

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2023



City of Redwood City

Redwood City, California



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by:
Administrative Services Department – Finance Division

CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiii
Principal Officials	xiv
Finance Division Staff	xv
Organization Charts	xvi
 II. FINANCIAL SECTION	
<i>A.</i> Independent Auditor’s Report	1
<i>B.</i> Management’s Discussion and Analysis	5
<i>C.</i> Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	22
Statement of Activities.....	23
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet.....	26
Reconciliation of the Governmental Funds-Balance Sheet with the Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Net Change in Fund Balances-Total Governmental Funds with the Statement of Activities.....	29
Proprietary Fund Financial Statements:	
Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Net Position	33
Statement of Cash Flows	34
Fiduciary Fund Financial Statements:	
Statement of Net Position	36
Statement of Changes in Net Position	37
Notes to the Basic Financial Statements	39

CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
II. FINANCIAL SECTION, Continued	
D. Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting.....	101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund.....	103
Defined Benefit Pension Plans	106
Post Employment Benefits (OPEB)	112
E. Supplementary Information:	
General Fund:	
Comparative Balance Sheet	120
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	121
Schedule of Revenues Compared with Budget (GAAP Basis) and Actual	122
Schedule of Expenditures Compared with Budget (GAAP Basis and Actual	123
Non-Major Governmental Funds:	
Combining Balance Sheet.....	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	132
Budgeted Non-Major Funds:	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	136
Internal Service Funds:	
Combining Statement of Net Position.....	146
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	147
Combining Statement of Cash Flows.....	148
Custodial Funds:	
Combining Statement of Net Position.....	150
Combining Statement of Changes in Net Position.....	152

CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
III. STATISTICAL SECTION (Unaudited)	
Statistical Category Narrative	155
Schedule 1 – Net Position by Component – Last Ten Fiscal Years	156
Schedule 2 – Changes in Net Position – Last Ten Fiscal Years.....	158
Schedule 3 – Fund Balances – Governmental Funds – Last Ten Fiscal Years	160
Schedule 4 – Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	162
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .	164
Schedule 6 – Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	165
Schedule 7 – Principal Property Tax Payers – Current Year and Nine Years Ago.....	166
Schedule 8 – Property Tax Levies and Collections – Last Ten Fiscal Years.....	167
Schedule 9 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	168
Schedule 10 – Direct and Overlapping Governmental Activities Debt	169
Schedule 11 – Legal Debt Margin Information – Last Ten Fiscal Years.....	170
Schedule 12 – Pledged-Revenue Coverage – Last Ten Fiscal Years.....	172
Schedule 13 – Demographic and Economic Statistics – Last Ten Calendar Years	174
Schedule 14 – Principal Employers – Current and Nine Years Ago.....	175
Schedule 15 – Full Time Equivalent Employees by Function – Last Ten Fiscal Years	176
Schedule 16 – Operating Indicators by Function/Program – Last Ten Fiscal Years	177
Schedule 17 – Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	178
Schedule 18 – Construction Values – Last Ten Fiscal Years.....	179



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

Administrative Services Department
Michelle Poché Flaherty, Director and
Assistant City Manager



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

March 29, 2024

Honorable Mayor Jeff Gee
Members of the City Council
City Manager Melissa Stevenson Diaz
Residents of the City of Redwood City
Redwood City, California

I 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, 2023.

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, 2023. 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, 2023.** The independent auditor's report is located at the front of the financial section of this report.

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 auditor in the financial section. 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 80,000, Redwood City is the third largest city in 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.

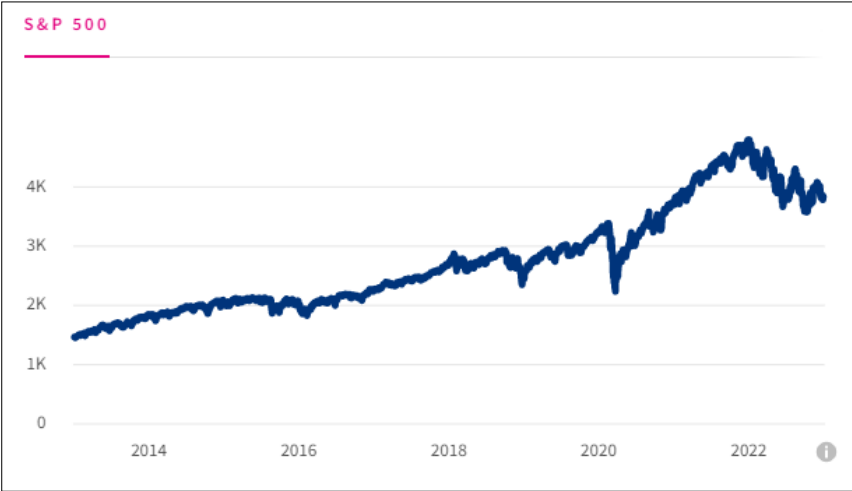
Beginning with the financial statements for FY 2014-15, the City, along with other governmental agencies, was required to implement a new accounting standard, Governmental Accounting Standards Board Statement No. 68 (GASB 68). GASB 68 requires all governmental agencies to record unfunded pension liability 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

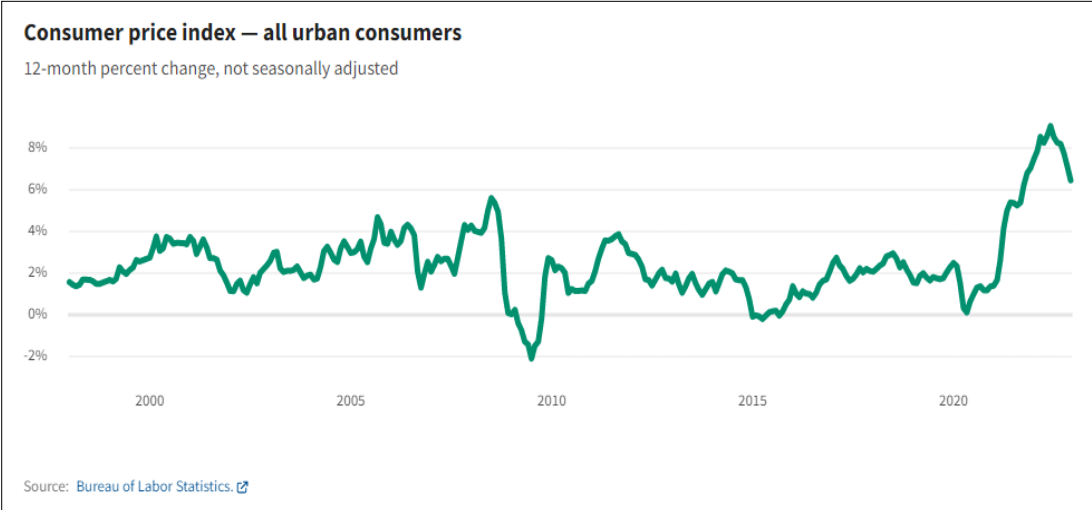
Pandemic Recovery, National and Local Economy

In FY 2022-23, the world began to adapt to the volatility arising from the Coronavirus Disease (COVID-19) pandemic that had prompted societal shutdowns beginning in spring of 2020.

The early and dramatic pandemic recovery in the stock market of 2021 corrected with a downturn in 2022. In May 2023, California Governor Gavin Newsom announced a revised state budget due to a deficit that has grown by nearly \$10 billion from January of 2023 to almost \$32 billion just four months later. Roughly half of the state’s revenue comes through income tax from the wealthiest 1 percent of Californians, whose earnings had been reduced by the downturn in the stock market. This marked an end to much of the state assistance that had flowed to Redwood City in response to the pandemic crisis.



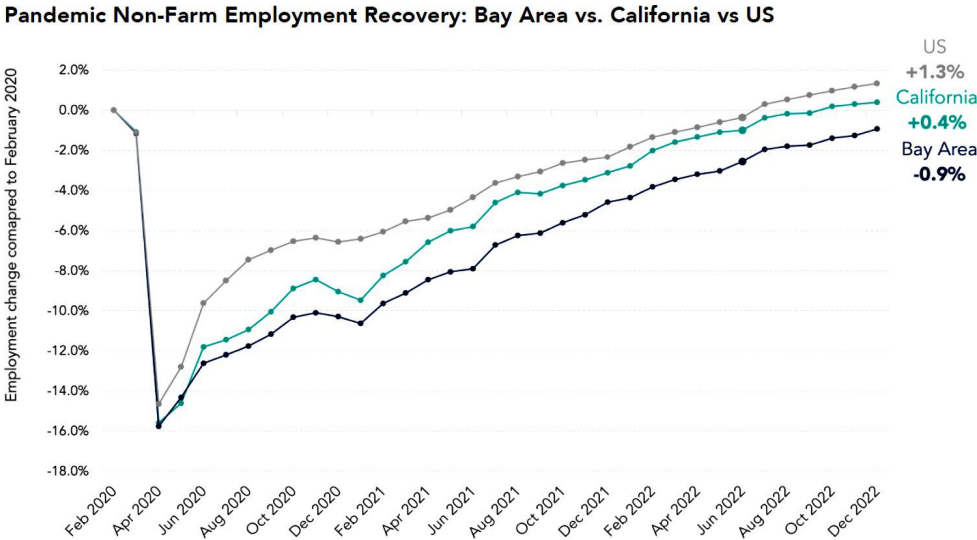
National Inflation mirrored a global inflation crisis which grew at the beginning of 2022, partly due to rising food and energy prices (like gasoline), while housing costs contributed throughout 2022. American consumer personal spending grew at annual rate of 3.7% in the first quarter of 2023, with increases in both goods and services.



In an attempt to curb inflation, the Federal Reserve raised interest rates at an exceptional ten consecutive meetings in 2022 and through May 2023, increasing the target rate from near zero to between 5.0 and 5.5%.

During the pandemic remote and hybrid work was widespread, with Silicon Valley reporting the nation’s highest percentage of remote workers.

By the end of 2022, employment levels in the nation and the state had fully recovered from the pandemic, while the Bay Area was down 38,600 jobs from pre-pandemic levels. Cities like San Rafael and Vallejo were only 56% and 74% recovered respectively, but San Mateo County had fully recovered by mid-2022.



Source: Bay Area Council Economic Institute

In fact, at the end of 2022, San Mateo County enjoyed the strongest unemployment rate in the Bay Area.

Unemployment Rates by Bay Area County (December 2022)

County	Labor Force	Employed	Unemployed	Unemployment Rate
San Mateo	457,600	449,000	8,600	1.9%
Santa Clara	1,060,500	1,038,800	21,700	2.0%
San Francisco	578,400	566,700	11,700	2.0%
Marin	128,800	126,000	2,800	2.2%
Sonoma	248,400	242,100	6,300	2.5%
Alameda	831,100	808,400	22,700	2.7%
Contra Costa	554,700	538,400	16,200	2.9%
Napa	67,400	65,400	2,000	3.0%
Solano	200,700	193,100	7,700	3.8%
BAY AREA	4,127,600	4,027,900	99,700	2.4%

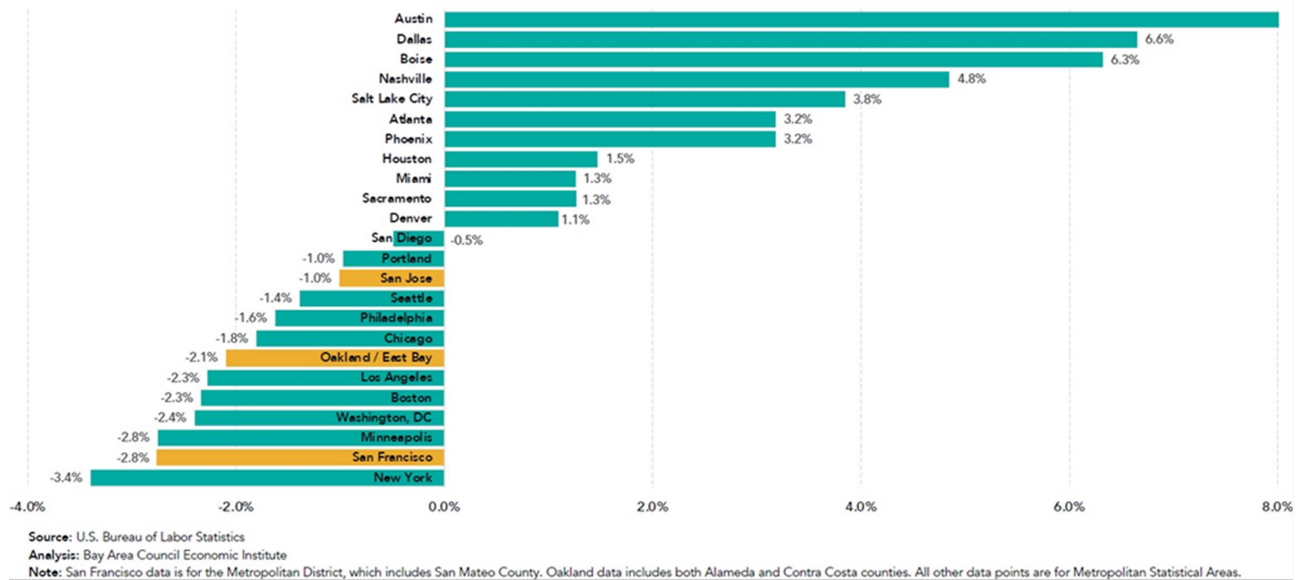
Source: Bay Area Council Economic Institute

However, layoffs in the tech sector began in the second half of 2022 and continued into the first half of 2023. Silicon Valley’s largest 20 tech companies lost 7% of their Bay Area workforce in 2023 (approximately 18,800 workers), and expanded their presence most notably in the Portland metro (+183% year-over-year), Charlotte metro (+89%), Austin metro (+43%), and Greater Sacramento (+15%) areas.¹

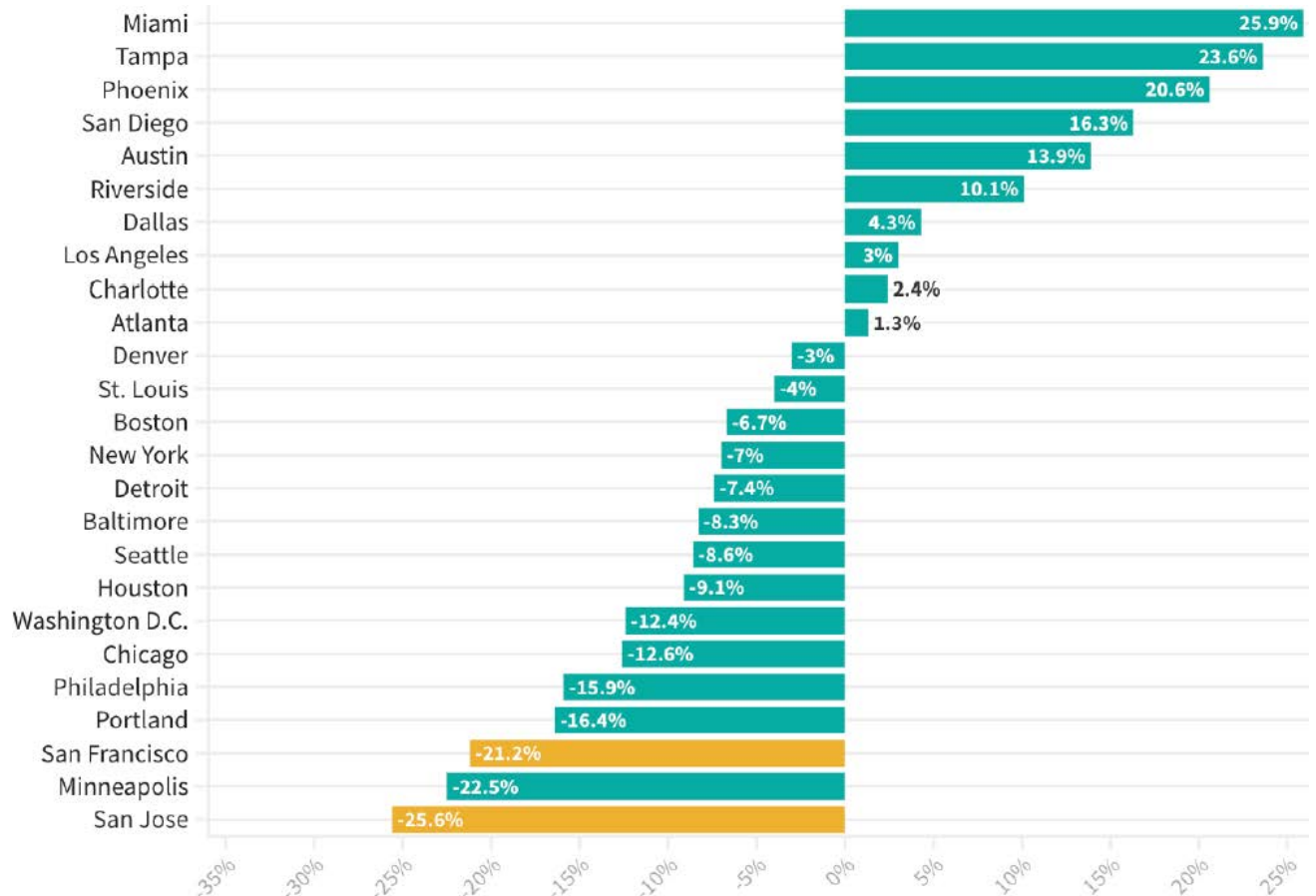
¹ Joint Venture Silicon Valley Institute for Regional Studies, **2023 Silicon Valley Index**
<https://jointventure.org/download-the-2023-index>

This reflected a nationwide trend in which urban areas lagged suburbs and second-tier metropolitan areas that enjoyed much stronger job recovery rates from the pandemic compared to the more expensive cities.

Employment Change by Metro Area: January 2020 to June 2022
(non-farm employment)



Similarly, as of February 2023, the Bay Area's tourism recovery from the pandemic significantly lagged the rest of the nation.



Source: CBRE Hotel Data

Concurrently, the Bay Area’s perennial growth in population reversed as 91,000 people departed Silicon Valley in 2021-2023 – the highest record of outmigration since the dot.com bust approximately twenty years prior.

As of December 2022, the national labor force participation rate remained almost one percentage point below that of February 2020 and was projected to remain so indefinitely. Analysts have suggested that, despite low unemployment, the labor force participation rate has remained stubbornly low due to the “Silver Tsunami” of Baby Boomer retirees that had been anticipated over the last decade and which finally arrived in the early 2020s. An additional 2.5 million workers would need to be added to the national labor force for the participation rate to reach its pre-pandemic level.

A volatile supply chain and war in Ukraine continued to exacerbate the instability of the economy. While economists spent FY 2022-23 debating whether a recession was imminent (or may have begun already), they generally agreed the U.S. economy was slowing.

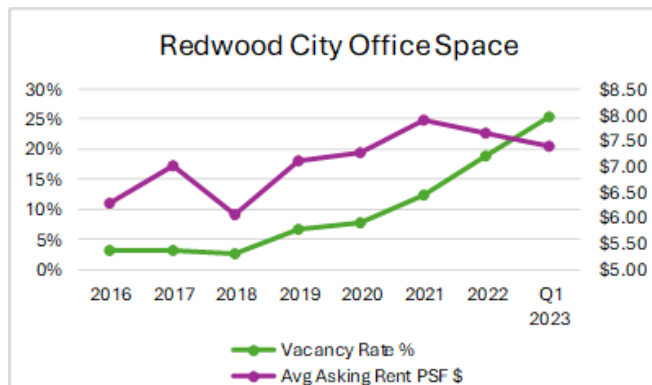
Impact on Redwood City Finances

The initial economic impact of the pandemic on Redwood City was calculated at a loss of an estimated \$82 million in City revenues in FY 2020-21. A commitment to financial discipline, together with state and federal assistance, helped to offset some of the impact of the pandemic on the City. In FY 2020-21 and FY 2021-22, the City received infusions of \$9.2 million in federal American Rescue Plan Act assistance, totaling \$18.4 million over the two years. However, by FY 2022-23, the flow of pandemic-related assistance had ended. The City’s adherence to financial best practices and fiscal discipline, including freezing positions for two years before gradually phasing them back in, enabled it to withstand dramatic revenue losses while avoiding layoffs and service reductions.

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. With increased remote work, fewer workers are commuting into the city on a daily basis, which has resulted in fewer customers for downtown businesses. Business license tax generated \$3.1 million in FY 2022-23, up just \$0.2 million from FY 2021-22, which represented a reduction of \$3.4 million from FY 2020-21. With its Small Business Support Program in response to the pandemic in 2021, the City strengthened the economic foundation of its community and provided a network of support to local businesses. The City extended the Outdoor Business Activity Program, adopted by City Council in July 2022, to allow outdoor dining within the City’s right-of-way, and continued to update its Economic Resiliency Plan in 2023 to expand economic development work programs.

Revenue from licenses and permits increased by \$3.0 million, which was almost entirely driven by an increase in building permit revenue. However, overall office vacancy rates grew steadily in 2022 and accelerated in the first half of 2023. After climbing steadily, asking rent rates leveled off in late 2022 and began to come down in 2023.



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, state and federal aid, and the decision to keep vacant positions open to save money, the City was 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 tax base, 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 2022-23, the City remained faithful to its established fiscal strategies while beginning its recovery from the pandemic. Specifically, Redwood City:

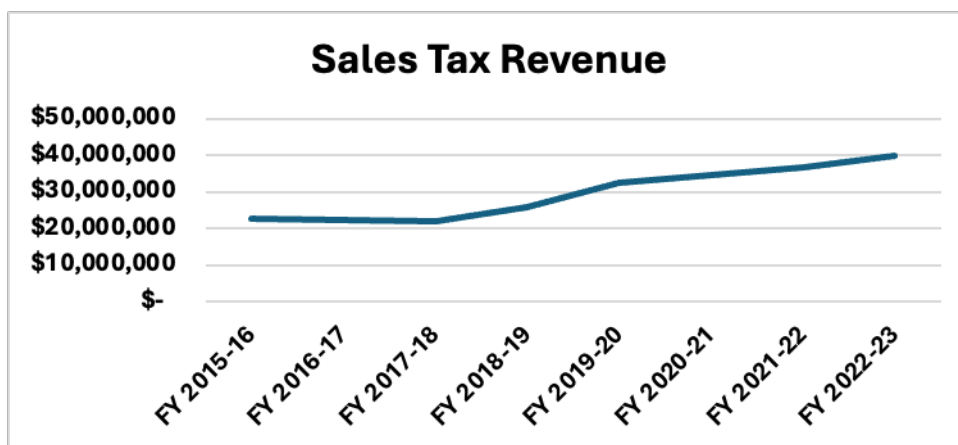
- Limited the use of reserve funds in response to emergencies so as to maintain the 15 percent General Fund reserve level established in City policy;
- Began reimagining service delivery with operational studies in the Police and Fire departments, in order to adapt to a rapidly evolving environment with a focus on service sustainability and social equity;
- Began implementation of a new 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.

Revenue Trends

The General Fund is the primary operating fund of the City. Total fund balance increased to \$105.5 million in FY 2022-23, an increase of \$10.2 million from the prior year balance of \$95.3 million. General Fund revenues increased by \$16.0 million in FY 2022-23 due to increases in most sources, including property tax, sales tax, licenses and permits, intergovernmental revenue, and use of money and property.

Sales Tax

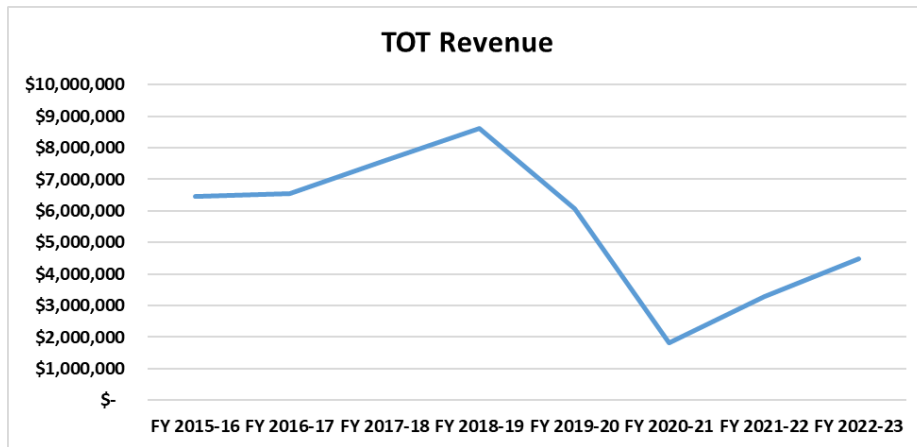
Sales tax is an important source of General Fund revenue, as it accounts for 19 percent of total General Fund revenues. Redwood City receives \$0.16 of each dollar paid in sales tax in Redwood City. The City's top sources of sales tax are automobiles at 23%, consumer goods at 19%, and restaurants at 10% of City sales tax. Total sales tax revenue in the General Fund increased by \$3.5 million (from \$36.6 million to \$40.1 million), or 9.6 percent, when compared to the prior fiscal year.



Transient Occupancy Tax

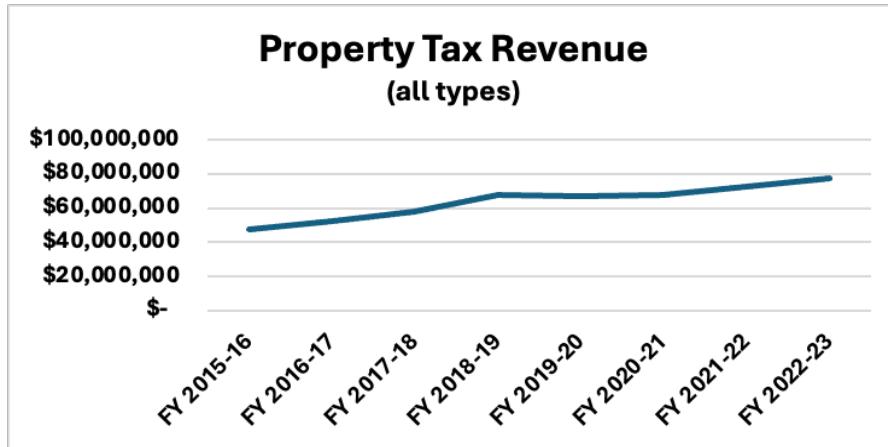
Transient occupancy tax (TOT) is collected from visitors to Redwood City through a charge on hotel accommodations. TOT revenue accounts for approximately 2.3 percent of total General Fund revenues. As travel, particularly business travel, slowly recovers from pandemic-era lows, TOT revenue in FY 2022-23 increased by \$1.2 million from the prior fiscal year (from \$3.3 million to \$4.5 million). However, this level remains \$1.5 million below the pre-pandemic revenue of \$6.0 million generated in FY 2019-20.

In addition to the reduction in travel due to the pandemic, Redwood City has lost more than \$1.0 million in annual revenues through the conversion of hotels to affordable housing solutions. Two Redwood City hotels were sold to San Mateo County in 2020 for use as affordable housing. The City negotiated a one-time payment of \$1.5 million from the County of San Mateo to offset the initial revenue loss in FY 2020-21; however, their permanent removal from the TOT pool and property tax rolls represents an ongoing loss in City revenue of over \$800,000 annually based on pre-COVID hotel occupancy and rates. In April 2022, a third Redwood City hotel was sold to the County for affordable housing, representing the loss of an additional \$250,000 in annual TOT revenues to Redwood City. Although converting hotels to housing is detrimental to City TOT revenues, creating new affordable housing is essential if the City is to succeed in providing housing for unhoused residents. The direct costs for the City to address issues related to homelessness and housing instability are more than double the loss to the City of the annual revenue associated with the three hotel purchases.

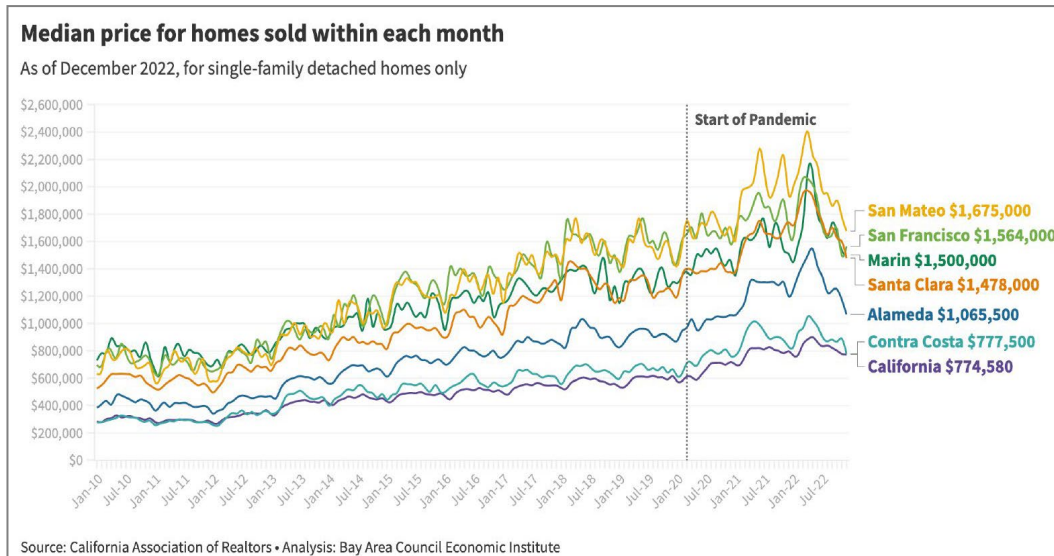


Property Tax

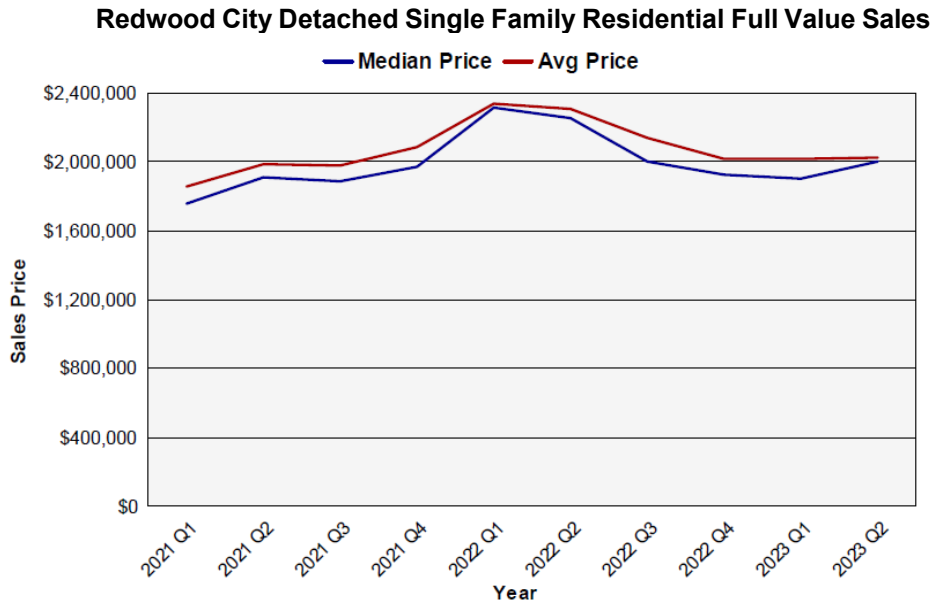
Property tax accounts for 39.8 percent of total General Fund revenues and is a key indicator of the City’s economic outlook. Overall property tax revenues in FY 2022-23 increased by \$4.9 million, or 7 percent, over the previous fiscal year (from \$72.4 million to \$77.3 million), primarily due to continued increases in assessed valuations that drove growth in most categories.



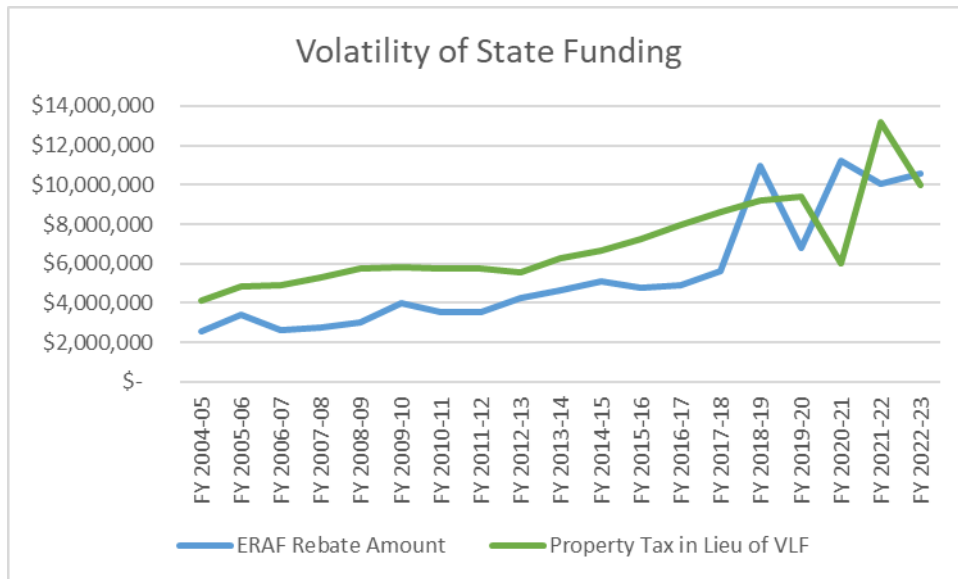
San Mateo County property values, shown in yellow in the chart below, remained among the highest in the Bay Area throughout the pandemic, but also saw some of the sharpest declines in calendar year 2022 from pandemic-era highs.



After peaking in the first quarter of 2022, the sale price of residential homes in Redwood City declined in the second half of 2022 and plateaued in the first half of 2023 at levels roughly comparable to those of mid-2021.



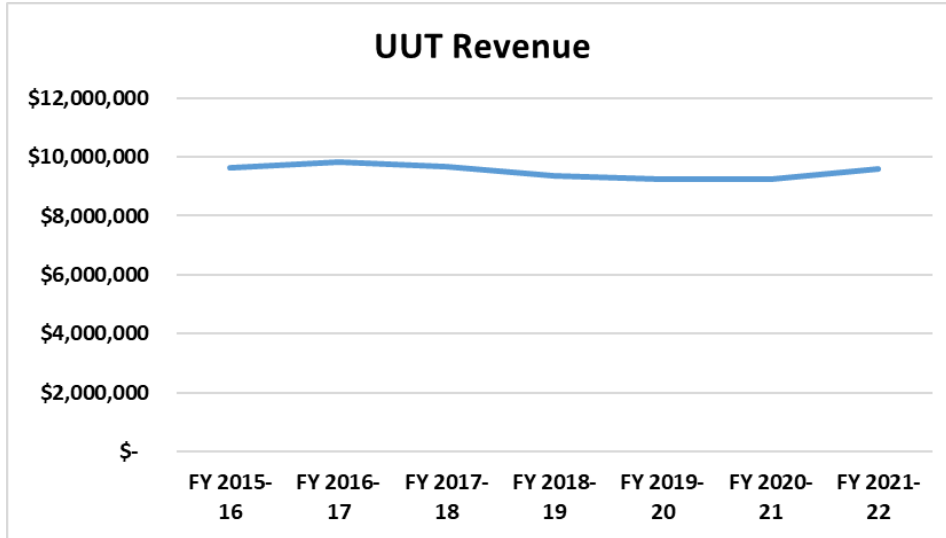
Included in the property tax revenue category is revenue from the Educational Revenue Augmentation Fund (ERAF) and property tax in-lieu of vehicle license fees (VLF). In recent years, these two sources of revenue have become especially volatile as they are susceptible to changes in school funding data, the availability of state funding to backfill any shortfalls, and increasing vulnerability to change in the state methodology for allocating revenues to local governments. City staff is working with the County of San Mateo to monitor both funding categories, and meets regularly to review projections.



The property tax in-lieu of vehicle license fee category for FY 2022-23 was down \$4.3 million year-over-year due to a shortfall in the source of funding utilized by the State of California to pay this obligation. The County of San Mateo has filed a claim with the State on behalf of the cities in the county to be reimbursed for the shortfall.

Utility Users' Tax

Redwood City collects a voter-approved Utilities Users' Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue accounts for 5 percent of total General Fund revenues. UUT revenue increased by \$1.4 million to a total of \$10.9 million in FY 2022-23, up from \$9.5 million in FY 2021-22. As more consumers move away from cable services and toward video streaming services, UUT revenue is expected to decline.



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." Prior to the pandemic, the City 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 FY 2021-22 and FY 2022-23, a portion of the available excess fund balance was retained to cover 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 has also established cash management, accounting, budgetary, and risk management policies and practices that are essential to the City's long-term fiscal health. Such policies provide the resources to react to financial needs in a prudent manner. These financial policies and practices also promote public confidence and increase the City's credibility for bond rating agencies and potential investors.

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 limit.

The appropriation limit for Redwood City for FY 2022-23 was \$906,290,865; the City's actual appropriations subject to the limit were \$113,102,184, far below the limit. The FY 2022-23 appropriation limit increased from FY 2021-22 primarily due to 7.55 percent increase in state-wide per capita personal income over prior year, 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, 2022. This is the 36th consecutive year that Redwood City has received this prestigious award. 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 staff of the Finance Division for their dedication to their colleagues throughout the City organization and to the community of Redwood City. The preparation of this report was particularly formidable during a year in which the Division navigated the second consecutive year of exceptionally high levels of staff turnover. Throughout this difficult year, the team rose to the occasion with exemplary commitment and professionalism, particularly our Principal Accounting Analyst, Sarah Gustafson.

I would also 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 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2023

CITY COUNCIL

Jeff Gee, Mayor	November 2024
Lissette Espinoza-Garnica, Vice Mayor	November 2024
Alicia C. Aguirre	November 2024
Kaia Eakin.....	November 2026
Diane Howard	November 2026
Elmer Martinez Saballos	November 2024
Chris Sturken	November 2026

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.....	Alex Khojikian (Acting)
Fire Chief.....	Ray Iverson
Human Resources	Michelle Katsuyoshi
Library.....	Derek Wolfgram
Parks, Recreation, and Community Services	Chris Beth
Police Chief	Kristina Bell
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

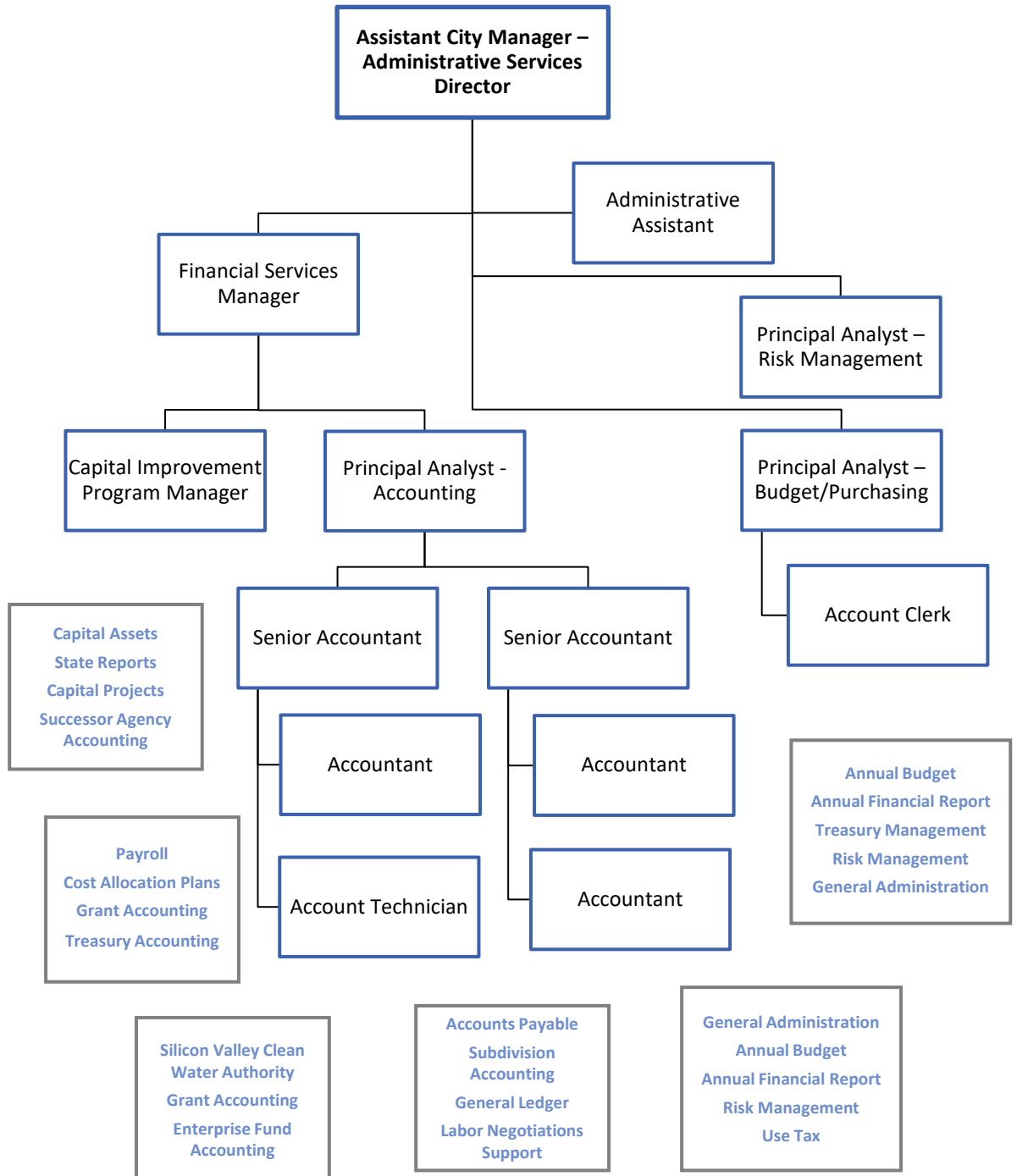
FINANCE DIVISION STAFF

As of June 30, 2023

Norite Vong..... Finance Manager
Carolyne Kerans Principal Analyst
Sylvia Bravo Peters Principal Analyst
Molly Flowerday Principal Analyst
Jennifer Chang Senior Accountant
Sarah Gustafson..... Senior Accountant
Fion Lui Accountant
Keying Yan Accountant
Alma Angel..... Accountant
Gina Clark..... Account Technician
Tony Dzoan Account Clerk
Nancy Murguia Administrative Assistant
Theresa Yee Capital Improvement Program Manager

June 30, 2023

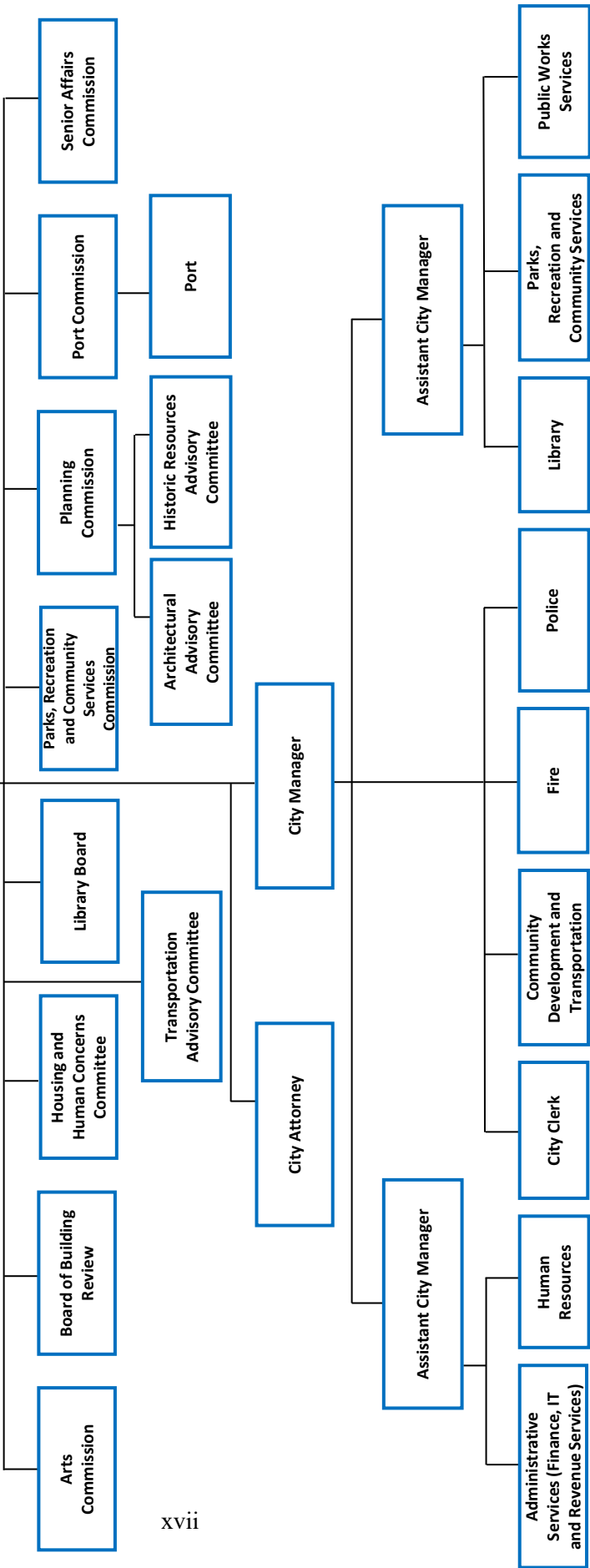
Administrative Services Department Finance Division



2023

RESIDENTS

CITY COUNCIL
Jeff Gee, Mayor
Lissette Espinoza-Garnica, Vice Mayor
Alicia C. Aguirre
Kaia Eakin
Diane Howard
Elmer Martinez Saballos
Chris Sturken





*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redwood City(City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Change in Accounting Principles

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which became effective during the year ended June 30, 2023. As disclosed in Note 6D, the implementation required the beginning balances of the Governmental Activities capital assets and non-current liabilities as of July 1, 2022 to be restated and increased by \$4,693,002 to reflect the SBITA intangible assets and the SBITA liabilities balances. As a result, the net effect on beginning net positions was zero.

The emphasis of this matter does not constitute a modification to our opinions.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2024 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
March 15, 2024

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

As the management of the City of Redwood City (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Redwood City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS

City-wide Financial Highlights:

- *Net Position* – The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$657.2 million (net position). Of this amount, \$15.0 million was reported as unrestricted net position, which may be used to meet ongoing obligations.
- *Changes in Net Position* – The City's total net position increased by \$27.8 million as reflected in the government-wide statement of activities. Net position of governmental activities increased by \$11.9 million, and net position in business-type activities increased by \$15.9 million.
- *Cash and Investments* - At June 30, 2023, cash and investments totaled \$449.8 million, of which \$299.8 million was classified as governmental activities and \$150.0 million was related to business-type activities category. Overall, the City's cash position increased \$7.1 million year-over-year.

Fund Highlights:

- *Governmental Funds* – At the close of fiscal year, the City's governmental funds reported a combined fund balance of \$242.2 million, a decrease of \$4.0 million, or 1.6 percent, from the prior year. Of the total, \$21.3 million, or 8.8 percent, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- *General Fund* - Unassigned fund balance in the general fund at June 30, 2023 was \$22.2 million, an increase of \$8.0 million, or 56.5 percent, over the previous year. This was largely the result of revenues exceeding expenditures combined with restrictions on fund balances remaining relatively flat year-over-year.
- *Proprietary Funds* – Unrestricted net position at June 30, 2023 for enterprise activities was \$158.1 million, which was a \$17.4 million increase over the prior fiscal year. This is largely a function of an improved position for cash and investment assets year-over-year. This includes unrestricted net position of \$38.6 million for the Water Utility, \$94.2 million for the Sewer Utility, and \$19.0 million for the Port of Redwood City.
- *Pension* – At the close of this fiscal year, the City's net pension liability was \$291.2 million, which is an increase of \$107.6 million year-over-year. This significant increase is largely a function of investment losses in the CalPERS portfolio and a reduction in the assumed rate of investment return.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements, which consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains information in addition to the basic financial statements, such as this discussion and analysis, required supplementary information, and a statistical section.

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 of its capital assets and long-term liabilities on a full accrual basis, which is similar to the methodology used by private 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 expenses and is also accounted for on a 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 of 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 greater 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, expenditures, and fund balances. As such, the fund financial statements exclude capital assets, long-term debt, and other non-current revenues and expenditures.

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 in more detail in subsequent sections of this discussion and analysis.

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 Docktown 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 a full accrual basis, which means they measure the flow of all economic resources of the City as a whole.

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 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 funds are considered 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 found later in the document present the detail of these non-major funds. Major funds present the most financially significant 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 Funds

Governmental fund financial statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses of those funds. 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 financial condition.

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 25 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 23 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.

Proprietary Funds

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 of Redwood City, and Docktown Marina operations. Internal services funds are used to account for costs of the City's equipment services, insurance program, 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.

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, 2023, 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 Joint Powers Authority (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 as the City cannot use these assets to finance its own operations.

Notes to the Basic Financial Statements

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Redwood City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$657.2 million at the close of the fiscal year.

	Governmental Activities		Business-type Activities		Total	Total	Variance
	2023	2022	2023	2022	2023	2022	
	\$	\$	\$	\$	\$	\$	
Cash and investments	299.756	308.693	150.069	134.005	449.825	442.698	1.61%
Other assets	61.572	53.765	70.934	56.582	132.506	110.347	20.08%
Capital assets	306.875	299.970	243.497	245.094	550.372	545.064	0.97%
Total assets	<u>668.203</u>	<u>662.428</u>	<u>464.500</u>	<u>435.681</u>	<u>1,132.703</u>	<u>1,098.109</u>	3.15%
Total deferred outflows of resources	86.367	39.113	10.698	5.531	97.065	44.644	117.42%
Long-term debt outstanding	363.477	297.517	79.448	69.147	442.925	366.664	20.80%
Other liabilities	89.759	53.539	15.129	13.821	104.888	67.360	55.71%
Total liabilities	<u>453.236</u>	<u>351.056</u>	<u>94.577</u>	<u>82.968</u>	<u>547.813</u>	<u>434.024</u>	26.22%
Total deferred inflows of resources	9.897	70.932	14.864	8.352	24.761	79.284	-68.77%
Net Position:							
Net investment in capital assets	291.490	286.884	197.353	198.641	488.843	485.525	0.68%
Restricted	143.105	153.815	10.263	10.121	153.368	163.936	-6.45%
Unrestricted	(143.158)	(161.146)	158.141	141.130	14.983	(20.016)	-174.86%
Total net position	<u>291.437</u>	<u>279.553</u>	<u>365.757</u>	<u>349.892</u>	<u>657.194</u>	<u>629.445</u>	4.41%

The largest portion (74.4%) of the City's net position reflects its capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position 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 total net position increased by \$27.8 million, or 4.4 percent, during the current fiscal year. This increase is comprised of \$11.9 million in governmental activities net position and \$15.9 million in business-type activities net position. Further details on the increases in net position are described below.

Changes in Net Position

The following schedule reflects the changes in net position for the fiscal years 2023 and 2022. The City's overall net position increased by \$27.8 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Changes in City's Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	Total	Variance
	2023	2022	2023	2022	2023	2022	
	\$	\$	\$	\$	\$	\$	
Program Revenues							
Charges for services:							
Community development	18.604	11.518			18.604	11.518	61.52%
Public safety	12.490	10.804			12.490	10.804	15.61%
Transportation	0.143	0.037			0.143	0.037	286.49%
Environmental support and protection	0.207	0.160			0.207	0.160	29.38%
Leisure, cultural and information services	4.991	3.145			4.991	3.145	58.70%
Policy development and implementation	5.731	6.068			5.731	6.068	-5.55%
Water			42.680	47.013	42.680	47.013	-9.22%
Sewer			45.538	44.256	45.538	44.256	2.90%
Parking			1.596	1.725	1.596	1.725	-7.48%
Port of Redwood City			10.061	9.400	10.061	9.400	7.03%
Docktown Marina			0.016	0.011	0.016	0.011	41.59%
Operating grants and contributions:							
Community development	3.131	2.142			3.131	2.142	46.17%
Public safety	0.954	0.567			0.954	0.567	68.25%
Transportation		0.048				0.048	-100.00%
Environmental support and protection	0.325				0.325		
Leisure, cultural and information services	11.874	11.427			11.874	11.427	3.91%
Policy development and implementation	0.591				0.591		
Water							
Parking			0.002	0.002	0.002	0.002	
Port of Redwood City			0.743	0.292	0.743	0.292	
Capital grants and contributions:							
Community development	0.523	5.065			0.523	5.065	-89.67%
Transportation	11.185	20.421			11.185	20.421	-45.23%
Environmental support and protection		4.036				4.036	-100.00%
Leisure, cultural and information services	5.091	1.464			5.091	1.464	247.75%
Water			0.133	0.163	0.133	0.163	-18.40%
Sewer			0.007	0.022	0.007	0.022	-68.18%
Parking							
General revenues:							
Taxes/special assessments	153.915	143.261	0.498	0.312	154.413	143.573	7.55%
Investment earnings	2.817	(7.997)	2.138	(3.415)	4.955	(11.412)	-143.42%
Increase (decrease) in investment in sewer authority			3.304	(2.120)	3.304	(2.120)	-255.85%
Other	0.238	1.060			0.238	1.060	-77.55%
Total revenues	<u>232.810</u>	<u>213.226</u>	<u>106.716</u>	<u>97.661</u>	<u>339.526</u>	<u>310.887</u>	<u>9.21%</u>
Expenses							
Community development	25.516	22.266			25.516	22.266	14.60%
Human services	3.579	3.008			3.579	3.008	18.98%
Public safety	96.774	69.615			96.774	69.615	39.01%
Transportation	26.858	19.742			26.858	19.742	36.04%
Environmental support and protection	12.635	4.125			12.635	4.125	206.30%
Leisure, cultural and information services	33.600	30.559			33.600	30.559	9.95%
Policy development and implementation	17.522	14.603			17.522	14.603	19.99%
Water			40.946	38.540	40.946	38.540	6.24%
Sewer			40.596	35.839	40.596	35.839	13.27%
Parking			4.018	3.228	4.018	3.228	24.47%
Port of Redwood City			7.445	8.340	7.445	8.340	-10.73%
Docktown Marina			0.635	1.058	0.635	1.058	-39.98%
Interest on long term debt	1.652	1.571			1.652	1.571	5.16%
Total expenses	<u>218.136</u>	<u>165.489</u>	<u>93.640</u>	<u>87.005</u>	<u>311.776</u>	<u>252.494</u>	<u>23.48%</u>
Change in net position before transfers	14.674	47.737	13.076	10.656	27.750	58.393	-52.48%
Transfers	(2.790)	(3.446)	2.789	3.446			
Change in net position	11.884	44.291	15.865	14.102	27.749	58.393	-52.48%
Net position - July 1, as restated	279.553	235.262	349.892	335.790	629.445	571.052	10.23%
Net position - June 30	<u>291.437</u>	<u>279.553</u>	<u>365.757</u>	<u>349.892</u>	<u>657.194</u>	<u>629.445</u>	<u>4.41%</u>

Governmental Activities

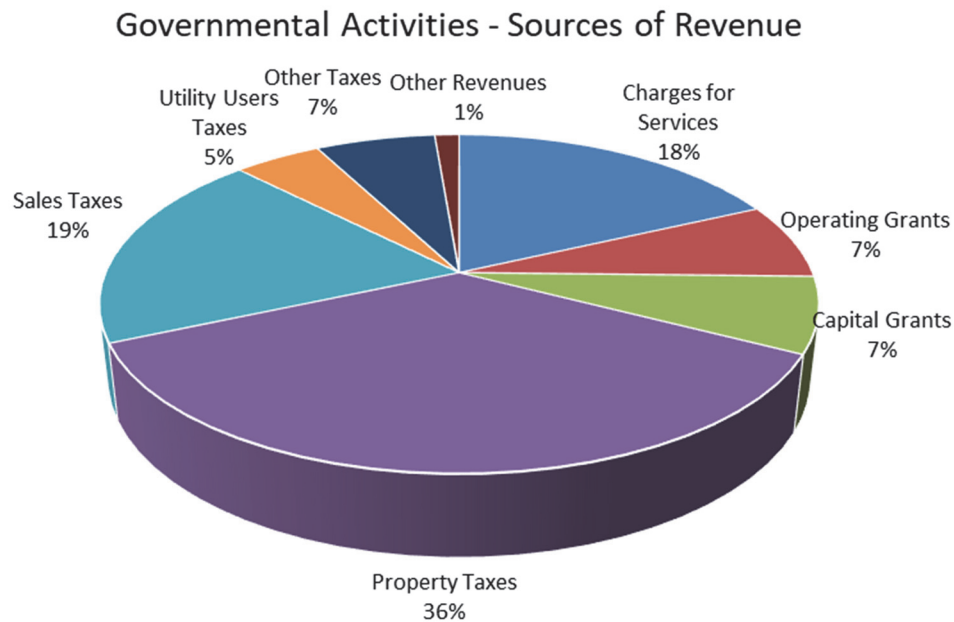
During the fiscal year ended June 30, 2023, net position in governmental activities increased by \$11.9 million from the prior fiscal year for an ending balance of \$291.4 million. Major year-over-year changes include:

- Total revenues increased by \$19.6 million, with tax revenues being \$10.7 million of that increase. This includes property tax increasing by \$4.7 million, sales tax increasing by \$4.1 million, and the utility users’ tax increasing by \$1.3 million.
- Charges for services were up \$10.4 million, with community development revenues accounting for \$7.1 million of that amount. This is a function of significant development activity throughout the City.
- Capital grants and contributions declined \$14.2 million, from \$31.0 million in 2022 to \$16.8 million in 2023. This reduction was largely driven by decreases in the transportation category (down \$9.2 million) and the environmental support and protection category (down \$4.0 million) due to one-time revenues received in the prior fiscal year.
- Investment earnings were up \$10.8 million year-over-year, which is primarily the result of \$8.0 million in investment ‘losses’ that had to be recorded last fiscal year due to the reduced market value of securities the City was holding. It is important to note that the loss recorded last fiscal year was a paper loss and did not reflect an actual loss of City funds.
- Operating expenses were up significantly in fiscal year 2022-23, \$52.6 million over the prior fiscal year. These increases were driven by public safety (up \$27.0 million), environmental support and protection (up \$8.5 million), and transportation (up \$7.1 million). These increases were expected, as City operations returned to a more normal and sustainable post-pandemic state. And as previously noted, the overall net position of governmental activities increased by \$11.9 million year-over-year, largely due to revenues that supported these increased expenditures.
- The City implemented Government Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangement (SBITA). The implementation of this new standard resulted in the City recording a net SBITA intangible asset of \$4.7 million, with accumulated amortization of \$2.2 million. This arrangement is discussed in more detail in Note 6 of the *Notes to the Basic Financial Statements*.

The following table depicts the expenses and program revenues (charges for services, operating grants and contributions, and capital grants and contributions) for governmental activities for the fiscal year 2023.

	Expenses	Program Revenues	Net (Expense)/ Revenue
Community Development	\$ 25.5	\$ 22.2	\$ (3.3)
Human Services	\$ 3.6	\$ -	\$ (3.6)
Public Safety	\$ 96.8	\$ 13.5	\$ (83.3)
Transportation	\$ 26.9	\$ 11.3	\$ (15.6)
Environmental Support and Protection	\$ 12.6	\$ 0.5	\$ (12.1)
Leisure, Cultural, and Information Services	\$ 33.6	\$ 22.0	\$ (11.6)
Policy Development and Implementation	\$ 17.5	\$ 6.3	\$ (11.2)
Total	\$ 216.5	\$ 75.8	\$ (140.7)

The funding gap between expenses and program revenues is filled through general tax revenues such as property tax and sales tax. The graph below shows the revenues by source for governmental-type activities, and as the graph demonstrates, taxes make up the majority of the City's revenue to support governmental activities.



Business-type Activities

Business-type activities increased the City's net position by \$15.9 million. Key drivers of this increase in net position include:

- Total revenues increased \$9.0 million dollars year-over-year.
- Overall service charges, which account for the vast majority of business-type activity revenue, were down \$2.5 million year-over-year. Charges for water were down \$4.3 million due to reduced consumption related to conservation and an increase in wet weather.
- General revenues accounted for the overall increase, with investment earnings up \$5.7 million year-over-year, as well as a \$5.4 million increase in the City's investment in the sewer authority.
- Operating expenses for the City's enterprise activities were up \$6.6 million, with sewer operations accounting for \$4.8 million of that increase.

FUND FINANCIAL ANALYSIS

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, 2023, the City's governmental funds reported combined fund balances of \$242.2 million, a decrease of \$4.0 million from the prior year of \$246.2 million.

Governmental fund revenues increased \$21.4 million this fiscal year to \$224.3 million, an increase of 10.5 percent from last year's total of \$202.9 million. The majority of this increase occurred in the general fund, the City's main operating fund.

Governmental fund expenditures increased \$35.6 million this fiscal year to \$225.2 million, an increase of 18.8 percent. The majority of this increase occurred in the general fund, with a significant increase also attributable to the capital outlay fund.

The general fund is the primary operating fund of the City. At June 30, 2023, unassigned fund balance of the general fund was \$22.2 million, an increase of \$8.0 million from the prior fiscal year balance of \$14.2 million. Total fund balance increased to \$105.5 million, an increase of \$10.2 million from the prior year balance of \$95.3 million.

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 13.5 percent of total fund expenditures, while total fund balance represents 64.2 percent of that same amount.

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

General Fund – General fund revenues increased by \$16.0 million this fiscal year due to increases in most sources, including property taxes, sales tax, licenses and permits, intergovernmental revenue, and use of money and property.

Property taxes increased by \$4.9 million, primarily due to continued increases in assessed valuations that drove growth in most categories. The property tax in-lieu of vehicle license fee category was down \$4.3 million year-over-year due to a shortfall in the source of funding utilized by the State of California to pay this obligation. The County of San Mateo has filed a claim with the State on behalf of the cities to be reimbursed for the amount of the shortfall.

Sales and other taxes increased by \$5.8 million. Within this category, sales tax increased \$3.5 million, due to continued strength in online sales and a robust recovery in taxable sales from the COVID-19 pandemic. Franchise taxes increased by over \$0.2 million due to increases in utility rates. Transient occupancy taxes increased \$1.2 million, which was due to a large increase in occupancy rates and room rates as travel, particularly business travel, recovers from pandemic-era lows. Property transfer taxes decreased by \$0.7 million, reflecting a sharp reduction in property transfers resulting from rising interest rates. Business license taxes increased by \$0.2 million to \$3.1 million, and the utility users' tax increased by \$1.4 million to a total of \$10.9 million.

Licenses and permits increased by \$3.0 million, which was almost entirely driven by an increase in building permit revenue.

Fines, forfeitures, and penalties remained unchanged at \$0.4 million.

Use of money and property increased by \$7.0 million, primarily due to gains in earnings on investments and a year-end accounting entry related to the fair value adjustment of investments for the prior fiscal year.

Intergovernmental revenues increased by \$2.5 million primarily due to an increase in federal, state and county grants, including the second installment of American Rescue Plan Act funds in the amount of \$9.2 million.

Charges for current services decreased by \$7.2 million. This decrease is due to abnormally high revenues in fiscal year 2021-22 in fire service charges to reflect delayed billing for services provided in fiscal year 2020-21. Outside of this one-time adjustment of \$8.2 million, service charge revenue was otherwise up by \$1.0 million.

General fund expenditures increased by \$21.7 million over the prior fiscal year. Every general fund expenditure category experienced an increase in expenditures over the prior year, including a \$12.6 million increase for public safety operations and a \$4.0 million increase in leisure, cultural, and information services. These increases reflect the City's investment in core services to align with the post-pandemic recovery of revenues.

Transfers out of the general fund decreased by \$5.3 million, to \$20.1 million, in fiscal year 2022-23.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In fiscal year 2022-23, the capital outlay fund generated \$2.0 million in revenue, primarily due to investment income. This fund was also the recipient of transfers totaling \$14.6 million from the general fund, which predominantly comes from utility users' tax that has been allocated to support the City's infrastructure. Transfers out of this fund totaled \$2.0 million.

Total outlays were \$31.5 million, of which \$25.2 million met the City's criteria for capitalization. The remaining balance (\$6.3 million) was expended on non-capitalized projects to support various initiatives throughout the City, including \$4.0 million on community development-related projects.

Proprietary Funds

Enterprise fund net position totaled \$365.8 million at the end of the fiscal year, an increase of \$15.9 million, or 4.5 percent, over the prior fiscal year's balance of \$349.9 million. Enterprise operating revenues were \$99.9 million this fiscal year, a decrease of \$2.5 million over last fiscal year, while net non-operating revenues were \$3.9 million compared to a negative \$8.3 million the prior fiscal year. This significant improvement in non-operating revenues is predominantly a function of investment income.

Enterprise fund operating expenses were \$90.9 million this fiscal year, an increase of \$7.3 million, or 8.8 percent, from the prior fiscal year. This was mainly due to increased spending on contractual services (\$3.4 million), supplies and services (\$4.1 million), and employees (\$1.2 million). Maintenance costs (\$1.3 million) and purchased water (\$1.2 million) were both down year-over-year.

Water Utility – The water utility fund realized operating income of \$3.3 million in the current fiscal year, \$6.7 million lower than the operating income of \$10.0 million in the prior fiscal year. The decrease is predominantly related to service charges, as revenues were down \$4.3 million year-over-year. This is mainly due to a decrease in water use from residents and business throughout the City compared to the prior year.

Sewer Utility – The sewer utility fund realized operating income of \$4.9 million in the current fiscal year, \$3.5 million lower than the operating income of \$8.4 million in the prior fiscal year. This decrease in operating income is predominantly due to increased spending, particularly in the categories of contractual services and supplies and services.

Parking Fund – The parking fund realized an operating loss of \$2.4 million in the current fiscal year, \$0.9 million higher than the operating loss of \$1.5 million in the prior fiscal year. It is likely that transfers from the general fund will continue to be required in future fiscal years to cover operational deficits in this fund.

Port Fund – The Port of Redwood City fund realized operating income of \$3.8 million in the current fiscal year, \$0.9 million higher than the operating income of \$2.9 million in the prior fiscal year. This increase in operating income is the result of both increased revenues (\$0.4 million) and decreased expenses (\$0.5 million) in comparison to fiscal year 2021-22.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$0.6 million in the current fiscal year, which is slightly better than the prior fiscal year. The general fund transferred \$0.7 million into this fund to cover the operating loss. It is anticipated that a general fund contribution will continue to be necessary to support these operations; however, the amount is not expected to be as high as it has been in prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, revenues were \$19.9 million higher than budget primarily due to better-than-projected performance for property taxes, sales and other taxes, and licenses and permits.

Property taxes were \$8.9 million above the budgeted amount of \$68.4 million. This is primarily due to the continued strength of the local housing market and higher than expected returned Education Revenue Augmentation Fund (ERAF) revenues.

Sales and other taxes exceeded budgeted amounts by \$8.0 million, primarily due to stronger than expected sales tax revenue, which was \$3.8 million over budget; the continued post-pandemic rebound of the transient occupancy tax, which was \$1.8 million better than expected; and utility users' tax revenues that exceeded budget by \$1.9 million.

Licenses and permits exceeded budget by \$2.1 million, which was largely a function of building permit revenues that were \$1.8 million over expected amounts.

Fines, forfeitures, and penalties finished the year slightly above budget at \$0.4 million, and uses of money and property were \$0.4 million above budget, finishing at nearly \$6.1 million.

Intergovernmental revenue finished at \$16.9 million, \$0.5 million above the final budgeted amount of \$16.4 million. Intergovernmental revenue has been abnormally high in fiscal years 2021-22 and 2022-23 due to federal funding tied to the American Rescue Plan Act (\$9.2 million each year).

Charges for current services revenue was lower than budget by \$0.5 million and is primarily due to timing issues related to the billing of fire services to the City of San Carlos.

Other revenues were \$0.3 million higher than budget due to increases in miscellaneous revenue.

Overall, operating expenditures were \$18.7 million less than the final budget appropriation; however, actual expenditures were up \$21.7 million over fiscal year 2021-22 actuals. The year-over-year increase represents the continued work to fully fund the core services that were temporarily reduced as a result of the COVID-19 pandemic. While the City was not able to fully recover and provide services at budgeted amounts, as evidenced by the \$18.7 million in operating savings, it did make significant progress towards returning to pre-pandemic service levels.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022-23, the City had \$550.4 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.

	Governmental Activities		Business -Type Activities		Total		Variance
	2023	2022	2023	2022	2023	2022	
	\$	\$	\$	\$	\$	\$	
Land	34.6	34.6	3.1	3.1	37.7	37.7	-0.1%
Streets	167.6	166.3	0.0	0.0	167.6	166.3	0.8%
Construction in progress	64.4	57.0	11.6	22.9	76.0	79.9	-4.9%
Buildings	88.0	88.0	62.7	62.7	150.7	150.6	0.0%
Equipment	36.6	33.4	2.3	2.3	38.9	35.7	9.1%
Improvements	41.5	36.0	283.0	265.7	324.5	301.7	7.6%
Harbor improvements	0.0	0.0	4.3	4.8	0.0	4.8	-100.0%
Right-to-use leased property	0.0	0.0	0.8	0.8	0.0	0.8	-100.0%
Parks and bridges	58.7	58.5	0.0	0.0	58.7	58.5	0.3%
Traffic signals	7.8	7.8	0.0	0.0	7.8	7.8	-0.2%
Storm drains	21.9	21.0	0.0	0.0	21.9	21.0	4.2%
SBITA Intangible Assets	4.7	4.7	0.0	0.0	4.7	4.7	0.0%
Less accumulated depreciation	(218.9)	(202.6)	(124.3)	(117.2)	(343.2)	(319.8)	7.3%
Total capital assets	306.9	304.7	243.5	245.1	550.4	549.8	0.1%

Governmental Activities

During fiscal year 2022-23, total capital assets, net of depreciation, increased \$2.2 million to \$306.9 million. Capital investments included a number of improvements at City facilities to ensure they remain in good condition for community use. This includes \$3.1 million in improvements at the YMCA Community Wellness Center; \$0.9 million at the Library for materials automation and heating, ventilation, and air conditioning work; and \$0.3 million for the Fair Oaks Community Center remodel. Other projects of note included \$0.5 million in street improvements for critical work at the 101/Highway 84 interchange and the widening of Woodside Road; \$0.2 million for bicycle and pedestrian improvements on Middlefield Road; \$0.8 million for traffic calming at Hopkins Avenue; and \$0.2 million for the street closure at Theater Way. Additionally, the City's Finance and Human Resources software platform implementation was fully completed, moving that asset (\$4.7 million) from construction in progress into the depreciating assets category of "improvements other than buildings."

Business-type Activities

During fiscal year 2022-23, total capital assets, net of depreciation, decreased \$1.6 million to \$243.5 million. Construction in progress had a \$11.3 million net decrease due to the completion of several water projects, including the California Tank and Pump Station project (\$8.8 million) and the California Pump House and Generator project (\$3.4 million). However, offsetting some of these reductions to construction in progress were significant expenditures for the Watermain Replacement at Brookline project (\$1.4 million) and the Sanitary Sewer Collection Line Replacement project (\$1.9 million).

Long-Term Debt

At the end of fiscal year 2022-23, the City had a total of \$131.8 million in long-term debt obligations. Of this amount, \$82.4 million is attributable to governmental activities and includes \$63.6 million in outstanding lease revenue bonds for the Veterans Memorial facility and \$16.3 million in liabilities for accrued sick leave and vacation time for employees. The remaining \$49.4 million in outstanding long-term debt is attributable to business-type activities and includes \$9.2 million in outstanding revenue bonds for the Port of Redwood City and \$38.2 million in outstanding water enterprise revenue refunding bonds. Additional information on the City’s outstanding debt can be found in Notes 6 and 7 of the *Notes to the Basic Financial Statements* section of this document.

	Outstanding Debt (in Millions)						Variance
	Governmental Activities		Business-Type Activities		Total		
	2023	2022	2023	2022	2023	2022	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			47.4	50.9	47.4	50.9	-6.9%
Lease revenue bonds	63.6	63.9			63.6	63.9	-0.4%
Leases Payable			0.7	0.8	0.7	0.8	-12.5%
SBITA	2.5				2.5		
Accrued sick leave and vacation	16.3	15.4	1.3	1.3	17.6	16.7	5.4%
Total long-term debt	82.4	79.3	49.4	53.0	131.8	132.3	-0.4%

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, 2023, a total of \$10.8 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, 2023, the Successor Agency had tax allocation bonds outstanding in the amount of \$35.1 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR'S BUDGET

Fiscal year 2022-23 began our transition from the COVID-19 financial and community recovery strategy, which included the maintenance of essential services as well as the provision of services outside of our core competencies in order to meet pandemic-related community needs, to a reimagined service-delivery model that aligns with and adapts to a changing world. Redwood City was able to maintain services and meet community needs during the pandemic due to its strong reserve position, assistance from the federal and state governments, and by holding several budgeted positions vacant. This approach is not sustainable financially or from an employment standpoint, with extensive overtime and workforce stress undermining service delivery.

Initial recovery from the pandemic was encouraging, as property tax and sales tax revenues, the City's two largest sources of general fund income, remained strong and helped to offset declines in the transient occupancy tax due to a continued lack of travel. Overall, the economy in general was faring well coming out of the pandemic, as low interest rates fueled spending and a robust stock market. These factors, however, caused year-over-year inflation from mid-2021 to mid-2022 to spike to 9.1 percent, which is the largest 12-month increase in 40 years. In response, the Federal Reserve implemented a series of interest rate increases that raised the Federal Funds Rate from 0.25% as recently as March 2022 to 5.25% as of July 2023.

The spike in inflation and the corresponding increase in interest rates has had a significant impact on the local economy, serving as a major contributor to layoffs, particularly in the tech industry; declining sale values for residential properties, as well as a reduction in overall transactions; high commercial vacancy rates; and a slowdown in consumer spending. And while inflation is now declining from its historically high levels from mid-2022, the corresponding decrease in interest rates is not expected to follow immediately, creating the expectation that the local economy, and thus the drivers of the City's major revenue sources, will not recover in the near future. To that end, the fiscal year 2023-24 budget assumed a three percent drop in revenues for the current year, with only one percent growth projected for the following year.

Declining revenues have exacerbated the City's general fund operating budget deficit, which is expected to be \$9.3 million in fiscal year 2023-24 and average \$9.2 million annually over the next eight years prior to returning to structural balance. The other major factor contributing to the operating budget deficit is the significant annual increase in payments against the City's unfunded employee benefit liabilities, which currently total approximately \$300 million. In addition to the challenges the City's faces with projected operating budget deficits, there are also significant shortfalls in the Capital Improvement Program. In total, there is a nearly \$350 million gap between identified capital needs and funds available to meet those needs over the next five years.

While our financial challenges are daunting, the City is taking intentional and proactive steps to strategically plan to both address its operating budget deficit and fund its capital needs. Some of these steps include:

- Utilizing operating surpluses and pandemic reserves to address deficits over the next two fiscal years.
- Engaging with employees on strategies to address employee benefit liabilities.
- Executing our reimagining work initiative to ensure services are right-sized and match community expectations and needs.
- Analyzing the impact of new revenue streams that can fund operations and initiatives while minimizing the financial impact on City residents.
- Examining cost-recovery fees across departments and reviewing the potential creation of assessment districts to equitably recover the cost impact of growth.
- Seeking grant funding from state and federal sources to leverage local funds for key capital and infrastructure projects.

As the current fiscal year progresses, staff will update financial projections based on actual revenues and expenditures to date, as well any new data, economic factors, and assumptions that are available. This information will guide the development of the mid-year financial update, the next version of the 10-year general fund forecast, and the fiscal year 2024-25 budget, and will determine whether any changes to existing fiscal strategies are warranted.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Redwood City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Redwood City
Attn: Finance Department
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, 2023

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	236,089,701	139,645,679	375,735,380
Cash and investments, restricted	63,666,320	10,423,198	74,089,518
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	16,786,453		16,786,453
Accounts	3,381,615	6,582,037	9,963,652
Loans	13,145,654		13,145,654
Accrued interest	4,524,766		4,524,766
Due from other governmental agencies	19,467,241	4,637,001	24,104,242
Deposits receivable	1,670,562		1,670,562
Inventory of supplies at cost	138,665	665,845	804,510
Deposits	528,675	10,360	539,035
Prepaid items and other assets	917,870	504,692	1,422,562
Property held for development	710,241		710,241
Investment in Sewer Authority		44,416,414	44,416,414
Investment in sewer capacity rights		400,000	400,000
Leases receivable (Note xx)		14,016,910	14,016,910
Capital assets:			
Nondepreciable	98,995,383	14,751,735	113,747,118
Depreciable, net	207,879,627	228,745,462	436,625,089
Total assets	668,202,773	464,499,333	1,132,702,106
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		1,070,700	1,070,700
Deferred outflows - Pension related	75,009,773	8,379,777	83,389,550
Deferred outflows - OPEB related	11,356,866	1,247,903	12,604,769
Total deferred outflows of resources	86,366,639	10,698,380	97,065,019
LIABILITIES			
Accounts payable	14,101,450	8,734,369	22,835,819
Accrued interest payable		664,779	664,779
Accrued payroll	9,053,005		9,053,005
Deposits payable	7,765,103	2,314,862	10,079,965
Due to other governmental agencies			
Unearned revenue	10,506,114	2,131,755	12,637,869
Insurance claims payable:			
Due in one year	6,850,915		6,850,915
Due in more than one year	25,219,201		25,219,201
Accrued sick leave and vacation:			
Due in one year	667,452	577,009	1,244,461
Due in more than one year	15,595,184	707,194	16,302,378
Long-Term Debt:			
Due in one year	1,752,926	3,443,595	5,196,521
Due in more than one year	64,421,077	44,731,584	109,152,661
Net OPEB liability, due in more than one year	33,239,405	4,110,517	37,349,922
Net Pension liability, due in more than one year	264,063,787	27,161,084	291,224,871
Total liabilities	453,235,619	94,576,748	547,812,367
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Leases		13,430,738	13,430,738
Deferred inflows - Pension	1,554,767	413,130	1,967,897
Deferred inflows - OPEB	8,341,968	1,020,257	9,362,225
Total deferred inflows of resources	9,896,735	14,864,125	24,760,860
NET POSITION			
Net investment in capital assets	291,489,784	197,353,087	488,842,871
Restricted for:			
Pension trust	26,936,527		26,936,527
Capital projects	40,879,287	9,269,780	50,149,067
Transportation	27,714,439		27,714,439
Leisure, cultural, and information services	1,825,936		1,825,936
Debt service	1,167,439	993,595	2,161,034
Community development projects	37,679,894		37,679,894
Public safety	987,188		987,188
Housing purposes			
Other purposes	5,914,147		5,914,147
Total restricted	143,104,857	10,263,375	153,368,232
Unrestricted	(143,157,583)	158,140,378	14,982,795
Total net position	291,437,058	365,756,840	657,193,898

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	25,515,981	18,603,502	3,130,589	523,223	(3,258,667)		(3,258,667)
Human services	3,579,054				(3,579,054)		(3,579,054)
Public safety	96,774,392	12,489,532	953,942		(83,330,918)		(83,330,918)
Transportation	26,857,603	143,160		11,184,552	(15,529,891)		(15,529,891)
Environmental support and protection	12,634,795	207,207	325,234		(12,102,354)		(12,102,354)
Leisure, cultural and information services	33,600,020	4,991,364	11,873,737	5,090,957	(11,643,962)		(11,643,962)
Policy development and implementation	17,522,188	5,731,481	591,071		(11,199,636)		(11,199,636)
Interest on long term debt	1,651,790				(1,651,790)		(1,651,790)
Total Governmental Activities	218,135,823	42,166,246	16,874,573	16,798,732	(142,296,272)		(142,296,272)
Business-Type Activities:							
Water Utility Fund	40,946,430	42,679,748		133,481		1,866,799	1,866,799
Sewer Utility Fund	40,595,709	45,538,495		6,794		4,949,580	4,949,580
Parking Fund	4,018,395	1,595,713	1,678			(2,421,004)	(2,421,004)
Port of Redwood City	7,444,617	10,060,890	743,192			3,359,465	3,359,465
Docktown Marina	635,103	15,981				(619,122)	(619,122)
Total Business-Type Activities	93,640,254	99,890,827	744,870	140,275		7,135,718	7,135,718
Total	311,776,077	142,057,073	17,619,443	16,939,007	(142,296,272)	7,135,718	(135,160,554)
General revenues:							
Taxes:							
Property taxes					83,510,468	497,845	84,008,313
Sales taxes					44,529,673		44,529,673
Franchise taxes					4,988,616		4,988,616
Property transfer taxes					1,111,105		1,111,105
Business license taxes					3,525,580		3,525,580
Utility users taxes					10,942,185		10,942,185
Transient occupancy taxes					4,929,221		4,929,221
Other taxes					378,411		378,411
Investment Earnings					2,816,704	2,137,404	4,954,108
Gain (loss) on retirement of capital assets							
Increase (decrease) in investment in sewer authority						3,304,236	3,304,236
Other					238,037		238,037
Transfers					(2,789,735)	2,789,735	
Total general revenues and transfers					154,180,265	8,729,220	162,909,485
Change in Net Position					11,883,993	15,864,938	27,748,931
Net position-Beginning, as restated (Note 11E)					279,553,065	349,891,902	629,444,967
Net position-Ending					291,437,058	365,756,840	657,193,898

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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 2021-22.

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, 2023

	General Fund	Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$
ASSETS				
Cash and investments available for operations	79,072,655	24,282,750	61,901,115	165,256,520
Cash and investments, restricted	26,936,527	31,165,726	5,564,067	63,666,320
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	15,886,678		899,775	16,786,453
Accounts	3,312,873		59,913	3,372,786
Loans		214,286	12,931,368	13,145,654
Accrued interest	1,973,486	478,173	2,073,107	4,524,766
Due from other governmental agencies	12,423,517	49,146	6,931,610	19,404,273
Due from other funds	2,034,999	967,342		3,002,341
Prepaid items	604,613	15,441	2,944	622,998
Deposits receivable			1,670,562	1,670,562
Land held for redevelopment			710,241	710,241
Total Assets	<u>142,245,348</u>	<u>57,172,864</u>	<u>92,744,702</u>	<u>292,162,914</u>
LIABILITIES				
Accounts payable	8,042,830	1,590,488	3,127,578	12,760,896
Accrued payroll	9,053,005			9,053,005
Deposits payable	6,755,622	957,154	52,327	7,765,103
Due to other funds	967,342		2,034,999	3,002,341
Unearned revenue	7,033,253		3,472,861	10,506,114
Total Liabilities	<u>31,852,052</u>	<u>2,547,642</u>	<u>8,687,765</u>	<u>43,087,459</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Due from other governments	4,849,743			4,849,743
Unavailable revenue-Interest receivable			2,044,010	2,044,010
Total Deferred Inflows of Resources	<u>4,849,743</u>		<u>2,044,010</u>	<u>6,893,753</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	604,613			604,613
Restricted for:				
Pension trust	26,936,527			26,936,527
Community development			37,679,894	37,679,894
Public safety			987,188	987,188
Transportation			27,714,439	27,714,439
Leisure, cultural and information services			1,825,936	1,825,936
Debt services			1,167,439	1,167,439
Capital projects		31,395,453	9,483,834	40,879,287
Housing purposes				
Other purposes	5,914,147			5,914,147
Committed to:				
General plan	7,411,643			7,411,643
Community benefits			2,397,445	2,397,445
Human services financial assistance			463,924	463,924
Housing purposes			1,212,726	1,212,726
Assigned to:				
Capital projects		23,229,769		23,229,769
Other purposes	42,467,639			42,467,639
Unassigned:	22,208,984		(919,898)	21,289,086
TOTAL FUND BALANCES	<u>105,543,553</u>	<u>54,625,222</u>	<u>82,012,927</u>	<u>242,181,702</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>142,245,348</u>	<u>57,172,864</u>	<u>92,744,702</u>	<u>292,162,914</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, 2023

	\$
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	242,181,702
<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 \$14,766,888	292,108,122
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>	
	33,906,223
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
<p>The amounts below are revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the Governmental Funds:</p>	
Interest revenue	6,893,753
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	(66,174,003)
Accrued sick leave and vacation, net of Internal Service Fund of \$1,306,066	(14,902,570)
Net Pension liability, net of Internal Service Fund of \$21,694,381	(242,369,406)
Net OPEB obligation, net of Internal Service Fund of \$3,285,034	(29,954,371)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$6,783,753	68,226,020
OPEB related, net of Internal Service Fund of \$1,122,393	10,234,473
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$359,417	(1,195,350)
OPEB related, net of Internal Service Fund of \$824,433	(7,517,535)
NET POSITION OF GOVERNMENTAL ACTIVITIES	291,437,058

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, 2023

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
REVENUES				
Property taxes/special assessments	77,262,342		1,911,679	79,174,021
Sales and other taxes	61,521,102		4,452,358	65,973,460
Licenses and permits	8,120,339		514,593	8,634,932
Fines, forfeitures and penalties	452,529		101,991	554,520
Use of money and property	6,056,689	1,536,078	979,325	8,572,092
Intergovernmental	16,910,390	453,771	17,366,194	34,730,355
Charges for current services	22,073,434		2,973,009	25,046,443
Contributions	500,000			500,000
Other	993,590	36,874	112,945	1,143,409
Total Revenues	<u>193,890,415</u>	<u>2,026,723</u>	<u>28,412,094</u>	<u>224,329,232</u>
EXPENDITURES				
Current Operations:				
Community development	16,230,321	3,962,474	4,671,823	24,864,618
Human services	3,064,758		110,000	3,174,758
Public safety	96,622,686	11,794	115,583	96,750,063
Transportation	1,466,004	1,704,281	7,692,985	10,863,270
Environmental support and protection	1,045,124	31,345	1,775,406	2,851,875
Leisure, cultural and information services	30,236,474	132,125	1,180,809	31,549,408
Policy development and implementation	15,369,918	401,384	14,692	15,785,994
Capital outlay	182,198	25,226,770	12,059,182	37,468,150
Debt service:				
Interest and fiscal charges			1,892,850	1,892,850
Total Expenditures	<u>164,217,483</u>	<u>31,470,173</u>	<u>29,513,330</u>	<u>225,200,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,672,932</u>	<u>(29,443,450)</u>	<u>(1,101,236)</u>	<u>(871,754)</u>
OTHER FINANCING SOURCES (USES)				
Capital contributions	96,000			96,000
Transfers in	498,772	14,613,374	4,149,108	19,261,254
Transfers (out)	(20,069,755)	(1,950,000)	(496,000)	(22,515,755)
Total Other Financing Sources (Uses)	<u>(19,474,983)</u>	<u>12,663,374</u>	<u>3,653,108</u>	<u>(3,158,501)</u>
NET CHANGE IN FUND BALANCES	10,197,949	(16,780,076)	2,551,872	(4,030,255)
Fund balances - beginning	<u>95,345,604</u>	<u>71,405,298</u>	<u>79,461,055</u>	<u>246,211,957</u>
Fund balances - ending	<u><u>105,543,553</u></u>	<u><u>54,625,222</u></u>	<u><u>82,012,927</u></u>	<u><u>242,181,702</u></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, 2023

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	(4,030,255)
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 added in the current period	11,280,917
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	2,921,926
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$1,449,155 which has already been allocated to the internal service funds.)	(14,198,573)
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.	
SBITA principal retirement	2,153,688
Amortization of premium	241,060
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	4,849,743
Change in compensated absences	(775,597)
Interest receivable and intergovernmental revenue	112,473
OPEB related expenses	3,064,025
Pension related expense	(662,494)
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	6,927,080
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	11,883,993

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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, 2023

	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	54,279,292	51,501,157	9,870,534	23,493,550	501,146	139,645,679	70,833,181
Receivables (net of allowance for uncollectibles):							
Accounts	3,751,515	1,438,425	39,922	1,342,513	9,662	6,582,037	8,829
Accrued interest							
Due from other governmental agencies		4,637,001				4,637,001	62,968
Due from other funds							300,000
Inventory of supplies at cost	665,845					665,845	138,665
Deposits	10,360					10,360	528,675
Prepaid items and other assets	3,836	(126)		500,982		504,692	294,872
Total current assets	<u>58,710,848</u>	<u>57,576,457</u>	<u>9,910,456</u>	<u>25,337,045</u>	<u>510,808</u>	<u>152,045,614</u>	<u>72,167,190</u>
Noncurrent assets:							
Cash and investments, restricted	17,618		9,269,780	1,135,800		10,423,198	
Advances to other funds							
Investment in Sewer Authority		44,416,414				44,416,414	
Investment in sewer capacity rights				400,000		400,000	
Investment in property held for development							
Leases receivable				14,016,910		14,016,910	
Capital assets:							
Nondepreciable	1,489,530	2,248,074	1,460,374	9,553,757		14,751,735	3,643,245
Depreciable buildings, property, equipment and infrastructure, net	127,890,164	52,486,947	19,847,507	28,504,713	16,131	228,745,462	11,123,643
Total noncurrent assets	<u>129,397,312</u>	<u>99,151,435</u>	<u>30,577,661</u>	<u>53,611,180</u>	<u>16,131</u>	<u>312,753,719</u>	<u>14,766,888</u>
Total assets	<u>188,108,160</u>	<u>156,727,892</u>	<u>40,488,117</u>	<u>78,948,225</u>	<u>526,939</u>	<u>464,799,333</u>	<u>86,934,078</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	945,647			125,053		1,070,700	
Deferred outflows - Pension	4,125,206	2,083,024	886,284	1,095,897	189,366	8,379,777	6,783,753
Deferred outflow - OPEB	674,690	322,296	186,857	64,060		1,247,903	1,122,393
Deferred employer OPEB contributions							
Total deferred outflows of resources	<u>5,745,543</u>	<u>2,405,320</u>	<u>1,073,141</u>	<u>1,285,010</u>	<u>189,366</u>	<u>10,698,380</u>	<u>7,906,146</u>
LIABILITIES							
Current liabilities:							
Accounts payable	4,045,880	1,887,958	459,952	2,202,548	138,031	8,734,369	1,340,554
Deposits payable	1,339,758		20,170	943,863	11,071	2,314,862	
Due to other funds	300,000					300,000	
Insurance claims payable - current portion							6,850,915
Accrued sick leave and vacation - current portion	350,742	179,681	42,322		4,264	577,009	606,495
Bonds and leases payable - current portion	2,450,000			993,595		3,443,595	
Unearned revenue	1,956,324			175,431		2,131,755	
Accrued interest payable	633,276			31,503		664,779	
Total current liabilities	<u>11,075,980</u>	<u>2,067,639</u>	<u>522,444</u>	<u>4,346,940</u>	<u>153,366</u>	<u>18,166,369</u>	<u>8,797,964</u>
Noncurrent liabilities:							
Insurance claims payable							25,219,201
Accrued sick leave and vacation	437,457	209,903	54,861		4,973	707,194	753,571
Advances from other funds							
Net OPEB Liability	1,974,690	943,300	546,894	645,633		4,110,517	3,285,034
Net Pension liability	13,192,369	6,661,493	3,210,582	3,491,050	605,590	27,161,084	21,694,381
Bonds and leases payable	36,545,566			8,186,018		44,731,584	
Total noncurrent liabilities	<u>52,150,082</u>	<u>7,814,696</u>	<u>3,812,337</u>	<u>12,322,701</u>	<u>610,563</u>	<u>76,710,379</u>	<u>50,952,187</u>
Total liabilities	<u>63,226,062</u>	<u>9,882,335</u>	<u>4,334,781</u>	<u>16,669,641</u>	<u>763,929</u>	<u>94,876,748</u>	<u>59,750,151</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - Leases				13,430,738		13,430,738	
Deferred inflows - Pension	218,561	110,363	16,336	57,837	10,033	413,130	359,417
Deferred inflows - OPEB	495,581	236,736	137,252	150,688		1,020,257	824,433
Total deferred inflows of resources	<u>714,142</u>	<u>347,099</u>	<u>153,588</u>	<u>13,639,263</u>	<u>10,033</u>	<u>14,864,125</u>	<u>1,183,850</u>
NET POSITION							
Net investment in capital assets	91,329,775	54,735,021	21,307,881	29,964,279	16,131	197,353,087	14,766,888
Restricted for capital projects			9,269,780			9,269,780	
Restricted for debt service				993,595		993,595	
Unrestricted	38,583,724	94,168,757	6,495,228	18,966,457	(73,788)	158,140,378	19,139,335
Total net position	<u>129,913,499</u>	<u>148,903,778</u>	<u>37,072,889</u>	<u>49,924,331</u>	<u>(57,657)</u>	<u>365,756,840</u>	<u>33,906,223</u>

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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 Docketown Marina		
	\$	\$	\$	\$	\$	\$	\$
Operating Revenues:							
Charges for services	42,679,748	45,538,495	1,595,713	10,060,890	15,981	99,890,827	41,281,862
Total Operating Revenues	<u>42,679,748</u>	<u>45,538,495</u>	<u>1,595,713</u>	<u>10,060,890</u>	<u>15,981</u>	<u>99,890,827</u>	<u>41,281,862</u>
Operating Expenses:							
Employee services	8,055,222	3,034,744	1,443,095	2,517,707	168,657	15,219,425	18,378,194
Maintenance	902,198	321,851	131,625	369,694	3,895	1,729,263	1,424,537
Water purchases	18,705,484					18,705,484	
Utilities	1,379,329	1,112,772	159,561	354,076	2,597	3,008,335	70,577
Contractual services	1,622,533	29,946,038	974,089	24,589	342,307	32,909,556	1,269,067
Supplies and services	3,664,469	3,538,526	432,285	1,032,929	89,965	8,758,174	3,911,825
Noncapitalized projects		681,924		39,243		721,167	
Depreciation and amortization	3,740,507	1,357,173	758,677	1,295,925	2,933	7,155,215	1,449,155
Insurance and claims	1,344,501	602,681	119,063	582,524	43,825	2,692,594	8,816,370
Total Operating Expenses	<u>39,414,243</u>	<u>40,595,709</u>	<u>4,018,395</u>	<u>6,216,687</u>	<u>654,179</u>	<u>90,899,213</u>	<u>35,319,725</u>
Operating Income (Loss)	<u>3,265,505</u>	<u>4,942,786</u>	<u>(2,422,682)</u>	<u>3,844,203</u>	<u>(638,198)</u>	<u>8,991,614</u>	<u>5,962,137</u>
Nonoperating Revenues (Expenses):							
Impairment gain (loss) on property					19,076	19,076	
Property taxes			497,845			497,845	
Grant revenue			1,678	743,192		744,870	
Investment earnings	1,012,961	421,796	188,240	507,070	7,337	2,137,404	500,177
Interest expense	(1,532,187)			(411,435)		(1,943,622)	
Increase (decrease) in investment in sewer authority		3,304,236				3,304,236	
Other				(816,495)		(816,495)	
Net Nonoperating Revenues (Expenses)	<u>(519,226)</u>	<u>3,726,032</u>	<u>687,763</u>	<u>22,332</u>	<u>26,413</u>	<u>3,943,314</u>	<u>500,177</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>2,746,279</u>	<u>8,668,818</u>	<u>(1,734,919)</u>	<u>3,866,535</u>	<u>(611,785)</u>	<u>12,934,928</u>	<u>6,462,314</u>
Capital contributions	133,481	6,794				140,275	
Transfers in	1,257,280		1,773,072		702,568	3,732,920	467,538
Transfers (out)		(943,185)				(943,185)	(2,772)
Total Capital Contributions and Transfers	<u>1,390,761</u>	<u>(936,391)</u>	<u>1,773,072</u>		<u>702,568</u>	<u>2,930,010</u>	<u>464,766</u>
Change in net position	<u>4,137,040</u>	<u>7,732,427</u>	<u>38,153</u>	<u>3,866,535</u>	<u>90,783</u>	<u>15,864,938</u>	<u>6,927,080</u>
Total net position-beginning, as restated (Note 11E)	125,776,459	141,171,351	37,034,736	46,057,796	(148,440)	349,891,902	26,979,143
Total net position-ending	<u>129,913,499</u>	<u>148,903,778</u>	<u>37,072,889</u>	<u>49,924,331</u>	<u>(57,657)</u>	<u>365,756,840</u>	<u>33,906,223</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, 2023

	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina	Totals	Governmental Activities - Internal Service Funds
	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:							
Cash received from customers	44,901,004	46,113,961	1,555,791	10,241,587	9,452	102,821,795	
Cash received from interfund services provided							42,236,495
Cash payments to suppliers for goods and services	(27,127,245)	(34,737,799)	(1,613,892)	(1,251,894)	(438,206)	(65,169,036)	(16,296,571)
Cash payments to employees for services	(8,264,591)	(3,276,351)	(1,522,350)	(2,549,893)	(171,081)	(15,784,266)	(18,885,920)
Right of way compensation							
Net cash provided by (used in) operating activities	9,509,168	8,099,811	(1,580,451)	6,439,800	(599,835)	21,868,493	7,054,004
Cash flows from noncapital financing activities:							
Nonoperating grant revenue			1,678	743,192		744,870	
Property taxes			497,845			497,845	
Subvention payment to City				(816,495)		(816,495)	
Transfers in	1,257,280		1,773,072		702,568	3,732,920	467,538
Transfers out		(943,185)				(943,185)	(2,772)
Advances from (to) other funds							(300,000)
Net cash provided by (used in) noncapital financing activities	1,257,280	(943,185)	2,272,595	(73,303)	702,568	3,215,955	164,766
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,907,385)	(1,944,047)	2,999	(1,709,425)		(5,557,858)	(3,656,396)
Sale of property held for development					19,076	19,076	
Contributions	133,481	6,794				140,275	
Proceeds from long-term obligations							
Principal retirements	(2,593,389)			(1,256,958)		(3,850,347)	
Interest paid	(1,492,725)			(416,865)		(1,909,590)	
Net cash used in capital and related financing activities	(5,860,018)	(1,937,253)	2,999	(3,383,248)	19,076	(11,158,444)	(3,656,396)
Cash flows from investing activities:							
Interest on investment				507,070		507,070	
Loss on investments	1,012,961	421,796	188,240		7,337	1,630,334	501,167
Net cash provided by investing activities	1,012,961	421,796	188,240	507,070	7,337	2,137,404	501,167
Net increase (decrease) in cash and cash equivalents	5,919,391	5,641,169	883,383	3,490,319	129,146	16,063,408	4,063,541
Cash and cash equivalents at beginning of fiscal year	48,377,519	45,859,988	18,256,931	21,139,031	372,000	134,005,469	66,769,640
Cash and cash equivalents at end of fiscal year	54,296,910	51,501,157	19,140,314	24,629,350	501,146	150,068,877	70,833,181
Financial statement presentation:							
Cash and investments available for operations	54,279,292	51,501,157	9,870,534	23,493,550	501,146	139,645,679	70,833,181
Cash and investments, restricted	17,618		9,269,780	1,135,800		10,423,198	
Cash and cash equivalents at end of year	54,296,910	51,501,157	19,140,314	24,629,350	501,146	150,068,877	70,833,181
Reconciliation of Net Cash Flow from Operating Activities							
Operating income (loss)	3,265,505	4,942,786	(2,422,682)	3,844,203	(638,198)	8,991,614	5,962,137
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,740,507	1,357,173	758,677	1,295,925	2,933	7,155,215	1,449,155
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	1,823,448	1,088,159	(39,922)	(8,198)	(5,825)	2,857,662	4,736
Decrease (increase) in due from other governmental agencies		(512,693)				(512,693)	582,333
Decrease (increase) in due from other funds							367,564
Decrease (increase) in inventory/prepaid expenses/deposits	(66,826)	1,260		36,136		(29,430)	200,903
Decrease (increase) in pension deferred outflows	(2,478,476)	(1,251,506)	(507,827)	(660,129)	(113,774)	(5,011,712)	(4,075,762)
Decrease (increase) in OPEB deferred outflow	(207,854)	(99,291)	(57,566)	105,349		(259,362)	(345,778)
Increase (decrease) in vacation & sick leave payable	132,676	(74,501)	(50,053)	36,010	3,831	47,963	58,678
Increase (decrease) in accounts payable	258,095	1,464,733	202,731	1,115,025	44,383	3,084,967	501,196
Increase (decrease) in due to other funds	300,000					300,000	(367,564)
Increase (decrease) in customer deposits	397,808			188,895	(704)	585,999	
Increase (decrease) in unearned revenue							
Increase (decrease) in net pension liability	5,353,635	2,703,321	1,166,722	1,416,714	245,756	10,886,148	8,803,862
Increase (decrease) in pension deferred inflows	(3,011,401)	(1,462,798)	(631,099)	(796,896)	(138,237)	(6,040,431)	(4,952,140)
Increase (decrease) in net OPEB liability	509,759	243,509	141,179	(203,742)		690,705	848,021
Increase (decrease) in OPEB deferred inflows	(507,708)	(300,341)	(140,611)	70,508		(878,152)	(844,607)
Increase (decrease) in insurance claims payable							(1,138,730)
Total adjustments	6,243,663	3,157,025	842,231	2,595,597	38,363	12,876,879	1,091,867
Net cash provided by (used in) operating activities	9,509,168	8,099,811	(1,580,451)	6,439,800	(599,835)	21,868,493	7,054,004
Noncash investing, capital and financing activities:							
Increase (decrease) in investment in sewer authority		(3,304,236)				(3,304,236)	
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, 2023*

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2023

	Successor Agency Private Purpose Trust Fund \$	Custodial Funds \$
ASSETS		
Cash and Investments	3,574,836	27,275,983
Cash and Investments, restricted	1,587,897	13,885,337
Accounts Receivables		272,609
Accrued Interest Receivable	4,172	
Deposits		29,506
Non depreciable capital assets	2,560,739	58,497
Depreciable capital assets, net	10,042,703	
Prepaid items	310,664	7,119
	18,081,011	41,529,051
LIABILITIES		
Accounts payable	362,546	158,064
Long-term debt:		
Due in one year	3,540,772	
Due in more than one year	24,198,255	
Due to Districts		91,147
	28,101,573	249,211
NET POSITION		
Restricted for:		
Private purpose trust (RSA)	(10,020,562)	
Individuals and organizations		811,308
Other governments		40,468,532
	(10,020,562)	41,279,840

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, 2023

	Successor Agency Private Purpose Trust Fund \$	Custodial Funds \$
ADDITIONS		
Property taxes	3,496,092	
Employer contribution		
Members contributions		480,548
Miscellaneous revenue		53,916,920
Investment earnings	168,164	5,966
Total additions	3,664,256	54,403,434
DEDUCTIONS		
Administrative expenses		1,280,710
Distribution		54,335,277
Depreciation	515,979	
Interest and fiscal agency expenses	1,475,825	
Total deductions	1,991,804	55,615,987
Change in net position	1,672,452	(1,212,553)
Net position - beginning, as restated	(11,693,014)	42,492,393
Net position - ending	(10,020,562)	41,279,840

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 and essentially same as the City. 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, 2023

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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds

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

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

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

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

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

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

Water Utility Fund is to account for the provision of water services to the residents of Redwood City.

Sewer Utility Fund is to account for the provision of sewer services to the residents of Redwood City.

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

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

The City also reports the following fund types:

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

Fiduciary funds – These funds are used to account for assets held by the City in a trustee capacity or as agent for individuals, governmental entities, and nonpublic organizations. 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 eight 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, South Bay Waste Management Authority Fund and the Net-6 Fire JPA Fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end for property and sales tax and 90 days for all other revenues.

The City's fiduciary funds consist of one private purpose trust fund and custodial funds which use the accrual basis of accounting. Both the private purpose trust fund and the custodial funds use the economic resources measurement focus.

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

General capital asset acquisitions, including entering into contracts giving the City the right to use lease assets, are reported as *expenditures* in governmental funds. Proceeds from long-term debt and financing through leases are reported as *other financing sources*.

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 for those employees retired on or before June 30, 2023 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.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents, Continued

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.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023.

There is no accrual for unbilled water services as of June 30, 2023; 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

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost, except for intangible right to-use lease assets, the measurement of which is discussed in Note 1 below. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Land and construction in progress are not depreciated.

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets, Continued

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. Leases

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessee – The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$300,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases, Continued

Lessor - The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L. Subscription-Based Information Technology Arrangements (SBITAs) Accounting

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, a Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$300,000 or more.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Subscription-Based Information Technology Arrangements (SBITAs) Accounting, Continued

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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.

O. 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.

P. Pensions

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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, 2021
Measurement Date:	June 30, 2022
Measurement Period:	July 1, 2021 to June 30, 2022

R. Implementation of New GASB Pronouncements

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The City implemented GASB 96 in the fiscal year 2023. See Note 4 and Note 6.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 236,089,701	\$ 139,645,679	\$ 30,850,819	\$ 406,586,199
Restricted cash and investments	63,666,320	10,423,198	15,473,234	89,562,752
Total cash and investments	\$ 299,756,021	\$ 150,068,877	\$ 46,324,053	\$ 496,148,951

Cash and investments as of June 30, 2023 consist of the following:

Deposits:	
Cash on hand	\$ 12,005
Deposits with financial institution	11,121,059
Total deposits	11,133,064
Investments:	
County of San Mateo Investment Pool	78,766,497
California Local Agency Investment Fund	126,952,139
Federal Agency Securities	37,678,730
U.S. Treasury Notes	125,738,722
Corporate Notes	24,726,575
Certificate of deposit - Negotiable	1,699,575
Asset-backed Securities	2,061,115
Supranational Obligations	2,223,474
Municipal Bonds	4,377,731
Money Market	499,251
Total investments	404,723,809
Total City Treasury	415,856,873
Cash with fiscal agent	80,292,078
Total cash and investments	\$ 496,148,951

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City’s cash and deposits was \$4,552,928 at June 30, 2023. Bank balances before reconciling items were \$9,623,855 at June 30, 2023. 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, 2023, the City had the following investments by maturity:

<u>Cash and Investments</u>	<u>Total</u>	<u>Investment Maturities (in years)</u>					
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 36 Months</u>	<u>37 to 48 Months</u>	<u>60 Months or less</u>	
County of San Mateo Investment Pool	\$ 78,766,497	\$ 78,766,497					
California Local Agency Investment Fund	126,952,139	126,952,139					
U.S. Agencies, Securities, and Corporate Notes:							
Federal Agency Securities	37,678,730	9,570,882	\$ 19,774,776	\$ 6,968,803	\$ 1,364,269		
U.S. Treasury Notes	125,738,722	14,182,860	10,229,799	42,350,310	22,682,512	\$ 36,293,241	
Corporate Notes	24,726,575	5,653,458	10,652,907	1,634,822	3,091,727	3,693,661	
Certificate of Deposit - Negotiable	1,699,575		1,699,575				
Municipal Bonds	4,377,731	1,555,195	880,504	1,942,032			
Asset-backed Securities	2,061,115	8,601	230,626	1,398,339	423,549		
Supranational Obligations	2,223,474		2,223,474				
Money Market Mutual Funds	499,251	499,251					
Total	\$ 404,723,809	\$ 237,188,883	\$ 45,691,661	\$ 54,294,306	\$ 27,562,057	\$ 39,986,902	

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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	40%	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, 2023

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:		
Pfizer Inc.	A+	A1
CitiGroup Inc.	BBB+	A3
BlackRock Inc.	AA-	Aa3
JP Morgan Chase Bank	A-	A1
JP Morgan Chase & CO	A-	A1
Bank of America	A-	A1
Hershey Company	A	A1
John Deere Capital Corp.	A	A2
Paccar Financial Corp.	A+	A1
Microsoft Corp.	AAA	Aaa
Toyota Motor Credit Corp.	A+	A1
Intel Corp.	A	A2
Goldman Sachs Group Inc	BBB+	A2
Bristol-Myers Squibb	A+	A2
Bank of America	A-	A1
Target Corp.	A	A2
Home Depot Inc.	A	A2
Amazon.com Inc	AA	A1
Bank of New York Melon	A	A1
Municipal Bonds		
CA state taxable GO Bond	AAA	Aa1
MD State Taxable GO Bonds	AAA	Aaa
University California Reserve taxable Bond	AA	Aa2
Los Angeles California Community College District	AA+	Aaa
NJ Tunpike Authority Taxable REV Bonds	AA-	A1
FL State Board of Admin Taxable REV Bonds	AA	Aa3
Money Market Fund		
First American Government	Not Rated	Not Rated
Certificate Of Deposits-Negotiable:		
Toronto Dominion Bank New York	A	A1
Asset-backed Securities:		
Honda Auto Receivables	NR	Aaa
Carmax Auto Own	AAA	NR
Hyundai Auto Receivables	AAA	NR
Toyota Auto Receivable Own	AAA	Aaa
Hyundai Auto Receivables	NR	NR
Discover Card Exe. NT	AAA	Aaa
External Investment Pools:		
San Mateo County Investment Fund	Not Rated	AAAf/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, 2023

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 loss of \$13,798,179 as of June 30, 2023.

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, 2023

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2023, the City had \$126,952,139 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 0.984828499. LAIF had invested 2.78% 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 fair value is not readily available. The City valued its investments in LAIF as of June 30, 2023, 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, 2023, these investments matured at an average of 260 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, 2023 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, 2023

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	\$ 24,726,575	\$ -	\$ 24,726,575
Certificate of deposit - Negotiable	1,699,575	-	1,699,575
Municipal Bonds	4,377,731	-	4,377,731
Asset-backed Securities	2,061,115	-	2,061,115
Supranational Obligations	2,223,474	-	2,223,474
Federal Home Loan Banks	3,207,912	-	3,207,912
Federal National Mortgage Association	23,767,852	-	23,767,852
Federal Home Loan Mortgage	10,702,966	-	10,702,966
Money Market	499,251	499,251	-
US Treasury Notes	125,738,722	125,738,722	-
Subtotal investments subject to levels	<u>199,005,173</u>	<u>\$ 126,237,973</u>	<u>\$ 72,767,200</u>
<u>Investment not subject to levels:</u>			
San Mateo County Pool	78,766,497		
Local Agency Investment Fund	126,952,139		
Subtotal investments not subject to levels	<u>205,718,636</u>		
Total investments	<u>\$ 404,723,809</u>	<u>\$ 126,237,973</u>	<u>\$ 72,767,200</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 \$89,562,752 in cash and investments as of June 30, 2023 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 115 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, 2023

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, 2023, the trust had a balance of \$26,936,527. 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, 2023, 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, 2023, the annual money-weighted rate of return on investments, net of investment expenses, was 4.78%. 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, 2023, loans receivable consists of the following:

	Government-Wide
Wyndham Place First Time Homebuyer Loan Program	\$ 155,139
First Time Homebuyer Silent Loan Program	87,207
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	703,536
353 Main Project	3,150,000
612 Jefferson	898,503
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	1,087,491
Redwood Oaks Associates	500,000
Allowance for Uncollectible Loans	(1,893,222)
Total	\$ 13,145,654

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023 the City has outstanding loans of \$155,139 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, 2023, there were outstanding loans to three homebuyers totaling \$87,207.

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, 2023 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and former Redevelopment Agency have outstanding loans for housing rehabilitation in the amount of \$703,536.

E. 353 Main Project Loan

The City entered into an agreement whereby \$3,500,000 was loaned to 353 Main Street Apartments, LP, for the construction and permanent financing in accordance with the Financing Plan approved by the City. The outstanding balance of the loan at June 30, 2023 was \$3,150,000.

F. 612 Jefferson Loan

The City entered into an agreement whereby \$898,503 was loaned to Habitat for Humanity Greater San Francisco Inc. The proceeds were to be used for closing costs, project developments costs, and other related project costs as reasonably approved by the City. The outstanding balance of the loan at June 30, 2023 was \$898,503.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

G. 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, 2023 was \$2,627,000.

H. 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, 2023 was \$214,286.

I. Kainos Home and Training Center Loan

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

J. 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, 2023 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, 2023 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, 2023 was \$46,415.

K. 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, 2023 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, 2023 was \$200,000.

L. 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, 2023 was \$169,377.

M. 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, 2023 was \$1,577,750.

N. 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, 2023 was \$1,087,491.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

O. 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, 2023 was \$500,000.

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	Balance June 30, 2022	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2023
Government activities					
Capital assets not being depreciated:					
Land	\$ 34,593,078				\$ 34,593,078
Construction in progress, Property	54,463,312	\$ 7,212,345	\$ 4,172,793	\$ (5,089,390)	60,759,060
Construction in progress, Vehicles	2,515,793	2,764,342		(1,636,890)	3,643,245
Total capital assets not being depreciated	<u>91,572,183</u>	<u>9,976,687</u>	<u>4,172,793</u>	<u>(6,726,280)</u>	<u>98,995,383</u>
Capital assets being depreciated:					
Buildings	87,953,170				87,953,170
Accumulated depreciation	(40,067,438)	(1,710,300)			(41,777,738)
Improvements other than buildings	36,008,587	860,962		4,657,930	41,527,479
Accumulated depreciation	(7,083,657)	(1,987,526)			(9,071,183)
Parks	56,253,517			199,861	56,453,378
Accumulated depreciation	(25,407,164)	(2,160,062)			(27,567,226)
Streets	166,278,196	1,104,735		231,599	167,614,530
Accumulated depreciation	(96,144,499)	(5,829,506)			(101,974,005)
Bridges	2,248,335				2,248,335
Accumulated depreciation	(2,248,335)				(2,248,335)
Traffic Signals	7,813,336				7,813,336
Accumulated depreciation	(3,288,926)	(292,248)			(3,581,174)
Storm Drains	21,026,270	887,746			21,914,016
Accumulated depreciation	(5,664,264)	(635,642)			(6,299,906)
Subtotal	<u>197,677,128</u>	<u>(9,761,841)</u>		<u>5,089,390</u>	<u>193,004,677</u>
Machinery & Equipment	33,402,959	1,560,849		1,636,890	36,600,698
Accumulated depreciation	(22,681,773)	(1,583,289)			(24,265,062)
SBITA Intangible Assets	4,693,002				4,693,002
Accumulated depreciation		(2,153,688)			(2,153,688)
Net capital assets being depreciated	<u>213,091,316</u>	<u>(11,937,969)</u>		<u>6,726,280</u>	<u>207,879,627</u>
Governmental activity capital assets, net	<u>\$ 304,663,499</u>	<u>\$ (1,961,282)</u>	<u>\$ 4,172,793</u>	<u>\$ (6,726,280)</u>	<u>\$ 306,875,010</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,126,270				\$ 3,126,270
Construction in progress	22,927,047	\$ 5,295,537	\$ (537,826)	\$ (16,059,293)	11,625,465
Total capital assets not being depreciated	<u>26,053,317</u>	<u>5,295,537</u>	<u>(537,826)</u>	<u>(16,059,293)</u>	<u>14,751,735</u>
Capital assets being depreciated					
Right-to-Use Leased Property	772,795				772,795
Accumulated depreciation	(22,400)	(22,400)			(44,800)
Harbor Improvements	4,827,957		(508,873)		4,319,084
Accumulated depreciation	(3,771,798)	(36,584)	89,264		(3,719,118)
Buildings	62,686,456		(3,568)		62,682,888
Accumulated depreciation	(22,101,850)	(1,312,993)	(222,378)		(23,637,221)
Machinery and equipment	2,259,925	81,388	(1,263)		2,340,050
Accumulated depreciation	(1,809,108)	(51,395)	(25,804)		(1,886,307)
Improvements other than buildings	265,689,731	718,639	512,617	16,059,293	282,980,280
Accumulated depreciation	(89,490,471)	(5,731,843)	160,125		(95,062,189)
Net capital assets being depreciated	<u>219,041,237</u>	<u>(6,355,188)</u>	<u>120</u>	<u>16,059,293</u>	<u>228,745,462</u>
Business-type activity capital assets, net	<u>\$ 245,094,554</u>	<u>\$ (1,059,651)</u>	<u>\$ (537,706)</u>	<u>\$ (16,059,293)</u>	<u>\$ 243,497,197</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 4 – CAPITAL ASSETS (CONTINUED)

A. Summary, Continued

In fiscal year 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangement. As of June 30, 2023, the City has recorded a net SBITA intangible asset of \$4,693,002, with accumulated amortization of \$2,153,688. The subscription asset is offset with a subscription liability as discussed in Note 6.

The intangible Right-to-Use Leased Property’s related leases payable is further discussed in Note 7 Long-Term Liabilities.

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	\$	329,669
Human Services		154,585
Public Safety		1,604,618
Transportation		6,054,136
Leisure, cultural, and information services		4,107,383
Policy development and implementation		3,375,639
Environmental support and protection		726,231
Total Depreciation Expense-Governmental Activities	<u>\$</u>	<u>16,352,261</u>

Business-Type Activities

Water Utility Fund	\$	3,740,509
Sewer Utility fund		1,357,173
Parking Fund		758,677
Port of Redwood City		1,295,923
Docktown Marina		2,933
Total Depreciation Expense-Business-Type Activities	<u>\$</u>	<u>7,155,215</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 \$3,399,095. Every fiscal year the City adjusts the investment based on the City’s proportion of financial activity at SVCW. As of June 30, 2023, investment in SVCW totaled \$44,416,414.

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, 2023

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

During the fiscal year ended June 30, 2023, the City contributed \$16,312,500 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$11,542,797 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 \$1,958,160 toward capital improvements and capital reserves.

At June 30, 2023, the total obligation for the 2018 and 2021 revenue bonds and 2019 Notes is \$620,620,000. The City's direct obligation is \$251,685,000. For the fiscal year 2023-24, the City is obligated to pay debt principal and interest payments totaling \$9,409,471. 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 2022-23, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$45,805,029. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$27,695,739. Net revenues available for debt services amounted to \$18,109,290, which represented coverage of 1.57 times over the total of debt services of \$11,542,797.

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 %.

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, 2023

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 \$86,518,200.

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.

B. Changes in Long-Term Obligations

As of June 30, 2023, the City had the following governmental long-term obligations outstanding:

	Beginning Balance (As restated)	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued Sick Leave and Vacation	\$ 15,428,361	\$ 16,262,636	\$ 15,428,361	\$ 16,262,636	\$ 667,452
Revenue Bonds					
2021 Veterans Memorial Lease Revenue Bonds	56,885,000			56,885,000	1,205,000
Unamortized premium	6,990,749		241,060	6,749,689	
	<u>63,875,749</u>		<u>241,060</u>	<u>63,634,689</u>	<u>1,205,000</u>
SBITAs Liabilities	<u>4,693,002</u>		<u>2,153,688</u>	<u>2,539,314</u>	<u>547,926</u>
Total Governmental Activities Long-Term Debt:	<u>\$ 68,568,751</u>		<u>\$ 2,394,748</u>	<u>\$ 66,174,003</u>	<u>\$ 1,752,926</u>

At year-end, \$1,360,065 of internal service fund compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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

C. Annual Repayment Requirements for 2021 Veterans Memorial Bonds:

For the Year Ending June 30,	Principal	Interest	Total
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	1,355,000	1,737,050	3,092,050
2028	1,405,000	1,682,850	3,087,850
2029-2033	7,925,000	7,523,850	15,448,850
2034-2038	9,585,000	5,866,400	15,451,400
2039-2043	11,170,000	4,278,750	15,448,750
2044-2048	12,950,000	2,499,450	15,449,450
2049-2051	8,740,000	529,500	9,269,500
Total	\$ 56,885,000	\$ 29,633,200	\$ 86,518,200

D. Subscription-Based Information Technology Arrangements (SBITA)

In fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). As a result, An initial subscription liability was recorded in the amount of \$4,693,002 during fiscal year 2023. Implementation costs and prepayments made on the subscription were included in the measurement of the liability.

As of June 30, 2023, the value of the subscription liability was \$2,539,314. The City is required to make annual principal and interest payments throughout the life of the subscription.

A summary of the SBITAs liabilities for the fiscal year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Retirements	Balance June 30, 2023	Current Portion
SBITAs Liabilities:				
IPS Equipment and Software	\$ 349,505	\$ 89,232	\$ 260,273	\$ 88,885
OpenGov Inc.	357,648	71,532	286,116	68,216
CherryRoad Technologies Inc.	3,985,849	1,992,924	1,992,925	390,825
	\$ 4,693,002	\$ 2,153,688	\$ 2,539,314	\$ 547,926

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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

D. Subscription-Based Information Technology Arrangements (SBITA, Continued)

The future subscription and interest subscription payments as of June 30, 2023 follows:

<u>For the Year Ended June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Liability Balance</u>
2024	\$ 547,926	\$ 16,788	\$ 564,714
2025	1,009,457	8,304	1,017,761
2026	905,415	4,426	909,841
2027	76,516	1,753	78,269
Totals	<u>\$2,539,314</u>	<u>\$ 31,271</u>	<u>\$ 2,570,585</u>

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 \$6,680,643. 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 \$4,209,406. 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 \$22,670,750. 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 \$17,043,669. 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, 2023

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

A. 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 \$5,925,923. 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, 2023.

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 2023, Water Utility Fund operating revenues amounted to \$42,679,748 and operating expenses excluding depreciation and amortizations amounted to \$35,673,736. Net revenues available for debt service amounted to \$7,006,012 which represented a coverage ratio of 1.76 over the \$3,973,013 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 \$10,060,890 and operating expenses excluding depreciation, amortizations, and subvention to the City amounted to \$4,920,762. Net revenues available for debt service amounted to \$5,140,128 which represented a coverage ratio of 3.81 over the \$1,350,481 in debt service.

B. Leases Payable

The City entered into a lease agreement with Silicon Valley Clean Water (SVCW) dated 1/1/2006 for Recycled Water Treatment/Storage/Pumping Site located on Lido Neighborhood Unit No. 1 from 1/1/2006 through 12/31/2056. An initial lease liability was recorded in the amount of \$772,795 as of July 1, 2021. As of June 30, 2023, the value of the lease liability was \$738,381. The City is required to make annual payments with an initial amounts of \$22,400, with an interest adjustment based on CPI for every 5 years. The assumed interest rate for the fiscal year 2023 was 1.5%. an interest rate of 3%. The intangible right-to-use lease asset is amortized over the life of the lease.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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

C. Changes in Long-Term Obligations

As of June 30, 2023, 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	\$ 6,040,846		\$ 485,860	\$ 5,554,986	\$ 518,595
Port of Redwood City-2015 Series	2.00-4.00	4,095,000		460,000	3,635,000	475,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	18,265,000		1,145,000	17,120,000	1,205,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	14,735,000		910,000	13,825,000	945,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	4,995,000		290,000	4,705,000	300,000
Unamortized Premium-Water		2,838,239		231,054	2,607,185	
Unamortized Discount-Port		(11,873)		(1,500)	(10,373)	
		50,957,212		3,520,414	47,436,798	3,443,595
Leases Payable		755,716		17,335	738,381	
Total Bonds and Leases		\$ 51,712,928		\$ 3,537,749	\$ 48,175,179	\$ 3,443,595
Accrued Sick Leave and Vacation:		\$ 1,272,250	\$ 1,283,302	\$ 1,271,349	\$ 1,284,203	\$ 577,009

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

For The Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 3,443,595	\$ 1,877,652	\$ 5,321,247
2025	3,596,109	1,727,542	5,323,651
2026	3,759,278	1,569,351	5,328,629
2027	3,923,440	1,403,267	5,326,707
2028	4,088,635	1,239,121	5,327,756
2029-2033	20,433,929	3,579,966	24,013,895
2034-2035	5,595,000	293,401	5,888,401
	\$ 44,839,986	\$ 11,690,300	\$ 56,530,286

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, 2015. 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 \$35,060,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

B. Community Facilities District (Mello-Roos) Bonds

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

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

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

The City is not required to advance available funds of the City for payment of principal or interest or to purchase land at a delinquent foreclosure assessment sale. As of June 30, 2023, the outstanding principal amount was \$6,120,000.

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, 2023, the outstanding principal amount was \$3,540,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan

General Information about the Pension Plan:

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

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

The plans’ provisions and benefits in effect at June 30, 2023 are summarized as follows:

	<u>Public Safety Tier 1</u>	<u>Public Safety Tier 2</u>	<u>Public Safety Tier 3</u>
Benefit Formula	3% @50	3% @55	2.7% @57
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+	50 - 55+	50 - 57+
Monthly benefit, as a % of eligible compensation	3%	2.4%-3%	2%-2.7%
Required employee contribution rates	9%	9%	12.75%
Required employer contribution rates -normal cost	21.77%	21.77%	21.77%
	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous Tier 3</u>
Benefit Formula	2.7% @ 55	2% @60	2% @62
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 - 67+	50 - 67+	52 - 67+
Monthly benefit, as a % of eligible compensation	2%-2.7%	1.092%-2.418%	1%-2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates -normal cost	9.83%	9.83%	9.83%

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 \$12,547,818 and \$11,239,309 for the safety and miscellaneous plans respectively in fiscal year 2023.

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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 does not increase with the employee's age upon retirement.

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

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, 2023, the following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2021 and measurement date of June 30, 2022:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	583	365
Inactive employees entitled to but not yet receiving benefits	535	61
Active employees	383	160
Total	1,501	586

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 actuarial valuation were determined using the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	6.900%	6.900%
Inflation	2.300%	2.300%
Payroll Growth	2.800%	2.800%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	6.90% (1)	6.90% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2).	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2% thereafter.	

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

(2) The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. 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, 2023

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 6.90%. 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. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted for assumed administrative expenses of 10 basis points.

The table below reflects the long-term expected real rates of return by asset class.

Asset Class (1)	Assumed asset Allocation	Real Return 1,2
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
 Total	 <u>100%</u>	

(1) An expected inflation of 2.30% used for this period

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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, 2021 (Measurement Date)	\$ 382,163,810	\$ 311,608,148	\$ 70,555,662
Changes in the year:			
Service cost	7,256,540		7,256,540
Interest on the total pension liability	26,586,467		26,586,467
Differences between actual and expected experience	(3,060,173)		(3,060,173)
Changes in assumptions	11,619,661		11,619,661
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		14,978,084	(14,978,084)
Contribution - employees		3,179,873	(3,179,873)
Net investment income		(23,748,879)	23,748,879
Administrative expenses		(194,113)	194,113
Benefit payments , including refunds of employee contributions	(18,080,941)	(18,080,941)	
Other Miscellaneous Income/(expense)			
Net changes	<u>24,321,554</u>	<u>(23,865,976)</u>	<u>48,187,530</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 406,485,364</u>	<u>\$ 287,742,172</u>	<u>\$ 118,743,192</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2021 (Measurement Date)	\$ 449,153,504	\$ 336,111,006	\$ 113,042,498
Changes in the year:			
Service cost	9,585,797		9,585,797
Interest on the total pension liability	31,506,852		31,506,852
Differences between actual and expected experience	987,501		987,501
Changes in assumptions	14,053,058		14,053,058
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		18,651,811	(18,651,811)
Contribution - employees		3,878,439	(3,878,439)
Net investment income		(25,626,846)	25,626,846
Administrative expenses		(209,377)	209,377
Benefit payments , including refunds of employee contributions	(24,731,867)	(24,731,867)	
Other Miscellaneous Income/(expense)			
Net changes	<u>31,401,341</u>	<u>(28,037,840)</u>	<u>59,439,181</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 480,554,845</u>	<u>\$ 308,073,166</u>	<u>\$ 172,481,679</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	5.90%	5.90%	5.90%
Net Pension Liability	\$ 172,810,538	\$ 237,973,148	\$ 410,783,686
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 118,743,192	\$ 172,481,679	\$ 291,224,871
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 74,078,718	\$ 118,960,657	\$ 193,039,375

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, 2023

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, 2023, the City recognized pension expense of \$13,802,899 for the Miscellaneous Plan and \$18,267,007 for the Safety Plan, with a total of \$32,069,906. At June 30, 2023, 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	\$ 15,583,064		\$ 19,354,347		\$ 34,937,411	
Changes of Assumptions	7,469,782		9,794,556		17,264,338	
Differences between Expected and Actual Net differences between projected and actual earnings on plan investments	59,647	\$ (1,967,254)	1,101,204	\$ (643)	1,160,851	\$ (1,967,897)
	14,571,950		15,455,000		30,026,950	
Total	<u>\$ 37,684,443</u>	<u>\$ (1,967,254)</u>	<u>\$ 45,705,107</u>	<u>\$ (643)</u>	<u>\$ 83,389,550</u>	<u>\$ (1,967,897)</u>

\$34,937,411 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, 2024. 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
2024	\$ 5,453,214	\$ 7,414,720
2025	4,555,125	6,747,053
2026	1,081,907	2,443,946
2027	9,043,879	9,744,398
Total	<u>\$ 20,134,125</u>	<u>\$ 26,350,117</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2022 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	558
Inactive employees or beneficiaries currently receiving benefits	424
Inactive employees entitled to, but not yet receiving benefits	113
	1095

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023, the City’s cash contributions were \$2,669,595 in payments to the trust plus \$4,053,404 cash benefit payments and the estimated implied subsidy was \$622,000 resulting in total payments of \$7,344,999.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	6.25%
Inflation	2.50% per annum
Salary Increases	Aggregate-2.75%
Investment Rate of Return	6.25%
Mortality Rate	(1) Derived using CalPERS’ Membership Data for all funds
Pre-Retirement Turnover	(2) Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare (NON-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years

Notes:

(1) Pre-retirement mortality information was derived from data collected during 2000 to 2019 CalPERS Experience Study dated January 2021 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 2000 to 2019 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, 2023

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 CERBT-Strategy 1	Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
Treasury Inflation-Protected Securities (TIPS)	5%	-0.08%
Commodities	3%	1.22%
Real Estate Investment Trusts	20%	4.06%
TOTAL	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 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, 2023

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, 2022			
(Measurement date 06/30/2021)	\$ 87,674,576	\$ 60,445,380	\$ 27,229,196
Changes in the year:			
Service cost	3,505,341		3,505,341
Interest	5,557,379		5,557,379
Benefit changes			
Actual vs. expected experience			
Assumption changes			
Contribution - employer		7,983,000	(7,983,000)
Contribution - employee			
Net investment income		(8,368,889)	8,368,889
Benefit payments	(4,523,721)	(4,523,721)	
Administrative expenses		(26,484)	26,484
Net changes	<u>4,538,999</u>	<u>(4,936,094)</u>	<u>9,475,093</u>
Balance at June 30, 2023			
(Measurement date 06/30/2022)	<u>\$ 92,213,575</u>	<u>\$ 55,509,286</u>	<u>\$ 36,704,289</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, 2022:

	1% Decrease	Current	1% Increase
	(5.25%)	Discount Rate (6.25%)	(7.25%)
Net OPEB Liability	\$ 47,911,494	\$ 36,704,289	\$ 27,347,543

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2022:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 25,328,460	\$ 36,704,289	\$ 50,621,957

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, 2023, the City recognized OPEB expense of \$3,519,686, and the Port recognized OPEB expense of \$(27,885), with a total OPEB expenses of \$3,491,801. For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City (without Port)		Port of Redwood City		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
OPEB contributions subsequent to measurement date	\$ 7,344,999		\$ 31,178		\$ 7,376,177	
Changes of Assumptions	462,837	\$ (404,402)	28,249	\$ (106,759)	491,086	\$ (511,161)
Differences between expected and actual experience		(8,807,135)	4,633	(43,929)	4,633	(8,851,064)
Net differences between projected and actual earnings on plan investments	4,732,873				4,732,873	
Total	\$ 12,540,709	\$ (9,211,537)	\$ 64,060	\$ (150,688)	\$ 12,604,769	\$ (9,362,225)

See next page for Port’s OPEB related disclosures for more details

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 \$7,344,999 related to contributions subsequent to the June 30, 2022 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, 2024.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	City (without Port)	Port of Redwood City	TOTAL
	Deferred Outflows/Inflows of Resources	Deferred Outflows/Inflows of Resources	Deferred Outflows/Inflows of Resources
2024	\$ (1,687,864)	\$ (91,993)	\$ (1,779,857)
2025	(1,686,146)	(24,337)	(1,710,483)
2026	(1,170,879)	(1,476)	(1,172,355)
2027	702,632		702,632
2028	(173,570)		(173,570)
Thereafter			
Total	<u>\$ (4,015,827)</u>	<u>\$ (117,806)</u>	<u>\$ (4,133,633)</u>

PORT OF REDWOOD CITY:

Plan Description

The Agent multiple employers 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	3
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	0
	8
	8

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, 2023, 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	Based on the Fidelity General Obligation AA Index
Inflation	2.75%
Salary Increases	3.0% including inflation
Investment Rate of Return	3.69%
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 1.92% at June 30, 2021, and 3.69% at June 30, 2022 measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.69 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, 2023

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, 2022 (Measurement date 06/30/2021)	\$ 849,375		\$ 849,375
Changes in the year:			
Service cost	8,846		8,846
Interest	16,009		16,009
Benefit changes			
Actual vs. expected experience			
Assumption changes	(197,419)		(197,419)
Contribution - employer			
Contribution - employee			
Net investment income			
Benefit payments	(31,178)		(31,178)
Administrative expenses			
Net changes	(203,742)		(203,742)
Balance at June 30, 2023 (Measurement date 06/30/2022)	\$ 645,633		\$ 645,633

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, 2022:

	1% Decrease	Current	1% Increase
	(2.69%)	Discount Rate (3.69%)	(4.69%)
Net OPEB Liability	\$ 747,487	\$ 645,633	\$ 563,411

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, 2022:

	1% Decrease	Current	1% Increase
	6.0% to 5.0%	Trend Rate 7.0% to 6.0%	8.0% to 7.0%
Net OPEB Liability	\$ 559,061	\$ 645,633	\$ 751,708

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

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) (Average 2.1 Years at Measurement period ended June 30, 2022)

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

For the fiscal year ended June 30, 2023, the Port recognized OPEB expense of \$(27,885). For the fiscal year ended June 30, 2022, the City and Port reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
OPEB contributions subsequent to measurement date	\$ 31,178	
Changes of Assumptions	28,249	\$ (106,759)
Differences between expected and actual experience	4,633	(43,929)
Total	<u>\$ 64,060</u>	<u>\$ (150,688)</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$31,178 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/Inflows of Resources</u>
2024	\$ (91,993)
2025	(24,337)
2026	(1,476)
2027	
Total	<u>\$ (117,806)</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 \$3,050 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, 2023

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 – LEASES

A. Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

See more details for Leases payable in Note 7 and Right-to-use Leased Equipment in Note 4.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 10 – LEASES (CONTINUED)

B. Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

C. Leases Receivable (City as Lessor)

The terms and balances related to leases receivable and deferred inflows of resources as of June 30, 2023 were:

Lessee	Property Address	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years	Expiration Date Including Options
New Cingular	117 Hinman Rd, Redwood City, CA 94063	9/15/2020	9/14/2030	10	8	5	9/14/2035
Clean Harbors	130 Heckner Rd, Redwood City, CA 94063	4/1/2021	3/31/2026	5	3	5	3/31/2031
Cemex	775 Seaport Blvd, Redwood City, CA 94063	1/1/2017	12/31/2026	10	4	10	12/31/2036
Seaport Refining	679 Seaport Blvd, Redwood City, CA 94063	1/1/2016	12/31/2022	6	1	5	12/31/2027
SimsMetal America	699 Seaport Blvd, Redwood City, CA 94063	5/1/2018	4/30/2033	15	10	5	4/30/2038

(Continued below)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 10 – LEASES (CONTINUED)

C. Leases Receivable (City as Lessor), Continued

<u>Lessee</u>	<u>Interest Revenue</u>	<u>Lease Revenue</u>	<u>Monthly Revenue as of June 30, 2023</u>	<u>Lease Receivable Balance at June 30, 2023</u>	<u>Deferred Inflow of Resources at June 30, 2023</u>
New Cingular	\$ 11,252	\$ 18,844	\$ 2,508	\$ 311,198	\$ 300,237
Clean Harbors	48,071	133,837	15,159	1,300,547	1,246,507
Cemex	212,455	306,749	43,267	5,903,089	5,683,088
Seaport Refining	21,924	107,472	10,783	567,896	540,983
SimsMetal America	215,485	408,515	52,000	5,934,180	5,659,923
	<u>\$ 509,187</u>	<u>\$ 975,417</u>	<u>\$ 123,717</u>	<u>\$ 14,016,910</u>	<u>\$ 13,430,738</u>

The future principal and interest lease receivables as of June 30, were as follows:

<u>For the Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,010,116	\$ 474,488	\$ 1,484,604
2025	1,046,040	438,564	1,484,604
2026	1,083,244	401,360	1,484,604
2027	1,121,770	362,834	1,484,604
2028-2032	5,409,506	1,223,200	6,632,706
2033-2037	3,953,099	3,953,099	7,906,199
2038	393,135	2,790	395,925
Totals	<u>\$ 14,016,910</u>	<u>\$ 6,856,335</u>	<u>\$ 20,873,245</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 11 – 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.

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

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, 2023, 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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 11 – NET POSITION AND FUND BALANCES (CONTINUED)

B. Fund Balances, Continued

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.

C. Deficit Fund Equity/Net Position

The Successor Agency Private Purpose Trust Fund had negative net position of \$10,020,562 due to long-term debt outstanding for bonds used to finance various downtown improvements.

The Traffic Safety Fund had a negative fund balance of \$265,635.

The Redwood Shores Landscape Maintenance Fund had a negative fund balance of \$153,548.

The Planning Cost Recovery Fund had a negative fund balance of \$500,715.

The Docktown Marina Enterprise Fund had negative net position of \$57,657.

The Internal Services Fund had a negative net position of \$13,567,352 due to the recording of the net pension liability.

D. Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 306,875,010	\$ 243,497,197	\$ 550,372,207
Less: Capital debt	(66,174,003)	(47,104,479)	(113,278,482)
Plus: Unspent bond proceeds	50,788,777	960,369	51,749,146
	<u>\$ 291,489,784</u>	<u>\$ 197,353,087</u>	<u>\$ 488,842,871</u>

E. Restatement of Beginning Balances

The Port of Redwood City implemented GASB No. 87 – Leases during the year ended June 30, 2022. The implementation was not reflected in the City’s fiscal year 2022 financials. As a result, the City restated and increased beginning net position of Port of Redwood City Enterprise Fund by \$353,193 as of July 1, 2022. See the Leases disclosure in Note 10.

The City implemented GASB No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023, as a result, the beginning balances of the Governmental Activities capital assets and non-current liabilities as of July 1, 2022 to be restated and increased by \$4,693,002 to reflect the SBITA intangible assets and the SBITA liabilities balances. As a result, the net effect on beginning net positions was zero.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 12 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

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

NOTE 13 – 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 Fund	\$ 496,000 (1)
	Internal Service Fund	2,772 (2)
Capital Outlay Fund	General Fund	14,613,374 (3)
Non Major Governmental Funds	General Funds	2,199,108 (1)
	Capital Outlay Fund	1,950,000 (1)
Water Utility Enterprise Fund	General Fund	314,095 (1)
	Sewer Utility Fund	943,185 (4)
Parking Enterprise Fund	General Fund	1,773,072 (1)
Docktown Marina Enterprise Fund	General Fund	702,568 (1)
Internal Service Funds	General Fund	467,538 (1)
Total Interfund Transfers		<u>\$ 23,461,712</u>

The reasons for these transfers are set forth below:

- (1) Allocation of funds to support operations.
- (2) To cover for activities supported by the General Fund.
- (3) Allocation of funds to construct/purchase general capital assets
- (4) To cover for costs of revenue services staff

B. Short-Term Due to/From other Funds

The \$2,034,999 owed to the General Fund from the planning cost recovery fund and the Redwood Shores Landscape Maintenance Fund is related to the negative cash in the planning cost recover fund at June 30, 2023.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount Due to/From</u>
General Fund	Planning Cost Recovery Special Revenue Fund	\$ 1,881,775
General Fund	Redwood Shores Landscape Maintenance Fund	153,224
Capital Outlay Capital Projects Fund	General Fund	967,342
		<u>\$ 3,002,341</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 14 – RISK MANAGEMENT AND SELF-INSURANCE FUND

A. Workers’ Compensation

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 \$704,306 during FY 2022-23 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, Automobile, and Property Insurance

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA), which is an insurance pool consisting of 21 San Francisco Bay Area government agencies, which the City uses for general liability, property insurance, and auto liability coverage. In FY 2022-23 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 2022-23 was \$3,893,221.

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 for an amount in excess of \$1,000,000.

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

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

C. Self-Insurance Fund

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

Changes in the self-insurance fund’s claims payable liability for fiscal years ended 2021, 2022, and 2023 were:

Fiscal Year	Beginning Balance	Current Year Claims/Changes in Estimates	Claim Payments	Ending Balance
2020-21	29,746,897	6,231,227	(3,894,628)	32,083,496
2021-22	32,083,496	4,252,364	(3,127,014)	33,208,846
2022-23	33,208,846	2,862,564	(4,001,294)	32,070,116

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 15 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY

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

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

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

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

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

The Dissolution Act provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. The City Council elected to become Successor Agency on August 22, 2011 with resolution 15141, and reconfirmed this action on January 23, 2012 with resolution 15164.

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

**NOTE 15 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY
(CONTINUED)**

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

A. Tax Increment Bonds

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

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 \$35,060,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

**NOTE 15 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY
(CONTINUED)**

A. Tax Increment Bonds, Continued

Change in Debt:

	<u>Interest Rate %</u>	<u>Beginning Balance</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Tax Increment Bonds					
2003 Tax Allocation Bonds	3.50-5.80	\$ 10,256,222	\$ 1,256,331	\$ 8,999,891	\$ 1,172,831
Accreted interest payable		19,160,762	729,338	18,431,424.00	2,337,169.00
Unamortized Premium		338,484	30,772	307,712	30,772
Total Bonds		<u>\$ 29,755,468</u>	<u>\$ 2,016,441</u>	<u>\$ 27,739,027</u>	<u>\$ 3,540,772</u>

Annual Repayment Requirements for Long-Term Debt:

<u>Year End June 30</u>	<u>Tax Increment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,172,831	\$ 2,337,169
2025	1,090,125	2,414,875
2026	1,025,984	2,479,016
2027	967,415	2,537,585
2028	911,966	2,593,034
2029-2033	<u>3,831,570</u>	<u>13,698,430</u>
	<u>\$ 8,999,891</u>	<u>\$ 26,060,109</u>

NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2023, the City has the following significant commitments:

- \$ 2,079,406 – Purchase of Water Supply FY22-23
- \$ 1,897,115 – Professional Services related to the 2020-2021 Sanitary Sewer Replacement Project
- \$ 1,653,788 – Professional Services related to the Redwood Ave. Sidewalk, Curb & Gutter Improvements Project
- \$ 1,410,707 – Professional Services related to Homeless Outreach
- \$ 1,232,366 – Professional Services related to 101/84 Interchange Project
- \$ 681,522 – Professional Services related to Emergency Sewer Repair at Veterans & Chestnut
- \$ 593,773 – Purchase of Residential and Commercial Water Meters
- \$ 580,574 – Professional Services related to US 101/Woodside Road Interchange Improvement Project
- \$ 569,499 – Professional Services related to the Downtown Parks and Bay Connectivity Project
- \$ 504,974 – Purchase of Water Supply FY21-22

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

**NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES
(CONTINUED)**

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, 2023:

Major Funds:	
General Fund	\$ 5,813,643
Capital Outlay Fund	<u>6,181,614</u>
Total Major Funds	11,995,257
Non-Major Funds	<u>18,715,339</u>
Total Encumbrances	<u><u>\$ 30,710,596</u></u>

NOTE 17 – SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

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

The SBWMA issued \$20 million in bonds in 1999 to provide funds for the purchase of the transfer station. The debt issued by the SBWMA is not an obligation of any of the member entities. During FY 2009-10, SBWMA issued \$58.5 million in bonds to finance improvements at the solid waste transfer station, and the remaining balance of the 1999 bonds were retired. 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, 2023:

Total Assets	\$ 83,544,739
Total Liabilities	<u>(54,868,942)</u>
Total Net Position	<u><u>\$ 28,675,797</u></u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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.



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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 and special revenue. Capital projects funds' budgets are adopted on a project length basis and are not presented here.

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

The City Council conducts 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
Annual Comprehensive Financial
Report June 30, 2023*

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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
	\$	\$	\$	Positive (Negative)
				\$
Fund balance, July 1	95,345,604	95,345,604	95,345,604	
Resources (inflows):				
Property taxes/special assessments	68,404,824	68,404,824	77,262,342	8,857,518
Sales and other taxes	53,482,374	53,517,374	61,521,102	8,003,728
Licenses and permits	6,003,017	6,003,017	8,120,339	2,117,322
Fines, forfeitures and penalties	402,000	402,000	452,529	50,529
Use of money and property	5,757,902	5,757,902	6,056,689	298,787
Intergovernmental	13,021,608	18,126,140	16,910,390	(1,215,750)
Charges for current services	21,136,845	22,541,845	22,073,434	(468,411)
Contributions	500,000	500,000	500,000	
Other	609,120	609,120	993,590	384,470
Amounts available for appropriation	169,317,690	175,862,222	193,890,415	18,028,193
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	338,761	338,761	344,477	(5,716)
Total City Council	338,761	338,761	344,477	(5,716)
City Manager:				
Management/Policy execution/ Organizational Efficiencies	1,362,758	1,904,246	1,340,611	563,635
Communications/Community Engagement	1,453,025	2,261,421	1,623,278	638,143
Homeless initiatives	650,000	4,742,996	996,531	3,746,465
Diversity, equity, inclusion initiatives	401,206	1,298,831	499,705	799,126
Economic development	807,164	1,474,110	518,455	955,655
Anti-displacement Strategies	382,040	382,040	119,423	262,617
Homeless outreach		951,014	458,316	492,698
Total City Manager	5,056,193	13,014,658	5,556,319	7,458,339
City Attorney	2,054,292	2,437,067	2,070,232	366,835
City Clerk:				
City Clerk	970,297	1,200,259	945,742	254,517
Elections	407,773	330,314	331,772	(1,458)
Council support	73,785	66,396	56,442	9,954
Total City Clerk	1,451,855	1,596,969	1,333,956	263,013

(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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Community Development & Transportation:				
Planning	2,811,425	2,969,619	3,458,891	(489,272)
Strategic planning	1,443,139	2,370,940	1,160,775	1,210,165
Building regulation	6,299,510	6,706,483	5,550,865	1,155,618
Administration	831,441	1,194,573	1,014,935	179,638
General engineering	477,895	711,954	672,386	39,568
Subdivision engineering	516,235	516,235	818,510	(302,275)
Code enforcement	1,145,767	1,157,745	779,706	378,039
Flood and sea level rise resiliency	55,000	55,000		55,000
GIS/CAD	165,000	225,000	165,653	59,347
Micromobility program		2,500	3,517	(1,017)
Total Community Development & Transportation	<u>13,745,412</u>	<u>15,910,049</u>	<u>13,625,238</u>	<u>2,284,811</u>
Finance:				
Financial services	2,339,357	2,532,762	2,160,147	372,615
Administrative support services	1,289,986	1,023,091	3,332,347	(2,309,256)
Total Finance	<u>3,629,343</u>	<u>3,555,853</u>	<u>5,492,494</u>	<u>(1,936,641)</u>
Fire:				
Administration	3,080,180	3,466,878	1,912,781	1,554,097
Operations	34,364,090	38,524,341	36,121,511	2,402,830
San Carlos Fire	504,454	482,638	2,065,721	(1,583,083)
Prevention	2,000,781	2,213,777	1,652,480	561,297
Training	603,208	590,421	525,018	65,403
Emergency medical services	48,480	72,680	50,634	22,046
Emergency operations	121,488	196,271	87,675	108,596
Firefighter trainees - safer grant		1,174,611	242,062	932,549
Total Fire	<u>40,722,681</u>	<u>46,721,617</u>	<u>42,657,882</u>	<u>4,063,735</u>
Human Resources	<u>3,586,953</u>	<u>4,001,857</u>	<u>3,143,413</u>	<u>858,444</u>
Library:				
Administrative services unit	2,268,694	2,276,941	2,188,200	88,741
Downtown library	4,458,283	4,593,251	4,422,009	171,242
Literacy services unit	1,130,158	1,891,772	1,793,878	97,894
Neighborhood libraries and outreach	1,452,893	1,452,894	1,658,478	(205,584)
Children's and teen services and community engagement	1,151,787	1,147,079	1,106,798	40,281
Total Library	<u>10,461,815</u>	<u>11,361,937</u>	<u>11,169,363</u>	<u>192,574</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Parks, Recreation and Community Services:				
Human Services	2,375,584	3,111,994	3,086,716	25,278
COVID-19 emergency rental assistance		997,800	75,264	922,536
Administration	2,312,120	2,555,758	2,449,125	106,633
Landscape maintenance	6,048,582	6,395,147	6,056,199	338,948
Youth and teen services	3,956,559	4,032,402	3,743,891	288,511
Sports and aquatics	574,932	552,240	663,520	(111,280)
Community services	1,027,596	1,027,454	800,120	227,334
Class administration and market	1,571,340	1,966,351	2,342,588	(376,237)
PRCS facilities	3,057,752	3,102,444	2,963,052	139,392
Arts commission	73,896	68,118	70,055	(1,937)
Special events	393,753	707,383	864,573	(157,190)
Total Parks, Recreation and Community Services	<u>21,392,114</u>	<u>24,517,091</u>	<u>23,115,103</u>	<u>1,401,988</u>
Police:				
Administration	10,654,388	11,220,734	10,594,994	625,740
Records	1,257,541	1,269,990	1,073,063	196,927
Training	813,813	1,182,503	1,603,272	(420,769)
Property/Evidence	557,618	564,268	512,952	51,316
Police Activities League	103,630	103,630	88,985	14,645
Patrol services	31,641,434	33,141,279	32,465,665	675,614
Criminal investigation	6,972,245	7,137,533	7,752,397	(614,864)
Total Police	<u>52,000,669</u>	<u>54,619,937</u>	<u>54,091,328</u>	<u>528,609</u>
Public Works:				
Street system maintenance	328,233	328,233	333,773	(5,540)
Street cleaning	587,350	614,506	613,218	1,288
Sidewalk maintenance/Replacement	95,104	95,104	51,911	43,193
Street tree maintenance	1,253,869	1,324,783	1,081,308	243,475
Trash and recycling efforts	121,950	220,848	97,377	123,471
Climate action plan programs	533,793	1,131,793	96,788	1,035,005
Downtown/Entry feature maintenance	11,889	13,639	11,344	2,295
Storm water collection/Disposal	60,842	225,842	224,204	1,638
Highway 101 pedestrian underpass	50,000	50,000		50,000
Total Public Works	<u>3,043,030</u>	<u>4,004,748</u>	<u>2,509,923</u>	<u>1,494,825</u>
Non-Departmental:				
One-time special funds	5,004,531	1,594,222	498,010	1,096,212
Citywide COVID-19 costs	500,000	527,995		527,995
Administrative services operations	983,695	977,238	209,422	767,816
City manager operations	1,023,390	1,023,390	963,293	60,097
Total Non-Departmental	<u>7,511,616</u>	<u>4,122,845</u>	<u>1,670,725</u>	<u>2,452,120</u>
Reimbursement from Other Funds	<u>(2,562,970)</u>	<u>(2,562,970)</u>	<u>(2,562,970)</u>	
Total charges to appropriations	<u>162,431,764</u>	<u>183,640,419</u>	<u>164,217,483</u>	<u>19,422,936</u>
OTHER FINANCING SOURCES (USES)				
Capital contributions			96,000	
Transfers in		2,239,298	498,772	(1,740,526)
Transfers (out)		(33,340,431)	(20,069,755)	13,270,676
Total Other Financing Sources (Uses)		<u>(31,101,133)</u>	<u>(19,474,983)</u>	<u>11,530,150</u>
Fund balance, June 30	<u>102,231,530</u>	<u>56,466,274</u>	<u>105,543,553</u>	<u>48,981,279</u>

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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:	2021-22	2020-21	2019-20
TOTAL PENSION LIABILITY			
Service Cost	\$ 7,256,540	\$ 6,394,654	\$ 6,178,031
Interest	26,586,467	25,863,540	24,840,488
Difference Between Expected and Actual Experience	(3,060,173)	230,069	(523,039)
Changes of Assumptions	11,619,661		
Benefit Payments, Including Refunds of Employee Contributions	(18,080,941)	(17,249,770)	(16,847,184)
Net Change in Total Pension Liability	24,321,554	15,238,493	13,648,296
Total Pension Liability - Beginning	382,163,810	366,925,317	353,277,021
Total Pension Liability - Ending (a)	\$ 406,485,364	\$ 382,163,810	\$ 366,925,317
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 14,978,084	\$ 13,313,117	\$ 13,379,383
Contributions - Employee	3,179,873	2,928,979	2,881,886
Net Investment Income	(23,748,879)	57,956,637	12,205,299
Benefit Payments, Including Refunds of Employee Contributions	(18,080,941)	(17,249,770)	(16,847,184)
Other Changes in Fiduciary Net Position			
Administrative Expense	(194,113)	(254,643)	(343,470)
Other Miscellaneous Income/(Expense) (1)			
Net Change in Fiduciary Net Position	(23,865,976)	56,694,320	11,275,914
Plan Fiduciary Net Position - Beginning (2)	311,608,148	254,913,828	243,637,914
Plan Fiduciary Net Position - Ending (b)	\$ 287,742,172	\$ 311,608,148	\$ 254,913,828
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 118,743,192	\$ 70,555,662	\$ 112,011,489
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.79%	81.54%	69.47%
Covered Payroll (3)	\$ 40,336,518	\$ 38,732,004	\$ 36,686,645
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	294.38%	182.16%	305.32%

*The schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

- (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.

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
\$	6,198,689	\$ 6,312,633	\$ 5,947,899	\$ 4,988,704	\$ 4,787,766	\$ 4,962,237
	23,887,592	22,736,338	21,786,870	20,902,896	19,792,491	18,925,939
	2,022,316	1,635,445	275,278	2,720,291	(546,244)	
		(2,534,753)	18,027,744		(4,797,291)	
	(15,604,216)	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
	16,504,381	13,928,168	32,782,140	15,461,089	6,615,686	12,353,481
	336,772,640	322,844,472	290,062,332	274,601,243	267,985,557	255,632,076
\$	353,277,021	\$ 336,772,640	\$ 322,844,472	\$ 290,062,332	\$ 274,601,243	\$ 267,985,557
\$	10,318,071	\$ 9,451,153	\$ 8,428,180	\$ 7,063,347	\$ 6,882,313	\$ 6,449,302
	2,676,853	2,789,791	2,778,380	2,605,290	2,372,657	2,592,457
	15,241,419	18,389,970	22,220,866	1,020,359	4,413,116	29,955,563
	(15,604,216)	(14,221,495)	(13,255,651)	(13,150,802)	(12,621,036)	(11,534,695)
		(336,712)	(295,555)	(112,373)	(205,162)	
	(164,968)					
	536	(638,404)				
	12,467,695	15,434,303	19,876,220	(2,574,179)	841,888	27,462,627
	231,170,219	215,735,916	195,859,694	198,433,873	197,591,985	170,129,358
\$	243,637,914	\$ 231,170,219	\$ 215,735,914	\$ 195,859,694	\$ 198,433,873	\$ 197,591,985
\$	109,639,107	\$ 105,602,421	\$ 107,108,558	\$ 94,202,638	\$ 76,167,370	\$ 70,393,572
	68.97%	68.64%	66.82%	67.52%	72.26%	73.73%
\$	36,047,273	\$ 33,401,807	\$ 34,756,799	\$ 31,484,407	\$ 28,944,841	\$ 28,592,551
	304.15%	316.16%	308.17%	299.20%	263.15%	246.20%

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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:	2021-22	2020-21	2019-20
TOTAL PENSION LIABILITY			
Service Cost	\$ 9,585,797	\$ 8,678,296	\$ 8,659,505
Interest	31,506,852	30,437,953	29,301,302
Difference Between Expected and Actual Experience	987,501	(1,561)	3,510,050
Changes of Assumptions	14,053,058		
Benefit Payments, Including Refunds of Employee Contributions	(24,731,867)	(22,658,505)	(21,484,308)
Net Change in Total Pension Liability	31,401,341	16,456,183	19,986,549
Total Pension Liability - Beginning	449,153,504	432,697,321	412,710,772
Total Pension Liability - Ending (a)	\$ 480,554,845	\$ 449,153,504	\$ 432,697,321
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 18,651,811	\$ 16,247,751	\$ 16,718,593
Contributions - Employee	3,878,439	3,415,458	3,294,361
Net Investment Income	(25,626,846)	62,967,633	13,292,662
Benefit Payments, Including Refunds of Employee Contributions	(24,731,867)	(22,658,505)	(21,484,308)
Other Changes in Fiduciary Net Position			
Administrative Expenses	(209,377)	(276,122)	(373,538)
Other Miscellaneous Income/ (Expense)(1)			
Net Change in Fiduciary Net Position	(28,037,840)	59,696,215	11,447,770
Plan Fiduciary Net Position - Beginning (2)	336,111,006	276,414,791	264,967,021
Plan Fiduciary Net Position - Ending (b)	\$ 308,073,166	\$ 336,111,006	\$ 276,414,791
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 172,481,679	\$ 113,042,498	\$ 156,282,530
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.11%	74.83%	63.88%
Covered Payroll (3)	\$ 28,838,138	\$ 28,369,715	\$ 27,781,536
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	598.10%	398.46%	562.54%

*The schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

- (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.

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
\$ 8,897,078	\$ 8,929,972	\$ 8,853,629	\$ 7,609,467	\$ 7,620,719	\$ 6,630,333
27,912,442	26,705,230	25,379,781	24,274,395	22,992,406	21,880,004
876,561	4,400,726	1,130,542	2,056,832	210,529	
	(1,516,741)	21,432,755		(5,686,859)	
(20,068,009)	(19,154,486)	(18,081,124)	(16,758,122)	(15,054,516)	(14,361,985)
17,618,072	19,364,701	38,715,583	17,182,572	10,082,279	14,148,352
395,092,700	375,727,999	337,012,416	319,829,844	309,747,565	295,599,213
\$ 412,710,772	\$ 395,092,700	\$ 375,727,999	\$ 337,012,416	\$ 319,829,844	\$ 309,747,565
\$ 13,102,512	\$ 12,005,986	\$ 11,975,338	\$ 11,288,655	\$ 9,993,967	\$ 7,791,669
3,252,531	3,179,855	2,916,109	2,375,511	2,420,787	2,230,065
16,595,731	20,046,903	24,645,186	1,179,363	4,953,411	32,968,535
(20,068,009)	(19,154,486)	(18,081,124)	(16,758,122)	(15,054,516)	(14,361,985)
	(370,299)	(210,549)	(132,896)	(245,450)	
(180,021)					
586	(702,091)				
12,703,330	15,005,868	21,244,960	(2,047,489)	2,068,199	28,628,284
252,263,691	237,257,823	216,012,863	218,060,352	215,992,153	187,363,869
\$ 264,967,021	\$ 252,263,691	\$ 237,257,823	\$ 216,012,863	\$ 218,060,352	\$ 215,992,153
\$ 147,743,751	\$ 142,829,009	\$ 138,470,176	\$ 120,999,553	\$ 101,769,492	\$ 93,755,412
64.20%	63.85%	63.15%	64.10%	68.18%	69.73%
\$ 27,939,573	\$ 27,442,920	\$ 27,341,479	\$ 25,867,584	\$ 25,330,626	\$ 21,679,799
528.80%	520.46%	506.45%	467.77%	401.76%	432.46%

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Schedule of Plan Contributions *

Miscellaneous Plan

Fiscal Year:	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 15,583,064	\$ 14,677,199	\$ 13,251,126
Contribution in relation to the actuarially determined contributions	<u>(15,583,064)</u>	<u>(14,677,199)</u>	<u>(13,310,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,509)</u>
Covered payroll	\$ 43,278,485	\$ 40,613,978	\$ 39,894,208
Contributions as a percentage of covered payroll	36.01%	36.14%	33.22%

Safety Plan

Fiscal Year:	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 19,354,347	\$ 18,230,530	\$ 16,251,126
Contribution in relation to the actuarially determined contributions	<u>(19,354,347)</u>	<u>(18,230,530)</u>	<u>(16,251,126)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 31,731,683	\$ 28,838,138	\$ 29,330,001
Contributions as a percentage of covered payroll	60.99%	63.22%	55.41%

*The schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

Notes to Schedules	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining amortization period	21 Years as of valuation date	29 Years as of valuation date
Asset valuation method	15-year smoothed fair value	15-year smoothed fair value
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.	

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Schedule of Plan Contributions, Continued *

<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
\$ 13,379,346	\$ 10,135,737	\$ 7,527,907	\$ 7,428,605	\$ 6,923,087	\$ 6,799,358
<u>(13,379,346)</u>	<u>(10,135,737)</u>	<u>(7,527,907)</u>	<u>(7,428,605)</u>	<u>(6,923,087)</u>	<u>(6,799,358)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 38,158,385	\$ 36,054,508	\$ 33,401,807	\$ 34,756,799	\$ 31,484,407	\$ 28,944,841
35.06%	28.11%	22.54%	21.37%	21.66%	23.49%

<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u> (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
\$ 16,716,096	\$ 12,871,662	\$ 10,880,756	\$ 10,292,946	\$ 10,439,692	\$ 9,667,759
<u>(16,716,096)</u>	<u>(12,871,662)</u>	<u>(10,880,756)</u>	<u>(10,292,946)</u>	<u>(10,439,692)</u>	<u>(9,667,759)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,665,803	\$ 28,192,253	\$ 27,442,920	\$ 27,341,479	\$ 25,867,584	\$ 25,330,626
58.31%	45.66%	39.65%	37.65%	40.36%	38.17%

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 3 – POST-EMPLOYMENT BENEFITS

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

City of Redwood City

Measurement Period:	2022	2021
Total OPEB Liability		
Service Cost	\$ 3,505,341	\$ 2,734,440
Interest on the total OPEB liability	5,557,379	6,349,565
Changes of benefit terms		
Differences between expected and actual experience		(9,985,908)
Changes of assumptions		(601,670)
Benefit payments, including refunds of employee contributions	(4,523,721)	(4,310,089)
Net change in total OPEB liability	4,538,999	(5,813,662)
Total OPEB liability - beginning	87,674,576	93,488,238
Total OPEB liability - ending (a)	\$ 92,213,575	\$ 87,674,576
 Plan Fiduciary Net Position		
Contributions - employer	\$ 7,983,000	\$ 7,722,813
Net investment income	(8,368,889)	12,425,762
Benefit payments, including refunds of employee contributions	(4,523,721)	(4,310,089)
Administrative expense	(26,484)	(27,934)
Net change in plan fiduciary net position	(4,936,094)	15,810,552
Plan fiduciary net position - beginning	60,445,380	44,634,828
Plan fiduciary net position - ending (b)	\$ 55,509,286	\$ 60,445,380
 Net OPEB liability/(asset) - ending (a) - (b)	\$ 36,704,289	\$ 27,229,196
 Plan fiduciary net position as a percentage of the total OPEB liability	60.2%	68.9%
 Covered-employee payroll	84,686,568	81,004,127
 Net OPEB liability as a percentage of covered-employee payroll	43.3%	33.6%

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.

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 2,654,796	\$ 2,579,477	\$ 2,504,347	\$ 2,431,405
6,039,766	6,059,446	5,741,299	5,420,908
	(91,335)		
	(6,285,887)		
	1,388,517		
<u>(4,059,058)</u>	<u>(3,975,125)</u>	<u>(3,239,884)</u>	<u>(3,117,523)</u>
4,635,504	(324,907)	5,005,762	4,734,790
88,852,734	89,177,641	84,171,879	79,437,089
<u>\$ 93,488,238</u>	<u>\$ 88,852,734</u>	<u>\$ 89,177,641</u>	<u>\$ 84,171,879</u>
\$ 8,091,673	\$ 8,553,676	\$ 6,830,404	\$ 6,163,000
1,245,474	2,293,756	2,158,132	2,270,291
(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
<u>(31,256)</u>	<u>(16,917)</u>	<u>(50,216)</u>	<u>(11,547)</u>
5,246,833	6,855,390	5,698,436	5,304,221
39,387,995	32,532,605	26,834,169	21,529,949
<u>\$ 44,634,828</u>	<u>\$ 39,387,995</u>	<u>\$ 32,532,605</u>	<u>\$ 26,834,170</u>
\$ 48,853,410	\$ 49,464,739	\$ 56,645,036	\$ 57,337,709
47.7%	44.3%	36.5%	31.9%
77,259,985	73,074,208	73,121,435	71,831,235
63.2%	67.7%	77.5%	79.8%

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023**

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

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

Port of Redwood City

Measurement Period	2022	2021
Total OPEB Liability		
Service Cost	\$ 8,846	\$ 6,761
Interest on the total OPEB liability	16,009	16,550
Differences between expected and actual experience		97,275
Changes of assumptions	(197,419)	68,972
Benefit payments, including refunds of employee contributions	(31,178)	(31,427)
Net change in total OPEB liability	(203,742)	158,131
Total OPEB liability - beginning	849,375	691,244
Total OPEB liability - ending (a)	\$ 645,633	\$ 849,375
	Covered-employee payroll	371,346
		343,288
Net OPEB liability as a percentage of covered-employee payroll	173.9%	247.4%

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.

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 5,356	\$ 12,928	\$ 12,746	\$ 14,623
18,925	24,324	23,193	20,261
	(127,605)		
72,042	37,647	(5,925)	(68,366)
(19,445)	(9,711)	(9,426)	(8,400)
<u>76,878</u>	<u>(62,417)</u>	<u>20,588</u>	<u>(41,882)</u>
614,366	676,783	656,195	698,077
<u>\$ 691,244</u>	<u>\$ 614,366</u>	<u>\$ 676,783</u>	<u>\$ 656,195</u>
410,854	501,790	632,232	754,684
168.2%	122.4%	107.0%	86.9%

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023**

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years

City of Redwood City

Fiscal Year Ended June 30	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution (ADC)	\$ 6,423,000	\$ 6,906,000	\$ 6,703,000
Contributions in relation to the ADC	7,344,999	7,983,000	7,722,813
Contribution deficiency (excess)	<u>\$ (921,999)</u>	<u>\$ (1,077,000)</u>	<u>\$ (1,019,813)</u>
Covered-employee payroll	90,994,815	84,686,568	81,004,127
Contributions as a percentage of covered-employee payroll	8.1%	9.4%	9.5%
Fiscal Year Ended June 30	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 6,504,000	\$ 6,983,000	\$ 6,777,000
Contributions in relation to the ADC	8,091,673	8,553,676	6,830,404
Contribution deficiency (excess)	<u>\$ (1,587,673)</u>	<u>\$ (1,570,676)</u>	<u>\$ 53,404</u>
Covered-employee payroll	77,259,985	73,074,208	73,121,435
Contributions as a percentage of covered-employee payroll	10.5%	11.7%	9.3%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level % of pay. Average 17-year fixed period for 2022/23
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Healthcare cost-trend rates	Non-Medicare-6.50% in 2023 decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023 decreasing to an ultimate rate of 3.75% in 2076
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019.
Mortality	Pre-retirement mortality probability based on 2021 CalPERS 2000-2019 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

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

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023**

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years, Continued

Port of Redwood City

Fiscal Year Ended June 30	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -
Contributions in relation to the ADC	31,178	31,178	31,427
Contribution deficiency (excess)	\$ 31,178	\$ 31,178	\$ 31,427
 Covered-employee payroll	 \$ 371,346	 \$ 343,288	 \$ 343,288
Contributions as a percentage of covered-employee payroll	8.4%	9.1%	9.2%
 Fiscal Year Ended June 30	 2020	 2019	 2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -
Contributions in relation to the ADC	15,869	9,949	9,426
	\$ 15,869	\$ 9,949	\$ 9,426
 Covered-employee payroll	 \$ 410,854	 \$ 501,790	 \$ 632,232
Contributions as a percentage of covered-employee payroll	3.9%	2.0%	1.5%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3% annual increases
Investment Rate of Return	3.69%
Healthcare cost-trend rates	6.0% to 8.0%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

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



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

GENERAL FUND

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

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
	\$	\$
Cash and investments available for operations	79,072,655	79,739,931
Cash and investments, restricted	26,936,527	25,336,168
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	15,886,678	19,392,291
Accounts	3,312,873	4,061,214
Accrued interest	1,973,486	783,122
Due from other governmental agencies	12,423,517	2,025,640
Due from other funds	2,034,999	956,762
Advances to other funds		
Prepaid items	604,613	26,161
 Total Assets	 142,245,348	 132,321,289
 LIABILITIES		
Accounts payable	8,042,830	8,157,190
Accrued payroll	9,053,005	5,576,390
Deposits payable	6,755,622	7,443,203
Due to other funds	967,342	
Unearned revenue	7,033,253	15,798,902
 Total Liabilities	 31,852,052	 36,975,685
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-Due from other governments	4,849,743	
Total Deferred Inflows of Resources	4,849,743	
 FUND BALANCE		
Nonspendable:		
Prepaid items	604,613	26,161
Restricted for:		
Pension Trust	26,936,527	25,336,168
Other purposes	5,914,147	4,801,377
Committed to:		
General plan	7,411,643	6,087,438
Assigned to:		
Other purposes	42,467,639	44,904,614
Unassigned:		
City Council directed minimum balance	26,506,952	25,698,849
Residual balance	(4,297,968)	(11,509,003)
 Total Fund Balance	 105,543,553	 95,345,604
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 142,245,348	 132,321,289

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, 2023 AND 2022

	2023			2022		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes	68,404,824	77,262,342	8,857,518	72,820,177	72,372,508	(447,669)
Sales and other taxes	53,517,374	61,521,102	8,003,728	52,644,775	55,698,026	3,053,251
Licenses and permits	6,003,017	8,120,339	2,117,322	6,571,681	5,120,974	(1,450,707)
Fines, forfeitures and penalties	402,000	452,529	50,529	402,000	414,794	12,794
Uses of money and property	5,612,214	6,056,689	444,475	6,518,552	(980,809)	(7,499,361)
Net increases (decreases) in fair value of investments						
Intergovernmental	16,442,210	16,910,390	468,180	25,642,356	14,449,056	(11,193,300)
Charges for current services	22,497,494	22,073,434	(424,060)	27,192,325	29,326,692	2,134,367
Other	1,109,120	1,493,590	384,470	1,114,317	1,528,887	414,570
Total revenues	173,988,253	193,890,415	19,902,162	192,906,183	177,930,128	(14,976,055)
EXPENDITURES						
Community development	21,788,080	16,230,321	5,557,759	21,496,429	13,349,332	8,147,097
Human services	3,111,996	3,064,758	47,238	3,554,088	2,876,458	677,630
Public safety	100,702,335	96,622,686	4,079,649	88,604,111	84,046,282	4,557,829
Transportation	1,748,120	1,466,004	282,116	1,283,302	1,302,363	(19,061)
Environmental support and protection	2,206,629	1,045,124	1,161,505	1,898,660	635,404	1,263,256
Leisure, cultural, and information services	30,985,965	30,236,474	749,491	28,012,451	26,196,255	1,816,196
Policy development and implementation	22,382,199	15,369,918	7,012,281	23,365,148	14,124,492	9,240,656
Capital outlay		182,198				
Total expenditures	182,925,324	164,217,483	18,890,039	168,214,189	142,530,586	25,683,603
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,937,071)	29,672,932	38,792,201	24,691,994	35,399,542	10,707,548
OTHER FINANCING SOURCES (USES)						
Capital contributions		96,000	96,000			
Transfers in	594,875	498,772	(96,103)	594,875	934,875	340,000
Transfers (out)	(25,367,208)	(20,069,755)	5,297,453	(25,367,208)	(25,367,208)	
Total Other Financing Sources (Uses)	(24,772,333)	(19,474,983)	5,297,350	(24,772,333)	(24,432,333)	340,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(33,709,404)	10,197,949	44,089,551	(80,339)	10,967,209	11,047,548
Fund balance at beginning of fiscal year		95,345,604			84,378,395	
Fund balance at end of fiscal year		105,543,553			95,345,604	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2023		Variance with Final Budget Positive (Negative)	2022 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	68,404,824	77,262,342	8,857,518	72,372,508
Total Property Taxes	68,404,824	77,262,342	8,857,518	72,372,508
Sales and Other Taxes:				
Sales tax	36,307,810	40,072,281	3,764,471	36,585,550
Franchises	1,861,966	2,002,318	140,352	1,819,295
Transient occupancy tax	2,750,000	4,533,974	1,783,974	3,288,466
Property transfer tax	700,000	891,574	191,574	1,566,564
Business license tax	2,876,765	3,124,737	247,972	2,903,383
Utility users tax	9,020,833	10,896,218	1,875,385	9,534,768
Total Sales and Other Taxes	53,517,374	61,521,102	8,003,728	55,698,026
Licenses and Permits:				
Building permits	4,660,000	6,496,953	1,836,953	3,504,393
Cannabis permits	440,317	137,831	(302,486)	227,681
Fire and other permits	902,700	1,485,555	582,855	1,388,900
Total Licenses and Permits	6,003,017	8,120,339	2,117,322	5,120,974
Fines, Forfeitures and Penalties:				
Parking and library fines	402,000	452,529	50,529	414,794
Total Fines, Forfeitures and Penalties	402,000	452,529	50,529	414,794
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	200,500	213,453	12,953	282,071
Interest income-restricted	699,082	34,445	(664,637)	(2,502,396)
Interest income		1,096,159	1,096,159	(3,473,116)
Total Uses of Money and Property	5,612,214	6,056,689	444,475	(980,809)
Net Increase (Decrease) in Fair Value of Investments				
Intergovernmental:				
Motor vehicle in lieu tax	50,000	85,570	35,570	98,407
Public safety sales tax	954,906	999,844	44,938	963,542
Police training allowance	89,560	81,948	(7,612)	90,518
Homeowners' property tax relief	171,811	170,707	(1,104)	172,496
State mandated programs grant	1,062,263	1,684,989	622,726	736,972
Grants - County, State, and Federal	14,113,670	13,887,332	(226,338)	12,387,121
Total Intergovernmental	16,442,210	16,910,390	468,180	14,449,056
Charges for Current Services:				
Fire services	9,616,247	5,323,849	(4,292,398)	16,804,695
Police services	133,700	105,372	(28,328)	133,171
Plan checking	105,000	171,425	66,425	163,944
Garbage collections - net	2,910,686	2,932,565	21,879	2,465,632
Planning services	4,320,000	5,786,233	1,466,233	3,532,244
Library fees	(2,000)	45,843	47,843	11,788
Recreation programs	2,050,000	2,839,439	789,439	1,465,786
Other current service charges	3,363,861	4,868,708	1,504,847	4,749,432
Total Charges for Current Services	22,497,494	22,073,434	(424,060)	29,326,692
Other:				
Port contribution	533,566	591,051	57,485	563,962
Contribution from other funds	500,000	594,605	94,605	500,000
Miscellaneous	75,554	307,934	232,380	464,925
Total Other	1,109,120	1,493,590	384,470	1,528,887
Total Revenue	173,988,253	193,890,415	19,902,162	177,930,128

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2023		Variance with Final Budget Positive (Negative)	2022 Actual
	Budget	Actual		
Community Development:	\$	\$	\$	\$
Community planning	7,142,464	5,137,057	2,005,407	3,223,545
Strategic planning	2,370,939	1,160,775	1,210,164	1,166,019
Building regulation	6,706,487	5,550,865	1,155,622	4,794,985
Administration	1,419,573	998,249	421,324	704,089
General engineering	711,954	672,386	39,568	688,416
Subdivision engineering	573,735	822,027	(248,292)	761,668
Code enforcement	1,157,746	779,706	378,040	839,461
Affordable housing	1,705,182	1,109,256	595,926	1,171,149
Redevelopment				
Total Community Development	<u>21,788,080</u>	<u>16,230,321</u>	<u>5,557,759</u>	<u>13,349,332</u>
Human Services:				
Human services assistance program	1,820,657	1,982,014	(161,357)	2,035,379
COVID-19 emergency rental assistance				
COVID-19 related cost of services				
Social services center	1,291,339	1,082,744	208,595	841,079
Total Human Services	<u>3,111,996</u>	<u>3,064,758</u>	<u>47,238</u>	<u>2,876,458</u>
Public Safety:				
Law enforcement	54,320,697	53,976,399	344,298	45,622,087
Fire safety	46,381,638	42,646,287	3,735,351	38,424,195
Total Public Safety	<u>100,702,335</u>	<u>96,622,686</u>	<u>4,079,649</u>	<u>84,046,282</u>
Transportation:				
Street system/sidewalk maintenance, repair	1,748,120	1,466,004	282,116	1,302,363
Total Transportation	<u>1,748,120</u>	<u>1,466,004</u>	<u>282,116</u>	<u>1,302,363</u>
Environmental Support and Protection:				
Trash and recycling efforts	220,849	97,377	123,472	130,764
Climate action plan programs				
Street cleaning/storm water collection, disposal	1,985,780	947,747	1,038,033	504,640
Total Environmental Support and Protection	<u>2,206,629</u>	<u>1,045,124</u>	<u>1,161,505</u>	<u>635,404</u>
Leisure, Cultural, and Information Services:				
Parks and recreation	19,624,028	19,067,111	556,917	16,188,119
Information services	11,361,937	11,169,363	192,574	10,008,136
Total Leisure, Cultural, and Information Services	<u>30,985,965</u>	<u>30,236,474</u>	<u>749,491</u>	<u>26,196,255</u>
Policy Development and Implementation:				
Legislative/policy determination	338,761	344,477	(5,716)	317,042
Management/policy execution	6,972,833	4,060,083	2,912,750	3,119,688
Legislative services/records management	1,596,971	1,333,956	263,015	971,759
Financial services	2,532,762	2,160,147	372,615	2,026,179
Legal services	2,437,067	2,070,232	366,835	1,878,260
Human Resources	4,001,857	3,135,410	866,447	2,419,673
Affordable housing				
Department innovation initiatives				
Homeless initiatives				
Diversity, equity, inclusion initiatives				
Other administrative support services	7,064,918	4,828,583	2,236,335	5,954,861
Less reimbursements from other funds	(2,562,970)	(2,562,970)		(2,562,970)
Total Policy Development and Implementation	<u>22,382,199</u>	<u>15,369,918</u>	<u>7,012,281</u>	<u>14,124,492</u>
Capital outlay:		182,198	(182,198)	
Total Expenditures	<u>182,925,324</u>	<u>164,217,483</u>	<u>18,707,841</u>	<u>142,530,586</u>



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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.

Redwood City CFD No. 2020-1 Fund – This fund accounts for special taxes collected from property owners in the Seaport Centre and Seaport Plaza area for the costs and expenses of operating and maintaining the levees and wet utilities.

DEBT SERVICES FUND

Public Financing Authority 2N021 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, 2023*

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

SPECIAL REVENUE FUNDS					
	Special Gas Tax Street Improvement Fund \$	Transportation Grants Fund \$	Grants Fund \$	Traffic Safety Fund \$	Transportation Fund \$
ASSETS					
Cash and investments available for operations	3,376,099	7,092,224	10,105,774	35,364	7,246,900
Cash and investments, restricted			70		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	382,326	138,632		19,083	240,551
Accounts		37,631	16,943		
Loans			4,285,787		
Accrued interest			388,087		
Due from other governmental agencies	167,204	6,022,022	543,080		199,304
Due from other funds					
Prepaid items				2,785	
Deposits receivable					
Land held for redevelopment					
Total Assets	3,925,629	13,290,509	15,339,741	57,232	7,686,755
LIABILITIES					
Accounts payable	100,507	193,672	466,844	322,867	187,317
Deposits payable			52,327		
Due to other funds					
Unearned revenue		1,772,949	968,852		
Total Liabilities	100,507	1,966,621	1,488,023	322,867	187,317
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest			388,087		
Total Deferred Inflows of Resources			388,087		
FUND BALANCES					
Restricted for:					
Community development			11,817,709		
Public safety					
Transportation	3,825,122	11,323,888			7,499,438
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:				(265,635)	
Total Fund Balances	3,825,122	11,323,888	13,463,631	(265,635)	7,499,438
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,925,629	13,290,509	15,339,741	57,232	7,686,755

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 \$
433,274	2,215,805	1,803,474		1,014,281	4,591,927
		39,217			4,395,308
					17,929
			159		
<u>433,274</u>	<u>2,215,805</u>	<u>1,842,691</u>	<u>159</u>	<u>1,014,281</u>	<u>9,005,164</u>
583	10,332	48,168	483	27,093	26,791
			153,224		
<u>583</u>	<u>10,332</u>	<u>48,168</u>	<u>153,707</u>	<u>27,093</u>	<u>26,791</u>
432,691	2,205,473	1,794,523		987,188	
					8,978,373
			(153,548)		
<u>432,691</u>	<u>2,205,473</u>	<u>1,794,523</u>	<u>(153,548)</u>	<u>987,188</u>	<u>8,978,373</u>
<u>433,274</u>	<u>2,215,805</u>	<u>1,842,691</u>	<u>159</u>	<u>1,014,281</u>	<u>9,005,164</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

SPECIAL REVENUE FUNDS

	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Redwood City CFD NO. 2020-1 Fund \$
ASSETS					
Cash and investments available for operations	18,069,576		2,397,445	173,861	400,556
Cash and investments, restricted					
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	42,062				
Accounts	5,339				
Loans	8,645,581				
Accrued interest	1,662,741				
Due from other governmental agencies					
Due from other funds					
Prepaid items					
Deposits receivable		1,670,562			
Land held for redevelopment	710,241				
Total Assets	<u>29,135,540</u>	<u>1,670,562</u>	<u>2,397,445</u>	<u>173,861</u>	<u>400,556</u>
LIABILITIES					
Accounts payable	942,000	289,502			
Deposits payable					
Due to other funds		1,881,775			
Unearned revenue	698,756			32,304	
Total Liabilities	<u>1,640,756</u>	<u>2,171,277</u>		<u>32,304</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	1,655,923				
Total Deferred Inflows of Resources	<u>1,655,923</u>				
FUND BALANCES					
Restricted for:					
Community development	24,626,135			141,557	400,556
Public safety					
Transportation					
Leisure, cultural and information services					
Debt services					
Capital projects					
Housing purposes					
Committed to:					
Community benefits			2,397,445		
Human services financial assistance					
Housing purposes	1,212,726				
Unassigned:		(500,715)			
Total Fund Balances	<u>25,838,861</u>	<u>(500,715)</u>	<u>2,397,445</u>	<u>141,557</u>	<u>400,556</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>29,135,540</u>	<u>1,670,562</u>	<u>2,397,445</u>	<u>173,861</u>	<u>400,556</u>

DEBT SERVICES		CAPITAL PROJECTS FUNDS						
FUND		CAPITAL PROJECTS FUNDS						
Public Financing Authority	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	
2021 Veterans Memorial Lease Revenue Bond Fund	Fund	Fund	Fund	Fund	Fund	Fund	Funds	
\$	\$	\$	\$	\$	\$	\$	\$	
	450,269	1,025,988	633,304	118,298	60,663	656,033	61,901,115	
1,168,689							5,564,067	
						37,904	899,775	
							59,913	
							12,931,368	
4,350							2,073,107	
							6,931,610	
							2,944	
							1,670,562	
							710,241	
<u>1,173,039</u>	<u>450,269</u>	<u>1,025,988</u>	<u>633,304</u>	<u>118,298</u>	<u>60,663</u>	<u>693,937</u>	<u>92,744,702</u>	
5,600		441,713		63,106	1,000		3,127,578	
							52,327	
							2,034,999	
							3,472,861	
<u>5,600</u>		<u>441,713</u>		<u>63,106</u>	<u>1,000</u>		<u>8,687,765</u>	
							2,044,010	
							2,044,010	
						693,937	37,679,894	
			633,304				987,188	
		584,275			59,663		27,714,439	
1,167,439							1,825,936	
	450,269			55,192			1,167,439	
							9,483,834	
							2,397,445	
							463,924	
							1,212,726	
							(919,898)	
<u>1,167,439</u>	<u>450,269</u>	<u>584,275</u>	<u>633,304</u>	<u>55,192</u>	<u>59,663</u>	<u>693,937</u>	<u>82,012,927</u>	
<u>1,173,039</u>	<u>450,269</u>	<u>1,025,988</u>	<u>633,304</u>	<u>118,298</u>	<u>60,663</u>	<u>693,937</u>	<u>92,744,702</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, 2023

	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					3,858,391
Licenses and permits			10,000		
Fines, forfeitures and penalties				101,991	
Use of money and property	28,983	76,968	74,469	14,844	46,543
Intergovernmental	3,962,588	6,557,119	1,389,496		
Charges for current services	31,302			264,547	
Other					
Total Revenues	<u>4,022,873</u>	<u>6,634,087</u>	<u>1,473,965</u>	<u>381,382</u>	<u>3,904,934</u>
EXPENDITURES					
Current Operations:					
Community development			793,549		256,353
Human services			110,000		
Public safety				2,093	
Transportation	2,632,431	142,972		2,712,517	2,200,225
Environmental support and protection	667,135	188,556	4,290	1,047	
Leisure, cultural and information services			72,903		
Policy development and implementation	1,369				13,323
Capital outlay	5,429,932	1,456,111	879,457		1,429,799
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	<u>8,730,867</u>	<u>1,787,639</u>	<u>1,860,199</u>	<u>2,715,657</u>	<u>3,899,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,707,994)</u>	<u>4,846,448</u>	<u>(386,234)</u>	<u>(2,334,275)</u>	<u>5,234</u>
OTHER FINANCING SOURCES (USES)					
#					
Transfers in	1,900,000		110,000	2,050,943	
Transfers (out)					
Total Other Financing Sources (Uses)	<u>1,900,000</u>		<u>110,000</u>	<u>2,050,943</u>	
Net change in fund balances	(2,807,994)	4,846,448	(276,234)	(283,332)	5,234
Fund balances - beginning	6,633,116	6,477,440	13,739,865	17,697	7,494,204
Fund balances - ending	<u>3,825,122</u>	<u>11,323,888</u>	<u>13,463,631</u>	<u>(265,635)</u>	<u>7,499,438</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		1,193,346	284,528		
7,327	30,200	24,827 3,068	365	8,680 212,355	189,813 497,290
<u>219,765</u>	<u>30,200</u>	<u>1,221,241</u>	<u>284,893</u>	<u>221,035</u>	<u>687,103</u>
946	3,070				
282,186	145,747	486,445	488,961	113,490	4,840
<u>283,132</u>	<u>148,817</u>	<u>486,445</u>	<u>488,961</u>	<u>113,490</u>	<u>65,278</u>
<u>(63,367)</u>	<u>(118,617)</u>	<u>734,796</u>	<u>(204,068)</u>	<u>107,545</u>	<u>621,825</u>
		(496,000)	38,165		
		<u>(496,000)</u>	<u>38,165</u>		
(63,367)	(118,617)	238,796	(165,903)	107,545	621,825
<u>496,058</u>	<u>2,324,090</u>	<u>1,555,727</u>	<u>12,355</u>	<u>879,643</u>	<u>8,356,548</u>
<u>432,691</u>	<u>2,205,473</u>	<u>1,794,523</u>	<u>(153,548)</u>	<u>987,188</u>	<u>8,978,373</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, 2023

SPECIAL REVENUE FUNDS

	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Redwood City CFD NO. 2020-1 Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					219,531
Sales and other taxes	441,214				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	215,000		27,403	1,987	(5,924)
Intergovernmental	4,744,278				
Charges for current services	40,158	2,637,002			
Other	(74,004)				186,949
Total Revenues	5,366,646	2,637,002	27,403	1,987	400,556
EXPENDITURES					
Current Operations:					
Community development	964,328	2,640,414			
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	964,328	2,640,414			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,402,318	(3,412)	27,403	1,987	400,556
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
Net change in fund balances	4,402,318	(3,412)	27,403	1,987	400,556
Fund balances - beginning	21,436,543	(497,303)	2,370,042	139,570	
Fund balances - ending	<u>25,838,861</u>	<u>(500,715)</u>	<u>2,397,445</u>	<u>141,557</u>	<u>400,556</u>

DEBT SERVICES		CAPITAL PROJECTS FUNDS						
FUND								
Public Financing Authority	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	
\$	\$	\$	\$	\$	\$	\$	\$	
						1,836	1,911,679	
						152,753	4,452,358	
		504,593					514,593	
							101,991	
70,108	5,160	141,517	7,238	10,962	667	2,188	979,325	
							17,366,194	
							2,973,009	
							112,945	
70,108	5,160	646,110	7,238	10,962	667	156,777	28,412,094	
							4,671,823	
							110,000	
							115,583	
							7,692,985	
							1,775,406	
		509,677				109,268	1,180,809	
							14,692	
		2,803,445					12,059,182	
1,892,850							1,892,850	
1,892,850		3,313,122		13,163	109,268		29,513,330	
(1,822,742)	5,160	(2,667,012)	7,238	(2,201)	(108,601)	156,777	(1,101,236)	
						50,000	4,149,108	
							(496,000)	
						50,000	3,653,108	
(1,822,742)	5,160	(2,667,012)	7,238	(2,201)	(58,601)	156,777	2,551,872	
2,990,181	445,109	3,251,287	626,066	57,393	118,264	537,160	79,461,055	
1,167,439	450,269	584,275	633,304	55,192	59,663	693,937	82,012,927	

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, 2023

	SPECIAL GAS TAX STREET IMPROVEMENT FUND			TRANSPORTATION GRANTS FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments						
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	87,881	28,983	(58,898)	75,384	76,968	1,584
Intergovernmental	4,425,139	3,962,588	(462,551)	17,142,000	6,557,119	(10,584,881)
Charges for current services	25,000	31,302	6,302			
Other						
Total Revenues	<u>4,538,020</u>	<u>4,022,873</u>	<u>(515,147)</u>	<u>17,217,384</u>	<u>6,634,087</u>	<u>(10,583,297)</u>
EXPENDITURES						
Current operations:						
Community development						
Human services						
Public safety						
Transportation	2,494,362	2,632,431	(138,069)	991,645	142,972	848,673
Environmental support and protection	742,622	667,135	75,487	188,556	188,556	
Leisure, cultural and information services						
Policy development and implementation	131	1,369	(1,238)			
Capital outlay	6,856,711	5,429,932	1,426,779	22,620,192	1,456,111	21,164,081
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>10,093,826</u>	<u>8,730,867</u>	<u>1,362,959</u>	<u>23,800,393</u>	<u>1,787,639</u>	<u>22,012,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,555,806)</u>	<u>(4,707,994)</u>	<u>847,812</u>	<u>(6,583,009)</u>	<u>4,846,448</u>	<u>11,429,457</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,517,888	1,900,000	(1,617,888)	21		(21)
Transfers (out)						
Total Other Financing Sources (Uses)	<u>3,517,888</u>	<u>1,900,000</u>	<u>(1,617,888)</u>	<u>21</u>		<u>(21)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,037,918)</u>	<u>(2,807,994)</u>	<u>(770,076)</u>	<u>(6,582,988)</u>	<u>4,846,448</u>	<u>11,429,436</u>
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>6,633,116</u>			<u>6,477,440</u>	
Fund balances - ending		<u>3,825,122</u>			<u>11,323,888</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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
	10,000					2,805,570	3,858,391	1,052,821
39,618	74,469	34,851	125,000	101,991	(23,009)			
14,163,142	1,389,496	(12,773,646)	4,195	14,844	10,649	73,901	46,543	(27,358)
			10,000	264,547	254,547			
<u>14,202,760</u>	<u>1,473,965</u>	<u>(12,738,795)</u>	<u>139,195</u>	<u>381,382</u>	<u>242,187</u>	<u>2,879,471</u>	<u>3,904,934</u>	<u>1,025,463</u>
3,031,557	793,549	2,238,008				200,331	256,353	(56,022)
110,000	110,000			2,093	(2,093)			
			2,607,263	2,712,517	(105,254)	2,036,717	2,200,225	(163,508)
	4,290	(4,290)		1,047	(1,047)			
(7,041)	72,903	(79,944)						
						33,368	13,323	20,045
5,939,452	879,457	5,059,995				8,141,386	1,429,799	6,711,587
<u>9,073,968</u>	<u>1,860,199</u>	<u>7,213,769</u>	<u>2,607,263</u>	<u>2,715,657</u>	<u>(108,394)</u>	<u>10,411,802</u>	<u>3,899,700</u>	<u>6,512,102</u>
<u>5,128,792</u>	<u>(386,234)</u>	<u>(5,515,026)</u>	<u>(2,468,068)</u>	<u>(2,334,275)</u>	<u>133,793</u>	<u>(7,532,331)</u>	<u>5,234</u>	<u>7,537,565</u>
140	110,000	109,860	3,870,668	2,050,943	(1,819,725)	88		(88)
<u>140</u>	<u>110,000</u>	<u>109,860</u>	<u>3,870,668</u>	<u>2,050,943</u>	<u>(1,819,725)</u>	<u>88</u>		<u>(88)</u>
<u>5,128,932</u>	<u>(276,234)</u>	<u>(5,405,166)</u>	<u>1,402,600</u>	<u>(283,332)</u>	<u>(1,685,932)</u>	<u>(7,532,243)</u>	<u>5,234</u>	<u>7,537,477</u>
	<u>13,739,865</u>			<u>17,697</u>			<u>7,494,204</u>	
	<u>13,463,631</u>			<u>(265,635)</u>			<u>7,499,438</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, 2023

	SEAPORT LANDSCAPE MAINTENANCE FUND			SEAPORT CENTRE MAINTENANCE FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments	212,500	212,438	(62)			
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	6,906	7,327	421	29,455	30,200	745
Intergovernmental						
Charges for current services						
Other						
Total Revenues	219,406	219,765	359	29,455	30,200	745
Current operations:						
Community development	5,814	946	4,868	5,814	3,070	2,744
Human services						
Public safety						
Transportation				354,093		354,093
Environmental support and protection	276,797	282,186	(5,389)	139,257	145,747	(6,490)
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	811		811			
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	283,422	283,132	290	499,164	148,817	350,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,016)	(63,367)	649	(469,709)	(118,617)	351,092
OTHER FINANCING SOURCES (USES)						
Transfers in	83		(83)	20		(20)
Transfers (out)						
Total Other Financing Sources (Uses)	83		(83)	20		(20)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(63,933)	(63,367)	566	(469,689)	(118,617)	351,072
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		496,058			2,324,090	
Fund balances - ending		432,691			2,205,473	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
1,131,523	1,193,346	61,823	283,976	284,528	552			
24,172	24,827	655		365	365	10,377	8,680	(1,697)
3,191	3,068	(123)				216,000	212,355	(3,645)
<u>1,158,886</u>	<u>1,221,241</u>	<u>62,355</u>	<u>283,976</u>	<u>284,893</u>	<u>917</u>	<u>226,377</u>	<u>221,035</u>	<u>(5,342)</u>
						124,924	113,490	11,434
481,683	486,445	(4,762)	322,731	488,961	(166,230)			
1,695,011		1,695,011						
<u>2,176,694</u>	<u>486,445</u>	<u>1,690,249</u>	<u>322,731</u>	<u>488,961</u>	<u>(166,230)</u>	<u>124,924</u>	<u>113,490</u>	<u>11,434</u>
<u>(1,017,808)</u>	<u>734,796</u>	<u>1,752,604</u>	<u>(38,755)</u>	<u>(204,068)</u>	<u>(165,313)</u>	<u>101,453</u>	<u>107,545</u>	<u>6,092</u>
32		(32)	77,824	38,165	(39,659)			
<u>(1,095,114)</u>	<u>(496,000)</u>	<u>599,114</u>						
<u>(1,095,082)</u>	<u>(496,000)</u>	<u>599,082</u>	<u>77,824</u>	<u>38,165</u>	<u>(39,659)</u>			
<u>(2,112,890)</u>	238,796	<u>2,351,686</u>	<u>39,069</u>	<u>(165,903)</u>	<u>(204,972)</u>	<u>101,453</u>	107,545	<u>6,092</u>
	<u>1,555,727</u>			<u>12,355</u>			<u>879,643</u>	
	<u>1,794,523</u>			<u>(153,548)</u>			<u>987,188</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, 2023

	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				595,211	441,214	(153,997)
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	40,728	189,813	149,085	178,926	215,000	36,074
Intergovernmental	200,000	497,290	297,290	5,768,586	4,744,278	(1,024,308)
Charges for current services				40,320	40,158	(162)
Other					(74,004)	(74,004)
Total Revenues	240,728	687,103	446,375	6,583,043	5,366,646	(1,216,397)
Current operations:						
Community development				12,467,559	964,328	11,503,231
Human services						
Public safety						
Transportation	18,611	4,840	13,771			
Environmental support and protection						
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	3,452,319	60,438	3,391,881	688,771		688,771
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,470,930	65,278	3,405,652	13,156,330	964,328	12,192,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,230,202)	621,825	3,852,027	(6,573,287)	4,402,318	10,975,605
OTHER FINANCING SOURCES (USES)						
Transfers in				50,101		(50,101)
Transfers (out)						
Total Other Financing Sources (Uses)				50,101		(50,101)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,230,202)	621,825	3,852,027	(6,523,186)	4,402,318	10,925,504
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		8,356,548			21,436,543	
Fund balances - ending		<u>8,978,373</u>			<u>25,838,861</u>	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
			28,965	27,403	(1,562)	2,101	1,987	(114)
3,800,000	2,637,002	(1,162,998)						
<u>3,800,000</u>	<u>2,637,002</u>	<u>(1,162,998)</u>	<u>28,965</u>	<u>27,403</u>	<u>(1,562)</u>	<u>2,101</u>	<u>1,987</u>	<u>(114)</u>
4,347,268	2,640,414	1,706,854						
<u>4,347,268</u>	<u>2,640,414</u>	<u>1,706,854</u>						
<u>(547,268)</u>	<u>(3,412)</u>	<u>543,856</u>	<u>28,965</u>	<u>27,403</u>	<u>(1,562)</u>	<u>2,101</u>	<u>1,987</u>	<u>(114)</u>
<u>(547,268)</u>	<u>(3,412)</u>	<u>543,856</u>	<u>28,965</u>	<u>27,403</u>	<u>(1,562)</u>	<u>2,101</u>	<u>1,987</u>	<u>(114)</u>
	(497,303)			2,370,042			139,570	
	<u>(500,715)</u>			<u>2,397,445</u>			<u>141,557</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, 2023

	REDWOOD CITY CFD NO 2020-1 FUND			PARK IMPACT AND IN LIEU FEE FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments		219,531	219,531			
Sales and other taxes						
Licenses and permits				1,000,000	504,593	(495,407)
Fines, forfeitures and penalties						
Use of money and property		(5,924)	(5,924)	79,077	141,517	62,440
Intergovernmental						
Charges for current services						
Other						
Total Revenues		213,607	213,607	1,079,077	646,110	(432,967)
Current operations:						
Community development						
Human services						
Public safety						
Transportation						
Environmental support and protection						
Leisure, cultural and information services				2,384,260	509,677	1,874,583
Policy development and implementation						
Capital outlay				11,717,994	2,803,445	8,914,549
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures				14,102,254	3,313,122	10,789,132
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		213,607	213,607	(13,023,177)	(2,667,012)	10,356,165
OTHER FINANCING SOURCES (USES)						
Transfers in		186,949	186,949			
Transfers (out)						
Total Other Financing Sources (Uses)		186,949	186,949			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		400,556	400,556	(13,023,177)	(2,667,012)	10,356,165
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning					3,251,287	
Fund balances - ending		400,556			584,275	

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

PUBLIC FINACING AUTHORITY
 2021 VETERANS MEMORIAL
 LEASE REVENUE BOND FUND

Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$
	70,108	70,108
	<u>70,108</u>	<u>70,108</u>
1,897,750	1,892,850	4,900
1,897,750	1,892,850	4,900
(1,897,750)	(1,822,742)	75,008
<u>(1,897,750)</u>	<u>(1,822,742)</u>	<u>75,008</u>
	<u>2,990,181</u>	
	<u>1,167,439</u>	



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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, 2023

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	17,462,454	49,351,445	2,632,575	1,386,707	70,833,181
Receivables (net of allowance for uncollectibles):					
Accounts	8,329		500		8,829
Accrued interest					
Due from other governmental agencies	30,583		30,397	1,988	62,968
Due from other funds	300,000				300,000
Inventory of supplies at cost	138,665				138,665
Deposits		528,675			528,675
Prepaid items and other assets	526	424	30,442	263,480	294,872
Total current assets	<u>17,940,557</u>	<u>49,880,544</u>	<u>2,693,914</u>	<u>1,652,175</u>	<u>72,167,190</u>
Noncurrent assets:					
Capital assets:					
Construction in progress	3,643,245				3,643,245
Equipment, net	10,659,535		464,108		11,123,643
Net capital assets	<u>14,302,780</u>		<u>464,108</u>		<u>14,766,888</u>
Total noncurrent assets	<u>14,302,780</u>		<u>464,108</u>		<u>14,766,888</u>
Total assets	<u>32,243,337</u>	<u>49,880,544</u>	<u>3,158,022</u>	<u>1,652,175</u>	<u>86,934,078</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	731,472	319,323	5,732,958		6,783,753
Deferred outflows - OPEB	142,964	55,179	924,250		1,122,393
Total deferred outflows of resources	<u>874,436</u>	<u>374,502</u>	<u>6,657,208</u>		<u>7,906,146</u>
LIABILITIES					
Current liabilities:					
Accounts payable	466,297	418,011	176,392	279,854	1,340,554
Due to other funds					
Insurance claims payable - current portion		6,850,915			6,850,915
Accrued sick leave and vacation - current portion	67,450	22,537	516,508		606,495
Unearned revenue (Deposits Payable)					
Total current liabilities	<u>533,747</u>	<u>7,291,463</u>	<u>692,900</u>	<u>279,854</u>	<u>8,797,964</u>
Noncurrent liabilities:					
Insurance claims payable		25,219,201			25,219,201
Accrued sick leave and vacation	64,751	20,827	667,993		753,571
Net OPEB Liability	418,429	161,499	2,705,106		3,285,034
Net pension liability	2,339,241	1,021,191	18,333,949		21,694,381
Total noncurrent liabilities	<u>2,822,421</u>	<u>26,422,718</u>	<u>21,707,048</u>		<u>50,952,187</u>
Total liabilities	<u>3,356,168</u>	<u>33,714,181</u>	<u>22,399,948</u>	<u>279,854</u>	<u>59,750,151</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	38,755	16,918	303,744		359,417
Deferred inflows - OPEB	105,012	40,531	678,890		824,433
Total deferred outflows of resources	<u>143,767</u>	<u>57,449</u>	<u>982,634</u>		<u>1,183,850</u>
NET POSITION					
Invested in capital assets	14,302,780		464,108		14,766,888
Unrestricted	15,315,058	16,483,416	(14,031,460)	1,372,321	19,139,335
Total net position	<u>29,617,838</u>	<u>16,483,416</u>	<u>(13,567,352)</u>	<u>1,372,321</u>	<u>33,906,223</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, 2023

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total Fund
	\$	\$	\$	\$	\$
OPERATING REVENUES					
Charges for services	6,138,544	12,459,538	14,131,866	8,551,914	41,281,862
OPERATING EXPENSES					
Employee services	1,340,539	765,791	9,548,862	6,723,002	18,378,194
Maintenance	55,441	5,946	1,363,150		1,424,537
Utilities	39,448	6,104	25,025		70,577
Contractual services	61,227	1,143,485	55,876	8,479	1,269,067
Supplies and services	2,309,328	609,520	992,977		3,911,825
Depreciation	1,344,619		104,536		1,449,155
Insurance and claims	236,769	6,638,082	1,184,440	757,079	8,816,370
Total operating expenses	5,387,371	9,168,928	13,274,866	7,488,560	35,319,725
Operating Income (Loss)	751,173	3,290,610	857,000	1,063,354	5,962,137
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	274,045	226,132			500,177
Net Nonoperating Revenues (Expenses)	274,045	226,132			500,177
Net Income (Loss) Before Capital Contributions and Transfers	1,025,218	3,516,742	857,000	1,063,354	6,462,314
Capital contributions					
Transfers in	167,538			300,000	467,538
Transfers (out)			(2,772)		(2,772)
Total Capital Contributions and Transfers	167,538		(2,772)	300,000	464,766
Change in net position	1,192,756	3,516,742	854,228	1,363,354	6,927,080
Net position - beginning	28,425,082	12,966,674	(14,421,580)	8,967	26,979,143
Net position - ending	29,617,838	16,483,416	(13,567,352)	1,372,321	33,906,223

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, 2023

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
Cash flows from operating activities:					
Cash received from interfund services provided	6,117,226	12,459,538	14,740,828	8,918,903	42,236,495
Cash payments to suppliers for goods and services	(2,391,536)	(8,968,669)	(3,813,486)	(1,122,880)	(16,296,571)
Cash payments to employees for services	(1,409,400)	(810,087)	(9,943,431)	(6,723,002)	(18,885,920)
Net cash provided by (used in) operating activities	<u>2,316,290</u>	<u>2,680,782</u>	<u>983,911</u>	<u>1,073,021</u>	<u>7,054,004</u>
Cash flows from noncapital financing activities					
Transfers in	167,538			300,000	467,538
Transfers out			(2,772)		(2,772)
Advances to other funds	(300,000)				(300,000)
Net cash provided by (used in) non-capital financing activities	<u>(132,462)</u>		<u>(2,772)</u>	<u>300,000</u>	<u>164,766</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(3,656,395)		(1)		(3,656,396)
Net cash used in capital and related financing activities	<u>(3,656,395)</u>		<u>(1)</u>		<u>(3,656,396)</u>
Cash flows from investing activities:					
Interest on investments	275,035	226,132			501,167
Net cash provided by investing activities	<u>275,035</u>	<u>226,132</u>			<u>501,167</u>
Net increase (decrease) in cash and cash equivalents	(1,197,532)	2,906,914	981,138	1,373,021	4,063,541
Cash and cash equivalents at beginning of fiscal year	18,659,986	46,444,531	1,651,437	13,686	66,769,640
Cash and cash equivalents at end of fiscal year	<u>17,462,454</u>	<u>49,351,445</u>	<u>2,632,575</u>	<u>1,386,707</u>	<u>70,833,181</u>

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	751,173	3,290,610	857,000	1,063,354	5,962,137
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	1,344,619		104,536		1,449,155
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	5,089		(353)		4,736
Decrease (increase) in due from other governmental agencies	(26,407)		609,315	(575)	582,333
Decrease (increase) in due from other funds				367,564	367,564
Decrease (increase) in inventory/prepaid expense/deposits	(22,102)	226,847	(11,290)	7,448	200,903
Decrease (increase) in deferred outflows - pension	(439,477)	(191,853)	(3,444,432)		(4,075,762)
Decrease (increase) in deferred employer OPEB contributions	(44,043)	(16,999)	(284,736)		(345,778)
Increase (decrease) in vacation & sick leave payable	(1,096)	(16,920)	76,694		58,678
Increase (decrease) in accounts payable	332,779	346,351	(180,728)	2,794	501,196
Increase (decrease) in due to other funds				(367,564)	(367,564)
Increase (decrease) in net pension liability	949,294	414,413	7,440,155		8,803,862
Increase (decrease) in deferred inflows - pension	(533,974)	(233,106)	(4,185,060)		(4,952,140)
Increase (decrease) in net OPEB liability	108,016	41,691	698,314		848,021
Increase (decrease) in deferred inflows - OPEB	(107,581)	(41,522)	(695,504)		(844,607)
Increase (decrease) in insurance claims payable		(1,138,730)			(1,138,730)
Total adjustments	<u>1,565,117</u>	<u>(609,828)</u>	<u>126,911</u>	<u>9,667</u>	<u>1,091,867</u>
Net cash provided by (used in) operating activities	<u>2,316,290</u>	<u>2,680,782</u>	<u>983,911</u>	<u>1,073,021</u>	<u>7,054,004</u>

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations. Custodial funds are required to be presented separately from the Government-wide and Fund financial statements.

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

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

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

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

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

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

South Bay Waste Management Authority Fund – This fund accounts for the joint authority established by member agencies in order to provide financing and administration of the regional waste facility.

Net-6 Fire JPA Fund – This fund accounts for the joint authority established by member agencies in order to maintain a consolidated fire and emergency dispatch system to serve the eight member agencies.

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ASSETS				
Cash and Investments	23,914	20,311	707,421	293,642
Cash and Investments, restricted			790,578	197,591
Accounts Receivables			2,943	736
Deposits	29,506			
Non depreciable capital assets				
Depreciable capital assets, net				
Prepaid items				
Total Assets	53,420	20,311	1,500,942	491,969
LIABILITIES				
Accounts payable	53,420			9,871
Long-term debt:				
Due in one year				
Due in more than one year				
Employee Benefit Plans Payable				
Due to Districts				
Total Liabilities	53,420			9,871
NET POSITION				
Restricted for:				
Individuals and organizations				
Other governments		20,311	1,500,942	482,098
Total Net Position		20,311	1,500,942	482,098

Community Benefit Improvement District	Redwood City 2020	South Bay Waste Management Authority	NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
91,147	782,266	25,215,451	141,831	27,275,983
		12,897,168		13,885,337
	83,043	63,876	122,011	272,609
				29,506
			58,497	58,497
	7,119			7,119
91,147	872,428	38,176,495	322,339	41,529,051
	61,120	2,262	31,391	158,064
91,147				91,147
91,147	61,120	2,262	31,391	249,211
	811,308			811,308
		38,174,233	290,948	40,468,532
	811,308	38,174,233	290,948	41,279,840

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Custodial Funds			
	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ADDITIONS				
Members contributions				
Miscellaneous revenue			800,909	201,793
Investment earnings				
Total additions			800,909	201,793
DEDUCTIONS				
Administrative expenses			766,274	280,252
Distribution			102,850	
Total deductions			869,124	280,252
Change in net position			(68,215)	(78,459)
Net position - beginning, as restated		20,311	1,569,157	560,557
Net position - ending		20,311	1,500,942	482,098

See accompanying notes to financial statements

Custodial Funds

Community Benefit Improvement District	Redwood City 2020	South Bay Waste Management Authority	NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
	303,810		176,738	480,548
	555,826	52,358,392		53,916,920
			5,966	5,966
	<u>859,636</u>	<u>52,358,392</u>	<u>182,704</u>	<u>54,403,434</u>
			234,184	1,280,710
	611,818	53,620,609		54,335,277
	<u>611,818</u>	<u>53,620,609</u>	<u>234,184</u>	<u>55,615,987</u>
	247,818	(1,262,217)	(51,480)	(1,212,553)
	<u>563,490</u>	<u>39,436,450</u>	<u>342,428</u>	<u>42,492,393</u>
	<u>811,308</u>	<u>38,174,233</u>	<u>290,948</u>	<u>41,279,840</u>

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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.	156-163
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.	164-167
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.	168-173
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.	174-176
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.	177-179

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			
	2014	2015	2016	2017
	\$	\$	\$	\$
Governmental activities				
Net investment in capital assets	184,624,589	184,443,023	191,852,192	192,119,780
Restricted	49,268,810	57,862,400	60,812,081	59,815,017
Unrestricted	60,038,520	(92,052,768)	(92,972,897)	(86,738,339)
Total governmental activities net position	<u>293,931,919</u>	<u>150,252,655</u>	<u>159,691,376</u>	<u>165,196,458</u>
Business-type activities				
Net investment in capital assets	117,927,502	125,259,418	132,569,634	142,830,042
Restricted	6,553,008	5,741,555	5,662,466	6,227,197
Unrestricted	92,340,047	84,191,383	98,141,410	107,756,549
Total business-type activities net position	<u>216,820,557</u>	<u>215,192,356</u>	<u>236,373,510</u>	<u>256,813,788</u>
Primary government				
Net investment in capital assets	302,552,091	309,702,441	324,421,826	355,707,344
Restricted	55,821,818	63,603,955	66,474,547	61,099,810
Unrestricted	152,378,567	(7,861,385)	5,086,791	25,203,092
Total primary government net position	<u>510,752,476</u>	<u>365,445,011</u>	<u>396,064,886</u>	<u>442,010,246</u>

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$	\$	\$	\$	\$	\$
199,264,092	225,965,791	247,094,297	281,208,983	286,883,525	291,489,784
64,923,970	54,296,252	50,199,995	149,965,124	153,815,381	143,104,857
(139,526,572)	(119,855,273)	(128,071,809)	(195,912,369)	(161,145,841)	(143,157,583)
<u>124,661,490</u>	<u>160,406,770</u>	<u>169,222,483</u>	<u>235,261,738</u>	<u>279,553,065</u>	<u>291,437,058</u>
161,938,470	163,030,574	169,692,416	188,639,524	198,640,697	197,353,087
9,543,183	9,922,077	10,262,988	10,317,442	10,121,360	10,263,375
86,001,351	111,682,916	132,068,276	136,479,897	140,776,652	158,140,378
<u>257,483,004</u>	<u>284,635,567</u>	<u>312,023,680</u>	<u>335,436,863</u>	<u>349,538,709</u>	<u>365,756,840</u>
361,202,562	388,996,365	416,786,713	469,848,507	485,524,222	488,842,871
74,467,153	64,218,329	60,462,983	160,282,566	163,936,741	153,368,232
(53,525,221)	(8,172,357)	3,996,467	(59,432,472)	(20,369,189)	14,982,795
<u>382,144,494</u>	<u>445,042,337</u>	<u>481,246,163</u>	<u>570,698,601</u>	<u>629,091,774</u>	<u>657,193,898</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses	\$	\$	\$	\$
Governmental Activities:				
Community development	8,150,880	9,592,085	10,471,987	11,283,201
Human services	1,462,300	1,485,779	1,673,308	1,829,157
Public safety	59,435,400	62,453,649	65,192,296	70,531,632
Transportation	11,572,619	12,944,719	13,001,063	15,543,459
Environmental support and protection	2,746,600	2,722,610	3,524,036	3,918,929
Leisure, cultural and information services	22,823,528	23,747,419	25,392,603	27,413,602
Policy development and implementation	5,982,346	7,043,417	6,122,280	8,709,696
Interest on long term debt	48,341	38,762	23,269	63,308
Total governmental activities expenses	<u>112,222,014</u>	<u>120,028,440</u>	<u>125,400,842</u>	<u>137,292,984</u>
Business-type activities				
Water utility fund	30,591,894	30,937,175	33,505,028	36,788,633
Sewer utility fund	19,989,758	22,081,105	34,345,565	26,675,531
Parking fund	2,471,222	2,916,242	3,005,729	3,004,956
Port of Redwood City	5,091,265	5,231,644	5,179,284	5,692,117
Docktown Marina	705,388	763,211	826,201	1,408,137
Total business-type activities expenses	<u>58,849,527</u>	<u>61,929,377</u>	<u>76,861,807</u>	<u>73,569,374</u>
Total primary government expenses	<u>171,071,541</u>	<u>181,957,817</u>	<u>202,262,649</u>	<u>210,862,358</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Community Development	8,553,508	5,171,299	6,340,242	8,087,438
Public Safety	6,922,702	7,744,775	7,905,079	8,215,731
Transportation	374,859	282,324		
Environmental support and protection	1,417,353	1,456,889	1,460,797	1,541,388
Leisure, cultural, and information services	3,074,537	3,553,925	3,090,945	3,534,018
Policy development and implementation	1,871,774	1,736,648	1,775,752	4,906,365
Operating grants and contributions	7,072,772	7,721,851	7,755,830	8,524,425
Capital grants and contributions	9,505,357	17,492,948	12,592,165	7,354,555
Total governmental activities program revenues	<u>38,792,862</u>	<u>45,160,659</u>	<u>40,920,810</u>	<u>42,163,920</u>
Business-type activities:				
Water utility fund	36,271,106	37,082,113	38,227,757	38,495,923
Sewer utility fund	25,692,258	29,837,033	45,533,365	37,294,965
Parking fund	1,503,519	2,019,961	2,401,924	6,891,197
Port of Redwood City	6,824,474	6,721,955	6,862,662	7,131,948
Docktown Marina	665,819	681,115	663,658	693,355
Total business-type activities program revenues	<u>70,957,176</u>	<u>76,342,177</u>	<u>93,689,366</u>	<u>90,507,388</u>
Net (Expense)/Revenue				
Governmental activities	(73,429,152)	(74,867,781)	(84,480,032)	(95,129,064)
Business-type activities	12,107,649	14,412,800	16,827,559	16,938,014
Total primary government net expense	<u>(61,321,503)</u>	<u>(60,454,981)</u>	<u>(67,652,473)</u>	<u>(78,191,050)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	41,708,668	44,546,153	48,033,490	52,616,638
Sales taxes	20,781,613	22,372,756	23,513,420	24,825,685
Other taxes	21,612,376	23,364,156	24,200,427	24,299,061
Investment Earnings	992,221	1,055,417	1,424,919	1,242,098
Other	1,205,727	1,277,511	199,510	332,294
Extraordinary item				
Special Item				
Gain (loss) on retirement of capital assets	(3,359,063)	1,315,418		
Transfers	2,314,350	(22,230)	(3,453,013)	(2,681,630)
Total governmental activities	<u>85,255,892</u>	<u>93,909,181</u>	<u>93,918,753</u>	<u>100,634,146</u>
Business-type activities:				
Property taxes	104,814	123,954	157,417	213,553
Investment Earnings	499,586	586,705	742,410	606,423
Incr. (decr.) in investment in sewer authority				
Other	4,132	2,536	755	658
Gain (loss) on retirement of capital assets	13,700,440			
Transfers	(2,314,350)	22,230	3,453,013	2,681,630
Total business-type activities	<u>11,994,622</u>	<u>735,425</u>	<u>4,353,595</u>	<u>3,502,264</u>
Total primary government	<u>97,250,514</u>	<u>94,644,606</u>	<u>98,272,348</u>	<u>104,136,410</u>
Change in Net Position				
Governmental activities	11,826,740	19,041,400	9,438,721	5,505,082
Business-type activities	24,102,271	15,148,225	21,181,154	20,440,278
Total primary government	<u>35,929,011</u>	<u>34,189,625</u>	<u>30,619,875</u>	<u>25,945,360</u>

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$	\$	\$	\$	\$	\$
15,606,312	20,209,904	18,010,124	21,427,691	22,266,067	25,515,981
2,082,688	2,207,239	3,446,039	3,655,114	3,008,049	3,579,054
81,254,909	81,714,725	86,704,991	87,558,205	69,615,402	96,774,392
11,395,963	12,415,300	13,207,698	11,938,272	19,741,914	26,857,603
3,061,832	2,991,575	3,825,093	1,688,207	4,125,432	12,634,795
29,865,949	28,346,520	27,041,650	27,305,627	30,558,846	33,600,020
19,190,179	12,338,662	25,473,041	12,884,545	14,602,553	17,522,188
8,655				1,570,827	1,651,790
<u>162,466,487</u>	<u>160,223,925</u>	<u>177,708,636</u>	<u>166,457,661</u>	<u>165,489,090</u>	<u>218,135,823</u>
41,468,907	37,755,171	39,823,510	36,926,646	38,539,818	40,946,430
29,054,577	32,783,853	33,531,050	33,574,745	35,839,253	40,595,709
3,386,730	3,355,779	3,815,421	3,459,388	3,228,107	4,018,395
6,899,536	8,061,695	6,892,387	6,736,736	8,340,144	7,444,617
15,700,537	3,042,215	961,079	605,576	1,057,943	635,103
<u>96,510,287</u>	<u>84,998,713</u>	<u>85,023,447</u>	<u>81,303,091</u>	<u>87,005,265</u>	<u>93,640,254</u>
<u>258,976,774</u>	<u>245,222,638</u>	<u>262,732,083</u>	<u>247,760,752</u>	<u>252,494,355</u>	<u>311,776,077</u>
12,452,093	12,876,378	11,502,883	12,679,472	11,518,172	18,603,502
10,016,793	11,074,905	10,287,791	11,340,800	10,804,123	12,489,532
	41,499	27,647	6,541	36,573	143,160
1,585,832	1,710,325	1,696,024	1,793,170	160,097	207,207
3,718,902	4,489,120	3,377,144	1,146,856	3,145,177	4,991,364
4,872,753	5,558,607	5,832,595	5,984,211	6,068,198	5,731,481
10,368,250	7,008,964	6,045,072	11,249,205	14,183,430	16,874,573
14,278,202	29,078,550	14,733,955	25,681,546	30,985,657	16,798,732
<u>57,292,825</u>	<u>71,838,348</u>	<u>53,503,111</u>	<u>69,881,801</u>	<u>76,901,427</u>	<u>75,839,551</u>
44,709,197	47,629,068	47,807,844	52,252,418	47,175,971	42,813,229
37,483,243	38,604,488	42,453,335	40,534,048	44,277,802	45,545,289
5,968,659	2,636,786	1,724,109	912,233	1,726,286	1,597,391
8,630,600	9,367,305	8,799,270	9,023,602	9,692,273	10,804,082
329,112	37,555	18,773	15,932	11,332	15,981
<u>97,120,811</u>	<u>98,275,202</u>	<u>100,803,331</u>	<u>102,738,233</u>	<u>102,883,664</u>	<u>100,775,972</u>
(105,173,662)	(88,385,577)	(124,205,525)	(96,575,860)	(88,587,663)	(142,296,272)
610,524	13,276,489	15,779,884	21,435,142	15,878,399	7,135,718
<u>(104,563,138)</u>	<u>(75,109,088)</u>	<u>(108,425,641)</u>	<u>(75,140,718)</u>	<u>(72,709,264)</u>	<u>(135,160,554)</u>
58,400,498	67,714,530	66,951,020	67,817,300	78,775,809	83,510,468
25,233,175	28,454,859	36,264,329	38,455,837	40,387,746	44,529,673
25,706,747	27,282,251	24,946,753	20,811,655	23,534,814	25,875,118
1,743,818	5,175,591	10,092,576	3,671,237	(7,997,176)	2,816,704
295,538	208,943	187,438	94,821	1,060,261	238,037
			10,272,916		
				563,962	
(6,390,848)	(4,705,317)	(5,420,878)	(2,943,446)	(3,446,426)	(2,789,735)
<u>104,988,928</u>	<u>124,130,857</u>	<u>133,021,238</u>	<u>138,180,320</u>	<u>132,878,990</u>	<u>154,180,265</u>
331,225	409,989	447,594	394,071	312,160	497,845
(2,094,124)	4,023,177	3,241,147	(80,648)	(3,414,872)	2,137,404
	4,737,591	2,498,610	(1,278,828)	(2,120,267)	3,304,236
10,436					
6,390,848	4,705,317	5,420,878	2,943,446	3,446,426	2,789,735
4,638,385	13,876,074	11,608,229	1,978,041	(1,776,553)	8,729,220
<u>109,627,313</u>	<u>138,006,931</u>	<u>144,629,467</u>	<u>140,158,361</u>	<u>131,102,437</u>	<u>162,909,485</u>
(184,734)	35,745,280	8,815,713	41,604,460	44,291,327	11,883,993
5,248,909	27,152,563	27,388,113	23,413,183	14,101,846	15,864,938
<u>5,064,175</u>	<u>62,897,843</u>	<u>36,203,826</u>	<u>65,017,643</u>	<u>58,393,173</u>	<u>27,748,931</u>

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

	Fiscal Year			
	2014	2015	2016	2017
	\$	\$	\$	\$
General Fund				
Nonspendable	1,608,733	1,387,892	1,291,863	1,131,814
Restricted		1,230	96,338	96,338
Committed	536,108	700,783	837,563	837,563
Assigned	223,061	283,563	978,967	884,838
Unassigned	21,480,940	26,231,888	25,233,340	29,421,956
Total general fund	<u>23,848,842</u>	<u>28,605,356</u>	<u>28,438,071</u>	<u>32,372,509</u>
All Other Governmental Funds				
Nonspendable			105,702	124,395
Restricted	49,268,810	55,913,000	59,678,286	58,674,542
Committed	29,788,888	34,613,371	22,446,882	34,219,577
Assigned	8,128,032	8,060,682	14,270,412	5,230,911
Unassigned				(3,022)
Total all other governmental funds	<u>87,185,730</u>	<u>98,587,053</u>	<u>96,501,282</u>	<u>98,246,403</u>
Total Governmental Funds	<u>111,034,572</u>	<u>127,192,409</u>	<u>124,939,353</u>	<u>130,618,912</u>

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$	\$	\$	\$	\$	\$
956,207	733,648	390,428	72,983	26,161	604,613
1,118,953	2,498,135	3,147,443	32,824,347	30,137,545	32,850,674
2,078,791	2,761,836	4,049,872	5,229,231	6,087,438	7,411,643
1,036,150	4,036,548	5,319,419	3,512,252	44,904,614	42,467,639
<u>25,019,617</u>	<u>41,250,214</u>	<u>42,850,389</u>	<u>42,739,582</u>	<u>14,189,846</u>	<u>22,208,984</u>
<u>30,209,718</u>	<u>51,280,381</u>	<u>55,757,551</u>	<u>84,378,395</u>	<u>95,345,604</u>	<u>105,543,553</u>
5,799,838	13,066,183	12,823,386	12,752,808	14,451,845	
60,025,546	51,798,117	47,052,552	117,140,777	123,677,836	110,254,183
5,323,534	5,236,423	5,131,093	4,106,568	4,057,525	4,074,095
32,083,477	33,310,870	29,119,677	26,490,496	23,330,908	23,229,769
(3,022)	(34,963)	(51,277)	(99,519)	(14,651,761)	(919,898)
<u>103,229,373</u>	<u>103,376,630</u>	<u>94,075,431</u>	<u>160,391,130</u>	<u>150,866,353</u>	<u>136,638,149</u>
<u>133,439,091</u>	<u>154,657,011</u>	<u>149,832,982</u>	<u>244,769,525</u>	<u>246,211,957</u>	<u>242,181,702</u>

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

	Fiscal Year			
	2014	2015	2016	2017
	\$	\$	\$	\$
REVENUES				
Property taxes/special assessments	43,092,377	45,973,909	49,312,670	53,975,055
Sales and other taxes	39,970,312	43,307,531	44,186,332	44,037,753
Licenses and permits	2,561,642	1,467,814	7,151,286	4,189,195
Fines, forfeitures and penalties	887,309	878,334	983,449	989,611
Use of money and property	1,771,829	1,918,899	2,164,743	6,115,750
Intergovernmental	10,835,761	12,416,110	13,265,046	12,243,780
Charges for current services	15,345,006	16,420,416	16,900,849	19,791,531
Contributions	8,301,860	11,363,481	2,296,073	3,559,664
Other	623,242	708,967	621,247	788,639
Total Revenues	123,389,338	134,455,461	136,881,695	145,690,978
EXPENDITURES				
Current Operations:				
Community development	7,864,788	9,479,762	10,320,807	10,987,811
Human services	1,347,136	1,400,276	1,624,187	1,708,705
Public safety	56,115,246	61,713,585	65,020,500	68,186,718
Transportation	6,714,370	8,685,224	9,099,717	11,241,321
Environmental support and protection	2,601,280	2,525,916	2,360,169	2,160,598
Leisure, cultural and information services	20,789,647	22,013,436	23,537,162	24,507,866
Policy development and implementation	3,598,453	5,202,537	4,259,132	8,440,654
Capital outlay	5,310,292	6,162,302	14,730,024	8,365,803
Debt service:				
Principal retirement	324,742	656,858	666,814	676,920
Interest and fiscal charges	31,755	43,348	74,696	61,958
Bond issue costs				
Total Expenditures	104,697,709	117,883,244	131,693,208	136,338,354
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,691,629	16,572,217	5,188,487	9,352,624
OTHER FINANCING SOURCES (USES)				
Transfers in	13,632,786	12,241,110	10,795,891	11,997,013
Transfers (out)	(17,325,507)	(14,448,618)	(18,237,434)	(15,670,078)
Bond proceeds/Refunding lease				
Sale of capital assets		1,793,128		
Capital contributions				
Total Other Financing Sources (Uses)	(3,692,721)	(414,380)	(7,441,543)	(3,673,065)
Extraordinary gain (loss)/Special item				
NET CHANGE IN FUND BALANCES	14,998,908	16,157,837	(2,253,056)	5,679,559
Debt service as a percentage of non-capital expenditures	0.36%	0.63%	0.63%	0.58%

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$	\$	\$	\$	\$	\$
59,803,386	69,231,824	68,452,879	69,448,210	73,981,263	79,174,021
44,906,727	52,302,099	57,030,578	55,101,620	59,828,425	65,973,460
9,832,842	6,816,903	5,472,129	6,570,476	5,133,707	8,634,932
1,059,004	975,095	122,112	569,892	573,306	554,520
6,513,028	10,412,446	13,383,745	8,266,580	(3,077,127)	8,572,092
14,053,873	16,299,213	13,612,956	16,769,992	23,960,542	34,730,355
23,399,087	25,173,118	24,331,769	15,115,751	31,164,603	25,046,443
2,402,789	5,760,413	5,222,515	547,409	4,237,310	500,000
1,289,804	156,372	241,893	118,827	7,072,479	1,143,409
<u>163,260,540</u>	<u>187,127,483</u>	<u>187,870,576</u>	<u>172,508,757</u>	<u>202,874,508</u>	<u>224,329,232</u>
14,719,418	19,351,651	17,121,816	20,359,530	23,406,919	24,864,618
1,874,314	1,996,048	3,237,966	3,477,996	2,966,458	3,174,758
70,296,129	72,821,984	77,943,200	82,384,050	84,129,070	96,750,063
6,473,602	7,283,163	9,534,877	8,388,514	8,335,426	10,863,270
2,179,407	1,818,931	1,887,799	1,992,197	3,570,437	2,851,875
24,983,432	24,375,689	25,396,511	24,791,272	26,804,553	31,549,408
18,350,842	11,468,715	24,490,924	12,129,308	14,643,896	15,785,994
10,840,645	20,891,854	26,272,264	19,436,584	23,882,872	37,468,150
687,180	347,486				
13,842	2,725			1,811,887	1,892,850
			365,002		
<u>150,418,811</u>	<u>160,358,246</u>	<u>185,885,357</u>	<u>173,324,453</u>	<u>189,551,518</u>	<u>225,200,986</u>
<u>12,841,729</u>	<u>26,769,237</u>	<u>1,985,219</u>	<u>(815,696)</u>	<u>13,322,990</u>	<u>(871,754)</u>
11,845,559	14,902,667	13,603,597	17,146,102	16,443,413	19,261,254
(21,586,606)	(20,453,984)	(20,412,845)	(20,218,383)	(28,323,971)	(22,515,755)
			64,116,809		
					96,000
<u>(9,741,047)</u>	<u>(5,551,317)</u>	<u>(6,809,248)</u>	<u>61,044,528</u>	<u>(11,880,558)</u>	<u>(3,158,501)</u>
			10,272,916		
<u>3,100,682</u>	<u>21,217,920</u>	<u>(4,824,029)</u>	<u>70,501,748</u>	<u>1,442,432</u>	<u>(4,030,255)</u>
0.50%	0.25%	n/a	n/a	1.09%	1.01%

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				
	\$	\$	\$	\$	\$	%	%
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
2022	1,818,920	28,675,950,742	1,281,058,445	1,699,532,680	28,259,295,427	3.15	0.1904
2023	1,818,920	30,879,739,340	1,365,927,457	1,904,950,881	30,342,534,836	7.37	0.1905

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 via HdL Reports

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Direct Rates										
City	0.1921	0.1920	0.1944	0.1930	0.1819	0.1731	0.1731	0.1684	0.1904	0.1905
County and All Others*	0.8079	0.8080	0.8056	0.8070	0.8181	0.8269	0.8269	0.8316	0.8097	0.8095
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	0.0015	0.0013
Elementary School	0.0240	0.0230	0.0158	0.0461	0.0412	0.0384	0.0396	0.0299	0.0346	0.0278
High School	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340	0.0315	0.029	0.0286
Community College	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175	0.0231	0.0213	0.0227	0.0193
Total Overlapping Rate	0.0747	0.0853	0.0850	0.1105	0.1039	0.0942	0.0983	0.0842	0.0878	0.0770
Total Direct and Overlapping Rate	1.0747	1.0853	1.0850	1.1105	1.1039	1.0942	1.0983	1.0842	1.0878	1.0770

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	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$			\$		
Google Inc.	802,974,625	1	2.65%			
Oracle Corporation	563,382,049	2	1.86%	590,201,302	1	3.63%
AIMCO Indigo LP	345,260,404	3	1.14%			
DWF IV 1400 1500 Seaport Blvd	342,311,243	4	1.13%			
Improvement Blu Harbor LLC	324,495,322	5	1.07%			
Slough Redwood City LLC	313,687,319	6	1.03%	241,982,979	4	1.49%
Westport Office Park LLC	308,896,652	7	1.02%	266,009,011	3	1.64%
GS DILLER SUBSIDIARY LLC	269,226,037	8	0.89%			
Electronic Arts Inc.	267,565,722	9	0.88%	204,086,925	5	1.26%
Hudson Towers at Shore Center LLC	249,045,160	10	0.82%			
VII PAC SHORES INVESTORS LLC				408,654,895	2	2.52%
SPK-TOWERS @ SHORES CENTER LLC				123,378,985	9	0.76%
Informatica Corp.				158,972,725	7	0.98%
SRI Eight Pacific Shores LLC				181,719,875	6	1.12%
Irvine Co. LLC				135,947,863	8	0.84%
SPK-Towers@Shores Center LLC				123,378,985	9	0.76%
	<u>3,786,844,533</u>		<u>12.48%</u>	<u>2,434,333,545</u>		<u>14.98%</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
	\$	\$	%		\$	%
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
2022	43,925,483	44,194,384	100.61	NA	44,194,384	100.61
2023	46,792,488	47,398,314	101.29	NA	47,398,314	101.29

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	Refunding	GID	Tax	Loans*	Revenue	Loans			
	Bonds	Lease	Bonds	Increment Bonds		Bonds				
\$	\$	\$	\$	\$	\$	\$	\$	\$	%	
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
2022	63,876					51,713		115,589	1,404	2.21
2023	63,635					47,437		111,072	1,363	1.91

Schedule 10
 CITY OF REDWOOD CITY, CALIFORNIA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of June 30, 2023

<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	10.520	74,569,718
Sequoia Union High School District	24.134	106,385,568
Belmont-Redwood Shores School District	39.548	28,183,035
Belmont-Redwood Shores School District School Facilities Improvement Distr.	90.713	16,001,773
Redwood City School District	61.908	105,723,387
San Carlos School District	0.752	756,987
Midpeninsula Regional Park District	7.964	6,584,635
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	6,120,000
Redwood City Community Facilities District 2010-1	100.000	3,540,000
TOTAL DEBT REPAYED WITH PROPERTY TAXES		347,865,103
Other Debt		
San Mateo County General Fund Obligations	10.520	62,060,813
San Mateo County Board of Education Certificates of Participation	10.520	643,824
Midpeninsula Regional Park District General Fund Obligations	7.964	7,292,683
San Mateo County Mosquito and Vector Control General Fund Obligations	10.520	380,596
Menlo Park Fire Protection District Certificates of Participation	0.018	1,608
TOTAL OTHER DEBT		70,379,524
Overlapping Tax Increment Debt (Successory Agency)	100.000	8,999,891
Total City Overlapping Debt		427,244,518
City Direct Debt		
City of Redwood City General Fund Obligations	100.000	63,875,749
Total City Direct Debt		63,875,749
Total Overlapping and Direct Debt		491,120,267

Source: California Municipal Statistics and City's Audited Financials

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

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

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

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Total Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as % of Debt Limit</u>
	\$	\$	\$	%
2013-14	636,545,042		636,545,042	
2014-15	671,536,104		671,536,104	
2015-16	729,301,290		729,301,290	
2016-17	799,541,510		799,541,510	
2017-18	865,100,991		865,100,991	
2018-19	931,087,175		931,087,175	
2019-20	1,002,450,286		1,002,450,286	
2020-21	1,081,716,679		1,081,716,679	
2021-22	1,123,456,054		1,123,456,054	
2022-23	1,209,280,714		1,209,280,714	

Legal Debt Margin Calculation for FY 2022-23

Assessed value	30,342,534,836
Add back: exempt real property	1,904,950,881
Total assessed value	<u>32,247,485,717</u>
Debt limit (3.75% of total assessed value)	1,209,280,714
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment	
of general obligation debt	
Total net debt applicable to limit	<u> </u>
Legal debt margin	<u><u>1,209,280,714</u></u>

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



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*

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

<u>Water Revenue Bonds</u>						
<u>Fiscal</u> <u>Year</u>	<u>Gross</u> <u>Revenue</u> \$	<u>Less:</u> <u>Operating</u> <u>Expenses</u> \$	<u>Net</u> <u>Available</u> <u>Revenue</u> \$	<u>Debt Service</u>		<u>Coverage</u> <u>Ratio</u>
				<u>Principal</u> \$	<u>Interest</u> \$	
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
2022	45,085,275	33,570,662	11,514,613	2,255,000	1,546,682	3.03
2023	43,692,709	35,673,736	8,018,973	2,345,000	1,628,013	2.02

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

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

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

Port Revenue Bonds						
Fiscal Year	Gross Revenues	Less: Operating Expenses¹	Net Available Revenue	Debt Service		Coverage Ratio²
				Principal	Interest	
	\$	\$	\$	\$	\$	
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
2022	9,400,225	5,534,589	3,865,636	922,155	433,746	2.85
2023	10,060,890	4,920,762	5,140,128	957,585	392,896	3.81

Tax Increment Bonds				
	Property Tax Increment	Debt Service		Coverage Ratio
		Principal	Interest	
	\$	\$	\$	
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	
2022 ³		1,352,544	2,152,456	
2023		1,256,332	2,248,668	

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

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

³ As a result of the California Supreme Court upholding AB X1 26, Redevelopment Agencies were eliminated as of January 31, 2012. Consequently, all former tax increment revenue is retained by the County of San Mateo Controller's Office and deposited into the "Redevelopment Property Tax Trust Fund" (RPTTF) and is disbursed according to the provisions of AB X1 26 and AB 1484, the clean-up legislation that became law effective June 27, 2012. Under these laws the Successor Agencies to the Redevelopment Agencies now receive funding from the RPTTF to pay these types of debt obligations as the Redevelopment Agency is no longer in existence to receive tax increment revenue.

*2016 Port Operating Expenses were restated in FY 2017.

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

Calendar Year	Population	Personal Income (\$000)	Per Capita Personal Income	Unemployment Rate	Number of Water System Customers
		\$	\$	%	
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
2022	82,344	5,232,385	63,543	2.00	23,620
2023	81,495	5,816,066	71,367	3.40	23,671

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	2023			2014		
	Employees*	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Oracle Corporation	3,757	1	7.16%	6,750	1	15.70%
County of San Mateo	2,928	2	5.58%	601	4	1.43%
Stanford Hospital and Clinics	2,700	3	5.15%	750	5	1.74%
Box Inc.	1,799	4	3.43%			
Guardant Health, Inc.	1,722	5	3.28%			
Electronic Arts	1,540	6	2.94%	2,367	2	5.50%
Auris Surgical Robotics, Inc.	1,482	7	2.83%			
Geonomic Health	755	8	1.44%	479	8	1.11%
Zeno Group	704	9	1.34%			
Informatica LLC	592	10	1.13%			
Kaiser Permanente Medical Group				911	3	2.12%
Kaiser Foundation Hospitals				773	4	1.80%
Silver Spring Networks				602	6	1.40%
Equinix				532	7	1.24%
Pacific Data Images (Dreamworks)				449	9	1.04%
Abbott Vascular				347	10	0.81%

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.

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

Function	Fiscal Year		
	2014	2015	2016
Community Development	64.76	56.98	64.31
Human Services	7.82	7.82	7.82
Public Safety	207.00	210.00	213.00
Transportation	16.09	16.09	16.29
Environmental Support/Protection	3.55	3.71	4.71
Leisure/Cultural/Information Services	103.80	104.59	106.23
Policy Development/Implementation	80.90	83.69	87.05
Water	30.97	34.37	34.77
Sewer	17.88	18.62	18.92
Parking	5.65	5.65	5.65
Docktown Marina*		0.13	0.13
Port	9.00	9.00	8.00
Total	547.42	550.65	566.88

Department**	Fiscal Year						
	2017	2018	2019	2020	2021	2022	2023
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	7.49	8.59	10.89	10.89	12.64	11.06	14.56
City Attorney	6.83	5.97	5.97	5.97	5.97	6.02	6.02
City Clerk	4.41	3.78	3.78	3.78	3.78	3.80	3.80
Administrative Services	41.99	41.13	39.13	41.13	33.33	34.10	34.05
Community Development	70.31	65.46	59.03	59.23	57.88	60.93	65.93
Fire	93.00	89.50	91.00	91.00	87.00	90.00	90.00
Human Resources***					7.00	7.20	12.00
Library	40.72	38.53	40.30	40.30	38.24	38.24	35.27
Parks, Recreation, Community Svcs	71.66	71.74	71.11	69.11	66.11	66.11	67.71
Police	128.00	124.00	130.00	130.00	121.00	121.00	126.00
Public Works	97.39	101.52	106.15	105.95	105.95	106.95	108.82
Port	8.00	9.00	10.00	8.50	10.50	10.00	11.50
Total	576.80	566.22	574.36	572.86	556.40	562.41	582.66

*The City took over the management of Docktown Marina in FY 2012-13, and began supporting operations with FTE in FY 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Community Development:										
Building permits	2,549	2,650	3,493	3,310	3,017	2,888	2,571	3,042	3,114	3,666
Building inspections conducted	16,669	17,547	20,383	21,640	25,201	25,999	20,547	19,631	17,088	20,405
Public Safety:										
Police:										
Moving citations (per 1,000 population)	97	120	103	68	61	68	26	21	19	21
Fire:										
Emergency responses - all calls*	9,096	10,078	10,245	10,479	10,742	10,690	10,401	11,757	14,260	15,650
Leisure/Cultural/Information Services:										
Number of items in collection	299,673	292,781	277,520	273,391	244,106	236,705	236,926	224,124	214,313	208,649
Water:										
Average daily consumption (thousands of gallons)	9,910	10,401	7,507	7,729	8,536	8,328	8,588	8,566	7,957	7,136

*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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations*	7	7	7	7	7	7	7	7	7	7
Transportation										
Miles of streets	155	155	155	155	155	155	155	157	163	164
Number of street lights**	5,035	5,055	5,076	5,076	5,076	5,076	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	24	25	25	25	25	25	25	25	25	25
Number of libraries***	4	4	4	4	4	4	4	4	3	3
Number of recreation center facilities	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	262	262	262	262	262	262	262	262	262	262
Miles of recycled water system lines	17	17	18	18	18	18	18	18	19	20
Sewer										
Miles of sanitary sewers	196	198	198	198	198	198	198	198	197	197
Miles of storm sewers	130	133	133	133	133	133	133	133	133	136

Sources: Various city departments

Notes:

* In FY 2013-14, Redwood City entered into a shared services agreement with the City of San Carlos. Redwood City provides fire services to the residents of San Carlos out of the two fire stations located in San Carlos.

**In 2012, the Public Works Services division employed a consultant to create a physical inventory of street lights. Criteria was updated and applied for a more accurate count of the number of street lights in the City's right-of-way. Inventories were refined and lights were added through the LED conversion process in 2014.

***In 2021, the Fair Oaks branch was transferred to San Mateo County.

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	
		\$		\$		\$		\$	
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
2022					27	7,852	3,087	541,606,867	541,614,719
2023					15		3,650	296,817,681	296,817,681

Source: Redwood City's Community Development Department



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2023*



Respond.
Restore.
Reimagine