1,603,072		16,392,352
Investment with Trustees:			
Cash and Equivalent		2,095,133	
Global Equity		6,878,075	
Global Fixed Income		15,461,587	
Accounts Receivables	1,263		4,935,536
Accrued Interest Receivable	8		65,988
Deposits			29,505
Due from other governmental agency			12,770
Non depreciable capital assets	2,560,739		
Depreciable capital assets, net	11,590,640		
Prepaid insurance	403,868		988
	<u>20,177,102</u>	<u>24,434,795</u>	<u>42,304,864</u>
Total Assets			
LIABILITIES			
Accounts payable	362,052		6,893,048
Due to RWC 2020			404,836
Accrued interest payable			812,917
Long-term debt:			
Due in one year	3,535,772		
Due in more than one year	29,951,911		
Due to Bondholders			1,925,911
Due to SBWMA members			31,731,756
Employee Benefit Plans Payable			69,772
Due to the Net-6 JPA			374,329
Due to Community Benefit Improvement District			92,295
	<u>33,849,735</u>	<u>24,434,795</u>	<u>42,304,864</u>
Total Liabilities			
NET POSITION			
Restricted for pension		24,434,795	
Held in trust for other governments	<u>(13,672,633)</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, 2020

	Successor Agency Private Purpose Trust Fund \$	Section 115 Trust Fund \$
ADDITIONS		
Property taxes	2,394,245	
Employer contribution		11,100,000
Investment earnings	72,485	483,919
Total additions	2,466,730	11,583,919
DEDUCTIONS		
Community development	109,574	
Depreciation	515,979	
Interest and fiscal agency expenses	1,808,332	
Total deductions	2,433,885	
Change in net position	32,845	11,583,919
Net position - beginning	(13,705,478)	12,850,876
Net position - ending	(13,672,633)	24,434,795

See accompanying notes to financial statements

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020

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, 2020

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds, Continued

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.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting, Continued

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, 2020 for those employees retired on or before June 30, 2020 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).

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, Docketown Marina, or internal service funds as of June 30, 2020.

There is no accrual for unbilled water services as of June 30, 2020; 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets, Continued

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		

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019
Measurement Date:	June 30, 2019
Measurement Period:	July 1, 2018 to June 30, 2019

P. Implementation of New GASB Pronouncements

In FY 2019-20 the City adopted the following new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

In May 2020, the Government Accounting Standards Board (GASB) issued statement No. 95, "Postponement of the Effective Date of Certain Authoritative Guidance." This statement provides temporary relief in light of the Covid-19 pandemic by delaying the effective dates of various statements mentioned below by one year in most cases to as long as eighteen months, in the case of GASB No. 87, Leases. The revised implementation dates are indicated below.

The GASB has issued Statement No. 84, "Fiduciary Activities." The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Implementation of New GASB Pronouncements, Continued

The GASB has issued Statement No. 87, *"Leases."* The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 90, *"Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61."* The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 91, *"Conduit Debt Obligations."* The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 191,216,869	\$ 114,589,425	\$ 24,885,237	\$ 330,691,531
Restricted cash and investments	4,383,853	10,491,117	42,430,219	57,305,189
Total cash and investments	\$ 195,600,722	\$ 125,080,542	\$ 67,315,456	\$ 387,996,720

Cash and investments as of June 30, 2020 consist of the following:

Deposits:	
Cash on hand	\$ 2,031,007
Deposits with financial institution	1,631,586
Total deposits	3,662,593
Investments:	
County of San Mateo Investment Pool	81,083,201
California Local Agency Investment Fund	84,996,904
Federal Agency Securities	44,294,623
U.S. Treasury Notes	63,060,896
Corporate Notes	31,482,877
Certificate of deposit - Negotiable	12,964,114
Asset-backed Securities	9,831,951
Supranational Obligations	5,930,635
Municipal Bonds	2,683,747
Money Market	70,235
Total investments	336,399,183
Total City Treasury	340,061,776
Cash with fiscal agent	47,934,944
Total cash and investments	\$ 387,996,720

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City’s cash and deposits, including restricted cash, was \$352,235 at June 30, 2020. Bank balances before reconciling items were \$1,909,614 at June 30, 2020. 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.

B. Investments

As of June 30, 2020, the City had the following investments by maturity:

Cash and Investments	Total	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2- 3 years	3 - 4 years	5 years or More
County of San Mateo Investment Pool	\$ 81,083,201	\$ 81,083,201	\$ -	\$ -	\$ -	\$ -
California Local Agency Investment Fund	84,996,904	84,996,904	-	-	-	-
U.S. Agencies, Securities, and Corporate						
Notes:						
Federal Agency Securities	44,294,623	1,670,084	9,334,737	10,814,190	6,739,254	15,736,358
U.S. Treasury Notes	63,060,896	-	13,646,002	17,299,341	14,446,025	17,669,528
Corporate Notes	31,482,877	2,941,489	10,081,934	5,435,799	7,842,640	5,181,015
Certificate of Deposit - Negotiable	12,964,114	5,343,091	1,651,924	5,969,099	-	-
Municipal Bonds	2,683,747	-	-	1,042,130	1,641,617	-
Asset-backed Securities	9,831,951	-	857,337	5,768,208	2,630,250	576,156
Supranational Obligations	5,930,635	3,846,698	2,083,937	-	-	-
Money Market Mutual Funds	70,235	70,235	-	-	-	-
Total	\$ 336,399,183	\$ 179,951,702	\$ 37,655,871	\$ 46,328,767	\$ 33,299,786	\$ 39,163,057

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

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:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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	\$75 Million
San Mateo County Pool	N/A	No limit	\$75 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%	5%
Bankers’ Acceptances	180 days	10%	2%
Repurchase Agreements	90 days	10%	2%
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, 2020

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:		
Paccar Financial	A+	A1
United States Parcel	A-	A2
Bank of America	A-	A2
Goldman Sachs Group Inc.	BBB+	A3
Citigroup Inc. (Callable)	BBB+	A3
Apple Inc.	AA+	Aa1
U.S. Bancorp (Callable)	A+	A1
BB&T Corp. (Callable)	A-	A3
National Rural Utilities Cooperative Finance Corp.	A	A1
Bank of NY Mellon	A	A1
Amazon.com Inc.	AA-	A2
Home Depot Inc.	A	A2
Oracle (Callable)	A	A3
Pfizer Inc.	AA-	A1
BlackRock Inc.	AA-	Aa3
JP Morgan Chase	A-	A2
Hershey	A	A1
Paccar Financial	A+	A1
Toyota Motor	A+	A1
Intel Corporation	A+	A1
Municipal Bonds		
CA state taxable GO Bond	AA-	Aa2
San Diego, CA Community College District	AAA	Aaa
Money Market Fund		
Morgan Stanley	Not Rated	Not Rated
Certificate Of Deposits-Negotiable:		
Bank of Montreal Chicago Branch	A-1	P-1
Credit Agricole CIB - New York	A-1	P-1
Royal Bank of Canada - New York Branch	A-1+	P-1
Societe Generale New York	A	A1
Nordea Bank ABP New York BRH	AA-	Aa3
Skandinaviska Enskilda Bank	A+	Aa2
DNB Bank ASA New York BR	AA-	Aa2
Asset-backed Securities:		
Honda Auto Receivables 2017-4 A3	Not Rated	Aaa
Nissan Auto Receivables Trust 2017-C A3	Not Rated	Aaa
Toyota Auto Receivables Owner Trust 2018-A A3	AAA	Aaa
Hyundai Auto Receivables Trust 2018-A A3	AAA	Aaa
Toyota Auto Receivables Owner Trust 2018-B A3	AAA	Aaa
Ally Auto Receivables Trust 2018-3 A3	AAA	Aaa
Mercedes-Benz Auto Receivables Trust 2018-1 A3	AAA	Aaa
Nissan Auto Receivables Trust 2018-B A3	AAA	Aaa
Honda Auto Receivables Owner Trust 2019-1 A3	AAA	Not Rated
Hyundai Auto Receivables Trust	AAA	Not Rated
Honda Auto Receivables Owner Trust 2019-2 A3	Not Rated	Aaa
Capital One Prime Auto Receivables Trust 2019-1 A3	AAA	Aaa
Nissan Auto Receivables Trust 2019-B A3	Not Rated	Aaa
CarMax Auto Owner Trust 2019-2 A3	AAA	Not Rated
Honda Auto Receivables 2020-1 A3	Not Rated	Aaa
CarMax Auto Owner Trust 2020-1 A3	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, 2020

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 \$8,258,626 as of June 30, 2020.

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, 2020

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2020, the City had \$84,996,904 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 1.004912795. LAIF had invested 3.37% 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, 2020, 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, 2020 these investments matured at an average of 191 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, 2020 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, 2020

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement</u>	
		<u>Level 1</u>	<u>Level 2</u>
<u>Investments subject to levels:</u>			
Corporate Notes	\$ 31,482,877	\$ -	\$ 31,482,877
Certificate of deposit - Negotiable	12,964,114	-	12,964,114
Municipal Bonds	2,683,747	-	2,683,747
Asset-backed Securities	9,831,951	-	9,831,951
Supranational Obligations	5,930,635	-	5,930,635
Federal Home Loan Banks	6,147,304	-	6,147,304
Federal National Mortgage Association	27,991,198	-	27,991,198
Federal Home Loan Mortgage	10,156,121	-	10,156,121
Money Market	70,235	-	70,235
US Treasury Notes	63,060,896	63,060,896	-
Total investments subject to levels	<u>170,319,078</u>	<u>\$ 63,060,896</u>	<u>\$ 107,258,182</u>
<u>Investment not subject to levels:</u>			
San Mateo County Pool	81,083,201		
Local Agency Investment Fund	84,996,904		
Total investments not subject to levels	<u>166,080,105</u>		
Total investments	<u>\$ 336,399,183</u>	<u>\$ 63,060,896</u>	<u>\$ 107,258,182</u>

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 \$47,934,944 in cash and investments as of June 30, 2020 held by trustees or fiscal agents. A portion of this restricted cash is pledged for the payment or security of certain bonds. Other restricted cash includes investments with a trustee for the City's Section 15 pension trust account. The California government code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020, the trust had a balance of \$24,434,795. PARS' policy for allocation of invested assets is established as noted below:

Asset Class	Target Allocation
Global Equity	20-40%
Fixed Income	50-80%
Cash	0-20%

At June 30, 2020, 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, 2020, the annual money-weighted rate of return on investments, net of investment expenses, was 4.07%. 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, 2020, loans receivable consists of the following:

	Government-Wide
Wyndham Place First Time Homebuyer Loan Program	\$ 276,052
First Time Homebuyer Silent Loan Program	176,001
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	894,720
Shores Childcare Loan	-
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	\$ 9,464,136

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020 the City has outstanding loans of \$276,052 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, 2020, there were outstanding loans to four homebuyers totaling \$176,001.

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, 2020 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and former Redevelopment Agency have outstanding loans for housing rehabilitation in the amount of \$894,719.

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 loan was fully paid as of June 30, 2020.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020 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, 2020 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, 2020

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, 2020 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, 2020 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, 2020 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, 2020 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, 2020 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, 2020 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, 2020 was \$1,100,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020 was \$500,000.

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Government activities					
Capital assets not being depreciated:					
Land	\$ 31,963,078	\$ -	\$ -	\$ -	\$ 31,963,078
Construction in progress, Property	37,940,436	28,382,276	(547,872)	(5,327,523)	60,447,317
Construction in progress, Vehicles	561,008	1,424,183	-	(741,097)	1,244,094
Total capital assets not being depreciated	<u>70,464,522</u>	<u>29,806,459</u>	<u>(547,872)</u>	<u>(6,068,620)</u>	<u>93,654,489</u>
Capital assets being depreciated:					
Buildings	83,309,015	-	-	241,139	83,550,154
Accumulated depreciation	(35,055,041)	(1,635,828)	-	-	(36,690,869)
Improvements other than buildings	14,137,218	687,835	-	106,459	14,931,512
Accumulated depreciation	(3,705,011)	(718,509)	-	-	(4,423,520)
Parks	39,964,661	175,000	-	1,716,288	41,855,949
Accumulated depreciation	(20,744,820)	(1,412,228)	-	-	(22,157,048)
Streets	128,120,698	1,172,066	-	3,263,637	132,556,401
Accumulated depreciation	(80,983,219)	(4,371,127)	-	-	(85,354,346)
Bridges	2,248,335	-	-	-	2,248,335
Accumulated depreciation	(2,183,811)	(43,018)	-	-	(2,226,829)
Traffic Signals	6,333,343	227,125	-	-	6,560,468
Accumulated depreciation	(2,511,823)	(223,926)	-	-	(2,735,749)
Storm Drains	20,330,883	155,435	-	-	20,486,318
Accumulated depreciation	(3,812,818)	(609,104)	-	-	(4,421,922)
Subtotal	<u>145,447,610</u>	<u>(6,596,279)</u>	<u>-</u>	<u>5,327,523</u>	<u>144,178,854</u>
Machinery & Equipment	28,578,124	71,550	-	741,097	29,390,771
Accumulated depreciation	(18,524,465)	(1,605,352)	-	-	(20,129,817)
Net capital assets being depreciated	<u>155,501,269</u>	<u>(8,130,081)</u>	<u>-</u>	<u>6,068,620</u>	<u>153,439,808</u>
Governmental activity capital assets, net	<u>\$ 225,965,791</u>	<u>\$ 21,676,378</u>	<u>\$ (547,872)</u>	<u>\$ -</u>	<u>\$ 247,094,297</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,126,270	\$ -	\$ -	\$ -	\$ 3,126,270
Construction in progress	10,026,002	11,660,273	(93,740)	(5,444,011)	16,148,524
Total capital assets not being depreciated	<u>13,152,272</u>	<u>11,660,273</u>	<u>(93,740)</u>	<u>(5,444,011)</u>	<u>19,274,794</u>
Capital assets being depreciated					
Harbor Improvements	4,827,957	-	-	-	4,827,957
Accumulated depreciation	(3,573,181)	(109,709)	-	-	(3,682,890)
Buildings	62,686,456	-	-	-	62,686,456
Accumulated depreciation	(18,322,212)	(1,337,964)	-	-	(19,660,176)
Machinery and equipment	2,110,934	141,501	-	-	2,252,435
Accumulated depreciation	(1,673,864)	(58,987)	-	-	(1,732,851)
Improvements other than buildings	237,253,810	502,379	-	5,444,011	243,200,200
Accumulated depreciation	(73,107,378)	(5,313,466)	-	-	(78,420,844)
Net capital assets being depreciated	<u>210,202,522</u>	<u>(6,176,246)</u>	<u>-</u>	<u>5,444,011</u>	<u>209,470,287</u>
Business-type activity capital assets, net	<u>\$ 223,354,794</u>	<u>\$ 5,484,027</u>	<u>\$ (93,740)</u>	<u>\$ -</u>	<u>\$ 228,745,081</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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	\$ 209,070
Human Services	112,872
Public Safety	1,177,487
Transportation	5,054,029
Leisure, cultural, and information services	2,977,931
Policy development and implementation	506,743
Environmental support and protection	580,960
Total Depreciation Expense-Governmental Activities	<u><u>\$ 10,619,092</u></u>

Business-Type Activities

Water Utility Fund	\$ 3,279,478
Sewer Utility fund	1,035,464
Parking Fund	755,235
Dock Town	19,062
Port of Redwood City	1,730,887
Total Depreciation Expense-Business-Type Activities	<u><u>\$ 6,820,126</u></u>

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY

Redwood City has an investment of \$34,260,022 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 \$10,251,251, in SVCW stage II construction. The City's investment in SVCW was adjusted to reflect a net increase in the investment of \$2,498,610. 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, 2020

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

During the fiscal year ended June 30, 2020, the City contributed \$11,999,292 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$10,885,435 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 \$1,329,312 toward capital improvements and capital reserves.

At June 30, 2020, the total obligation for the 2009, 2014, 2015, 2018 revenue bonds and 2019 Notes is \$466,435,000. The City's direct obligation is \$259,999,897. For the fiscal year 2020-21, the City is obligated to pay debt principal and interest payments totaling \$9,427,893. 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 2019-20, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$43,304,907. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$21,610,151. Net revenues available for debt services amounted to \$21,694,756, which represented coverage of 1.99 times over the total of debt services of \$10,885,435.

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, 2020

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

The condensed unaudited financial information of the JPA as of June 30, 2020 is as follows:

Total Assets	\$	704,159,441
Deferred Outflows of Resources		11,547,297
Total Liabilities		591,228,059
Deferred Inflows of Resources		1,366,694
Total Net Position	\$	<u>123,111,985</u>
Total Operating Revenues	\$	63,024,743
Total Operating Expenses		37,762,530
Total Operating Income (loss)		25,262,213
Other Income (loss)		(6,911,677)
Net Income (loss)	\$	<u>18,350,536</u>
Cumulative Agency Balances:		
Belmont	\$	40,712,661
Redwood City		44,511,273
San Carlos		8,848,015
West Bay Sanitation District		29,040,036
Total Net Position	\$	<u>123,111,985</u>

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Changes in Long-Term Obligations

As of June 30, 2020, the City had the following governmental long-term obligations outstanding:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued Sick Leave and Vacation	\$ 12,268,621	\$ 13,614,359	\$ 12,268,621	\$ 13,614,359	\$ 607,266
Total Governmental Activities Long-Term Obligations	<u>\$ 12,268,621</u>	<u>\$ 13,614,359</u>	<u>\$ 12,268,621</u>	<u>\$ 13,614,359</u>	<u>\$ 607,266</u>

At year-end, \$1,290,597 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 \$8,907,526. 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 \$6,033,719. 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 \$28,851,300. 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 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 \$21,301,802. 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 \$7,403,319. 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 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, 2020.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

A. Description, Continued

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 2019-20, Water Utility Fund operating revenues amounted to \$47,221,422 and operating expenses excluding depreciation and amortizations amounted to \$14,397,749. Net revenues available for debt service amounted to \$14,397,749 which represented a coverage ratio of 3.62 over the \$3,973,211 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 \$8,761,928 and operating expenses excluding depreciation, amortizations, and subvention to the City amounted to \$5,890,142. Net revenues available for debt service amounted to \$4,602,672 which represented a coverage ratio of 3.42 over the \$1,344,331 in debt service.

B. Changes in Long-Term Obligations

As of June 30, 2020, 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	\$ 7,426,213	\$ -	\$ 438,774	\$ 6,987,439	\$ 457,563
Port of Redwood City-2015 Series	2.00-4.00	5,390,000	-	415,000	4,975,000	435,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	21,450,000	-	1,020,000	20,430,000	1,060,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	17,260,000	-	810,000	16,450,000	840,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	5,790,000	-	255,000	5,535,000	265,000
Unamortized Premium-Water		3,531,400	-	231,055	3,300,345	-
Unamortized Discount-Port		(16,373)	-	(1,500)	(14,873)	-
Total Bonds and Loans		<u>60,831,240</u>	<u>-</u>	<u>3,168,329</u>	<u>57,662,911</u>	<u>3,057,563</u>
Accrued Sick Leave and Vacation:		989,453	1,188,901	989,452	1,188,902	588,698

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

For The Fiscal Year Ending June 30	Principal	Interest	Total
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	3,596,109	1,727,542	5,323,651
2026-2030	20,423,573	6,164,483	26,588,056
2031-2035	<u>17,376,561</u>	<u>1,920,623</u>	<u>19,297,184</u>
	<u>\$ 54,377,439</u>	<u>\$ 18,120,227</u>	<u>\$ 72,497,665</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 \$45,575,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

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, 2020, the outstanding principal amount was \$7,400,000.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

B. Community Facilities District (Mello-Roos) Bonds, Continued

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, 2020, the outstanding principal amount was \$3,965,000

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan, Continued

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and/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, 2020 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	22.818%	22.818%	22.818%
	<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%	6.25%
Required employer contribution rates -normal cost	9.699%	9.699%	9.699%

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 \$10,783,264 and \$9,725,392 for the safety and miscellaneous plans respectively in fiscal year 2020.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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, 2020, the following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2018 and measurement date of June 30, 2019:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	544	334
Inactive employees entitled to but not yet receiving benefits	489	56
Active employees	396	171
Total	1,429	561

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuation were determined using the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.500%	7.500%
Inflation	2.500%	2.500%
Payroll Growth	2.750%	2.750%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.00% (1)	7.00% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2).	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 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, 2020

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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 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 rounded 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 equal 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.

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	<u>100%</u>		

(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, 2020

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, 2018 (Measurement Date)	\$ 336,772,640	\$ 231,170,219	\$ 105,602,421
Changes in the year:			
Service cost	6,198,689	-	6,198,689
Interest on the total pension liability	23,887,592	-	23,887,592
Differences between actual and expected experience	2,022,316	-	2,022,316
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	10,318,071	(10,318,071)
Contribution - employees	-	2,676,853	(2,676,853)
Net investment income	-	15,241,419	(15,241,419)
Administrative expenses	-	(164,968)	164,968
Benefit payments , including refunds of employee contributions	(15,604,216)	(15,604,216)	-
Other Miscellaneous Income/(expense)	-	536	(536)
Net changes	<u>16,504,381</u>	<u>12,467,695</u>	<u>4,036,686</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 353,277,021</u>	<u>\$ 243,637,914</u>	<u>\$ 109,639,107</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2018 (Measurement Date)	\$ 395,092,700	\$ 252,263,691	\$ 142,829,009
Changes in the year:			
Service cost	8,897,078	-	8,897,078
Interest on the total pension liability	27,912,442	-	27,912,442
Differences between actual and expected experience	876,561	-	876,561
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	13,102,512	(13,102,512)
Contribution - employees	-	3,252,531	(3,252,531)
Net investment income	-	16,595,731	(16,595,731)
Administrative expenses	-	(180,021)	180,021
Benefit payments, including refunds of employee contributions	(20,068,009)	(20,068,009)	-
Other Miscellaneous Income/(expense)	-	586	(586)
Net changes	<u>17,618,072</u>	<u>12,703,330</u>	<u>4,914,742</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 412,710,772</u>	<u>\$ 264,967,021</u>	<u>\$ 147,743,751</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	\$ 156,481,200	\$ 203,895,622	\$ 360,376,822
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 109,639,107	\$ 147,743,751	\$ 257,382,858
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 70,879,100	\$ 101,744,450	\$ 172,623,550

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, 2020

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, 2020, the City recognized pension expense of \$15,803,395 for the Miscellaneous Plan and \$20,170,288 for the Safety Plan, with a total of \$35,973,683. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,379,346	\$ -	\$ 16,716,096	\$ -	\$ 30,095,442	\$ -
Changes of Assumptions	-	(844,917)	4,512,158	(696,881)	4,512,158	(1,541,798)
Differences between Expected and Actual	1,870,115	-	2,886,080	-	4,756,195	-
Net differences between projected and actual earnings on plan investments	-	(1,523,636)	-	(1,638,210)	-	(3,161,846)
Total	<u>\$ 15,249,461</u>	<u>\$ (2,368,553)</u>	<u>\$ 24,114,334</u>	<u>\$ (2,335,091)</u>	<u>\$ 39,363,795</u>	<u>\$ (4,703,644)</u>

\$30,095,442 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

Fiscal Year Ending June 30:	Annual Amortization	
	Miscellaneous Plan	Safety Plan
2021	\$ 1,117,104	\$ 6,568,016
2022	(1,443,532)	(1,480,532)
2023	(399,062)	(279,335)
2024	227,052	254,998
Total	<u>\$ (498,438)</u>	<u>\$ 5,063,147</u>

CalPERS Pension Contribution Rates

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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	9/2/2019
RCMEA	10/14/2020
COA	10/14/2019
IAFF	1/1/2019
SEIU	2/3/2020

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, 2019 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, 2020

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, 2020, the City’s cash contributions were \$4,021,200 in payments to the trust plus \$3,441,473 cash benefit payments and the estimated implied subsidy was \$629,000 resulting in total payments of \$8,091,673.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, 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 - 7.5% for 2020, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4% in 2021 and later years

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 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, 2020

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	59%	4.82%
Fixed Income	25%	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, 2020

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, 2019 (Measurement date 06/30/2018)	\$ 89,177,641	\$ 32,532,605	\$ 56,645,036
Changes in the year:			
Service cost	2,579,477	-	2,579,477
Interest	6,059,446	-	6,059,446
Benefit changes	(91,335)	-	(91,335)
Actual vs. expected experience	(6,285,887)	-	(6,285,887)
Assumption changes	1,388,517	-	1,388,517
Contribution - employer	-	8,553,676	(8,553,676)
Contribution - employee			
Net investment income	-	2,293,756	(2,293,756)
Benefit payments	(3,975,125)	(3,975,125)	-
Administrative expenses	-	(16,917)	16,917
Net changes	(324,907)	6,855,390	(7,180,297)
Balance at June 30, 2020 (Measurement date 06/30/2019)	\$ 88,852,734	\$ 39,387,995	\$ 49,464,739

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, 2019:

	1% Decrease	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Net OPEB Liability	\$ 61,315,741	\$ 49,464,739	\$ 39,729,507

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2019:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 61,315,741	\$ 49,464,739	\$ 39,729,507

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, 2020, the City recognized OPEB expense of \$5,259,447. For the fiscal year ended June 30, 2020, 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	\$ 8,091,673	\$ -
Changes of Assumptions	1,157,097	-
Differences between expected and actual experience	-	(5,238,239)
Net differences between projected and actual earnings on plan investments	-	(469,862)
	-	(469,862)
Total	\$ 9,248,770	\$ (5,708,101)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The contributions made after the measurement date of the OPEB liability but before the end of the City’s reporting period will be recognized as a reduction of the OPEB liability in the subsequent fiscal year rather than in the current fiscal year. Therefore, the \$4,021,200 related to contributions subsequent to the June 30, 2019 measurement date was reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

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
2021	\$ (1,019,916)
2022	(1,019,915)
2023	(876,993)
2024	(817,950)
2025	(816,230)
Total	<u>\$ (4,551,004)</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, 2019 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>
	<u>8</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020, the Port did not make any cash contributions to the trust.

Net OPEB Liability

The Port’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	Based on the Fidelity General Obligation AA Index
Inflation	2.75% as of June 30, 2019
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 3.62% at June 30, 2018, and 2.75% at June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75 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, 2020

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, 2019 (Measurement date 06/30/2018)	\$ 676,783	\$ -	\$ 676,783
Changes in the year:			
Service cost	12,928	-	12,928
Interest	24,324	-	24,324
Benefit changes	-	-	-
Actual vs. expected experience	(127,605)	-	(127,605)
Assumption changes	37,647	-	37,647
Contribution - employer	-	-	-
Contribution - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(9,711)	-	(9,711)
Administrative expenses	-	-	-
Net changes	(62,417)	-	(62,417)
Balance at June 30, 2020 (Measurement date 06/30/2019)	\$ 614,366	\$ -	\$ 614,366

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, 2019:

	1% Decrease	Current	1% Increase
	(2.62%)	Discount Rate (3.62%)	(4.56%)
Net OPEB Liability	\$ 726,295	\$ 614,366	\$ 525,773

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2019:

	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	\$ 528,587	\$ 614,366	\$ 720,854

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) (5.2 Years at June 30, 2019)

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

For the fiscal year ended June 30, 2020, the Port recognized OPEB expense of \$10,522. For the fiscal year ended June 30, 2020, 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	\$ 15,869	\$ -
Changes of Assumptions	31,475	(39,298)
Net differences between projected and actual earnings on plan investments	-	(106,686)
Total	\$ 47,344	\$ (145,984)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$15,869 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/Inflows of Resources</u>
2021	\$ (26,730)
2022	(26,730)
2023	(26,730)
2024	(17,907)
2025	(14,936)
Thereafter	(1,476)
Total	<u>\$ (114,509)</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, 2020

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, 2020, restricted net position for the governmental activities was \$49,550,687.

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, 2020

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, 2020, 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, 2020

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 \$13,672,633 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 \$51,277.

The Internal Services Fund had a negative net position of \$17,844,676 due to the recording of the net pension liability.

NOTE 11 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

Redwood Shores Landscape Maintenance Fund and Supplemental Law Enforcement Services 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/Fund Type Receiving Transfers</u>	<u>Fund/Fund Type Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non Major Governmental Funds	\$ 480,212 (1)
	Internal Service Fund	7,233 (2)
Capital Outlay Fund	General Fund	9,498,342 (3)
Non Major Governmental Funds	General Funds	2,366,018 (1)
	Capital Outlay Fund	1,251,792 (1)
Water Utility Fund	General Fund	193,298 (1)
	Sewer Utility Fund	584,106 (1)
Parking Fund	General Fund	916,343 (1)
Docketown	General Fund	4,366,141 (1)
	General Fund	1,333,298 (1)
	Water Utility Fund	50,188 (1)
	Sewer Utility Fund	4,716 (1)
	Non Major Governmental Funds	7,401 (1)
Internal Services Fund	Internal Services Fund	6,124 (1)
		<u>\$ 21,065,212</u>
Total Interfund Transfers		

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, 2020

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 \$674,177 owned to the General Fund from the planning cost recovery fund is related to the negative cash in the planning cost recover fund at June 30, 2020. The \$300,000 is related to the long-term advance and is the current portion due.

Receivable Fund	Payable Fund	Amount Due to/From
General Fund	Planning Cost Recovery Fund	\$ 674,177
Capital Outlay Fund	General Fund	967,342
Internal Service Fund	Water Utility Fund	300,000
		\$ 1,941,519

C. Long-Term Interfund Loans

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Water Utility Fund	Equipment Service Fund	\$ 600,000
	Total Long-term Interfund Loans	\$ 600,000

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 2019-20 the water utility enterprise fund repaid \$300,000 to the equipment services internal service Fund. As of June 30, 2020, \$300,000 of this advance is considered current.

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 \$562,800 during FY 2019-20 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, 2020

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 2019-20 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 2019-20 was \$1,925,870 .

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 2018, 2019, and 2020 were:

Fiscal Year	Beginning Balance	Current Year Claims/Changes in Estimates	Claim Payments	Ending Balance
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
2019-20	29,214,948	4,642,347	(4,110,398)	29,746,897

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, 2020

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, 2020

**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, 2020

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	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>\$ 2,560,739</u>
Capital assets being depreciated:			
Improvements other than buildings	\$ 13,231,503	\$ -	\$ 13,231,503
Accumulated depreciation	(4,201,903)	(356,054)	(4,557,957)
Traffic Signals	208,691	-	208,691
Accumulated depreciation	(99,130)	(10,435)	(109,565)
Storm Drains	4,101,302	-	4,101,302
Accumulated depreciation	(1,486,725)	(102,533)	(1,589,258)
Machinery & Equipment	953,244	-	953,244
Accumulated depreciation	(600,363)	(46,957)	(647,320)
Net capital assets being depreciated	<u>\$ 12,106,619</u>	<u>\$ (515,979)</u>	<u>\$ 11,590,640</u>
Total capital assets, net	<u>\$ 14,667,358</u>	<u>\$ (515,979)</u>	<u>\$ 14,151,379</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	\$ 14,617,108	\$ -	\$ 1,557,657	\$ 13,059,451	\$ 1,450,685
Accreted interest payable		20,172,411	-	144,207	20,028,204	2,054,315
Unamortized Premium		430,800	-	30,772	400,028	30,772
Total Bonds		<u>\$ 35,220,319</u>	<u>\$ -</u>	<u>\$ 1,732,636</u>	<u>\$ 33,487,683</u>	<u>\$ 3,535,772</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

**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
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	1,090,125	2,414,875
2026-2030	4,574,937	12,950,063
2031-2033	2,161,997	8,358,002
	<u>\$ 13,059,451</u>	<u>\$ 32,515,548</u>

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, 2020

NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2020, the City has the following significant commitments:

- \$6,835,100 - Professional services related to California Water Tank, Pump Station and Transmission Improvements
- \$3,526,142 - Professional services related to Middlefield Road Bicycle and Pedestrian Improvements
- \$1,226,817 - Professional services related to 101/84 Highway Interchange
- \$825,936 - Professional services related to ERP Software and Implementation
- \$1,729,697 - Professional services related to US 101 Pedestrian Undercrossing Project
- \$2,836,819 - Professional services related to YMCA/Senior Center Project
- \$500,000 - Purchase of Residential and Commercial Water Meters
- \$5,644,989 - Professional services related to Project and Construction Management of Veterans Memorial/Senior Center Project
- \$1,284,360 - Purchase of One Aerial Fire Apparatus
- \$1,298,369 - Professional services related to Peninsula Tank No.2 Seismic Improvement 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, 2020:

Major Funds:	
General Fund	\$ 3,454,542
Capital Outlay Fund	5,935,325
Total Major Funds	<u>9,389,867</u>
Non-Major Funds	33,047,993
Total Encumbrances	<u><u>\$ 42,437,860</u></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, 2020:

Total assets	\$ 89,936,724
Total liabilities	<u>67,356,523</u>
Total net position	<u><u>\$ 22,580,201</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, special revenue. Capital projects funds' budgets are adopted on a project length basis and are not presented here. As the Housing Legal Aid Society Fund was created after the February 1, 2012 dissolution of the former Redevelopment Agency and is currently under litigation, there is no adopted budget for this fund.

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 budget study sessions, which are open for public comment, before adopting the budget. Once the budget is adopted, expenditures may not legally exceed appropriations at program level except when the excess is attributable to a particular activity for which the City has been reimbursed. This is especially apparent in the Community Development Program where developers reimburse the City through sub-division fees and environmental impact report fees.

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, unless property tax revenues are requested, 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 in the following 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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Fund balance, July 1	51,280,381	51,280,381	51,280,381	\$
Resources (inflows):				
Property taxes/special assessments	59,198,374	65,581,339	66,777,082	1,195,743
Sales and other taxes	45,611,688	50,381,475	53,826,307	3,444,832
Licenses and permits	6,035,000	5,946,439	5,246,650	(699,789)
Fines, forfeitures and penalties	688,000	140,800	(3,705)	(144,505)
Use of money and property	5,057,632	5,060,632	11,351,533	6,290,901
Intergovernmental	3,453,546	5,268,993	4,896,994	(371,999)
Charges for current services	18,986,235	21,383,744	22,180,094	796,350
Other	1,280,796	619,094	766,840	147,746
Amounts available for appropriation	140,311,271	154,382,516	165,041,795	10,659,279
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	329,467	329,467	313,761	15,706
Human Services Assistance	59,800	59,800	34,800	25,000
Total City Council	389,267	389,267	348,561	40,706
City Manager:				
Management/Policy execution/ Organizational Efficiencies	1,458,938	1,708,938	972,596	736,342
Communications/Community Engagement	1,225,058	1,195,779	1,222,160	(26,381)
Affordable Housing	100,000	100,000	17,301	82,699
Economic development	397,739	697,739	697,274	465
Total City Manager	3,181,735	3,702,456	2,909,331	793,125
City Attorney	1,862,755	1,814,334	1,615,994	198,340
City Clerk:				
City Clerk	839,188	839,188	676,530	162,658
Elections	477,088	477,088	61,644	415,444
Council support	63,785	63,785	31,995	31,790
Total City Clerk	1,380,061	1,380,061	770,169	609,892

(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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Community development:				
Planning	2,416,357	2,629,542	2,405,928	223,614
Strategic planning	946,395	799,797	585,637	214,160
Building regulation	4,724,574	5,060,105	4,358,424	701,681
Administration	711,589	1,606,264	529,233	1,077,031
General engineering	726,704	738,336	576,307	162,029
Subdivision engineering	519,152	519,152	572,195	(53,043)
Code enforcement	1,046,961	994,779	783,386	211,393
Flood and sea level rise resiliency	55,000	55,000	55,000	
Redevelopment	751,886	923,531	948,594	(25,063)
Total Community Development	<u>11,898,618</u>	<u>13,326,506</u>	<u>10,814,704</u>	<u>2,511,802</u>
Finance:				
Financial services	1,843,187	1,861,255	1,869,307	(8,052)
Administrative support services	3,101,557	15,922,502	16,892,421	(969,919)
Total Finance	<u>4,944,744</u>	<u>17,783,757</u>	<u>18,761,728</u>	<u>(977,971)</u>
Fire:				
Administration	2,031,003	2,160,919	1,558,214	602,705
Operations	23,823,038	24,324,298	27,655,003	(3,330,705)
San Carlos Fire	7,428,250	7,428,250	4,133,281	3,294,969
Prevention	1,551,365	1,530,225	1,260,871	269,354
Training	720,624	741,764	356,038	385,726
Emergency medical services	29,155	155,978	18,838	137,140
Emergency operations	113,234	150,939	208,004	(57,065)
Total Fire	<u>35,696,669</u>	<u>36,492,373</u>	<u>35,190,249</u>	<u>1,302,124</u>
Human Resources	<u>1,944,492</u>	<u>2,322,282</u>	<u>1,826,770</u>	<u>495,512</u>
Library:				
Administrative services unit	1,816,952	1,817,988	1,688,225	129,763
Downtown library	3,784,869	3,796,529	3,602,981	193,548
Literacy services unit	1,173,966	1,612,466	1,600,773	11,693
Neighborhood libraries and outreach	2,741,015	2,739,318	2,620,431	118,887
Total Library	<u>9,516,802</u>	<u>9,966,301</u>	<u>9,512,410</u>	<u>453,891</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, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
	\$	\$	\$	Positive (Negative)
				\$
Parks, Recreation and Community Services:				
Human Services	1,927,031	3,106,712	2,692,491	414,221
COVID-19 emergency rental assistance		393,000	401,925	(8,925)
Administration	1,778,120	1,866,941	1,791,554	75,387
Civic Cultural Commission	73,896	73,896	67,339	6,557
Landscape maintenance	5,208,743	5,623,700	5,510,449	113,251
Youth and teen services	3,243,409	3,477,899	2,364,662	1,113,237
Sports and aquatics	2,266,929	2,357,737	2,209,618	148,119
Special interest programming/marketing	1,875,550	1,889,465	2,046,290	(156,825)
Community services	1,640,774	1,708,890	1,541,461	167,429
Total Parks, Recreation and Community Services	18,014,452	20,498,240	18,625,789	1,872,451
Police:				
Administration	9,508,569	9,566,237	9,588,277	(22,040)
Records	1,346,171	1,346,171	1,192,691	153,480
Training	692,297	699,525	733,373	(33,848)
Property/Evidence	402,597	402,597	353,969	48,628
Police Activities League	130,593	130,593	84,062	46,531
Patrol services	28,281,621	28,336,179	24,340,612	3,995,567
Criminal investigation	6,104,912	6,111,715	6,459,867	(348,152)
Total Police	46,466,760	46,593,017	42,752,851	3,840,166
Public Works:				
Street system maintenance	290,249	290,249	299,321	(9,072)
Street cleaning	287,350	287,350	303,465	(16,115)
Sidewalk maintenance/Replacement	23,263	23,263	24,486	(1,223)
Street tree maintenance	912,977	992,977	893,936	99,041
Trash and recycling efforts	20,979	20,979	20,360	619
Downtown/Entry feature maintenance	31,889	31,889	16,511	15,378
Storm water collection/Disposal	22,714	22,714	20,628	2,086
Total Public Works	1,589,421	1,669,421	1,578,707	90,714
Reimbursement from Other Funds	(2,328,633)	(2,328,633)	(2,328,633)	
Total charges to appropriations	134,557,143	153,609,382	142,378,630	11,230,752
OTHER FINANCING SOURCES (USES)				
Transfers in	714,475	1,386,215	487,445	(898,770)
Transfers (out)	(16,344,525)	(17,639,623)	(18,673,440)	(1,033,817)
Total Other Financing Sources (Uses)	(15,630,050)	(16,253,408)	(18,185,995)	(1,932,587)
Fund balance, June 30	41,404,459	35,800,107	55,757,551	19,957,444

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	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY						
Service Cost	\$ 6,198,689	\$ 6,312,633	\$ 5,947,899	\$ 4,988,704	\$ 4,787,766	\$ 4,962,237
Interest	23,887,592	22,736,338	21,786,870	20,902,896	19,792,491	18,925,939
Difference Between Expected and Actual Experience	2,022,316	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	(15,604,216)	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
Net Change in Total Pension Liability	16,504,381	13,928,168	32,782,140	15,461,089	6,615,686	12,353,481
Total Pension Liability - Beginning	336,772,640	322,844,472	290,062,332	274,601,243	267,985,557	255,632,076
Total Pension Liability - Ending (a)	\$ 353,277,021	\$ 336,772,640	\$ 322,844,472	\$ 290,062,332	\$ 274,601,243	\$ 267,985,557
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 10,318,071	\$ 9,451,153	\$ 8,428,180	\$ 7,063,347	\$ 6,882,313	\$ 6,449,302
Contributions - Employee	2,676,853	2,789,791	2,778,380	2,605,290	2,372,657	2,592,457
Net Investment Income	15,241,419	18,389,970	22,220,866	1,020,359	4,413,116	29,955,563
Benefit Payments, Including Refunds of Employee Contributions	(15,604,216)	(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)	-
Administrative Expense	(164,968)	-	-	-	-	-
Other Miscellaneous Income/(Expense) (1)	536	(638,404)	-	-	-	-
Net Change in Fiduciary Net Position	12,467,695	15,434,303	19,876,220	(2,574,179)	841,888	27,462,627
Plan Fiduciary Net Position - Beginning (2)	231,170,219	215,735,916	195,859,694	198,433,873	197,591,985	170,129,358
Plan Fiduciary Net Position - Ending (b)	\$ 243,637,914	\$ 231,170,219	\$ 215,735,914	\$ 195,859,694	\$ 198,433,873	\$ 197,591,985
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 109,639,107	\$ 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	68.97%	68.64%	66.82%	67.52%	72.26%	73.73%
Covered Payroll (3)	\$ 36,047,273	\$ 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	304.15%	316.16%	308.17%	299.20%	263.15%	246.20%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

(2) Includes beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

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

Safety Plan

Measurement Period (1)	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY						
Service Cost	\$ 8,897,078	\$ 8,929,972	\$ 8,853,629	\$ 7,609,467	\$ 7,620,719	\$ 6,630,333
Interest	27,912,442	26,705,230	25,379,781	24,274,395	22,992,406	21,880,004
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	876,561	4,400,726	1,130,542	2,056,832	210,529	-
Changes of Assumptions	-	(1,516,741)	21,432,755	-	(5,686,859)	-
Benefit Payments, Including Refunds of Employee Contributions	(20,068,009)	(19,154,486)	(18,081,124)	(16,758,122)	(15,054,516)	(14,361,985)
Net Change in Total Pension Liability	17,618,072	19,364,701	38,715,583	17,182,572	10,082,279	14,148,352
Total Pension Liability - Beginning	395,092,700	375,727,999	337,012,416	319,829,844	309,747,565	295,599,213
Total Pension Liability - Ending (a)	\$ 412,710,772	\$ 395,092,700	\$ 375,727,999	\$ 337,012,416	\$ 319,829,844	\$ 309,747,565
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 13,102,513	\$ 12,005,986	\$ 11,975,338	\$ 11,288,655	\$ 9,993,967	\$ 7,791,669
Contributions - Employee	3,252,531	3,179,855	2,916,109	2,375,511	2,420,787	2,230,065
Net Investment Income	16,595,731	20,046,903	24,645,186	1,179,363	4,953,411	32,968,535
Benefit Payments, Including Refunds of Employee Contributions	(20,068,009)	(19,154,486)	(18,081,124)	(16,758,122)	(15,054,516)	(14,361,985)
Other Changes in Fiduciary Net Position	-	(370,299)	(210,549)	(132,896)	(245,450)	-
Administrative Expenses	(180,021)	-	-	-	-	-
Other Miscellaneous Income/ (Expense)(1)	586	(702,091)	-	-	-	-
Net Change in Fiduciary Net Position	12,703,331	15,005,868	21,244,960	(2,047,489)	2,068,199	28,628,284
Plan Fiduciary Net Position - Beginning (2)	252,263,691	237,257,823	216,012,863	218,060,352	215,992,153	187,363,869
Plan Fiduciary Net Position - Ending (b)	\$ 264,967,022	\$ 252,263,691	\$ 237,257,823	\$ 216,012,863	\$ 218,060,352	\$ 215,992,153
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 147,743,750	\$ 142,829,009	\$ 138,470,176	\$ 120,999,553	\$ 101,769,492	\$ 93,755,412
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.20%	63.85%	63.15%	64.10%	68.18%	69.73%
Covered Payroll (3)	\$ 27,939,573	\$ 27,442,920	\$ 27,341,479	\$ 25,867,584	\$ 25,330,626	\$ 21,679,799
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	528.80%	520.46%	506.45%	467.77%	401.76%	432.46%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

(2) Includes beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

B. Schedule of Plan Contributions

Miscellaneous Plan

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 13,379,346	\$ 10,135,737	\$ 7,527,907	\$ 7,428,605	\$ 6,923,087	\$ 6,799,358
Contribution in relation to the actuarially determined contributions	<u>(13,379,346)</u>	<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>	<u>\$ -</u>
Covered payroll	38,158,385	36,054,508	33,401,807	34,756,799	31,484,407	28,944,841
Contributions as a percentage of covered payroll	35.06%	28.11%	22.54%	21.37%	21.66%	23.49%

Safety Plan

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 16,716,096	\$ 12,871,662	\$ 10,880,756	\$ 10,292,946	\$ 10,439,692	\$ 9,667,759
Contribution in relation to the actuarially determined contributions	<u>(16,716,096)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 28,665,803	\$ 28,192,253	\$ 27,442,920	\$ 27,341,479	\$ 25,867,584	\$ 25,330,626
Contributions as a percentage of covered payroll	58.31%	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.

<u>Notes to Schedules</u>	<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% for 2015 to 2019, and 2.875% for 2020	2.75% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by Entry Age and Service	
Payroll growth	3.00%	
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of pension plan investment expense; including inflation	
Retirement age	The probabilities of retirement are based on the CalPERS Experience Study.	
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.	

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>	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 2,579,477	\$ 2,504,347	\$ 2,431,405
Interest on the total OPEB liability	6,059,446	5,741,299	5,420,908
Changes of benefit terms	(91,335)	-	-
Differences between expected and actual experience	(6,285,887)	-	-
Changes of assumptions	1,388,517	-	-
Benefit payments, including refunds of employee contributions	<u>(3,975,125)</u>	<u>(3,239,884)</u>	<u>(3,117,523)</u>
Net change in total OPEB liability	<u>(324,907)</u>	<u>5,005,762</u>	<u>4,734,790</u>
Total OPEB liability - beginning	<u>89,177,641</u>	<u>84,171,879</u>	<u>79,437,089</u>
Total OPEB liability - ending (a)	<u><u>\$ 88,852,734</u></u>	<u><u>\$ 89,177,641</u></u>	<u><u>\$ 84,171,879</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 8,553,676	\$ 6,830,404	\$ 6,163,000
Net investment income	2,293,756	2,158,132	2,270,291
Benefit payments, including refunds of employee contributions	(3,975,125)	(3,239,884)	(3,117,523)
Administrative expense	<u>(16,917)</u>	<u>(50,216)</u>	<u>(11,547)</u>
Net change in plan fiduciary net position	<u>6,855,390</u>	<u>5,698,436</u>	<u>5,304,221</u>
Plan fiduciary net position - beginning	<u>32,532,605</u>	<u>26,834,169</u>	<u>21,529,949</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 39,387,995</u></u>	<u><u>\$ 32,532,605</u></u>	<u><u>\$ 26,834,170</u></u>
Net OPEB liability/(asset) - ending (a) - (b)	\$ 49,464,739	\$ 56,645,036	\$ 57,337,709
Plan fiduciary net position as a percentage of the total OPEB liability	44.3%	36.5%	31.9%
Covered-employee payroll	73,074,208	73,121,435	71,831,235
Net OPEB liability as a percentage of covered-employee payroll	67.7%	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>	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 12,928	\$ 12,746	\$ 14,623
Interest on the total OPEB liability	24,324	23,193	20,261
Differences between expected and actual experience	(127,605)	-	-
Changes of assumptions	37,647	(5,925)	(68,366)
Benefit payments, including refunds of employee contributions	(9,711)	(9,426)	(8,400)
Net change in total OPEB liability	(62,417)	20,588	(41,882)
Total OPEB liability - beginning	676,783	656,195	698,077
Total OPEB liability - ending (a)	<u>\$ 614,366</u>	<u>\$ 676,783</u>	<u>\$ 656,195</u>
	Covered-employee payroll	501,790	632,232
		754,684	754,684
	Net OPEB liability as a percentage of covered-employee payroll	122.4%	107.0%
		86.9%	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	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 6,504,000	\$ 6,983,000	\$ 6,777,000
Contributions in relation to the ADC	8,091,673	8,553,676	6,830,404
Contribution deficiency (excess)	\$ (1,587,673)	\$ (1,570,676)	\$ 53,404
 Covered-employee payroll	 77,259,985	 73,074,208	 73,121,435
 Contributions as a percentage of covered-employee payroll	 10.5%	 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	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -
Contributions in relation to the ADC	15,869	9,949	9,426
Contribution deficiency (excess)	<u>\$ 15,869</u>	<u>\$ 9,949</u>	<u>\$ 9,426</u>
Covered-employee payroll	\$ 410,854	\$ 501,790	\$ 632,232
Contributions as a percentage of covered-employee payroll	3.9%	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, 2020*

GENERAL FUND

The general fund accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. Library operations, whose expenditures must be approved by the Library Board, are accounted for as part of this fund along with the general governmental expenditures not accounted for in other funds.

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
	\$	\$
Cash and investments available for operations	58,814,601	53,505,535
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	9,935,997	8,194,676
Accounts	4,787,010	2,265,066
Loans		686,661
Accrued interest	1,109,093	1,554,098
Due from other governmental agencies	2,263,844	7,466,231
Due from other funds		
Prepaid items	390,428	46,987
 Total Assets	 77,300,973	 73,719,254
 LIABILITIES		
Accounts payable	4,124,704	4,362,395
Accrued payroll	4,010,657	2,886,825
Deposits payable	8,442,066	9,286,760
Due to other funds	967,342	970,693
Unearned revenue	4,672,830	4,932,200
 Total Liabilities	 22,217,599	 22,438,873
 FUND BALANCE		
Nonspendable:		
Loans		686,661
Prepaid items	390,428	46,987
Restricted for:		
Other purposes	3,147,443	2,498,135
Committed to:		
General plan	4,049,872	2,761,836
Assigned to:		
Other purposes	5,319,419	4,036,548
Unassigned:		
City Council directed minimum balance	22,355,301	23,615,516
Residual balance	20,495,088	17,634,698
 Total Fund Balance	 55,757,551	 51,280,381
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 77,975,150	 73,719,254

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, 2020 AND 2019

	2020			2019		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES						
Property taxes	\$ 65,581,339	\$ 66,777,082	1,195,743	\$ 59,198,374	\$ 67,564,593	8,366,219
Sales and other taxes	50,381,475	53,826,307	3,444,832	48,111,688	49,388,583	1,276,895
Licenses and permits	5,946,439	5,246,650	(699,789)	6,199,691	6,598,938	399,247
Fines, forfeitures and penalties	140,800	(3,705)	(144,505)	698,000	806,281	108,281
Uses of money and property	5,060,632	8,015,044	2,954,412	5,057,632	5,833,800	776,168
Net increases (decreases) in fair value of investments		3,336,489	3,336,489		878,981	878,981
Intergovernmental	5,268,993	4,896,994	(371,999)	5,078,496	4,969,831	(108,665)
Charges for current services	21,383,744	22,180,094	796,350	19,767,702	22,862,692	3,094,990
Other	619,094	766,840	147,746	608,135	717,103	108,968
Total revenues	154,382,516	165,041,795	10,659,279	144,719,718	159,620,802	14,901,084
EXPENDITURES						
Community development	13,326,506	10,814,704	2,511,802	14,027,428	11,886,989	2,140,439
Human services	3,559,512	3,129,216	430,296	1,956,567	1,888,831	67,736
Public safety	83,085,390	77,943,100	5,142,290	78,588,811	72,745,383	5,843,428
Transportation	1,306,489	1,217,743	88,746	1,212,729	1,208,238	4,491
Environmental support and protection	362,932	360,964	1,968	433,200	490,208	(57,008)
Leisure, cultural, and information services	26,964,829	25,043,783	1,921,046	25,372,609	23,882,230	1,490,379
Policy development and implementation	25,003,724	23,869,120	1,134,604	12,314,532	10,544,525	1,770,007
Total expenditures	153,609,382	142,378,630	11,230,752	133,905,876	122,646,404	11,259,472
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	773,134	22,663,165	21,890,031	10,813,842	36,974,398	26,160,556
OTHER FINANCING SOURCES (USES)						
Transfers in	1,386,215	487,445	(898,770)	1,314,475	1,745,733	431,258
Transfers (out)	(17,639,623)	(18,673,440)	(1,033,817)	(18,644,525)	(17,649,468)	995,057
Total Other Financing Sources (Uses)	(16,253,408)	(18,185,995)	(1,932,587)	(17,330,050)	(15,903,735)	1,426,315
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(15,480,274)	4,477,170	19,957,444	(6,516,208)	21,070,663	27,586,871
Fund balance at beginning of fiscal year		51,280,381			30,209,718	
Fund balance at end of fiscal year		55,757,551			51,280,381	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2020		Variance with Final Budget Positive (Negative)	2019 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	65,581,339	66,777,082	1,195,743	67,564,593
Total Property Taxes	65,581,339	66,777,082	1,195,743	67,564,593
Sales and Other Taxes:				
Sales tax	29,975,098	32,559,083	2,583,985	25,877,615
Franchises	1,987,562	1,845,464	(142,098)	1,902,664
Transient occupancy tax	5,734,860	6,063,801	328,941	8,628,165
Property transfer tax	1,076,532	1,038,267	(38,265)	929,459
Business license tax	2,835,012	3,061,508	226,496	2,697,658
Utility users tax	8,772,411	9,258,184	485,773	9,353,022
Total Sales and Other Taxes	50,381,475	53,826,307	3,444,832	49,388,583
Licenses and Permits:				
Building permits	4,310,000	3,698,603	(611,397)	4,987,786
Cannabis permits	253,858	220,375	(33,483)	263,668
Fire and other permits	1,382,581	1,327,672	(54,909)	1,347,484
Total Licenses and Permits	5,946,439	5,246,650	(699,789)	6,598,938
Fines, Forfeitures and Penalties:				
Parking and library fines	140,800	(3,705)	(144,505)	806,281
Total Fines, Forfeitures and Penalties	140,800	(3,705)	(144,505)	806,281
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	248,000	231,261	(16,739)	321,957
Interest income	100,000	3,071,151	2,971,151	799,211
Total Uses of Money and Property	5,060,632	8,015,044	2,954,412	5,833,800
Net Increase (Decrease) in Fair Value of Investments		3,336,489	3,336,489	878,981
Intergovernmental:				
Motor vehicle in lieu tax		67,526	67,526	41,463
Public safety sales tax	842,200	807,401	(34,799)	813,288
Police training allowance	20,000	39,127	19,127	26,917
Homeowners' property tax relief	209,368	173,938	(35,430)	149,937
State mandated programs grant	103,719	103,719		53,302
Grants - County, State, and Federal	4,093,706	3,705,283	(388,423)	3,884,924
Total Intergovernmental	5,268,993	4,896,994	(371,999)	4,969,831
Charges for Current Services:				
Fire services	8,378,022	8,499,317	121,295	8,509,390
Police services	260,000	429,375	169,375	213,940
Plan checking	2,957,049	3,023,758	66,709	2,623,420
Garbage collections - net	2,758,225	2,757,371	(854)	2,586,969
Planning services	445,000	545,688	100,688	607,381
Library fees	27,600	30,223	2,623	21,840
Recreation programs	2,962,260	3,055,243	92,983	4,053,751
Other current service charges	3,595,588	3,839,119	243,531	4,246,001
Total Charges for Current Services	21,383,744	22,180,094	796,350	22,862,692
Other:				
Port contribution	520,000	525,715	5,715	560,132
Miscellaneous	99,094	241,125	142,031	156,971
Total Other	619,094	766,840	147,746	717,103
Total Revenue	154,382,516	165,041,795	10,659,279	159,620,802

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2020		Variance with Final Budget Positive (Negative)	2019 Actual
	Budget	Actual		
Community Development:	\$	\$	\$	\$
Community planning	2,629,542	2,405,928	223,614	2,271,102
Strategic planning	799,797	585,637	214,160	932,912
Building regulation	5,060,105	4,358,424	701,681	4,346,757
Administration	1,606,264	529,233	1,077,031	1,197,138
General engineering	738,336	576,307	162,029	590,447
Subdivision engineering	519,152	572,195	(53,043)	605,134
Code enforcement	994,779	783,386	211,393	896,652
Affordable housing	55,000	55,000		
Redevelopment	923,531	948,594	(25,063)	1,046,847
Total Community Development	13,326,506	10,814,704	2,511,802	11,886,989
Human Services:				
Human services assistance program	59,800	34,800	25,000	34,800
COVID-19 emergency rental assistance	393,000	401,925	(8,925)	
Social services center	3,106,712	2,692,491	414,221	1,854,031
Total Human Services	3,559,512	3,129,216	430,296	1,888,831
Public Safety:				
Law enforcement	46,593,017	42,752,851	3,840,166	40,353,499
Fire safety	36,492,373	35,190,249	1,302,124	32,391,884
Total Public Safety	83,085,390	77,943,100	5,142,290	72,745,383
Transportation:				
Street system/sidewalk maintenance, repair	1,306,489	1,217,743	88,746	1,208,238
Total Transportation	1,306,489	1,217,743	88,746	1,208,238
Environmental Support and Protection:				
Trash and recycling efforts	20,979	20,360	619	54,161
Street cleaning/storm water collection, disposal	341,953	340,604	1,349	436,047
Total Environmental Support and Protection	362,932	360,964	1,968	490,208
Leisure, Cultural, and Information Services:				
Parks and recreation	16,998,528	15,531,373	1,467,155	15,026,855
Information services	9,966,301	9,512,410	453,891	8,855,375
Total Leisure, Cultural, and Information Services	26,964,829	25,043,783	1,921,046	23,882,230
Policy Development and Implementation:				
Legislative/policy determination	329,467	313,761	15,706	326,552
Management/policy execution	3,602,456	2,892,030	710,426	2,319,893
Legislative services/records management	1,380,061	770,169	609,892	901,771
Financial services	1,861,255	1,869,307	(8,052)	1,737,245
Legal services	1,814,334	1,615,994	198,340	1,613,376
Human Resources	2,322,282	1,826,770	495,512	1,700,250
Affordable housing	100,000	17,301	82,699	
Other administrative support services	15,922,502	16,892,421	(969,919)	4,285,358
Less reimbursements from other funds	(2,328,633)	(2,328,633)		(2,339,920)
Total Policy Development and Implementation	25,003,724	23,869,120	1,134,604	10,544,525
Total Expenditures	153,609,382	142,378,630	11,230,752	122,646,404



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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.

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 payment 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.



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	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	4,455,006	2,679,085	2,538,588	262,697	3,176,718
Cash and investments, restricted			128,485		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	171,704			4,753	197,545
Accounts		2,618,610	4,912		
Loans			3,595,800		
Accrued interest			300,936		
Due from other governmental agencies	225,655	2,946,505	227,481		129,619
Prepaid items					
Deposits receivable					
Land held for redevelopment			2,410,000		
Total Assets	4,852,365	8,244,200	9,206,202	267,450	3,503,882
LIABILITIES					
Accounts payable	44,360	2,007,554	191,295	108,680	209,643
Deposits payable			36,957		
Due to other funds					
Unearned revenue		1,128,129			
Total Liabilities	44,360	3,135,683	228,252	108,680	209,643
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest		11,421	300,936		
Total Deferred Inflows of Resources		11,421	300,936		
FUND BALANCES					
Nonspendable:					
Loans			3,595,800		
Prepaid items					
Land held for redevelopment			2,410,000		
Restricted for:					
Community development			910,910		
Public safety				158,770	
Transportation	4,808,005	5,097,096			3,294,239
Leisure, cultural and information services			1,191,562		
Capital projects					
Housing purposes					
Committed to:					
Capital projects					
Community benefits					
Human services financial assistance			568,742		
Housing purposes					
Unassigned:					
Total Fund Balances	4,808,005	5,097,096	8,677,014	158,770	3,294,239
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,852,365	8,244,200	9,206,202	267,450	3,503,882

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 \$
596,574	2,472,819	1,552,606	33,092	619,571	4,825,319 4,255,368
		19,883			
4,161					279
<u>600,735</u>	<u>2,472,819</u>	<u>1,572,489</u>	<u>33,092</u>	<u>619,571</u>	<u>9,080,966</u>
49	101	57,840	3,630	9,334	697,122
<u>49</u>	<u>101</u>	<u>57,840</u>	<u>3,630</u>	<u>9,334</u>	<u>697,122</u>
4,161				610,237	
596,525	2,472,718	1,514,649	29,462		8,383,844
<u>600,686</u>	<u>2,472,718</u>	<u>1,514,649</u>	<u>29,462</u>	<u>610,237</u>	<u>8,383,844</u>
<u>600,735</u>	<u>2,472,819</u>	<u>1,572,489</u>	<u>33,092</u>	<u>619,571</u>	<u>9,080,966</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS
	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Facilities Fee Construction Fund \$
ASSETS					
Cash and investments available for operations	7,451,057		2,424,263	175,757	456,006
Cash and investments, restricted					
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	18,513				
Accounts	2,196				
Loans	5,654,050				
Accrued interest	1,240,834				
Due from other governmental agencies					
Prepaid items					
Deposits receivable		700,267			
Land held for redevelopment	710,241				
Total Assets	<u>15,076,891</u>	<u>700,267</u>	<u>2,424,263</u>	<u>175,757</u>	<u>456,006</u>
LIABILITIES					
Accounts payable	617,203	77,367			
Deposits payable					
Due to other funds		674,177			
Unearned revenue				32,304	
Total Liabilities	<u>617,203</u>	<u>751,544</u>		<u>32,304</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	1,240,834				
Total Deferred Inflows of Resources	<u>1,240,834</u>				
FUND BALANCES					
Nonspendable:					
Loans	5,654,050				
Prepaid items					
Land held for redevelopment	710,241				
Restricted for:					
Community development	2,344,846			143,453	
Public safety					
Transportation					
Leisure, cultural and information services					
Capital projects					456,006
Housing purposes	2,371,629				
Committed to:					
Capital projects					
Community benefits			2,424,263		
Human services financial assistance					
Housing purposes	2,138,088				
Unassigned:					
		(51,277)			
Total Fund Balances	<u>13,218,854</u>	<u>(51,277)</u>	<u>2,424,263</u>	<u>143,453</u>	<u>456,006</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>15,076,891</u>	<u>700,267</u>	<u>2,424,263</u>	<u>175,757</u>	<u>456,006</u>

CAPITAL PROJECTS FUNDS

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
\$	\$	\$	\$	\$	\$
11,720,191	640,207	280,115	53,199	344,519	46,757,389
					4,383,853
					412,398
					2,625,718
					9,249,850
					1,542,049
					3,529,260
					4,161
					700,267
					3,120,241
<u>11,720,191</u>	<u>640,207</u>	<u>280,115</u>	<u>53,199</u>	<u>344,519</u>	<u>72,325,186</u>
185,159		183,871	600		4,393,808
					36,957
					674,177
					1,160,433
<u>185,159</u>		<u>183,871</u>	<u>600</u>		<u>6,265,375</u>
					1,553,191
					1,553,191
					9,249,850
					4,161
					3,120,241
				344,519	3,743,728
					769,007
11,535,032	640,207		52,599		18,452,901
		96,244			12,779,193
					8,936,094
					2,371,629
					2,424,263
					568,742
					2,138,088
					(51,277)
<u>11,535,032</u>	<u>640,207</u>	<u>96,244</u>	<u>52,599</u>	<u>344,519</u>	<u>64,506,620</u>
<u>11,720,191</u>	<u>640,207</u>	<u>280,115</u>	<u>53,199</u>	<u>344,519</u>	<u>72,325,186</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, 2020

	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					2,897,845
Licenses and permits					
Fines, forfeitures and penalties				125,817	
Use of money and property	57,898	76,010	100,473	(18,114)	69,440
Intergovernmental	3,525,575	3,923,463	477,233		
Contributions		4,589,271			300
Charges for current services	27,647			27,259	
Other			362		
Total Revenues	3,611,120	8,588,744	578,068	134,962	2,967,585
EXPENDITURES					
Current Operations:					
Community development			459,449		117,209
Human services			108,750		
Public safety				5,757	
Transportation	2,991,558	1,141,104		1,988,386	1,287,425
Environmental support and protection	488,187	355,545	3,720		
Leisure, cultural and information services			34,374		
Policy development and implementation	1,290				243,327
Capital outlay	694,625	9,146,488			924,026
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	4,175,660	10,643,137	606,293	1,994,143	2,571,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(564,540)	(2,054,393)	(28,225)	(1,859,181)	395,598
OTHER FINANCING SOURCES (USES)					
Transfers in	1,201,792			1,844,862	
Transfers (out)	(5,322)			(2,079)	
Total Other Financing Sources (Uses)	1,196,470			1,842,783	
Net change in fund balances	631,930	(2,054,393)	(28,225)	(16,398)	395,598
Fund balances - beginning	4,176,075	7,151,489	8,705,239	175,168	2,898,641
Fund balances - ending	4,808,005	5,097,096	8,677,014	158,770	3,294,239

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	1,004,160	268,937		
15,378	65,372	46,561 3,250	(18)	16,985 202,753	189,532 558,847
<u>227,816</u>	<u>252,321</u>	<u>1,053,971</u>	<u>268,919</u>	<u>219,738</u>	<u>748,379</u>
1,746	1,869			35,492	43,717
243,864	74,446	327,197 200,000	331,793		1,785,812
<u>245,610</u>	<u>76,315</u>	<u>527,197</u>	<u>331,793</u>	<u>35,492</u>	<u>1,829,529</u>
(17,794)	176,006	526,774	(62,874)	184,246	(1,081,150)
		(480,212)	39,815		
		(480,212)	39,815		
(17,794)	176,006	46,562	(23,059)	184,246	(1,081,150)
<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>600,686</u>	<u>2,472,718</u>	<u>1,514,649</u>	<u>29,462</u>	<u>610,237</u>	<u>8,383,844</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, 2020

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS
	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Facilities Fee Construction Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					
Sales and other taxes	306,426				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	316,258		63,906	4,735	12,282
Intergovernmental Contributions					
Charges for current services	1,068,360	1,028,409			
Other	399				
Total Revenues	1,691,443	1,028,409	63,906	4,735	12,282
EXPENDITURES					
Current Operations:					
Community development	1,091,980	1,044,723			
Human services					
Public safety					
Transportation					
Environmental support and protection					
Leisure, cultural and information services					
Policy development and implementation					
Capital outlay			50,000		
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	1,091,980	1,044,723	50,000		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	599,463	(16,314)	13,906	4,735	12,282
OTHER FINANCING SOURCES (USES)					
Transfers in	481,341				
Transfers (out)					
Total Other Financing Sources (Uses)	481,341				
Net change in fund balances	1,080,804	(16,314)	13,906	4,735	12,282
Fund balances - beginning	12,138,050	(34,963)	2,410,357	138,718	443,724
Fund balances - ending	13,218,854	(51,277)	2,424,263	143,453	456,006

CAPITAL PROJECTS FUNDS

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 \$
				3,313	1,675,797
					3,204,271
225,479					225,479
					125,817
278,976	17,242	24,205	585	9,641	1,347,347
				4,551	8,695,672
			4,000		4,593,571
					2,151,675
					761
504,455	17,242	24,205	4,585	17,505	22,020,390
					2,716,976
					108,750
					41,249
					7,452,190
					1,492,959
23,944			58,596		448,707
					244,617
3,754,215		1,188,896			17,744,062
3,778,159		1,188,896	58,596		30,249,510
(3,273,704)	17,242	(1,164,691)	(54,011)	17,505	(8,229,120)
			50,000		3,617,810
					(487,613)
			50,000		3,130,197
(3,273,704)	17,242	(1,164,691)	(4,011)	17,505	(5,098,923)
14,808,736	622,965	1,260,935	56,610	327,014	69,605,543
11,535,032	640,207	96,244	52,599	344,519	64,506,620

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, 2020

	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	28,500	57,898	29,398	178,500	76,010	(102,490)
Intergovernmental	3,762,486	3,525,575	(236,911)	9,117,075	3,923,463	(5,193,612)
Contributions					4,589,271	4,589,271
Charges for current services	30,000	27,647	(2,353)			
Other						
Total Revenues	<u>3,820,986</u>	<u>3,611,120</u>	<u>(209,866)</u>	<u>9,295,575</u>	<u>8,588,744</u>	<u>(706,831)</u>
EXPENDITURES						
Current operations:						
Community development						
Human services						
Public safety						
Transportation	3,004,601	2,991,558	13,043	1,925,720	1,141,104	784,616
Environmental support and protection	675,868	488,187	187,681	355,545	355,545	
Leisure, cultural and information services						
Policy development and implementation	1,500	1,290	210			
Capital outlay	4,587,561	694,625	3,892,936	17,720,095	9,146,488	8,573,607
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>8,269,530</u>	<u>4,175,660</u>	<u>4,093,870</u>	<u>20,001,360</u>	<u>10,643,137</u>	<u>9,358,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,448,544)</u>	<u>(564,540)</u>	<u>3,884,004</u>	<u>(10,705,785)</u>	<u>(2,054,393)</u>	<u>8,651,392</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		1,201,792	1,201,792			
Transfers (out)	(5,322)	(5,322)				
Total Other Financing Sources (Uses)	<u>(5,322)</u>	<u>1,196,470</u>	<u>1,201,792</u>			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(4,453,866)</u>	<u>631,930</u>	<u>5,085,796</u>	<u>(10,705,785)</u>	<u>(2,054,393)</u>	<u>8,651,392</u>
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>4,176,075</u>			<u>7,151,489</u>	
Fund balances - ending		<u>4,808,005</u>			<u>5,097,096</u>	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
						2,775,000	2,897,845	122,845
113,900	100,473	(13,427)	175,873	125,817	(50,056)			
1,852,765	477,233	(1,375,532)	5,000	(18,114)	(23,114)	53,000	69,440	16,440
							300	300
	362	362	67,930	27,259	(40,671)			
				(852)	(852)			
1,966,665	578,068	(1,388,597)	248,803	134,110	(114,693)	2,828,000	2,967,585	139,585
	459,449	(459,449)				198,259	117,209	81,050
	108,750	(108,750)		5,757	(5,757)			
			2,265,468	1,988,386	277,082	1,751,561	1,287,425	464,136
	3,720	(3,720)						
	34,374	(34,374)						
2,090,020		2,090,020				253,837	243,327	10,510
						3,046,090	924,026	2,122,064
2,090,020	606,293	1,483,727	2,265,468	1,994,143	271,325	5,249,747	2,571,987	2,677,760
(123,355)	(28,225)	95,130	(2,016,665)	(1,860,033)	156,632	(2,421,747)	395,598	2,817,345
			1,736,276	1,844,862	108,586			
			(2,079)	(2,079)				
			1,734,197	1,842,783	108,586			
(123,355)	(28,225)	95,130	(282,468)	(17,250)	265,218	(2,421,747)	395,598	2,817,345
	8,705,239			175,168			2,898,641	
	8,677,014			157,918			3,294,239	

(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, 2020

	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	15,000	15,378	378	57,500	65,372	7,872
Intergovernmental						
Contributions						
Charges for current services						
Other						
Total Revenues	227,500	227,816	316	244,500	252,321	7,821
Current operations:						
Community development		1,746	(1,746)		1,869	(1,869)
Human services						
Public safety						
Transportation						
Environmental support and protection		243,864	(243,864)		74,446	(74,446)
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	245,610	(244,799)	467,135	76,315	390,820
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	226,689	(17,794)	(244,483)	(222,635)	176,006	398,641
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	226,689	(17,794)	(244,483)	(222,635)	176,006	398,641
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		618,480			2,296,712	
Fund balances - ending		600,686			2,472,718	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
995,301	1,004,160	8,859	269,945	268,937	(1,008)			
44,000	46,561	2,561		(18)	(18)	9,500	16,985	7,485
3,820	3,250	(570)				200,000	202,753	2,753
<u>1,043,121</u>	<u>1,053,971</u>	<u>10,850</u>	<u>269,945</u>	<u>268,919</u>	<u>(1,026)</u>	<u>209,500</u>	<u>219,738</u>	<u>10,238</u>
							35,492	(35,492)
570,829	327,197	243,632		331,793	(331,793)			
955,011	200,000	955,011 (200,000)						
<u>1,525,840</u>	<u>527,197</u>	<u>998,643</u>		<u>331,793</u>	<u>(331,793)</u>		<u>35,492</u>	<u>(35,492)</u>
<u>(482,719)</u>	<u>526,774</u>	<u>1,009,493</u>	<u>269,945</u>	<u>(62,874)</u>	<u>(332,819)</u>	<u>209,500</u>	<u>184,246</u>	<u>(25,254)</u>
<u>(600,914)</u>	<u>(480,212)</u>	<u>120,702</u>	<u>36,811</u>	<u>39,815</u>	<u>3,004</u>			
<u>(600,914)</u>	<u>(480,212)</u>	<u>120,702</u>	<u>36,811</u>	<u>39,815</u>	<u>3,004</u>			
<u>(1,083,633)</u>	<u>46,562</u>	<u>1,130,195</u>	<u>306,756</u>	<u>(23,059)</u>	<u>(329,815)</u>	<u>209,500</u>	<u>184,246</u>	<u>(25,254)</u>
	<u>1,468,087</u>			<u>52,521</u>			<u>425,991</u>	
	<u>1,514,649</u>			<u>29,462</u>			<u>610,237</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, 2020

	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					306,426	306,426
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	193,500	189,532	(3,968)	171,000	316,258	145,258
Intergovernmental	120,000	558,847	438,847			
Contributions						
Charges for current services				1,068,400	1,068,360	(40)
Other					399	399
Total Revenues	313,500	748,379	434,879	1,239,400	1,691,443	452,043
Current operations:						
Community development				1,146,638	1,091,980	54,658
Human services						
Public safety						
Transportation	233,801	43,717	190,084			
Environmental support and protection						
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	4,952,934	1,785,812	3,167,122	693,100		693,100
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	5,186,735	1,829,529	3,357,206	1,839,738	1,091,980	747,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,873,235)	(1,081,150)	3,792,085	(600,338)	599,463	1,199,801
OTHER FINANCING SOURCES (USES)						
Transfers in				425,000	481,341	56,341
Transfers (out)						
Total Other Financing Sources (Uses)				425,000	481,341	56,341
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(4,873,235)	(1,081,150)	3,792,085	(175,338)	1,080,804	1,256,142
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		9,464,994			12,138,050	
Fund balances - ending		8,383,844			13,218,854	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
			73,000	63,906	(9,094)	4,500	4,735	235
794,000	1,028,409	234,409						
<u>794,000</u>	<u>1,028,409</u>	<u>234,409</u>	<u>73,000</u>	<u>63,906</u>	<u>(9,094)</u>	<u>4,500</u>	<u>4,735</u>	<u>235</u>
1,813,924	1,044,723	769,201						
			\$50,000	\$50,000				
<u>1,813,924</u>	<u>1,044,723</u>	<u>769,201</u>	<u>50,000</u>	<u>50,000</u>				
<u>(1,019,924)</u>	<u>(16,314)</u>	<u>1,003,610</u>	<u>23,000</u>	<u>13,906</u>	<u>(9,094)</u>	<u>4,500</u>	<u>4,735</u>	<u>235</u>
<u>(1,019,924)</u>	<u>(16,314)</u>	<u>1,003,610</u>	<u>23,000</u>	<u>13,906</u>	<u>(9,094)</u>	<u>4,500</u>	<u>4,735</u>	<u>235</u>
	<u>(34,963)</u>			<u>2,410,357</u>			<u>138,718</u>	
	<u>(51,277)</u>			<u>2,424,263</u>			<u>143,453</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, 2020

PARK IMPACT AND IN LIEU FEE FUND			
	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$
REVENUES			
Property taxes/special assessments			
Sales and other taxes			
Licenses and permits	1,000,000	225,479	(774,521)
Fines, forfeitures and penalties			
Use of money and property	530,000	278,976	(251,024)
Intergovernmental			
Contributions			
Charges for current services			
Other			
Total Revenues	1,530,000	504,455	(1,025,545)
Current operations:			
Community development			
Human services			
Public safety			
Transportation			
Environmental support and protection			
Leisure, cultural and information services	3,121,995	23,944	3,098,051
Policy development and implementation			
Capital outlay	14,119,220	3,754,215	10,365,005
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	17,241,215	3,778,159	13,463,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,711,215)	(3,273,704)	12,437,511
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	(15,711,215)	(3,273,704)	12,437,511
Funds not budgeted:			
Facilities Fee Construction Fund			
Shores Transportation Improvement District			
One Marina Community Facilities District			
Art in Public Places			
Fund balances - beginning		14,808,736	
Fund balances - ending		11,535,032	

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, 2020

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	17,305,415	35,969,996	1,088,690	510,452	54,874,553
Receivables (net of allowance for uncollectibles):					
Accounts	4,768		108,307		113,075
Accrued interest	6,615				6,615
Due from other governmental agencies			34,566		34,566
Due from other funds	300,000				300,000
Inventory of supplies at cost	133,574				133,574
Deposits		745,946			745,946
Prepaid items and other assets	18,901		54,606		73,507
Total current assets	<u>17,769,273</u>	<u>36,715,942</u>	<u>1,286,169</u>	<u>510,452</u>	<u>56,281,836</u>
Noncurrent assets:					
Advances to other funds	600,000				600,000
Capital assets:					
Construction in progress	1,244,094				1,244,094
Equipment, net	7,924,903		745,091		8,669,994
Net capital assets	<u>9,168,997</u>		<u>745,091</u>		<u>9,914,088</u>
Total noncurrent assets	<u>9,768,997</u>		<u>745,091</u>		<u>10,514,088</u>
Total assets	<u>27,538,270</u>	<u>36,715,942</u>	<u>2,031,260</u>	<u>510,452</u>	<u>66,795,924</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	245,577	107,207	1,924,724		2,277,508
Deferred outflows - OPEB	105,436	40,695	681,634		827,765
Total deferred outflows of resources	<u>351,013</u>	<u>147,902</u>	<u>2,606,358</u>		<u>3,105,273</u>
LIABILITIES					
Current liabilities:					
Accounts payable	407,795	302,975	82,211		792,981
Insurance claims payable - current portion		6,195,761			6,195,761
Accrued sick leave and vacation - current portion	60,550	9,837	433,637		504,024
Unearned revenue					
Total current liabilities	<u>468,345</u>	<u>6,508,573</u>	<u>515,848</u>		<u>7,492,766</u>
Noncurrent liabilities:					
Insurance claims payable		23,551,136			23,551,136
Accrued sick leave and vacation	77,292	12,043	697,238		786,573
Net OPEB Liability	500,632	197,925	3,555,604		4,254,161
Net pension liability	2,159,890	942,896	16,928,278		20,031,064
Total noncurrent liabilities	<u>2,737,814</u>	<u>24,704,000</u>	<u>21,181,120</u>		<u>48,622,934</u>
Total liabilities	<u>3,206,159</u>	<u>31,212,573</u>	<u>21,696,968</u>		<u>56,115,700</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	46,660	20,370	365,705		432,735
Deferred inflows - OPEB	64,489	24,869	419,621		508,979
Total deferred outflows of resources	<u>111,149</u>	<u>45,239</u>	<u>785,326</u>		<u>941,714</u>
NET POSITION					
Invested in capital assets	9,168,997		745,091		9,914,088
Unrestricted	15,402,978	5,606,032	(18,589,767)	510,452	2,929,695
Total net position	<u>24,571,975</u>	<u>5,606,032</u>	<u>(17,844,676)</u>	<u>510,452</u>	<u>12,843,783</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, 2020

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
OPERATING REVENUES					
Charges for services	5,073,019	12,092,370	12,342,088	8,046,419	37,553,896
OPERATING EXPENSES					
Employee services	1,142,976	597,520	9,288,853	7,914,234	18,943,583
Maintenance	31,517	4,867	864,135		900,519
Utilities	24,084	3,706	13,480		41,270
Contractual services	37,706	1,387,515	42,087	29,569	1,496,877
Supplies and services	1,293,749	701,062	2,541,746	600,000	5,136,557
Depreciation	1,347,367		155,765		1,503,132
Insurance and claims	236,057	6,935,556	316,138	686,072	8,173,823
Total operating expenses	4,113,456	9,630,226	13,222,204	9,229,875	36,195,761
Operating Income (Loss)	959,563	2,462,144	(880,116)	(1,183,456)	1,358,135
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets					
Investment earnings	500,497	919,224	20,720	34,598	1,475,039
Insurance recovery					
Net Nonoperating Revenues (Expenses)	500,497	919,224	20,720	34,598	1,475,039
Net Income (Loss) Before Capital Contributions and Transfers	1,460,060	3,381,368	(859,396)	(1,148,858)	2,833,174
Capital contributions					
Transfers in	60,000		441,727	900,000	1,401,727
Transfers (out)	(1,829)	(4,295)	(7,233)		(13,357)
Total Capital Contributions and Transfers	58,171	(4,295)	434,494	900,000	1,388,370
Change in net position	1,518,231	3,377,073	(424,902)	(248,858)	4,221,544
Net position - beginning	23,053,744	2,228,959	(17,419,774)	759,310	8,622,239
Net position - ending	24,571,975	5,606,032	(17,844,676)	510,452	12,843,783

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, 2020

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
	\$	\$	\$	\$	\$
Cash flows from operating activities:					
Cash received from interfund services provided	5,089,593	12,092,370	12,448,102	8,047,831	37,677,896
Cash payments to suppliers for goods and services	(1,351,543)	(8,652,912)	(4,042,874)	(1,131,742)	(15,179,071)
Cash payments to employees for services	(1,005,728)	(534,323)	(8,200,993)	(7,914,234)	(17,655,278)
Net cash provided by (used in) operating activities	<u>2,732,322</u>	<u>2,905,135</u>	<u>204,235</u>	<u>(998,145)</u>	<u>4,843,547</u>
Cash flows from noncapital financing activities					
Transfers in	60,000		441,727	900,000	1,401,727
Transfers out	(1,829)	(4,295)	(7,233)		(13,357)
Advances to other funds	3,300,000				3,300,000
Net cash provided by (used in) non-capital financing activities	<u>3,358,171</u>	<u>(4,295)</u>	<u>434,494</u>	<u>900,000</u>	<u>4,688,370</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,424,183)		(44,380)		(1,468,563)
Net cash used in capital and related financing activities	<u>(1,424,183)</u>		<u>(44,380)</u>		<u>(1,468,563)</u>
Cash flows from investing activities:					
Interest on investments	532,432	919,224	20,720	34,598	1,506,974
Net cash provided by investing activities	<u>532,432</u>	<u>919,224</u>	<u>20,720</u>	<u>34,598</u>	<u>1,506,974</u>
Net increase (decrease) in cash and cash equivalents	5,198,742	3,820,064	615,069	(63,547)	9,570,328
Cash and cash equivalents at beginning of fiscal year	12,106,673	32,149,932	473,621	573,999	45,304,225
Cash and cash equivalents at end of fiscal year	<u>17,305,415</u>	<u>35,969,996</u>	<u>1,088,690</u>	<u>510,452</u>	<u>54,874,553</u>

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	959,563	2,462,144	(880,116)	(1,183,456)	1,358,135
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	1,347,367		155,765		1,503,132
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(1,268)		(106,788)		(108,056)
Decrease (increase) in due from other governmental agencies	17,842		212,802	1,412	232,056
Decrease (increase) in inventory/prepaid expense/deposits	(14,359)	(75,243)	(45,438)	227,108	92,068
Decrease (increase) in deferred outflows - pension	58,016	25,326	454,705		538,047
Decrease (increase) in deferred employer OPEB contributions	1,485	(4,770)	(54,650)		(57,935)
Increase (decrease) in vacation & sick leave payable	18,627	9,782	113,832		142,241
Increase (decrease) in accounts payable	285,929	(76,912)	(219,850)	(43,209)	(54,042)
Increase (decrease) in unearned revenue					
Increase (decrease) in deferred inflows - pension	13,370	5,837	104,794		124,001
Increase (decrease) in net pension liability	79,522	34,715	623,264		737,501
Increase (decrease) in net OPEB liability	(91,264)	(29,883)	(525,767)		(646,914)
Increase (decrease) in deferred inflows - OPEB	57,492	22,190	371,682		451,364
Increase (decrease) in insurance claims payable		531,949			531,949
Total adjustments	<u>1,772,759</u>	<u>442,991</u>	<u>1,084,351</u>	<u>185,311</u>	<u>3,485,412</u>
Net cash provided by (used in) operating activities	<u>2,732,322</u>	<u>2,905,135</u>	<u>204,235</u>	<u>(998,145)</u>	<u>4,843,547</u>
Noncash investing, capital and financing activities:					
Proceeds on sale of equipment					

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.

CITY OF REDWOOD CITY, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019 \$	Additions \$	Withdrawals \$	Balance June 30, 2020 \$
EMPLOYEE BENEFIT PLANS				
ASSETS				
Cash and Investments				
Cafeteria Benefits Plan	23,719	362,643	(346,095)	40,267
Deposits	29,505			29,505
Total Assets	<u>53,224</u>	<u>362,643</u>	<u>(346,095)</u>	<u>69,772</u>
LIABILITIES				
Cafeteria Benefits Plan Payable	53,224	362,643	(346,095)	69,772
Total Liabilities	<u>53,224</u>	<u>362,643</u>	<u>(346,095)</u>	<u>69,772</u>
PACIFIC SHORES COMMUNITY FACILITIES DISTRICT				
ASSETS				
Cash and Investments	19,844	705		20,549
Total Assets	<u>19,844</u>	<u>705</u>		<u>20,549</u>
LIABILITIES				
Due to Bondholders	19,844	705		20,549
Total Liabilities	<u>19,844</u>	<u>705</u>		<u>20,549</u>
SHORES TRANSPORTATION IMPROVEMENT DISTRICT				
ASSETS				
Cash and Investments	653,928	974,893	(958,601)	670,220
Cash and Investments, restricted	755,335	738,677	(725,844)	768,168
Interest receivable	3,690	4	(3,699)	(5)
Total Assets	<u>1,412,953</u>	<u>1,713,574</u>	<u>(1,688,144)</u>	<u>1,438,383</u>
LIABILITIES				
Due to Bondholders	1,412,953	1,713,574	(1,688,144)	1,438,383
Total Liabilities	<u>1,412,953</u>	<u>1,713,574</u>	<u>(1,688,144)</u>	<u>1,438,383</u>
ONE MARINA COMMUNITY FACILITIES DISTRICT				
ASSETS				
Cash and Investments	269,387	525,526	(519,777)	275,136
Cash and Investments, restricted	189,980	246,608	(244,556)	192,032
Interest receivable	286	1	(286)	1
Total Assets	<u>459,653</u>	<u>772,135</u>	<u>(764,619)</u>	<u>467,169</u>
LIABILITIES				
Accounts payable		190		190
Due to Bondholders	459,653	771,945	(764,619)	466,979
Total Liabilities	<u>459,653</u>	<u>772,135</u>	<u>(764,619)</u>	<u>467,169</u>
COMMUNITY BENEFIT IMPROVEMENT DISTRICT				
ASSETS				
Cash and Investments	317,893	922,655	(1,148,253)	92,295
Total Assets	<u>317,893</u>	<u>922,655</u>	<u>(1,148,253)</u>	<u>92,295</u>
LIABILITIES				
Due to Community Benefit Improvement District	317,893	922,655	(1,148,253)	92,295
Total Liabilities	<u>317,893</u>	<u>922,655</u>	<u>(1,148,253)</u>	<u>92,295</u>
	(Continued)			(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019 \$	Additions \$	Withdrawals \$	Balance June 30, 2020 \$
REDWOOD CITY 2020 AGENCY FUND				
ASSETS				
Cash and Investments	70,685	991,022	(708,725)	352,982
Accounts Receivable	178,222	71,514	(178,222)	71,514
Due from other governmental agency	499,300		(499,300)	0
Total Assets	<u>748,207</u>	<u>1,062,536</u>	<u>(1,386,247)</u>	<u>424,496</u>
LIABILITIES				
Accounts payable	57,524	19,660	(57,524)	19,660
Deposit payable				
Due to the Redwood City 2020	690,683	1,042,876	(1,328,723)	404,836
Total Liabilities	<u>748,207</u>	<u>1,062,536</u>	<u>(1,386,247)</u>	<u>424,496</u>
SBWMA				
ASSETS				
Cash and Investments		19,075,585		19,075,585
Cash and Investments, restricted		15,432,152		15,432,152
Prepaid Items		988		988
Accounts Receivable		4,843,154		4,843,154
Interest Receivable		65,992		65,992
Total Assets		<u>39,417,871</u>		<u>39,417,871</u>
LIABILITIES				
Accounts payable		6,873,198		6,873,198
Interest payable		812,917		812,917
Due to SBWMA members		31,731,756		31,731,756
Total Liabilities		<u>39,417,871</u>		<u>39,417,871</u>
NET-6 JPA				
ASSETS				
Cash and Investments		494,194	(153,503)	340,691
Accounts Receivable		20,868		20,868
Due from other governmental agency	7,106	12,770	(7,106)	12,770
Total Assets	<u>7,106</u>	<u>527,832</u>	<u>(160,609)</u>	<u>374,329</u>
LIABILITIES				
Due to the Net-6 JPA	7,106	527,832	(160,609)	374,329
Total Liabilities	<u>7,106</u>	<u>527,832</u>	<u>(160,609)</u>	<u>374,329</u>
TOTAL FOR ALL FUNDS				
ASSETS				
Cash and Investments	1,355,456	23,347,223	(3,834,954)	20,867,725
Cash and Investments, restricted	945,315	16,417,437	(970,400)	16,392,352
Prepaid Items		988		988
Deposits	29,505			29,505
Accounts Receivable	178,222	4,935,536	(178,222)	4,935,536
Interest Receivable	3,976	65,997	(3,985)	65,988
Due from other governmental agency	506,406	12,770	(506,406)	12,770
Total Assets	<u>3,018,880</u>	<u>44,779,951</u>	<u>(5,493,967)</u>	<u>42,304,864</u>
LIABILITIES				
Accounts payable	57,524	6,893,048	(57,524)	6,893,048
Due to Redwood City 2020	690,683	1,042,876	(1,328,723)	404,836
Due to Bondholders	1,892,450	2,486,224	(2,452,763)	1,925,911
Employee Benefit Plans Payable	53,224	362,643	(346,095)	69,772
Interest payable		812,917		812,917
Due to SBWMA members		31,731,756		31,731,756
Due to the Net-6 JPA	7,106	527,832	(160,609)	374,329
Due to Community Benefit Improvement District	317,893	922,655	(1,148,253)	92,295
Total Liabilities	<u>3,018,880</u>	<u>44,779,951</u>	<u>(5,493,967)</u>	<u>42,304,864</u>



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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 well-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 assess 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			
	2011	2012	2013	2014
	\$	\$	\$	\$
Governmental activities				
Net investment in capital assets	169,197,701	185,512,524	190,190,522	184,624,589
Restricted	48,959,550	39,238,667	43,957,061	49,268,810
Unrestricted	42,990,998	48,138,559	48,015,241	60,038,520
Total governmental activities net position	<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	101,835,656	107,036,885	110,901,151	117,927,502
Restricted	5,838,632	5,868,399	6,637,669	6,553,008
Unrestricted	65,532,636	69,695,347	76,506,675	92,340,047
Total business-type activities net position	<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	271,033,357	292,549,409	301,091,673	302,552,091
Restricted	54,798,182	45,107,066	50,594,730	55,821,818
Unrestricted	108,523,634	117,833,906	124,521,916	152,378,567
Total primary government net position	<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	2020
\$	\$	\$	\$	\$	\$
184,443,023	191,852,192	192,119,780	199,264,092	225,965,791	247,094,297
57,862,400	60,812,081	59,815,017	64,923,970	54,296,252	50,199,995
<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>(128,071,809)</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>	<u>169,222,483</u>
125,259,418	132,569,634	142,830,042	161,938,470	163,030,574	169,692,416
5,741,555	5,662,466	6,227,197	9,543,183	9,922,077	10,262,988
<u>84,191,383</u>	<u>98,141,410</u>	<u>107,756,549</u>	<u>86,001,351</u>	<u>111,682,916</u>	<u>132,068,276</u>
<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>	<u>312,023,680</u>
309,702,441	324,421,826	355,707,344	361,202,562	388,996,365	416,786,713
63,603,955	66,474,547	61,099,810	74,467,153	64,218,329	60,462,983
<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>3,996,467</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>	<u>481,246,163</u>

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

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

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

(accrual basis of accounting)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$	\$	\$	\$	\$	\$
9,592,085	10,471,987	11,283,201	15,606,312	20,209,904	18,010,124
1,485,779	1,673,308	1,829,157	2,082,688	2,207,239	3,446,039
62,453,649	65,192,296	70,531,632	81,254,909	81,714,725	86,704,991
12,944,719	13,001,063	15,543,459	11,395,963	12,415,300	13,207,698
2,722,610	3,524,036	1,918,929	3,061,832	2,991,575	3,825,093
23,747,419	25,392,603	27,413,602	29,865,949	28,346,520	27,041,650
7,043,417	6,122,280	8,709,696	19,190,179	12,338,662	25,473,041
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>	<u>177,708,636</u>
30,937,175	33,505,028	36,788,633	41,468,907	37,755,171	39,823,510
22,081,105	34,345,565	26,675,531	29,054,577	32,783,853	33,531,050
2,916,242	3,005,729	3,004,956	3,386,730	3,355,779	3,815,421
5,231,644	5,179,284	5,692,117	6,899,536	8,061,695	6,892,387
763,211	826,201	1,408,137	15,700,537	3,042,215	961,079
<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>85,023,447</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>	<u>262,732,083</u>
5,171,299	6,340,242	8,087,438	12,452,093	12,876,378	11,502,883
7,744,775	7,905,079	8,215,731	10,016,793	11,074,905	10,287,791
282,324				41,499	27,647
1,456,889	1,460,797	1,541,388	1,585,832	1,710,325	1,696,024
3,553,925	3,090,945	3,534,018	3,718,902	4,489,120	3,377,144
1,736,648	1,775,752	4,906,365	4,872,753	5,558,607	5,832,595
7,721,851	7,755,830	8,524,425	10,368,250	7,008,964	6,045,072
17,492,948	12,592,165	7,354,555	14,278,202	29,078,550	14,733,955
<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>	<u>53,503,111</u>
37,082,113	38,227,757	38,495,923	44,709,197	47,629,068	47,807,844
29,837,033	45,533,365	37,294,965	37,483,243	38,604,488	42,453,335
2,019,961	2,401,924	6,891,197	5,968,659	2,636,786	1,724,109
6,721,955	6,862,662	7,131,948	8,630,600	9,367,305	8,799,270
681,115	663,658	693,355	329,112	37,555	18,773
<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>	<u>100,803,331</u>
(74,867,781)	(84,480,032)	(95,129,064)	(105,173,662)	(88,385,577)	(124,205,525)
14,412,800	16,827,559	16,938,014	610,524	13,276,489	15,779,884
<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>	<u>(108,425,641)</u>
44,546,153	48,033,490	52,616,638	58,400,498	67,714,530	66,951,020
22,372,756	23,513,420	24,825,685	25,233,175	28,454,859	36,264,329
23,364,156	24,200,427	24,299,061	25,706,747	27,282,251	24,946,753
1,055,417	1,424,919	1,242,098	1,743,818	5,175,591	10,092,576
1,277,511	199,510	332,294	295,538	208,943	187,438
1,315,418					
(22,230)	(3,453,013)	(2,681,630)	(6,390,848)	(4,705,317)	(5,420,878)
<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>	<u>133,021,238</u>
123,954	157,417	213,553	331,225	409,989	447,594
586,705	742,410	606,423	(2,094,124)	4,023,177	3,241,147
				4,737,591	2,498,610
2,536	755	658	10,436		
22,230	3,453,013	2,681,630	6,390,848	4,705,317	5,420,878
735,425	4,353,595	3,502,264	4,638,385	13,876,074	11,608,229
<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>	<u>144,629,467</u>
19,041,400	9,438,721	5,505,082	(184,734)	35,745,280	8,815,713
15,148,225	21,181,154	20,440,278	5,248,909	27,152,563	27,388,113
<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>	<u>36,203,826</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$
General Fund					
Nonspendable	5,522,056	1,902,685	1,785,184	1,608,733	1,387,892
Restricted					1,230
Committed	864,057	551,640	370,927	536,108	700,783
Assigned	775,772	151,178	148,534	223,061	283,563
Unassigned	17,687,858	17,219,050	19,449,097	21,480,940	26,231,888
Total general fund	<u>24,849,743</u>	<u>19,824,553</u>	<u>21,753,742</u>	<u>23,848,842</u>	<u>28,605,356</u>
All Other Governmental Funds					
Nonspendable	16,740,323				
Restricted	39,829,153	39,468,697	43,969,746	49,268,810	55,913,000
Committed	22,014,259	24,806,534	22,494,438	29,788,888	34,613,371
Assigned	3,064,843	7,424,963	7,817,738	8,128,032	8,060,682
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>	<u>98,587,053</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>	<u><u>127,192,409</u></u>

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

	Fiscal Year				
2016	2017	2018	2019	2020	
\$	\$	\$	\$	\$	
1,291,863	1,131,814	956,207	733,648	390,428	
96,338	96,338	1,118,953	2,498,135	3,147,443	
837,563	837,563	2,078,791	2,761,836	4,049,872	
978,967	884,838	1,036,150	4,036,548	5,319,419	
<u>25,233,340</u>	<u>29,421,956</u>	<u>25,019,617</u>	<u>41,250,214</u>	<u>42,850,389</u>	
<u>28,438,071</u>	<u>32,372,509</u>	<u>30,209,718</u>	<u>51,280,381</u>	<u>55,757,551</u>	
105,702	124,395	5,799,838	13,066,183	12,823,386	
59,678,286	58,674,542	60,025,546	51,798,117	47,052,552	
22,446,882	34,219,577	5,323,534	5,236,423	5,131,093	
14,270,412	5,230,911	32,083,477	33,310,870	29,119,677	
	<u>(3,022)</u>	<u>(3,022)</u>	<u>(34,963)</u>	<u>(51,277)</u>	
<u>96,501,282</u>	<u>98,246,403</u>	<u>103,229,373</u>	<u>103,376,630</u>	<u>94,075,431</u>	
<u>124,939,353</u>	<u>130,618,912</u>	<u>133,439,091</u>	<u>154,657,011</u>	<u>149,832,982</u>	

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

	Fiscal Year			
	2011	2012	2013	2014
	\$	\$	\$	\$
REVENUES				
Property taxes/special assessments	47,906,240	43,732,410	39,709,199	43,092,377
Sales and other taxes	31,575,135	34,231,492	37,072,870	39,970,312
Licenses and permits	1,097,906	1,266,183	1,897,584	2,561,642
Fines, forfeitures and penalties	1,404,168	1,313,826	1,198,611	887,309
Use of money and property	3,813,336	2,302,262	2,476,647	1,771,829
Intergovernmental	9,126,252	10,223,281	10,505,927	10,835,761
Contributions	1,850,469	3,971,547	7,743,498	8,301,860
Charges for current services	11,227,564	10,830,462	10,411,028	15,345,006
Other	1,028,902	750,414	557,739	623,242
Total Revenues	109,029,972	108,621,877	111,573,103	123,389,338
EXPENDITURES				
Current Operations:				
Community development	17,440,348	22,125,748	8,595,743	7,864,788
Human services	1,504,568	1,389,422	1,462,092	1,347,136
Public safety	45,470,647	49,175,285	49,368,709	56,115,246
Transportation	6,729,077	6,472,378	6,452,755	6,714,370
Environmental support and protection	2,916,577	2,260,457	1,959,881	2,601,280
Leisure, cultural and information services	19,876,261	19,585,039	19,778,480	20,789,647
Policy development and implementation	3,979,560	2,617,522	5,470,098	3,598,453
Capital outlay	4,902,938	7,665,302	10,502,338	5,310,292
Debt service:				
Principal retirement	3,182,321	3,275,000	5,880,000	324,742
Interest and fiscal charges	1,007,650	930,487	326,059	31,755
Bond issuance costs			67,252	
Total Expenditures	107,009,947	115,496,640	109,863,407	104,697,709
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,020,025	(6,874,763)	1,709,696	18,691,629
OTHER FINANCING SOURCES (USES)				
Transfers in	13,288,203	18,062,351	13,223,617	13,632,786
Transfers (out)	(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)	(762,607)	(593,450)	2,801,221	(3,692,721)
Extraordinary gain (loss)		(4,323,843)		
NET CHANGE IN FUND BALANCES	1,257,418	(11,792,056)	4,510,917	14,998,908
Debt service as a percentage of non-capital expenditures	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	2020
\$	\$	\$	\$	\$	\$
45,973,909	49,312,670	53,975,055	59,803,386	69,231,824	68,452,879
43,307,531	44,186,332	44,037,753	44,906,727	52,302,099	57,030,578
1,467,814	7,151,286	4,189,195	9,832,842	6,816,903	5,472,129
878,334	983,449	989,611	1,059,004	975,095	122,112
1,918,899	2,164,743	6,115,750	6,513,028	10,412,446	13,383,745
12,416,110	13,265,046	12,243,780	14,053,873	16,299,213	13,612,956
11,363,481	2,296,073	3,559,664	2,402,789	5,760,413	5,222,515
16,420,416	16,900,849	19,791,531	23,399,087	25,173,118	24,331,769
708,967	621,247	788,639	1,289,804	156,372	241,893
<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>	<u>187,870,576</u>
9,479,762	10,320,807	10,987,811	14,719,418	19,351,651	17,121,816
1,400,276	1,624,187	1,708,705	1,874,314	1,996,048	3,237,966
61,713,585	65,020,500	68,186,718	70,296,129	72,821,984	77,943,200
8,685,224	9,099,717	11,241,321	6,473,602	7,283,163	9,534,877
2,525,916	2,360,169	2,160,598	2,179,407	1,818,931	1,887,799
22,013,436	23,537,162	24,507,866	24,983,432	24,375,689	25,396,511
5,202,537	4,259,132	8,440,654	18,350,842	11,468,715	24,490,924
6,162,302	14,730,024	8,365,803	10,840,645	20,891,854	26,272,264
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>185,885,357</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>	<u>1,985,219</u>
12,241,110	10,795,891	11,997,013	11,845,559	14,902,667	13,603,597
(14,448,618)	(18,237,434)	(15,670,078)	(21,586,606)	(20,453,984)	(20,412,845)
<u>1,793,128</u>					
<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>(6,809,248)</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>	<u>(4,824,029)</u>
0.63%	0.63%	0.58%	0.50%	0.25%	n/a

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				
	\$	\$	\$	\$	\$	%	%
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
2020	1,818,920	25,835,418,178	894,770,528	1,321,568,277	25,410,439,349	6.91	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 Years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct Rates										
City	0.2373	0.2030	0.2101	0.1921	0.1920	0.1944	0.1930	0.1819	0.1731	0.1731
County and All Others*	0.7627	0.7970	0.7899	0.8079	0.8080	0.8056	0.8070	0.8181	0.8269	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	0.0016
Elementary School	0.0249	0.0255	0.0256	0.0240	0.0230	0.0158	0.0461	0.0412	0.0384	0.0396
High School	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340
Community College	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175	0.0231
Total Overlapping Rate	0.0753	0.0812	0.0806	0.0747	0.0853	0.0850	0.1105	0.1039	0.0942	0.0983
Total Direct and Overlapping Rate	1.0753	1.0812	1.0806	1.0747	1.0853	1.0850	1.1105	1.1039	1.0942	1.0983

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$			\$		
Google Inc.	703,264,941	1	2.77%			
Oracle Corporation	647,033,540	2	2.55%	573,814,588	1	3.89%
AIMCO Indigo LP	328,758,619	3	1.29%			
Improvement Blu Harbor LLC	312,873,404	4	1.23%			
Westport Office Park LLC	293,649,131	5	1.16%	215,577,953	5	1.46%
DWF IV 1400 1500 Seaport Blvd	279,044,369	6	1.10%			
Slough Redwood City LLC	267,126,556	7	1.05%	244,474,195	4	1.66%
Hudson Towers at Shore Center LLC	236,919,949	8	0.93%			
TGA 299 Franklin LLC	225,516,317	9	0.89%			
Electronic Arts Inc.	225,407,712	10	0.89%	285,369,429	3	1.94%
Pacific Shores Investors LLC				486,083,931	2	3.30%
SRI Eight Pacific Shores LLC				161,937,934	6	1.10%
Tishman Speyer Archstone Smith				134,380,858	7	0.91%
Irvine Co. LLC				130,003,734	8	0.88%
Metropolitan Life Insurance Co.				117,174,982	9	0.79%
SPK-Towers@Shores Center LLC				100,000,000	10	0.68%
	<u>3,519,594,538</u>		<u>13.85%</u>	<u>2,448,817,604</u>		<u>16.61%</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
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
2020	40,016,245	40,035,839	100.05	NA	40,035,839	100.05

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			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
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
2020						57,663		57,663	665	1.26

*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, 2020

<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	10.649	81,644,126
Sequoia Union High School District	24.820	127,193,813
Belmont-Redwood Shores School District	40.956	24,605,429
Belmont-Redwood Shores School District School Facilities Improvement Distr.	91.585	18,408,585
Redwood City School District	62.224	119,640,842
San Carlos School District	1.030	1,162,676
Midpeninsula Regional Park District	8.144	7,232,686
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	7,400,000
Redwood City Community Facilities District 2010-1	100.000	3,965,000
TOTAL DEBT REPAID WITH PROPERTY TAXES		391,253,157
Other Debt		
San Mateo County General Fund Obligations	10.649	54,940,348
San Mateo County Board of Education Certificates of Participation	10.649	799,207
Midpeninsula Regional Park District General Fund Obligations	8.144	9,120,107
Menlo Park Fire Protection District Certificates of Participation	0.021	2,081
TOTAL OTHER DEBT		64,861,743
Overlapping Tax Increment Debt (Successor Agency)	100.000	13,059,451
Total City Overlapping Debt		469,174,351
City Direct Debt		
City of Redwood City General Fund Obligations	100.000	
Total City Direct Debt		
Total Overlapping and Direct Debt		469,174,351

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.



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*

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

Fiscal Year	Water Revenue Bonds					
	Gross	Less:	Net	Debt Service		Coverage
	Revenue	Operating	Available	Principal	Interest	Ratio
	\$	\$	\$	\$	\$	
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
2020	48,757,896	34,777,766	13,980,130	2,085,000	1,888,213	3.52

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

Port Revenue Bonds						
Fiscal Year	Gross Revenues	Less: Operating Expenses¹	Net Available Revenue	Debt Service		Coverage Ratio²
	\$	\$	\$	Principal	Interest	
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
2020	8,761,928	4,159,256	4,602,672	853,775	510,405	3.37

Tax Increment Bonds				
	Property Tax Increment	Debt Service		Coverage Ratio
	\$	Principal	Interest	
2011	7,552,777	1,225,000	632,713	4.07
2012 ³		1,265,000	585,975	
2013 ³		2,480,000	511,075	
2014 ³		2,895,000	385,481	
2015 ³		3,045,000	229,556	
2016 ³		3,142,669	292,144	
2017 ³		1,889,861	1,615,139	
2018 ³		1,773,916	1,731,084	
2019 ³		1,663,894	1,841,106	
2020 ³		1,557,657	1,947,343	

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 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
		\$	\$	%	
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
2020	86,754	4,587,725	52,882	5.40	24,642

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	2020			2011		
	Employees*	Rank	% of Total City Employment	Employees**	Rank	% of Total City Employment
Oracle Corporation	5,184	1	10.98%	6,700	1	17.63%
County of San Mateo	2,470	2	5.23%	2,200	3	5.79%
Stanford Hospital and Clinics	2,300	3	4.87%			
Impossible Foods, Inc.	1,198	4	2.54%			
Box Inc.	1,685	5	3.57%			
Auris Surgical Robotics, Inc.	1,533	6	3.25%			
Google	908	7	1.92%			
Guardant Health, Inc.	870	8	1.84%			
The Permanente Medical Group	818	9	1.73%			
Equinix, LLC	763	10	1.62%			
Electronic Arts				3,416	2	8.99%
Kaiser Permanente				2,044	4	5.38%
Sequoia Hospital				1,013	5	2.67%
Redwood City School District				1,000	6	2.63%
Broad Vision				759	7	2.00%
Sequoia Union High School District				700	8	1.84%
City of Redwood City				607	9	1.60%
Informatica				400	10	1.05%

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.

**2011 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					
	2011	2012	2013	2014	2015	2016
Community Development	71.53	69.33	62.63	64.76	56.98	64.31
Human Services	7.82	7.82	7.82	7.82	7.82	7.82
Public Safety	178.50	180.34	181.84	207.00	210.00	213.00
Transportation	17.15	16.05	16.05	16.09	16.09	16.29
Environmental Support/Protection	5.95	5.85	3.15	3.55	3.71	4.71
Leisure/Cultural/Information Services	128.65	127.94	124.74	103.80	104.59	106.23
Policy Development/Implementation	59.52	60.42	59.57	80.90	83.69	87.05
Water	32.45	30.85	35.05	30.97	34.37	34.77
Sewer	16.20	15.70	18.40	17.88	18.62	18.92
Parking	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	9.00	9.00	8.00
Total	533.12	529.95	524.90	547.42	550.65	566.88

Department**	Fiscal Year			
	2017	2018	2019	2020
City Council	7.00	7.00	7.00	7.00
City Manager	7.49	8.59	10.89	10.89
City Attorney	6.83	5.97	5.97	5.97
City Clerk	4.41	3.78	3.78	3.78
Administrative Services	41.99	41.13	39.13	41.13
Community Development	70.31	65.46	59.03	59.23
Fire	93.00	89.50	91.00	91.00
Library	40.72	38.53	40.30	40.30
Parks, Recreation, Community Svcs	71.66	71.74	71.11	69.11
Police	128.00	124.00	130.00	130.00
Public Works	97.39	101.52	106.15	105.95
Port	8.00	9.00	10.00	8.5
	576.80	566.22	574.36	572.86

*The City took over the management of Docktown Marina in FY 2012-13, and began supporting operations 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Community Development:										
Building permits	2,191	1,972	2,320	2,549	2,650	3,493	3,310	3,017	2,888	2,571
Building inspections conducted	13,502	13,391	11,844	16,669	17,547	20,383	21,640	25,201	25,999	20,547
Public Safety:										
Police:										
Moving citations (per 1,000 population)	114	112	94	97	120	103	68	61	68	26
Fire:										
Emergency responses - all calls*	6,733	7,111	7,656	9,096	10,078	10,245	10,479	10,742	10,690	10,401
Leisure/Cultural/Information Services:										
Number of items in collection	295,444	326,251	332,776	299,673	292,781	277,520	273,391	244,106	236,705	236,926
Water:										
Average daily consumption (thousands of gallons)	9,337	9,446	9,402	9,910	10,401	7,507	7,729	8,536	8,328	8,588

*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									
	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	7	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	4,512	4,512	5,035	5,055	5,076	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	24	24	24	24	25	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	262	262	262	262	262	262	262
Miles of recycled water system lines	15	15	15	17	17	18	18	18	18	18
Sewer										
Miles of sanitary sewers	193	193	193	196	198	198	198	198	198	198
Miles of storm sewers	129	129	129	130	133	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

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	
		\$		\$		\$		\$	\$
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
2020	-	-	-	-	41	-	2,530	311,805,401	311,805,401

Source: Redwood City's Community Development Department



*City of Redwood City
Comprehensive Annual Financial Report
June 30, 2020*



Respond. Restore. Reimagine.