



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
FISCAL YEAR ENDED JUNE 30, 2021



City of Redwood City

Redwood City, California



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by:
Administrative Services Department – Finance Division

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*City of Redwood City
Annual Comprehensive Financial Report
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Administrative Services Department



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December 20, 2021

Honorable Mayor Giselle Hale,
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 Annual Comprehensive Financial Report (ACFR) of the City of Redwood City (Redwood City) for the fiscal year ended June 30, 2021.

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, 2021. 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, 2021. 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 85,000, 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, a joint powers authority of which Redwood City is the largest 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 seven-member 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, 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 and Local Challenges

FY 2020-21 was a time of extended crisis in our nation and in Redwood City. Our country, and the rest of the world, continued to persevere through the Coronavirus Disease 2019 (COVID-19) pandemic. After growing fatalities and risk of contagion triggered nationwide shelter-in-place health orders in early 2020, the global economy collapsed and thrust the public health care system into an unprecedented crisis. Local governments across the United States suffered revenue losses, with cities that have strong tourism and hospitality sectors experiencing the most dramatic revenue decreases. People around the world largely stayed at home full-time until vaccines became available in the late spring to early summer of 2021, first for the elderly and immune-compromised and subsequently for all adults. As hotels, restaurants, theaters, shopping malls and gyms were shuttered, the yearlong shelter-in-place affected the City's revenue streams. Transient occupancy tax (TOT) was most drastically affected, and sales tax revenue also suffered. At the same time that these negative influences on revenues were occurring, community needs for essential services and new assistance increased significantly due to economic hardship, straining resources and shifting City priorities. The full impact of COVID-19 on the City's finances were felt in FY 2020-21, as this was the first full fiscal year of the pandemic.

Further 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 throughout the summer of 2020 elevated the Black Lives Matter movement to a national reckoning with racial injustice across America – a discussion demanding the attention of police departments and local government leaders across the country. Redwood City convened community dialogues on race; reduced the Police Department budget by holding nine officer positions vacant; created a new, full-time Equity and Inclusion Officer position in the City Manager's Office; formed a City Council Subcommittee on Equity and Social Justice; and formed a citizens' Police Advisory Committee in FY 2020-21.

Concurrently, extraordinary levels of partisanship nationwide fomented months-long anxiety surrounding a Presidential election with unprecedented voter turnout despite the logistical challenges of the pandemic. Heated controversy over the election results culminated in a historic riot of insurrectionists storming the U.S. Capitol on January 6, 2021. Related mistrust of government institutions, resentment of regulatory oversight, and hostility among opposing ideologies continued to echo at the local levels of government as tensions remained high in a society frustrated from being pent-up and threatened by the pandemic.

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. Employee overtime accumulated as 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. Subsequently, the FY 2020-21 winter brought California little precipitation and the state fell into a serious drought in 2021.

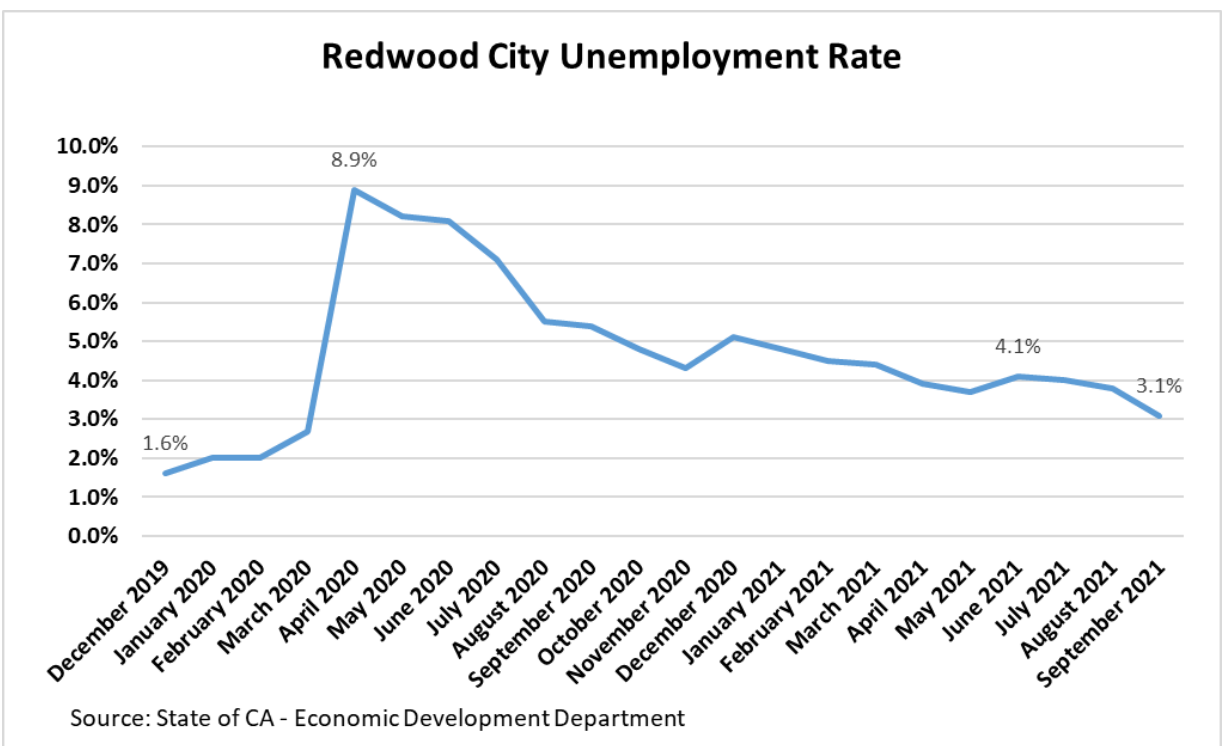
In early FY 2021-22, the availability of vaccines brought a brief sense of relief from the pandemic. However, the rise of the more virulent Delta variant of the virus introducing higher levels of contagion and mortality among the unvaccinated, and breakthrough cases among some vaccinated individuals, abruptly resulted in some renewed health restrictions and reluctance on the part of some to venture out into society, limiting economic growth.

Local Economy

The local area exhibited signs of a healthy economy before it was thrust into the pandemic recession in March 2020. The largest economic sectors affected were transportation, tourism and hospitality. As vaccination rates increase and health restrictions ease, travel, entertainment and retail sectors are beginning to recover.

In FY 2020-21, CalTrain total ridership was down 94.4 percent from FY 2019-20, from a total ridership of approximately five million in FY 2019-20 to only 276,000 in FY 2020-21. Most recent CalTrain ridership data shows total ridership is up 193.5 percent for the first three months of FY 2021-22, when compared to the first three months of FY 2020-21, which was during the peak of the pandemic. San Francisco International Airport passenger levels have rebounded to about 46 percent of its 2019 level as of August 2021, with San Jose International Airport achieving a level of 52 percent when compared to pre-pandemic levels in 2019. Redwood City Transit Occupancy Tax from hotel stays dropped by nearly 70 percent in fiscal year 2020-21 from the previous fiscal year, from \$6.1 million to \$1.8 million (more details regarding this and other taxes are provided below).

Perhaps one of the most discouraging economic impacts 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 4.1 percent in June 2021, and has further decreased to 3.1 percent as September 2021, suggesting a sluggish employment recovery is underway.



Property tax in Redwood City, the largest single source of General Fund revenue for the City, experienced an increase of 1.3 percent or \$0.9 million. The increase was primarily due to higher than expected current secured property taxes and excess Educational Revenue Augmentation Funds (ERAF) returned to the City in FY 2020-21. These increases were partially offset by a reduction in the City’s property tax in lieu of vehicle license fees - down 36 percent from \$9.4 million to \$6.0 million – and a decrease in property taxes received in the former redevelopment agency area – down 38 percent from \$9.4 million to \$5.8 million. While the City expects the property tax in lieu of vehicle license fees to continue to fluctuate, the property taxes received in the former redevelopment agency area should not decrease any further. Property taxes are discussed in more detail below.

Several resources and a commitment to financial discipline have helped to offset some of the City’s recent financial setbacks. The passage of Measure RR by Redwood City voters in 2018 created a new stream of sales tax

revenue. This infusion of approximately \$11.4 million in FY 2020-21 was pivotal in preventing Redwood City from more drastic budget cuts beyond the \$6.2 million in reductions absorbed in FY 2020-21 through difficult cuts to every department. In addition, in FY 2020-21, the City received \$1.1 million in one-time federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding and \$9.2 million in federal American Rescue Plan Act assistance, with another \$9.2 million anticipated in FY 2021-22. The City is also pursuing reimbursement of emergency response expenditures from the Federal Emergency Management Agency. In addition, State resources continue to help address community needs through rental assistance, utility rate assistance, and local business sales tax extensions.

With widespread vaccine administration underway and the approval of booster vaccines to help extend immunity, there is reason for hope for the economy. As public health restrictions have eased, the economy has experienced an uptick in activity, and, with existing and proposed federal stimulus funding, an upward trajectory in the economy is expected to continue in the near future.

Respond, Restore, and Reimagine

The City Council-endorsed financial and community recovery strategy to help the 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:



The City has initiated numerous programs to help residents mitigate the economic damage caused by COVID-19, including emergency rental assistance, meal distribution, small business support, and waiving late payment penalties for utility customers. Redwood City committed more than \$4.4 million in FY 2020-21 operating funds responding to the COVID-19 crisis – in staff time, purchases, and direct aid to residents – in addition to \$4.6 million in FY 2019-20. This includes \$1.1 million in overtime and supplies and service expenditures.

The City partnered with San Mateo County to make COVID-19 testing and vaccinations more accessible to City residents and to promote safe hygiene. As of December 1, 2021, 87.6 percent of the San Mateo County population age five and older are fully vaccinated. This is the fourth highest vaccination rate in the State of California, trailing only San Francisco, Santa Clara, and Marin counties.

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 City 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 more than 3,700 individuals in over 1,030 unduplicated households – including over one-third of households being assisted for multiple months and/or multiple times since March 2020. For the bulk of FY 2020-21, the Veterans Memorial Senior Center provided 380 “to go” and “delivered” meals daily, Monday through Friday, for Redwood City seniors. In addition, the Fair Oaks Community Center provided groceries and bag lunches to over 1,400 households each month and referred residents to a variety of food resources available throughout the community.

During the pandemic, Redwood City residents and small businesses have fallen behind in utility payments in an amount of approximately \$3.0 million. While the City has provided temporary relief by halting shutoffs, penalties and interest during the crisis, many residents who have been unable to pay have seen their utility debt grow to more than \$2,000. In addition to distributing State funds for unpaid utility bills, City staff is finalizing a Utility Bill Forgiveness Program to take effect before enforcement actions renew in 2022. The City has set aside up to \$1 million in relief for community members who would otherwise struggle to pay off this pandemic-related debt.

Recently, the City has been awarded a contract with Local Initiatives Support Corporation (LISC) to provide both outreach services and application assistance for the California COVID-19 Relief Program at the Fair Oaks Community Center. This will further strengthen the City’s capacity to help tenants and landlords apply for rental and utility bill assistance from this state program. As of late November, Redwood City residents have submitted 1,207 applications requesting \$14.6 million for assistance from this state fund. Of these requests, approximately \$5.7 million has been awarded to over 460 Redwood City households, with another 745 household applications being reviewed for approval and payment by the City.

In February 2021, the City committed \$450,000 in City funds for a Small Business Support Program to help local businesses recover and thrive as a vibrant centerpiece of the community. The program includes \$280,000 in pandemic recovery grants, which supplemented the Restaurant, Brewery & Winery Program in partnership with the County of San Mateo, SMC Strong and the Chan Zuckerberg Initiative. It also committed \$75,000 to the Downtown Sign and Façade Improvement Program, \$20,000 for the Small Business Empowerment Program, and \$35,000 to create permanent and semi-permanent parklets for outdoor dining and business activity. The program also invests \$40,000 for a “Shop Local” marketing campaign to include collaboration with San Mateo County on an app to highlight local businesses in a virtual marketplace, featuring Redwood City as the first pilot City in the app. Together, with the rest of the City’s Economic Vitality Plan, these measures promote the restoration of both economic and social prosperity in the community.

Affordable housing and support for the unhoused is one of Redwood City’s strategic priorities. 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. Prior to implementation of the program, 120 RVs were parked on City streets, and currently there are around 40 RVs on City streets.

The table below identifies allocations made during FY 2020-21 to address City Council priorities, as well as \$7.2 million in the FY 2021-22 budget and anticipated recommendations for FY 2022-23.

One-Time Contributions to Council Priorities					
Council Priorities		Previously Budgeted FY 2020-21	Recommended FY 2021-22 Budget	Envisioned for FY 2022-23	Total
Respond	Rental Assistance	543,000			543,000
	Newly Added Rental Assistance	1,000,000			1,000,000
Restore	Utility Bill Forgiveness	750,000	750,000		1,500,000
	Small Business Support	450,000			450,000
Reimagine	Analytical Support		850,000	950,000	1,800,000
	Fire Study and Strategic Planning		150,000		150,000
Equity	Equity & Inclusion	350,000			350,000
	ADA Transition Plan		500,000		500,000
	Sidewalk Repair		500,000	500,000	1,000,000
Housing	Homelessness Initiatives	1,450,000	1,300,000	650,000	3,400,000
Transportation	Grant Support		165,000	165,000	330,000
	Project Management		250,000	250,000	500,000
	Safe Routes to Schools		20,000	20,000	40,000
Children & Youth	Child Care Assistance		150,000	150,000	300,000
	Project Read		150,000	150,000	300,000
Sustainability	Climate Change Action Planning		100,000	100,000	200,000
	Vegetation Management		150,000	120,000	270,000
	Streetlight Replacement		715,000	485,000	1,200,000
	Energy Efficient Building Upgrades		500,000		500,000
Civic Engagement	Communications	400,000		100,000	500,000
	Remote Council Meetings		100,000		100,000
	Participatory Budgeting		1,000,000		1,000,000

The City's adherence to financial best practices and fiscal discipline has enabled it to withstand dramatic revenue losses while avoiding layoffs and service reductions. Still, the past 20 months have been an undeniably stressful time for City employees and community members alike. The commitment of one-time funds to the immediate needs of Responding, Restoring and Reimagining, and to the City Council Priorities of equity, housing,

transportation, and children and youth, as well as sustainability and civic engagement is designed to respond to the many crises from which the City is working to recover.

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 in 2020, fewer workers are commuting into the city on a daily basis, which has resulted in fewer customers for main street businesses and a noticeable dip in economic activity for businesses who rely on the office lunch crowd. With the passage of the City's Economic Development Work Plan in 2019 (subsequently updated in 2021) and Small Business Support Program in 2021, the City has strengthened the economic foundation of its community and provided a network of support to local businesses during this time of great uncertainty. 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 pick-up take-out orders, respectively, as public health orders have repeatedly constricted with pandemic surges and relaxed as conditions improved.

The City continues to attract significant development interest, resulting in an increase of building permit fees in FY 2020-21. Commercial development interest remains strong and is growing by virtue of Redwood City's location in Silicon Valley, access to high-quality public transportation, vibrant downtown and expansion in life science and technology sectors. In October 2020, the City Council approved initiation of three housing projects and two commercial/mixed-use projects as part of the Gatekeeper process. Project proposals from the Gatekeeper process represent nearly one million square feet of commercial development and 1,155 housing units, including 424 affordable housing units. 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 into the City's cannabis storefront retail program, with the awarding of permits expected in early 2022.

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. Because of the City's strong reserve level, the City has been able to maintain essential services during the pandemic. In addition, the City maintained its 15 percent reserve level, which was crucial in case a new emergency materialized.

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 2020-21, in the face of multiple crises, the City remained faithful to its established fiscal strategies while responding to the pandemic through its recovery strategy of “Respond, Restore, and Reimagine.” Specifically Redwood City:

- Continued, through several emergencies, to fund ongoing services with ongoing revenues and limited the allocation of 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 City 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 service sustainability and social equity;
- Launched a Climate Action Plan that includes risk management and long-term forecasting to ensure financial as well as environmental benefits; and
- Leveraged the ten-year forecast not only for financial planning but also to analyze trends over time and reinforce a longer view in a time of crisis, to support thoughtful problem solving and strategic action.

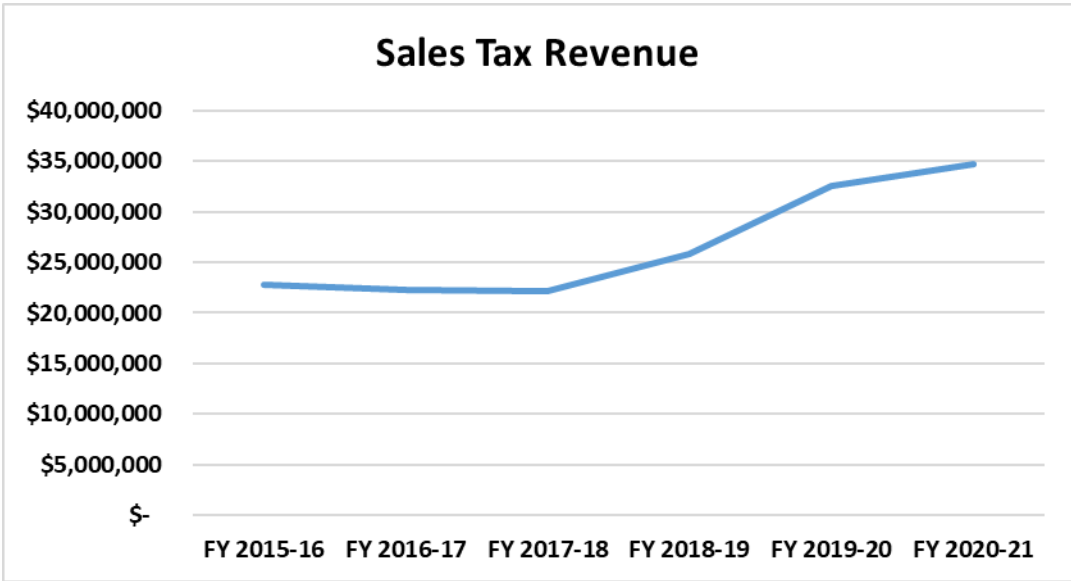
A summary of major revenue sources and other significant financial planning items is below. When compared to the FY 2020-21 budget, actual revenues generated approximately \$5.2 million, or 3.2 percent, less revenue than the amount budgeted in the General Fund. This shortfall is primarily due to delayed billing of \$8.2 million to the City of San Carlos for fire protection services in FY 2020-21 that was subsequently recorded in FY 2021-22.

Sales Tax

Sales tax is an important source of General Fund revenue, as it accounts for 22.1 percent of total General Fund revenues. This is a primary concern during the pandemic and throughout the associated 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 now open for business. In addition, the 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 in 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 2020-21.

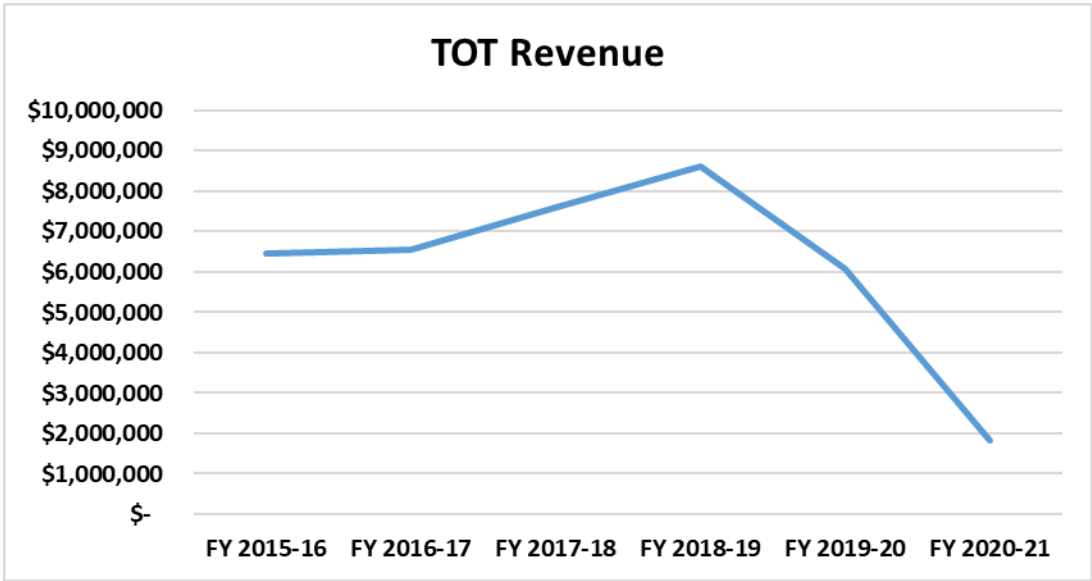
A half-cent sales tax increase, authorized by the passage of Redwood City’s Measure RR in November 2018, became effective April 1, 2019. In FY 2020-21, Measure RR generated an additional \$11.4 million in revenue (up from \$10.3 million in FY 2019-20); more than 32 percent of all sales tax revenue for the City. Total sales tax revenue in the General Fund increased by \$2.2 million (from \$32.5 million to \$34.7 million), or 6.7 percent, when compared to the prior fiscal year. The City has budgeted \$33.3 million of this revenue source to be collected in FY 2021-22. 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 1.2 percent of total General Fund revenues. Although it is not a primary revenue source, it has been the **most severely impacted** by the COVID-19 pandemic; occupancy rates for hotels in Redwood City remained down at 59.6 percent for FY 2019-20 and 42.0 percent in FY 2020-21. Average room rates were drastically lower, decreasing from \$181.10 for FY 2019-20 to \$89.98 in FY 2020-21. TOT revenue in FY 2020-21 decreased by \$4.2 million, or 70.0 percent, when compared to the prior fiscal year (from \$6.0 million to \$1.8 million).

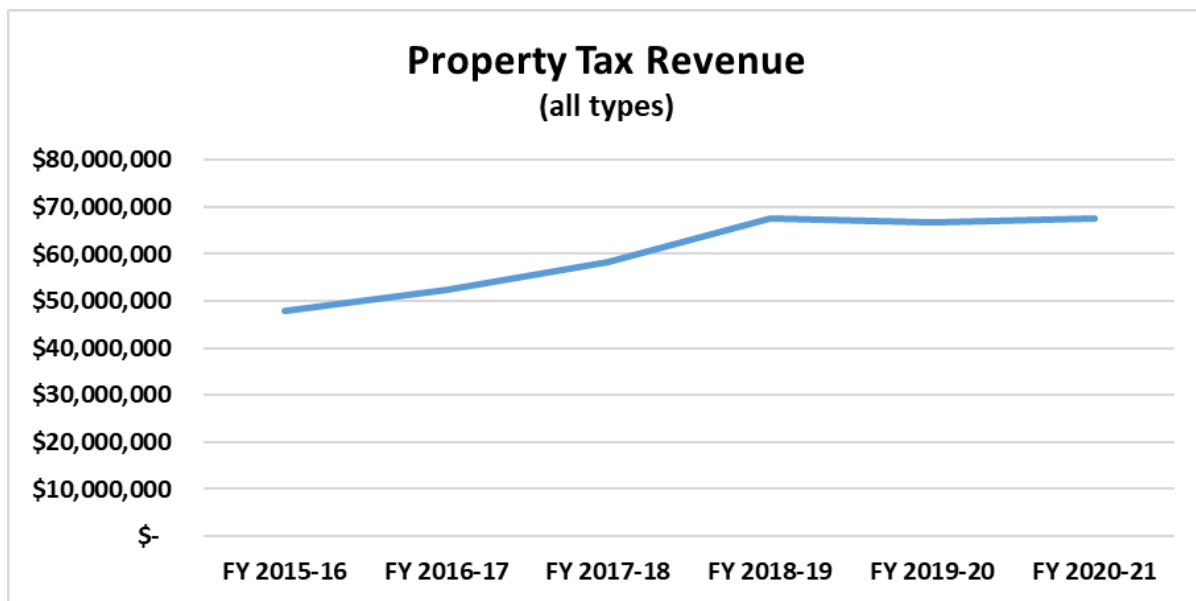
In Redwood City, revenue per available room, which is calculated by multiplying a hotel’s average daily room rate by its occupancy rate, is down from \$106.47/night in FY 2019-20 to just \$38.09/night in FY 2020-21. In addition to the reduction in tourism due to the pandemic, two Redwood City hotels were sold to San Mateo County in FY 2020-21 for use as affordable housing, thereby permanently removing them from the TOT pool as well as the property tax rolls at an annual loss to the City of over \$800,000. To offset the initial revenue loss, the City negotiated a one-time payment of \$1.5 million from the County of San Mateo that was received in May 2021. The City has budgeted \$2.8 million in TOT to be collected in FY 2021-22. 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 43.1 percent of total General Fund revenues and is a key indicator of the City’s economic outlook. Redwood City property values have remained relatively stable during the COVID-19 pandemic. The median sale price of homes in Redwood City is currently almost \$1.8 million. While overall property tax revenues have declined slightly in FY 2020-21, from \$66.8 million to \$65.2 million, secured property tax (the largest component of property tax revenue) increased by \$2.9 million, or 7.5 percent, over the previous fiscal year. In this revenue category, there were two items that saw decreases in revenue: property tax in lieu of vehicle license fees and property taxes in the former redevelopment agency project area. Staff is working with the County of San Mateo to monitor the property tax in lieu of vehicle license fee calculation, and meets regularly to review projections. The City received \$6.0 million in FY 2020-21 and has budgeted \$7.4 million for FY 2021-22. Property taxes in the former redevelopment agency project area have been negatively impacted by the *City of Chula Vista v. Sandoval* state appellate court decision, which changed the methodology of calculating distribution amounts of tax increment revenues. The City received \$5.8 million in property taxes in the former redevelopment agency project area in FY 2020-21, down \$3.6 million from FY 2019-20. The City has budgeted \$5.7 million for FY 2021-22.

Development activity and associated City revenues have also seen a recent uptick as the economy begins to recover from the 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 2021-22 call for this revenue source to remain virtually unchanged from the FY 2020-21 actual amount. Staff will analyze property tax revenue in the spring of FY 2021-22 to determine if a year-end budget amendment is needed.

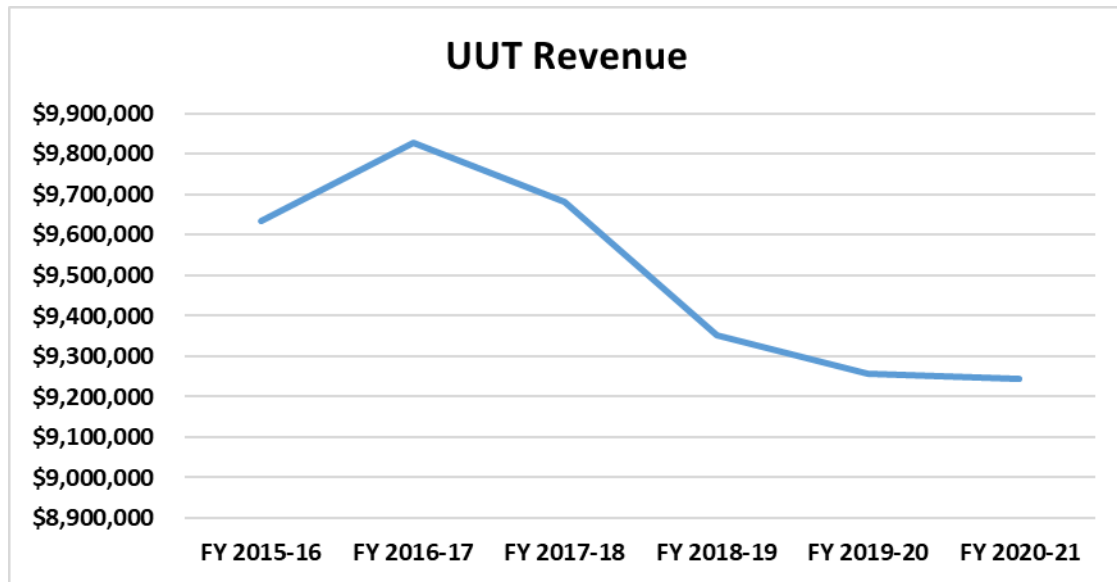


Utility Users’ Tax

Redwood City collects a voter-approved Utilities User Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue accounts for 5.9 percent of total General Fund revenues. UUT revenue was \$9.3 million in FY 2020-21 which, at a decrease of just \$15,000, or 0.2 percent, was comparable to FY 2019-20. As more consumers move away from cable services and toward video streaming services, UUT revenue is expected to continue to decline. The City has budgeted \$9.0 million for FY 2021-22.

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 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 \$52,388 in FY 2020-21, which is \$4,000 or 7.0 percent less than FY 2019-20. While UUT revenue has traditionally

been dedicated on an annual basis to support the City’s capital improvement program, the City has committed this new fraction of UUT revenue to affordable housing.



Educational Revenue Augmentation Fund Refunds

In 1992, the State of California began a practice of shifting 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 2019-20 and FY 2020-21 Redwood City received \$6.8 million and \$11.2 million in returned funds, respectively. The current 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 practice is to budget what can reasonably be estimated, which is \$4.2 million, or about 38 percent of the actual amount received in FY 2020-21. The City has also budgeted to receive \$4.2 million in FY 2021-22. Staff is working with the County of San Mateo to monitor this revenue source and meets regularly to review projections. Staff will analyze this revenue source in the spring of FY 2021-22 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. Since then, action on behalf of the Successor Agency to the Redevelopment Agency of Redwood City is taken by the San Mateo County Countywide Oversight Board.

In March 2021, the City and Successor Agency prevailed in a lawsuit against the State of California regarding the State of California Department of Finance’s (DOF) position on \$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 had been in dispute with the 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. The Successor Agency received the \$10.3 million in FY 2020-21, which has been deposited into the Low and Moderate Income Housing Fund.

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, which states 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 to use 20 percent as one-time funding towards the City Council's priorities in the areas of housing, transportation, and children and youth. Funding long-term liabilities avoids shifting cost burdens to future generations for services already provided.

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. In addition to paying down unfunded liabilities, it is anticipated that a portion of the available excess fund balance as of June 30, 2021 will be redirected to support recovery activities in response to the pandemic 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 an Investment Policy. The City reviews these policies regularly and uses them to maintain sound fiscal practices. The City Council's Finance and Audit Sub-Committee is developing updates to the Investment Policy for City Council consideration in FY 2021-22; the proposed changes will screen City investments based on environmental, social and governance objectives. 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 has recently implemented a new Enterprise Resource Planning system (ERP), which went live in July 2021. The second phase of the implementation includes human resources and payroll functions and is slated to go live at the end of December 2021.

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 2020-21 was \$775,011,639, while the actual appropriations subject to the limit amounted to \$102,186,639. The FY 2020-21 appropriation limit increased from FY 2019-20 due primarily to the increase of 3.73 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This is the 34th 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 annual comprehensive 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 ACFR 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, Carolyn 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. This year's process was particularly challenging, especially as many staff continued to work a hybrid schedule of in-person and telecommuting concurrent with the implementation of a new ERP system.

I would especially like to thank and commend the City Council, Finance and Audit Sub-Committee members, 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 an extended 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, 2021

CITY COUNCIL

Diane Howard, Mayor	November 2022
Giselle Hale, Vice Mayor	November 2022
Alicia C. Aguirre	November 2024
Lissette Espinoza-Garnica	November 2024
Jeff Gee	November 2024
Diana Reddy.....	November 2022
Michael Smith.....	November 2024

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.....	Ray Iverson
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

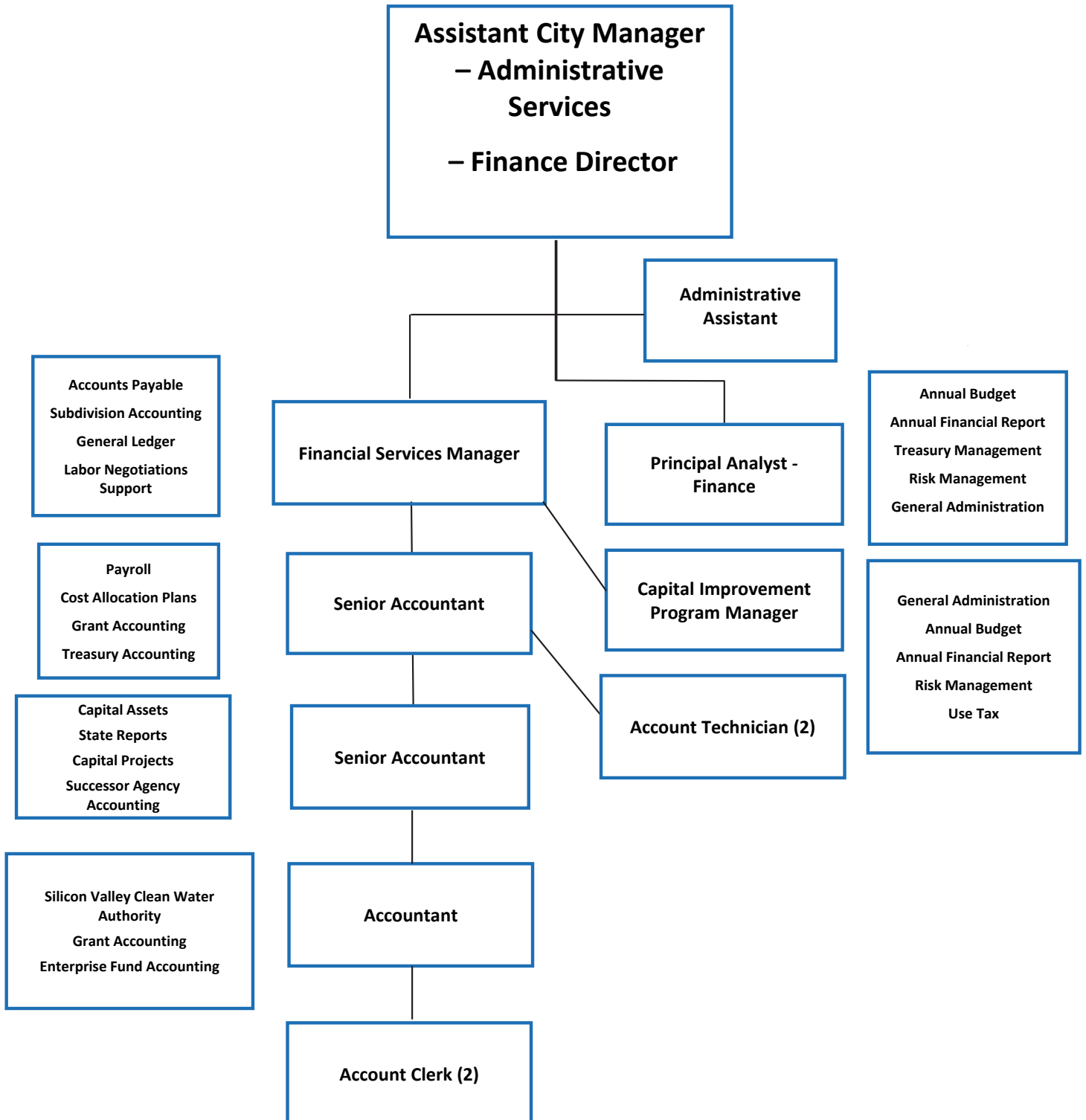
FINANCE DIVISION STAFF

As of June 30, 2021

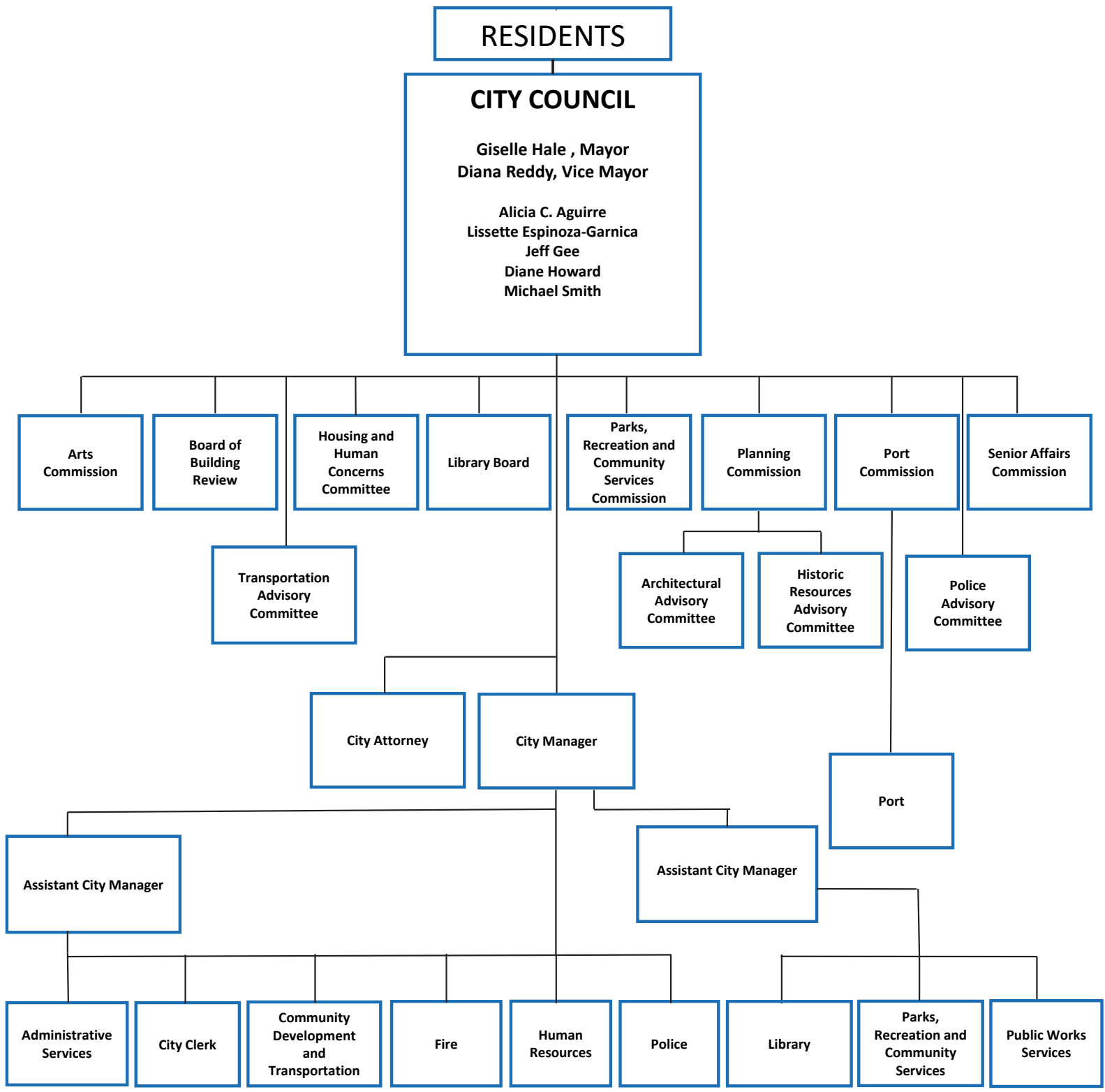
Derek Rampone Financial Services Manager
Jennifer Chang Senior Accountant
Carolyn Kerans Senior Accountant
Sylvia Bravo Peters Principal Analyst
Joan Brumleve Accountant
Molly Flowerday Accountant
Fion Liu Accountant
Gina Clark Account Technician
Anna Indy Account Technician
Christopher Chau Account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

June 30, 2021

Administrative Services Department Finance Division



2021





*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

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, 2021, 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, 2021, 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.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities, which became effective during the year ended June 30, 2021 and established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds as discussed in Note 10D to the financial statements.

As disclosed in Note 10D, in conjunction with the implementation of Governmental Accounting Standards Board Pronouncement No. 84, Fiduciary Activities, management reviewed the purpose and presentation of all funds and determined that the Section 115 Trust Fund should instead be reported as a component of the General Fund, since it is a secondary trust to the City's CalPERS Pension Plans. As a result, the Section 115 Trust Fund was closed as of July 1, 2020 and beginning fund balance of the General Fund has been increased and restated in the amount of \$24,434,795.

Management also early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – The Annual Comprehensive Financial Report which changes the name of the Annual Comprehensive Financial Report to Annual Comprehensive Financial Report.

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 December 9, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 9, 2021



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. We encourage all readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FISCAL YEAR 2020-21 FINANCIAL HIGHLIGHTS

The full financial impact of the COVID-19 pandemic and resulting stay-at-home orders were widely felt during Fiscal Year (FY) 2020-21, as this was the first full fiscal year of the pandemic. Even though the pandemic continues, public health restrictions have eased, resulting in an uptick in economic activity. Staff continues to monitor actual revenues received and has maintained financial discipline to help control expenditures, even while community needs for essential services and new assistance has increased significantly. Financial highlights of the fiscal year include the following:

- The City's total net position increased \$65.0 million in FY 2020-21 (not including a prior period adjustment of \$24.4 million to include the beginning balance of the Section 115 pension trust account in the governmental activities net position), after a \$36.2 million increase in the prior fiscal year. At June 30, 2021, net position totaled \$570.7 million, comprised of \$235.3 million for governmental activities and \$335.4 for business-type activities.
- Total City revenues, including program and general revenues and special items, were \$312.8 million, an increase of \$13.9 million over the prior fiscal year, while total expenses were \$247.8 million, a decrease of \$15.0 million from FY 2019-20.
- Net position in governmental activities increased \$41.6 million, while net position in business-type activities increased \$23.3 million.
- Governmental program revenues were \$69.9 million, which reflects an increase of \$16.4 million over the prior fiscal year.
- Governmental general and special item revenues increased to \$141.1 million in FY 2020-21, up \$2.7 million from the prior fiscal year.
- Governmental program expenses decreased to \$166.5 million in FY 2020-21, down \$11.3 million from the prior fiscal year.
- Total program revenues from business-type activities increased to \$102.7 million in FY 2020-21, up \$1.9 million from the prior fiscal year.
- Total expenses of business-type activities decreased to \$81.3 million in FY 2020-21, down \$3.7 million from the prior fiscal year.
- General fund revenues of \$157.1 million decreased by \$8.0 million over the prior fiscal year.
- General fund expenditures of \$135.6 million decreased by \$6.8 million over the prior fiscal year.
- General fund balance of \$84.4 million at June 30, 2021 increased by \$28.6 million over the prior fiscal year, which is due to the inclusion of the Section 115 pension trust account balance of \$28.3 million as of June 30, 2021, which was previously recorded in a trust fund – see Note 10D for more information. The General Fund balance would have increased by \$.3 million if this change had not occurred.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive 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
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 24-25 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 24 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 22 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 28-31 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 34-36 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, 2021 there were no major special revenue funds.

Fiduciary Funds

The City maintains fiduciary funds that consist of a Private Purpose Trust Fund and Custodial Funds. The Private Purpose Trust Fund accounts for the activity of the former Redevelopment Agency of Redwood City. The Custodial 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 and Statement of Changes in Fiduciary Net Position. 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 38-41 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 43-100 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 \$570.7 million at June 30, 2021.

City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2021	2020	2021	2020	2021	2020	
	\$	\$	\$	\$	\$	\$	
Cash and investments	304.991	195.601	124.881	125.080	429.872	320.681	34.05%
Other assets	48.669	42.489	56.231	54.709	104.900	97.198	7.92%
Capital assets	281.209	247.094	243.943	228.745	525.152	475.839	10.36%
Total assets	<u>634.869</u>	<u>485.184</u>	<u>425.055</u>	<u>408.534</u>	<u>1,059.924</u>	<u>893.718</u>	18.60%
Total deferred outflows of resources	<u>42.083</u>	<u>44.859</u>	<u>6.658</u>	<u>5.182</u>	<u>48.741</u>	<u>50.041</u>	-2.60%
Long-term debt outstanding	390.457	314.054	83.332	85.171	473.789	399.225	18.68%
Other liabilities	46.892	37.418	12.365	15.312	59.257	52.730	12.38%
Total liabilities	<u>437.349</u>	<u>351.472</u>	<u>95.697</u>	<u>100.483</u>	<u>533.046</u>	<u>451.955</u>	17.94%
Total deferred inflows of resources	<u>4.341</u>	<u>9.348</u>	<u>0.579</u>	<u>1.209</u>	<u>4.920</u>	<u>10.557</u>	-53.40%
Net Position:							
Net investment in capital assets	281.209	247.094	188.640	169.692	469.849	416.786	12.73%
Restricted	149.965	50.200	10.317	10.264	160.282	60.464	165.09%
Unrestricted	<u>(195.912)</u>	<u>(128.072)</u>	<u>136.480</u>	<u>132.068</u>	<u>(59.432)</u>	<u>3.996</u>	-1587.29%
Total net position	<u>235.262</u>	<u>169.222</u>	<u>335.437</u>	<u>312.024</u>	<u>570.699</u>	<u>481.246</u>	18.59%

The largest portion (82.3 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 (28.1 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 negative balance of \$59.4 million, a decrease of \$63.4 million from the prior fiscal year. This is primarily due to the \$63.8 million of net proceeds that resulted from the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building that are restricted for capital projects and debt service.

The City's total net position increased by \$89.5 million, or 18.6 percent, during the current fiscal year. This increase is comprised of \$66.0 million in governmental activities net position and \$23.4 million in business-type activities net position. \$28.3 million of the \$66.0 million increase in governmental activities is due to the inclusion of the Section 115 pension trust account this fiscal year, as required by Governmental Accounting Standards Board Statements No. 68 and No. 84 – see Note 10D for more information. Further details on the increases in net position are described below.

City of Redwood City
Management's Discussion and Analysis
For the fiscal year ended June 30, 2021

Changes in City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total		Variance
	2021	2020	2021	2020	2021	2020	
	\$	\$	\$	\$	\$	\$	
Revenues							
Charges for services:							
Community development	12.679	11.503			12.679	11.503	10.22%
Public safety	11.341	10.288			11.341	10.288	10.24%
Transportation	0.007	0.028			0.007	0.028	-75.00%
Environmental support and protection	1.793	1.696			1.793	1.696	5.72%
Leisure, cultural and information services	1.147	3.377			1.147	3.377	-66.03%
Policy development and implementation	5.984	5.833			5.984	5.833	2.59%
Water			46.928	47.221	46.928	47.221	-0.62%
Sewer			40.501	42.352	40.501	42.352	-4.37%
Parking			0.911	1.672	0.911	1.672	-45.51%
Port of Redwood City			9.024	8.762	9.024	8.762	2.99%
Docktown Marina			0.016	0.019	0.016	0.019	-15.79%
Operating grants and contributions:							
Community development	1.908	0.647			1.908	0.647	194.90%
Public safety	1.310	0.815			1.310	0.815	60.74%
Transportation	1.445	1.411			1.445	1.411	2.41%
Leisure, cultural and information services	5.412	2.647			5.412	2.647	104.46%
Policy development and implementation	1.174	0.526			1.174	0.526	123.19%
Water			0.959		0.959		N/A
Parking			0.002	0.001	0.002	0.001	100.00%
Port of Redwood City				0.037		0.037	-100.00%
Capital grants and contributions:							
Community development	1.047	1.179			1.047	1.179	-11.20%
Transportation	18.926	13.325			18.926	13.325	42.03%
Environmental support and protection	4.036				4.036		
Leisure, cultural and information services	1.673	0.229			1.673	0.229	630.57%
Water			4.365	0.586	4.365	0.586	644.88%
Sewer			0.033	0.102	0.033	0.102	-67.65%
Parking				0.050		0.050	N/A
General revenues:							
Taxes/special assessments	127.085	128.162	0.394	0.448	127.479	128.610	-0.88%
Investment earnings	3.671	10.092	(0.081)	3.241	3.590	13.333	-73.07%
Increase (decrease) in investment in sewer authority			(1.279)	2.499	(1.279)	2.499	-151.18%
Other	0.095	0.187			0.095	0.187	-49.20%
Total revenues	<u>200.733</u>	<u>191.945</u>	<u>101.773</u>	<u>106.990</u>	<u>302.506</u>	<u>298.935</u>	1.19%
Expenses							
Community development	21.428	18.010			21.428	18.010	18.98%
Human services	3.655	3.446			3.655	3.446	6.07%
Public safety	87.558	86.705			87.558	86.705	0.98%
Transportation	11.938	13.208			11.938	13.208	-9.62%
Environmental support and protection	1.688	3.825			1.688	3.825	-55.87%
Leisure, cultural and information services	27.306	27.042			27.306	27.042	0.98%
Policy development and implementation	12.885	25.473			12.885	25.473	-49.42%
Water			36.927	39.824	36.927	39.824	-7.27%
Sewer			33.575	33.531	33.575	33.531	0.13%
Parking			3.459	3.815	3.459	3.815	-9.33%
Port of Redwood City			6.737	6.892	6.737	6.892	-2.25%
Docktown Marina			0.605	0.961	0.605	0.961	-37.04%
Total expenses	<u>166.458</u>	<u>177.709</u>	<u>81.303</u>	<u>85.023</u>	<u>247.761</u>	<u>262.732</u>	-5.70%
Change in net position before transfers and special item	34.275	14.236	20.470	21.967	54.745	36.203	51.22%
Transfers	(2.943)	(5.421)	2.943	5.421			
Special Item	10.273				10.273		N/A
Change in net position	41.605	8.815	23.413	27.388	65.018	36.203	79.59%
Net position - July 1, as restated	<u>193.657</u>	<u>160.407</u>	<u>312.024</u>	<u>284.636</u>	<u>505.681</u>	<u>445.043</u>	13.63%
Net position - June 30	<u>235.262</u>	<u>169.222</u>	<u>335.437</u>	<u>312.024</u>	<u>570.699</u>	<u>481.246</u>	18.59%

*Variance results not displayed for negative to positive amounts

GOVERNMENTAL ACTIVITIES

Governmental activities prior to transfers and special items increased the City's net position by \$34.3 million. Including transfers and special items, governmental activities net position increased by \$41.6 million. Transfers out of governmental activities and into business-type activities of \$2.9 million during FY 2020-21 consisted of the transfer out of the general fund to the Docktown Marina fund of \$.6 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 \$1.4 million to support operations, a transfer out of the general fund to the water fund in the amount of \$.6 million to support operations (\$.2 million) and to fund a utility bill forgiveness program (\$.4 million), and a transfer out of the general fund to the sewer fund in the amount of \$.4 million to fund a utility bill forgiveness program.

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

General governmental revenues (non-program) decreased by \$7.6 million, or 5.5 percent, from FY 2019-20, as decreases transient occupancy taxes, investment earnings and other revenues exceeded the increases in all other categories. Within the broad categories, property taxes increased \$.9 million – due to increases in all property tax categories, except property taxes received in the former redevelopment project area and a decrease in property tax in lieu of vehicle license fees. Increases in Educational Revenue Augmentation Fund (ERAF) revenue of \$4.5 million and secured property taxes of \$2.9 million were partially offset by a decrease in property taxes received in the former redevelopment project area of \$3.6 million and a decrease of \$3.4 million in property tax in lieu of vehicle license fees; sales taxes increased \$2.2 million – due to a sharp increase in online shopping, which has offset the reductions in sales tax revenue caused by the 2020 recession; franchise taxes remained the same at \$4.7 million; property transfer taxes remained the same at \$1.0 million; business license taxes increased \$.1 million to \$3.3 million; utility users' taxes remained the same at \$9.3 million; transient occupancy taxes decreased \$4.4 million – due to a large decrease in occupancy rates and room rates that began in April 2020, as a result of COVID-19 and the resulting stay-at-home orders; investment earnings decreased \$6.4 million – due to a large accounting entry related to the fair value adjustment of investments as of June 30, 2021; and other taxes and other revenues remained the same at \$.6 million. In FY 2020-21, a Special Item in the amount of \$10.3 million was recorded as revenue in the governmental activities as a result of the favorable outcome in the lawsuit with the California Department of Finance. This \$10.3 million is shown as restricted in the statement of net position.

Community development revenues increased by \$2.3 million, primarily due to an increase in building permit fees charged to customers of \$.3 million, an increase in forfeited construction and demolition debris deposits of \$.8 million, and an increase of \$1.1 million in the amount of community development related grants received in FY 2020-21. Public safety revenues increased by \$1.5 million, primarily due to an increase of \$.4 million in citations – due to a one-time back payment of citation administration fees to the County of San Mateo that occurred in FY 2019-20 in the amount of \$.4 million that was paid out of revenues, an increase of \$.6 million in the charges for services to the City of San Carlos for fire protection, and an increase of \$.5 million in the amount of public safety related grants received in FY 2020-21. Transportation revenues increased by \$5.6 million, due to an increase of \$5.6 million in developer contributions and capital grants. Environmental support and protection revenues increased by \$4.1 million, primarily due to an increase of \$4.0 million in developer contributions and capital grants and an increase of \$.1 million in property taxes in the maintenance assessment districts. Leisure, cultural and information services revenues increased by \$2.0 million, primarily due to an increase of \$2.8 million in operating grants in the Parks, Recreation, and Community Services and Library Departments, and an increase of \$1.4 million in developer contributions and capital grants, partially offset by a decrease of \$2.2 million in recreation and other related fees. Policy development and implementation revenue increased \$.8 million due to an increase in cannabis related operating permits.

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

Total governmental activities expenses were down \$11.2 million, or 6.3 percent. Most functions experienced an increase in expenses, except transportation, which decreased \$1.3 million and environmental support and protection, which decreased \$2.1 million.

	Governmental Activities Expenses	
	2021	2020
	\$	\$
Community development	21.4	18.0
Human services	3.7	3.5
Public safety	87.6	86.7
Transportation	11.9	13.2
Environmental support and protection	1.7	3.8
Leisure, cultural and information services	27.3	27.0
Policy development and implementation	12.9	25.5
	<u>166.5</u>	<u>177.7</u>
Total net assets		

Community development expenses increased \$3.4 million primarily due to an increase of \$2.0 million in General Fund program expenses related to providing community development services, such as community planning, strategic planning, building regulation, general and subdivision engineering, and code enforcement. In addition, there was an increase of \$1.5 million in assistance provided by Community Development Block Grant funds and other support provided by the Low and Moderate Income Housing Asset special revenue fund. Human services expenses remained essentially the same at \$3.7 million. Public safety expenses increased by \$.9 million, primarily due to an increase in law enforcement and fire safety operating costs of \$2.3 million and \$2.1 million, respectively. However, these increases were offset by decreases in costs associated with other postemployment benefits (retiree health) liability of the City and internal service costs that were allocated to the police and fire departments. Transportation expenses decreased by \$1.3 million, primarily due to a decrease of \$.8 million in transportation costs in the transportation grants fund, a decrease of \$.8 million in transportation costs in the transportation fund, partially offset by an increase of \$.2 million in transportation costs in the traffic safety fund. Environmental support and protection decreased \$2.1 million. The prior fiscal year’s expense amount was inadvertently overstated by \$1.8 million due to a transposed number. If that \$1.8 million is excluded, the decrease is only \$.3 million and is due to a decrease in costs associated with internal services. Leisure, cultural, and information services increased \$.3 million. The prior fiscal year’s amount was inadvertently understated by \$1.8 million due to a transposed number. If that \$1.8 million is excluded, there is actually a decrease of \$1.5 million. This decrease is primarily due to a decrease \$1.0 million in parks, recreation, and community services expenditures and a decrease of \$.4 million in costs associated with internal services. Policy development and implementation decreased \$12.6 million in FY 2020-21. 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; there were no contributions recorded in this expense category in FY 2020-21, however, there was a contribution of \$.5 million to the Section 115 pension trust investment account that was eliminated as an expense in the statement of activities – due to the consolidation of the Section 115 pension trust fund with the General Fund beginning in FY 2020-21. In addition, in FY 2019-20, \$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; there was \$.8 million in additional payments made directly to CalPERS in FY 2020-21, which were recorded in the policy development and implementation expense category, a decrease of \$3.0 million. These decreases, along with minor increases in communications/community engagement, homeless initiatives, and diversity, equity and inclusion initiatives, were the primary cause for the \$12.6 million decrease in the policy development and implementation expense.

BUSINESS-TYPE ACTIVITIES

Business-type activities prior to transfers increased the City's net position by \$20.5 million in FY 2020-21.

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

Business-type revenues decreased by \$5.2 million, or 4.9 percent, from FY 2019-20. The decrease is primarily due to lower investment earnings (\$3.3 million), a negative change in investment in Silicon Valley Clean Water (\$3.8 million), and lower service charges paid by water, sewer, and parking customers (\$2.9 million). These decreases were partially offset by higher operating grants received in the water fund (\$.9 million), higher capital grants and contributions received in the water fund (\$3.8 million) and higher fees collected by the Port of Redwood City (\$.3 million), compared to the prior fiscal year.

The water utility's expenses decreased by \$2.9 million, due to a decrease of \$2.9 million in the cost to purchase water from the San Francisco Public Utilities Commission and a decrease of \$1.6 million in supplies and services expense. These decreases were partially offset by an increase in operating expenses of \$1.6 million, which include employee services, maintenance, utilities, and contractual services.

Sewer utility expenses remained the same essentially at \$33.5 million.

The expenses of the parking fund decreased slightly, by \$.4 million, primarily due to a decrease in contractual service costs (parking management company).

The expenses of the Port of Redwood City decreased slightly, by approximately \$.2 million, due to decreases in most operating expense accounts, partially offset by an increase in employee services, maintenance, and other non-operating expenses.

During FY 2020-21, the Docktown Marina expenses decreased by \$.4 million due to a decrease in the loss related to impaired property (from a loss of \$.2 million to a gain of \$.1 million) and the elimination of interest expense this fiscal year.

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, 2021, the City's governmental funds reported combined fund balances of \$244.8 million, which reflects an increase of \$95.0 million from the beginning fund balance. \$63.8 million of this increase is due to the net proceeds that resulted from the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building. \$28.3 million of this increase is due to the inclusion of the Section 115 pension trust account this fiscal year, as required by Governmental Accounting Standards Board Statements No. 68 and No. 84 – see Note 10D for more information. In addition, \$10.3 million of the increase was due to the return of tax increment revenue, which was a result of the successful outcome of the City's lawsuit with the California Department of Finance. These increases were offset by decreases in special revenue funds, including a reduction of \$5.1 million in the parks impact and in lieu fee fund, as a result of the purchase of the armory building.

Governmental fund revenues decreased \$15.4 million this fiscal year to \$172.5 million, a decrease of 8.2 percent. The majority of this decrease occurred in the general fund (\$8.0 million), the City's main operating fund. Other decreases occurred in the transportation grants fund (\$5.6 million), capital outlay fund (\$800 thousand), traffic mitigation fees fund (\$700 thousand), planning cost recovery fund (\$500 thousand), low and moderate income housing asset fund (\$400 thousand), and the parks impact and in lieu fee fund (\$300 thousand). These decreases were partially offset by increases in other funds, mainly the grants fund (\$1.3 million).

The general fund revenue decrease of \$8.0 million was primarily comprised of decreases in the following categories:

- Fire service charges decrease of \$7.6 million – due to delayed billing of services provided in FY 2020-21 in the amount of \$8.2 million, not billed until FY 2021-22
- Fair value of investments decrease of \$6.1 million
- Transient occupancy tax decrease of \$4.2 million
- Recreation program fees decrease of \$1.9 million
- Investment earnings decrease of \$.4 million

The decreases above were partially offset by increases in the following revenue categories:

- Restricted investment earnings (Section 115 pension trust account) increase of \$3.4 million – new for FY 2020-21 because the Section 115 pension trust account, and investment earnings are now included in the General Fund instead of in a separate trust fund
- Federal, state, and county grants increase of \$3.2 million – related to COVID-19 assistance
- Sales tax increase of \$2.2 million
- Other current service charges increase of \$1.3 million
- Property tax increase of \$.9 million
- Cannabis permit fee increase of \$.8 million
- Parking fines increase of \$.4 million
- Building permit fee increase of \$.3 million

The transportation grants fund revenue decrease of \$5.6 million was due to a decrease in contributions for utility undergrounding of \$4.6 million and a decrease in transportation grant revenue received from the federal government of \$1.0 million. The decrease in the capital outlay fund of \$.8 million was due to lower investment earnings of \$.7 million and developer contributions of \$.1 million. The traffic mitigation fees fund revenue decrease of \$.7 million was due to a decrease in traffic mitigation contributions of \$.5 million and a decrease of investment earnings of \$.2 million. The planning cost recovery fund revenue decrease of \$.5 million was due to a decrease in customer reimbursements of planning costs. The low and moderate income housing asset fund revenue decrease of \$.4 million was due to a decrease in investment earnings of \$.3 million and a decrease in transient occupancy tax related to short-term rentals of \$.1 million. The parks impact and in lieu fee fund revenue decrease of \$.3 million was due to lower investment earnings.

Governmental fund expenditures decreased \$12.6 million this fiscal year to \$173.3 million, a decrease of 6.8 percent. The majority of this decrease occurred in the general fund (\$6.8 million). Other decreases occurred in the transportation grants fund (\$6.3 million), transportation fund (\$1.4 million), One Marina Community Facilities District fund (\$1.2 million), traffic mitigation fees fund (\$.9 million), and planning cost recovery fund (\$.5 million). These decreases were partially offset by increases in other funds. The majority of expenditure increases occurred in the grants fund (\$1.5 million), parks impact and in lieu fee fund (\$1.5 million), capital outlay fund (\$.8 million), low and moderate income housing asset fund (\$.3 million), and traffic safety fund (\$.2 million).

The general fund expenditure decrease of \$6.8 million was primarily comprised of decreases in the following categories:

- Other administrative support services decrease of \$14.5 million – primarily due to a reduction in payments to the Section 115 pension trust account of \$11.1 million and a reduction in direct payments to CalPERS of \$3.0 million
- Parks and recreation expenditure decrease of \$1.0 million

The general fund decreases above were partially offset by increases in the following expenditure categories:

- Public safety expenditure increase of \$4.4 million - \$2.3 million in law enforcement and \$2.1 million in fire safety (mostly due to an increase in benefit costs in law enforcement and an increase in overtime in fire safety)
- Community development expenditure increase of \$2.1 million (mostly due to an increase in reimbursed professional service, professional services, and internal service costs)
- Management/policy execution expenditure increase of \$1.1 million
- Information services expenditure increase of \$.2 million

The transportation grants fund expenditure decrease of \$6.3 million was due to a decrease in capital outlay of \$5.4 million and a decrease in transportation related expenditures of \$900 thousand. The transportation fund expenditure decrease of \$1.4 million was due to a decrease in transportation related expenditures of \$.8 million and a decrease in capital outlay of \$.6 million. The One Marina Community Facilities District fund expenditure decrease of \$1.2 million was due to a decrease in capital outlay. The traffic mitigation fees fund expenditure decrease of \$.9 million was due to a decrease in capital outlay. The planning cost recovery fund expenditure decrease of \$.5 million was due to a decrease in planning costs that are reimbursed by customers.

The general fund is the primary operating fund of the City. At June 30, 2021, unassigned fund balance of the general fund was \$42.7 million, a decrease of \$.2 million from the prior fiscal year balance of \$42.9 million. Total fund balance increased to \$84.4 million, an increase of \$28.6 million from the prior year balance of \$55.8 million. The increase in total fund balance was a result of revenues and transfers in of \$157.9 million exceeding expenditures and transfers out of \$153.7 million and a prior period adjustment of \$24.4 million to include the beginning balance of the Section 115 pension trust account in the general fund. The general fund net change in fund balance of \$28.6 million was comprised of the following fund balance category changes: decrease of \$.3 million in nonspendable fund balance, increase of \$29.6 million in restricted fund balance (mainly due to the inclusion of \$28.3 million of the Section 115 pension trust account), increase of \$1.2 million in committed fund balance (committed to the City's General Plan), decrease of \$1.8 million in assigned fund balance (assigned for encumbrances), and a decrease of \$.1 million in unassigned fund balance (available for ongoing operations).

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 31.5 percent of total fund expenditures, while total fund balance represents 62.2 percent 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 decreased by \$8.0 million this fiscal year due to decreases in sales and other taxes (including transient occupancy tax), the fair value adjustment of investments, charges for current services, and other revenues. These decreases were partially offset by increases in property taxes, licenses and permits, fines, forfeitures and penalties, use of money and property, and intergovernmental revenues.

Property taxes increased by \$.9 million, due to increases in all property tax categories except property taxes received in the former redevelopment project area (decrease of \$3.6 million) and property tax in lieu of vehicle license fees (decrease of \$3.4 million). Increases in Educational Revenue Augmentation Fund (ERAF) revenue of \$4.5 million and secured property taxes of \$2.9 million experienced the largest increases.

Sales and other taxes decreased by \$1.8 million. Within this category, sales tax increased \$2.2 million, due to a sharp increase in online shopping, which has offset the reductions in sales tax revenue caused by the 2020 recession. Franchise taxes remained the same at \$1.9 million. Transient occupancy taxes decreased \$4.2 million – due to a large decrease in occupancy rates and room rates that began in April 2020, as a result of COVID-19 and the resulting stay-at-home orders. Property transfer taxes remained the same at \$1.0 million. Business license taxes increased \$.3 million to \$3.3 million. Utility users' taxes remained the same at \$9.3 million

Licenses and permits increased by \$1.1 million, primarily due to an increase in cannabis permit fees of \$.8 million and an increase in building permit revenue of \$.3 million.

Fines, forfeitures, and penalties increased by \$.4 million, due to a one-time back payment of citation administration fees to the County of San Mateo that occurred in FY 2019-20 in the amount of \$.4 million that was paid out of revenues.

Use of money and property increased by \$3.0 million, due to the inclusion of restricted investment earnings of \$3.3 million on the City's Section 115 pension trust account, which was previously reported in a trust fund, not the general fund. This increase was partially offset by a decrease of \$.3 million in investment earnings on the City's pooled investments.

Related to investment income, there was a large accounting entry related to the fair value adjustment of investments as of June 30, 2021 – which resulted in a decrease in revenue of \$6.0 million.

Intergovernmental revenues increased by \$3.3 million primarily due to an increase in federal, state and county grants.

Charges for current services decreased by \$8.7 million, primarily due to a decrease of \$7.6 million in fire service charges, due to delayed billing of services provided in FY 2020-21 in the amount of \$8.2 million, not billed until FY 2021-22. Other decreases were \$1.9 million in recreation program fees, \$.2 million in police service charges, \$.1 million in plan check fees, and \$.2 million in planning services fees. These decreases were partially offset by an increase of \$1.3 million in other current service charges.

General fund expenditures decreased by \$6.8 million over the prior fiscal year. The decrease primarily resulted from a decrease of \$12.6 million in policy development and implementation expenditures, and a decrease in leisure, cultural, and information services of \$.8 million, offset by increases in all other expenditure categories except transportation and environmental support and protection, which stayed the same. The decrease of \$12.6 million in policy development and implementation expenditures was primarily due to a reduction in payments to the Section 115 pension trust account of \$11.1 million, a reduction in direct payments to CalPERS of \$3.0 million, and a reduction in required payments to CalPERS of \$.7 million, partially offset by an increase in management/policy execution costs of \$1.1 million, an increase in legislative services/records management of \$.2 million, an increase in legal services of \$.2 million, an increase in financial services of \$.1 million, an increase in human resources of \$.1 million, an increase in homeless initiatives of \$.1 million, and an increase in diversity, equity and inclusion initiatives of \$.1 million. The decrease of \$.8 million in leisure, cultural, and information services was due to a decrease in parks and recreation expenditures of \$1.0 million, partially offset by an increase in information services expenditures of \$.2 million.

The amounts of the increases were as follows: public safety (\$4.4 million), community development (\$2.1 million), and human services (\$.2 million).

Transfers out of the general fund decreased by \$.6 million in FY 2020-21 primarily due to a decrease of \$3.8 million to the Docketown Marina Fund, a decrease of \$1.0 million to the internal service funds, and a decrease of \$.2 million to the special revenue funds. These decreases were partially offset by an increase of \$3.2 million to the capital outlay fund, an increase of \$.4 million to the water fund, an increase of \$.4 million to the sewer fund, and an increase of \$.5 million to the parking fund.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In FY 2020-21, the capital outlay fund generated minimal revenue, due to the negative use of money and property (investment income) which was partially offset by intergovernmental revenue. This fund was also the recipient of transfers from the general fund of \$9.2 million, Utility Users' Tax, which has been allocated to support the City's infrastructure. An additional \$3.5 million was transferred from the general fund to the capital outlay fund to fund citywide indirect pandemic costs (\$.5 million), to fund costs related to planning studies to improve Redwood Shores levees and the potential creation of a Bayfront park in the Inner Harbor area (\$.2 million), to fund necessary improvements identified in the Americans with Disabilities Act Transition Plan (\$2.0 million), and to fund transportation projects (\$.8 million).

In FY 2020-21, the capital outlay fund received \$59.3 million in debt proceeds related to the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building. These proceeds will be used to pay debt issue costs and construction costs for the new building.

Total outlays were \$14.1 million, of which \$8.5 million met the City's criteria for capitalization. The balance (\$5.6 million) was expended on non-capitalized projects in FY 2020-21, including \$.4 million of debt issue costs related to the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building. Total outlays in the prior fiscal year were \$13.3 million. Of the capital outlay fund's \$85.9 million fund balance, \$59.0 million of it was restricted for capital projects and \$26.5 million of it was assigned to capital projects.

Proprietary Funds – Enterprise fund net position totaled \$335.4 million at the end of the fiscal year, an increase of \$23.4 million, or 7.5 percent, over the prior fiscal year's balance of \$312.0 million. Enterprise operating revenues were \$97.4 million this fiscal year, a decrease of \$2.6 million over last fiscal year, while net non-operating revenues (expenses) were negative \$2.8 million compared to a positive \$3.2 million the prior fiscal year. Net non-operating revenues (expenses) experienced a decrease of \$6.0 million, primarily due to a decrease of \$3.8 million in the change in the investment of SVCWA (current fiscal year decrease of \$1.3 million versus an increase of \$2.5 million in the prior fiscal year), a decrease of \$3.3 million in investment earnings, and a decrease of \$.1 million in property tax revenue. These decreases were partially offset by an increase of \$.3 million in impairment gain on property and an increase of \$.9 million in grant revenue.

Enterprise fund operating expenses were \$78.5 million this fiscal year, a decrease of \$3.5 million, or 4.3 percent, from the prior fiscal year. This is due to lower water purchases (\$2.9 million), lower contractual service costs (\$.7 million), and lower supplies and services costs (\$1.2 million), which were partially offset by higher employee services costs (\$.7 million), higher maintenance costs (\$.4 million), higher utility costs (\$.1 million), and higher insurance and claim costs (\$.1 million).

Water Utility – The water utility fund realized operating income of \$11.7 million in the current fiscal year, \$2.5 million higher than the operating income of \$9.2 million in the prior fiscal year. Operating revenues decreased by \$.3 million and operating expenses decreased by \$2.8 million. After non-operating revenues (expenses), capital contributions, and transfers into the water utility fund, net position increased by \$16.3 million, compared to \$10.3 million in the prior fiscal year.

Sewer Utility – The sewer utility fund realized operating income of \$6.9 million in the current fiscal year, \$1.9 million lower than the operating income of \$8.8 million in the prior fiscal year. Operating revenues decreased by \$1.9 million and there was no change in operating expenses from the prior fiscal year. After non-operating revenues (expenses), capital contributions, and transfers into and out of the sewer utility fund, net position increased by \$5.5 million, compared to \$11.8 million in the prior fiscal year.

Parking Fund – The parking fund realized an operating loss of \$2.5 million thousand in the current fiscal year, \$.4 million higher than the operating loss of \$2.1 million in the prior fiscal year. Operating revenues decreased by \$.8 million, due to the lack of parking permit revenue and meter revenue that started in March/April 2020 and continued throughout FY 2020-21. Operating revenues were \$.9 million, while operating expenses decreased by \$.3 million from the prior fiscal year to \$3.5 million. After non-operating revenues (expenses) and transfers into the parking fund, net position decreased by \$.7 million, compared to a decrease of \$.3 million in the prior fiscal year, a decrease of \$.4 million. 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 \$3.5 million in the current fiscal year, \$.7 million higher than the operating income of \$2.8 million in the prior fiscal year. Operating revenues increased by \$.3 million, while operating expenses were down \$.4 million over FY 2019-20. After non-operating revenues (expenses), net position increased by \$2.4 million, compared to \$2.2 million in the prior fiscal year.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$700 thousand in the current fiscal year, which is the same as the prior fiscal year. Operating revenues and operating expenses were also the same as the prior fiscal year. During FY 2020-21, the general fund transferred \$.6 million into the Docktown Marina Fund to fund costs associated with implementing the Docktown Plan. After non-operating revenues (expenses) and transfers into the Docktown Marina fund, there was no change in the net position, compared to an increase of \$3.4 million in the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS (BUDGET VS. ACTUAL RESULTS)

Overall, revenues were \$5.2 million less than budgeted primarily due to shortfalls in intergovernmental revenues and charges for services. These shortfalls were partially offset by higher than expected revenues in all other categories.

Property taxes exceeded budget by \$3.6 million primarily due to the continued strength of the local housing market and higher than expected returned Education Revenue Augmentation Fund revenues.

Sales and other taxes were higher than budget by \$4.2 million, primarily due to stronger than expected sales tax (\$3.1 million), transient occupancy tax that was slightly better than expected, by \$.2 million (after the large budget reduction in response to COVID-19), property transfer tax revenues that were \$.3 million higher than budget, business license tax revenues that were \$.2 million higher than budget, and utility users' tax revenue that was \$.4 million higher than expected.

Licenses and permits were higher than budget by \$.3 million due to higher than expected building permit, cannabis permit, and fire related permit fees.

Fines, forfeitures, and penalties were higher than budget by \$.1 million due to higher than expected parking fines.

Use of money and property revenue exceeded budget by \$1.4 million due to unexpected investment earnings in the Section 115 pension trust account (\$3.4 million) and higher than expected investment earnings for the City's pooled investments (\$.7 million). These positive variances were partially offset by a temporary decrease in fair value of investments in the amount of \$2.7 million.

Intergovernmental revenue was less than budget by \$8.8 million, primarily due to the \$9.2 million in American Rescue Plan Act revenue received in May 2021, but deferred to FY 2021-22, per accounting standards. This stimulus money was originally budgeted as a year-end budget amendment, but was required to be recorded in FY 2021-22, in order to comply with accounting standards. Federal, state, and county grant revenue exceeded budget by \$.4 million.

Charges for current services revenue was lower than budget by \$6.0 million. This is primarily due to \$8.2 million of fire services provided in FY 2020-21, but not billed until FY 2021-22. Plan checking revenue exceeded budget by \$.5 million and other current service charges exceeded budget by \$1.5 million.

Other revenues were in line with budget.

Overall, expenditures were \$18.3 million less than budgeted primarily due to reductions in programs as a result of COVID-19 and continued vacancies in a majority of departments. In addition, mid-year budget amendments of \$10.8 million and \$1.0 million were approved by the City Council in February 2021 and June 2021, respectively. However, a majority of these committed funds were not spent as of June 30, 2021. These funds will be carried forward and spent during FY 2021-22.

Unexpected shortfalls in general engineering, subdivision engineering, redevelopment, and trash and recycling efforts, were all offset by budget savings in all other programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2020-21, the City had \$525.1 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
	2021	2020	2021	2020	2021	2020	
	\$	\$	\$	\$	\$	\$	
Land	34.593	31.963	3.126	3.126	37.719	35.089	7.50%
Streets	159.966	132.556			159.966	132.556	20.68%
Construction in progress	55.145	61.691	26.214	16.149	81.359	77.840	4.52%
Buildings	87.953	83.550	62.686	62.686	150.639	146.236	3.01%
Equipment	32.054	29.391	2.260	2.253	34.314	31.644	8.44%
Improvements	27.796	14.932	255.098	243.200	282.894	258.132	9.59%
Harbor improvements			4.828	4.828	4.828	4.828	0.00%
Parks and bridges	44.104	44.104			44.104	44.104	0.00%
Traffic signals	7.813	6.561			7.813	6.561	19.08%
Storm drains	21.026	20.486			21.026	20.486	2.64%
Less accumulated depreciation	<u>(189.241)</u>	<u>(178.140)</u>	<u>(110.347)</u>	<u>(103.497)</u>	<u>(299.588)</u>	<u>(281.637)</u>	6.37%
Total capital assets	<u>281.209</u>	<u>247.094</u>	<u>243.865</u>	<u>228.745</u>	<u>525.074</u>	<u>475.839</u>	10.35%

Governmental Activities – Land assets increased due to a donation of parklands by a private party trust. The increase in streets was primarily due to the improvements by the Stanford in RWC development. At several locations throughout the City, the developer performed demolition, grading and paving, and installation of pavement markings. In addition, the undergrounding of overhead utilities and the associated streetscape improvements funded by Rule 20 monies, were completed in FY 2020-21. Other increases in streets consist of a new overlay on Twin Dolphin Drive and various neighborhood street enhancements. Construction in progress decreased in FY 2020-21 primarily due to the completion of the years-long Rule 20 undergrounding of utilities and associated streetscape improvements. Building assets increased as a result of the purchase of the National Guard Armory within the Red Morton Park. The increase in the equipment category was a result of the purchase of various vehicles. The increase in improvements was due to landscaping and joint trench efforts that were completed as part of the improvements done by the Stanford in RWC development. Storm drains and traffic signals also increased due to the improvements by the Stanford in RWC development, as well as a drainage management project on Oakwood Drive and the revetment project at Redwood Creek.

Business-type Activities – The increase in the construction in progress (CIP) in the Water Fund is due to significant activity in several projects, such as the distribution system replacement project, the California Pump House and Generator project and the CA Tank and Pump Station projects. In the Sewer Fund, there was significant activity in the FY 2019-20 Collection System Replacement project. None of the above projects are complete so they are increasing the balances in (CIP). Increases in the Improvements category are due primarily to the completion of the Water System Seismic update project in the Water Fund and the completion of the FY 2018-19 Collection System Replacement project and the Sanitary Sewer Station Pump Station No. 18 and No. 20 rehab projects in the Sewer Fund. In addition, developer improvements to the recycled water system also led to the overall increase in the Improvements category.

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
	2021	2020	2021	2020	2021	2020	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			54.376	57.663	54.376	57.663	-5.70%
Lease revenue bonds	64.117				64.117		N/A
Accrued sick leave and vacation	15.182	13.614	1.558	1.189	16.740	14.803	13.09%
Total long term debt	<u>79.299</u>	<u>13.614</u>	<u>55.934</u>	<u>58.852</u>	<u>135.233</u>	<u>72.466</u>	86.62%

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, 2021, a total of \$11.2 million in special assessment district debt was outstanding, issued by two 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, 2021, the Successor Agency had tax allocation bonds outstanding in the amount of \$42.1 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR’S BUDGET

FY 2020-21 was a time of extended crisis in our nation and in Redwood City. Our country, and the rest of the world, continued to persevere through the Coronavirus Disease 2019 (COVID-19) pandemic. After growing fatalities and risk of contagion triggered nationwide shelter-in-place health orders in early 2020,

the global economy collapsed and thrust the public health care system into an unprecedented crisis. Local governments across the United States suffered revenue losses, with cities that have strong tourism and hospitality sectors experiencing the most dramatic revenue decreases. People around the world largely stayed at home full-time until vaccines became available in the late spring to early summer of 2021, first for the elderly and immune-compromised and subsequently for all adults. As hotels, restaurants, theaters, shopping malls and gyms were shuttered, the yearlong shelter-in-place affected the City's revenue streams. Transient occupancy tax (TOT) was most drastically affected, and sales tax revenue also suffered. At the same time that these negative influences on revenues were occurring, community needs for essential services and new assistance increased significantly due to economic hardship, straining resources and shifting City priorities. The full impact of COVID-19 on the City's finances were felt in FY 2020-21, as this was the first full fiscal year of the pandemic.

In early FY 2021-22, the availability of vaccines brought a brief sense of relief from the pandemic. However, the rise of the more virulent Delta variant of the virus introducing higher levels of contagion and mortality among the unvaccinated, and breakthrough cases among some vaccinated individuals, abruptly resulted in some renewed health restrictions and reluctance on the part of some to venture out into society, limiting economic growth.

Redwood City, like many cities, relies heavily upon property taxes and sales taxes to finance general governmental activities. In FY 2020-21 these two revenue streams accounted for approximately 43 percent and 22 percent of general fund revenues, respectively. In FY 2020-21, the City continued to experience steady growth in secured property tax revenue, with an increase of 7.5 percent 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 6.7 percent, which is primarily due to strong online sales as a result of the pandemic.

The FY 2021-22 budget, developed a year into the pandemic, focused on service sustainability. While developing the FY 2021-22 budget, staff continued to be guided by the City Council-endorsed financial and community recovery strategy to help the community and organization meet the health, economic, and social challenges due to the COVID-19 pandemic - nicknamed the "Three R's" for Respond, Restore and Reimagine, which addresses the City Council's strategic priorities and guiding principles established in the Strategic Plan.

The FY 2021-22 budget uses ongoing core operating revenues for ongoing core operating expenditures and, with the allocation of \$7.5 million in reserves that was set aside from the Fiscal Year 2019-20 year-end operating balance specifically for this purpose, is balanced for City operations. As financial results for FY 2021-22 develop, staff will consider the necessity of utilizing the \$7.5 million in reserves that was previously set-aside for future projected deficits. Updated assumptions and economic factors will be taken into consideration when developing the Preliminary 10-Year General Fund Forecast in February 2022 and the FY 2022-23 budget shortly after that.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive 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, 2021

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	208,543,676	114,364,903	322,908,579
Cash and investments, restricted	96,447,130	10,515,803	106,962,933
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	8,546,966		8,546,966
Accounts	3,450,014	7,283,865	10,733,879
Loans	9,388,891		9,388,891
Accrued interest	2,800,866		2,800,866
Due from other governmental agencies	19,089,810	4,304,402	23,394,212
Deposits receivable	215,526		215,526
Internal balances	600,000	(600,000)	
Inventory of supplies at cost	132,178	731,651	863,829
Deposits	745,946	10,360	756,306
Prepaid items and other assets	578,753	539,945	1,118,698
Property held for development	3,120,241	398,478	3,518,719
Investment in Sewer Authority		43,232,445	43,232,445
Investment in sewer capacity rights		400,000	400,000
Capital assets:			
Nondepreciable	89,737,930	29,340,056	119,077,986
Depreciable, net	191,471,053	214,533,086	406,004,139
Total assets	634,868,980	425,054,994	1,059,923,974
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		1,277,441	1,277,441
Deferred outflows - Pension related	34,165,528	3,602,507	37,768,035
Deferred outflows - OPEB related	7,917,393	1,777,549	9,694,942
Total deferred outflows of resources	42,082,921	6,657,497	48,740,418
LIABILITIES			
Accounts payable	9,866,152	3,981,378	13,847,530
Accrued interest payable		753,845	753,845
Accrued payroll	4,150,568		4,150,568
Deposits payable	10,765,219	1,539,029	12,304,248
Unearned revenue	14,702,947	2,131,755	16,834,702
Insurance claims payable:			
Due in one year	6,737,607		6,737,607
Due in more than one year	25,345,889		25,345,889
Accrued sick leave and vacation:			
Due in one year	670,522	782,652	1,453,174
Due in more than one year	14,511,700	775,307	15,287,007
Long-Term Debt:			
Due in one year		3,177,155	3,177,155
Due in more than one year	64,116,809	51,198,639	115,315,448
Net OPEB liability, due in more than one year	43,725,741	5,818,913	49,544,654
Net Pension liability, due in more than one year	242,755,562	25,538,457	268,294,019
Total liabilities	437,348,716	95,697,130	533,045,846
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension	543,412	72,860	616,272
Deferred inflows - OPEB	3,798,035	505,638	4,303,673
Total deferred inflows of resources	4,341,447	578,498	4,919,945
NET POSITION			
Net investment in capital assets	281,208,983	188,639,524	469,848,507
Restricted for:			
Pension trust	28,305,202		28,305,202
Capital projects	66,984,875	9,395,287	76,380,162
Transportation	19,435,793		19,435,793
Leisure, cultural, and information services	7,661,804		7,661,804
Debt service	4,791,518	922,155	5,713,673
Community development projects	14,517,526		14,517,526
Public safety	1,013,739		1,013,739
Housing purposes	2,735,522		2,735,522
Other purposes	4,519,145		4,519,145
Total restricted	149,965,124	10,317,442	160,282,566
Unrestricted	(195,912,369)	136,479,897	(59,432,472)
Total net position	235,261,738	335,436,863	570,698,601

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	21,427,691	12,679,472	1,907,964	1,046,667	(5,793,588)		(5,793,588)
Human services	3,655,114				(3,655,114)		(3,655,114)
Public safety	87,558,205	11,340,800	1,309,865		(74,907,540)		(74,907,540)
Transportation	11,938,272	6,541	1,444,646	18,926,506	8,439,421		8,439,421
Environmental support and protection	1,688,207	1,793,170		4,035,776	4,140,739		4,140,739
Leisure, cultural and information services	27,305,627	1,146,856	5,412,382	1,672,597	(19,073,792)		(19,073,792)
Policy development and implementation	12,884,545	5,984,211	1,174,348		(5,725,986)		(5,725,986)
Total Governmental Activities	166,457,661	32,951,050	11,249,205	25,681,546	(96,575,860)		(96,575,860)
Business-Type Activities:							
Water Utility Fund	36,926,646	46,928,458	958,704	4,365,256		15,325,772	15,325,772
Sewer Utility Fund	33,574,745	40,500,791		33,257		6,959,303	6,959,303
Parking Fund	3,459,388	910,594	1,639			(2,547,155)	(2,547,155)
Port of Redwood City	6,736,736	9,023,602				2,286,866	2,286,866
Docktown Marina	605,576	15,932				(589,644)	(589,644)
Total Business-Type Activities	81,303,091	97,379,377	960,343	4,398,513		21,435,142	21,435,142
Total	247,760,752	130,330,427	12,209,548	30,080,059	(96,575,860)	21,435,142	(75,140,718)
General revenues:							
Taxes:							
Property taxes					67,817,300	394,071	68,211,371
Sales taxes					38,455,837		38,455,837
Franchise taxes					4,677,214		4,677,214
Property transfer taxes					1,042,944		1,042,944
Business license taxes					3,339,032		3,339,032
Utility users taxes					9,295,821		9,295,821
Transient occupancy taxes					1,987,722		1,987,722
Other taxes					468,922		468,922
Investment Earnings					3,671,237	(80,648)	3,590,589
Increase (decrease) in investment in sewer authority						(1,278,828)	(1,278,828)
Other					94,821		94,821
Transfers					(2,943,446)	2,943,446	
Special Item					10,272,916		10,272,916
Total general revenues and transfers					138,180,320	1,978,041	140,158,361
Change in Net Position					41,604,460	23,413,183	65,017,643
Net position-Beginning, as restated (Note 10D)					193,657,278	312,023,680	505,680,958
Net position-Ending					235,261,738	335,436,863	570,698,601

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

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 2020-21.

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, 2021

	General Fund	Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$
ASSETS				
Cash and investments available for operations	67,992,067	27,638,912	54,448,662	150,079,641
Cash and investments, restricted	28,305,202	58,960,289	9,181,639	96,447,130
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	8,064,444		482,522	8,546,966
Accounts	3,431,762		52,259	3,484,021
Loans		214,286	9,174,605	9,388,891
Accrued interest	723,503	362,050	1,714,323	2,799,876
Due from other governmental agencies	16,729,747		2,165,009	18,894,756
Due from other funds	612,453	967,342		1,579,795
Prepaid items	72,983	233,084	10,592	316,659
Deposits receivable			215,526	215,526
Land held for redevelopment			3,120,241	3,120,241
Total Assets	<u>125,932,161</u>	<u>88,375,963</u>	<u>80,565,378</u>	<u>294,873,502</u>
LIABILITIES				
Accounts payable	5,149,050	1,972,904	2,275,996	9,397,950
Accrued payroll	4,150,568			4,150,568
Deposits payable	10,228,358	504,904	31,957	10,765,219
Due to other funds	967,342		244,889	1,212,231
Unearned revenue	12,897,694		1,805,253	14,702,947
Total Liabilities	<u>33,393,012</u>	<u>2,477,808</u>	<u>4,358,095</u>	<u>40,228,915</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Due from other governments	8,160,754			8,160,754
Unavailable revenue-Interest receivable			1,714,308	1,714,308
Total Deferred Inflows of Resources	<u>8,160,754</u>		<u>1,714,308</u>	<u>9,875,062</u>
FUND BALANCES				
Nonspendable:				
Loans		214,286	9,174,605	9,388,891
Land held for redevelopment			3,120,241	3,120,241
Prepaid items	72,983	233,084	10,592	316,659
Restricted for:				
Pension trust	28,305,202			28,305,202
Community development			14,517,526	14,517,526
Public safety			1,013,739	1,013,739
Transportation			19,435,793	19,435,793
Leisure, cultural and information services			7,661,804	7,661,804
Debt services			4,791,518	4,791,518
Capital projects		58,960,289	8,024,586	66,984,875
Housing purposes			2,735,522	2,735,522
Other purposes	4,519,145			4,519,145
Committed to:				
General plan	5,229,231			5,229,231
Community benefits			2,429,917	2,429,917
Human services financial assistance			463,924	463,924
Housing purposes			1,212,727	1,212,727
Assigned to:				
Capital projects		26,490,496		26,490,496
Other purposes	3,512,252			3,512,252
Unassigned:	42,739,582		(99,519)	42,640,063
TOTAL FUND BALANCES	<u>84,378,395</u>	<u>85,898,155</u>	<u>74,492,975</u>	<u>244,769,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>125,932,161</u>	<u>88,375,963</u>	<u>80,565,378</u>	<u>294,873,502</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, 2021

	\$
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	244,769,525
<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 \$12,400,138	268,808,845
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>	
	16,957,664
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>	
Earned but unavailable revenues	8,160,754
Interest revenue	1,714,308
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>	
Long-term debt	(64,116,809)
Accrued sick leave and vacation, net of Internal Service Fund of (\$981,685)	(13,644,329)
Net Pension liability, net of Internal Service Fund of (\$20,464,498)	(222,291,064)
Net OPEB obligation, net of Internal Service Fund of (\$4,923,652)	(38,802,089)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$2,887,699	31,277,829
OPEB related, net of Internal Service Fund of \$1,582,169	6,335,224
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of (\$60,167)	(483,245)
OPEB related, net of Internal Service Fund of (\$373,160)	(3,424,875)
NET POSITION OF GOVERNMENTAL ACTIVITIES	235,261,738

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, 2021

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
REVENUES				
Property taxes/special assessments	67,641,407		1,806,803	69,448,210
Sales and other taxes	52,037,046		3,064,574	55,101,620
Licenses and permits	6,349,024		221,452	6,570,476
Fines, forfeitures and penalties	439,641		130,251	569,892
Use of money and property	8,297,933	(66,385)	35,032	8,266,580
Intergovernmental	8,172,483	25,571	8,571,938	16,769,992
Charges for current services	13,455,647		1,660,104	15,115,751
Contributions	541,416		5,993	547,409
Other	118,204		623	118,827
Total Revenues	157,052,801	(40,814)	15,496,770	172,508,757
EXPENDITURES				
Current Operations:				
Community development	12,898,612	3,433,277	4,027,641	20,359,530
Human services	3,368,746		109,250	3,477,996
Public safety	82,319,023	11,822	53,205	82,384,050
Transportation	1,254,370	901,429	6,232,715	8,388,514
Environmental support and protection	345,853	49,311	1,597,033	1,992,197
Leisure, cultural and information services	24,219,368	120,164	451,740	24,791,272
Policy development and implementation	11,221,039	679,444	228,825	12,129,308
Capital outlay		8,532,657	10,903,927	19,436,584
Debt service:				
Bond issuance costs		365,002		365,002
Total Expenditures	135,627,011	14,093,106	23,604,336	173,324,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,425,790	(14,133,920)	(8,107,566)	(815,696)
OTHER FINANCING SOURCES (USES)				
Bond proceeds		59,325,291	4,791,518	64,116,809
Transfers in	805,956	12,668,467	3,671,679	17,146,102
Transfers (out)	(18,045,697)	(1,530,494)	(642,192)	(20,218,383)
Total Other Financing Sources (Uses)	(17,239,741)	70,463,264	7,821,005	61,044,528
NET CHANGE IN FUND BALANCES	4,186,049	56,329,344	(286,561)	60,228,832
Special Item			10,272,916	10,272,916
Fund balances - beginning, as restated (Note 10D)	80,192,346	29,568,811	64,506,620	174,267,777
Fund balances - ending	<u>84,378,395</u>	<u>85,898,155</u>	<u>74,492,975</u>	<u>244,769,525</u>

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, 2021

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 AND SPECIAL ITEM - TOTAL GOVERNMENTAL FUNDS	70,501,748
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital acquisitions as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
This was the amount of capital assets recorded in the current period	19,436,584
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	19,685,759
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$1,464,478 which has already been allocated to the internal service funds.)	(7,493,707)
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Bond proceeds from issuance of bonds	(64,116,809)
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):	
Earned but unavailable revenues	8,160,754
Change in compensated absences	(1,320,567)
Interest receivable and intergovernmental revenue	161,117
OPEB related expenses	2,012,702
Pension related expense	(9,537,002)
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	4,113,881
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	41,604,460

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

PROPRIETARY FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS

WATER UTILITY FUND

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

SEWER UTILITY FUND

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

PARKING FUND

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

PORT OF REDWOOD CITY (PORT FUND)

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

DOCKTOWN MARINA

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

INTERNAL SERVICE FUNDS

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

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	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	44,079,121	40,119,975	8,590,072	21,216,338	359,397	114,364,903	58,464,035
Receivables (net of allowance for uncollectibles):							
Accounts	4,673,630	2,105,954	21,648	478,352	4,281	7,283,865	(34,007)
Accrued interest							990
Due from other governmental agencies	460	4,303,517	425			4,304,402	195,054
Due from other funds							300,000
Inventory of supplies at cost	731,651					731,651	132,178
Deposits	10,360					10,360	745,946
Prepaid items and other assets	67,689	17,161	637	454,458		539,945	262,094
Total current assets	49,562,911	46,546,607	8,612,782	22,149,148	363,678	127,235,126	60,066,290
Noncurrent assets:							
Cash and investments, restricted	17,653		9,395,287	1,102,863		10,515,803	
Advances to other funds							300,000
Investment in Sewer Authority		43,232,445				43,232,445	
Investment in sewer capacity rights				400,000		400,000	
Investment in property held for development					398,478	398,478	
Capital assets:							
Nondepreciable	17,691,000	4,887,028	1,100,851	5,661,177		29,340,056	2,186,335
Depreciable buildings, property, equipment and infrastructure, net	112,930,290	49,275,379	21,328,722	30,973,765	24,930	214,533,086	10,213,803
Total noncurrent assets	130,638,943	97,394,852	31,824,860	38,137,805	423,408	298,419,868	12,700,138
Total assets	180,201,854	143,941,459	40,437,642	60,286,953	787,086	425,654,994	72,766,428
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	1,116,676			160,765		1,277,441	
Deferred outflows - Pension	1,756,011	886,698	414,502	464,687	80,609	3,602,507	2,887,699
Deferred outflow - OPEB	951,068	454,321	263,400	108,760		1,777,549	1,582,169
Total deferred outflows of resources	3,823,755	1,341,019	677,902	734,212	80,609	6,657,497	4,469,868
LIABILITIES							
Current liabilities:							
Accounts payable	1,919,984	882,326	172,587	895,937	110,544	3,981,378	468,202
Deposits payable	1,190,102		20,170	317,686	11,071	1,539,029	
Due to other funds	300,000					300,000	367,564
Insurance claims payable - current portion							6,737,607
Accrued sick leave and vacation - current portion	413,581	141,123	72,770	154,518	660	782,652	556,208
Revenue bonds payable - current portion	2,255,000			922,155		3,177,155	
Unearned revenue	1,956,324		81,886	175,431		2,213,641	
Accrued interest payable	716,912			36,933		753,845	
Total current liabilities	8,751,903	1,023,449	347,413	2,502,660	122,275	12,747,700	8,129,581
Noncurrent liabilities:							
Insurance claims payable							25,345,889
Accrued sick leave and vacation	434,917	175,209	165,181			775,307	981,685
Advances from other funds	300,000					300,000	
Net OPEB Liability	2,916,449	1,486,568	724,652	691,244		5,818,913	4,923,652
Net Pension liability	12,444,476	6,283,844	2,945,740	3,293,138	571,259	25,538,457	20,464,498
Revenue bonds payable	41,064,293			10,134,346		51,198,639	
Total noncurrent liabilities	57,160,135	7,945,621	3,835,573	14,118,728	571,259	83,631,316	51,715,724
Total liabilities	65,912,038	8,969,070	4,182,986	16,621,388	693,534	96,379,016	59,845,305
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - OPEB	223,824	108,068	60,664	113,082		505,638	373,160
Deferred inflows - Pension	36,588	18,475	6,435	9,682	1,680	72,860	60,167
Total deferred inflows of resources	260,412	126,543	67,099	122,764	1,680	578,498	433,327
NET POSITION							
Net investment in capital assets	87,319,650	49,275,379	21,328,722	30,690,843	24,930	188,639,524	12,400,138
Restricted for capital projects			9,395,287			9,395,287	
Restricted for debt service				922,155		922,155	
Unrestricted	30,533,509	86,911,486	6,141,450	12,664,015	147,551	136,398,011	4,557,526
Total net position	117,853,159	136,186,865	36,865,459	44,277,013	172,481	335,354,977	16,957,664

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, 2021

	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	46,928,458	40,500,791	910,594	9,023,602	15,932	97,379,377	39,118,828
Total Operating Revenues	<u>46,928,458</u>	<u>40,500,791</u>	<u>910,594</u>	<u>9,023,602</u>	<u>15,932</u>	<u>97,379,377</u>	<u>39,118,828</u>
Operating Expenses:							
Employee services	6,789,563	2,934,573	1,386,081	2,267,373	140,738	13,518,328	20,010,133
Maintenance	978,571	313,841	108,433	479,952	11,285	1,892,082	839,987
Water purchases	17,127,855					17,127,855	
Utilities	1,227,725	897,695	99,951	104,413	19,172	2,348,956	51,099
Contractual services	1,710,299	22,973,422	509,603	285,018	398,504	25,876,846	1,822,463
Supplies and services	2,855,434	3,435,104	471,288	449,183	87,488	7,298,497	1,321,284
Noncapitalized projects		1,340,035				1,340,035	
Depreciation and amortization	3,326,563	1,151,116	755,235	1,617,672		6,850,586	1,464,478
Insurance and claims	1,237,757	528,959	128,797	340,986	27,518	2,264,017	9,847,542
Total Operating Expenses	<u>35,253,767</u>	<u>33,574,745</u>	<u>3,459,388</u>	<u>5,544,597</u>	<u>684,705</u>	<u>78,517,202</u>	<u>35,356,986</u>
Operating Income (Loss)	<u>11,674,691</u>	<u>6,926,046</u>	<u>(2,548,794)</u>	<u>3,479,005</u>	<u>(668,773)</u>	<u>18,862,175</u>	<u>3,761,842</u>
Nonoperating Revenues (Expenses):							
Impairment gain (loss) on property					79,129	79,129	6,940
Property taxes			312,185			312,185	
Grant revenue	958,704		1,639			960,343	
Investment earnings	(262,211)	48,445	27,541	105,792	(215)	(80,648)	216,264
Interest expense	(1,672,879)			(478,033)		(2,150,912)	
Increase (decrease) in investment in sewer authority		(1,278,828)				(1,278,828)	
Other				(714,106)		(714,106)	
Net Nonoperating Revenues (Expenses)	<u>(976,386)</u>	<u>(1,230,383)</u>	<u>341,365</u>	<u>(1,086,347)</u>	<u>78,914</u>	<u>(2,872,837)</u>	<u>223,204</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>10,698,305</u>	<u>5,695,663</u>	<u>(2,207,429)</u>	<u>2,392,658</u>	<u>(589,859)</u>	<u>15,989,338</u>	<u>3,985,046</u>
Capital contributions	4,365,256	33,257				4,398,513	
Transfers in	1,214,284	375,932	1,391,626		590,394	3,572,236	300,671
Transfers (out)		(628,790)				(628,790)	(171,836)
Total Capital Contributions and Transfers	<u>5,579,540</u>	<u>(219,601)</u>	<u>1,391,626</u>		<u>590,394</u>	<u>7,341,959</u>	<u>128,835</u>
Change in net position	<u>16,277,845</u>	<u>5,476,062</u>	<u>(815,803)</u>	<u>2,392,658</u>	<u>535</u>	<u>23,331,297</u>	<u>4,113,881</u>
Total net position-beginning	<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>
Total net position-ending	<u><u>117,853,159</u></u>	<u><u>136,186,865</u></u>	<u><u>36,865,459</u></u>	<u><u>44,277,013</u></u>	<u><u>172,481</u></u>	<u><u>335,354,977</u></u>	<u><u>16,957,664</u></u>

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Downtown Marina	Totals	Governmental Activities - Internal Service Funds
	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:							
Cash received from customers	46,726,391	38,393,409	899,926	9,041,109	37,847	95,098,682	
Cash received from interfund services provided							39,105,422
Cash payments to suppliers for goods and services	(28,072,226)	(29,796,911)	(1,464,913)	(1,796,348)	(459,377)	(61,589,775)	(11,690,182)
Cash payments to employees for services	(7,069,220)	(3,126,280)	(1,336,446)	(2,277,899)	(157,811)	(13,967,656)	(20,532,894)
Right of way compensation							
Net cash provided by (used in) operating activities	11,584,945	5,470,218	(1,901,433)	4,966,862	(579,341)	19,541,251	6,882,346
Cash flows from noncapital financing activities:							
Nonoperating grant revenue	958,704		1,639			960,343	
Property taxes			312,185			312,185	
Transfers in	1,214,284	375,932	1,391,626		590,394	3,572,236	300,671
Transfers out		(628,790)				(628,790)	(171,836)
Advances from (to) other funds	(300,000)					(300,000)	300,000
Other				(698,405)		(698,405)	
Net cash provided by (used in) noncapital financing activities	1,872,988	(252,858)	1,705,450	(698,405)	590,394	3,217,569	428,835
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(16,726,475)	(4,542,053)	(543,711)	(166,408)		(21,978,647)	(3,943,588)
Sale of property held for development					79,129	79,129	
Contributions	4,365,256	33,257				4,398,513	
Principal retirements	(2,396,054)			(891,063)		(3,287,117)	
Interest paid	(1,629,072)			(460,814)		(2,089,886)	
Net cash used in capital and related financing activities	(16,386,345)	(4,508,796)	(543,711)	(1,518,285)	79,129	(22,878,008)	(3,943,588)
Cash flows from investing activities:							
Interest on investments	(262,211)	48,445	27,541	105,792	(215)	(80,648)	221,889
Net cash provided by investing activities	(262,211)	48,445	27,541	105,792	(215)	(80,648)	221,889
Net increase (decrease) in cash and cash equivalents	(3,190,623)	757,009	(712,153)	2,855,964	89,967	(199,836)	3,589,482
Cash and cash equivalents at beginning of fiscal year	47,287,397	39,362,966	18,697,512	19,463,237	269,430	125,080,542	54,874,553
Cash and cash equivalents at end of fiscal year	44,096,774	40,119,975	17,985,359	22,319,201	359,397	124,880,706	58,464,035
Financial statement presentation:							
Cash and investments available for operations	44,079,121	40,119,975	8,590,072	21,216,338	359,397	114,364,903	58,464,035
Cash and investments, restricted	17,653		9,395,287	1,102,863		10,515,803	
Cash and cash equivalents at end of year	44,096,774	40,119,975	17,985,359	22,319,201	359,397	124,880,706	58,464,035
Reconciliation of Net Cash Flow from Operating Activities							
Operating income (loss)	11,674,691	6,926,046	(2,548,794)	3,479,005	(668,773)	18,862,175	3,761,842
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,326,563	1,151,116	755,235	1,617,672		6,850,586	1,464,478
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(357,242)	(252,137)	(9,683)	(16,202)	21,690	(613,574)	147,082
Decrease (increase) in due from other governmental agencies	4,925	(1,855,245)	(425)			(1,850,745)	(195,054)
Decrease (increase) in due from other funds							34,566
Decrease (increase) in inventory/prepaid expenses/deposits	(142)	2,695	786	(128,368)		(125,029)	(187,191)
Decrease (increase) in pension deferred outflows	(371,058)	(187,365)	(48,171)	(98,192)	(17,033)	(721,819)	(610,191)
Decrease (increase) in OPEB deferred outflow	(453,484)	(216,628)	(125,593)	(61,416)		(857,121)	(754,404)
Increase (decrease) in vacation & sick leave payable	187,071	40,353	48,059	95,314	(1,740)	369,057	247,296
Increase (decrease) in accounts payable	(2,934,443)	(310,550)	(147,627)	(8,428)	84,590	(3,316,458)	(324,779)
Increase (decrease) in due to other funds							367,564
Increase (decrease) in customer deposits	150,250		(560)	33,709	225	183,624	
Increase (decrease) in unearned revenue							
Increase (decrease) in net pension liability	263,571	133,090	129,841	69,748	12,100	608,350	433,434
Increase (decrease) in pension deferred inflows	(226,558)	(114,401)	(43,347)	(59,953)	(10,400)	(454,659)	(372,568)
Increase (decrease) in net OPEB liability	402,443	192,244	111,457	76,878		783,022	669,491
Increase (decrease) in OPEB deferred inflows	(81,642)	(39,000)	(22,611)	(32,905)		(176,158)	(135,819)
Increase (decrease) in insurance claims payable							2,336,599
Total adjustments	(89,746)	(1,455,828)	647,361	1,487,857	89,432	679,076	3,120,504
Net cash provided by (used in) operating activities	11,584,945	5,470,218	(1,901,433)	4,966,862	(579,341)	19,541,251	6,882,346
Noncash investing, capital and financing activities:							
Increase (decrease) in investment in sewer authority		(1,278,828)				(1,278,828)	
Impairment gain (loss) on property held for development					(79,129)		

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Custodial Funds			
	Successor Agency Private Purpose Trust Fund	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District
	\$	\$	\$	\$
ASSETS				
Cash and Investments	3,602,491	38,097	20,447	703,182
Cash and Investments, restricted	1,563,747			768,161
Accounts Receivables	264			5,023
Accrued Interest Receivable	8			
Deposits		29,506		
Non depreciable capital assets	2,560,739			
Depreciable capital assets, net	11,074,661			
Prepaid items	372,800			
Total Assets	19,174,710	67,603	20,447	1,476,366
LIABILITIES				
Accounts payable	362,050			
Accrued interest payable				
Long-term debt:				
Due in one year	3,535,772			
Due in more than one year	28,132,950			
Due to Bondholders				
Due to SBWMA members				
Employee Benefit Plans Payable		67,603		
Due to the Net-6 JPA				
Due to Districts				
Total Liabilities	32,030,772			
NET POSITION				
Restricted for:				
Private purpose trust (RSA)	(12,856,062)			
Individuals and organizations		67,603		
Other governments			20,447	1,476,366
Total Net Position	(12,856,062)	67,603	20,447	1,476,366

See accompanying notes to financial statements

Custodial Funds				
One Marina Community Facilities District	Community Benefit Improvement District	Redwood City 2020 Agency Fund	South Bay Waste Management Authority	NET-6 JPA
\$	\$	\$	\$	\$
284,705	84,483	409,423	22,183,005	227,078
192,039			16,000,448	
8,731	8,838	83,239	4,126,302	108,468
			35,375	
			677,265	
485,475	93,321	492,662	43,022,395	335,546
		16,411	6,891,170	
			772,833	
				9,121
1,050	93,321			
1,050	93,321	16,411	7,664,003	9,121
484,425		476,251	35,358,392	326,425
484,425		476,251	35,358,392	326,425

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, 2021

	Successor Agency Private Purpose Trust Fund	Custodial Funds		
		Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District
	\$	\$	\$	\$
ADDITIONS				
Property taxes	3,220,644			
Employer contribution				
Members contributions				
Intergovernmental				
Miscellaneous revenue				769,620
Investment earnings	(9,737)			
Total additions	3,210,907			769,620
DEDUCTIONS				
Administrative expenses			102	
Distribution		2,169		731,637
Benefits				
Professional Services				
Community development	156,351			
Depreciation	515,979			
Interest and fiscal agency expenses	1,722,006			
Total deductions	2,394,336	2,169	102	731,637
Change in net position	816,571	(2,169)	(102)	37,983
Net position - beginning, as restated (Note 10D)	(13,672,633)	69,772	20,549	1,438,383
Net position - ending	(12,856,062)	67,603	20,447	1,476,366

See accompanying notes to financial statements

Custodial Funds				
One Marina Community Facilities District	Community Benefit Improvement District	Redwood City 2020 Agency Fund	South Bay Waste Management Authority	NET-6 JPA
\$	\$	\$	\$	\$
		212,500		179,825
274,720		268,297	54,497,949 36,196 319,541	
274,720		480,797	54,853,686	179,825
257,274		409,382	51,227,050	227,729
257,274		409,382	51,227,050	227,729
17,446		71,415	3,626,636	(47,904)
466,979		404,836	31,731,756	374,329
484,425		476,251	35,358,392	326,425

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021

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 regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, 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, 2021

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, 2021

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 City also maintains seven Custodial 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 2021 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, 2021

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, 2021 for those employees retired on or before June 30, 2021 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, 2021

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, 2021

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, 2021.

There is no accrual for unbilled water services as of June 30, 2021; 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, 2021

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, 2021

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, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

P. Implementation of New GASB Pronouncements

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 provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, it was determined that the formal Agency Funds should be accounted for and reported as Custodial Funds.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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. 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.

P. Implementation of New GASB Pronouncements, Continued

The GASB has issued Statement No. 98, "*The Annual Comprehensive Financial Report.*" The requirements of this Statement are effective for reporting periods ending after December 15, 2021. Earlier application is encouraged. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The City early implemented 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, 2021

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, 2021:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 208,543,676	\$ 114,364,903	\$ 27,552,911	\$ 350,461,490
Restricted cash and investments	96,447,130	10,515,803	18,524,395	125,487,328
Total cash and investments	\$ 304,990,806	\$ 124,880,706	\$ 46,077,306	\$ 475,948,818

Cash and investments as of June 30, 2021 consist of the following:

Deposits:	
Cash on hand	\$ 12,610
Deposits with financial institution	1,715,607
Total deposits	1,728,217
Investments:	
County of San Mateo Investment Pool	76,582,386
California Local Agency Investment Fund	120,462,261
Federal Agency Securities	54,282,985
U.S. Treasury Notes	53,106,450
Corporate Notes	30,979,942
Certificate of deposit - Negotiable	10,009,103
Asset-backed Securities	6,084,478
Supranational Obligations	-
Municipal Bonds	5,725,335
Money Market	647,324
Total investments	357,880,264
Total City Treasury	359,608,481
Cash with fiscal agent	116,340,337
Total cash and investments	\$ 475,948,818

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City’s cash and deposits, including restricted cash, was (\$1,488,412) at June 30, 2021. Bank balances before reconciling items were \$1,585,261 at June 30, 2021. 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, 2021, the City had the following investments by maturity:

Cash and Investments	Total	Investment Maturities (in years)				
		12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	60 Months or less
County of San Mateo Investment Pool	\$ 76,582,386	\$ 76,582,386	\$ -	\$ -	\$ -	\$ -
California Local Agency Investment Fund	120,462,261	120,462,261	-	-	-	-
U.S. Agencies, Securities, and Corporate Notes:						
Federal Agency Securities	54,282,985	3,041,010	9,918,622	14,809,992	18,950,789	7,562,572
U.S. Treasury Notes	53,106,450	-	11,321,664	15,987,015	8,697,518	17,100,253
Corporate Notes	30,979,942	7,777,912	5,331,937	6,974,389	10,335,614	560,090
Certificate of Deposit - Negotiable	10,009,103	1,627,581	8,381,522	-	-	-
Municipal Bonds	5,725,335	-	1,028,700	1,629,706	941,163	2,125,766
Asset-backed Securities	6,084,478	-	1,869,705	2,104,776	999,956	1,110,041
Supranational Obligations	-	-	-	-	-	-
Money Market Mutual Funds	647,324	647,324	-	-	-	-
Total	\$ 357,880,264	\$ 210,138,474	\$ 37,852,150	\$ 41,505,878	\$ 39,925,040	\$ 28,458,722

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021

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:		
Citigroup Inc. (Callable)	BBB+	A3
Apple Inc.	AA+	Aa1
U.S. Bancorp (Callable)	A+	A1
Goldman Sachs Group Inc.	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
Pfizer Inc.	A	A1
BlackRock Inc.	AA-	Aa3
Morgan Stanley	AA-	A2
JP Morgan Chase	A-	A2
JP Morgan Chase	A	A3
Bank of America	AA-	A1
Hershey Co.	A	A1
Paccar Financial	A+	A1
Microsoft Corporation	A	A1
Toyota Motor	A+	A1
Intel Corporation	A+	A1
Citigroup Inc.	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:		
Societe Generale New York	A	A1
Sumitomo Mitsui Banking Corporation	A-1	P-1
Nordea Bank ABP New York BRH	AA-	Aa3
Skandinaviska Enskilda Bank	A+	Aa2
DNB Bank ASA New York BR	AA-	Aa2
Skandinaviska Enskilda Bank	A+	Aa2
Asset-backed Securities:		
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
Honda Auto Receivables Owner Trust 2019-1 A3	AAA	Not Rated
Hyundai Auto Receivables Trust	Not Rated	Aaa
CarMax Auto Owner Trust 2020-1 A3	AAA	Not Rated
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, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

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

In fiscal year 1997-98, the City adopted Governmental Accounting Standards Board Statement No. 31, which requires that the City's investments be carried at fair value instead of cost. Under GASB 31, the City must adjust the carrying value of its investments to reflect their fair value at each fiscal year-end, and it must include the effects of these adjustments in income for that fiscal year. The adjustment from carrying value to fair value was an unrealized gain of \$2,664,684 as of June 30, 2021.

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, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2021, the City had \$120,462,261 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 1.00008297. 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, 2021, 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, 2021, these investments matured at an average of 291 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, 2021 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, 2021

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	\$ 30,979,942	\$ -	\$ 30,979,942
Certificate of deposit - Negotiable	10,009,103	-	10,009,103
Municipal Bonds	5,725,335	-	5,725,335
Asset-backed Securities	6,084,478	-	6,084,478
Federal Home Loan Banks	6,052,840	-	6,052,840
Federal National Mortgage Association	32,489,175	-	32,489,175
Federal Home Loan Mortgage	15,740,970	-	15,740,970
Money Market	647,324	-	647,324
US Treasury Notes	53,106,450	53,106,450	-
Total investments subject to levels	<u>160,835,617</u>	<u>\$ 53,106,450</u>	<u>\$ 107,729,167</u>
<u>Investment not subject to levels:</u>			
San Mateo County Pool	76,582,386		
Local Agency Investment Fund	120,462,261		
Total investments not subject to levels	<u>197,044,647</u>		
Total investments	<u>\$ 357,880,264</u>	<u>\$ 53,106,450</u>	<u>\$ 107,729,167</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 \$116,340,337 in cash and investments as of June 30, 2021 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, 2021

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, 2021, 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, 2021, 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, 2021, the annual money-weighted rate of return on investments, net of investment expenses, was 14.24%. 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, 2021, loans receivable consists of the following:

	Government-Wide
Wyndham Place First Time Homebuyer Loan Program	\$ 246,781
First Time Homebuyer Silent Loan Program	164,709
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	813,623
First Community Housing Loan	2,627,000
Police Activities League Loan	214,286
Kainos Home and Training Center Loans	1,893,222
HIP Housing Development Corporation Loan-Willow	92,197
HIP Housing Development Corporation Loan-Oxford	103,600
HIP Housing Development Corporation Loan-Pine Hilton	46,415
Mental Health Association of San Mateo County Loan	600,000
Mezes Court Association	169,377
Stafford Loan	1,577,750
Mid-Pen Housing-Mosaic Garden	1,100,000
Redwood Oaks Associates	500,000
Allowance for Uncollectible Loans	(1,893,222)
Total	\$ 9,388,891

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021 the City has outstanding loans of \$246,781 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, 2021, there were outstanding loans to four homebuyers totaling \$164,709.

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, 2021 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and former Redevelopment Agency have outstanding loans for housing rehabilitation in the amount of \$813,623.

E. 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, 2021 was \$2,627,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

F. 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, 2021 was \$214,286.

G. 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.

H. HIP Housing Development Corporation (HHDC) Loans

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, 2021 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, 2021 was \$103,600.

In June 2016, the City entered into an agreement with HHDC whereby up to \$98,597 from HOME funds were loaned to assist in the rehabilitation of rental housing property located at 606 Hilton Street and 508 Pine Street in Redwood City. The outstanding balance of the loan at June 30, 2021 was \$46,415.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

I. 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, 2021 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, 2021 was \$200,000.

J. 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, 2021 was \$169,377.

K. 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, 2021 was \$1,577,750.

L. 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, 2021 was \$1,100,000.

M. 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 outstanding balance of the loan at June 30, 2021 was \$500,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	Balance		Retirements/		Balance
	June 30, 2020	Additions	Adjustments	Transfers	June 30, 2021
Government activities					
Capital assets not being depreciated:					
Land	\$ 31,963,078	\$ 2,630,000	\$ -	\$ -	\$ 34,593,078
Construction in progress, Property	60,447,317	14,892,826	-	(22,381,626)	52,958,517
Construction in progress, Vehicles	1,244,094	3,996,333	-	(3,054,092)	2,186,335
Total capital assets not being depreciated	<u>93,654,489</u>	<u>18,889,159</u>	<u>-</u>	<u>(25,435,718)</u>	<u>89,737,930</u>
Capital assets being depreciated:					
Buildings	83,550,154	4,403,016	-	-	87,953,170
Accumulated depreciation	(36,690,869)	(1,666,269)	-	-	(38,357,138)
Improvements other than buildings	14,931,512	12,864,509	-	-	27,796,021
Accumulated depreciation	(4,423,520)	(1,062,641)	-	-	(5,486,161)
Parks	41,855,949	-	-	-	41,855,949
Accumulated depreciation	(22,157,048)	(1,450,054)	-	-	(23,607,102)
Streets	132,556,401	5,568,382	-	21,841,674	159,966,457
Accumulated depreciation	(85,354,346)	(5,055,688)	-	-	(90,410,034)
Bridges	2,248,335	-	-	-	2,248,335
Accumulated depreciation	(2,226,829)	(21,509)	-	-	(2,248,338)
Traffic Signals	6,560,468	1,252,868	-	-	7,813,336
Accumulated depreciation	(2,735,749)	(260,926)	-	-	(2,996,675)
Storm Drains	20,486,318	-	-	539,952	21,026,270
Accumulated depreciation	(4,421,922)	(617,796)	-	-	(5,039,718)
Subtotal	<u>144,178,854</u>	<u>13,953,892</u>	<u>-</u>	<u>22,381,626</u>	<u>180,514,372</u>
Machinery & Equipment	29,390,771	283,683	(675,014)	3,054,092	32,053,532
Accumulated depreciation	(20,129,817)	(1,568,012)	600,978	-	(21,096,851)
Net capital assets being depreciated	<u>153,439,808</u>	<u>12,669,563</u>	<u>(74,036)</u>	<u>25,435,718</u>	<u>191,471,053</u>
Governmental activity capital assets, net	<u>\$ 247,094,297</u>	<u>\$ 31,558,722</u>	<u>\$ (74,036)</u>	<u>\$ -</u>	<u>\$ 281,208,983</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,126,270	\$ -	\$ -	\$ -	\$ 3,126,270
Construction in progress	16,148,524	17,675,568	-	(7,610,306)	26,213,786
Total capital assets not being depreciated	<u>19,274,794</u>	<u>17,675,568</u>	<u>-</u>	<u>(7,610,306)</u>	<u>29,340,056</u>
Capital assets being depreciated					
Harbor Improvements	4,827,957	-	-	-	4,827,957
Accumulated depreciation	(3,682,890)	(88,908)	-	-	(3,771,798)
Buildings	62,686,456	-	-	-	62,686,456
Accumulated depreciation	(19,660,176)	(1,337,964)	-	-	(20,998,140)
Machinery and equipment	2,252,435	7,490	-	-	2,259,925
Accumulated depreciation	(1,732,851)	(53,219)	-	-	(1,786,070)
Improvements other than buildings	243,200,200	4,295,589	-	7,610,306	255,106,095
Accumulated depreciation	(78,420,844)	(5,370,495)	-	-	(83,791,339)
Net capital assets being depreciated	<u>209,470,287</u>	<u>(2,547,507)</u>	<u>-</u>	<u>7,610,306</u>	<u>214,533,086</u>
Business-type activity capital assets, net	<u>\$ 228,745,081</u>	<u>\$ 15,128,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,873,142</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

B. 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	\$	239,575
Human Services		128,908
Public Safety		1,348,672
Transportation		5,330,440
Leisure, cultural, and information services		665,215
Policy development and implementation		3,409,988
Environmental support and protection		580,097
Total Depreciation Expense-Governmental Activities	<u>\$</u>	<u>11,702,895</u>

Business-Type Activities

Water Utility Fund	\$	3,326,563
Sewer Utility fund		1,151,116
Parking Fund		755,235
Port of Redwood City		1,617,672
Total Depreciation Expense-Business-Type Activities	<u>\$</u>	<u>6,850,586</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 decrease in the investment of \$1,278,828. 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, 2021

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

During the fiscal year ended June 30, 2021, the City contributed \$13,023,504 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$9,427,893 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 \$1,369,860 toward capital improvements and capital reserves.

At June 30, 2021, the total obligation for the 2018 and 2021 revenue bonds and 2019 Notes is \$487,025,000. The City's direct obligation is \$261,615,000. For the fiscal year 2021-22, the City is obligated to pay debt principal and interest payments totaling \$9,414,893. 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 2020-21, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$40,549,236. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$22,995,736. Net revenues available for debt services amounted to \$17,553,500, which represented coverage of 1.86 times over the total of debt services of \$9,427,893.

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.

In March 2021, SVCW issued 2021 Wastewater Revenue Refunding Bonds in the amount of \$143,835,000 comprised of \$137,010,000 Series A Taxable Bonds and \$6,825,000 Series B Tax-Exempt Bonds. The proceeds from the 2021 Series A Bonds were used to refund the outstanding portion of the 2014 and 2015 Wastewater Revenue Bonds, and to pay the costs of issuance of the Series A Bonds. Pursuant to the financing agreement, the City's allocable share of the 2021 bonds is approximately 52.4%.

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, 2021

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

The condensed unaudited financial information of the JPA as of June 30, 2021 is as follows:

Total Assets	\$	736,133,356
Deferred Outflows of Resources		28,637,273
Total Liabilities		(636,863,272)
Deferred Inflows of Resources		(1,624,556)
Total Net Position	\$	126,282,801
Total Operating Revenues	\$	54,106,188
Total Operating Expenses		(39,092,171)
Total Operating Income (loss)		15,014,017
Other Income (loss)		(11,843,201)
Net Income (loss)	\$	3,170,816
Cumulative Agency Balances:		
Belmont	\$	44,904,754
Redwood City		43,232,444
San Carlos		8,625,973
West Bay Sanitation District		29,519,630
Total Net Position	\$	126,282,801

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

Lease Revenue Bonds, Series 2021:

In June 2021, \$56,885,000 Lease Revenue Bonds, Series 2021 (Veterans Memorial Building/Senior Center) are issued by the Redwood City Public Facilities and Infrastructure Authority (Authority), with a bond premium of \$7,231,809. The Bonds are issued to (a) finance a portion of the cost of construction of a new activity and community center known as the Veterans Memorial Building/Senior Center, (b) fund capitalized interest with respect to the bonds through January 1, 2024, and (c) pay the cost of the issuance of the bonds.

Principal and interest is payable in 28 annual installments of \$1,205,000 to \$3,000,000 from June 1, 2024 through June 1, 2051, with total principal and interest remaining of \$90,208,822.

The bonds are secured by a pledge of and lien on the Revenues, consisting primarily of lease payments. The City will lease the Project and the site thereof (collectively, the "Leased Property") from the Authority pursuant to a lease agreement, dated as of June 1, 2021 (the "Lease Agreement"), by and between the Authority and the City. Under the Lease Agreement, the City is required to make Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the Bonds.

The Bonds are special limited obligations of the Authority, payable solely from and secured solely by certain proceeds of the Bonds held in certain funds and accounts pursuant to the Indenture and the Revenues and other payments made or caused to be made by the City pursuant to the Lease Agreement. The City has covenanted in the Lease Agreement to take such actions as may be necessary to include all Lease Payments due thereunder in its annual general fund budgets and to make the necessary annual appropriations therefor.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

B. Changes in Long-Term Obligations

As of June 30, 2021, 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	\$ 13,614,359	\$ 15,182,222	\$ 13,614,359	\$ 15,182,222	\$ 670,522
Revenue Bonds					
2021 Veterans Memorial Lease Revenue Bonds	-	56,885,000	-	56,885,000	-
Unamortized premium	-	7,231,809	-	7,231,809	-
	<u>-</u>	<u>64,116,809</u>	<u>-</u>	<u>64,116,809</u>	<u>-</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 13,614,359</u>	<u>\$ 79,299,031</u>	<u>\$ 13,614,359</u>	<u>\$ 79,299,031</u>	<u>\$ 670,522</u>

At year-end, \$1,537,893 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.

C. Annual Repayment Requirements for Governmental Activities Long Term Debt

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 265,139	\$ 265,139
2023	-	1,887,250	1,887,250
2024	1,205,000	1,887,250	3,092,250
2025	1,250,000	1,839,050	3,089,050
2026	1,300,000	1,789,050	3,089,050
2027-2031	7,330,000	8,121,850	15,451,850
2032-2037	10,895,000	7,641,150	18,536,150
2038-2042	10,845,000	4,604,100	15,449,100
2043-2047	12,575,000	2,876,700	15,451,700
2048-2051	11,485,000	874,050	12,359,050
Total	<u>\$ 56,885,000</u>	<u>\$ 31,785,589</u>	<u>\$ 88,670,589</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

D. Description, Continued

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, 2021.

Pledges of Future Revenues – The pledge of future water utility fund revenues ends upon repayment of the \$67.1 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.

E. Changes in Long-Term Obligations

As of June 30, 2021, 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	\$ 6,987,439	\$ -	\$ 457,562	\$ 6,529,877	\$ 477,155
Port of Redwood City-2015 Series	2.00-4.00	4,975,000	-	435,000	4,540,000	445,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	20,430,000	-	1,060,000	19,370,000	1,105,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	16,450,000	-	840,000	15,610,000	875,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	5,535,000	-	265,000	5,270,000	275,000
Unamortized Premium-Water		3,300,345	-	231,055	3,069,290	-
Unamortized Discount-Port		(14,873)	-	(1,500)	(13,373)	-
Total Bonds and Loans		\$57,662,911	\$ -	\$ 3,287,117	\$54,375,794	\$ 3,177,155
Accrued Sick Leave and Vacation:		\$ 1,188,902	\$ 1,188,901	\$ 989,452	\$ 1,557,959	\$ 782,652

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

For The Fiscal Year Ending June 30	Principal	Interest	Total
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	3,759,278	1,569,351	5,328,629
2027-2031	20,675,178	5,301,950	25,977,128
2032-2036	13,365,680	1,213,805	14,579,485
	<u>\$ 51,319,877</u>	<u>\$ 15,856,096</u>	<u>\$ 67,175,973</u>

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 \$42,070,000. 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

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

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, 2021, 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.

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, 2021, the outstanding principal amount was \$3,825,000.

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, 2021

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, 2021 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%	12.75%
Required employer contribution rates -normal cost	23.512%	23.512%	23.512%
	<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	10.362%	10.362%	10.362%

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 \$9,944,509 and \$9,224,773 for the safety and miscellaneous plans respectively in fiscal year 2021.

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, 2021

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, 2021, the following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2019 and measurement date of June 30, 2020:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	568	344
Inactive employees entitled to but not yet receiving benefits	511	59
Active employees	378	165
Total	1,457	568

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020 actuarial valuation were determined using the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.500%	7.500%
Inflation	2.625%	2.625%
Payroll Growth	2.875%	2.875%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.25% (1)	7.25% (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.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 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, 2021

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 rates of return by asset class.

Asset Class (a)	New	Real Return	Real Return
	Strategic Allocation	Years 1 - 10(b)	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 Comprehensive Annual Financial Report, Fixed income is included in Global Equity and Fixed Income; 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, 2021

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, 2019 (Measurement Date)	\$ 353,277,021	\$ 243,637,914	\$ 109,639,107
Changes in the year:			
Service cost	6,178,031	-	6,178,031
Interest on the total pension liability	24,840,488	-	24,840,488
Differences between actual and expected experience	(523,039)	-	(523,039)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	13,379,383	(13,379,383)
Contribution - employees	-	2,881,886	(2,881,886)
Net investment income	-	12,205,299	(12,205,299)
Administrative expenses	-	(343,470)	343,470
Benefit payments , including refunds of employee contributions	(16,847,184)	(16,847,184)	-
Other Miscellaneous Income/(expense)	-	-	-
Net changes	<u>13,648,296</u>	<u>11,275,914</u>	<u>2,372,382</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 366,925,317</u>	<u>\$ 254,913,828</u>	<u>\$ 112,011,489</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2019 (Measurement Date)	\$ 412,710,772	\$ 264,967,021	\$ 147,743,751
Changes in the year:			
Service cost	8,659,505	-	8,659,505
Interest on the total pension liability	29,301,302	-	29,301,302
Differences between actual and expected experience	3,510,050	-	3,510,050
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	16,718,593	(16,718,593)
Contribution - employees	-	3,294,361	(3,294,361)
Net investment income	-	13,292,662	(13,292,662)
Administrative expenses	-	(373,538)	373,538
Benefit payments , including refunds of employee contributions	(21,484,308)	(21,484,308)	-
Other Miscellaneous Income/(expense)	-	-	-
Net changes	<u>19,986,549</u>	<u>11,447,770</u>	<u>8,538,779</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 432,697,321</u>	<u>\$ 276,414,791</u>	<u>\$ 156,282,530</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	\$ 159,955,983	\$ 214,696,585	\$ 374,652,568
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 112,011,489	\$ 156,282,530	\$ 268,294,019
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 72,298,395	\$ 108,409,086	\$ 180,707,481

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, 2021

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, 2021, the City recognized pension expense of \$13,087,567 for the Miscellaneous Plan and \$24,893,743 for the Safety Plan, with a total of \$37,981,310. At June 30, 2021, 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	\$ 13,310,635	\$ -	\$ 16,251,126	\$ -	\$ 29,561,761	\$ -
Changes of Assumptions	-	-	-	(286,951)	-	(286,951)
Differences between Expected and Actual	627,616	(329,321)	3,685,922	-	4,313,538	(329,321)
Net differences between projected and actual earnings on plan investments	1,867,428	-	2,025,308	-	3,892,736	-
Total	<u>\$ 15,805,679</u>	<u>\$ (329,321)</u>	<u>\$ 21,962,356</u>	<u>\$ (286,951)</u>	<u>\$ 37,768,035</u>	<u>\$ (616,272)</u>

\$29,561,761 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, 2022. 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
2022	\$ (609,604)	\$ 664,702
2023	492,981	1,865,899
2024	1,254,698	1,780,810
2025	1,027,648	1,112,868
Total	<u>\$ 2,165,723</u>	<u>\$ 5,424,279</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2020 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	553
Inactive employees or beneficiaries currently receiving benefits	417
Inactive employees entitled to, but not yet receiving benefits	115
	1085

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, the City’s cash contributions were \$3,401,911 in payments to the trust plus \$3,611,902 cash benefit payments and the estimated implied subsidy was \$709,000 resulting in total payments of \$7,722,813.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, 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, 2021

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, 2021

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, 2020			
(Measurement date 06/30/2019)	\$ 88,852,734	\$ 39,387,995	\$ 49,464,739
Changes in the year:			
Service cost	2,654,796	-	2,654,796
Interest	6,039,766	-	6,039,766
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	-	-	-
Contribution - employer	-	8,091,673	(8,091,673)
Contribution - employee			
Net investment income	-	1,245,474	(1,245,474)
Benefit payments	(4,059,058)	(4,059,058)	-
Administrative expenses	-	(31,256)	31,256
Net changes	<u>4,635,504</u>	<u>5,246,833</u>	<u>(611,329)</u>
Balance at June 30, 2021			
(Measurement date 06/30/2020)	<u>\$ 93,488,238</u>	<u>\$ 44,634,828</u>	<u>\$ 48,853,410</u>

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, 2020:

	1% Decrease	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Net OPEB Liability	\$ 61,181,391	\$ 48,853,410	\$ 38,716,887

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2020:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 36,948,191	\$ 48,853,410	\$ 65,564,953

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, 2021, the City recognized OPEB expense of \$5,256,562. For the fiscal year ended June 30, 2021, 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	\$ 7,722,813	\$ -
Changes of Assumptions	925,677	-
Differences between expected and actual experience	-	(4,190,591)
Net differences between projected and actual earnings on plan investments	937,692	-
Total	\$ 9,586,182	\$ (4,190,591)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2020 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, 2022.

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
2022	\$ (718,948)
2023	(576,026)
2024	(516,983)
2025	(515,265)
Total	<u>\$ (2,327,222)</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>8</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, 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, 2020 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, 2020
Salary Increases	3.0% including inflation
Investment Rate of Return	2.45%
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 2017 CalPERS Valuation

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 2.75% at June 30, 2020, and 2.45% at June 30, 2021.

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, 2021

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

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, 2020 (Measurement date 06/30/2019)	\$ 614,366	\$ -	\$ 614,366
Changes in the year:			
Service cost	5,356	-	5,356
Interest	18,925	-	18,925
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	72,042	-	72,042
Contribution - employer	-	19,445	(19,445)
Contribution - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(19,445)	(19,445)	-
Administrative expenses	-	-	-
Net changes	76,878	-	76,878
Balance at June 30, 2020 (Measurement date 06/30/2020)	\$ 691,244	\$ -	\$ 691,244

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, 2020:

	1% Decrease	Current	1% Increase
	(1.45%)	Discount Rate (2.45%)	(3.45%)
Net OPEB Liability	\$ 820,812	\$ 691,244	\$ 589,022

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2020:

	1% Decrease 6.0% to 5.0%	Current Trend Rate 7.0% to 6.0%	1% Increase 8.0% to 7.0%
Net OPEB Liability	\$ 587,195	\$ 691,244	\$ 821,332

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected average remaining service lifetime (EARSL) (6.1 Years at June 30, 2020)

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

For the fiscal year ended June 30, 2021, the Port recognized OPEB expense of \$10,522. For the fiscal year ended June 30, 2021, 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	\$ 31,427	\$ -
Changes of Assumptions	77,333	(27,315)
Differences between expected and actual experience	-	(85,767)
Total	\$ 108,760	\$ (113,082)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$31,427 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. 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
2022	\$ (6,718)
2023	(6,718)
2024	(5,901)
2025	(14,936)
2026	(1,476)
Total	<u>\$ (35,749)</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, 2021

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, 2021, restricted net position for the governmental activities was \$149,965,124.

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, 2021

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, 2021, 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, 2021

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.

D. Closure of the Section 115 Trust Fund and Agency Funds and Restatement of Beginning Net Position

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities during the year ended June 30, 2021. As a result, the activities of the former agency funds are now reported as custodial funds in the fiduciary funds statements. Custodial funds beginning net position at July 1, 2020, was restated and increased by \$34,506,604.

Due to the interpretation of GASB 68 and GASB 84 for the treatment of the secondary Trust other than CERBT when City has Pension managed by CalPERS, the PARS trust balance is incorporated as restricted cash with fiscal agent in General Fund, the contributing Fund. As a result, the activities of the former Section 115 Trust funds are now reported in the General Fund. The General Fund beginning fund balances was restated and increased by \$24,434,795, and the beginning net position for the Statement of Activities was restated and increased by the same amount.

NOTE 11 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

Seaport Landscape Maintenance, Redwood Shores Landscape Maintenance and Supplemental Law Enforcement Services Special Revenue Funds expenditures exceeded appropriations due to unbudgeted expenditures for which there were sufficient revenue and/or fund balance available.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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	\$ 642,192 (1)
	Internal Service Fund	163,764 (2)
Capital Outlay Fund	General Fund	12,666,149 (3)
	Internal Service Fund	2,318 (1)
Non Major Governmental Funds	General Funds	2,139,928 (1)
	Capital Outlay Fund	1,530,494 (1)
	Internal Service Fund	1,257 (1)
Water Utility Fund	General Fund	583,093 (1)
	Sewer Utility Fund	628,790 (1)
	Internal Service Fund	2,401 (1)
Sewer Utility Fund	General Fund	375,000 (1)
	Internal Service Fund	932 (1)
Parking Fund	General Fund	1,391,242 (1)
	Internal Service Fund	384 (1)
Docktown	General Fund	590,285 (1)
	Internal Service Fund	109 (1)
Internal Service Funds	General Fund	300,000 (1)
	Internal Services Fund	671 (1)
Total Interfund Transfers		<u>\$ 21,019,009</u>

The reasons for these transfers are set forth below:

- (1) Allocation of funds to support operations.
- (2) Reimburse General Fund for interest earned by funds supported by the General Fund.
- (3) Allocation of funds to construct/purchase general capital assets

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 \$218,304 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, 2021. The \$300,000 is related to the long-term advance and is the current portion due.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount Due to/From</u>
Capital Outlay Fund	General Fund	\$ 967,342
General Fund	Redwood Shores Landscape Maintenance Special Revenue Fund	26,585
General Fund	Planning Cost Recovery Special Revenue Fund	218,304
General Fund	Employee Benefits Internal Services Fund	367,564
Equipment Services Fund Internal Services Fund	Water Utility Fund	300,000
		<u>\$ 1,879,795</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 12 – INTERFUND TRANSFERS AND TRANSACTIONS (CONTINUED)

C. Long-Term Interfund Loans

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Water Utility Fund	Equipment Services Fund Internal Services Fund	\$ 300,000
	Total Long-term Interfund Loans	\$ 300,000

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 2020-21 the water utility enterprise fund repaid \$300,000 to the equipment services internal service Fund. As of June 30, 2021, \$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 \$611,856 during FY 2020-21 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.

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 2020-21 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 2020-21 was \$2,048,541.

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.

**CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021**

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

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 2019, 2020, and 2021 were:

Fiscal Year	Beginning Balance	Current Year Claims/Changes in Estimates	Claim Payments	Ending Balance
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
2020-21	29,746,897	6,231,227	(3,894,628)	32,083,496

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

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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.

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 December 2020, the appellate court ruled in the City's favor. The City received \$10.3 million from the DOF in June 2021, which is recorded in the Low & Moderate Income Housing Asset Fund as a Special Item.

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, 2021

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

Capital Assets:

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	(4,557,957)	(356,054)	(4,914,011)
Traffic Signals	208,691	-	208,691
Accumulated depreciation	(109,565)	(10,435)	(120,000)
Storm Drains	4,101,302	-	4,101,302
Accumulated depreciation	(1,589,258)	(102,533)	(1,691,791)
Machinery & Equipment	953,244	-	953,244
Accumulated depreciation	(647,320)	(46,957)	(694,277)
Net capital assets being depreciated	<u>\$ 11,590,640</u>	<u>\$ (515,979)</u>	<u>\$ 11,074,661</u>
Total capital assets, net	<u>\$ 14,151,379</u>	<u>\$ (515,979)</u>	<u>\$ 13,635,400</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 \$42,070,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

Change in Debt:

	Interest Rate %	Beginning Balance	Retirements	Ending Balance	Within One Year
Tax Increment Bonds					
2003 Tax Allocation Bonds	3.50-5.80	\$ 13,059,451	\$ 1,450,685	\$ 11,608,766	\$ 1,352,544
Accreted interest payable		20,028,204	337,504	19,690,700	2,152,456
Unamortized Premium		400,028	30,772	369,256	30,772
Total Bonds		<u>\$ 33,487,683</u>	<u>\$ 1,818,961</u>	<u>\$ 31,668,722</u>	<u>\$ 3,535,772</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

**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
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
	\$ 11,608,766	\$ 30,461,233

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, 2021

NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2021, 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, 2021:

Major Funds:	
General Fund	\$ 3,579,722
Capital Outlay Fund	<u>2,527,464</u>
Total Major Funds	6,107,186
Non-Major Funds	<u>16,203,054</u>
Total Encumbrances	<u><u>\$ 22,310,240</u></u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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. On July 9, 2019 SWBMA issued Solid Waste Enterprise Refunding Revenue Bonds, Series 2019A, Non-Alternative Minimum Tax Green Bonds in the amount of \$31.86 million and Solid Waste Enterprise Revenue Bonds, Series 2019B, Alternative Minimum Tax Green Bonds in the amount of \$16.915 million.

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, 2021:

Total Assets	\$ 92,754,385
Total Liabilities	(66,268,393)
Total Net Position	\$ 26,485,992

NOTE 18 – SUBSEQUENT EVENT

A. Reduction of CalPERS Discount Rate

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Fund balance, July 1	80,192,346	80,192,346	80,192,346	
Resources (inflows):				
Property taxes/special assessments	61,833,525	64,049,868	67,641,407	3,591,539
Sales and other taxes	49,110,506	47,850,318	52,037,046	4,186,728
Licenses and permits	5,725,873	6,084,206	6,349,024	264,818
Fines, forfeitures and penalties	402,000	312,000	439,641	127,641
Use of money and property	5,117,632	6,942,632	8,297,933	1,355,301
Intergovernmental	4,567,651	16,949,131	8,172,483	(8,776,648)
Charges for current services	19,041,528	19,443,443	13,455,647	(5,987,796)
Other	793,663	617,000	659,620	42,620
Amounts available for appropriation	146,592,378	162,248,598	157,052,801	(5,195,797)
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	336,966	336,964	315,539	21,425
Human Services Assistance	59,800	59,800	37,300	22,500
Total City Council	396,766	396,764	352,839	43,925
City Manager:				
Management/Policy execution/				
Organizational Efficiencies	1,146,047	1,956,202	1,225,915	730,287
Communications/Community Engagement	1,305,852	2,430,029	2,215,414	214,615
Affordable Housing	100,000	282,699		282,699
Homeless initiatives		2,099,680	130,060	1,969,620
Diversity, equity, inclusion initiatives	100,000	450,000	100,751	349,249
Economic development	491,393	2,059,622	561,975	1,497,647
Total City Manager	3,143,292	9,278,232	4,234,115	5,044,117
City Attorney	1,892,325	1,877,828	1,819,123	58,705
City Clerk:				
City Clerk	899,503	890,807	801,968	88,839
Elections	394,617	392,061	154,551	237,510
Council support	73,785	78,554	12,707	65,847
Total City Clerk	1,367,905	1,361,422	969,226	392,196

(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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative) \$
	Original	Final	Actual Amounts	
	\$	\$	\$	
Community Development & Transportation:				
Planning	2,673,148	3,074,018	2,819,381	254,637
Strategic planning	1,039,041	1,848,677	999,739	848,938
Building regulation	4,680,835	6,019,560	4,874,835	1,144,725
Administration	523,818	1,576,843	610,972	965,871
General engineering	460,959	700,739	802,401	(101,662)
Subdivision engineering	515,119	757,636	830,780	(73,144)
Code enforcement	1,070,316	1,095,951	1,034,975	60,976
Flood and sea level rise resiliency	55,000	55,000	55,000	
Redevelopment	657,580	656,050	870,529	(214,479)
Total Community Development & Transportation	11,675,816	15,784,474	12,898,612	2,885,862
Finance:				
Financial services	2,046,429	1,959,470	1,939,859	19,611
Administrative support services	2,936,280	3,221,414	2,424,933	796,481
Total Finance	4,982,709	5,180,884	4,364,792	816,092
Fire:				
Administration	2,074,541	2,116,074	1,217,057	899,017
Operations	23,577,897	26,514,633	30,888,715	(4,374,082)
San Carlos Fire	7,577,956	7,552,496	3,216,123	4,336,373
Prevention	1,631,184	1,636,606	1,322,374	314,232
Training	763,813	778,653	325,008	453,645
Emergency medical services	29,155	168,550	154,754	13,796
Emergency operations	115,378	185,329	174,927	10,402
Total Fire	35,769,924	38,952,341	37,298,958	1,653,383
Human Resources	1,989,828	2,536,527	1,961,207	575,320
Library:				
Administrative services unit	1,747,370	1,754,322	1,702,124	52,198
Downtown library	3,795,309	3,817,742	3,734,617	83,125
Literacy services unit	1,071,291	1,540,382	1,615,965	(75,583)
Neighborhood libraries and outreach	2,612,034	2,621,208	2,651,595	(30,387)
Total Library	9,226,004	9,733,654	9,704,301	29,353

(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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
	\$	\$	\$	\$
Parks, Recreation and Community Services:				
Human Services	2,017,961	3,082,759	2,454,840	627,919
COVID-19 emergency rental assistance		991,075	(6,725)	997,800
Administration	1,851,410	1,982,556	1,588,580	393,976
Civic Cultural Commission	73,896	80,453	66,953	13,500
Landscape maintenance	5,305,606	5,331,715	5,510,875	(179,160)
Youth and teen services	3,084,258	3,311,755	2,244,953	1,066,802
Sports and aquatics	2,063,112	2,062,251	1,996,858	65,393
Special interest programming/marketing	1,939,262	1,964,279	1,712,780	251,499
Community services	1,559,446	1,556,382	1,394,068	162,314
Total Parks, Recreation and Community Services	17,894,951	20,363,225	16,963,182	3,400,043
Police:				
Administration	10,060,216	10,043,663	9,954,464	89,199
Records	1,263,445	1,391,921	1,094,696	297,225
Training	722,077	1,253,030	961,658	291,372
Property/Evidence	519,133	384,346	425,865	(41,519)
Police Activities League	104,439	104,439	86,078	18,361
Patrol services	27,000,662	26,963,272	25,622,786	1,340,486
Criminal investigation	6,533,199	6,524,623	6,874,518	(349,895)
Total Police	46,203,171	46,665,294	45,020,065	1,645,229
Public Works:				
Street system maintenance	296,391	296,391	331,906	(35,515)
Street cleaning	287,350	529,505	285,514	243,991
Sidewalk maintenance/Replacement	24,363	24,363	24,363	
Street tree maintenance	921,381	1,007,607	898,101	109,506
Trash and recycling efforts	20,862	20,764	21,244	(480)
Climate action plan programs	30,000	530,000	1,708	528,292
Downtown/Entry feature maintenance	11,889	12,518	8,752	3,766
Storm water collection/Disposal	30,793	30,793	28,635	2,158
Total Public Works	1,623,029	2,451,941	1,600,223	851,718
Non-Departmental:				
COVID-19 related costs of services		1,000,000	883,331	116,669
Department innovation initiatives		150,000		150,000
Mental health/law enforcement pilot program	200,000	200,000		200,000
Building study recommendations	450,000	450,000		450,000
Total Public Works	650,000	1,800,000	883,331	916,669
Reimbursement from Other Funds	(2,442,963)	(2,442,963)	(2,442,963)	
Total charges to appropriations	134,372,757	153,939,623	135,627,011	18,312,612
OTHER FINANCING SOURCES (USES)				
Transfers in	1,688,614	1,739,837	805,956	(933,881)
Transfers (out)	(14,144,245)	(17,714,560)	(18,045,697)	(331,137)
Total Other Financing Sources (Uses)	(12,455,631)	(15,974,723)	(17,239,741)	(1,265,018)
Fund balance, June 30	79,956,336	72,526,598	84,378,395	11,851,797

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	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY							
Service Cost	\$ 6,178,031	\$ 6,198,689	\$ 6,312,633	\$ 5,947,899	\$ 4,988,704	\$ 4,787,766	\$ 4,962,237
Interest	24,840,488	23,887,592	22,736,338	21,786,870	20,902,896	19,792,491	18,925,939
Difference Between Expected and Actual Experience	(523,039)	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	(16,847,184)	(15,604,216)	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
Net Change in Total Pension Liability	13,648,296	16,504,381	13,928,168	32,782,140	15,461,089	6,615,686	12,353,481
Total Pension Liability - Beginning	353,277,021	336,772,640	322,844,472	290,062,332	274,601,243	267,985,557	255,632,076
Total Pension Liability - Ending (a)	\$ 366,925,317	\$ 353,277,021	\$ 336,772,640	\$ 322,844,472	\$ 290,062,332	\$ 274,601,243	\$ 267,985,557
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 13,379,383	\$ 10,318,071	\$ 9,451,153	\$ 8,428,180	\$ 7,063,347	\$ 6,882,313	\$ 6,449,302
Contributions - Employee	2,881,886	2,676,853	2,789,791	2,778,380	2,605,290	2,372,657	2,592,457
Net Investment Income	12,205,299	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	(16,847,184)	(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	(343,470)	(164,968)	-	-	-	-	-
Other Miscellaneous Income/(Expense) (1)	-	536	(638,404)	-	-	-	-
Net Change in Fiduciary Net Position	11,275,914	12,467,695	15,434,303	19,876,220	(2,574,179)	841,888	27,462,627
Plan Fiduciary Net Position - Beginning (2)	243,637,914	231,170,219	215,735,916	195,859,694	198,433,873	197,591,985	170,129,358
Plan Fiduciary Net Position - Ending (b)	\$ 254,913,828	\$ 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)	\$ 112,011,489	\$ 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	69.47%	68.97%	68.64%	66.82%	67.52%	72.26%	73.73%
Covered Payroll (3)	\$ 36,686,645	\$ 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	305.32%	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)	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY							
Service Cost	\$ 8,659,505	\$ 8,897,078	\$ 8,929,972	\$ 8,853,629	\$ 7,609,467	\$ 7,620,719	\$ 6,630,333
Interest	29,301,302	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	3,510,050	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	(21,484,308)	(20,068,009)	(19,154,486)	(18,081,124)	(16,758,122)	(15,054,516)	(14,361,985)
Net Change in Total Pension Liability	19,986,549	17,618,072	19,364,701	38,715,583	17,182,572	10,082,279	14,148,352
Total Pension Liability - Beginning	412,710,772	395,092,700	375,727,999	337,012,416	319,829,844	309,747,565	295,599,213
Total Pension Liability - Ending (a)	\$ 432,697,321	\$ 412,710,772	\$ 395,092,700	\$ 375,727,999	\$ 337,012,416	\$ 319,829,844	\$ 309,747,565
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 16,718,593	\$ 13,102,512	\$ 12,005,986	\$ 11,975,338	\$ 11,288,655	\$ 9,993,967	\$ 7,791,669
Contributions - Employee	3,294,361	3,252,531	3,179,855	2,916,109	2,375,511	2,420,787	2,230,065
Net Investment Income	13,292,662	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	(21,484,308)	(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	(373,538)	(180,021)	-	-	-	-	-
Other Miscellaneous Income/ (Expense)(1)	-	586	(702,091)	-	-	-	-
Net Change in Fiduciary Net Position	11,447,770	12,703,330	15,005,868	21,244,960	(2,047,489)	2,068,199	28,628,284
Plan Fiduciary Net Position - Beginning (2)	264,967,021	252,263,691	237,257,823	216,012,863	218,060,352	215,992,153	187,363,869
Plan Fiduciary Net Position - Ending (b)	\$ 276,414,791	\$ 264,967,021	\$ 252,263,691	\$ 237,257,823	\$ 216,012,863	\$ 218,060,352	\$ 215,992,153
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 156,282,530	\$ 147,743,751	\$ 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	63.88%	64.20%	63.85%	63.15%	64.10%	68.18%	69.73%
Covered Payroll (3)	\$ 27,781,536	\$ 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	562.54%	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

	2020-21	2019-20	2018-19	2017-18 (1)	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 13,251,126	\$ 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	(13,310,635)	(13,379,346)	(10,135,737)	(7,527,907)	(7,428,605)	(6,923,087)	(6,799,358)
Contribution deficiency (excess)	\$ (59,509)	\$ -	\$ -	# \$ -	\$ -	\$ -	\$ -
Covered payroll	39,894,208	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	33.22%	35.06%	28.11%	22.54%	21.37%	21.66%	23.49%

Safety Plan

	2020-21	2019-20	2018-19	2017-18 (1)	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 16,251,126	\$ 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	(16,251,126)	(16,716,096)	(12,871,662)	(10,880,756)	(10,292,946)	(10,439,692)	(9,667,759)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 29,330,001	\$ 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	55.41%	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.

Notes to Schedules	Miscellaneous Plan	Safety Plan
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>	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 2,654,796	\$ 2,579,477	\$ 2,504,347	\$ 2,431,405
Interest on the total OPEB liability	6,039,766	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	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
Net change in total OPEB liability	4,635,504	(324,907)	5,005,762	4,734,790
Total OPEB liability - beginning	88,852,734	89,177,641	84,171,879	79,437,089
Total OPEB liability - ending (a)	\$ 93,488,238	\$ 88,852,734	\$ 89,177,641	\$ 84,171,879
Plan Fiduciary Net Position				
Contributions - employer	\$ 8,091,673	\$ 8,553,676	\$ 6,830,404	\$ 6,163,000
Net investment income	1,245,474	2,293,756	2,158,132	2,270,291
Benefit payments, including refunds of employee contributions	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
Administrative expense	(31,256)	(16,917)	(50,216)	(11,547)
Net change in plan fiduciary net position	5,246,833	6,855,390	5,698,436	5,304,221
Plan fiduciary net position - beginning	39,387,995	32,532,605	26,834,169	21,529,949
Plan fiduciary net position - ending (b)	\$ 44,634,828	\$ 39,387,995	\$ 32,532,605	\$ 26,834,170
Net OPEB liability/(asset) - ending (a) - (b)	\$ 48,853,410	\$ 49,464,739	\$ 56,645,036	\$ 57,337,709
Plan fiduciary net position as a percentage of the total OPEB liability	47.7%	44.3%	36.5%	31.9%
Covered-employee payroll	77,259,985	73,074,208	73,121,435	71,831,235
Net OPEB liability as a percentage of covered-employee payroll	63.2%	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>	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 5,356	\$ 12,928	\$ 12,746	\$ 14,623
Interest on the total OPEB liability	18,925	24,324	23,193	20,261
Differences between expected and actual experience	-	(127,605)	-	-
Changes of assumptions	72,042	37,647	(5,925)	(68,366)
Benefit payments, including refunds of employee contributions	(19,445)	(9,711)	(9,426)	(8,400)
Net change in total OPEB liability	<u>76,878</u>	<u>(62,417)</u>	<u>20,588</u>	<u>(41,882)</u>
Total OPEB liability - beginning	<u>614,366</u>	<u>676,783</u>	<u>656,195</u>	<u>698,077</u>
Total OPEB liability - ending (a)	<u>\$ 691,244</u>	<u>\$ 614,366</u>	<u>\$ 676,783</u>	<u>\$ 656,195</u>
Covered-employee payroll	410,854	501,790	632,232	754,684
Net OPEB liability as a percentage of covered-employee payroll	168.2%	122.4%	107.0%	86.9%

Notes to Schedule:

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

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

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years

City of Redwood City

Fiscal Year Ended June 30	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 6,703,000	\$ 6,504,000	\$ 6,983,000	\$ 6,777,000
Contributions in relation to the ADC	7,722,813	8,091,673	8,553,676	6,830,404
Contribution deficiency (excess)	<u>\$ (1,019,813)</u>	<u>\$ (1,587,673)</u>	<u>\$ (1,570,676)</u>	<u>\$ 53,404</u>
Covered-employee payroll	81,004,127	77,259,985	73,074,208	73,121,435
Contributions as a percentage of covered-employee payroll	9.5%	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	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the ADC	31,427	15,869	9,949	9,426
Contribution deficiency (excess)	<u>\$ 31,427</u>	<u>\$ 15,869</u>	<u>\$ 9,949</u>	<u>\$ 9,426</u>
Covered-employee payroll	\$ 343,288	\$ 410,854	\$ 501,790	\$ 632,232
Contributions as a percentage of covered-employee payroll	9.2%	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.



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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, 2021 AND 2020

	2021	2020
ASSETS		
Cash and investments available for operations	67,992,067	58,814,601
Cash and investments, restricted	28,305,202	
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	8,064,444	9,935,997
Accounts	3,431,762	4,787,010
Accrued interest	723,503	1,109,093
Due from other governmental agencies	16,729,747	2,263,844
Due from other funds	612,453	674,177
Prepaid items	72,983	390,428
 Total Assets	 125,932,161	 77,975,150
 LIABILITIES		
Accounts payable	5,149,050	4,124,704
Accrued payroll	4,150,568	4,010,657
Deposits payable	10,228,358	8,442,066
Due to other funds	967,342	967,342
Unearned revenue	12,897,694	4,672,830
 Total Liabilities	 33,393,012	 22,217,599
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-Due from other governments	8,160,754	
Total Deferred Inflows of Resources	8,160,754	
 FUND BALANCE		
Nonspendable:		
Loans		
Prepaid items	72,983	390,428
Restricted for:		
Pension Trust	28,305,202	
Other purposes	4,519,145	3,147,443
Committed to:		
General plan	5,229,231	4,049,872
Assigned to:		
Other purposes	3,512,252	5,319,419
Unassigned:		
City Council directed minimum balance	24,074,483	22,355,301
Residual balance	18,665,099	20,495,088
 Total Fund Balance	 84,378,395	 55,757,551
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 125,932,161	 77,975,150

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, 2021 AND 2020

	2021			2020		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES						
Property taxes	\$ 64,049,868	\$ 67,641,407	\$ 3,591,539	\$ 65,581,339	\$ 66,777,082	\$ 1,195,743
Sales and other taxes	47,850,318	52,037,046	4,186,728	50,381,475	53,826,307	3,444,832
Licenses and permits	6,084,206	6,349,024	264,818	5,946,439	5,246,650	(699,789)
Fines, forfeitures and penalties	312,000	439,641	127,641	140,800	(3,705)	(144,505)
Uses of money and property	6,942,632	11,019,043	4,076,411	5,060,632	8,015,044	2,954,412
Net increases (decreases) in fair value of investments		(2,721,110)	(2,721,110)		3,336,489	3,336,489
Intergovernmental	16,949,131	8,172,483	(8,776,648)	5,268,993	4,896,994	(371,999)
Charges for current services	19,443,443	13,455,647	(5,987,796)	21,383,744	22,180,094	796,350
Other	617,000	659,620	42,620	619,094	766,840	147,746
Total revenues	162,248,598	157,052,801	(5,195,797)	154,382,516	165,041,795	10,659,279
EXPENDITURES						
Community development	16,234,474	12,898,612	3,335,862	13,326,506	10,814,704	2,511,802
Human services	5,133,634	3,368,746	1,764,888	3,559,512	3,129,216	430,296
Public safety	85,817,635	82,319,023	3,498,612	83,085,390	77,943,100	5,142,290
Transportation	1,328,361	1,254,370	73,991	1,306,489	1,217,743	88,746
Environmental support and protection	1,123,580	345,853	777,727	362,932	360,964	1,968
Leisure, cultural, and information services	26,023,045	24,219,368	1,803,677	26,964,829	25,043,783	1,921,046
Policy development and implementation	18,278,894	11,221,039	7,057,855	25,003,724	23,869,120	1,134,604
Total expenditures	153,939,623	135,627,011	18,312,612	153,609,382	142,378,630	11,230,752
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,308,975	21,425,790	13,116,815	773,134	22,663,165	21,890,031
OTHER FINANCING SOURCES (USES)						
Transfers in	1,739,837	805,956	(933,881)	1,386,215	487,445	(898,770)
Transfers (out)	(17,714,560)	(18,045,697)	(331,137)	(17,639,623)	(18,673,440)	(1,033,817)
Total Other Financing Sources (Uses)	(15,974,723)	(17,239,741)	(1,265,018)	(16,253,408)	(18,185,995)	(1,932,587)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,665,748)	4,186,049	11,851,797	(15,480,274)	4,477,170	19,957,444
Fund balance at beginning of fiscal year, as restated		80,192,346			51,280,381	
Fund balance at end of fiscal year		84,378,395			55,757,551	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	2021		Variance with Final Budget Positive (Negative)	2020 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	64,049,868	67,641,407	3,591,539	66,777,082
Total Property Taxes	64,049,868	67,641,407	3,591,539	66,777,082
Sales and Other Taxes:				
Sales tax	31,622,000	34,730,936	3,108,936	32,559,083
Franchises	1,874,040	1,856,599	(17,441)	1,845,464
Transient occupancy tax	1,600,000	1,824,102	224,102	6,063,801
Property transfer tax	788,266	1,042,944	254,678	1,038,267
Business license tax	3,171,657	3,339,032	167,375	3,061,508
Utility users tax	8,794,355	9,243,433	449,078	9,258,184
Total Sales and Other Taxes	47,850,318	52,037,046	4,186,728	53,826,307
Licenses and Permits:				
Building permits	3,780,000	3,978,818	198,818	3,698,603
Cannabis permits	1,010,857	1,043,256	32,399	220,375
Fire and other permits	1,293,349	1,326,950	33,601	1,327,672
Total Licenses and Permits	6,084,206	6,349,024	264,818	5,246,650
Fines, Forfeitures and Penalties:				
Parking and library fines	312,000	439,641	127,641	(3,705)
Total Fines, Forfeitures and Penalties	312,000	439,641	127,641	(3,705)
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	230,000	235,090	5,090	231,261
Interest income-restricted		3,370,407	3,370,407	
Interest income	2,000,000	2,700,914	700,914	3,071,151
Total Uses of Money and Property	6,942,632	11,019,043	4,076,411	8,015,044
Net Increase (Decrease) in Fair Value of Investments		(2,721,110)	(2,721,110)	3,336,489
Intergovernmental:				
Motor vehicle in lieu tax	50,000	63,629	13,629	67,526
Public safety sales tax	788,700	876,339	87,639	807,401
Police training allowance	50,000	27,522	(22,478)	39,127
Homeowners' property tax relief	207,316	175,893	(31,423)	173,938
State mandated programs grant	95,268	95,268		103,719
Grants - County, State, and Federal	15,757,847	6,933,832	(8,824,015)	3,705,283
Total Intergovernmental	16,949,131	8,172,483	(8,776,648)	4,896,994
Charges for Current Services:				
Fire services	8,825,828	877,491	(7,948,337)	8,499,317
Police services	238,000	224,332	(13,668)	429,375
Plan checking	2,384,364	2,897,962	513,598	3,023,758
Garbage collections - net	2,918,952	2,820,615	(98,337)	2,757,371
Planning services	390,000	336,191	(53,809)	545,688
Library fees		91	91	30,223
Recreation programs	1,013,000	1,141,399	128,399	3,055,243
Other current service charges	3,673,299	5,157,566	1,484,267	3,839,119
Total Charges for Current Services	19,443,443	13,455,647	(5,987,796)	22,180,094
Other:				
Port contribution	542,000	541,416	(584)	525,715
Miscellaneous	75,000	118,204	43,204	241,125
Total Other	617,000	659,620	42,620	766,840
Total Revenue	162,248,598	157,052,801	(5,195,797)	165,041,795

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	2021		Variance with Final Budget Positive (Negative)	2020 Actual
	Budget	Actual		
	\$	\$	\$	\$
Community Development:				
Community planning	3,074,018	2,819,381	254,637	2,405,928
Strategic planning	1,848,677	999,739	848,938	585,637
Building regulation	6,469,560	4,874,835	1,594,725	4,358,424
Administration	1,576,843	610,972	965,871	529,233
General engineering	700,739	802,401	(101,662)	576,307
Subdivision engineering	757,636	830,780	(73,144)	572,195
Code enforcement	1,095,951	1,034,975	60,976	783,386
Affordable housing	55,000	55,000		55,000
Redevelopment	656,050	870,529	(214,479)	948,594
Total Community Development	16,234,474	12,898,612	3,335,862	10,814,704
Human Services:				
Human services assistance program	59,800	37,300	22,500	34,800
COVID-19 emergency rental assistance	991,075	(6,725)	997,800	401,925
COVID-19 related cost of services	1,000,000	883,331	116,669	
Social services center	3,082,759	2,454,840	627,919	2,692,491
Total Human Services	5,133,634	3,368,746	1,764,888	3,129,216
Public Safety:				
Law enforcement	46,865,294	45,020,065	1,845,229	42,752,851
Fire safety	38,952,341	37,298,958	1,653,383	35,190,249
Total Public Safety	85,817,635	82,319,023	3,498,612	77,943,100
Transportation:				
Street system/sidewalk maintenance, repair	1,328,361	1,254,370	73,991	1,217,743
Total Transportation	1,328,361	1,254,370	73,991	1,217,743
Environmental Support and Protection:				
Trash and recycling efforts	20,764	21,244	(480)	20,360
Climate action plan programs	530,000	1,708	528,292	
Street cleaning/storm water collection, disposal	572,816	322,901	249,915	340,604
Total Environmental Support and Protection	1,123,580	345,853	777,727	360,964
Leisure, Cultural, and Information Services:				
Parks and recreation	16,289,391	14,515,067	1,774,324	15,531,373
Information services	9,733,654	9,704,301	29,353	9,512,410
Total Leisure, Cultural, and Information Services	26,023,045	24,219,368	1,803,677	25,043,783
Policy Development and Implementation:				
Legislative/policy determination	336,964	315,539	21,425	313,761
Management/policy execution	6,445,853	4,003,304	2,442,549	2,892,030
Legislative services/records management	1,361,422	969,226	392,196	770,169
Financial services	1,959,470	1,939,859	19,611	1,869,307
Legal services	1,877,828	1,819,123	58,705	1,615,994
Human Resources	2,536,527	1,961,207	575,320	1,826,770
Affordable housing	282,699		282,699	17,301
Department innovation initiatives	150,000		150,000	
Homeless initiatives	2,099,680	130,060	1,969,620	
Diversity, equity, inclusion initiatives	450,000	100,751	349,249	
Other administrative support services	3,221,414	2,424,933	796,481	16,892,421
Less reimbursements from other funds	(2,442,963)	(2,442,963)		(2,328,633)
Total Policy Development and Implementation	18,278,894	11,221,039	7,057,855	23,869,120
Total Expenditures	153,939,623	135,627,011	18,312,612	142,378,630



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds (Continued)

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

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

DEBT SERVICES FUND

Public Financing Authority 2021 Veterans Memorial Lease Revenue Bond Fund - This fund accounts for a lease entered into with the Public Financing Authority for the 2021 Veterans Memorial Lease Revenue bonds. The bond payments are secured by lease payments from the City.

Capital Projects Funds

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

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

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

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

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

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



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

	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	5,136,166	4,904,409	2,070,543	319,576	4,757,283
Cash and investments, restricted			133,826		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	212,505			14,901	207,812
Accounts		37,631	10,031		
Loans			3,545,481		
Accrued interest			334,694		
Due from other governmental agencies	156,776	1,153,065	601,025		186,276
Prepaid items				2,100	
Deposits receivable					
Land held for redevelopment			2,410,000		
Total Assets	5,505,447	6,095,105	9,105,600	336,577	5,151,371
LIABILITIES					
Accounts payable	52,072	604,960	239,404	88,879	132,337
Deposits payable			31,957		
Due to other funds					
Unearned revenue		1,772,949			
Total Liabilities	52,072	2,377,909	271,361	88,879	132,337
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest			334,694		
Total Deferred Inflows of Resources			334,694		
FUND BALANCES					
Nonspendable:					
Loans			3,545,481		
Prepaid items				2,100	
Land held for redevelopment			2,410,000		
Restricted for:					
Community development			898,142		
Public safety				247,698	
Transportation	5,453,375	3,717,196			5,019,034
Leisure, cultural and information services			1,181,998		
Debt services					
Capital projects					
Housing purposes					
Committed to:					
Community benefits					
Human services financial assistance			463,924		
Housing purposes					
Unassigned:				(2,100)	
Total Fund Balances	5,453,375	3,717,196	8,499,545	247,698	5,019,034
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,505,447	6,095,105	9,105,600	336,577	5,151,371

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
\$	\$	\$	\$	\$	\$
562,624	2,500,764	1,604,796		766,041	3,383,267
					4,256,295
11,191		54,008	2,668		15
4,242					
<u>578,057</u>	<u>2,500,764</u>	<u>1,658,804</u>	<u>2,668</u>	<u>766,041</u>	<u>7,639,577</u>
3,643	2,561	122,874	513		124,001
			26,585		
<u>3,643</u>	<u>2,561</u>	<u>122,874</u>	<u>27,098</u>		<u>124,001</u>
4,242					
570,172	2,498,203	1,535,930		766,041	
					7,515,576
			(24,430)		
<u>574,414</u>	<u>2,498,203</u>	<u>1,535,930</u>	<u>(24,430)</u>	<u>766,041</u>	<u>7,515,576</u>
<u>578,057</u>	<u>2,500,764</u>	<u>1,658,804</u>	<u>2,668</u>	<u>766,041</u>	<u>7,639,577</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

	SPECIAL REVENUE FUNDS				DEBT SERVICES FUND
	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Public Financing Authority 2021 Veterans Memorial Lease Revenue Bond Fund \$
ASSETS					
Cash and investments available for operations	17,535,163		2,429,917	176,217	
Cash and investments, restricted					4,791,518
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	7,134				
Accounts	4,597				
Loans	5,629,124				
Accrued interest	1,379,614				
Due from other governmental agencies					
Prepaid items					
Deposits receivable		215,526			
Land held for redevelopment	710,241				
Total Assets	<u>25,265,873</u>	<u>215,526</u>	<u>2,429,917</u>	<u>176,217</u>	<u>4,791,518</u>
LIABILITIES					
Accounts payable	506,921	70,211			
Deposits payable					
Due to other funds		218,304			
Unearned revenue				32,304	
Total Liabilities	<u>506,921</u>	<u>288,515</u>		<u>32,304</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	1,379,614				
Total Deferred Inflows of Resources	<u>1,379,614</u>				
FUND BALANCES					
Nonspendable:					
Loans	5,629,124				
Prepaid items					
Land held for redevelopment	710,241				
Restricted for:					
Community development	13,091,724			143,913	
Public safety					
Transportation					
Leisure, cultural and information services					
Debt services					4,791,518
Capital projects					
Housing purposes	2,735,522				
Committed to:					
Community benefits			2,429,917		
Human services financial assistance					
Housing purposes	1,212,727				
Unassigned:		(72,989)			
Total Fund Balances	<u>23,379,338</u>	<u>(72,989)</u>	<u>2,429,917</u>	<u>143,913</u>	<u>4,791,518</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>25,265,873</u>	<u>215,526</u>	<u>2,429,917</u>	<u>176,217</u>	<u>4,791,518</u>

CAPITAL
PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund	Parks Impact and In Lieu Fee Fund	Shores Transportation Improvement District Fund	One Marina Community Facilities District Fund	Art in Public Places Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$
457,198	6,661,445	641,883	114,918	82,875	343,577	54,448,662
						9,181,639
					40,170	482,522
						52,259
						9,174,605
						1,714,323
						2,165,009
					4,250	10,592
						215,526
						3,120,241
<u>457,198</u>	<u>6,661,445</u>	<u>641,883</u>	<u>114,918</u>	<u>82,875</u>	<u>387,997</u>	<u>80,565,378</u>
	260,878		63,106	3,636		2,275,996
						31,957
						244,889
						1,805,253
	<u>260,878</u>		<u>63,106</u>	<u>3,636</u>		<u>4,358,095</u>
						1,714,308
						1,714,308
						9,174,605
					4,250	10,592
						3,120,241
					383,747	14,517,526
		641,883				1,013,739
	6,400,567			79,239		19,435,793
						7,661,804
						4,791,518
457,198			51,812			8,024,586
						2,735,522
						2,429,917
						463,924
						1,212,727
						(99,519)
<u>457,198</u>	<u>6,400,567</u>	<u>641,883</u>	<u>51,812</u>	<u>79,239</u>	<u>387,997</u>	<u>74,492,975</u>
<u>457,198</u>	<u>6,661,445</u>	<u>641,883</u>	<u>114,918</u>	<u>82,875</u>	<u>387,997</u>	<u>80,565,378</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, 2021

	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					2,848,566
Licenses and permits					
Fines, forfeitures and penalties				130,251	
Use of money and property	1,620	(8,555)	41,656	(22,835)	35,289
Intergovernmental	3,449,165	2,956,775	1,855,900		
Contributions		5,993			
Charges for current services	6,541			88,595	
Other			389		
Total Revenues	<u>3,457,326</u>	<u>2,954,213</u>	<u>1,897,945</u>	<u>196,011</u>	<u>2,883,855</u>
EXPENDITURES					
Current Operations:					
Community development			1,944,466		120,537
Human services			109,250		
Public safety					
Transportation	2,945,609	305,894		2,201,978	534,414
Environmental support and protection	531,494	301,947	3,540		
Leisure, cultural and information services			18,298		
Policy development and implementation	1,329				227,496
Capital outlay	814,473	3,726,293			276,701
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	<u>4,292,905</u>	<u>4,334,134</u>	<u>2,075,554</u>	<u>2,201,978</u>	<u>1,159,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(835,579)</u>	<u>(1,379,921)</u>	<u>(177,609)</u>	<u>(2,005,967)</u>	<u>1,724,707</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Transfers in	1,480,949	21	140	2,094,895	88
Transfers (out)					
Total Other Financing Sources (Uses)	<u>1,480,949</u>	<u>21</u>	<u>140</u>	<u>2,094,895</u>	<u>88</u>
Net change in fund balances	645,370	(1,379,900)	(177,469)	88,928	1,724,795
Special Item					
Fund balances - beginning	4,808,005	5,097,096	8,677,014	158,770	3,294,239
Fund balances - ending	<u>5,453,375</u>	<u>3,717,196</u>	<u>8,499,545</u>	<u>247,698</u>	<u>5,019,034</u>

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	1,086,637	278,382		
1,071	8,243	9,030 3,193	(876)	3,873 205,136	(6,358) 95,474
<u>213,509</u>	<u>195,192</u>	<u>1,098,860</u>	<u>277,506</u>	<u>209,009</u>	<u>89,116</u>
1,216	9,582			53,205	
238,648	74,160 85,985	435,419	376,748		140,084
					817,300
<u>239,864</u>	<u>169,727</u>	<u>435,419</u>	<u>376,748</u>	<u>53,205</u>	<u>957,384</u>
<u>(26,355)</u>	<u>25,465</u>	<u>663,441</u>	<u>(99,242)</u>	<u>155,804</u>	<u>(868,268)</u>
83	20	32 (642,192)	45,350		
<u>83</u>	<u>20</u>	<u>(642,160)</u>	<u>45,350</u>		
(26,272)	25,485	21,281	(53,892)	155,804	(868,268)
<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>574,414</u>	<u>2,498,203</u>	<u>1,535,930</u>	<u>(24,430)</u>	<u>766,041</u>	<u>7,515,576</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, 2021

	SPECIAL REVENUE FUNDS				DEBT SERVICES FUND
	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Public Financing Authority 2021 Veterans Memorial Lease Revenue Bond Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					
Sales and other taxes	216,008				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	36,385		5,654	460	
Intergovernmental Contributions					
Charges for current services	997,975	566,993			
Other	234				
Total Revenues	<u>1,250,602</u>	<u>566,993</u>	<u>5,654</u>	<u>460</u>	
EXPENDITURES					
Current Operations:					
Community development	1,363,135	588,705			
Human services					
Public safety					
Transportation					
Environmental support and protection					
Leisure, cultural and information services					
Policy development and implementation					
Capital outlay					
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	<u>1,363,135</u>	<u>588,705</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(112,533)</u>	<u>(21,712)</u>	<u>5,654</u>	<u>460</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	101				4,791,518
Transfers (out)					
Total Other Financing Sources (Uses)	<u>101</u>				<u>4,791,518</u>
Net change in fund balances	(112,432)	(21,712)	5,654	460	4,791,518
Special Item	10,272,916				
Fund balances - beginning	13,218,854	(51,277)	2,424,263	143,453	
Fund balances - ending	<u>23,379,338</u>	<u>(72,989)</u>	<u>2,429,917</u>	<u>143,913</u>	<u>4,791,518</u>

CAPITAL
PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund	Parks Impact and In Lieu Fee Fund	Shores Transportation Improvement District Fund	One Marina Community Facilities District Fund	Art in Public Places Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$
					42,397	1,806,803
						3,064,574
	221,452					221,452
						130,251
1,192	(60,109)	1,676	(13,481)	158	939	35,032
					6,295	8,571,938
						5,993
						1,660,104
						623
1,192	161,343	1,676	(13,481)	158	49,631	15,496,770
						4,027,641
						109,250
						53,205
			30,576			6,232,715
	33,176			23,518		1,597,033
						451,740
						228,825
	5,262,632		375		6,153	10,903,927
	5,295,808		30,951	23,518	6,153	23,604,336
1,192	(5,134,465)	1,676	(44,432)	(23,360)	43,478	(8,107,566)
						4,791,518
				50,000		3,671,679
						(642,192)
				50,000		7,821,005
1,192	(5,134,465)	1,676	(44,432)	26,640	43,478	(286,561)
						10,272,916
456,006	11,535,032	640,207	96,244	52,599	344,519	64,506,620
457,198	6,400,567	641,883	51,812	79,239	387,997	74,492,975

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, 2021

	SPECIAL GAS TAX			TRANSPORTATION GRANTS FUND		
	STREET IMPROVEMENT FUND		Variance with Final Budget Positive (Negative)	TRANSPORTATION GRANTS FUND		Variance with Final Budget Positive (Negative)
	Budget	Actual		Budget	Actual	
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments						
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	18,000	1,620	(16,380)	37,000	(8,555)	(45,555)
Intergovernmental	3,517,403	3,449,165	(68,238)	8,553,215	2,956,775	(5,596,440)
Contributions					5,993	5,993
Charges for current services	1,000	6,541	5,541			
Other						
Total Revenues	<u>3,536,403</u>	<u>3,457,326</u>	<u>(79,077)</u>	<u>8,590,215</u>	<u>2,954,213</u>	<u>(5,636,002)</u>
EXPENDITURES						
Current operations:						
Community development						
Human services						
Public safety						
Transportation	3,040,234	2,945,609	94,625	879,767	305,894	573,873
Environmental support and protection	753,934	531,494	222,440	301,947	301,947	
Leisure, cultural and information services						
Policy development and implementation	1,500	1,329	171			
Capital outlay	4,942,155	814,473	4,127,682	11,585,477	3,726,293	7,859,184
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>8,737,823</u>	<u>4,292,905</u>	<u>4,444,918</u>	<u>12,767,191</u>	<u>4,334,134</u>	<u>8,433,057</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,201,420)</u>	<u>(835,579)</u>	<u>4,365,841</u>	<u>(4,176,976)</u>	<u>(1,379,921)</u>	<u>2,797,055</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,617,888	1,480,949	(136,939)	21	21	
Transfers (out)						
Total Other Financing Sources (Uses)	<u>1,617,888</u>	<u>1,480,949</u>	<u>(136,939)</u>	<u>21</u>	<u>21</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(3,583,532)</u>	<u>645,370</u>	<u>4,228,902</u>	<u>(4,176,955)</u>	<u>(1,379,900)</u>	<u>2,797,055</u>
Special item						
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>4,808,005</u>			<u>5,097,096</u>	
Fund balances - ending		<u>5,453,375</u>			<u>3,717,196</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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
						2,421,519	2,848,566	427,047
16,700	41,656	24,956	175,000	130,251	(44,749)			
3,812,067	1,855,900	(1,956,167)	1,400	(22,835)	(24,235)	18,000	35,289	17,289
			10,000	88,595	78,595			
	389	389						
3,828,767	1,897,945	(1,930,822)	186,400	196,011	9,611	2,439,519	2,883,855	444,336
	1,944,466	(1,944,466)				207,200	120,537	86,663
	109,250	(109,250)						
			2,331,930	2,201,978	129,952	1,596,742	534,414	1,062,328
	3,540	(3,540)						
	18,298	(18,298)						
2,128,989		2,128,989				256,037	227,496	28,541
						2,995,442	276,701	2,718,741
2,128,989	2,075,554	53,435	2,331,930	2,201,978	129,952	5,055,421	1,159,148	3,896,273
1,699,778	(177,609)	(1,877,387)	(2,145,530)	(2,005,967)	139,563	(2,615,902)	1,724,707	4,340,609
140	140		1,817,488	2,094,895	277,407	88	88	
140	140		1,817,488	2,094,895	277,407	88	88	
1,699,918	(177,469)	(1,877,387)	(328,042)	88,928	416,970	(2,615,814)	1,724,795	4,340,609
	8,677,014			158,770			3,294,239	
	8,499,545			247,698			5,019,034	

(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, 2021

	<u>SEAPORT LANDSCAPE MAINTENANCE FUND</u>			<u>SEAPORT CENTRE MAINTENANCE FUND</u>		
	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	4,000	1,071	(2,929)	17,000	8,243	(8,757)
Intergovernmental						
Contributions						
Charges for current services						
Other						
Total Revenues	<u>216,500</u>	<u>213,509</u>	<u>(2,991)</u>	<u>204,000</u>	<u>195,192</u>	<u>(8,808)</u>
Current operations:						
Community development		1,216	(1,216)		9,582	(9,582)
Human services						
Public safety						
Transportation					74,160	(74,160)
Environmental support and protection		238,648	(238,648)		85,985	(85,985)
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	<u>811</u>	<u>239,864</u>	<u>(239,053)</u>	<u>467,135</u>	<u>169,727</u>	<u>297,408</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>215,689</u>	<u>(26,355)</u>	<u>(242,044)</u>	<u>(263,135)</u>	<u>25,465</u>	<u>288,600</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	83	83		20	20	
Transfers (out)						
Total Other Financing Sources (Uses)	<u>83</u>	<u>83</u>		<u>20</u>	<u>20</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>215,772</u>	<u>(26,272)</u>	<u>(242,044)</u>	<u>(263,115)</u>	<u>25,485</u>	<u>288,600</u>
Special item						
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>600,686</u>			<u>2,472,718</u>	
Fund balances - ending		<u>574,414</u>			<u>2,498,203</u>	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
1,035,564	1,086,637	51,073	279,393	278,382	(1,011)			
12,000	9,030	(2,970)		(876)	(876)	4,000	3,873	(127)
3,820	3,193	(627)				206,000	205,136	(864)
<u>1,051,384</u>	<u>1,098,860</u>	<u>47,476</u>	<u>279,393</u>	<u>277,506</u>	<u>(1,887)</u>	<u>210,000</u>	<u>209,009</u>	<u>(991)</u>
							53,205	(53,205)
718,630	435,419	283,211		376,748	(376,748)			
755,011		755,011						
<u>1,473,641</u>	<u>435,419</u>	<u>1,038,222</u>		<u>376,748</u>	<u>(376,748)</u>		<u>53,205</u>	<u>(53,205)</u>
<u>(422,257)</u>	<u>663,441</u>	<u>1,085,698</u>	<u>279,393</u>	<u>(99,242)</u>	<u>(378,635)</u>	<u>210,000</u>	<u>155,804</u>	<u>(54,196)</u>
32	32		39,659	45,350	5,691			
<u>(599,969)</u>	<u>(642,192)</u>	<u>(42,223)</u>	<u>39,659</u>	<u>45,350</u>	<u>5,691</u>			
<u>(599,937)</u>	<u>(642,160)</u>	<u>(42,223)</u>	<u>39,659</u>	<u>45,350</u>	<u>5,691</u>			
<u>(1,022,194)</u>	21,281	<u>1,043,475</u>	<u>319,052</u>	<u>(53,892)</u>	<u>(372,944)</u>	<u>210,000</u>	155,804	<u>(54,196)</u>
	<u>1,514,649</u>			<u>29,462</u>			<u>610,237</u>	
	<u>1,535,930</u>			<u>(24,430)</u>			<u>766,041</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, 2021

	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					216,008	216,008
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	34,000	(6,358)	(40,358)	51,000	36,385	(14,615)
Intergovernmental	500,000	95,474	(404,526)			
Contributions						
Charges for current services				1,060,000	997,975	(62,025)
Other					234	234
Total Revenues	534,000	89,116	(444,884)	1,111,000	1,250,602	139,602
Current operations:						
Community development				7,210,821	1,363,135	5,847,686
Human services						
Public safety						
Transportation	187,364	140,084	47,280			
Environmental support and protection						
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	3,288,373	817,300	2,471,073	693,100		693,100
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,475,737	957,384	2,518,353	7,903,921	1,363,135	6,540,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,941,737)	(868,268)	2,073,469	(6,792,921)	(112,533)	6,680,388
OTHER FINANCING SOURCES (USES)						
Transfers in				50,101	101	(50,000)
Transfers (out)						
Total Other Financing Sources (Uses)				50,101	101	(50,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,941,737)	(868,268)	2,073,469	(6,742,820)	(112,432)	6,630,388
Special item					10,272,916	
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		8,383,844			13,218,854	
Fund balances - ending		7,515,576			23,379,338	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
			18,000	5,654	(12,346)	1,200	460	(740)
410,000	566,993	156,993						
<u>410,000</u>	<u>566,993</u>	<u>156,993</u>	<u>18,000</u>	<u>5,654</u>	<u>(12,346)</u>	<u>1,200</u>	<u>460</u>	<u>(740)</u>
1,685,411	588,705	1,096,706						
<u>1,685,411</u>	<u>588,705</u>	<u>1,096,706</u>	<u>18,000</u>	<u>5,654</u>	<u>(12,346)</u>	<u>1,200</u>	<u>460</u>	<u>(740)</u>
<u>(1,275,411)</u>	<u>(21,712)</u>	<u>1,253,699</u>	<u>18,000</u>	<u>5,654</u>	<u>(12,346)</u>	<u>1,200</u>	<u>460</u>	<u>(740)</u>
<u>(1,275,411)</u>	<u>(21,712)</u>	<u>1,253,699</u>	<u>18,000</u>	5,654	<u>(12,346)</u>	<u>1,200</u>	460	<u>(740)</u>
	<u>(51,277)</u>			<u>2,424,263</u>			<u>143,453</u>	
	<u>(72,989)</u>			<u>2,429,917</u>			<u>143,913</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, 2021

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	221,452	(778,548)
Fines, forfeitures and penalties			
Use of money and property	91,000	(60,109)	(151,109)
Intergovernmental			
Contributions			
Charges for current services			
Other			
Total Revenues	1,091,000	161,343	(929,657)
Current operations:			
Community development			
Human services			
Public safety			
Transportation			
Environmental support and protection			
Leisure, cultural and information services	3,119,132	33,176	3,085,956
Policy development and implementation			
Capital outlay	15,211,923	5,262,632	9,949,291
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	18,331,055	5,295,808	13,035,247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,240,055)	(5,134,465)	12,105,590
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	(17,240,055)	(5,134,465)	12,105,590
Special item			
Funds not budgeted:			
Facilities Fee Construction Fund			
Shores Transportation Improvement District			
One Marina Community Facilities District			
Art in Public Places			
Fund balances - beginning		11,535,032	
Fund balances - ending		6,400,567	

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, 2021

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	17,516,804	39,540,965	1,406,266		58,464,035
Receivables (net of allowance for uncollectibles):					
Accounts	(24,014)		(9,993)		(34,007)
Accrued interest	990				990
Due from other governmental agencies	48,225		146,829		195,054
Due from other funds	300,000				300,000
Inventory of supplies at cost	132,178				132,178
Deposits		745,946			745,946
Prepaid items and other assets	7,129		6,240	248,725	262,094
Total current assets	<u>17,981,312</u>	<u>40,286,911</u>	<u>1,549,342</u>	<u>248,725</u>	<u>60,066,290</u>
Noncurrent assets:					
Advances to other funds	300,000				300,000
Capital assets:					
Construction in progress	2,186,335				2,186,335
Equipment, net	9,573,225		640,578		10,213,803
Net capital assets	<u>11,759,560</u>		<u>640,578</u>		<u>12,400,138</u>
Total noncurrent assets	<u>12,059,560</u>		<u>640,578</u>		<u>12,700,138</u>
Total assets	<u>30,040,872</u>	<u>40,286,911</u>	<u>2,189,920</u>	<u>248,725</u>	<u>72,766,428</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	311,372	135,930	2,440,397		2,887,699
Deferred outflows - OPEB	201,528	77,783	1,302,858		1,582,169
Total deferred outflows of resources	<u>512,900</u>	<u>213,713</u>	<u>3,743,255</u>		<u>4,469,868</u>
LIABILITIES					
Current liabilities:					
Accounts payable	102,331	256,483	98,593	10,795	468,202
Due to other funds				367,564	367,564
Insurance claims payable - current portion		6,737,607			6,737,607
Accrued sick leave and vacation - current portion	59,320	12,449	484,439		556,208
Unearned revenue					
Total current liabilities	<u>161,651</u>	<u>7,006,539</u>	<u>583,032</u>	<u>378,359</u>	<u>8,129,581</u>
Noncurrent liabilities:					
Insurance claims payable		25,345,889			25,345,889
Accrued sick leave and vacation	88,691	12,450	880,544		981,685
Net OPEB Liability	585,908	230,838	4,106,906		4,923,652
Net pension liability	2,206,626	963,298	17,294,574		20,464,498
Total noncurrent liabilities	<u>2,881,225</u>	<u>26,552,475</u>	<u>22,282,024</u>		<u>51,715,724</u>
Total liabilities	<u>3,042,876</u>	<u>33,559,014</u>	<u>22,865,056</u>	<u>378,359</u>	<u>59,845,305</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	6,488	2,832	50,847		60,167
Deferred inflows - OPEB	47,189	18,191	307,780		373,160
Total deferred outflows of resources	<u>53,677</u>	<u>21,023</u>	<u>358,627</u>		<u>433,327</u>
NET POSITION					
Invested in capital assets	11,759,560		640,578		12,400,138
Unrestricted	15,697,659	6,920,587	(17,931,086)	(129,634)	4,557,526
Total net position	<u>27,457,219</u>	<u>6,920,587</u>	<u>(17,290,508)</u>	<u>(129,634)</u>	<u>16,957,664</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, 2021

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
	\$	\$	\$	\$	\$
OPERATING REVENUES					
Charges for services	5,474,677	12,498,306	13,076,982	8,068,863	39,118,828
OPERATING EXPENSES					
Employee services	1,291,946	641,081	10,017,972	8,059,134	20,010,133
Maintenance	30,199	5,045	804,743		839,987
Utilities	29,077	4,821	17,201		51,099
Contractual services	27,106	1,757,161	22,606	15,590	1,822,463
Supplies and services	(331,220)	610,180	1,042,324		1,321,284
Depreciation	1,333,658		130,820		1,464,478
Insurance and claims	254,464	8,311,573	332,644	948,861	9,847,542
Total operating expenses	2,635,230	11,329,861	12,368,310	9,023,585	35,356,986
Operating Income (Loss)	2,839,447	1,168,445	708,672	(954,722)	3,761,842
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	6,940				6,940
Investment earnings	38,451	145,845	17,332	14,636	216,264
Insurance recovery					
Net Nonoperating Revenues (Expenses)	45,391	145,845	17,332	14,636	223,204
Net Income (Loss) Before Capital Contributions and Transfers	2,884,838	1,314,290	726,004	(940,086)	3,985,046
Capital contributions					
Transfers in	406	265		300,000	300,671
Transfers (out)			(171,836)		(171,836)
Total Capital Contributions and Transfers	406	265	(171,836)	300,000	128,835
Change in net position	2,885,244	1,314,555	554,168	(640,086)	4,113,881
Net position - beginning	24,571,975	5,606,032	(17,844,676)	510,452	12,843,783
Net position - ending	27,457,219	6,920,587	(17,290,508)	(129,634)	16,957,664

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, 2021

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
	\$	\$	\$	\$	\$
Cash flows from operating activities:					
Cash received from interfund services provided	5,455,234	12,498,306	13,083,019	8,068,863	39,105,422
Cash payments to suppliers for goods and services	(301,922)	(8,398,673)	(2,154,770)	(834,817)	(11,690,182)
Cash payments to employees for services	(1,369,124)	(674,774)	(10,429,862)	(8,059,134)	(20,532,894)
Net cash provided by (used in) operating activities	<u>3,784,188</u>	<u>3,424,859</u>	<u>498,387</u>	<u>(825,088)</u>	<u>6,882,346</u>
Cash flows from noncapital financing activities					
Transfers in	406	265		300,000	300,671
Transfers out			(171,836)		(171,836)
Advances to other funds	300,000				300,000
Net cash provided by (used in) non-capital financing activities	<u>300,406</u>	<u>265</u>	<u>(171,836)</u>	<u>300,000</u>	<u>428,835</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(3,917,281)		(26,307)		(3,943,588)
Net cash used in capital and related financing activities	<u>(3,917,281)</u>		<u>(26,307)</u>		<u>(3,943,588)</u>
Cash flows from investing activities:					
Interest on investments	44,076	145,845	17,332	14,636	221,889
Net cash provided by investing activities	<u>44,076</u>	<u>145,845</u>	<u>17,332</u>	<u>14,636</u>	<u>221,889</u>
Net increase (decrease) in cash and cash equivalents	211,389	3,570,969	317,576	(510,452)	3,589,482
Cash and cash equivalents at beginning of fiscal year	17,305,415	35,969,996	1,088,690	510,452	54,874,553
Cash and cash equivalents at end of fiscal year	<u>17,516,804</u>	<u>39,540,965</u>	<u>1,406,266</u>	<u>510,452</u>	<u>58,464,035</u>

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	2,839,447	1,168,445	708,672	(954,722)	3,761,842
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	1,333,658		130,820		1,464,478
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	28,782		118,300		147,082
Decrease (increase) in due from other governmental agencies	(48,225)		(146,829)		(195,054)
Decrease (increase) in due from other funds			34,566		34,566
Decrease (increase) in inventory/prepaid expense/deposits	13,168		48,366	(248,725)	(187,191)
Decrease (increase) in deferred outflows - pension	(65,795)	(28,723)	(515,673)		(610,191)
Decrease (increase) in deferred employer OPEB contributions	(96,092)	(37,088)	(621,224)		(754,404)
Increase (decrease) in vacation & sick leave payable	10,169	3,019	234,108		247,296
Increase (decrease) in accounts payable	(305,464)	(46,492)	16,382	10,795	(324,779)
Increase (decrease) in due to other funds				367,564	367,564
Increase (decrease) in deferred inflows - pension	(40,172)	(17,538)	(314,858)		(372,568)
Increase (decrease) in net pension liability	46,736	20,402	366,296		433,434
Increase (decrease) in net OPEB liability	85,276	32,913	551,302		669,491
Increase (decrease) in deferred inflows - OPEB	(17,300)	(6,678)	(111,841)		(135,819)
Increase (decrease) in insurance claims payable		2,336,599			2,336,599
Total adjustments	<u>944,741</u>	<u>2,256,414</u>	<u>(210,285)</u>	<u>129,634</u>	<u>3,120,504</u>
Net cash provided by (used in) operating activities	<u>3,784,188</u>	<u>3,424,859</u>	<u>498,387</u>	<u>(825,088)</u>	<u>6,882,346</u>

Statistical Section

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

<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 annual comprehensive 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			
	2012	2013	2014	2015
	\$	\$	\$	\$
Governmental activities				
Net investment in capital assets	185,512,524	190,190,522	184,624,589	184,443,023
Restricted	39,238,667	43,957,061	49,268,810	57,862,400
Unrestricted	48,138,559	48,015,241	60,038,520	(92,052,768)
Total governmental activities net position	<u>272,889,750</u>	<u>282,162,824</u>	<u>293,931,919</u>	<u>150,252,655</u>
Business-type activities				
Net investment in capital assets	107,036,885	110,901,151	117,927,502	125,259,418
Restricted	5,868,399	6,637,669	6,553,008	5,741,555
Unrestricted	69,695,347	76,506,675	92,340,047	84,191,383
Total business-type activities net position	<u>182,600,631</u>	<u>194,045,495</u>	<u>216,820,557</u>	<u>215,192,356</u>
Primary government				
Net investment in capital assets	292,549,409	301,091,673	302,552,091	309,702,441
Restricted	45,107,066	50,594,730	55,821,818	63,603,955
Unrestricted	117,833,906	124,521,916	152,378,567	(7,861,385)
Total primary government net position	<u>455,490,381</u>	<u>476,208,319</u>	<u>510,752,476</u>	<u>365,445,011</u>

Schedule 1 (Continued)
CITY OF REDWOOD CITY, CALIFORNIA
NET POSITION BY COMPONENT

(accrual basis of accounting)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$	\$	\$	\$	\$	\$
191,852,192	192,119,780	199,264,092	225,965,791	247,094,297	281,208,983
60,812,081	59,815,017	64,923,970	54,296,252	50,199,995	149,965,124
(92,972,897)	(86,738,339)	(139,526,572)	(119,855,273)	(128,071,809)	(195,912,369)
<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>	<u>235,261,738</u>
132,569,634	142,830,042	161,938,470	163,030,574	169,692,416	188,639,524
5,662,466	6,227,197	9,543,183	9,922,077	10,262,988	10,317,442
98,141,410	107,756,549	86,001,351	111,682,916	132,068,276	136,479,897
<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>	<u>335,436,863</u>
324,421,826	355,707,344	361,202,562	388,996,365	416,786,713	469,848,507
66,474,547	61,099,810	74,467,153	64,218,329	60,462,983	160,282,566
5,086,791	25,203,092	(53,525,221)	(8,172,357)	3,996,467	(59,432,472)
<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>	<u>570,698,601</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses	\$	\$	\$	\$
Governmental Activities:				
Community development	22,954,181	9,090,251	8,150,880	9,592,085
Human services	1,495,964	1,562,157	1,462,300	1,485,779
Public safety	50,621,439	51,355,424	59,435,400	62,453,649
Transportation	11,352,844	11,332,401	11,572,619	12,944,719
Environmental support and protection	2,327,751	1,996,098	2,746,600	2,722,610
Leisure, cultural and information services	21,681,720	21,548,736	22,823,528	23,747,419
Policy development and implementation	4,773,768	6,030,657	5,982,346	7,043,417
Interest on long term debt	1,616,333	314,022	48,341	38,762
Total governmental activities expenses	116,824,000	103,229,746	112,222,014	120,028,440
Business-type activities				
Water utility fund	28,680,794	31,123,859	30,591,894	30,937,175
Sewer utility fund	20,017,426	19,287,430	19,989,758	22,081,105
Parking fund	2,420,029	2,430,359	2,471,222	2,916,242
Port of Redwood City	4,739,397	5,628,403	5,091,265	5,231,644
Docktown Marina		243,335	705,388	763,211
Total business-type activities expenses	55,857,646	58,713,386	58,849,527	61,929,377
Total primary government expenses	172,681,646	161,943,132	171,071,541	181,957,817
Program Revenues				
Governmental activities:				
Charges for services:				
Community Development	4,852,265	4,651,706	8,553,508	5,171,299
Public Safety	3,199,818	3,131,805	6,922,702	7,744,775
Transportation	404,042	546,820	374,859	282,324
Environmental support and protection	1,330,208	1,335,544	1,417,353	1,456,889
Leisure, cultural, and information services	2,843,954	2,827,087	3,074,537	3,553,925
Policy development and implementation	1,817,823	1,780,367	1,871,774	1,736,648
Operating grants and contributions	6,193,090	6,716,207	7,072,772	7,721,851
Capital grants and contributions	8,503,363	12,658,933	9,505,357	17,492,948
Total governmental activities program revenues	29,144,563	33,648,469	38,792,862	45,160,659
Business-type activities:				
Water utility fund	28,465,337	33,202,194	36,271,106	37,082,113
Sewer utility fund	26,898,440	28,100,341	25,692,258	29,837,033
Parking fund	1,267,531	1,366,984	1,503,519	2,019,961
Port of Redwood City	7,638,585	6,262,660	6,824,474	6,721,955
Docktown Marina		493,262	665,819	681,115
Total business-type activities program revenues	64,269,893	69,425,441	70,957,176	76,342,177
Net (Expense)/Revenue				
Governmental activities	(87,679,437)	(69,581,277)	(73,429,152)	(74,867,781)
Business-type activities	8,412,247	10,712,055	12,107,649	14,412,800
Total primary government net expense	(79,267,190)	(58,869,222)	(61,321,503)	(60,454,981)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	42,432,818	38,379,963	41,708,668	44,546,153
Sales taxes	16,998,443	19,240,290	20,781,613	22,372,756
Other taxes	19,595,982	20,335,928	21,612,376	23,364,156
Investment Earnings	579,394	301,171	992,221	1,055,417
Other	1,260,652	1,069,894	1,205,727	1,277,511
Extraordinary item	19,161,516			
Special Item				
Gain (loss) on retirement of capital assets			(3,359,063)	1,315,418
Transfers	(607,867)	(472,895)	2,314,350	(22,230)
Total governmental activities	99,420,938	78,854,351	85,255,892	93,909,181
Business-type activities:				
Property taxes	77,425	104,081	104,814	123,954
Investment Earnings	281,583	151,041	499,586	586,705
Incr. (decr.) in investment in sewer authority				
Other	14,585	4,792	4,132	2,536
Gain (loss) on retirement of capital assets			13,700,440	
Transfers	607,867	472,895	(2,314,350)	22,230
Total business-type activities	981,460	732,809	11,994,622	735,425
Total primary government	100,402,398	79,587,160	97,250,514	94,644,606
Change in Net Position				
Governmental activities	11,741,501	9,273,074	11,826,740	19,041,400
Business-type activities	9,393,707	11,444,864	24,102,271	15,148,225
Total primary government	21,135,208	20,717,938	35,929,011	34,189,625

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

(accrual basis of accounting)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$	\$	\$	\$	\$	\$
10,471,987	11,283,201	15,606,312	20,209,904	18,010,124	21,427,691
1,673,308	1,829,157	2,082,688	2,207,239	3,446,039	3,655,114
65,192,296	70,531,632	81,254,909	81,714,725	86,704,991	87,558,205
13,001,063	15,543,459	11,395,963	12,415,300	13,207,698	11,938,272
3,524,036	1,918,929	3,061,832	2,991,575	3,825,093	1,688,207
25,392,603	27,413,602	29,865,949	28,346,520	27,041,650	27,305,627
6,122,280	8,709,696	19,190,179	12,338,662	25,473,041	12,884,545
23,269	63,308	8,655			
<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>	<u>166,457,661</u>
33,505,028	36,788,633	41,468,907	37,755,171	39,823,510	36,926,646
34,345,565	26,675,531	29,054,577	32,783,853	33,531,050	33,574,745
3,005,729	3,004,956	3,386,730	3,355,779	3,815,421	3,459,388
5,179,284	5,692,117	6,899,536	8,061,695	6,892,387	6,736,736
826,201	1,408,137	15,700,537	3,042,215	961,079	605,576
<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>81,303,091</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>	<u>247,760,752</u>
6,340,242	8,087,438	12,452,093	12,876,378	11,502,883	12,679,472
7,905,079	8,215,731	10,016,793	11,074,905	10,287,791	11,340,800
			41,499	27,647	6,541
1,460,797	1,541,388	1,585,832	1,710,325	1,696,024	1,793,170
3,090,945	3,534,018	3,718,902	4,489,120	3,377,144	1,146,856
1,775,752	4,906,365	4,872,753	5,558,607	5,832,595	5,984,211
7,755,830	8,524,425	10,368,250	7,008,964	6,045,072	11,249,205
12,592,165	7,354,555	14,278,202	29,078,550	14,733,955	25,681,546
<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>	<u>69,881,801</u>
38,227,757	38,495,923	44,709,197	47,629,068	47,807,844	52,252,418
45,533,365	37,294,965	37,483,243	38,604,488	42,453,335	40,534,048
2,401,924	6,891,197	5,968,659	2,636,786	1,724,109	912,233
6,862,662	7,131,948	8,630,600	9,367,305	8,799,270	9,023,602
663,658	693,355	329,112	37,555	18,773	15,932
<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>	<u>102,738,233</u>
(84,480,032)	(95,129,064)	(105,173,662)	(88,385,577)	(124,205,525)	(96,575,860)
16,827,559	16,938,014	610,524	13,276,489	15,779,884	21,435,142
<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>	<u>(75,140,718)</u>
48,033,490	52,616,638	58,400,498	67,714,530	66,951,020	67,817,300
23,513,420	24,825,685	25,233,175	28,454,859	36,264,329	38,455,837
24,200,427	24,299,061	25,706,747	27,282,251	24,946,753	20,811,655
1,424,919	1,242,098	1,743,818	5,175,591	10,092,576	3,671,237
199,510	332,294	295,538	208,943	187,438	94,821
					10,272,916
<u>(3,453,013)</u>	<u>(2,681,630)</u>	<u>(6,390,848)</u>	<u>(4,705,317)</u>	<u>(5,420,878)</u>	<u>(2,943,446)</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>	<u>138,180,320</u>
157,417	213,553	331,225	409,989	447,594	394,071
742,410	606,423	(2,094,124)	4,023,177	3,241,147	(80,648)
			4,737,591	2,498,610	(1,278,828)
755	658	10,436			
<u>3,453,013</u>	<u>2,681,630</u>	<u>6,390,848</u>	<u>4,705,317</u>	<u>5,420,878</u>	<u>2,943,446</u>
<u>4,353,595</u>	<u>3,502,264</u>	<u>4,638,385</u>	<u>13,876,074</u>	<u>11,608,229</u>	<u>1,978,041</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>	<u>140,158,361</u>
9,438,721	5,505,082	(184,734)	35,745,280	8,815,713	41,604,460
21,181,154	20,440,278	5,248,909	27,152,563	27,388,113	23,413,183
<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>	<u>65,017,643</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$
General Fund					
Nonspendable	1,902,685	1,785,184	1,608,733	1,387,892	1,291,863
Restricted				1,230	96,338
Committed	551,640	370,927	536,108	700,783	837,563
Assigned	151,178	148,534	223,061	283,563	978,967
Unassigned	17,219,050	19,449,097	21,480,940	26,231,888	25,233,340
Total general fund	<u>19,824,553</u>	<u>21,753,742</u>	<u>23,848,842</u>	<u>28,605,356</u>	<u>28,438,071</u>
All Other Governmental Funds					
Nonspendable					105,702
Restricted	39,468,697	43,969,746	49,268,810	55,913,000	59,678,286
Committed	24,806,534	22,494,438	29,788,888	34,613,371	22,446,882
Assigned	7,424,963	7,817,738	8,128,032	8,060,682	14,270,412
Unassigned					
Total all other governmental funds	<u>71,700,194</u>	<u>74,281,922</u>	<u>87,185,730</u>	<u>98,587,053</u>	<u>96,501,282</u>
Total Governmental Funds	<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>	<u><u>124,939,353</u></u>

Schedule 3 (Continued)
 CITY OF REDWOOD CITY, CALIFORNIA
 FUND BALANCES - GOVERNMENTAL FUNDS

(modified accrual basis of accounting)

Fiscal Year				
2017	2018	2019	2020	2021
\$	\$	\$	\$	\$
1,131,814	956,207	733,648	390,428	72,983
96,338	1,118,953	2,498,135	3,147,443	32,824,347
837,563	2,078,791	2,761,836	4,049,872	5,229,231
884,838	1,036,150	4,036,548	5,319,419	3,512,252
29,421,956	25,019,617	41,250,214	42,850,389	42,739,582
<u>32,372,509</u>	<u>30,209,718</u>	<u>51,280,381</u>	<u>55,757,551</u>	<u>84,378,395</u>
124,395	5,799,838	13,066,183	12,823,386	12,752,808
58,674,542	60,025,546	51,798,117	47,052,552	117,140,777
34,219,577	5,323,534	5,236,423	5,131,093	4,106,568
5,230,911	32,083,477	33,310,870	29,119,677	26,490,496
(3,022)	(3,022)	(34,963)	(51,277)	(99,519)
<u>98,246,403</u>	<u>103,229,373</u>	<u>103,376,630</u>	<u>94,075,431</u>	<u>160,391,130</u>
<u><u>130,618,912</u></u>	<u><u>133,439,091</u></u>	<u><u>154,657,011</u></u>	<u><u>149,832,982</u></u>	<u><u>244,769,525</u></u>

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

	Fiscal Year			
	2012	2013	2014	2015
	\$	\$	\$	\$
REVENUES				
Property taxes/special assessments	43,732,410	39,709,199	43,092,377	45,973,909
Sales and other taxes	34,231,492	37,072,870	39,970,312	43,307,531
Licenses and permits	1,266,183	1,897,584	2,561,642	1,467,814
Fines, forfeitures and penalties	1,313,826	1,198,611	887,309	878,334
Use of money and property	2,302,262	2,476,647	1,771,829	1,918,899
Intergovernmental	10,223,281	10,505,927	10,835,761	12,416,110
Contributions	3,971,547	7,743,498	8,301,860	11,363,481
Charges for current services	10,830,462	10,411,028	15,345,006	16,420,416
Other	750,414	557,739	623,242	708,967
Total Revenues	108,621,877	111,573,103	123,389,338	134,455,461
EXPENDITURES				
Current Operations:				
Community development	22,125,748	8,595,743	7,864,788	9,479,762
Human services	1,389,422	1,462,092	1,347,136	1,400,276
Public safety	49,175,285	49,368,709	56,115,246	61,713,585
Transportation	6,472,378	6,452,755	6,714,370	8,685,224
Environmental support and protection	2,260,457	1,959,881	2,601,280	2,525,916
Leisure, cultural and information services	19,585,039	19,778,480	20,789,647	22,013,436
Policy development and implementation	2,617,522	5,470,098	3,598,453	5,202,537
Capital outlay	7,665,302	10,502,338	5,310,292	6,162,302
Debt service:				
Principal retirement	3,275,000	5,880,000	324,742	656,858
Interest and fiscal charges	930,487	326,059	31,755	43,348
Bond issue costs		67,252		
Total Expenditures	115,496,640	109,863,407	104,697,709	117,883,244
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,874,763)	1,709,696	18,691,629	16,572,217
OTHER FINANCING SOURCES (USES)				
Transfers in	18,062,351	13,223,617	13,632,786	12,241,110
Transfers (out)	(18,655,801)	(13,782,396)	(17,325,507)	(14,448,618)
Bond proceeds/Refunding lease		3,360,000		
Sale of capital assets				1,793,128
Total Other Financing Sources (Uses)	(593,450)	2,801,221	(3,692,721)	(414,380)
Extraordinary gain (loss)/Special item	(4,323,843)			
NET CHANGE IN FUND BALANCES	(11,792,056)	4,510,917	14,998,908	16,157,837
Debt service as a percentage of non-capital expenditures	3.90%	6.25%	0.36%	0.63%

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$	\$	\$	\$	\$	\$
49,312,670	53,975,055	59,803,386	69,231,824	68,452,879	69,448,210
44,186,332	44,037,753	44,906,727	52,302,099	57,030,578	55,101,620
7,151,286	4,189,195	9,832,842	6,816,903	5,472,129	6,570,476
983,449	989,611	1,059,004	975,095	122,112	569,892
2,164,743	6,115,750	6,513,028	10,412,446	13,383,745	8,266,580
13,265,046	12,243,780	14,053,873	16,299,213	13,612,956	16,769,992
2,296,073	3,559,664	2,402,789	5,760,413	5,222,515	547,409
16,900,849	19,791,531	23,399,087	25,173,118	24,331,769	15,115,751
621,247	788,639	1,289,804	156,372	241,893	118,827
<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>	<u>172,508,757</u>
10,320,807	10,987,811	14,719,418	19,351,651	17,121,816	20,359,530
1,624,187	1,708,705	1,874,314	1,996,048	3,237,966	3,477,996
65,020,500	68,186,718	70,296,129	72,821,984	77,943,200	82,384,050
9,099,717	11,241,321	6,473,602	7,283,163	9,534,877	8,388,514
2,360,169	2,160,598	2,179,407	1,818,931	1,887,799	1,992,197
23,537,162	24,507,866	24,983,432	24,375,689	25,396,511	24,791,272
4,259,132	8,440,654	18,350,842	11,468,715	24,490,924	12,129,308
14,730,024	8,365,803	10,840,645	20,891,854	26,272,264	19,436,584
666,814	676,920	687,180	347,486		
74,696	61,958	13,842	2,725		
					365,002
<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>173,324,453</u>
5,188,487	9,352,624	12,841,729	26,769,237	1,985,219	(815,696)
10,795,891	11,997,013	11,845,559	14,902,667	13,603,597	17,146,102
(18,237,434)	(15,670,078)	(21,586,606)	(20,453,984)	(20,412,845)	(20,218,383)
					64,116,809
<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>61,044,528</u>
					10,272,916
<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>	<u>70,501,748</u>
0.63%	0.58%	0.50%	0.25%	n/a	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				
	\$	\$	\$	\$	\$	%	%
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
2021	1,818,920	27,566,263,855	1,277,695,321	1,448,711,548	27,397,066,548	7.82	0.1684

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Rates										
City	0.2030	0.2101	0.1921	0.1920	0.1944	0.1930	0.1819	0.1731	0.1731	0.1684
County and All Others*	0.7970	0.7899	0.8079	0.8080	0.8056	0.8070	0.8181	0.8269	0.8269	0.8316
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	0.0015
Elementary School	0.0255	0.0256	0.0240	0.0230	0.0158	0.0461	0.0412	0.0384	0.0396	0.0299
High School	0.0358	0.0356	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340	0.0315
Community College	0.0199	0.0194	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175	0.0231	0.0213
Total Overlapping Rate	0.0812	0.0806	0.0747	0.0853	0.0850	0.1105	0.1039	0.0942	0.0983	0.0842
Total Direct and Overlapping Rate	1.0812	1.0806	1.0747	1.0853	1.0850	1.1105	1.1039	1.0942	1.0983	1.0842

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	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$			\$		
Google Inc.	782,765,883	1	2.86%			
Oracle Corporation	659,395,812	2	2.41%	536,946,988	1	3.64%
AIMCO Indigo LP	335,526,779	3	1.22%			
Improvement Blu Harbor LLC	325,620,000	4	1.19%			
Westport Office Park LLC	299,522,111	5	1.09%	215,540,264	5	1.46%
DWF IV 1400 1500 Seaport Blvd	284,625,254	6	1.04%			
Slough Redwood City LLC	272,469,065	7	0.99%	232,586,518	4	1.58%
Hudson Towers at Shore Center LLC	241,658,346	8	0.88%			
TGA 299 Franklin LLC	229,859,656	9	0.84%			
Electronic Arts Inc.	228,833,572	10	0.84%	264,035,562	3	1.79%
Pacific Shores Investors LLC				482,225,799	2	3.27%
SRI Eight Pacific Shores LLC				161,945,749	7	1.10%
Tishman Speyer Archstone Smith				135,388,897	8	0.92%
Irvine Co. LLC				130,868,261	9	0.89%
Metropolitan Life Insurance Co.				117,764,371	10	0.80%
SPK-Towers@Shores Center LLC				164,000,000	6	1.11%
	<u>3,660,276,478</u>		<u>13.36%</u>	<u>2,441,302,409</u>		<u>16.56%</u>

Source: San Mateo County Assessor via HdL Coren & Cone

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
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
2021	43,133,607	42,971,448	99.62	NA	42,971,448	99.62

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			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
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
2021	64,117					54,376		118,493	1,391	2.29

Schedule 10
 CITY OF REDWOOD CITY, CALIFORNIA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of June 30, 2021

<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	10.729	81,680,517
Sequoia Union High School District	24.918	123,149,740
Belmont-Redwood Shores School District	40.533	23,706,876
Belmont-Redwood Shores School District School Facilities Improvement Distr.	91.147	17,664,289
Redwood City School District	62.627	115,800,117
San Carlos School District	0.960	1,052,747
Midpeninsula Regional Park District	8.162	7,051,968
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	6,985,000
Redwood City Community Facilities District 2010-1	100.000	3,825,000
TOTAL DEBT REPAYED WITH PROPERTY TAXES		380,916,254
Other Debt		
San Mateo County General Fund Obligations	10.729	52,262,498
San Mateo County Board of Education Certificates of Participation	10.729	733,864
Midpeninsula Regional Park District General Fund Obligations	8.162	8,651,769
Menlo Park Fire Protection District Certificates of Participation	0.020	1,920
TOTAL OTHER DEBT		61,650,051
Overlapping Tax Increment Debt (Successory Agency)	100.000	11,608,767
Total City Overlapping Debt		454,175,072
City Direct Debt		
City of Redwood City General Fund Obligations	100.000	64,116,809
Total City Direct Debt		64,116,809
Total Overlapping and Direct Debt		518,291,881

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
Annual Comprehensive Financial Report
June 30, 2021*

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
	\$	\$	\$	\$	\$	
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
2021	46,666,247	31,927,204	14,739,043	2,165,000	1,768,729	3.75

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	Less:	Net	Debt Service		Coverage Ratio ²
	Revenues	Operating Expenses ¹	Available Revenue	Principal	Interest	
	\$	\$	\$	\$	\$	
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
2021	9,023,602	3,926,925	5,096,677	892,563	478,033	3.72

Tax Increment Bonds				
	Property Tax Increment	Debt Service		Coverage Ratio
	\$	Principal	Interest	
	\$	\$	\$	
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	
2021 ³		1,450,684	2,054,316	

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (\$000)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Number of Water System Customers</u>
		\$	\$	%	
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
2021	85,182	5,180,343	60,815	4.10	23,562

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	2021			2012		
	Employees*	Rank	% of Total City Employment	Employees**	Rank	% of Total City Employment
Oracle Corporation	5,243	1	10.72%	6,218	1	15.39%
County of San Mateo	2,452	2	5.01%			
Stanford Hospital and Clinics	2,279	3	4.66%	750	4	1.86%
Box Inc.	1,576	4	3.22%			
Guardant Health, Inc.	1,495	5	3.06%			
Auris Surgical Robotics, Inc.	1,482	6	3.03%			
Electronic Arts	1,400	7	2.86%	1,320	2	3.27%
Google	952	8	1.95%			
Geonomic Health	842	9	1.72%	435	7	1.08%
The Permanente Medical Group	717	10	1.47%			
Kaiser Permanente				867	3	2.15%
Pacific Data Images (Dreamworks)				553	5	1.37%
Silver Spring Networks				496	6	1.23%
Starvista				330	8	0.82%
Abbott Vascular				327	9	0.81%
Equinix Operating Co.				304	10	0.75%

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.

**2012 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				
	2012	2013	2014	2015	2016
Community Development	69.33	62.63	64.76	56.98	64.31
Human Services	7.82	7.82	7.82	7.82	7.82
Public Safety	180.34	181.84	207.00	210.00	213.00
Transportation	16.05	16.05	16.09	16.09	16.29
Environmental Support/Protection	5.85	3.15	3.55	3.71	4.71
Leisure/Cultural/Information Services	127.94	124.74	103.80	104.59	106.23
Policy Development/Implementation	60.42	59.57	80.90	83.69	87.05
Water	30.85	35.05	30.97	34.37	34.77
Sewer	15.70	18.40	17.88	18.62	18.92
Parking	5.65	5.65	5.65	5.65	5.65
Docktown Marina*				0.13	0.13
Port	10.00	10.00	9.00	9.00	8.00
Total	529.95	524.90	547.42	550.65	566.88

Department**	Fiscal Year				
	2017	2018	2019	2020	2021
City Council	7.00	7.00	7.00	7.00	7.00
City Manager	7.49	8.59	10.89	10.89	12.64
City Attorney	6.83	5.97	5.97	5.97	5.97
City Clerk	4.41	3.78	3.78	3.78	3.78
Administrative Services	41.99	41.13	39.13	41.13	33.33
Community Development	70.31	65.46	59.03	59.23	57.88
Fire	93.00	89.50	91.00	91.00	87.00
Human Resources***					7.00
Library	40.72	38.53	40.30	40.30	38.24
Parks, Recreation, Community Svcs	71.66	71.74	71.11	69.11	66.11
Police	128.00	124.00	130.00	130.00	121.00
Public Works	97.39	101.52	106.15	105.95	105.95
Port	8.00	9.00	10.00	8.5	10.5
	576.80	566.22	574.36	572.86	556.40

*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.

***Prior to FY 2021, Human Resources was included in Administrative Services

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Community Development:										
Building permits	1,972	2,320	2,549	2,650	3,493	3,310	3,017	2,888	2,571	3,042
Building inspections conducted	13,391	11,844	16,669	17,547	20,383	21,640	25,201	25,999	20,547	19,631
Public Safety:										
Police:										
Moving citations (per 1,000 population)	112	94	97	120	103	68	61	68	26	21
Fire:										
Emergency responses - all calls*	7,111	7,656	9,096	10,078	10,245	10,479	10,742	10,690	10,401	11,757
Leisure/Cultural/Information Services:										
Number of items in collection	326,251	332,776	299,673	292,781	277,520	273,391	244,106	236,705	236,926	224,124
Water:										
Average daily consumption (thousands of gallons)	9,446	9,402	9,910	10,401	7,507	7,729	8,536	8,328	8,588	8,566

*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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations*	5	5	7	7	7	7	7	7	7	7
Transportation										
Miles of streets	155	155	155	155	155	155	155	155	155	157
Number of street lights**	4,512	4,512	5,035	5,055	5,076	5,076	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	24	24	24	25	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	262	262	262	262	262	262	262	262
Miles of recycled water system lines	15	15	17	17	18	18	18	18	18	18
Sewer										
Miles of sanitary sewers	193	193	196	198	198	198	198	198	198	198
Miles of storm sewers	129	129	130	133	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.

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	
		\$		\$		\$		\$	\$
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
2021	-	-	-	-	40	3,000	3,002	377,393,192	377,396,192



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2021*



Respond. Restore. Reimagine.