



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2022



City of Redwood City

Redwood City, California



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by:
Administrative Services Department – Finance Division

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*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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March 27, 2023

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, 2022.

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, 2022. 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, 2022.** The independent auditor's report is located at the front of the financial section of this report on page 1.

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

REPORTING ENTITY AND ITS SERVICES

Redwood City is a San Francisco Bay Area community located in Silicon Valley. With a population of more than 86,000, Redwood City is the third largest city 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

Second Year of Pandemic

FY 2021-22 brought the second full year of the Coronavirus Disease (COVID-19) pandemic, with January 2022 case rates in San Mateo County averaging more than 2,000 new cases a day – four times the original surge of January 2021. Fortunately, the availability of vaccines reduced the rate of deaths significantly from the previous year. However, the arrival of several new variants of the virus reduced the effectiveness of vaccines to prevent infection altogether and a third surge in the early summer of 2022 brought case rates comparable to those of January 2021.

Recognizing the economy could not withstand another period of widespread sheltering at home, society adapted to living with the virus through social distancing, wearing masks and working remotely as feasible. Many employees worked in person throughout the pandemic, including first responders and field personnel in Fire; Parks, Recreation and Community Services; Police; and Public Works Services. City Hall employees returned to in-person work on a hybrid schedule beginning in July 2021 only to revert to fulltime remote work with the winter case surge, permanently returning to a hybrid schedule of onsite work three days per week in spring of 2022. Restaurants largely served meals outside and fulfilled carryout orders for another year as online retail continued to supplant onsite shopping as reduced levels of travel and entertainment activities continued.

Local Economy

The economic impact of the pandemic on Redwood City was calculated at a loss of an estimated \$82 million in revenues. Fortunately, revenues recovered aggressively in FY 2021-22. Sales tax leapt from the depths to which it had plummeted as consumers who had gone without during the first year of the health crisis began searching for a return to normal by purchasing enhancements for a more home-centered temporary lifestyle. Property values also climbed significantly, correlating to growth in property taxes. However, the travel and leisure sector continued to struggle and Transient Occupancy Tax from hotel stays was low.

Several resources and a commitment to financial discipline have helped to offset some of the impact of the pandemic on Redwood City. In FY 2021-22, the City received a second infusion of \$9.2 million in federal American Rescue Plan Act assistance, following an original \$9.2 million allocation in FY 2020-21. The City is also pursuing reimbursement of emergency response expenditures from the Federal Emergency Management Agency. In addition, State resources continued to help address community needs through rental assistance, utility rate assistance, and local business sales tax extensions.

Respond, Restore, and Reimagine

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



Respond...

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



Restore...

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



Reimagine...

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

The City initiated numerous programs to help residents mitigate the economic damage caused by COVID-19, including emergency rental assistance, meal distribution, small business support, and waiving late payment penalties for utility customers. During the pandemic, Redwood City residents and small businesses fell behind in utility payments in an amount close to \$3.0 million. While the City provided temporary relief by halting shutoffs, penalties and interest during the crisis, many residents who were unable to pay saw their utility debt grow to more than \$2,000. Redwood City filled that \$3.0 million gap by applying for State funds for unpaid utility bills and in FY 2021-22, the City Council dedicated \$1.0 million to a Utility Bill Forgiveness Program to take effect before enforcement actions renewed in the summer of 2022.

The table below identifies special investments made during FY 2021-22 to address City Council priorities during the pandemic, as well as investments during the first year of the pandemic and anticipated recommendations for FY 2022-23.

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

The City's adherence to financial best practices and fiscal discipline has enabled it to withstand dramatic revenue losses while avoiding layoffs and service reductions. Still, the past two years have been an undeniably stressful time for City employees and community members alike. The commitment of one-time funds to the immediate needs of Responding, Restoring and Reimagining, and to the City Council Priorities of equity, housing, transportation, and children and youth, as well as sustainability and civic engagement is designed to respond to the many crises from which the City is working to recover.

Economic Vitality

With the adoption of the Downtown Precise Plan in 2011, Downtown Redwood City had become a vibrant district where Redwood City residents enjoyed working, living, and playing. As a result of the pandemic, fewer workers are commuting into the city on a daily basis, which has resulted in fewer customers for downtown businesses. Business license tax generated \$2.9 million in FY 2021-22, down from \$3.3 million in the previous fiscal year. With the passage of the City's Economic Development Work Plan in 2019 (subsequently updated in 2021) and Small Business Support Program in 2021, the City has strengthened the economic foundation of its community and provided a network of support to local businesses during this time of great uncertainty. The City plans to present to City Council an update to the City's Economic Resiliency Plan in 2023 to discuss progress on several economic development work programs.

Supply chain challenges and other complications of the pandemic hindered construction, driving building permit revenue down to \$3.5 million in FY 2021-22, a 14 percent reduction from \$4.0 million in FY 2020-21, and 32 percent below the budgeted amount of \$5.2 million. However, the City continued to attract significant development interest. Commercial development interest remained strong by virtue of Redwood City's location in Silicon Valley, access to high-quality public transportation, a vibrant downtown, and expansion in the life science and technology sectors. In addition, the City launched the Outdoor Business Activity Program, adopted by City Council in July 2022, to permanently allow outdoor dining within the City's right-of-way. The response has been tremendous, with 50 businesses applying into the program by January of 2023, demonstrating the commitment of Redwood City restaurants and small businesses to remain in the City.

Cannabis permits generated \$227,681 in FY 2021-22. From March through July 2022, the City issued six permits for the City's cannabis storefront retail program, bringing the first storefront openings in the county planned for 2023. The City anticipates that cannabis tax revenues will take time to accumulate given headwinds in the cannabis industry and challenges in the overall economy, but will boost City revenue over the long term.

Long-Term Financial Planning

The City Council has a history of taking intentional, proactive, and strategic steps to ensure the long-term fiscal sustainability of Redwood City, including adopting a structurally balanced annual budget, funding long-term needs, and maintaining a 15 percent General Fund reserve level. Because of the City's strong reserve level, the City has been able to maintain essential services during the pandemic. In addition, the City maintained its 15 percent reserve level, which was crucial in case a new emergency materialized.

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

Each fiscal year, the City prepares a ten-year General Fund forecast to project revenue and expenditure trends. This forecast is an integral part of the annual budget process as the City seeks to establish and implement its priorities in a fiscally sustainable manner. The forecast also assists in providing a long-term road map to guide the financial planning of the City as it addresses rising pension costs and unfunded liabilities. The City reviews major cost drivers to anticipate and control expenses to the maximum extent possible and makes fiscal decisions within

the framework of the forecast. The City also monitors its revenue sources to identify and plan for trends. Financial planning also takes the form of continuous review and refinement of fiscal policies and forecasts, and an understanding of the citywide initiatives underway.

During FY 2021-22, the City remained faithful to its established fiscal strategies while responding to the pandemic through its recovery strategy of “Respond, Restore, and Reimagine.” Specifically, Redwood City:

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

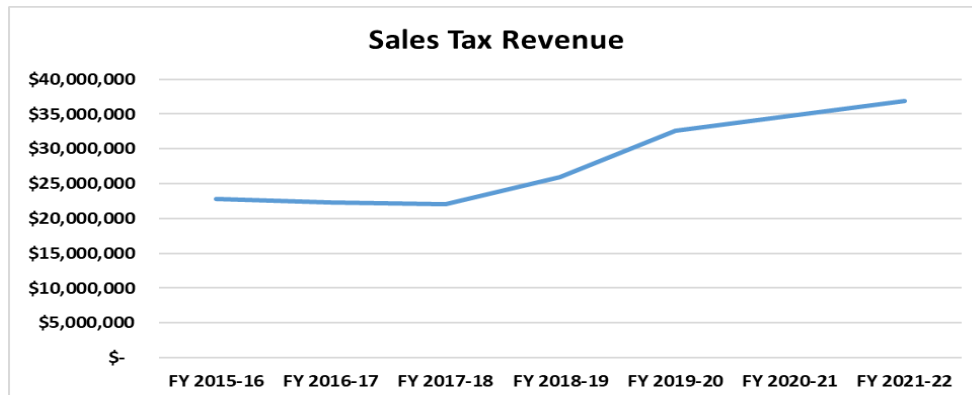
General Fund revenues totaled \$177.9 million in FY 2021-22. A summary of major revenue sources and other significant financial planning items is provided below. When compared to the FY 2021-22 budget, actual revenues generated approximately \$15.0 million, or 7.5 percent, less revenue than the amount of \$192.9 million budgeted in the General Fund.

Sales Tax

Sales tax is an important source of General Fund revenue, as it accounts for 20.6 percent of total General Fund revenues. The initial reduction in sales tax due to closures in the first year of the pandemic was offset considerably by increased revenues from online shopping and the addition of revenues from a half-cent sales tax increase, authorized by the passage of Redwood City’s Measure RR in November 2018. Collection of these revenues became effective April 1, 2019. In FY 2021-22, Measure RR generated an additional \$13.5 million in revenue (up from \$11.4 million in FY 2020-21), representing more than 36 percent of all sales tax revenue for the City.

In the second year of the pandemic, consumer spending saw large increases nationally and the same trend supported a strong statewide recovery in sales tax revenues. Automobile sales experienced a particularly high price increase during this period due to supply chain limitations. Automobiles sales are the highest single source of sales tax in Redwood City, so this was a notable contribution to City sales tax revenues; Redwood City’s top sources of sales tax are automobiles at 22 percent, consumer goods at 17 percent, and restaurants at 10 percent of City sales tax.

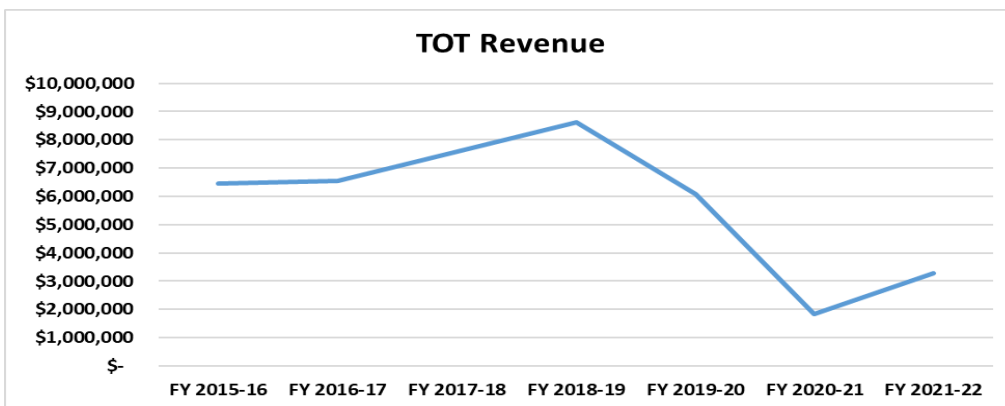
Total sales tax revenue in the General Fund increased by \$1.9 million (from \$34.7 million to \$36.6 million), or 5.5 percent, when compared to the prior fiscal year. The City has budgeted for \$35.4 million in sales tax revenue in FY 2022-23.



Transient Occupancy Tax

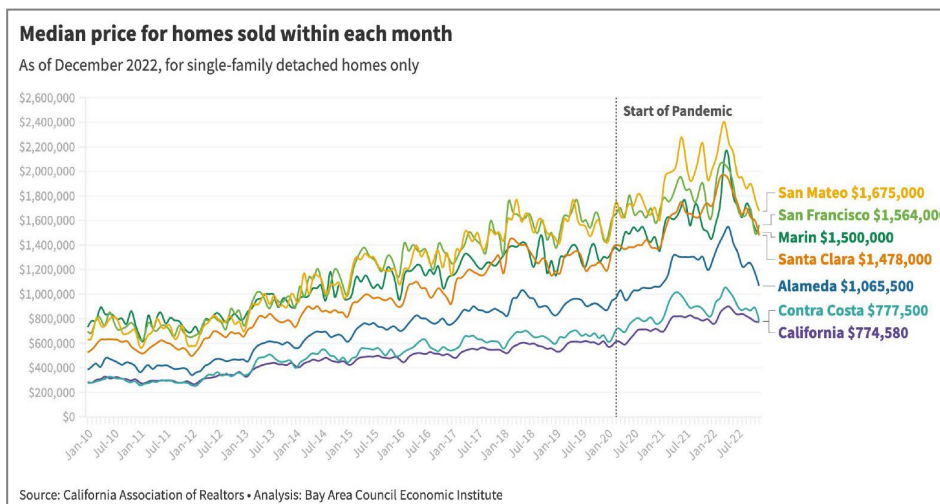
Transient Occupancy Tax (TOT) is collected from visitors to Redwood City through a charge on hotel accommodations. TOT revenue accounts for 1.8 percent of total General Fund revenues. Although it is not a primary revenue source, it has been the **most severely impacted** by the pandemic; occupancy rates for hotels in Redwood City remained down at 53.7 percent for FY 2021-22 – an anemic recovery from 42.0 percent in FY 2020-21. Average room rates were just \$130.45, an increase from \$89.98 in FY 2020-21, but well below the FY 2019-20 average of \$181.10. TOT revenue in FY 2021-22 increased by \$1.5 million, or 80 percent, when compared to the prior fiscal year (from \$1.8 million to \$3.3 million). However, this level remains \$2.7 million below the pre-pandemic revenue of \$6.0 million generated in FY 2019-20.

In addition to the reduction in tourism due to the pandemic, Redwood City has lost more than \$1 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. 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. The City has budgeted \$2.8 million in TOT to be collected in FY 2022-23.

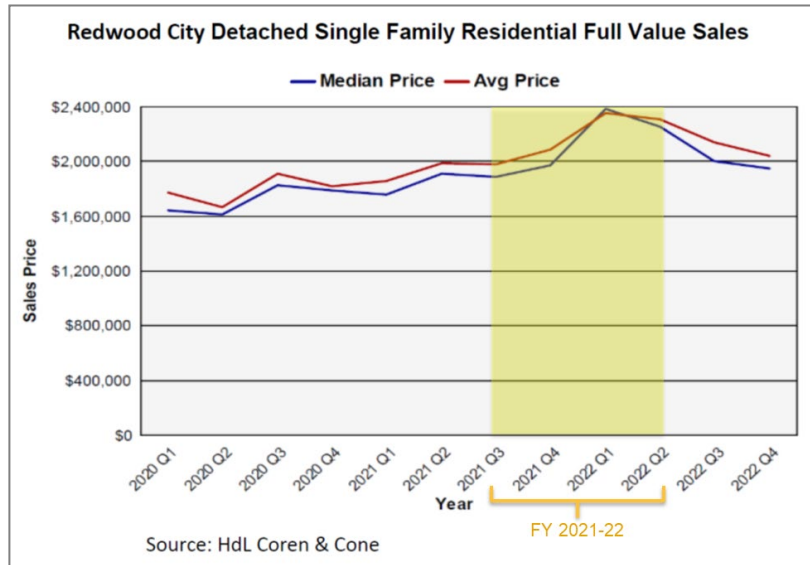


Property Tax

Property tax accounts for 40.7 percent of total General Fund revenues and is a key indicator of the City’s economic outlook. San Mateo County property values, shown in yellow in the chart below, remained among the highest in the Bay Area throughout the pandemic.



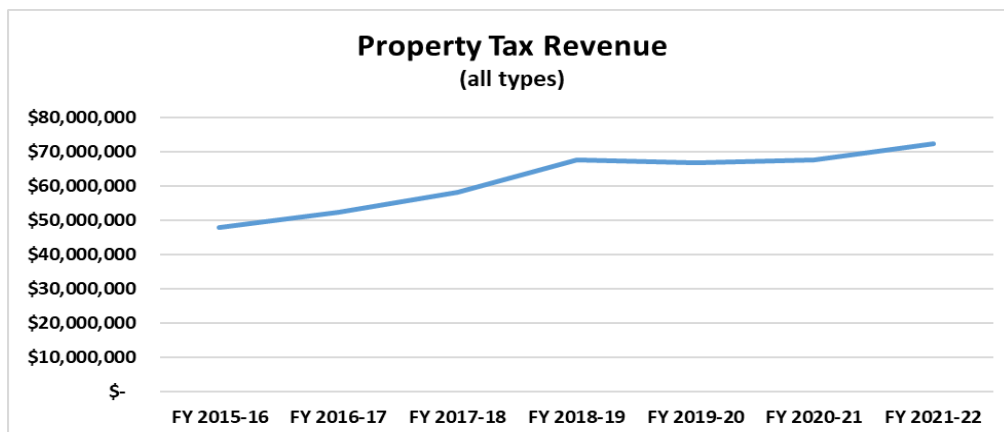
In Redwood City, the median sale price of homes rose during the first half of FY 2021-22 and remained relatively stable through the second half of the fiscal year.



Overall property tax revenues in FY 2021-22 increased by \$4.7 million, or 7 percent, over the previous fiscal year (from \$67.6 million to \$72.4 million). This revenue category includes the volatile matter of the City’s return from educational revenue augmentation funds. In 1992, the State of California began a practice of shifting property taxes from cities, counties, and special districts to school districts to replace funding that the State had been providing to school districts. The County Controller places the funds that shifted from local government agencies into the Educational Revenue Augmentation Fund (ERAF). The Controller then disburses these funds to school districts based on a formula prescribed by state law. Any funds remaining in ERAF (after the distribution to the school districts) are returned to the cities, county, and special districts in proportion to the amount they contributed to ERAF. This return of property tax revenue is difficult to anticipate due to complicated state school funding formulas, and is continually at risk of reduction or elimination by state action.

In FY 2019-20, FY 2020-21, and FY 2021-22, Redwood City received \$6.8 million, \$11.2 million, and \$9.8 million in returned ERAF funds, respectively. The current level of funding is higher than can be expected in the future, particularly given recent and potential changes in school financing, which the County Controller has indicated could significantly reduce this revenue source for cities and the County in future fiscal years. The City’s practice is to budget what can reasonably be estimated, which is \$4.2 million, or about 43 percent of the actual amount received in FY 2021-22. The City has also budgeted to receive \$4.2 million in ERAF for FY 2022-23. City staff is working with the County of San Mateo to monitor both funding categories, and meets regularly to review projections.

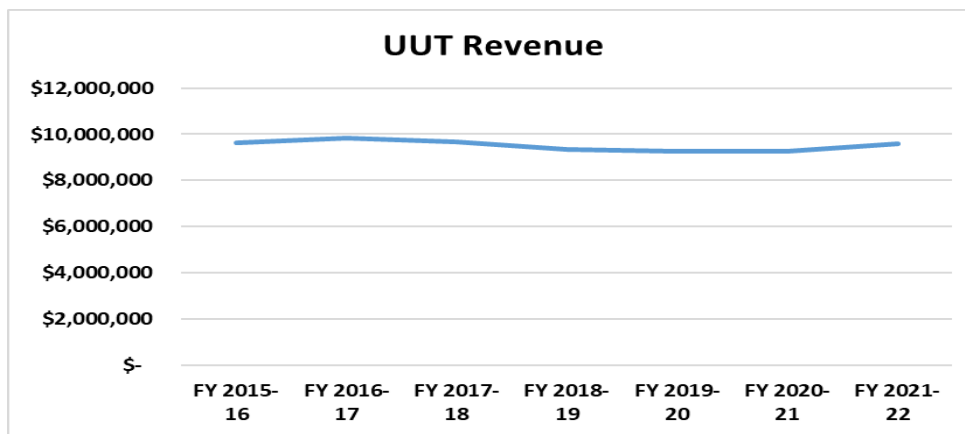
The City has budgeted \$68.6 million for overall property taxes in FY 2022-23.



Utility Users' Tax

Redwood City collects a voter-approved Utilities User Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue accounts for 5.9 percent of total General Fund revenues. UUT revenue was \$9.6 million in FY 2021-22, comparable to its level of \$9.3 million in FY 2020-21, with an increase of \$300,000 from PG&E. As more consumers move away from cable services and toward video streaming services, UUT revenue is expected to decline. The City has budgeted \$9.0 million for FY 2022-23.

Following the passage of Assembly Bill 1717 in 2014, the City entered into an agreement with the State Board of Equalization for the collection of UUT on prepaid wireless services. The City began collecting revenue on prepaid wireless in January 2016 and will continue until SB 1441 sunsets in 2026. This revenue source amounted to \$62,167 in FY 2021-22, up from \$52,388 in FY 2020-21. While UUT revenue has traditionally been dedicated on an annual basis to support the City's capital improvement program, the City has committed this new fraction of UUT revenue to its affordable housing program.



Relevant Financial Policies

In FY 2016-17, the City Council updated the General Fund reserve policy, which states the unreserved portion of the General Fund's fund balance shall be 15 percent of anticipated General Fund revenues. With the FY 2019-20 Adopted Budget, the City Council approved a strategy to utilize 80 percent of the excess balance, above the 15 percent reserve threshold, to pay down the City's unfunded liabilities, including pension and retiree health liabilities, and to use 20 percent as one-time funding towards the City Council's priorities in the areas of housing, transportation, and children and youth. Funding long-term liabilities avoids shifting cost burdens to future generations for services already provided.

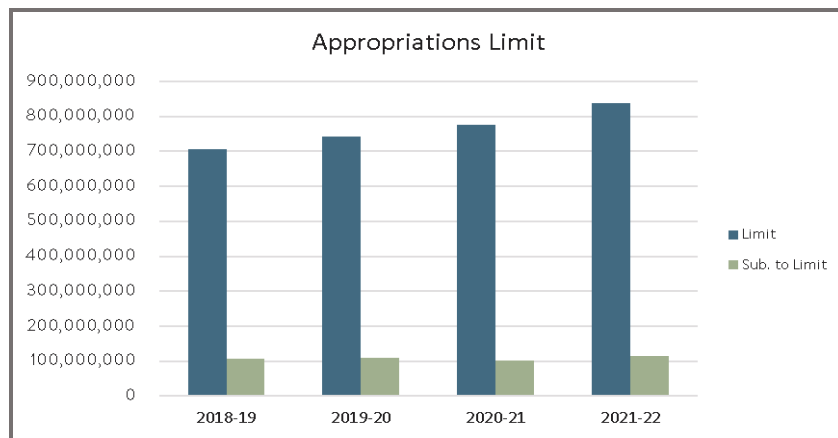
The excess balance above the 15 percent reserve threshold is reported under the category "Unassigned Fund Balances." In recent fiscal years, the City has used balances in excess of the reserve policy to pay down unfunded liabilities, contribute to a Section 115 Pension Trust Account for pension liabilities, and for one-time funding towards City Council priorities. In addition to paying down unfunded liabilities, a portion of the available excess fund balance as of June 30, 2022 was redirected to support recovery activities in response to the pandemic and in alignment with the strategies to respond, restore and reimagine services; as well as retained to cover future anticipated revenue shortfalls.

The City Council has adopted a Debt Disclosure Policy and an Investment Policy. The City reviews these policies regularly and uses them to maintain sound fiscal practices. The City Council's Finance and Audit Sub-Committee is developing updates to the Investment Policy to screen City investments based on environmental, social and governance objectives. The City has also established cash management, accounting, budgetary, and risk management policies and practices that are essential to the City's long-term fiscal health. These financial policies and practices also promote public confidence and increase the City's credibility for bond rating agencies and potential investors. Such policies also provide the resources to react to financial needs in a prudent manner.

Appropriation Limit

Article XIII B of the California State Constitution, which became effective in FY 1979-80, and which was modified (by Proposition 111) in November 1989, establishes, by formula, an appropriation limit for governmental agencies. Using the appropriations of FY 1978-79 as the base year, the limit is modified by the growth in inflation and population during each fiscal year. Inflation is measured as the year-over-year growth in per capita personal income, while population growth is based on a weighted growth measure that blends growth in the civilian population with growth in K-12 and community college average daily attendance. Article XIII B also sets the guidelines as to what is to be included in the appropriation limits.

The appropriation limit for Redwood City for FY 2021-22 was \$836,811,649; the City’s actual appropriations subject to the limit were \$116,061,472, far below the limit. The FY 2021-22 appropriation limit increased from FY 2020-21 due primarily to the increase of 8.79 percent in non-residential new construction 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, 2021. This is the 35th consecutive year that Redwood City has received this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe our current ACFR continues to meet the certificate of achievement program’s requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Special recognition is extended to the entire staff of the Finance Division for their dedication to all City departments, residents and customers on a daily basis. The preparation of this report was particularly daunting during a year in which the Division managed the implementation of a new enterprise resource planning software system concurrent with exceptionally high levels of staff turnover and the ongoing personal and professional challenges of the pandemic. During such a difficult time, this team rose to the occasion with exemplary steadfastness and perseverance.

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, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2022

CITY COUNCIL

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

CITY MANAGER

Melissa Stevenson Diaz

DEPARTMENT DIRECTORS

Assistant City Manager/Administrative Services.....	Michelle Poché Flaherty
Assistant City Manager	Alex Khojikian
City Clerk.....	Pamela Aguilar
Community Development and Transportation.....	Mark Muenzer
Fire Chief.....	Ray Iverson
Human Resources	Michelle Katsuyoshi
Library.....	Derek Wolfgram
Parks, Recreation, and Community Services	Chris Beth
Police Chief	Dan Mulholland
Public Works	Terence Kyaw

CITY ATTORNEY

Veronica Ramirez

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

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

FINANCE DIVISION STAFF

As of June 30, 2022

Derek Rampone.....Assistant Director of Administrative Services
Carolyn Kerans Senior Accountant
Jennifer Chang Senior Accountant
Sylvia Bravo Peters Principal Analyst
Molly Flowerday Principal Analyst
Fion Liu Accountant
Gina Clark..... Account Technician
Emilia Archer..... Account Technician
Lisa Crudo Account Clerk
Salvador Sanchez Intern
Nancy Murguia Administrative Assistant
Theresa Yee Capital Improvement Program Manager

June 30, 2022

Administrative Services Department Finance Division

**Assistant City Manager
– Administrative
Services Director**

**Assistant Director of
Administrative Services**

**Administrative
Assistant**

**Principal Analyst –
Finance**

Senior Accountant

Annual Budget
Annual Financial Report
Treasury Management
Risk Management
General Administration

Payroll
Cost Allocation Plans
Grant Accounting
Treasury Accounting

**Capital Improvement
Program Manager**

Senior Accountant

**Principal Analyst –
Finance**

Accounts Payable
Subdivision Accounting
General Ledger
Labor Negotiations
Support

Capital Assets
State Reports
Capital Projects
Successor Agency
Accounting

Accountant

Account Clerk

Silicon Valley Clean Water
Authority
Grant Accounting
Enterprise Fund Accounting

Intern

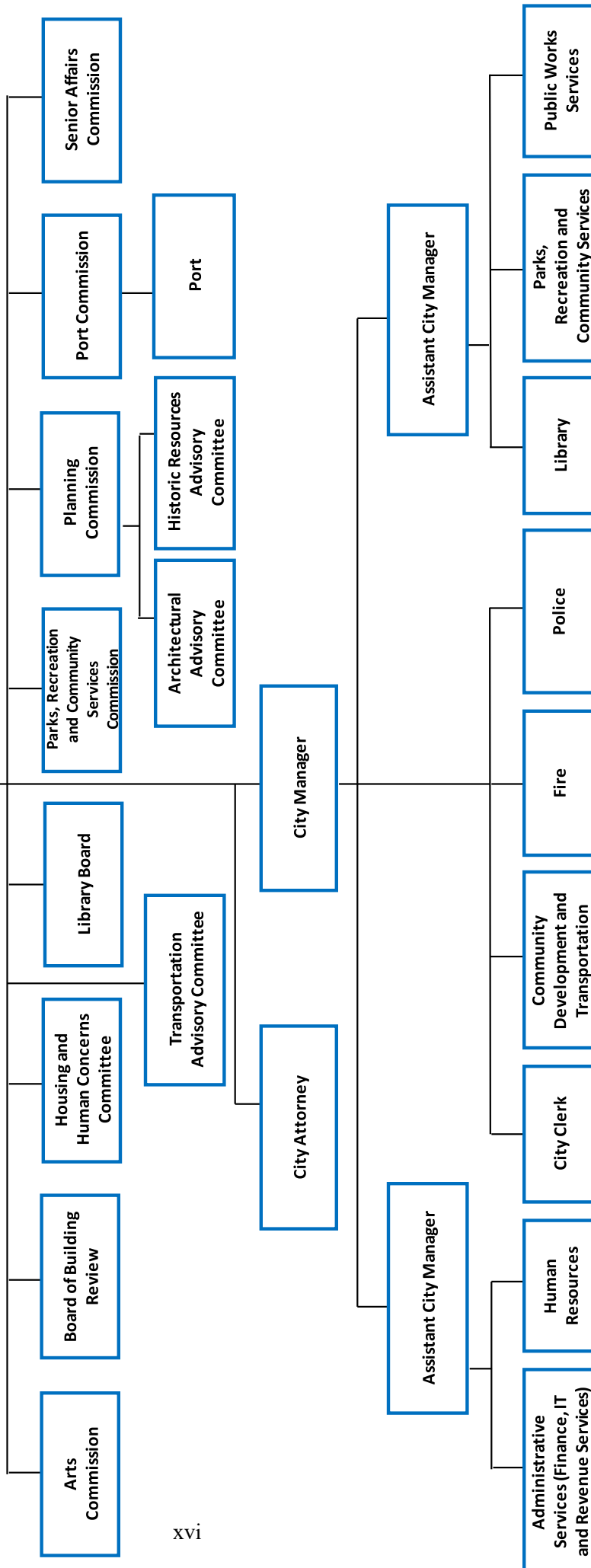
Account Technician (2)

General Administration
Annual Budget
Annual Financial Report
Risk Management
Use Tax

2022

RESIDENTS

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



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, 2022, 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, 2022, 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 opinion. 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, individually or in the aggregate, they could reasonably be expected to 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. 87 – Leases, which became effective during the year ended June 30, 2022.

The implementation required the beginning balances of the Governmental Activities capital assets and non-current liabilities as of July 1, 2021 to be restated and increased by \$772,795 to reflect the right-to-use leased equipment and the leases payable 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 25, 2023 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 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2022. We encourage all readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FISCAL YEAR 2021-22 FINANCIAL HIGHLIGHTS

The full financial impact of the COVID-19 pandemic continued to be felt during Fiscal Year (FY) 2021-22, as this was the second full fiscal year of the pandemic. Even though the pandemic continued, public health restrictions eased during this time, resulting in an uptick in economic activity. The City maintained financial discipline to help control expenditures, even while community needs for services and new assistance continued. Financial highlights of the fiscal year include the following:

- The City's total net position increased \$58.4 million in FY 2021-22 after a \$65.0 million increase in the prior fiscal year. At June 30, 2022, net position totaled \$629.1 million, comprised of \$279.6 million for governmental activities and \$349.5 for business-type activities.
- Total City revenues, including program and general revenues and special items, were \$335.4 million, an increase of \$22.6 million over the prior fiscal year, while total expenses were \$252.5 million, an increase of \$4.7 million from FY 2020-21.
- Net position in governmental activities increased 44.3 million, while net position in business-type activities increased \$14.1 million.
- Governmental program revenues were \$76.9 million, which reflects an increase of \$7.0 million over the prior fiscal year.
- Governmental general and special item revenues increased to \$144.3 million in FY 2021-22, up \$3.2 million from the prior fiscal year.
- Governmental program expenses were \$165.5 million in FY 2021-22, a decrease of \$1.0 million from the prior fiscal year.
- Total program revenues from business-type activities increased slightly to \$102.9 million in FY 2021-22, up \$0.2 million from the prior fiscal year.
- Total expenses of business-type activities increased to \$87.0 million in FY 2021-22, up \$5.7 million from the prior fiscal year.
- General fund revenues of \$177.9 million increased by \$20.8 million over the prior fiscal year.
- General fund expenditures of \$142.5 million increased by \$6.9 million over the prior fiscal year.
- General fund balance of \$95.3 million at June 30, 2022, increased by \$10.9 million over the prior year.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report includes six parts:

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

The Basic Financial Statements

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

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

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

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

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

The Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Redwood City maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital outlay fund, which meet the criteria to be considered major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City of Redwood City adopts an annual appropriated budget for its general fund.

A budgetary comparison statement has been provided for the general fund.

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

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

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

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

Comparisons of budget and actual financial information are presented only for the general fund and other major funds that are special revenue funds. For the fiscal year ended June 30, 2022 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.

The fiduciary fund financial statements may be found on pages 36-37 of this report.

Notes to the Financial Statements

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

The Notes to the Financial Statements may be found on pages 39-97 of this report.

City of Redwood City
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may, over time, serve as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$629.1 million at June 30, 2022.

City's Net Position (in Millions)

	Governmental		Business-type		Total	Total	Variance
	Activities		Activities				
	2022	2021	2022	2021	2022	2021	
	\$	\$	\$	\$	\$	\$	
Cash and investments	308.693	304.991	134.005	124.881	442.698	429.872	2.90%
Other assets	53.765	48.669	56.229	56.231	109.994	104.900	4.63%
Capital assets	299.970	281.209	245.094	243.943	545.064	525.152	3.65%
Total assets	<u>662.428</u>	<u>634.869</u>	<u>435.328</u>	<u>425.055</u>	<u>1,097.756</u>	<u>1,059.924</u>	3.45%
Total deferred outflows of resources	<u>39.113</u>	<u>42.083</u>	<u>5.531</u>	<u>6.658</u>	<u>44.644</u>	<u>48.741</u>	-9.18%
Long-term debt outstanding	297.517	390.457	69.147	83.332	366.664	473.789	-29.22%
Other liabilities	53.539	46.892	13.821	12.365	67.360	59.257	12.03%
Total liabilities	<u>351.056</u>	<u>437.349</u>	<u>82.968</u>	<u>95.697</u>	<u>434.024</u>	<u>533.046</u>	-22.81%
Total deferred inflows of resources	<u>70.932</u>	<u>4.341</u>	<u>8.352</u>	<u>0.579</u>	<u>79.284</u>	<u>4.920</u>	93.79%
Net Position:							
Net investment in capital assets	286.884	281.209	198.641	188.640	485.525	469.849	3.23%
Restricted	153.815	149.965	10.121	10.317	163.936	160.282	2.23%
Unrestricted	<u>(161.146)</u>	<u>(195.912)</u>	<u>140.777</u>	<u>136.480</u>	<u>(20.369)</u>	<u>(59.432)</u>	-191.78%
Total net position	<u>279.553</u>	<u>235.262</u>	<u>349.539</u>	<u>335.437</u>	<u>629.092</u>	<u>570.699</u>	9.28%

The largest portion (87.0 percent) of the City's net position reflects its capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position 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 \$58.4 million, or 10.2 percent, during the current fiscal year. This increase is comprised of \$44.3 million in governmental activities net position and \$14.1 million in business-type activities net position. Further details on the increases in net position are described below.

City of Redwood City
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Changes in City's Net Position (in Millions)

	Governmental		Business-type		Total	Total	Variance
	Activities	Activities	Activities	Activities			
	2022	2021	2022	2021	2022	2021	
	\$	\$	\$	\$	\$	\$	
Revenues							
Charges for services:							
Community development	11.518	12.679			11.518	12.679	-9.16%
Public safety	10.804	11.341			10.804	11.341	-4.74%
Transportation	0.037	0.007			0.037	0.007	428.57%
Environmental support and protection	0.160	1.793			0.160	1.793	-91.08%
Leisure, cultural and information services	3.145	1.147			3.145	1.147	174.19%
Policy development and implementation	6.068	5.984			6.068	5.984	1.40%
Water			47.013	46.928	47.013	46.928	0.18%
Sewer			44.256	40.501	44.256	40.501	9.27%
Parking			1.725	0.911	1.725	0.911	89.35%
Port of Redwood City			9.400	9.024	9.400	9.024	4.17%
Docktown Marina			0.011	0.016	0.011	0.016	-29.38%
Operating grants and contributions:							
Community development	2.142	1.908			2.142	1.908	12.26%
Public safety	0.567	1.310			0.567	1.310	-56.72%
Transportation	0.048	1.445			0.048	1.445	-96.68%
Leisure, cultural and information services	11.427	5.412			11.427	5.412	111.14%
Policy development and implementation	0.000	1.174			0.000	1.174	-99.98%
Water				0.959		0.959	-100.00%
Parking			0.002	0.002	0.002	0.002	
Port of Redwood City			0.292		0.292		
Capital grants and contributions:							
Community development	5.065	1.047			5.065	1.047	383.76%
Transportation	20.421	18.926			20.421	18.926	7.90%
Environmental support and protection	4.036	4.036			4.036	4.036	
Leisure, cultural and information services	1.464	1.673			1.464	1.673	-12.49%
Water			0.163	4.365	0.163	4.365	-96.27%
Sewer			0.022	0.033	0.022	0.033	-33.33%
Parking							
General revenues:							
Taxes/special assessments	143.262	127.085	0.312	0.394	143.574	127.479	12.63%
Investment earnings	(7.997)	3.671	(3.415)	(0.081)	(11.412)	3.590	-417.88%
Increase (decrease) in investment in sewer authority			(2.120)	(1.279)	(2.120)	(1.279)	65.75%
Other	1.060	0.095			1.060	0.095	1015.79%
Total revenues	213.227	200.733	97.661	101.773	310.889	302.506	2.77%
Expenses							
Community development	22.266	21.428			24.396	21.428	13.85%
Human services	3.008	3.655			3.055	3.655	-16.42%
Public safety	69.615	87.558			71.719	87.558	-18.09%
Transportation	19.742	11.938			19.696	11.938	64.99%
Environmental support and protection	4.125	1.688			3.607	1.688	113.68%
Leisure, cultural and information services	30.559	27.306			30.793	27.306	12.77%
Policy development and implementation	14.603	12.885			14.803	12.885	14.89%
Water			38.540	36.927	37.049	36.927	0.33%
Sewer			35.839	33.575	36.377	33.575	8.35%
Parking			3.228	3.459	3.036	3.459	-12.23%
Port of Redwood City			8.340	6.737	8.383	6.737	24.43%
Docktown Marina			1.058	0.605	0.998	0.605	64.98%
Interest on long term debt	1.571						
Total expenses	165.489	166.458	87.005	81.303	253.912	247.761	2.48%
Change in net position before transfers and special item	47.738	34.275	10.656	20.470	56.976	54.745	4.08%
Transfers	(3.446)	(2.943)	3.446	2.943			
Special Item		10.273				10.273	-100.00%
Change in net position	44.292	41.605	14.102	23.413	58.395	65.018	-10.19%
Net position - July 1, as restated	235.262	193.657	335.437	312.024	570.699	505.681	12.86%
Net position - June 30	279.554	235.262	349.539	335.437	629.094	570.699	10.23%

*Variance results not displayed for negative to positive amounts

GOVERNMENTAL ACTIVITIES

Governmental activities prior to transfers and special items increased the City’s net position by \$47.6 million. Including transfers and special items, governmental activities net position increased by \$44.3 million. Transfers out of governmental activities and into business-type activities of \$3.4 million during FY 2021-22 consisted of transfers out of the general fund to the Docktown Marina fund, the parking fund, sewer fund and water fund. The transfers out from the prior year was slightly less at \$3.0 million.

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

General governmental revenues (non-program) increased by \$5.5 million, or 4.0 percent, from FY 2020-21, as increases in property tax, sales tax and transient occupancy tax helped to offset decreases in business license tax and slight decrease in franchise fees collected, and investment earnings. Within the broad categories, property taxes increased \$4.7 million over the prior year; sales taxes increased \$1.9 million – due to the continued recovery of online and retail shopping after the pandemic, franchise taxes remained the same at \$1.8 million; property transfer taxes increased by \$0.5 million; business license taxes decreased slightly by \$0.4 million to \$2.9 million; utility users’ taxes increased by \$0.3 million to \$9.5 million; transient occupancy taxes had the largest year over year increase by \$1.5 million to \$3.3 million – due to increases in occupancy rates and room rates after multiple years of decreases as a result of COVID-19 and the resulting stay-at-home orders. Investment earnings decreased \$9.3 million – due to major losses in the City’s CalPERS Section 115 trust account and investment earnings.

- Community development revenues increased by \$3.1 million.
- Public safety revenues decreased by \$1.3 million.
- Transportation revenues increased by \$0.1 million.
- Leisure, cultural and information services revenues increased by \$7.8 million, primarily due to an increase in operating grants in the Parks, Recreation, and Community Services and Library Departments, and an increase in developer contributions and capital grants.

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

Total governmental activities expenses were down \$1.0 million, or less than 1.0 percent. Most functions experienced modest changes in expenses, except public safety, which decreased \$18.0 million and transportation, which increased \$7.8 million.

	Governmental Activities Expenses	
	2022	2021
	\$	\$
Community development	22.3	21.4
Human services	3.0	3.7
Public safety	69.6	87.6
Transportation	19.7	11.9
Environmental support and protection	4.1	1.7
Leisure, cultural and information services	30.6	27.3
Policy development and implementation	14.6	12.9
Interest on long term debt	1.6	
Total net assets	165.5	166.5

- Community development expenses increased \$0.9 million primarily due to an increase in General Fund program expenses related to providing community development services.
- Human services expenses decreased by \$0.7 million.
- Public safety expenses decreased by \$18 million, primarily due to the CalPERS loss of \$12.1 million, OPEB loss of \$4.0 million, and due to vacancies in the Fire Department and a moratorium in hiring of police officers.
- Transportation expenses increased by \$7.8 million, primarily due to an increase of projects conducted throughout the City compared to the prior year where multiple projects were on hold.
- Environmental support and protection expenses increased \$2.4 million.
- Leisure, cultural, and information services expenses increased \$3.3 million. This increase is primarily due to an increase in parks, recreation, and community services expenditures and increases in costs associated with internal services.
- Policy development and implementation increased \$1.7 million in FY 2021-22. This increase is due primarily to a GASB 34 journal entry. This entry is needed to convert the financial statements to recognize the long-term assets and liabilities. In FY 2021-22 this entry created significant increases to capital assets and compensated absences.
- Interest on long term debt became due in FY 2021-22 in the amount of \$1.6 million, which is new for the City this fiscal year. This payment moving forward is for the new Veterans Memorial Senior Center bond payments.

BUSINESS-TYPE ACTIVITIES

Business-type activities prior to transfers increased the City's net position by \$10.7 million in FY 2021-22.

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

Business-type revenues decreased by \$4.1 million, or 4.2 percent, from FY 2020-21. The decrease is primarily due to lower investment earnings (\$3.4 million), a decrease in investment in sewer authority (\$2.1 million), and a decrease grants and contributions for the water fund (\$4.2 million). These decreases were partially offset by increases in charges for services received in the sewer fund (\$3.8 million) and higher fees collected by the Port of Redwood City (\$0.4 million), compared to the prior fiscal year.

The water utility's expenses increased by \$1.8 million, due to an increase in employee services, maintenance, utilities, and contractual services.

Sewer utility expenses increased by \$2.3 million due to greater use by residents and businesses throughout the City.

Parking fund expenses were nearly the same as the prior year, decreasing by \$0.2 million.

The expenses of the Port of Redwood City increased by approximately \$1.3 million, particularly due to the costs of maintenance dredging of \$1.3 million which is a project that occurs every 3 to 4 years.

During FY 2021-22, the Docketown Marina expenses increased were basically unchanged from the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At June 30, 2022, the City's governmental funds reported combined fund balances of \$246.2 million, an increase of \$1.4 million from the prior year of \$244.8 million.

Governmental fund revenues increased \$30.4 million this fiscal year to \$202.9 million, an increase of 17.6 percent from last year's total of \$172.5 million. The majority of this increase occurred in the general fund, the City's main operating fund.

Governmental fund expenditures increased \$16.2 million this fiscal year to \$189.5 million, an increase of 9.4 percent. The majority of this increase occurred in the general fund.

The general fund is the primary operating fund of the City. At June 30, 2022, unassigned fund balance of the general fund was \$14.2 million, a decrease of \$28.5 million from the prior fiscal year balance of \$42.7 million. Total fund balance increased to \$95.3 million, an increase of \$10.9 million from the prior year balance of \$84.4 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 10% percent of total fund expenditures, while total fund balance represents 66.9 percent of that same amount.

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

General Fund – General fund revenues increased by \$22.8 million this fiscal year due to increases in property taxes, sales tax, Intergovernmental revenue, and charges for current services. These increases help offset decreases in licenses and permits, and use of money and property.

Property taxes increased by \$4.7 million, due to increases in nearly all property tax categories.

Sales and other taxes increased by \$3.7 million. Within this category, sales tax increased \$1.9 million, due to continued strength in online sales, which has helped to offset the reductions in sales tax revenue caused by the COVID-19 pandemic. Franchise taxes remained the same at \$1.8 million. Transient occupancy taxes increased \$1.5 million – due to a large increase in occupancy rates and room rates. Property transfer taxes increased by \$0.5 million to \$1.6 million. Business license taxes decreased by to \$0.4 million to \$2.9 million. Utility users' taxes increased by \$0.3 million to a total of \$9.5 million.

Licenses and permits decreased by \$1.2 million, primarily due to a decrease in building permit revenue of \$0.5 million and a decrease in cannabis permit fees of \$0.8 million. Fire and other permits remained relatively unchanged at \$1.4 million.

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

Use of money and property decreased by \$11.4 million, due to the losses in interest income-restricted of negative \$2.5 million, and the loss of interest income of negative \$3.5 million. Last fiscal year (FY 2020-21), the City's Section 115 pension trust account was recorded in the general fund for the first time, which was previously reported in a trust fund.

Related to investment income, there was a large accounting entry related to the fair value adjustment of investments as of June 30, 2021 (last fiscal year) – which resulted in a decrease in revenue of \$6.0 million. This decrease was to record the unrealized gain/loss on investments. The General Fund and the Section 115 Pension Fund account for approximately \$9.3 million of this decrease. Most of the remaining decrease was recorded the special revenue funds and several of the capital funds.

Intergovernmental revenues increased by \$5.5 million primarily due to an increase in federal, state and county grants.

Charges for current services increased by \$15.9 million, primarily due to an increase of \$15.9 million in fire service charges, due to delayed billing of services provided in FY 2020-21 in the amount of \$8.2 million, not billed until FY 2021-22. Other notable increases were \$3.2 million in planning services fees. Decreases occurred in plan check fees of \$2.7 million and a decrease of \$0.4 million in building permits.

General fund expenditures increased by \$6.9 million over the prior fiscal year. Nearly every category experienced an increase in expenditures over the prior year. The largest expenditure increases were in Public Safety from \$82.3 million to \$84.0 million, Leisure, cultural information services from \$24.2 million to \$26.2 million, and in policy, development and implementation from \$11.2 million to \$14.1 million for FY 2021-22.

Transfers out of the general fund increased by \$7.3 million, to \$25.4 million in FY 2021-22.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In FY 2021-22, the capital outlay fund generated minimal revenue, due to the negative use of money and property (investment income) which was partially offset by intergovernmental revenue and miscellaneous revenues generated by residents' reimbursement of half of the costs for sidewalk repair. This fund was also the recipient of transfers totaling \$11.5 million from the general fund via the Utility Users' Tax, which has been allocated to support the City's infrastructure. Transfers out of this fund totaled \$1.65 million.

For FY 2021-22, the capital outlay fund did not receive any bond proceeds revenue. In FY 2020-21, the capital outlay fund received \$59.3 million in debt proceeds related to the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building. These proceeds are being used to pay debt issue costs and construction costs for the new building.

Total outlays were \$24.1 million, of which \$18.5 million met the City's criteria for capitalization. The balance (\$5.6 million) was expended on non-capitalized projects in FY 2021-22, including \$0.4 million of debt issuance costs related to the issuance of the 2021 Lease Revenue Bonds for the construction of the Veterans Memorial/Senior Center Building.

Proprietary Funds – Enterprise fund net position totaled \$349.5 million at the end of the fiscal year, an increase of \$14.1 million, or 4.2 percent, over the prior fiscal year's balance of \$335.4 million. Enterprise operating revenues were \$102.4 million this fiscal year, an increase of \$5.0 million over last fiscal year, while net non-operating revenues (expenses) were a negative \$8.3 million compared to a negative \$2.9 million the prior fiscal year. The negative \$8.3 million decrease was due to losses in investment earnings of \$3.4 million, interest expense losses of \$1.9 million, the decrease in the investment of sewer authority of \$2.1 million, and other losses of \$1.1 million.

Enterprise fund operating expenses were \$83.7 million this fiscal year, an increase of \$ 5.2 million, or 6.6 percent, from the prior fiscal year. This was mainly due to higher maintenance costs (\$1.1 million), higher water purchases (\$2.9 million), higher contractual service costs (\$2.5 million), which were partially offset by lower supplies and services costs (\$2.6 million), and non-capitalized projects (\$0.5 million).

Water Utility – The water utility fund realized operating income of \$10.0 million in the current fiscal year, \$1.7 million lower than the operating income of \$11.7 million in the prior fiscal year. The decrease is mainly to do the 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 \$8.4 million in the current fiscal year, \$1.5 million higher than the operating income of \$6.9 million in the prior fiscal year.

Parking Fund – The parking fund realized an operating loss of \$1.5 million in the current fiscal year, \$1.0 million lower than the operating loss of \$2.5 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.

Port Fund – The port fund realized operating income of \$2.5 million in the current fiscal year, \$1.0 million lower than the operating income of \$3.5 million in the prior fiscal year. Due to maintenance dredging the operating expenses for Fiscal Year FY 2021-22 were higher than the previous fiscal year. This preventive maintenance project occurs every three to four years, at an expense of between \$1.5 - \$2.0 million to dredge the berths and the Redwood Channel to its appropriate depth of 32-34 feet. In FY 2021-22, the Port spent \$1.3 million to accomplish the project.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$0.7 million in the current fiscal year, which is the same as the prior fiscal year. Operating revenues was less by four thousand dollars, compared to fifteen thousand the year prior and operating expenses were the same as the prior fiscal year at \$0.7 million. During FY 2021-22, the general fund transferred \$0.6 million into the Docktown Marina Fund to fund costs associated with implementing the Docktown Plan. After non-operating revenues (expenses) and transfers into the Docktown Marina fund, there was a decrease in the net position of \$0.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS (BUDGET VS. ACTUAL RESULTS)

Overall, revenues were \$15.0 million less than budget primarily due to shortfalls in licenses and permits, uses of money and property and intergovernmental revenues. These shortfalls were partially offset by higher than expected revenues in all other categories.

Property taxes nearly met budget, \$0.5 million lower than the \$72.8 million budgeted, 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 were slightly higher than budget by \$3.1 million, primarily due to stronger than expected sales tax revenue of \$1.6 million, increased transient occupancy tax by \$0.8 million, and utility users' tax revenue that was \$0.6 million higher than expected.

Licenses and permits were lower than budget by \$1.5 million due to lower than expected building permit revenue of \$1.7 million. Cannabis permits, and fire related permit fees were slightly higher than budgeted by \$0.2 million.

Fines, forfeitures, and penalties finished the year at budget, \$0.4 million.

Use of money and property revenue was lower than budget by \$7.5 million. This is primarily due to interest income in the General Fund budgeted at \$1.6 million, but actual interest income was a loss of approximately \$41 thousand, and the unrealized gain/loss on investments was not budgeted, but was calculated at loss of \$6.0 million.

Intergovernmental revenue was less than budget by \$11.2 million, primarily due to the \$10.8 million less received for grants – county, state, and federal. This is due to the duplication of the budgeted amount for American Rescue Plan Act revenue to be received in FY 2021-22. This duplication was corrected in the following year. The remainder of the variance was due to timing and regular fluctuations of grants received from year to year.

Charges for current services revenue was higher than budget by \$2.1 million. This is primarily due to \$2.6 million received in other current service charges due to a higher volume of planning cost recovery and fire inspection services than anticipated.

Other revenues were \$0.4 million higher than budget due to increases in miscellaneous revenue.

Overall, expenditures were \$25.7 million less than budgeted primarily due to reductions in programs as a result of the ongoing COVID-19 pandemic and continued vacancies in a majority of departments. Budget savings in nearly all programs areas were experienced in FY 2021-22.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2021-22, the City had \$539.5 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in the table below. Additional information on the City’s capital assets can be found in Note 4 of this report.

Capital Assets at fiscal Year-end (in Millions)

	Governmental Activities		Business -Type Activities		Total		Variance
	2022	2021	2022	2021	2022	2021	
	\$	\$	\$	\$	\$	\$	
Land	34.6	34.6	3.1	3.1	37.7	37.7	0.0%
Streets	166.3	160.0			166.3	160.0	3.9%
Construction in progress	57.0	55.1	22.9	26.2	79.9	81.4	-1.8%
Buildings	88.0	88.0	62.7	62.7	150.6	150.6	0.0%
Equipment	33.4	32.1	2.3	2.3	35.7	34.3	3.9%
Improvements	36.0	27.8	265.7	255.1	301.7	282.9	6.6%
Harbor improvements				4.8		4.8	-100.0%
Parks and bridges	58.5	44.1			58.5	44.1	32.6%
Traffic signals	7.8	7.8			7.8	7.8	0.0%
Storm drains	21.0	21.0			21.0	21.0	0.0%
Less accumulated depreciation	(202.6)	(189.2)	(117.2)	(110.3)	(319.8)	(299.6)	6.7%
Total capital assets	<u>300.0</u>	<u>281.2</u>	<u>239.5</u>	<u>243.9</u>	<u>539.5</u>	<u>525.1</u>	2.7%

Governmental Activities – During FY 2021-22, the Parks assets increased by \$14.4 million due to the completion and acceptance of the Magical Bridge Playground at Red Morton Park. This is the City’s largest playground and provides a variety of play equipment for people of all ages and abilities. During FY 2021-22, several streets projects were completed, placed into service, and added to Capital Assets. These include the 101 Pedestrian Undercrossing, a joint-use pedestrian and bicycle path under US 101 Freeway at Redwood Creek for a total cost of \$4.9 million. Also added to Capital Assets in the Streets category was the 2019 Overlay Project for a cost of \$0.6 million. The 2019 Overlay Project was part of the ongoing Roadway Management Program that prioritizes and implements the needed work to ensure that the serviceable life of city streets is preserved and extended. Finally, included in this category was the Jefferson Avenue Intersections Safety Improvements Project for a total cost of \$0.8 million. Safety enhancements on this main thoroughfare included pedestrian crosswalk warning lights, Americans with Disability Act (ADA) ramps and other features.

In the Improvements category, FY 2021-22 additions included the Makerspace Remodel at the Downtown Library as well as onsite and offsite improvements completed by several developers as part of their Development Agreements with the City. The Makerspace Remodel, with a total cost of \$0.4 million, is intended to provide access to technologies and equipment that are not usually available to individuals or small groups and to provide a collaborative space to use these technologies. Developer Improvements completed and accepted by the City totaled \$7.8 million. Developments at 515 Cleveland, 601 El Camino Real, 707 Bradford, and 2075 Broadway incorporated various improvements including grading, paving, drainage, storm drains, as well as landscaping, lighting, sidewalks and stormwater treatment areas. Construction in progress showed a net increase in expenditures due in large part to expenditures related to the new Veterans Memorial Senior Center, as well as several streets and roads projects and several tenant improvement projects.

Business-type Activities – Improvements in the Water Fund Capital Assets increased due to the completion of the FY 2019-20 Watermain Replacement Project in the Arlington neighborhood and in the area of Southdale Way and Marsh Road at a total cost of \$4.2 million. Developer improvements to the water system completed and accepted during this fiscal year totaled \$1.3 million. These include improvements such as installation of pipes, meters, hydrants and lines for both recycled and potable water. Construction in progress showed a net decrease in FY 2021-22 due to the completion of the above projects. However, offsetting these reductions to construction in progress were significant expenditures for the California Water Tank, the Pump Station project, the Water System Equipment Replacement Program, as well as several other projects.

During the fiscal year, the Sewer Fund showed a significant decrease in construction in progress due to the completion of the 2019-20 Sewer System Replacement project as part of the Collection System Replacement Program. Improvements totaling \$4.7 million were placed into service as a result. In addition, Developer Improvements to the City’s sewer system totaling \$0.3 million were completed and accepted. These improvements included the installation of pipes, laterals, manholes and cleanouts. Continuing expenditures in the Pump Station Rehab Program during the fiscal year offset the reduction to construction in progress as a result of the completion of above project.

In the Parking Fund, the project to replace the control for the Downtown parking system was completed and placed into service. As a result, the Improvements category increased by \$34,418. Construction In Progress also increased by expenditures in the Real-Time Availability project and the Digital Way Finding Signage project for the Downtown area.

Long-Term Debt

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

Outstanding Debt (in Millions)

	Governmental Activities		Business-Type Activities		Total		Variance
	2022	2021	2022	2021	2022	2021	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			51.7	54.4	51.7	54.4	-4.9%
Lease revenue bonds	63.9	64.1			63.9	64.1	
Accrued sick leave and vacation	15.4	15.2	1.3	1.6	16.7	16.7	-0.2%
Total long term debt	79.3	79.3	53.0	55.9	132.3	135.2	-2.2%

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, 2022, a total of \$10.2 million in special assessment district debt was outstanding, issued by two special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City’s responsibility, although the City does act as these Districts’ agent in the collection and remittance of assessments.

PRIVATE PURPOSE TRUST FUND DEBT

On February 1, 2012, the Redevelopment Agency of the City of Redwood City was dissolved pursuant to California State law, and as of that date, the long-term debt associated with the former Redevelopment Agency was transferred to a private purpose trust fund for the Successor Agency. At June 30, 2022, the Successor Agency had tax allocation bonds outstanding in the amount of \$38.6 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR'S BUDGET

FY 2021-22 was the second full year of the Coronavirus (COVID-19) pandemic. Cases hit an all-time high in January 2022; however, deaths were significantly lower than the previous year mainly due to the availability of vaccines. New variants brought multiple surges throughout the State and country and did not allow for life and work to return to pre-pandemic norms. Community needs and government assistance continued at high levels. Economic growth was limited due to continued strains of COVID-19 variants, most notably the Omicron variant, and its effect on the workplace. Revenue losses, especially in travel, continued. Locally, this translated to losses in Transient Occupancy Tax for the second straight year despite a modest recovery trend.

Fortunately, as our society began to adapt to a "new normal," some revenue sources recovered quickly in FY 2021-22, concurrent with a rallying stock market. Property tax and sales tax, Redwood City's largest two sources of income, recovered aggressively. In FY 2021-22, these two revenue streams accounted for approximately 40.7 percent and 20.6 percent of general fund revenues, respectively.

In Redwood City, the median sale price of homes rose during the first half of FY 2021-22 and remained relatively stable through the second half of the fiscal year. The City continued to experience steady growth in secured property tax revenue, with an increase of seven percent in the general fund. The increase in property tax revenue is attributed to the turnover of real estate properties and continued steady housing market.

Consumer spending saw large increases nationally in the second year of the pandemic, and the same trend supported a strong statewide recovery in sales tax revenues. General fund sales tax revenue increased by 5.3 percent, which is primarily due to strong automobile sales and consumer goods. Automobile sales experienced a particularly high price increase during this period due to supply chain limitations. Automobile sales are the highest single source of sales tax in Redwood City, so this was a notable contribution to City sales tax revenues; Redwood City's top sources of sales tax are automobiles at 22%, consumer goods at 17%, and restaurants at 10% of City sales tax.

The pandemic highlighted the importance of prudent fiscal stewardship, long-range planning, and the commitment to serving our community. Redwood City staff continued to be guided by the City Council-endorsed financial and community recovery strategy to help the community and organization meet the health, economic, and social challenges due to the COVID-19 pandemic - nicknamed the "Three R's" for Respond, Restore and Reimagine. This strategy addresses the City Council's strategic priorities and guiding principles established in the Strategic Plan.

As the pandemic continued, the City remained committed to intentional, proactive, and strategic steps to ensure the long-term fiscal sustainability of Redwood City. Funding long-term needs, having a balanced budget and proper reserves have proven successful for dealing with the unexpected changes the city and nation as a whole have experienced. Ensuring all decisions were made using the "Three R's" of Respond, Restore and Reimagine was key.

As financial results for FY 2022-23 develop, staff will consider the necessity of utilizing the \$9.1 million in reserves that was previously set-aside for future projected deficits. Updated assumptions and economic factors will also be taken into consideration when developing the Preliminary 10-Year General Fund Forecast in Spring 2023 and the FY 2023-24 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

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

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

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

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	228,326,008	123,721,001	352,047,009
Cash and investments, restricted	80,366,897	10,284,468	90,651,365
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	20,230,472		20,230,472
Accounts	8,581,501	9,439,699	18,021,200
Loans	13,278,515		13,278,515
Accrued interest	3,142,996		3,142,996
Due from other governmental agencies	5,377,528	4,124,308	9,501,836
Deposits receivable	791,176		791,176
Inventory of supplies at cost	117,014	569,837	686,851
Deposits	755,946	10,360	766,306
Prepaid items and other assets	399,417	571,270	970,687
Property held for development	1,090,229		1,090,229
Investment in Sewer Authority		41,112,178	41,112,178
Investment in sewer capacity rights		400,000	400,000
Capital assets:			
Nondepreciable	91,572,183	26,053,317	117,625,500
Depreciable, net	208,398,314	219,041,237	427,439,551
Total assets	662,428,196	435,327,675	1,097,755,871
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		1,174,071	1,174,071
Deferred outflows - Pension related	31,255,059	3,368,065	34,623,124
Deferred outflows - OPEB related	7,858,125	988,541	8,846,666
Total deferred outflows of resources	39,113,184	5,530,677	44,643,861
LIABILITIES			
Accounts payable	13,843,607	5,710,867	19,554,474
Accrued interest payable		716,262	716,262
Accrued payroll	5,576,390		5,576,390
Deposits payable	8,267,704	1,728,863	9,996,567
Unearned revenue	18,873,251	2,131,755	21,005,006
Insurance claims payable:			
Due in one year	6,806,344		6,806,344
Due in more than one year	26,402,502		26,402,502
Accrued sick leave and vacation:			
Due in one year	172,524	212,250	384,774
Due in more than one year	15,255,837	1,060,000	16,315,837
Long-Term Debt:			
Due in one year		3,319,920	3,319,920
Due in more than one year	63,875,749	48,393,008	112,268,757
Net OPEB liability, due in more than one year	24,658,759	3,419,812	28,078,571
Net Pension liability, due in more than one year	167,323,224	16,274,936	183,598,160
Total liabilities	351,055,891	82,967,673	434,023,564
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension	54,102,162	6,453,561	60,555,723
Deferred inflows - OPEB	16,830,262	1,898,409	18,728,671
Total deferred inflows of resources	70,932,424	8,351,970	79,284,394
NET POSITION			
Net investment in capital assets	286,883,525	198,640,697	485,524,222
Restricted for:			
Pension trust	25,336,168		25,336,168
Capital projects	56,641,353	9,163,775	65,805,128
Transportation	25,605,540		25,605,540
Leisure, cultural, and information services	4,551,549		4,551,549
Debt service	2,990,181	957,585	3,947,766
Community development projects	32,994,490		32,994,490
Public safety	894,723		894,723
Housing purposes			
Other purposes	4,801,377		4,801,377
Total restricted	153,815,381	10,121,360	163,936,741
Unrestricted	(161,145,841)	140,776,652	(20,369,189)
Total net position	279,553,065	349,538,709	629,091,774

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	22,266,067	11,518,172	2,142,041	5,065,286	(3,540,568)		(3,540,568)
Human services	3,008,049				(3,008,049)		(3,008,049)
Public safety	69,615,402	10,804,123	566,765		(58,244,514)		(58,244,514)
Transportation	19,741,914	36,573	47,962	20,420,717	763,338		763,338
Environmental support and protection	4,125,432	160,097		4,035,776	70,441		70,441
Leisure, cultural and information services	30,558,846	3,145,177	11,426,642	1,463,878	(14,523,149)		(14,523,149)
Policy development and implementation	14,602,553	6,068,198	20		(8,534,335)		(8,534,335)
Interest on long term debt	1,570,827				(1,570,827)		(1,570,827)
Total Governmental Activities	165,489,090	31,732,340	14,183,430	30,985,657	(88,587,663)		(88,587,663)
Business-Type Activities:							
Water Utility Fund	38,539,818	47,012,754		163,217		8,636,153	8,636,153
Sewer Utility Fund	35,839,253	44,255,778		22,024		8,438,549	8,438,549
Parking Fund	3,228,107	1,724,700	1,586			(1,501,821)	(1,501,821)
Port of Redwood City	8,340,144	9,400,225	292,048			1,352,129	1,352,129
Docktown Marina	1,057,943	11,332				(1,046,611)	(1,046,611)
Total Business-Type Activities	87,005,265	102,404,789	293,634	185,241		15,878,399	15,878,399
Total	252,494,355	134,137,129	14,477,064	31,170,898	(88,587,663)	15,878,399	(72,709,264)
General revenues:							
Taxes:							
Property taxes					78,775,809	312,160	79,087,969
Sales taxes					40,387,746		40,387,746
Franchise taxes					4,713,919		4,713,919
Property transfer taxes					1,566,564		1,566,564
Business license taxes					3,637,470		3,637,470
Utility users taxes					9,596,935		9,596,935
Transient occupancy taxes					3,620,639		3,620,639
Other taxes					399,287		399,287
Investment Earnings					(7,997,176)	(3,414,872)	(11,412,048)
Gain (loss) on retirement of capital assets					563,962		563,962
Increase (decrease) in investment in sewer authority						(2,120,267)	(2,120,267)
Other					1,060,261		1,060,261
Transfers					(3,446,426)	3,446,426	
Total general revenues and transfers					132,878,990	(1,776,553)	131,102,437
Change in Net Position					44,291,327	14,101,846	58,393,173
Net position-Beginning (Note 10D)					235,261,738	335,436,863	570,698,601
Net position-Ending					279,553,065	349,538,709	629,091,774

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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, 2022

	General Fund	Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$
ASSETS				
Cash and investments available for operations	79,739,931	25,182,821	56,633,616	161,556,368
Cash and investments, restricted	25,336,168	47,782,303	7,248,426	80,366,897
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	19,392,291		838,181	20,230,472
Accounts	4,061,214		4,506,722	8,567,936
Loans		214,286	13,064,229	13,278,515
Accrued interest	783,122	382,591	1,976,293	3,142,006
Due from other governmental agencies	2,025,640		2,706,587	4,732,227
Due from other funds	956,762			956,762
Prepaid items	26,161	77,801	5,300	109,262
Deposits receivable			791,176	791,176
Land held for redevelopment			1,090,229	1,090,229
Total Assets	<u>132,321,289</u>	<u>73,639,802</u>	<u>88,860,759</u>	<u>294,821,850</u>
LIABILITIES				
Accounts payable	8,157,190	1,459,600	3,387,459	13,004,249
Accrued payroll	5,576,390			5,576,390
Deposits payable	7,443,203	774,904	49,597	8,267,704
Due to other funds			956,762	956,762
Unearned revenue	15,798,902		3,074,349	18,873,251
Total Liabilities	<u>36,975,685</u>	<u>2,234,504</u>	<u>7,468,167</u>	<u>46,678,356</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Interest receivable			1,931,537	1,931,537
Total Deferred Inflows of Resources			<u>1,931,537</u>	<u>1,931,537</u>
FUND BALANCES				
Nonspendable:				
Loans		214,286	13,064,229	13,278,515
Land held for redevelopment			1,090,229	1,090,229
Prepaid items	26,161	77,801	5,300	109,262
Restricted for:				
Pension trust	25,336,168			25,336,168
Community development			32,994,490	32,994,490
Public safety			894,723	894,723
Transportation			25,605,540	25,605,540
Leisure, cultural and information services			4,551,549	4,551,549
Debt services			2,990,181	2,990,181
Capital projects		47,782,303	8,859,050	56,641,353
Housing purposes				
Other purposes	4,801,377			4,801,377
Committed to:				
General plan	6,087,438			6,087,438
Community benefits			2,380,875	2,380,875
Human services financial assistance			463,924	463,924
Housing purposes			1,212,726	1,212,726
Assigned to:				
Capital projects		23,330,908		23,330,908
Other purposes	44,904,614			44,904,614
Unassigned:	14,189,846		(14,651,761)	(461,915)
TOTAL FUND BALANCES	<u>95,345,604</u>	<u>71,405,298</u>	<u>79,461,055</u>	<u>246,211,957</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>132,321,289</u>	<u>73,639,802</u>	<u>88,860,759</u>	<u>294,821,850</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, 2022

	\$
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	246,211,957
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p>	
CAPITAL ASSETS	
<p>Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.</p>	
Capital assets, net of Internal Service Fund of \$12,559,647	287,410,850
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>	
	26,979,143
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
<p>The amounts below are revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the Governmental Funds:</p>	
Interest revenue	1,931,537
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	(63,875,749)
Accrued sick leave and vacation, net of Internal Service Fund of \$981,685	(14,126,973)
Net Pension liability, net of Internal Service Fund of \$12,890,519	(154,432,705)
Net OPEB obligation, net of Internal Service Fund of \$2,437,013	(22,221,746)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$2,707,991	28,547,068
OPEB related, net of Internal Service Fund of \$776,615	7,081,510
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$5,311,557	(48,790,605)
OPEB related, net of Internal Service Fund of \$1,669,040	(15,161,222)
NET POSITION OF GOVERNMENTAL ACTIVITIES	279,553,065

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, 2022

	General Fund \$	Capital Outlay Fund \$	Non-Major Governmental Funds \$	Total Governmental Funds \$
REVENUES				
Property taxes/special assessments	72,372,508		1,608,755	73,981,263
Sales and other taxes	55,698,026		4,130,399	59,828,425
Licenses and permits	5,120,974		12,733	5,133,707
Fines, forfeitures and penalties	414,794		158,512	573,306
Use of money and property	(980,809)	(708,503)	(1,387,815)	(3,077,127)
Intergovernmental	14,449,056	16,914	9,494,572	23,960,542
Charges for current services	29,326,692		1,837,911	31,164,603
Contributions	500,000	270,000	3,467,310	4,237,310
Other	1,028,887	109,231	5,934,361	7,072,479
Total Revenues	177,930,128	(312,358)	25,256,738	202,874,508
EXPENDITURES				
Current Operations:				
Community development	13,349,332	3,866,498	6,191,089	23,406,919
Human services	2,876,458		90,000	2,966,458
Public safety	84,046,282	5,140	77,648	84,129,070
Transportation	1,302,363	1,247,170	5,785,893	8,335,426
Environmental support and protection	635,404	3,305	2,931,728	3,570,437
Leisure, cultural and information services	26,196,255	91,733	516,565	26,804,553
Policy development and implementation	14,124,492	332,673	186,731	14,643,896
Capital outlay		18,524,044	5,358,828	23,882,872
Debt service:				
Interest and fiscal charges		8,515	1,803,372	1,811,887
Total Expenditures	142,530,586	24,079,078	22,941,854	189,551,518
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,399,542	(24,391,436)	2,314,884	13,322,990
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Transfers in	934,875	11,548,579	3,959,959	16,443,413
Transfers (out)	(25,367,208)	(1,650,000)	(1,306,763)	(28,323,971)
Total Other Financing Sources (Uses)	(24,432,333)	9,898,579	2,653,196	(11,880,558)
NET CHANGE IN FUND BALANCES	10,967,209	(14,492,857)	4,968,080	1,442,432
Fund balances - beginning	84,378,395	85,898,155	74,492,975	244,769,525
Fund balances - ending	95,345,604	71,405,298	79,461,055	246,211,957

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, 2022

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

	\$
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	1,442,432
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital acquisitions as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
This was the amount of capital assets recorded in the current period	12,260,285
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	19,685,759
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$1,484,051 which has already been allocated to the internal service funds.)	(13,344,039)
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.	
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	(8,160,754)
Change in compensated absences	(482,644)
Interest receivable and intergovernmental revenue	217,229
OPEB related expenses	5,590,282
Pension related expense	16,820,238
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	10,021,479
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	44,291,327

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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, 2022

	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	48,359,966	45,859,988	9,093,156	20,035,891	372,000	123,721,001	66,769,640
Receivables (net of allowance for uncollectibles):							
Accounts	5,574,963	2,526,584		1,334,315	3,837	9,439,699	13,565
Accrued interest							990
Due from other governmental agencies		4,124,308				4,124,308	645,301
Inventory of supplies at cost	569,837					569,837	117,014
Deposits	10,360					10,360	755,946
Prepaid items and other assets	33,018	1,134		537,118		571,270	290,155
Total current assets	54,548,144	52,512,014	9,093,156	21,907,324	375,837	138,436,475	68,592,611
Noncurrent assets:							
Cash and investments, restricted	17,553		9,163,775	1,103,140		10,284,468	
Investment in Sewer Authority		41,112,178				41,112,178	
Investment in sewer capacity rights				400,000		400,000	
Investment in property held for development							
Capital assets:							
Nondepreciable	15,476,694	1,118,976	1,463,373	7,994,274		26,053,317	2,515,793
Depreciable buildings, property, equipment and infrastructure, net	115,736,122	53,029,171	20,606,184	29,650,696	19,064	219,041,237	10,043,854
Total noncurrent assets	131,230,369	95,260,325	31,233,332	39,148,110	19,064	296,891,200	12,559,647
Total assets	185,778,513	147,772,339	40,326,488	61,055,434	394,901	435,327,675	81,152,258
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	1,031,162			142,909		1,174,071	
Deferred outflows - Pension	1,646,730	831,518	378,457	435,768	75,592	3,368,065	2,707,991
Deferred outflow - OPEB	466,836	223,005	129,291	169,409		988,541	776,615
Deferred employer OPEB contributions							
Total deferred outflows of resources	3,144,728	1,054,523	507,748	748,086	75,592	5,530,677	3,484,606
LIABILITIES							
Current liabilities:							
Accounts payable	3,787,785	423,225	257,221	1,148,988	93,648	5,710,867	839,358
Deposits payable	941,950		20,170	754,968	11,775	1,728,863	
Insurance claims payable - current portion							6,806,344
Accrued sick leave and vacation - current portion	111,316	66,766	32,429		1,739	212,250	163,248
Bonds and leases payable - current portion	2,362,335			957,585		3,319,920	
Unearned revenue	1,956,324			175,431		2,131,755	
Accrued interest payable	679,329			36,933		716,262	
Total current liabilities	9,839,039	489,991	309,820	3,073,905	107,162	13,819,917	7,808,950
Noncurrent liabilities:							
Insurance claims payable							26,402,502
Accrued sick leave and vacation	544,207	397,319	114,807		3,667	1,060,000	1,138,140
Net OPEB Liability	1,464,931	699,791	405,715	849,375		3,419,812	2,437,013
Net Pension liability	7,838,734	3,958,172	2,043,860	2,074,336	359,834	16,274,936	12,890,519
Bonds and leases payable	39,226,620			9,166,388		48,393,008	
Total noncurrent liabilities	49,074,492	5,055,282	2,564,382	12,090,099	363,501	69,147,756	42,868,174
Total liabilities	58,913,531	5,545,273	2,874,202	15,164,004	470,663	82,967,673	50,677,124
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - OPEB	1,003,289	537,077	277,863	80,180		1,898,409	1,669,040
Deferred inflows - Pension	3,229,962	1,573,161	647,435	854,733	148,270	6,453,561	5,311,557
Total deferred inflows of resources	4,233,251	2,110,238	925,298	934,913	148,270	8,351,970	6,980,597
NET POSITION							
Net investment in capital assets	90,655,023	54,148,147	22,069,557	31,748,906	19,064	198,640,697	12,559,647
Restricted for capital projects			9,163,775			9,163,775	
Restricted for debt service				957,585		957,585	
Unrestricted	35,121,436	87,023,204	5,801,404	12,998,112	(167,504)	140,776,652	14,419,496
Total net position	125,776,459	141,171,351	37,034,736	45,704,603	(148,440)	349,538,709	26,979,143

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, 2022

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina		
	\$	\$	\$	\$	\$	\$	\$
Operating Revenues:							
Charges for services	47,012,754	44,255,778	1,724,700	9,400,225	11,332	102,404,789	38,173,090
Total Operating Revenues	47,012,754	44,255,778	1,724,700	9,400,225	11,332	102,404,789	38,173,090
Operating Expenses:							
Employee services	7,693,932	2,882,705	1,403,815	1,936,855	91,663	14,008,970	16,882,476
Maintenance	839,060	371,259	122,380	1,704,657	1,823	3,039,179	1,279,542
Water purchases	19,872,860					19,872,860	
Utilities	1,123,844	968,710	92,376	271,577		2,456,507	40,897
Contractual services	1,317,069	27,056,717	584,964	17,456	535,607	29,511,813	1,279,864
Supplies and services	1,491,551	1,889,578	139,209	1,077,103	55,171	4,652,612	3,230,970
Noncapitalized projects		808,282		9,194		817,476	
Depreciation and amortization	3,457,681	1,313,194	756,956	1,314,583	5,866	6,848,280	1,484,051
Insurance and claims	1,232,526	548,808	128,407	517,747	23,884	2,451,372	11,110,387
Total Operating Expenses	37,028,523	35,839,253	3,228,107	6,849,172	714,014	83,659,069	35,308,187
Operating Income (Loss)	9,984,231	8,416,525	(1,503,407)	2,551,053	(702,682)	18,745,720	2,864,903
Nonoperating Revenues (Expenses):							
Impairment gain (loss) on property					(343,929)	(343,929)	112,343
Property taxes			312,160			312,160	
Grant revenue			1,586	292,048		293,634	
Investment earnings	(1,927,479)	(1,080,006)	(466,458)	75,461	(16,390)	(3,414,872)	(1,389,899)
Interest expense	(1,511,295)			(433,746)		(1,945,041)	
Increase (decrease) in investment in sewer authority		(2,120,267)				(2,120,267)	
Other				(1,057,226)		(1,057,226)	
Net Nonoperating Revenues (Expenses)	(3,438,774)	(3,200,273)	(152,712)	(1,123,463)	(360,319)	(8,275,541)	(1,277,556)
Net Income (Loss) Before Capital Contributions and Transfers	6,545,457	5,216,252	(1,656,119)	1,427,590	(1,063,001)	10,470,179	1,587,347
Capital contributions	163,217	22,024				185,241	
Transfers in	1,214,626	375,000	1,743,510		742,080	4,075,216	8,450,000
Transfers (out)		(628,790)				(628,790)	(15,868)
Total Capital Contributions and Transfers	1,377,843	(231,766)	1,743,510		742,080	3,631,667	8,434,132
Change in net position	7,923,300	4,984,486	87,391	1,427,590	(320,921)	14,101,846	10,021,479
Total net position-beginning	117,853,159	136,186,865	36,947,345	44,277,013	172,481	335,436,863	16,957,664
Total net position-ending	125,776,459	141,171,351	37,034,736	45,704,603	(148,440)	349,538,709	26,979,143

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docketown Marina	Totals	Governmental Activities - Internal Service Funds
	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:							
Cash received from customers	45,863,729	44,014,357	1,746,773	8,981,544	12,479	100,618,882	
Cash received from interfund services provided							37,975,271
Cash payments to suppliers for goods and services	(24,112,624)	(32,086,428)	(982,065)	(3,445,216)	(633,380)	(61,259,713)	(15,835,615)
Cash payments to employees for services	(9,377,815)	(3,577,210)	(1,686,994)	(2,371,625)	(146,735)	(17,160,379)	(19,647,067)
Right of way compensation							
Net cash provided by (used in) operating activities	12,373,290	8,350,719	(922,286)	3,164,703	(767,636)	22,198,790	2,492,589
Cash flows from noncapital financing activities:							
Nonoperating grant revenue			1,586	292,048		293,634	
Property taxes			312,160			312,160	
Subvention payment to City				(1,041,525)		(1,041,525)	
Transfers in	1,214,626	375,000	1,743,510		742,080	4,075,216	8,450,000
Transfers out		(628,790)				(628,790)	(15,868)
Advances from (to) other funds	(300,000)					(300,000)	300,000
Net cash provided by (used in) noncapital financing activities	914,626	(253,790)	2,057,256	(749,477)	742,080	2,710,695	8,734,132
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(4,049,207)	(1,298,934)	(396,940)	(2,324,611)		(8,069,692)	(1,531,217)
Sale of property held for development					54,549	54,549	
Contributions	163,217	22,024				185,241	
Principal retirements	(1,730,338)			(932,528)		(2,662,866)	
Interest paid	(1,463,364)			(413,718)		(1,877,082)	
Net cash used in capital and related financing activities	(7,079,692)	(1,276,910)	(396,940)	(3,670,857)	54,549	(12,369,850)	(1,531,217)
Cash flows from investing activities:							
Interest on investment				75,461		75,461	
Loss on investments	(1,927,479)	(1,080,006)	(466,458)		(16,390)	(3,490,333)	(1,389,899)
Net cash provided by investing activities	(1,927,479)	(1,080,006)	(466,458)	75,461	(16,390)	(3,414,872)	(1,389,899)
Net increase (decrease) in cash and cash equivalents	4,280,745	5,740,013	271,572	(1,180,170)	12,603	9,124,763	8,305,605
Cash and cash equivalents at beginning of fiscal year	44,096,774	40,119,975	17,985,359	22,319,201	359,397	124,880,706	58,464,035
Cash and cash equivalents at end of fiscal year	48,377,519	45,859,988	18,256,931	21,139,031	372,000	134,005,469	66,769,640
Financial statement presentation:							
Cash and investments available for operations	48,359,966	45,859,988	9,093,156	20,035,891	372,000	123,721,001	66,769,640
Cash and investments, restricted	17,553		9,163,775	1,103,140		10,284,468	
Cash and cash equivalents at end of year	48,377,519	45,859,988	18,256,931	21,139,031	372,000	134,005,469	66,769,640
Reconciliation of Net Cash Flow from Operating Activities							
Operating income (loss)	9,984,231	8,416,525	(1,503,407)	2,551,053	(702,682)	18,745,720	2,864,903
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,457,681	1,313,194	756,956	1,314,583	5,866	6,848,280	1,484,051
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(901,333)	(420,630)	21,648	(855,963)	444	(2,155,834)	(47,572)
Decrease (increase) in due from other governmental agencies	460	179,209	425			180,094	(450,247)
Decrease (increase) in due from other funds							300,000
Decrease (increase) in inventory/prepaid expenses/deposits	196,485	16,027	637	(100,533)		112,616	(22,897)
Decrease (increase) in pension deferred outflows	109,281	55,180	36,045	28,919	5,017	234,442	179,708
Decrease (increase) in OPEB deferred outflow	484,232	231,316	134,109	(60,649)		789,008	805,554
Increase (decrease) in vacation & sick leave payable	(192,975)	147,753	(90,715)	(154,518)	4,746	(285,709)	(236,505)
Increase (decrease) in accounts payable	1,867,801	(459,101)	84,634	253,051	(16,896)	1,729,489	371,156
Increase (decrease) in due to other funds	(300,000)					(300,000)	(367,564)
Increase (decrease) in customer deposits	(248,152)			437,282	704	189,834	
Increase (decrease) in unearned revenue							
Increase (decrease) in net pension liability	(4,605,742)	(2,325,672)	(901,880)	(1,218,802)	(211,425)	(9,263,521)	(7,573,979)
Increase (decrease) in pension deferred inflows	3,193,374	1,554,686	641,000	845,051	146,590	6,380,701	5,251,390
Increase (decrease) in net OPEB liability	(1,451,518)	(786,777)	(318,937)	158,131		(2,399,101)	(2,486,639)
Increase (decrease) in OPEB deferred inflows	779,465	429,009	217,199	(32,902)		1,392,771	1,295,880
Increase (decrease) in insurance claims payable							1,125,350
Total adjustments	2,389,059	(65,806)	581,121	613,650	(64,954)	3,453,070	(372,314)
Net cash provided by (used in) operating activities	12,373,290	8,350,719	(922,286)	3,164,703	(767,636)	22,198,790	2,492,589
Noncash investing, capital and financing activities:							
Increase (decrease) in investment in sewer authority		2,120,267				2,120,267	
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, 2022*

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022

	Successor Agency Private Purpose Trust Fund	Custodial Funds
	\$	\$
ASSETS		
Cash and Investments	3,430,322	28,830,825
Cash and Investments, restricted	1,543,390	13,433,304
Accounts Receivables		123,199
Accrued Interest Receivable	651	
Deposits		29,506
Non depreciable capital assets	2,560,739	
Depreciable capital assets, net	10,558,682	
Prepaid items	330,866	824,526
	<u>18,424,650</u>	<u>43,241,360</u>
LIABILITIES		
Accounts payable	362,196	98,418
Accrued interest payable		772,833
Long-term debt:		
Due in one year	3,535,772	
Due in more than one year	26,219,696	
Due to the Net-6 JPA		58,635
Due to Districts		7,210
	<u>30,117,664</u>	<u>937,096</u>
NET POSITION		
Restricted for:		
Private purpose trust (RSA)	(11,693,014)	
Individuals and organizations		563,490
Other governments		41,740,774
	<u>(11,693,014)</u>	<u>42,304,264</u>

See accompanying notes to financial statements

CITY OF REDWOOD CITY
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Successor Agency Private Purpose Trust Fund	Custodial Funds
	<u>\$</u>	<u>\$</u>
ADDITIONS		
Property taxes	3,527,312	
Employer contribution		
Members contributions		353,537
Intergovernmental		500,000
Miscellaneous revenue		27,778,673
Investment earnings	(79,965)	(5,100)
	<u>3,447,347</u>	<u>28,627,110</u>
DEDUCTIONS		
Administrative expenses		625,545
Distribution		23,907,210
Community development	140,605	
Depreciation	515,979	
Interest and fiscal agency expenses	1,627,715	
	<u>2,284,299</u>	<u>24,532,755</u>
Change in net position	1,163,048	4,094,355
Net position - beginning	(12,856,062)	38,209,909
Net position - ending	<u>(11,693,014)</u>	<u>42,304,264</u>

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022

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, 2022

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, 2022

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 agency funds which use the accrual basis of accounting. The private purpose trust fund uses the economic resources measurement focus, whereas the agency funds do not have a measurement focus.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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, 2022

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, 2022 for those employees retired on or before June 30, 2022 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, 2022

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, 2022

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, Docktown Marina, or internal service funds as of June 30, 2022.

There is no accrual for unbilled water services as of June 30, 2022; 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, 2022

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, 2022

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. 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. 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.

O. 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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, 2020
Measurement Date:	June 30, 2021
Measurement Period:	July 1, 2020 to June 30, 2021

Q. Implementation of New GASB Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement were implemented during fiscal year 2022. The City implemented this in the fiscal year 2022, see Note 10.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The provisions of this Statement were implemented during fiscal year 2022. The implementation had no effect on the financial statements.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The provisions of this Statement were implemented during fiscal year 2022. The implementation had no effect on the financial statements.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 228,326,008	\$ 123,721,001	\$ 32,261,147	\$ 384,308,156
Restricted cash and investments	80,366,897	10,284,468	14,976,694	105,628,059
Total cash and investments	\$ 308,692,905	\$ 134,005,469	\$ 47,237,841	\$ 489,936,215

Cash and investments as of June 30, 2022 consist of the following:

Deposits:	
Cash on hand	\$ 12,410
Deposits with financial institution	23,108,552
Total deposits	23,120,962
Investments:	
County of San Mateo Investment Pool	77,590,422
California Local Agency Investment Fund	119,093,875
Federal Agency Securities	45,407,357
U.S. Treasury Notes	85,189,860
Corporate Notes	25,049,977
Certificate of deposit - Negotiable	5,210,757
Asset-backed Securities	3,779,884
Supranational Obligations	2,230,247
Commercial Paper	1,029,825
Municipal Bonds	5,403,714
Money Market	365,131
Total investments	370,351,049
Total City Treasury	393,472,011
Cash with fiscal agent	96,464,204
Total cash and investments	\$ 489,936,215

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City’s cash and deposits was \$23,120,962 at June 30, 2022. Bank balances before reconciling items were \$18,584,367 at June 30, 2022. 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, 2022, 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	\$ 77,590,422	\$ 77,590,422				
California Local Agency Investment Fund	119,093,875	119,093,875				
U.S. Agencies, Securities, and Corporate Notes:						
Federal Agency Securities	45,407,357	7,443,592	\$ 10,863,739	\$ 20,052,790	\$ 7,047,236	
U.S. Treasury Notes	85,189,860	6,813,247	20,980,990	10,426,319	40,498,479	\$ 6,470,825
Corporate Notes	25,049,977	2,995,758	6,522,483	10,734,471	1,649,011	3,148,254
Certificate of Deposit - Negotiable	5,210,757	5,210,757				
Municipal Bonds	5,403,714	1,001,330	1,551,309	882,091	1,968,984	
Asset-backed Securities	3,779,884	70,715	677,317	745,735	1,866,964	419,153
Supranational Obligations	2,230,247			2,230,247		
Commercial Paper	1,029,825	1,029,825				
Money Market Mutual Funds	365,131	365,131				
Total	\$ 370,351,049	\$ 221,614,652	\$ 40,595,838	\$ 45,071,653	\$ 53,030,674	\$ 10,038,232

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022

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
Federal Farm Credit Bank (FFCB)	AA+	Aaa
Corporate Notes:		
Amazon Com Inc.	AA	A1
Bank of America Corp.	A-	A2
Bank of NY Mellon Corp.	A	A1
Blackrock Inc.	AA-	Aa3
Bristol Myers Squibb Co.	A+	A2
Citigroup Inc. (Callable)	BBB+	A3
Deere John Capital Corp.	A	A2
Goldman Sachs Group Inc.	BBB+	A2
Hershey Company	A	A1
Home Depot Inc.	A	A2
Intel Corp.	A+	A1
JP Morgan Chase Co.	A-	A2
Microsoft Corp.	AAA	Aaa
Morgan Stanley	A-	A1
Paccar Financial Corp.	A+	A1
Pfizer Inc.	A+	A2
Target Corp.	A	A2
Toyota Motor Credit Corp.	A+	A1
Municipal Bonds		
CA state taxable GO Bond	AA-	Aa2
Florida State taxable Bond	AA	Aa3
Los Angeles California Community College District	AA+	Aaa
Los Angeles California Community College District	AA-	A1
Maryland taxable GO Bond	AAA	Aaa
San Diego California Community College District	AAA	Aaa
University California Reserve taxable Bond	AA	Aa2
Money Market Fund		
First American Government	Not Rated	Not Rated
Certificate Of Deposits-Negotiable:		
Barclays Bank PLC NY	A-1	P-1
Credit Suisse Ag.	A-1	P-1
Skandin Ens Banken	A-1	P-1
Asset-backed Securities:		
Capital One Prime Auto	AAA	Aaa
Carmax Auto Own	AAA	NR
Carmax Auto Own	AAA	NR
Carmax Auto Own	AAA	NR
Carmax Auto Own	AAA	NR
Discover Card Exe. NT	AAA	Aaa
Honda Auto Receivables	NR	Aaa
Honda Auto Receivables	NR	Aaa
Honda Auto Receivables	NR	Aaa
Hyundai Auto Receivables	AAA	NR
Hyundai Auto Receivables	AAA	NR
Nissan Auto Receivable Owner	NR	Aaa
Toyota Auto Receivable Own	AAA	Aaa
External Investment Pools:		
San Mateo County Investment Fund	Not Rated	AAAf/S1

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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 \$10,969,627 as of June 30, 2022.

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, 2022

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2022, the City had \$119,093,875 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 0.987125414. LAIF had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2022, 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, 2022, these investments matured at an average of 311 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, 2022 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, 2022

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	\$ 25,049,977	\$ -	\$ 25,049,977
Certificate of deposit - Negotiable	5,210,757	-	5,210,757
Municipal Bonds	5,403,714	-	5,403,714
Asset-backed Securities	3,779,884	-	3,779,884
Supranational Obligations	2,230,247	-	2,230,247
Commercial Paper	1,029,825	-	1,029,825
Federal Home Loan Banks	3,242,410	-	3,242,410
Federal National Mortgage Association	26,428,740	-	26,428,740
Federal Home Loan Mortgage	15,736,207	-	15,736,207
Money Market	365,131	-	365,131
US Treasury Notes	85,189,860	85,189,860	-
Subtotal investments subject to levels	<u>173,666,752</u>	<u>\$ 85,189,860</u>	<u>\$ 88,476,892</u>
<u>Investment not subject to levels:</u>			
San Mateo County Pool	77,590,422		
Local Agency Investment Fund	119,093,875		
Subtotal investments not subject to levels	<u>196,684,297</u>		
Total investments	<u>\$ 370,351,049</u>	<u>\$ 85,189,860</u>	<u>\$ 88,476,892</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 \$105,628,059 in cash and investments as of June 30, 2022 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, 2022

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, 2022, the trust had a balance of \$25,336,168. 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, 2022, 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, 2022, the annual money-weighted rate of return on investments, net of investment expenses, was -11.73%. 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, 2022, loans receivable consists of the following:

	Government-Wide
Wyndham Place First Time Homebuyer Loan Program	\$ 195,061
First Time Homebuyer Silent Loan Program	95,324
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	788,358
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	\$ 13,278,515

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022 the City has outstanding loans of \$195,061 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, 2022, there were outstanding loans to four homebuyers totaling \$95,324.

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, 2022 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and former Redevelopment Agency have outstanding loans for housing rehabilitation in the amount of \$788,358.

E. First Community Housing Loan

The City entered into an agreement with First Community Housing whereby \$2,627,000 (\$200,000 from Community Development Block Grant, \$1,927,000 from the former Redevelopment Agency low and moderate housing fund, \$500,000 pass-through from County of San Mateo) was loaned to First Community Housing for construction of the Villa Montgomery housing development at El Camino and Vera Avenue. The portion of the loan attributable to the former Redevelopment Agency has been transferred to the City's Low and Moderate Income Housing Asset fund. The loan bears interest at 3% for 40 years. The loan will be repaid annually from 70% of the project's net cash flow. The outstanding balance of the loan at June 30, 2022 was \$2,627,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

F. Police Activities League Loan

In March 2006, the City paid off a construction loan in the amount of \$1,500,000 that the Police Activities League (PAL), a separate, private, non-profit agency, entered into with Bay Area Bank to partially finance the construction of the new PAL community center at Taft School. The City Council and PAL agreed that one-half of the amount, or \$750,000, will be paid back to the City by PAL over a period of 15 years. The outstanding balance of the loan at June 30, 2022 was \$214,286.

G. Kainos Home and Training Center Loan

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

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

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

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

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

H. HIP Housing Development Corporation (HHDC) Loans

In March 2013, the City entered into an agreement with HHDC whereby \$92,197 from HOME investment Partnership Act (HOME) funds were loaned to assist in the rehabilitation of a 12 unit apartment building located at 1157-1161 Willow Road in Menlo Park. The loan is deferred for a term of 30 years at 3% interest. The outstanding balance of the loan at June 30, 2022 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, 2022 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, 2022 was \$46,415.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

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

In July, 2013, the City entered into an agreement with MHA whereby \$400,000 from Community Development Block Grant (CDBG) was loaned to assist with the acquisition of a vacant commercial property located at 105 5th Avenue in Redwood City. The loan is deferred for a term of 30 years at 0% interest. The outstanding balance of the loan at June 30, 2022 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, 2022 was \$200,000.

J. Mezes Court Association

The City entered into an agreement with Mezes Court Associates on November 24, 2015 whereby \$259,757 from Community Development Block Grant was loaned to acquire property at 950 Main Street for affordable rental housing as set forth in the loan agreement evidencing the loan. The loan accrues interest from December 1, 2016 at the rate of two percent (2%) annual, simple interest for 57 years. Principal and interest are payable in full on the date which 57 years from the date of recordation of the Deed of Trust or the date of sale of property. The outstanding balance of the loan at June 30, 2022 was \$169,377.

K. Stafford Loan

In June, 2017, the City entered into an agreement with HHDC whereby \$1,577,750 from the City's Affordable Housing Fund and HOME and CDBG grant programs were loaned to assist with the acquisition of real property located at 1512 Stafford Street in Redwood City. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2022 was \$1,577,750.

L. Mid-Pen Mosaic Garden Loan

In February, 2018, the City entered into an agreement with MP Mosaic Garden Associates, L.P., whereby \$1,100,000 from the City's Affordable Housing Fund to refinance property located at 3752-3770 Rolison Road in the City of Redwood City to be used to provide rental housing to Low Income Household, Very Low Income Households, and Extremely Low Income Households. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2022 was \$1,087,491.

M. Redwood Oaks Associates

In May, 2019, the City entered into an agreement with Redwood Oaks Associates LLP, whereby \$500,000 from the City's HOME and CDBG grant programs were loaned to assist with the rehabilitation of the Redwood Oaks Apartments at 330-340 Redwood Avenue. The loan term is 55 years and bears 0% interest. The outstanding balance of the loan at June 30, 2022 was \$500,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	Balance (As Restated)	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2022
Government activities					
Capital assets not being depreciated:					
Land	\$ 34,593,078				\$ 34,593,078
Construction in progress, Property	52,958,517	\$ 22,661,097		\$ (21,156,302)	54,463,312
Construction in progress, Vehicles	2,186,335	611,697		(282,239)	2,515,793
Total capital assets not being depreciated	<u>89,737,930</u>	<u>23,272,794</u>		<u>(21,438,541)</u>	<u>91,572,183</u>
Capital assets being depreciated:					
Buildings	87,953,170				87,953,170
Accumulated depreciation	(38,357,138)	(1,710,300)			(40,067,438)
Improvements other than buildings	27,796,021	7,765,571		446,995	36,008,587
Accumulated depreciation	(5,486,161)	(1,597,496)			(7,083,657)
Parks	41,855,949			14,397,568	56,253,517
Accumulated depreciation	(23,607,102)	(1,800,062)			(25,407,164)
Streets	159,966,457			6,311,739	166,278,196
Accumulated depreciation	(90,410,034)	(5,734,465)			(96,144,499)
Bridges	2,248,335				2,248,335
Accumulated depreciation	(2,248,338)				(2,248,338)
Traffic Signals	7,813,336				7,813,336
Accumulated depreciation	(2,996,675)	(292,248)			(3,288,923)
Storm Drains	21,026,270				21,026,270
Accumulated depreciation	(5,039,718)	(624,546)			(5,664,264)
Subtotal	<u>180,514,372</u>	<u>(3,993,546)</u>		<u>21,156,302</u>	<u>197,677,128</u>
Machinery & Equipment	32,053,532	1,067,188		282,239	33,402,959
Accumulated depreciation	(21,096,851)	(1,584,922)			(22,681,773)
Net capital assets being depreciated	<u>191,471,053</u>	<u>(4,511,280)</u>		<u>21,438,541</u>	<u>208,398,314</u>
Governmental activity capital assets, net	<u>\$ 281,208,983</u>	<u>\$ 18,761,514</u>		<u>\$ 21,438,541</u>	<u>\$ 299,970,497</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,126,270				\$ 3,126,270
Construction in progress	26,213,786	\$ 5,662,747		\$ (8,949,486)	22,927,047
Total capital assets not being depreciated	<u>29,340,056</u>	<u>5,662,747</u>		<u>(8,949,486)</u>	<u>26,053,317</u>
Capital assets being depreciated					
Right-to-Use Leased Property	772,795				772,795
Accumulated depreciation		(22,400)			(22,400)
Harbor Improvements	4,827,957				4,827,957
Accumulated depreciation	(3,771,798)				(3,771,798)
Buildings	62,686,456				62,686,456
Accumulated depreciation	(20,998,140)	(1,103,710)			(22,101,850)
Machinery and equipment	2,259,925				2,259,925
Accumulated depreciation	(1,786,070)	(23,038)			(1,809,108)
Improvements other than buildings	255,106,095	1,634,150		8,949,486	265,689,731
Accumulated depreciation	(83,791,339)	(5,699,132)			(89,490,471)
Net capital assets being depreciated	<u>215,305,881</u>	<u>(5,214,130)</u>		<u>8,949,486</u>	<u>219,041,237</u>
Business-type activity capital assets, net	<u>\$ 244,645,937</u>	<u>\$ 448,617</u>		<u>\$ 8,949,486</u>	<u>\$ 245,094,554</u>

The intangible right-to-use lease asset's related leases payable is further discussed in Note 7 Long-Term Liabilities.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS (CONTINUED)

B. Depreciation Allocation

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

Governmental Activities

Community Development	\$	309,828
Human Services		145,282
Public Safety		1,508,045
Transportation		5,689,771
Leisure, cultural, and information services		3,860,182
Policy development and implementation		1,148,408
Environmental support and protection		682,523
Total Depreciation Expense-Governmental Activities	\$	<u><u>13,344,039</u></u>

Business-Type Activities

Water Utility Fund	\$	3,457,861
Sewer Utility fund		1,313,194
Parking Fund		756,956
Port of Redwood City		1,314,583
Docktown Marina		5,866
Total Depreciation Expense-Business-Type Activities	\$	<u><u>6,848,460</u></u>

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY

Redwood City has an investment of \$34,260,022 in Silicon Valley Clean Water Authority (SVCW), a California Joint Powers Authority (JPA) with the cities of San Carlos, Belmont, and the West Bay Sanitation District. In addition, it has an additional investment of \$10,251,251, in SVCW stage II construction. The City’s investment in SVCW was adjusted to reflect a net 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, 2022, investment in SVCW totaled \$41,112,178.

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, 2022

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

During the fiscal year ended June 30, 2022, the City contributed \$14,859,960 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$10,297,242 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 \$1,698,732 toward capital improvements and capital reserves.

At June 30, 2022, the total obligation for the 2018 and 2021 revenue bonds and 2019 Notes is \$620,620,000. The City's direct obligation is \$256,605,000. For the fiscal year 2022-23, the City is obligated to pay debt principal and interest payments totaling \$9,417,684. 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 2021-22, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$42,840,562. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$24,228,817. Net revenues available for debt services amounted to \$18,611,745, which represented coverage of 1.98 times over the total of debt services of \$10,297,242.

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

The condensed audited financial information of the JPA as of June 30, 2022 is as follows:

Total Assets	\$	928,143,063
Deferred Outflows of Resources		26,635,391
Total Liabilities		(821,218,780)
Deferred Inflows of Resources		(10,259,797)
Total Net Position	\$	123,299,877
Total Operating Revenues	\$	53,531,636
Total Operating Expenses		(39,615,517)
Total Operating Income (loss)		13,916,119
Other Income (loss)		(16,899,043)
Net Income (loss)	\$	(2,982,924)
Cumulative Agency Balances:		
Belmont	\$	46,289,695
Redwood City		41,112,178
San Carlos		7,467,296
West Bay Sanitation District		28,430,708
Total Net Position	\$	123,299,877

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

Lease Revenue Bonds, Series 2021:

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

B. Changes in Long-Term Obligations

As of June 30, 2022, the City had the following governmental long-term obligations outstanding:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued Sick Leave and Vacation	\$ 15,182,222	\$ 15,428,362	\$ 15,182,223	\$ 15,428,361	\$ 172,524
Revenue Bonds					
2021 Veterans Memorial Lease Revenue Bonds	56,885,000			56,885,000	
Unamortized premium	7,231,809		241,060	6,990,749	
	<u>64,116,809</u>		<u>241,060</u>	<u>63,875,749</u>	
Total Governmental Activities Long-Term Obligations	<u>\$ 79,299,031</u>	<u>\$ 15,428,362</u>	<u>\$ 15,423,283</u>	<u>\$ 79,304,110</u>	<u>\$ 172,524</u>

At year-end, \$1,301,388 of internal service fund compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

C. Annual Repayment Requirements for Governmental Activities Long Term Debt

For the Year Ending June 30,	Principal	Interest	Total
2023		\$ 1,887,250	\$ 1,887,250
2024	\$ 1,205,000	1,887,250	3,092,250
2025	1,250,000	1,839,050	3,089,050
2026	1,300,000	1,789,050	3,089,050
2027	1,355,000	1,737,050	3,092,050
2028-2032	7,620,000	7,828,650	15,448,650
2033-2038	11,295,000	7,244,450	18,539,450
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	<u>\$ 56,885,000</u>	<u>\$ 31,520,450</u>	<u>\$ 88,405,450</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

A. Description

Revenue Bonds:

Port of Redwood City 2012 Revenue Bonds – In June 2012, bonds were issued in the amount of \$10,000,000 to finance construction of the Port’s Wharf 1 & 2 Redevelopment Project. The bonds are due in annual installments of \$742,294 through 2032, with total principal and interest remaining of \$8,165,231. 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 \$5,424,131. 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 \$26,791,450. 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 \$19,883,356. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

Water Revenue Bonds Series 2017 – In February, 2017, Redwood City Public Financing Authority issued \$6,300,000 of bonds to refund the outstanding Water Revenue Bonds Series 2007A. The refunding resulted in a decrease of total debt service payments of \$8,191,968 and an economic gain of \$1,169,839. Principal and interest is payable in 18 annual installments of \$489,069 to \$497,669 from February 2018 through February 2035 with total principal and interest remaining of \$6,911,800. 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, 2022.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

A. Description, Continued

Pledges of Future Revenues – The pledge of future water utility fund revenues ends upon repayment of the \$67.1 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2035-36. For fiscal year 2022, Water Utility Fund operating revenues amounted to \$47,012,754 and operating expenses excluding depreciation and amortizations amounted to \$33,570,662. Net revenues available for debt service amounted to \$13,442,092 which represented a coverage ratio of 3.38 over the \$3,973,211 in debt service.

The pledge of future Port of Redwood City fund revenues ends upon repayment of the \$19 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2031-32. Port of Redwood City fund operating revenues amounted to \$9,400,225 and operating expenses excluding depreciation, amortizations, and subvention to the City amounted to \$5,534,589. Net revenues available for debt service amounted to \$3,865,636 which represented a coverage ratio of 2.87 over the \$1,348,832 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, 2022, the value of the lease liability was \$755,716. 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 2022 was 1.5%. an interest rate of 3%. The intangible right-to-use lease asset is amortized over the life of the lease.

C. Changes in Long-Term Obligations

As of June 30, 2022, the City had the following business-type long-term obligations outstanding:

Business-type Activities:	Interest Rate %	Beginning Balance (As Restated)	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds						
Port of Redwood City-2012 Series	4.20-4.20	\$ 6,529,877		\$ 489,031	\$ 6,040,846	\$ 497,585
Port of Redwood City-2015 Series	2.00-4.00	4,540,000		445,000	4,095,000	460,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	19,370,000		1,105,000	18,265,000	1,145,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	15,610,000		875,000	14,735,000	910,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	5,270,000		275,000	4,995,000	290,000
Unamortized Premium-Water		3,069,290		231,051	2,838,239	
Unamortized Discount-Port		(13,373)		(1,500)	(11,873)	
		<u>54,375,794</u>		<u>3,418,582</u>	<u>50,957,212</u>	<u>3,302,585</u>
Leases Payable		<u>772,795</u>		<u>17,079</u>	<u>755,716</u>	<u>17,335</u>
Total Bonds and Leases		<u>\$ 55,148,589</u>		<u>\$ 3,435,661</u>	<u>\$ 51,712,928</u>	<u>\$ 3,319,920</u>
Accrued Sick Leave and Vacation:		\$ 1,557,959	\$ 1,272,250	\$ 1,557,959	\$ 1,272,250	\$ 212,250

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

For The Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 3,302,586	\$ 2,020,908	\$ 5,323,494
2024	3,443,891	1,877,652	5,321,543
2025	3,596,109	1,727,542	5,323,651
2026	3,759,278	1,569,351	5,328,629
2027	3,923,440	1,403,267	5,326,707
2028-2032	20,915,542	4,438,830	25,354,372
2033-2037	9,190,000	673,658	9,863,658
	<u>\$ 48,130,846</u>	<u>\$ 13,711,208</u>	<u>\$ 61,842,054</u>

NOTE 8 – DEBT WITHOUT CITY COMMITMENT

A. Successor Agency Private Purpose Trust Fund Debt

Tax Increment Bonds:

2003 Tax Allocation Bonds – In October 2003, the former Redevelopment Agency issued \$33,997,448 in bonds to finance various downtown improvements. These bonds consist of current coupon bonds and capital appreciation bonds. The current coupon bonds pay interest-only through January 15, 2010. Principal on the current coupon bonds is paid in annual installments of \$1,225,000 to \$3,045,000 from July 15, 2010 to July 15, 2014. Payments reflecting interest and principal on the capital appreciation bonds are due in annual installments of \$3,505,000 to \$3,510,000 from July 15, 2016 through July 15, 2032. Total principal and interest remaining on the bonds is \$38,565,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

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

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

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

The City is not required to advance available funds of the City for payment of principal or interest or to purchase land at a delinquent foreclosure assessment sale. As of June 30, 2022, the outstanding principal amount was \$6,560,000.

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, 2022, the outstanding principal amount was \$3,685,000.

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan

General Information about the Pension Plan:

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan, Continued

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

The plans’ provisions and benefits in effect at June 30, 2022 are summarized as follows:

	<u>Public Safety Tier 1</u>	<u>Public Safety Tier 2</u>	<u>Public Safety Tier 3</u>
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Benefit factor for each year of service as a % of annual salary	3%	2.4%-3%	2%-2.7%
Required employee contribution rates	9%	9%	12.75%
Required employer contribution rates -normal cost	22.58%	22.58%	22.58%
	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous Tier 3</u>
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Benefit factor for each year of service as a % of annual salary	2%-2.7%	1.092%-2.418%	1%-2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates -normal cost	10.08%	10.08%	10.08%

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 \$16,251,126 and \$13,310,635 for the safety and miscellaneous plans respectively in fiscal year 2022.

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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

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

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

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

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

Employees Covered – At June 30, 2022, the following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2020 and measurement date of June 30, 2021:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	583	355
Inactive employees entitled to but not yet receiving benefits	528	59
Active employees	385	165
Total	1,496	579

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 actuarial valuation were determined using the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.500%	7.500%
Inflation	2.500%	2.500%
Payroll Growth	2.750%	2.750%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.00% (1)	7.00% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2).	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.	

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

(2) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrives at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	Assumed asset Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS ACFR, Fixed income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation assets are included in both Global equity securities and global debt securities.

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Changes in the Net Pension Liability:

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 (Measurement Date)	\$ 366,925,317	\$ 254,913,828	\$ 112,011,489
Changes in the year:			
Service cost	6,394,654		6,394,654
Interest on the total pension liability	25,863,540		25,863,540
Differences between actual and expected experience	230,069		230,069
Changes in assumptions			
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		13,313,117	(13,313,117)
Contribution - employees		2,928,979	(2,928,979)
Net investment income		57,956,637	(57,956,637)
Administrative expenses		(254,643)	254,643
Benefit payments , including refunds of employee contributions	(17,249,770)	(17,249,770)	
Other Miscellaneous Income/(expense)			
Net changes	<u>15,238,493</u>	<u>56,694,320</u>	<u>(41,455,827)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 382,163,810</u>	<u>\$ 311,608,148</u>	<u>\$ 70,555,662</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2020 (Measurement Date)	\$ 432,697,321	\$ 276,414,791	\$ 156,282,530
Changes in the year:			
Service cost	8,678,296		8,678,296
Interest on the total pension liability	30,437,953		30,437,953
Differences between actual and expected experience	(1,561)		(1,561)
Changes in assumptions			
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		16,247,751	(16,247,751)
Contribution - employees		3,415,458	(3,415,458)
Net investment income		62,967,633	(62,967,633)
Administrative expenses		(276,122)	276,122
Benefit payments, including refunds of employee contributions	(22,658,505)	(22,658,505)	
Other Miscellaneous Income/(expense)			
Net changes	<u>16,456,183</u>	<u>59,696,215</u>	<u>(43,240,032)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 449,153,504</u>	<u>\$ 336,111,006</u>	<u>\$ 113,042,498</u>

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

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 119,859,580	\$ 173,125,891	\$ 292,985,471
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 70,555,662	\$ 113,042,498	\$ 183,598,160
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 29,680,945	\$ 63,753,001	\$ 93,433,946

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, 2022

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, 2022, the City recognized pension expense of \$6,501,567 for the Miscellaneous Plan and \$7,934,629 for the Safety Plan, with a total of \$14,436,196. At June 30, 2022, 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	\$ 14,677,199		\$ 18,230,530		\$ 32,907,729	
Changes of Assumptions	144,858	\$ (135,603)	1,570,537	\$ (1,102)	1,715,395	\$ (136,705)
Differences between Expected and Actual						
Net differences between projected and actual earnings on plan investments		(28,936,960)		(31,482,058)		(60,419,018)
Total	<u>\$ 14,822,057</u>	<u>\$ (29,072,563)</u>	<u>\$ 19,801,067</u>	<u>\$ (31,483,160)</u>	<u>\$ 34,623,124</u>	<u>\$ (60,555,723)</u>

\$32,907,729 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

Fiscal Year Ending June 30:	Annual Amortization	
	Miscellaneous Plan	Safety Plan
2022	\$ (7,383,780)	\$ (6,802,334)
2023	(6,647,627)	(6,887,423)
2024	(6,934,324)	(7,555,090)
2025	(7,961,974)	(8,667,776)
Total	<u>\$ (28,927,705)</u>	<u>\$ (29,912,623)</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2021 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	530
Inactive employees or beneficiaries currently receiving benefits	417
Inactive employees entitled to, but not yet receiving benefits	95
	1042

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022, the City’s cash contributions were \$3,448,279 in payments to the trust plus \$3,757,721 cash benefit payments and the estimated implied subsidy was \$777,000 resulting in total payments of \$7,206,000.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2021 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	6.25%
Inflation	2.50% per annum
Salary Increases	Aggregate-2.75%
Investment Rate of Return	6.75%
Mortality Rate	(1) Derived using CalPERS’ Membership Data for all funds
Pre-Retirement Turnover	(2) Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	Non-Medicare - 6.50% 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 1997 to 2015 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

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

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.56%
Fixed Income	25%	0.78%
Treasury Inflation-Protected Securities (TIPS)	5%	-0.08%
Commodities	3%	1.22%
Real Estate Investment Trusts	8%	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, 2022

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, 2021			
(Measurement date 06/30/2020)	\$ 93,488,238	\$ 44,634,828	\$ 48,853,410
Changes in the year:			
Service cost	2,734,440		2,734,440
Interest	6,349,565		6,349,565
Benefit changes			
Actual vs. expected experience	(9,985,908)		(9,985,908)
Assumption changes	(601,670)		(601,670)
Contribution - employer		7,722,813	(7,722,813)
Contribution - employee			
Net investment income		12,425,762	(12,425,762)
Benefit payments	(4,310,089)	(4,310,089)	
Administrative expenses		(27,934)	27,934
Net changes	(5,813,662)	15,810,552	(21,624,214)
Balance at June 30, 2022			
(Measurement date 06/30/2021)	<u>\$ 87,674,576</u>	<u>\$ 60,445,380</u>	<u>\$ 27,229,196</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, 2021:

	1% Decrease	Current	1% Increase
	(5.25%)	Discount Rate (6.25%)	(7.25%)
Net OPEB Liability	\$ 37,938,626	\$ 27,229,196	\$ 18,291,063

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2021:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 17,095,657	\$ 27,229,196	\$ 39,582,443

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, 2022, the City recognized OPEB expense of \$1,725,611. For the fiscal year ended June 30, 2022, 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	\$ 7,983,000		\$ 31,178		\$ 8,014,178	
Changes of Assumptions experience	694,257	\$ 503,036	87,277	\$ 15,332	781,534	\$ 518,368
		11,491,817	50,954	64,848	50,954	11,556,665
Net differences between projected and actual earnings on plan investments		6,653,638				6,653,638
Total	\$ 8,677,257	\$ 18,648,491	\$ 169,409	\$ 80,180	\$ 8,846,666	\$ 18,728,671

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, 2022

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 \$7,983,000 related to contributions subsequent to the June 30, 2021 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, 2023.

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
2023	\$ (4,185,207)	\$ (72,447)	\$ (4,257,654)
2024	(4,126,164)	(2,016)	(4,128,180)
2025	(4,124,446)	14,936	(4,109,510)
2026	(3,609,179)	1,476	(3,607,703)
2027	(1,735,668)		(1,735,668)
Thereafter	(173,570)		(173,570)
Total	<u>\$ (17,954,234)</u>	<u>\$ (58,051)</u>	<u>\$ (18,012,285)</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, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Employees Covered

As of the June 30, 2020 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	-
	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, 2022, 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	Based on the Fidelity General Obligation AA Index
Inflation	2.75%
Salary Increases	3.0% including inflation
Investment Rate of Return	1.92%
Healthcare Trend Rate	Medical premiums assumed to increase 8.0% in 2019 and 2020, 7.0% in 2021 through 2030, and 6.0% each year thereafter.
Mortality Rate	Based on the 2017 CalPERS Valuation

Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The Port has chosen to use the “Fidelity General Obligation AA Index” as its 20-year bond rate. That Index was 2.45% at June 30, 2020, and 1.92% at June 30, 2021 measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

Post Employment Benefits, Continued

Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021 (Measurement date 06/30/2020)	\$ 691,244		\$ 691,244
Changes in the year:			
Service cost	6,761		6,761
Interest	16,550		16,550
Benefit changes	(31,427)		(31,427)
Actual vs. expected experience	97,275		97,275
Assumption changes	68,972		68,972
Contribution - employer			
Contribution - employee			
Net investment income			
Benefit payments			
Administrative expenses			
Net changes	<u>158,131</u>		<u>158,131</u>
Balance at June 30, 2022 (Measurement date 06/30/2021)	<u>\$ 849,375</u>		<u>\$ 849,375</u>

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, 2021:

	Current		
	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB Liability	\$ 1,005,928	\$ 849,375	\$ 725,943

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, 2021:

	Current		
	1% Decrease 6.0% to 5.0%	Trend Rate 7.0% to 6.0%	1% Increase 8.0% to 7.0%
Net OPEB Liability	\$ 727,872	\$ 849,375	\$ 1,000,712

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2021)

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

For the fiscal year ended June 30, 2022, the Port recognized OPEB expense of \$96,007. 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
OPEB contributions subsequent to measurement date	\$ 31,178	
Changes of Assumptions	87,277	\$ 15,332
Differences between expected and actual experience	50,954	64,848
Total	\$ 169,409	\$ 80,180

The \$31,178 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/Inflows of Resources
2023	\$ (72,447)
2024	(2,016)
2025	14,936
2026	1,476
Total	\$ (58,051)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

C. Cafeteria Benefit Plan

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

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

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

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

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

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 10 – LEASES

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.

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. At June 30, 2022, restricted net position for the governmental activities was \$153,815,381.

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET POSITION AND FUND BALANCES (CONTINUED)

B. Fund Balances

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balances for governmental funds are made up of the following:

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

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

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET POSITION AND FUND BALANCES (CONTINUED)

C. Deficit Fund Equity/Net Position

The Successor Agency Private Purpose Trust Fund had negative net position of \$11,693,014 due to long-term debt outstanding for bonds used to finance various downtown improvements.

The Planning Cost Recovery Fund had a negative fund balance of \$497,303.

The Docktown Marina Enterprise Fund had negative net position of \$148,440.

The Internal Services Fund had a negative net position of \$14,421,580 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, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 299,970,497	\$ 245,094,554	\$ 545,065,051
Less: Capital debt	(63,875,749)	(50,538,857)	(114,414,606)
Plus: Unspent bond proceeds	50,788,777	4,085,000	54,873,777
	\$ 286,883,525	\$ 198,640,697	\$ 485,524,222

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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	Internal Service Fund	\$ 15,868 (2)
	Non Major Governmental Funds	919,007 (1)
Capital Outlay Fund	General Fund	11,548,579 (3)
Non Major Governmental Funds	General Funds	1,922,203 (1)
	Capital Outlay Fund	1,650,000 (1)
	Non Major Governmental Fund	387,756 (1)
Water Utility Enterprise Fund	General Fund	585,836 (1)
	Sewer Utility Fund	628,790 (4)
Sewer Utility Enterprise Fund	General Fund	375,000 (1)
Parking Enterprise Fund	General Fund	1,743,510 (1)
Docktown Marina Enterprise Fund	General Fund	742,080 (1)
Internal Service Funds	General Fund	8,450,000 (1)
Total Interfund Transfers		<u>\$ 28,968,629</u>

The reasons for these transfers are set forth below:

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

B. Short-Term Due to/From other Funds

The \$956,762 owed to the General Fund from the planning cost recovery fund is related to the negative cash in the planning cost recover fund at June 30, 2022.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount Due to/From</u>
General Fund	Planning Cost Recovery Special Revenue Fund	\$ 956,762

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 14 – RISK MANAGEMENT AND SELF-INSURANCE FUND

A. Workers' Compensation and Property Insurance

The City is self-insured for workers' compensation for the first \$350,000 per occurrence and has a commercial insurance policy that covers the City's exposure above the retained limits up to the statutory limits required by the State of California. The City paid \$614,153 during FY 2021-22 for the coverage.

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

B. General Liability and Automobile

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA), which is an insurance pool consisting of 19 San Francisco Bay Area government agencies, which the City uses for general liability and auto liability coverage. In FY 2021-22 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 2021-22 was \$3,019,783.

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 14 – RISK MANAGEMENT AND SELF-INSURANCE FUND (CONTINUED)

C. Self-Insurance Fund

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

Changes in the self-insurance fund’s claims payable liability for fiscal years ended 2020, 2021, and 2022 were:

Fiscal Year	Beginning Balance	Current Year Claims/Changes in Estimates	Claim Payments	Ending Balance
2019-20	\$ 29,214,948	\$ 4,642,347	\$ (4,110,398)	\$ 29,746,897
2020-21	29,746,897	6,231,227	(3,894,628)	32,083,496
2021-22	32,083,496	4,252,364	(3,127,014)	33,208,846

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

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.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

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

Prior to the dissolution of the redevelopment agency, under an agreement with San Mateo County to receive a cumulative \$25 million of the County's share of tax increment and an agreement with the Legal Aid Society to deposit the first \$11.9 million of the \$25 million into the Low and Moderate Income Housing Fund, the agency had deposited \$10.3 million into the Low and Moderate Income Housing Fund as of June 30, 2011. Pursuant to the agreement with the Legal Aid Society to restrict these funds to housing, after the dissolution of the redevelopment agency these funds were deposited into a new fund, Housing Legal Aid Society Fund, to be used for housing purposes. The State Department of Finance (DOF) has disputed that these funds are restricted for housing, and the City has filed a lawsuit against the State of California on this matter. On October 30, 2013, the Superior Court Judge hearing the lawsuit filed against the State of California Department of Finance concerning the \$10.3 million the City is holding in the Housing Legal Aid Society Fund as part of the dissolution of the former Redevelopment Agency issued a tentative ruling in favor of the State of California. On November 6, 2013, the Judge then issued a "Request for Further Briefing" to be held on November 22, 2013. On January 4, 2014, the Superior Court Judge ruled in favor of the State of California. In April 2014, the City filed an appeal, and as of the date of this report, a ruling on the appeal has not been issued. In December 2015, the City remitted \$10.3 million to the DOF, under protest, in order for the Successor Agency to receive a finding of completion. In December 2020, the appellate court ruled in the City's favor. The City received \$10.3 million from the DOF in June 2021, which is recorded in the Low & Moderate Income Housing Asset Fund as a Special Item.

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

A. Capital Assets:

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

	Beginning Balance	Additions	Ending Balance
Capital assets not being depreciated:			
Land	\$ 2,560,739		\$ 2,560,739
Total capital assets not being depreciated	<u>\$ 2,560,739</u>		<u>\$ 2,560,739</u>
Capital assets being depreciated:			
Improvements other than buildings	\$ 13,231,503		\$ 13,231,503
Accumulated depreciation	(4,914,011)	\$ (356,054)	(5,270,065)
Traffic Signals	208,691		208,691
Accumulated depreciation	(120,000)	(10,435)	(130,435)
Storm Drains	4,101,302		4,101,302
Accumulated depreciation	(1,691,791)	(102,533)	(1,794,324)
Machinery & Equipment	953,244		953,244
Accumulated depreciation	(694,277)	(46,957)	(741,234)
Net capital assets being depreciated	<u>\$ 11,074,661</u>	<u>\$ (515,979)</u>	<u>\$ 10,558,682</u>
Total capital assets, net	<u>\$ 13,635,400</u>	<u>\$ (515,979)</u>	<u>\$ 13,119,421</u>

B. 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 \$42,070,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

Change in Debt:

	Interest Rate %	Beginning Balance	Retirements	Ending Balance	Within One Year
Tax Increment Bonds					
2003 Tax Allocation Bonds	3.50-5.80	\$ 11,608,766	\$ 1,352,544	\$ 10,256,222	\$ 1,256,331
Accreted interest payable		19,690,700	529,938	19,160,762	2,248,669
Unamortized Premium		369,256	30,772	338,484	30,772
Total Bonds		<u>\$ 31,668,722</u>	<u>\$ 1,913,254</u>	<u>\$ 29,755,468</u>	<u>\$ 3,535,772</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

Annual Repayment Requirements for Long-Term Debt:

Year End June 30	Tax Increment Bonds	
	Principal	Interest
2023	\$ 1,256,332	\$ 2,248,668
2024	1,172,831	2,337,169
2025	1,090,125	2,414,875
2026	1,025,984	2,479,016
2027-2031	4,312,132	13,212,868
2032-2033	1,398,818	5,616,181
	\$ 10,256,222	\$ 28,308,777

NOTE 16 – LITIGATION AND CONTINGENT LIABILITIES

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 17 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2022, the City has the following significant commitments:

- \$3,778,076 - Professional Services related to Hopkins Avenue Traffic Calming Project
- \$1,377,717 - Professional Services related to Veterans Memorial Building/Senior Center Project
- \$1,318,019 - Professional Services related to Veterans Memorial Building/Senior Center Project
- \$898,503 - Professional Services related to Habitat For Humanity project at 612 Jefferson Avenue
- \$806,691 - Professional Services related to Bradford Storm Drainage Pump Station Improvement Project
- \$789,173 - Purchase of a new fire engine
- \$654,276 - Professional Services related to Downtown Parks and Bay Connectivity Project
- \$622,007 - Professional Services related to inspection of the Sanitary Sewer Basin No. 1, 2 and 3
- \$599,271 - Professional Services related to US 101/Woodside Road Interchange Improvement Project
- \$571,996 - Professional Services related to the Watermain Replacement Project at Brookline

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, 2022:

Major Funds:	
General Fund	\$ 3,284,641
Capital Outlay Fund	7,410,542
Total Major Funds	10,695,183
Non-Major Funds	18,839,035
Total Encumbrances	\$ 29,534,218

NOTE 18 – 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, 2022:

Total Assets	\$ 89,943,534
Total Liabilities	(59,408,125)
Total Net Position	\$ 30,535,409

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 19 – 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, 2022*

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

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

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



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
	\$	\$	\$	Positive (Negative)
				\$
Fund balance, July 1	84,378,395	84,378,395	84,378,395	
Resources (inflows):				
Property taxes/special assessments	59,809,015	72,820,177	72,372,508	(447,669)
Sales and other taxes	51,167,892	52,644,775	55,698,026	3,053,251
Licenses and permits	6,809,262	6,571,681	5,120,974	(1,450,707)
Fines, forfeitures and penalties	402,000	402,000	414,794	12,794
Use of money and property	6,518,556	6,518,556	(980,809)	(7,499,365)
Intergovernmental	12,741,259	26,526,076	14,449,056	(12,077,020)
Charges for current services	18,939,509	27,259,032	29,326,692	2,067,660
Contributions		500,000	500,000	
Other	614,317	614,317	1,028,887	414,570
Amounts available for appropriation	157,001,810	193,856,614	177,930,128	(15,926,486)
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	331,871	331,871	317,042	14,829
Human Services Assistance				
Total City Council	331,871	331,871	317,042	14,829
City Manager:				
Management/Policy execution/ Organizational Efficiencies	1,210,163	2,003,938	1,349,233	654,705
Communications/Community Engagement Affordable Housing	1,428,353	2,095,166	1,255,031	840,135
Homeless initiatives	650,000	5,921,265	1,188,777	4,732,488
Diversity, equity, inclusion initiatives	310,128	809,407	449,306	360,101
Economic development ANTI - DISPLACEMENT STRATEGIES HOMELSS OUTREACH	504,665	991,800	516,014	475,786
Total City Manager	4,103,309	11,821,576	4,758,361	7,063,215
City Attorney	2,014,236	2,353,620	1,878,260	475,360
City Clerk:				
City Clerk	964,815	1,066,562	763,791	302,771
Elections	402,713	452,043	186,617	265,426
Council support	73,785	77,654	21,351	56,303
Total City Clerk	1,441,313	1,596,259	971,759	624,500

(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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
Community Development & Transportation:				
Planning	2,773,660	3,139,921	3,214,090	(74,169)
Strategic planning	1,182,117	1,740,583	1,399,008	341,575
Building regulation	4,789,118	5,788,098	4,794,985	993,113
Administration	592,280	1,295,188	702,330	592,858
General engineering	493,023	762,803	688,416	74,387
Subdivision engineering	513,498	641,198	706,668	(65,470)
Code enforcement	1,122,643	1,133,291	839,461	293,830
Flood and sea level rise resiliency	55,000	55,000	55,000	
GIS/CAD				
Micromobility program				
Redevelopment		3,242,147	949,374	2,292,773
Total Community Development & Transportation	11,521,339	17,798,229	13,349,332	4,448,897
Finance:				
Financial services	2,283,455	2,444,871	2,029,690	415,181
Administrative support services	3,740,290	3,992,846	4,088,489	(95,643)
Total Finance	6,023,745	6,437,717	6,118,179	319,538
Fire:				
Administration	2,449,593	2,625,373	1,668,409	956,964
Operations	25,254,206	33,877,975	32,710,846	1,167,129
San Carlos Fire	8,190,946	2,047,664	2,118,990	(71,326)
Prevention	1,739,048	1,759,554	1,466,192	293,362
Training	794,720	764,051	369,963	394,088
Emergency medical services	46,355	37,578	11,645	25,933
Emergency operations	116,502	87,304	78,150	9,154
Firefighter trainees - safer grant				
Total Fire	38,591,370	41,199,499	38,424,195	2,775,304
Human Resources	2,070,875	3,377,512	2,419,673	957,839
Library:				
Administrative services unit	1,800,524	1,779,336	1,615,917	163,419
Downtown library	4,045,294	4,117,506	3,974,072	143,434
Literacy services unit	1,101,971	1,736,608	1,768,560	(31,952)
Neighborhood libraries and outreach	1,616,275	1,630,452	1,531,404	99,048
Children's and teen services and community engagement	1,108,354	1,255,693	1,118,376	137,317
Total Library	9,672,418	10,519,595	10,008,329	511,266

(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, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
Parks, Recreation and Community Services:				
Human Services	2,184,413	3,554,088	2,873,217	680,871
COVID-19 emergency rental assistance		1,995,600		1,995,600
Administration	1,966,583	2,130,553	2,062,427	68,126
Civic Cultural Commission				
Landscape maintenance	5,617,968	5,917,003	5,849,976	67,027
Youth and teen services	3,466,425	3,769,893	2,840,617	929,276
Sports and aquatics	726,329	753,812	776,156	(22,344)
Special interest programming/marketing				
Community services			10,598	(10,598)
Class administration and market	1,094,421	1,120,483	1,185,357	(64,874)
PRCS facilities	3,642,223	3,724,410	3,382,027	342,383
Arts commission	73,896	90,396	83,630	6,766
Special events	653,479	1,146,547	1,171,148	(24,601)
	<u>13,961,718</u>	<u>18,120,949</u>	<u>14,412,991</u>	<u>3,707,958</u>
Total Parks, Recreation and Community Services				
Police:				
Administration	9,465,671	9,484,421	9,227,509	256,912
Records	1,267,636	1,279,870	1,169,927	109,943
Training	748,022	1,086,633	1,068,228	18,405
Property/Evidence	532,168	547,311	472,421	74,890
Police Activities League	104,457	104,457	84,438	20,019
Patrol services	28,459,811	28,788,366	26,242,541	2,545,825
Criminal investigation	6,706,735	6,726,024	7,467,816	(741,792)
	<u>47,284,500</u>	<u>48,017,082</u>	<u>45,732,880</u>	<u>2,284,202</u>
Total Police				
Public Works:				
Street system maintenance	314,250	314,257	319,526	(5,269)
Street cleaning	287,350	438,910	438,394	516
Sidewalk maintenance/Replacement	37,115	37,115	37,334	(219)
Street tree maintenance	1,058,149	931,930	945,606	(13,676)
Trash and recycling efforts	21,546	21,591	22,348	(757)
Climate action plan programs	533,793	1,047,437	27,952	1,019,485
Downtown/Entry feature maintenance	11,889	10,139	9,539	600
Storm water collection/Disposal				
Storm drain maintenance	28,755	28,755	28,755	
Highway 101 pedestrian underpass				
	<u>2,264,092</u>	<u>2,801,379</u>	<u>1,800,699</u>	<u>1,000,680</u>
Total Public Works				
Non-Departmental:				
Reimbursements from other funds	2,562,970	2,562,970	2,338,886	224,084
Department innovation initiatives				
Mental health/law enforcement pilot program				
Building study recommendations				
	<u>2,562,970</u>	<u>2,562,970</u>	<u>2,338,886</u>	<u>224,084</u>
Total Public Works				
Reimbursement from Other Funds				
	<u>141,843,756</u>	<u>166,938,258</u>	<u>142,530,586</u>	<u>24,407,672</u>
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Transfers in		219,875	934,875	715,000
Transfers (out)		(24,992,208)	(25,367,208)	(375,000)
		<u>(24,772,333)</u>	<u>(24,432,333)</u>	<u>340,000</u>
Total Other Financing Sources (Uses)				
Fund balance, June 30	<u>99,536,449</u>	<u>86,524,418</u>	<u>95,345,604</u>	<u>8,821,186</u>

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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:	2020-21	2019-20	2018-19
TOTAL PENSION LIABILITY			
Service Cost	\$ 6,394,654	\$ 6,178,031	\$ 6,198,689
Interest	25,863,540	24,840,488	23,887,592
Difference Between Expected and Actual Experience	230,069	(523,039)	2,022,316
Changes of Assumptions			
Benefit Payments, Including Refunds of Employee Contributions	(17,249,770)	(16,847,184)	(15,604,216)
Net Change in Total Pension Liability	15,238,493	13,648,296	16,504,381
Total Pension Liability - Beginning	366,925,317	353,277,021	336,772,640
Total Pension Liability - Ending (a)	\$ 382,163,810	\$ 366,925,317	\$ 353,277,021

PLAN FIDUCIARY NET POSITION

Contributions - Employer	\$ 13,313,117	\$ 13,379,383	\$ 10,318,071
Contributions - Employee	2,928,979	2,881,886	2,676,853
Net Investment Income	57,956,637	12,205,299	15,241,419
Benefit Payments, Including Refunds of Employee Contributions	(17,249,770)	(16,847,184)	(15,604,216)
Other Changes in Fiduciary Net Position			
Administrative Expense	(254,643)	(343,470)	(164,968)
Other Miscellaneous Income/(Expense) (1)			536
Net Change in Fiduciary Net Position	56,694,320	11,275,914	12,467,695
Plan Fiduciary Net Position - Beginning (2)	254,913,828	243,637,914	231,170,219
Plan Fiduciary Net Position - Ending (b)	\$ 311,608,148	\$ 254,913,828	\$ 243,637,914

Plan Net Position Liability/(Asset) - Ending (a) - (b) \$ 70,555,662 \$ 112,011,489 \$ 109,639,107

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 81.54% 69.47% 68.97%

Covered Payroll (3) \$ 38,732,004 \$ 36,686,645 \$ 36,047,273

Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll 182.16% 305.32% 304.15%

*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, 2022

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

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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:	2020-21	2019-20	2018-19
TOTAL PENSION LIABILITY			
Service Cost	\$ 8,678,296	\$ 8,659,505	\$ 8,897,078
Interest	30,437,953	29,301,302	27,912,442
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(1,561)	3,510,050	876,561
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(22,658,505)	(21,484,308)	(20,068,009)
Net Change in Total Pension Liability	16,456,183	19,986,549	17,618,072
Total Pension Liability - Beginning	432,697,321	412,710,772	395,092,700
Total Pension Liability - Ending (a)	\$ 449,153,504	\$ 432,697,321	\$ 412,710,772
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 16,247,751	\$ 16,718,593	\$ 13,102,512
Contributions - Employee	3,415,458	3,294,361	3,252,531
Net Investment Income	62,967,633	13,292,662	16,595,731
Benefit Payments, Including Refunds of Employee Contributions	(22,658,505)	(21,484,308)	(20,068,009)
Other Changes in Fiduciary Net Position	-	-	-
Administrative Expenses	(276,122)	(373,538)	(180,021)
Other Miscellaneous Income/ (Expense)(1)	-	-	586
Net Change in Fiduciary Net Position	59,696,215	11,447,770	12,703,330
Plan Fiduciary Net Position - Beginning (2)	276,414,791	264,967,021	252,263,691
Plan Fiduciary Net Position - Ending (b)	\$ 336,111,006	\$ 276,414,791	\$ 264,967,021
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 113,042,498	\$ 156,282,530	\$ 147,743,751
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.83%	63.88%	64.20%
Covered Payroll (3)	\$ 28,369,715	\$ 27,781,536	\$ 27,939,573
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	398.46%	562.54%	528.80%

*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, 2022

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

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

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

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022**

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

B. Schedule of Plan Contributions *

Miscellaneous Plan

Fiscal Year:	2021-22	2020-21	2019-20
Actuarially determined contribution	\$ 14,677,199	\$ 13,251,126	\$ 13,379,346
Contribution in relation to the actuarially determined contributions	(14,677,199)	(13,310,635)	(13,379,346)
Contribution deficiency (excess)	\$ -	\$ (59,509)	\$ -
 Covered payroll	 \$ 40,613,978	 \$ 39,894,208	 \$ 38,158,385
 Contributions as a percentage of covered payroll	 36.14%	 33.22%	 35.06%

Safety Plan

Fiscal Year:	2021-22	2020-21	2019-20
Actuarially determined contribution	\$ 18,230,530	\$ 16,251,126	\$ 16,716,096
Contribution in relation to the actuarially determined contributions	(18,230,530)	(16,251,126)	(16,716,096)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 Covered payroll	 \$ 29,403,343	 \$ 29,330,001	 \$ 28,665,803
 Contributions as a percentage of covered payroll	 62.00%	 55.41%	 58.31%

*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, 2022

NOTE 2 – DEFINED BENEFIT PENSION PLANS, CONTINUED

B. Schedule of Plan Contributions, Continued *

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

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

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022**

NOTE 3 – POST-EMPLOYMENT BENEFITS

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

City of Redwood City

Measurement Period	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 2,734,440	\$ 2,654,796	\$ 2,579,477	\$ 2,504,347	\$ 2,431,405
Interest on the total OPEB liability	6,349,565	6,039,766	6,059,446	5,741,299	5,420,908
Changes of benefit terms			(91,335)		
Differences between expected and actual experience	(9,985,908)		(6,285,887)		
Changes of assumptions	(601,670)		1,388,517		
Benefit payments, including refunds of employee contributions	(4,310,089)	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
Net change in total OPEB liability	(5,813,662)	4,635,504	(324,907)	5,005,762	4,734,790
Total OPEB liability - beginning	93,488,238	88,852,734	89,177,641	84,171,879	79,437,089
Total OPEB liability - ending (a)	\$ 87,674,576	\$ 93,488,238	\$ 88,852,734	\$ 89,177,641	\$ 84,171,879
Plan Fiduciary Net Position					
Contributions - employer	\$ 7,722,813	\$ 8,091,673	\$ 8,553,676	\$ 6,830,404	\$ 6,163,000
Net investment income	12,425,762	1,245,474	2,293,756	2,158,132	2,270,291
Benefit payments, including refunds of employee contributions	(4,310,089)	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
Administrative expense	(27,934)	(31,256)	(16,917)	(50,216)	(11,547)
Net change in plan fiduciary net position	15,810,552	5,246,833	6,855,390	5,698,436	5,304,221
Plan fiduciary net position - beginning	44,634,828	39,387,995	32,532,605	26,834,169	21,529,949
Plan fiduciary net position - ending (b)	\$ 60,445,380	\$ 44,634,828	\$ 39,387,995	\$ 32,532,605	\$ 26,834,170
Net OPEB liability/(asset) - ending (a) - (b)	\$ 27,229,196	\$ 48,853,410	\$ 49,464,739	\$ 56,645,036	\$ 57,337,709
Plan fiduciary net position as a percentage of the total OPEB liability	68.9%	47.7%	44.3%	36.5%	31.9%
Covered-employee payroll	81,004,127	77,259,985	73,074,208	73,121,435	71,831,235
Net OPEB liability as a percentage of covered-employee payroll	33.6%	63.2%	67.7%	77.5%	79.8%

Notes to Schedule:

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

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 6,761	\$ 5,356	\$ 12,928	\$ 12,746	\$ 14,623
Interest on the total OPEB liability	16,550	18,925	24,324	23,193	20,261
Differences between expected and actual experience	97,275		(127,605)		
Changes of assumptions	68,972	72,042	37,647	(5,925)	(68,366)
Benefit payments, including refunds of employee contributions	(31,427)	(19,445)	(9,711)	(9,426)	(8,400)
Net change in total OPEB liability	158,131	76,878	(62,417)	20,588	(41,882)
Total OPEB liability - beginning	691,244	614,366	676,783	656,195	698,077
Total OPEB liability - ending (a)	<u>\$ 849,375</u>	<u>\$ 691,244</u>	<u>\$ 614,366</u>	<u>\$ 676,783</u>	<u>\$ 656,195</u>
Covered-employee payroll	343,288	410,854	501,790	632,232	754,684
Net OPEB liability as a percentage of covered-employee payroll	247.4%	168.2%	122.4%	107.0%	86.9%

Notes to Schedule:

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

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

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022**

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years

City of Redwood City

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

Notes to Schedule:

Methods and assumptions used to determine contributions:

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

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

**CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022**

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years, Continued

Port of Redwood City

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

Notes to Schedule:

Methods and assumptions used to determine contributions:

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

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



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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, 2022 AND 2021

	2022	2021
ASSETS		
	\$	\$
Cash and investments available for operations	79,739,931	67,992,067
Cash and investments, restricted	25,336,168	28,305,202
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	19,392,291	8,064,444
Accounts	4,061,214	3,431,762
Accrued interest	783,122	723,503
Due from other governmental agencies	2,025,640	16,729,747
Due from other funds	956,762	612,453
Advances to other funds		
Prepaid items	26,161	72,983
 Total Assets	 132,321,289	 125,932,161
 LIABILITIES		
Accounts payable	8,157,190	5,149,050
Accrued payroll	5,576,390	4,150,568
Deposits payable	7,443,203	10,228,358
Due to other funds		967,342
Unearned revenue	15,798,902	12,897,694
 Total Liabilities	 36,975,685	 33,393,012
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-Due from other governments		8,160,754
Total Deferred Inflows of Resources		8,160,754
 FUND BALANCE		
Nonspendable:		
Loans		
Prepaid items	26,161	72,983
Restricted for:		
Pension Trust	25,336,168	28,305,202
Other purposes	4,801,377	4,519,145
Committed to:		
General plan	6,087,438	5,229,231
Assigned to:		
Other purposes	44,904,614	3,512,252
Unassigned:		
City Council directed minimum balance	25,698,849	24,074,483
Residual balance	(11,509,003)	18,665,099
 Total Fund Balance	 95,345,604	 84,378,395
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 132,321,289	 125,932,161

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, 2022 AND 2021

	2022			2021		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes	72,820,177	72,372,508	(447,669)	64,049,868	67,641,407	3,591,539
Sales and other taxes	52,644,775	55,698,026	3,053,251	47,850,318	52,037,046	4,186,728
Licenses and permits	6,571,681	5,120,974	(1,450,707)	6,084,206	6,349,024	264,818
Fines, forfeitures and penalties	402,000	414,794	12,794	312,000	439,641	127,641
Uses of money and property	6,518,552	(980,809)	(7,499,361)	6,942,632	11,019,043	4,076,411
Net increases (decreases) in fair value of investments					(2,721,110)	(2,721,110)
Intergovernmental	25,642,356	14,449,056	(11,193,300)	16,949,131	8,172,483	(8,776,648)
Charges for current services	27,192,325	29,326,692	2,134,367	19,443,443	13,455,647	(5,987,796)
Other	1,114,317	1,528,887	414,570	617,000	659,620	42,620
Total revenues	192,906,183	177,930,128	(14,976,055)	162,248,598	157,052,801	(5,195,797)
EXPENDITURES						
Community development	21,496,429	13,349,332	8,147,097	16,234,474	12,898,612	3,335,862
Human services	3,554,088	2,876,458	677,630	5,133,634	3,368,746	1,764,888
Public safety	88,604,111	84,046,282	4,557,829	85,817,635	82,319,023	3,498,612
Transportation	1,283,302	1,302,363	(19,061)	1,328,361	1,254,370	73,991
Environmental support and protection	1,898,660	635,404	1,263,256	1,123,580	345,853	777,727
Leisure, cultural, and information services	28,012,451	26,196,255	1,816,196	26,023,045	24,219,368	1,803,677
Policy development and implementation	23,365,148	14,124,492	9,240,656	18,278,894	11,221,039	7,057,855
Total expenditures	168,214,189	142,530,586	25,683,603	153,939,623	135,627,011	18,312,612
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,691,994	35,399,542	10,707,548	8,308,975	21,425,790	13,116,815
OTHER FINANCING SOURCES (USES)						
Transfers in	594,875	934,875	340,000	1,739,837	805,956	(933,881)
Transfers (out)	(25,367,208)	(25,367,208)		(17,714,560)	(18,045,697)	(331,137)
Total Other Financing Sources (Uses)	(24,772,333)	(24,432,333)	340,000	(15,974,723)	(17,239,741)	(1,265,018)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(80,339)	10,967,209	11,047,548	(7,665,748)	4,186,049	11,851,797
Fund balance at beginning of fiscal year, as restated		84,378,395			80,192,346	
Fund balance at end of fiscal year		95,345,604			84,378,395	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2022		Variance with Final Budget Positive (Negative)	2021 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	72,820,177	72,372,508	(447,669)	67,641,407
Total Property Taxes	72,820,177	72,372,508	(447,669)	67,641,407
Sales and Other Taxes:				
Sales tax	34,944,977	36,585,550	1,640,573	34,730,936
Franchises	1,781,966	1,819,295	37,329	1,856,599
Transient occupancy tax	2,500,000	3,288,466	788,466	1,824,102
Property transfer tax	1,599,720	1,566,564	(33,156)	1,042,944
Business license tax	2,855,074	2,903,383	48,309	3,339,032
Utility users tax	8,963,038	9,534,768	571,730	9,243,433
Total Sales and Other Taxes	52,644,775	55,698,026	3,053,251	52,037,046
Licenses and Permits:				
Building permits	5,160,000	3,504,393	(1,655,607)	3,978,818
Cannabis permits	201,301	227,681	26,380	1,043,256
Fire and other permits	1,210,380	1,388,900	178,520	1,326,950
Total Licenses and Permits	6,571,681	5,120,974	(1,450,707)	6,349,024
Fines, Forfeitures and Penalties:				
Parking and library fines	402,000	414,794	12,794	439,641
Total Fines, Forfeitures and Penalties	402,000	414,794	12,794	439,641
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	200,500	282,071	81,571	235,090
Interest income-restricted	1,605,420	(2,502,396)	(4,107,816)	3,370,407
Interest income		(3,473,116)	(3,473,116)	2,700,914
Total Uses of Money and Property	6,518,552	(980,809)	(7,499,361)	11,019,043
Net Increase (Decrease) in Fair Value of Investments				(2,721,110)
Intergovernmental:				
Motor vehicle in lieu tax	50,000	98,407	48,407	63,629
Public safety sales tax	935,134	963,542	28,408	876,339
Police training allowance	85,000	90,518	5,518	27,522
Homeowners' property tax relief	200,000	172,496	(27,504)	175,893
State mandated programs grant	1,191,721	736,972	(454,749)	95,268
Grants - County, State, and Federal	23,180,501	12,387,121	(10,793,380)	6,933,832
Total Intergovernmental	25,642,356	14,449,056	(11,193,300)	8,172,483
Charges for Current Services:				
Fire services	17,149,755	16,804,695	(345,060)	877,491
Police services	131,620	133,171	1,551	224,332
Plan checking	100,000	163,944	63,944	2,897,962
Garbage collections - net	2,773,211	2,465,632	(307,579)	2,820,615
Planning services	4,190,000	3,532,244	(657,756)	336,191
Library fees	19,276	11,788	(7,488)	91
Recreation programs	750,000	1,465,786	715,786	1,141,399
Other current service charges	2,078,463	4,749,432	2,670,969	5,157,566
Total Charges for Current Services	27,192,325	29,326,692	2,134,367	13,455,647
Other:				
Port contribution	542,000	563,962	21,962	541,416
Contribution from other funds	500,000	500,000		
Miscellaneous	72,317	464,925	392,608	118,204
Total Other	1,114,317	1,528,887	414,570	659,620
Total Revenue	192,906,183	177,930,128	(14,976,055)	157,052,801

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2022		Variance with Final Budget Positive (Negative)	2021 Actual
	Budget	Actual		
	\$	\$	\$	\$
Community Development:				
Community planning	6,838,121	3,223,545	3,614,576	2,819,381
Strategic planning	1,740,583	1,166,019	574,564	999,739
Building regulation	5,788,098	4,794,985	993,113	4,874,835
Administration	1,295,188	704,089	591,099	610,972
General engineering	762,803	688,416	74,387	802,401
Subdivision engineering	696,198	761,668	(65,470)	830,780
Code enforcement	1,133,291	839,461	293,830	1,034,975
Affordable housing	3,242,147	1,171,149	2,070,998	55,000
Redevelopment				870,529
Total Community Development	21,496,429	13,349,332	8,147,097	12,898,612
Human Services:				
Human services assistance program	2,327,646	2,035,379	292,267	37,300
COVID-19 emergency rental assistance				(6,725)
COVID-19 related cost of services				883,331
Social services center	1,226,442	841,079	385,363	2,454,840
Total Human Services	3,554,088	2,876,458	677,630	3,368,746
Public Safety:				
Law enforcement	47,665,254	45,622,087	2,043,167	45,020,065
Fire safety	40,938,857	38,424,195	2,514,662	37,298,958
Total Public Safety	88,604,111	84,046,282	4,557,829	82,319,023
Transportation:				
Street system/sidewalk maintenance, repair	1,283,302	1,302,363	(19,061)	1,254,370
Total Transportation	1,283,302	1,302,363	(19,061)	1,254,370
Environmental Support and Protection:				
Trash and recycling efforts	373,419	130,764	242,655	21,244
Climate action plan programs				1,708
Street cleaning/storm water collection, disposal	1,525,241	504,640	1,020,601	322,901
Total Environmental Support and Protection	1,898,660	635,404	1,263,256	345,853
Leisure, Cultural, and Information Services:				
Parks and recreation	17,492,856	16,188,119	1,304,737	14,515,067
Information services	10,519,595	10,008,136	511,459	9,704,301
Total Leisure, Cultural, and Information Services	28,012,451	26,196,255	1,816,196	24,219,368
Policy Development and Implementation:				
Legislative/policy determination	331,871	317,042	14,829	315,539
Management/policy execution	5,090,904	3,119,688	1,971,216	4,003,304
Legislative services/records management	1,596,259	971,759	624,500	969,226
Financial services	2,444,871	2,026,179	418,692	1,939,859
Legal services	2,353,620	1,878,260	475,360	1,819,123
Human Resources	3,377,512	2,419,673	957,839	1,961,207
Affordable housing				
Department innovation initiatives				
Homeless initiatives				130,060
Diversity, equity, inclusion initiatives				100,751
Other administrative support services	10,723,518	5,954,861	4,768,657	2,424,933
Less reimbursements from other funds	(2,553,407)	(2,562,970)	9,563	(2,442,963)
Total Policy Development and Implementation	23,365,148	14,124,492	9,240,656	11,221,039
Total Expenditures	168,214,189	142,530,586	25,683,603	135,627,011



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

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.

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

SPECIAL REVENUE FUNDS (CONTINUED)

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

DEBT SERVICE FUNDS

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

Public Financing Authority 2021 Veterans Memorial Building Senior Center Lease Fund – This fund accounts for a lease entered into in connection with the issuance of 2021 Public Facilities and Infrastructure Authority bonds for the new Veterans Memorial Building/Senior Center. This lease is secured by lease payment from the City.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	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	6,725,707	5,164,732	8,878,498	101,298	7,135,342
Cash and investments, restricted			70		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	346,813	145,936		9,602	227,379
Accounts		2,846,164	157,333		
Loans			4,400,320		
Accrued interest			368,462		
Due from other governmental agencies	150,963	438,690	1,886,383	14,021	216,530
Prepaid items		1,161		2,617	
Deposits receivable					
Land held for redevelopment					
Total Assets	7,223,483	8,596,683	15,691,066	127,538	7,579,251
LIABILITIES					
Accounts payable	590,367	346,294	611,520	109,841	85,047
Deposits payable			49,597		
Due to other funds					
Unearned revenue		1,772,949	955,390		
Accrued sick leave and vacation					
Total Liabilities	590,367	2,119,243	1,616,507	109,841	85,047
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest			334,694		
Total Deferred Inflows of Resources			334,694		
FUND BALANCES					
Nonspendable:					
Prepaid items		1,161		2,617	
Restricted for:					
Community development			12,093,943		
Public safety				15,080	
Transportation	6,633,116	6,476,279			7,494,204
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:					
Total Fund Balances	6,633,116	6,477,440	13,739,865	17,697	7,494,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,223,483	8,596,683	15,691,066	127,538	7,579,251

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
\$	\$	\$	\$	\$	\$
496,998	2,326,292	1,619,248	10,833	911,090	3,010,412
		34,645			4,259,435
					1,199,457
					2,910
			1,522		
<u>496,998</u>	<u>2,326,292</u>	<u>1,653,893</u>	<u>12,355</u>	<u>911,090</u>	<u>8,472,214</u>
940	2,202	98,166		31,447	115,666
<u>940</u>	<u>2,202</u>	<u>98,166</u>		<u>31,447</u>	<u>115,666</u>
			1,522		
496,058	2,324,090	1,555,727		879,643	
					8,356,548
			10,833		
<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>496,998</u>	<u>2,326,292</u>	<u>1,653,893</u>	<u>12,355</u>	<u>911,090</u>	<u>8,472,214</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	SPECIAL REVENUE FUNDS				DEBT SERVICES FUND
	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Public Financing Authority 2021 Veterans Memorial Lease Revenue Bond Fund \$
ASSETS					
Cash and investments available for operations	12,530,256		2,370,042	171,874	
Cash and investments, restricted					2,988,921
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	33,035				
Accounts	303,768				
Loans	8,663,909				
Accrued interest	1,603,661				1,260
Due from other governmental agencies					
Prepaid items					
Deposits receivable		791,176			
Land held for redevelopment	1,090,229				
Total Assets	<u>24,224,858</u>	<u>791,176</u>	<u>2,370,042</u>	<u>171,874</u>	<u>2,990,181</u>
LIABILITIES					
Accounts payable	877,766	331,717			
Deposits payable					
Due to other funds		956,762			
Unearned revenue	313,706			32,304	
Accrued sick leave and vacation					
Total Liabilities	<u>1,191,472</u>	<u>1,288,479</u>		<u>32,304</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	1,596,843				
Total Deferred Inflows of Resources	<u>1,596,843</u>				
FUND BALANCES					
Nonspendable:					
Prepaid items					
Restricted for:					
Community development	20,223,817			139,570	
Public safety					
Transportation					
Leisure, cultural and information services					
Debt services					2,990,181
Capital projects					
Housing purposes					
Committed to:					
Community benefits			2,370,042		
Human services financial assistance					
Housing purposes	1,212,726				
Unassigned:		(497,303)			
Total Fund Balances	<u>21,436,543</u>	<u>(497,303)</u>	<u>2,370,042</u>	<u>139,570</u>	<u>2,990,181</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>24,224,858</u>	<u>791,176</u>	<u>2,370,042</u>	<u>171,874</u>	<u>2,990,181</u>

CAPITAL
PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund	Parks Impact and In Lieu Fee Fund	Shores Transportation Improvement District Fund	One Marina Community Facilities District Fund	Art in Public Places Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$
445,109	3,374,667	626,066	120,499	118,264	496,389	56,633,616
						7,248,426
					40,771	838,181
						4,506,722
						13,064,229
						1,976,293
						2,706,587
						5,300
						791,176
						1,090,229
<u>445,109</u>	<u>3,374,667</u>	<u>626,066</u>	<u>120,499</u>	<u>118,264</u>	<u>537,160</u>	<u>88,860,759</u>
	123,380		63,106			3,387,459
						49,597
						956,762
						3,074,349
	123,380		63,106			7,468,167
						1,931,537
						1,931,537
						5,300
					537,160	32,994,490
						894,723
		626,066				25,605,540
	3,251,287			118,264		4,551,549
						2,990,181
445,109			57,393			8,859,050
						2,380,875
						463,924
						1,212,726
						(497,303)
<u>445,109</u>	<u>3,251,287</u>	<u>626,066</u>	<u>57,393</u>	<u>118,264</u>	<u>537,160</u>	<u>79,461,055</u>
<u>445,109</u>	<u>3,374,667</u>	<u>626,066</u>	<u>120,499</u>	<u>118,264</u>	<u>537,160</u>	<u>88,860,759</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, 2022

	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					3,572,741
Licenses and permits					
Fines, forfeitures and penalties				158,512	
Use of money and property	(158,601)	(133,957)	(159,460)	(19,785)	(140,295)
Intergovernmental	3,694,586	1,596,992	2,655,433		
Contributions		3,152,686			14,624
Charges for current services	34,573			61,797	
Other			5,930,190		
Total Revenues	<u>3,570,558</u>	<u>4,615,721</u>	<u>8,426,163</u>	<u>200,524</u>	<u>3,447,070</u>
EXPENDITURES					
Current Operations:					
Community development			889,235		234,553
Human services			90,000		
Public safety					
Transportation	2,659,138	280,985		2,214,543	521,949
Environmental support and protection	569,082	365,236	1,138,217	220	
Leisure, cultural and information services			38,814		
Policy development and implementation	1,369				185,362
Capital outlay	761,228	1,209,256	301,821		30,036
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	<u>3,990,817</u>	<u>1,855,477</u>	<u>2,458,087</u>	<u>2,214,763</u>	<u>971,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(420,259)</u>	<u>2,760,244</u>	<u>5,968,076</u>	<u>(2,014,239)</u>	<u>2,475,170</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Transfers in	1,600,000			1,784,238	
Transfers (out)			(727,756)		
Total Other Financing Sources (Uses)	<u>1,600,000</u>		<u>(727,756)</u>	<u>1,784,238</u>	
Net change in fund balances	1,179,741	2,760,244	5,240,320	(230,001)	2,475,170
Special Item					
Fund balances - beginning	<u>5,453,375</u>	<u>3,717,196</u>	<u>8,499,545</u>	<u>247,698</u>	<u>5,019,034</u>
Fund balances - ending	<u><u>6,633,116</u></u>	<u><u>6,477,440</u></u>	<u><u>13,739,865</u></u>	<u><u>17,697</u></u>	<u><u>7,494,204</u></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		1,112,355	283,962		
(13,774)	(60,726)	(43,092) 3,145	(219)	(20,010) 211,260	(81,577) 1,279,143
<u>198,664</u>	<u>(60,726)</u>	<u>1,072,408</u>	<u>283,743</u>	<u>191,250</u>	<u>1,197,566</u>
1,253	3,720		255		
275,767	65 109,602	473,604	284,668	77,648	108,377
					248,217
<u>277,020</u>	<u>113,387</u>	<u>473,604</u>	<u>284,923</u>	<u>77,648</u>	<u>356,594</u>
<u>(78,356)</u>	<u>(174,113)</u>	<u>598,804</u>	<u>(1,180)</u>	<u>113,602</u>	<u>840,972</u>
		(579,007)	37,965		
		<u>(579,007)</u>	<u>37,965</u>		
(78,356)	(174,113)	19,797	36,785	113,602	840,972
<u>574,414</u>	<u>2,498,203</u>	<u>1,535,930</u>	<u>(24,430)</u>	<u>766,041</u>	<u>7,515,576</u>
<u>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>

(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, 2022

	SPECIAL REVENUE FUNDS				DEBT SERVICES FUND
	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Public Financing Authority 2021 Veterans Memorial Lease Revenue Bond Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					
Sales and other taxes	394,340				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	(286,857)		(59,875)	(4,343)	2,035
Intergovernmental	54,013				
Contributions	300,000				
Charges for current services	34,488	1,707,053			
Other	4,171				
Total Revenues	500,155	1,707,053	(59,875)	(4,343)	2,035
EXPENDITURES					
Current Operations:					
Community development	2,930,706	2,131,367			
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					1,803,372
Total Expenditures	2,930,706	2,131,367			1,803,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,430,551)	(424,314)	(59,875)	(4,343)	(1,801,337)
OTHER FINANCING SOURCES (USES)					
Transfers in	487,756				
Transfers (out)					
Total Other Financing Sources (Uses)	487,756				
Net change in fund balances	(1,942,795)	(424,314)	(59,875)	(4,343)	(1,801,337)
Special Item					
Fund balances - beginning	23,379,338	(72,989)	2,429,917	143,913	4,791,518
Fund balances - ending	21,436,543	(497,303)	2,370,042	139,570	2,990,181

CAPITAL
PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

Facilities Fee Construction Fund	Parks Impact and In Lieu Fee Fund	Shores Transportation Improvement District Fund	One Marina Community Facilities District Fund	Art in Public Places Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$	\$
						1,608,755
					163,318	4,130,399
	12,733					12,733
						158,512
(11,253)	(173,531)	(15,817)	5,581	(2,354)	(9,905)	(1,387,815)
						9,494,572
						3,467,310
						1,837,911
						5,934,361
<u>(11,253)</u>	<u>(160,798)</u>	<u>(15,817)</u>	<u>5,581</u>	<u>(2,354)</u>	<u>153,413</u>	<u>25,256,738</u>
						6,191,089
						90,000
						77,648
836						5,785,893
						2,931,728
	184,462			8,621		516,565
						186,731
	2,804,020				4,250	5,358,828
						1,803,372
<u>836</u>	<u>2,988,482</u>			<u>8,621</u>	<u>4,250</u>	<u>22,941,854</u>
<u>(12,089)</u>	<u>(3,149,280)</u>	<u>(15,817)</u>	<u>5,581</u>	<u>(10,975)</u>	<u>149,163</u>	<u>2,314,884</u>
						3,959,959
						(1,306,763)
						2,653,196
(12,089)	(3,149,280)	(15,817)	5,581	39,025	149,163	4,968,080
						74,492,975
<u>457,198</u>	<u>6,400,567</u>	<u>641,883</u>	<u>51,812</u>	<u>79,239</u>	<u>387,997</u>	<u>74,492,975</u>
<u>445,109</u>	<u>3,251,287</u>	<u>626,066</u>	<u>57,393</u>	<u>118,264</u>	<u>537,160</u>	<u>79,461,055</u>

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, 2022

	SPECIAL GAS TAX			TRANSPORTATION GRANTS FUND		
	STREET IMPROVEMENT FUND		Variance with Final Budget Positive (Negative)	TRANSPORTATION GRANTS FUND		Variance with Final Budget Positive (Negative)
	Budget	Actual		Budget	Actual	
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments						
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	41,090	(158,601)	(199,691)	54,401	(133,957)	(188,358)
Intergovernmental	3,857,819	3,694,586	(163,233)	5,001,746	1,596,992	(3,404,754)
Contributions					3,152,686	3,152,686
Charges for current services	25,000	34,573	9,573			
Other						
Total Revenues	<u>3,923,909</u>	<u>3,570,558</u>	<u>(353,351)</u>	<u>5,056,147</u>	<u>4,615,721</u>	<u>(440,426)</u>
EXPENDITURES						
Current operations:						
Community development						
Human services						
Public safety						
Transportation	2,769,679	2,659,138	110,541	756,611	280,985	475,626
Environmental support and protection	759,271	569,082	190,189	365,236	365,236	
Leisure, cultural and information services						
Policy development and implementation	1,500	1,369	131			
Capital outlay	4,408,812	761,228	3,647,584	6,012,862	1,209,256	4,803,606
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>7,939,262</u>	<u>3,990,817</u>	<u>3,948,445</u>	<u>7,134,709</u>	<u>1,855,477</u>	<u>5,279,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,015,353)</u>	<u>(420,259)</u>	<u>3,595,094</u>	<u>(2,078,562)</u>	<u>2,760,244</u>	<u>4,838,806</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,600,000	1,600,000				
Transfers (out)						
Total Other Financing Sources (Uses)	<u>1,600,000</u>	<u>1,600,000</u>				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,415,353)</u>	1,179,741	<u>3,595,094</u>	<u>(2,078,562)</u>	2,760,244	<u>4,838,806</u>
Special item						
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>5,453,375</u>			<u>3,717,196</u>	
Fund balances - ending		<u>6,633,116</u>			<u>6,477,440</u>	

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

GRANTS FUND			TRAFFIC SAFETY FUND			TRANSPORTATION FUND		
Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$	\$
						2,897,845	3,572,741	674,896
30,594	(159,460)	(190,054)	1,946	158,512	158,512	42,525	(140,295)	(182,820)
10,522,675	2,655,433	(7,867,242)		(19,785)	(21,731)		14,624	14,624
	5,930,190	5,930,190	10,000	61,797	51,797			
<u>10,553,269</u>	<u>8,426,163</u>	<u>(2,127,106)</u>	<u>11,946</u>	<u>200,524</u>	<u>188,578</u>	<u>2,940,370</u>	<u>3,447,070</u>	<u>506,700</u>
	889,235	(889,235)				198,116	234,553	(36,437)
	90,000	(90,000)						
(103,013)	1,138,217	(1,241,230)	2,259,908	2,214,543	45,365	1,897,874	521,949	1,375,925
	38,814	(38,814)		220	(220)			
2,384,581	301,821	2,082,760				253,837	185,362	68,475
						5,140,602	30,036	5,110,566
<u>2,281,568</u>	<u>2,458,087</u>	<u>(176,519)</u>	<u>2,259,908</u>	<u>2,214,763</u>	<u>45,145</u>	<u>7,490,429</u>	<u>971,900</u>	<u>6,518,529</u>
<u>8,271,701</u>	<u>5,968,076</u>	<u>(2,303,625)</u>	<u>(2,247,962)</u>	<u>(2,014,239)</u>	<u>233,723</u>	<u>(4,550,059)</u>	<u>2,475,170</u>	<u>7,025,229</u>
	(727,756)	(727,756)	1,784,238	1,784,238				
	(727,756)	(727,756)	1,784,238	1,784,238				
<u>8,271,701</u>	<u>5,240,320</u>	<u>(3,031,381)</u>	<u>(463,724)</u>	<u>(230,001)</u>	<u>233,723</u>	<u>(4,550,059)</u>	<u>2,475,170</u>	<u>7,025,229</u>
	8,499,545			247,698			5,019,034	
	<u>13,739,865</u>			<u>17,697</u>			<u>7,494,204</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, 2022

	<u>SEAPORT LANDSCAPE MAINTENANCE FUND</u>			<u>SEAPORT CENTRE MAINTENANCE FUND</u>		
			Variance with Final Budget Positive			Variance with Final Budget Positive
	Budget	Actual	(Negative)	Budget	Actual	(Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Property taxes/special assessments	212,500	212,438	(62)	187,000		(187,000)
Sales and other taxes						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	6,570	(13,774)	(20,344)	29,554	(60,726)	(90,280)
Intergovernmental						
Contributions						
Charges for current services						
Other						
Total Revenues	<u>219,070</u>	<u>198,664</u>	<u>(20,406)</u>	<u>216,554</u>	<u>(60,726)</u>	<u>(277,280)</u>
Current operations:						
Community development		1,253	(1,253)		3,720	(3,720)
Human services						
Public safety						
Transportation				354,158	65	354,093
Environmental support and protection		275,767	(275,767)		109,602	(109,602)
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	811		811			
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>811</u>	<u>277,020</u>	<u>(276,209)</u>	<u>354,158</u>	<u>113,387</u>	<u>240,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>218,259</u>	<u>(78,356)</u>	<u>(296,615)</u>	<u>(137,604)</u>	<u>(174,113)</u>	<u>(36,509)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>218,259</u>	<u>(78,356)</u>	<u>(296,615)</u>	<u>(137,604)</u>	<u>(174,113)</u>	<u>(36,509)</u>
Special item						
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		<u>574,414</u>			<u>2,498,203</u>	
Fund balances - ending		<u>496,058</u>			<u>2,324,090</u>	

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

REDWOOD SHORES MAINTENANCE FUND			REDWOOD SHORES LANDSCAPE MAINTENANCE FUND			SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND		
Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$	\$
1,068,123	1,112,355	44,232	279,393	283,962	4,569			
22,966	(43,092)	(66,058)		(219)	(219)	7,862	(20,010)	(27,872)
3,820	3,145	(675)				210,000	211,260	1,260
<u>1,094,909</u>	<u>1,072,408</u>	<u>(22,501)</u>	<u>279,393</u>	<u>283,743</u>	<u>4,350</u>	<u>217,862</u>	<u>191,250</u>	<u>(26,612)</u>
				255	(255)			
							77,648	(77,648)
756,185	473,604	282,581		284,668	(284,668)			
1,575,011		1,575,011						
<u>2,331,196</u>	<u>473,604</u>	<u>1,857,592</u>	<u>279,393</u>	<u>284,923</u>	<u>(284,923)</u>	<u>217,862</u>	<u>77,648</u>	<u>(77,648)</u>
<u>(1,236,287)</u>	<u>598,804</u>	<u>1,835,091</u>	<u>279,393</u>	<u>(1,180)</u>	<u>(280,573)</u>	<u>217,862</u>	<u>113,602</u>	<u>(104,260)</u>
<u>(579,007)</u>	<u>(579,007)</u>		<u>37,965</u>	<u>37,965</u>				
<u>(579,007)</u>	<u>(579,007)</u>		<u>37,965</u>	<u>37,965</u>				
<u>(1,815,294)</u>	<u>19,797</u>	<u>1,835,091</u>	<u>317,358</u>	<u>36,785</u>	<u>(280,573)</u>	<u>217,862</u>	<u>113,602</u>	<u>(104,260)</u>
	<u>1,535,930</u>			<u>(24,430)</u>			<u>766,041</u>	
	<u>1,555,727</u>			<u>12,355</u>			<u>879,643</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, 2022

	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					394,340	394,340
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property	48,422	(81,577)	(129,999)	88,265	(286,857)	(375,122)
Intergovernmental	200,000	1,279,143	1,079,143		54,013	54,013
Contributions					300,000	300,000
Charges for current services					34,488	34,488
Other					4,171	4,171
Total Revenues	248,422	1,197,566	949,144	88,265	500,155	411,890
Current operations:						
Community development				7,787,903	2,930,706	4,857,197
Human services						
Public safety						
Transportation	(1,484)	108,377	(109,861)			
Environmental support and protection						
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	3,789,197	248,217	3,540,980	1,082,280		1,082,280
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,787,713	356,594	3,431,119	8,870,183	2,930,706	5,939,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,539,291)	840,972	4,380,263	(8,781,918)	(2,430,551)	6,351,367
OTHER FINANCING SOURCES (USES)						
Transfers in				100,000	487,756	387,756
Transfers (out)						
Total Other Financing Sources (Uses)				100,000	487,756	387,756
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,539,291)	840,972	4,380,263	(8,681,918)	(1,942,795)	6,739,123
Special item						
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		7,515,576			23,379,338	
Fund balances - ending		8,356,548			21,436,543	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
			28,971	(59,875)	(88,846)	2,101	(4,343)	(6,444)
3,969,930	1,707,053	(2,262,877)						
<u>3,969,930</u>	<u>1,707,053</u>	<u>(2,262,877)</u>	<u>28,971</u>	<u>(59,875)</u>	<u>(88,846)</u>	<u>2,101</u>	<u>(4,343)</u>	<u>(6,444)</u>
3,606,471	2,131,367	1,475,104						
<u>3,606,471</u>	<u>2,131,367</u>	<u>1,475,104</u>						
363,459	(424,314)	(787,773)	28,971	(59,875)	(88,846)	2,101	(4,343)	(6,444)
<u>363,459</u>	<u>(424,314)</u>	<u>(787,773)</u>	<u>28,971</u>	<u>(59,875)</u>	<u>(88,846)</u>	<u>2,101</u>	<u>(4,343)</u>	<u>(6,444)</u>
	(72,989)			2,429,917			143,913	
	<u>(497,303)</u>			<u>2,370,042</u>			<u>139,570</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, 2022

PARK IMPACT AND IN LIEU FEE FUND			
	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$
REVENUES			
Property taxes/special assessments			
Sales and other taxes			
Licenses and permits	1,000,000	12,733	(987,267)
Fines, forfeitures and penalties			
Use of money and property	104,935	(173,531)	(278,466)
Intergovernmental			
Contributions			
Charges for current services			
Other			
Total Revenues	1,104,935	(160,798)	(1,265,733)
Current operations:			
Community development			
Human services			
Public safety			
Transportation			
Environmental support and protection			
Leisure, cultural and information services	2,408,639	184,462	2,224,177
Policy development and implementation			
Capital outlay	8,758,822	2,804,020	5,954,802
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	11,167,461	2,988,482	8,178,979
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,062,526)	(3,149,280)	6,913,246
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
Total Other Financing Sources (Uses)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(10,062,526)	(3,149,280)	6,913,246
Special item			
Funds not budgeted:			
Facilities Fee Construction Fund			
Shores Transportation Improvement District			
One Marina Community Facilities District			
Art in Public Places			
Fund balances - beginning		6,400,567	
Fund balances - ending		3,251,287	

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF REDWOOD CITY, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	18,659,986	46,444,531	1,651,437	13,686	66,769,640
Receivables (net of allowance for uncollectibles):					
Accounts	13,418		147		13,565
Accrued interest	990				990
Due from other governmental agencies	4,176		639,712	1,413	645,301
Inventory of supplies at cost	117,014				117,014
Deposits		755,946			755,946
Prepaid items and other assets	75		19,152	270,928	290,155
Total current assets	<u>18,795,659</u>	<u>47,200,477</u>	<u>2,310,448</u>	<u>286,027</u>	<u>68,592,611</u>
Noncurrent assets:					
Capital assets:					
Construction in progress	2,515,793				2,515,793
Equipment, net	9,475,211		568,643		10,043,854
Net capital assets	<u>11,991,004</u>		<u>568,643</u>		<u>12,559,647</u>
Total noncurrent assets	<u>11,991,004</u>		<u>568,643</u>		<u>12,559,647</u>
Total assets	<u>30,786,663</u>	<u>47,200,477</u>	<u>2,879,091</u>	<u>286,027</u>	<u>81,152,258</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	291,995	127,470	2,288,526		2,707,991
Deferred outflows - OPEB	98,921	38,180	639,514		776,615
Total deferred outflows of resources	<u>390,916</u>	<u>165,650</u>	<u>2,928,040</u>		<u>3,484,606</u>
LIABILITIES					
Current liabilities:					
Accounts payable	133,518	71,660	357,120	277,060	839,358
Insurance claims payable - current portion		6,806,344			6,806,344
Accrued sick leave and vacation - current portion	25,321	22,612	115,315		163,248
Total current liabilities	<u>158,839</u>	<u>6,900,616</u>	<u>472,435</u>	<u>277,060</u>	<u>7,808,950</u>
Noncurrent liabilities:					
Insurance claims payable		26,402,502			26,402,502
Accrued sick leave and vacation	107,976	37,672	992,492		1,138,140
Net OPEB Liability	310,413	119,808	2,006,792		2,437,013
Net pension liability	1,389,947	606,778	10,893,794		12,890,519
Total noncurrent liabilities	<u>1,808,336</u>	<u>27,166,760</u>	<u>13,893,078</u>		<u>42,868,174</u>
Total liabilities	<u>1,967,175</u>	<u>34,067,376</u>	<u>14,365,513</u>	<u>277,060</u>	<u>50,677,124</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	572,729	250,024	4,488,804		5,311,557
Deferred inflows - OPEB	212,593	82,053	1,374,394		1,669,040
Total deferred outflows of resources	<u>785,322</u>	<u>332,077</u>	<u>5,863,198</u>		<u>6,980,597</u>
NET POSITION					
Invested in capital assets	11,991,004		568,643		12,559,647
Unrestricted	16,434,078	12,966,674	(14,990,223)	8,967	14,419,496
Total net position	<u>28,425,082</u>	<u>12,966,674</u>	<u>(14,421,580)</u>	<u>8,967</u>	<u>26,979,143</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, 2022

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
	\$	\$	\$	\$	\$
OPERATING REVENUES					
Charges for services	5,784,898	10,312,998	13,532,051	8,543,143	38,173,090
OPERATING EXPENSES					
Employee services	1,248,008	691,325	9,174,174	5,768,969	16,882,476
Maintenance	79,072	5,585	1,194,885		1,279,542
Utilities	23,451	3,802	13,644		40,897
Contractual services	34,340	1,121,904	86,439	37,181	1,279,864
Supplies and services	1,524,634	606,695	(1,010,359)	2,110,000	3,230,970
Depreciation	1,363,977		120,074		1,484,051
Insurance and claims	236,163	8,877,436	1,208,652	788,136	11,110,387
Total operating expenses	4,509,645	11,306,747	10,787,509	8,704,286	35,308,187
Operating Income (Loss)	1,275,253	(993,749)	2,744,542	(161,143)	2,864,903
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	112,343				112,343
Investment earnings	(419,733)	(960,164)	(9,746)	(256)	(1,389,899)
Net Nonoperating Revenues (Expenses)	(307,390)	(960,164)	(9,746)	(256)	(1,277,556)
Net Income (Loss) Before Capital Contributions and Transfers	967,863	(1,953,913)	2,734,796	(161,399)	1,587,347
Capital contributions					
Transfers in		8,000,000	150,000	300,000	8,450,000
Transfers (out)			(15,868)		(15,868)
Total Capital Contributions and Transfers		8,000,000	134,132	300,000	8,434,132
Change in net position	967,863	6,046,087	2,868,928	138,601	10,021,479
Net position - beginning	27,457,219	6,920,587	(17,290,508)	(129,634)	16,957,664
Net position - ending	28,425,082	12,966,674	(14,421,580)	8,967	26,979,143

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, 2022

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
	\$	\$	\$	\$	\$
Cash flows from operating activities:					
Cash received from interfund services provided	6,091,515	10,312,998	13,029,028	8,541,730	37,975,271
Cash payments to suppliers for goods and services	(1,844,255)	(9,684,895)	(1,247,646)	(3,058,819)	(15,835,615)
Cash payments to employees for services	(1,501,267)	(764,373)	(11,612,458)	(5,768,969)	(19,647,067)
Net cash provided by (used in) operating activities	<u>2,745,993</u>	<u>(136,270)</u>	<u>168,924</u>	<u>(286,058)</u>	<u>2,492,589</u>
Cash flows from noncapital financing activities					
Transfers in		8,000,000	150,000	300,000	8,450,000
Transfers out			(15,868)		(15,868)
Advances to other funds	300,000				300,000
Net cash provided by (used in) non-capital financing activities	<u>300,000</u>	<u>8,000,000</u>	<u>134,132</u>	<u>300,000</u>	<u>8,734,132</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,483,078)		(48,139)		(1,531,217)
Net cash used in capital and related financing activities	<u>(1,483,078)</u>		<u>(48,139)</u>		<u>(1,531,217)</u>
Cash flows from investing activities:					
Interest on investments	(419,733)	(960,164)	(9,746)	(256)	(1,389,899)
Net cash provided by investing activities	<u>(419,733)</u>	<u>(960,164)</u>	<u>(9,746)</u>	<u>(256)</u>	<u>(1,389,899)</u>
Net increase (decrease) in cash and cash equivalents	1,143,182	6,903,566	245,171	13,686	8,305,605
Cash and cash equivalents at beginning of fiscal year	17,516,804	39,540,965	1,406,266		58,464,035
Cash and cash equivalents at end of fiscal year	<u>18,659,986</u>	<u>46,444,531</u>	<u>1,651,437</u>	<u>13,686</u>	<u>66,769,640</u>

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	1,275,253	(993,749)	2,744,542	(161,143)	2,864,903
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	1,363,977		120,074		1,484,051
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(37,432)		(10,140)		(47,572)
Decrease (increase) in due from other governmental agencies	44,049		(492,883)	(1,413)	(450,247)
Decrease (increase) in due from other funds	300,000				300,000
Decrease (increase) in inventory/prepaid expense/deposits	22,218	(10,000)	(12,912)	(22,203)	(22,897)
Decrease (increase) in deferred outflows - pension	19,377	8,460	151,871		179,708
Decrease (increase) in deferred employer OPEB contributions	102,607	39,603	663,344		805,554
Increase (decrease) in vacation & sick leave payable	(14,714)	35,385	(257,176)		(236,505)
Increase (decrease) in accounts payable	31,187	(184,823)	258,527	266,265	371,156
Increase (decrease) in due to other funds				(367,564)	(367,564)
Increase (decrease) in deferred inflows - pension	566,241	247,192	4,437,957		5,251,390
Increase (decrease) in net pension liability	(816,679)	(356,520)	(6,400,780)		(7,573,979)
Increase (decrease) in net OPEB liability	(275,495)	(111,030)	(2,100,114)		(2,486,639)
Increase (decrease) in deferred inflows - OPEB	165,404	63,862	1,066,614		1,295,880
Increase (decrease) in insurance claims payable		1,125,350			1,125,350
Total adjustments	<u>1,470,740</u>	<u>857,479</u>	<u>(2,575,618)</u>	<u>(124,915)</u>	<u>(372,314)</u>
Net cash provided by (used in) operating activities	<u>2,745,993</u>	<u>(136,270)</u>	<u>168,924</u>	<u>(286,058)</u>	<u>2,492,589</u>

CUSTODIAL FUNDS

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

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

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

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

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

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

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

SBWMA Fund – This fund accounts for the operations of the South Bayside Waste Management Authority, a joint powers authority formed on October 13, 1999 for the purpose of joint ownership, financing and administration of the Shoreway Environmental Center in San Carlos.

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

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ASSETS				
Cash and Investments	23,914	20,311	800,523	368,400
Cash and Investments, restricted			768,310	192,076
Accounts Receivables			324	81
Accrued Interest Receivable				
Deposits	29,506			
Non depreciable capital assets				
Depreciable capital assets, net				
Prepaid items				
Total Assets	53,420	20,311	1,569,157	560,557
LIABILITIES				
Accounts payable	53,420			
Accrued interest payable				
Long-term debt:				
Due in one year				
Due in more than one year				
Due to Bondholders				
Due to SBWMA members				
Employee Benefit Plans Payable				
Due to the Net-6 JPA				
Due to Districts				
Total Liabilities	53,420			
NET POSITION				
Restricted for:				
Private purpose trust (RSA)				
Individuals and organizations				
Other governments		20,311	1,569,157	560,557
Total Net Position		20,311	1,569,157	560,557

See accompanying notes to financial statements

Community Benefit Improvement District	Redwood City 2020	South Bay Waste Management Authority	NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
7,210	543,573	26,874,007	192,887	28,830,825
	57,471	12,472,918		13,433,304
		45,276	20,047	123,199
				29,506
	5,182	819,344		824,526
7,210	606,226	40,211,545	212,934	43,241,360
	42,736	2,262		98,418
		772,833		772,833
			58,635	58,635
7,210				7,210
7,210	42,736	775,095	58,635	937,096
	563,490	39,436,450	154,299	563,490
				41,740,774
	563,490	39,436,450	154,299	42,304,264

See accompanying notes to financial statements

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ADDITIONS				
Property taxes				
Employer contribution				
Members contributions				
Intergovernmental				
Miscellaneous revenue			855,752	351,603
Investment earnings		136		
		<u>136</u>	<u>855,752</u>	<u>351,603</u>
Total additions		<u>136</u>	<u>855,752</u>	<u>351,603</u>
DEDUCTIONS				
Administrative expenses		272		275,471
Distribution	67,603		762,961	
Benefits				
Professional Services				
Community development				
Depreciation				
Interest and fiscal agency expenses				
		<u>272</u>	<u>762,961</u>	<u>275,471</u>
Total deductions	<u>67,603</u>	<u>272</u>	<u>762,961</u>	<u>275,471</u>
Change in net position	(67,603)	(136)	92,791	76,132
Net position - beginning	<u>67,603</u>	<u>20,447</u>	<u>1,476,366</u>	<u>484,425</u>
Net position - ending	<u>20,311</u>	<u>20,311</u>	<u>1,569,157</u>	<u>560,557</u>

See accompanying notes to financial statements

Community Benefit Improvement District	Redwood City 2020	South Bay Waste Management Authority	NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
	170,625		182,912	353,537
		500,000		500,000
	384,549	26,186,769		27,778,673
			(5,236)	(5,100)
	555,174	26,686,769	177,676	28,627,110
	467,935	22,608,711	349,802	625,545
				23,907,210
	467,935	22,608,711	349,802	24,532,755
	87,239	4,078,058	(172,126)	4,094,355
	476,251	35,358,392	326,425	38,209,909
	563,490	39,436,450	154,299	42,304,264

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150-157
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.	158-161
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.	162-167
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.	168-170
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.	171-173

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports 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			
	2013	2014	2015	2016
	\$	\$	\$	\$
Governmental activities				
Net investment in capital assets	190,190,522	184,624,589	184,443,023	191,852,192
Restricted	43,957,061	49,268,810	57,862,400	60,812,081
Unrestricted	48,015,241	60,038,520	(92,052,768)	(92,972,897)
Total governmental activities net position	<u>282,162,824</u>	<u>293,931,919</u>	<u>150,252,655</u>	<u>159,691,376</u>
Business-type activities				
Net investment in capital assets	110,901,151	117,927,502	125,259,418	132,569,634
Restricted	6,637,669	6,553,008	5,741,555	5,662,466
Unrestricted	76,506,675	92,340,047	84,191,383	98,141,410
Total business-type activities net position	<u>194,045,495</u>	<u>216,820,557</u>	<u>215,192,356</u>	<u>236,373,510</u>
Primary government				
Net investment in capital assets	301,091,673	302,552,091	309,702,441	324,421,826
Restricted	50,594,730	55,821,818	63,603,955	66,474,547
Unrestricted	124,521,916	152,378,567	(7,861,385)	5,086,791
Total primary government net position	<u>476,208,319</u>	<u>510,752,476</u>	<u>365,445,011</u>	<u>396,064,886</u>

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$	\$	\$	\$	\$	\$
192,119,780	199,264,092	225,965,791	247,094,297	281,208,983	299,970,497
59,815,017	64,923,970	54,296,252	50,199,995	149,965,124	153,815,381
<u>(86,738,339)</u>	<u>(139,526,572)</u>	<u>(119,855,273)</u>	<u>(128,071,809)</u>	<u>(195,912,369)</u>	<u>(161,145,841)</u>
<u>165,196,458</u>	<u>124,661,490</u>	<u>160,406,770</u>	<u>169,222,483</u>	<u>235,261,738</u>	<u>292,640,037</u>
142,830,042	161,938,470	163,030,574	169,692,416	188,639,524	245,094,554
6,227,197	9,543,183	9,922,077	10,262,988	10,317,442	10,121,360
107,756,549	86,001,351	111,682,916	132,068,276	136,479,897	140,776,652
<u>256,813,788</u>	<u>257,483,004</u>	<u>284,635,567</u>	<u>312,023,680</u>	<u>335,436,863</u>	<u>395,992,566</u>
355,707,344	361,202,562	388,996,365	416,786,713	469,848,507	545,065,051
61,099,810	74,467,153	64,218,329	60,462,983	160,282,566	163,936,741
25,203,092	<u>(53,525,221)</u>	<u>(8,172,357)</u>	3,996,467	<u>(59,432,472)</u>	<u>(20,369,189)</u>
<u>442,010,246</u>	<u>382,144,494</u>	<u>445,042,337</u>	<u>481,246,163</u>	<u>570,698,601</u>	<u>688,632,603</u>

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

	Fiscal Year			
	2013	2014	2015	2016
	\$	\$	\$	\$
Expenses				
Governmental Activities:				
Community development	9,090,251	8,150,880	9,592,085	10,471,987
Human services	1,562,157	1,462,300	1,485,779	1,673,308
Public safety	51,355,424	59,435,400	62,453,649	65,192,296
Transportation	11,332,401	11,572,619	12,944,719	13,001,063
Environmental support and protection	1,996,098	2,746,600	2,722,610	3,524,036
Leisure, cultural and information services	21,548,736	22,823,528	23,747,419	25,392,603
Policy development and implementation	6,030,657	5,982,346	7,043,417	6,122,280
Interest on long term debt	314,022	48,341	38,762	23,269
Total governmental activities expenses	<u>103,229,746</u>	<u>112,222,014</u>	<u>120,028,440</u>	<u>125,400,842</u>
Business-type activities				
Water utility fund	31,123,859	30,591,894	30,937,175	33,505,028
Sewer utility fund	19,287,430	19,989,758	22,081,105	34,345,565
Parking fund	2,430,359	2,471,222	2,916,242	3,005,729
Port of Redwood City	5,628,403	5,091,265	5,231,644	5,179,284
Docktown Marina	243,335	705,388	763,211	826,201
Total business-type activities expenses	<u>58,713,386</u>	<u>58,849,527</u>	<u>61,929,377</u>	<u>76,861,807</u>
Total primary government expenses	<u>161,943,132</u>	<u>171,071,541</u>	<u>181,957,817</u>	<u>202,262,649</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Community Development	4,651,706	8,553,508	5,171,299	6,340,242
Public Safety	3,131,805	6,922,702	7,744,775	7,905,079
Transportation	546,820	374,859	282,324	
Environmental support and protection	1,335,544	1,417,353	1,456,889	1,460,797
Leisure, cultural, and information services	2,827,087	3,074,537	3,553,925	3,090,945
Policy development and implementation	1,780,367	1,871,774	1,736,648	1,775,752
Operating grants and contributions	6,716,207	7,072,772	7,721,851	7,755,830
Capital grants and contributions	12,658,933	9,505,357	17,492,948	12,592,165
Total governmental activities program revenues	<u>33,648,469</u>	<u>38,792,862</u>	<u>45,160,659</u>	<u>40,920,810</u>
Business-type activities:				
Water utility fund	33,202,194	36,271,106	37,082,113	38,227,757
Sewer utility fund	28,100,341	25,692,258	29,837,033	45,533,365
Parking fund	1,366,984	1,503,519	2,019,961	2,401,924
Port of Redwood City	6,262,660	6,824,474	6,721,955	6,862,662
Docktown Marina	493,262	665,819	681,115	663,658
Total business-type activities program revenues	<u>69,425,441</u>	<u>70,957,176</u>	<u>76,342,177</u>	<u>93,689,366</u>
Net (Expense)/Revenue				
Governmental activities	(69,581,277)	(73,429,152)	(74,867,781)	(84,480,032)
Business-type activities	10,712,055	12,107,649	14,412,800	16,827,559
Total primary government net expense	<u>(58,869,222)</u>	<u>(61,321,503)</u>	<u>(60,454,981)</u>	<u>(67,652,473)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	38,379,963	41,708,668	44,546,153	48,033,490
Sales taxes	19,240,290	20,781,613	22,372,756	23,513,420
Other taxes	20,335,928	21,612,376	23,364,156	24,200,427
Investment Earnings	301,171	992,221	1,055,417	1,424,919
Other	1,069,894	1,205,727	1,277,511	199,510
Extraordinary item				
Special Item				
Gain (loss) on retirement of capital assets		(3,359,063)	1,315,418	
Transfers	(472,895)	2,314,350	(22,230)	(3,453,013)
Total governmental activities	<u>78,854,351</u>	<u>85,255,892</u>	<u>93,909,181</u>	<u>93,918,753</u>
Business-type activities:				
Property taxes	104,081	104,814	123,954	157,417
Investment Earnings	151,041	499,586	586,705	742,410
Incr. (decr.) in investment in sewer authority				
Other	4,792	4,132	2,536	755
Gain (loss) on retirement of capital assets		13,700,440		
Transfers	472,895	(2,314,350)	22,230	3,453,013
Total business-type activities	<u>732,809</u>	<u>11,994,622</u>	<u>735,425</u>	<u>4,353,595</u>
Total primary government	<u>79,587,160</u>	<u>97,250,514</u>	<u>94,644,606</u>	<u>98,272,348</u>
Change in Net Position				
Governmental activities	9,273,074	11,826,740	19,041,400	9,438,721
Business-type activities	11,444,864	24,102,271	15,148,225	21,181,154
Total primary government	<u>20,717,938</u>	<u>35,929,011</u>	<u>34,189,625</u>	<u>30,619,875</u>

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$	\$	\$	\$	\$	\$
11,283,201	15,606,312	20,209,904	18,010,124	21,427,691	22,266,067
1,829,157	2,082,688	2,207,239	3,446,039	3,655,114	3,008,049
70,531,632	81,254,909	81,714,725	86,704,991	87,558,205	69,615,402
15,543,459	11,395,963	12,415,300	13,207,698	11,938,272	19,741,914
1,918,929	3,061,832	2,991,575	3,825,093	1,688,207	4,125,432
27,413,602	29,865,949	28,346,520	27,041,650	27,305,627	30,558,846
8,709,696	19,190,179	12,338,662	25,473,041	12,884,545	14,602,553
63,308	8,655				1,570,827
<u>137,292,984</u>	<u>162,466,487</u>	<u>160,223,925</u>	<u>177,708,636</u>	<u>166,457,661</u>	<u>165,489,090</u>
36,788,633	41,468,907	37,755,171	39,823,510	36,926,646	38,539,818
26,675,531	29,054,577	32,783,853	33,531,050	33,574,745	35,839,253
3,004,956	3,386,730	3,355,779	3,815,421	3,459,388	3,228,107
5,692,117	6,899,536	8,061,695	6,892,387	6,736,736	8,340,144
1,408,137	15,700,537	3,042,215	961,079	605,576	1,057,943
<u>73,569,374</u>	<u>96,510,287</u>	<u>84,998,713</u>	<u>85,023,447</u>	<u>81,303,091</u>	<u>87,005,265</u>
<u>210,862,358</u>	<u>258,976,774</u>	<u>245,222,638</u>	<u>262,732,083</u>	<u>247,760,752</u>	<u>252,494,355</u>
8,087,438	12,452,093	12,876,378	11,502,883	12,679,472	11,518,172
8,215,731	10,016,793	11,074,905	10,287,791	11,340,800	10,804,123
		41,499	27,647	6,541	36,573
1,541,388	1,585,832	1,710,325	1,696,024	1,793,170	160,097
3,534,018	3,718,902	4,489,120	3,377,144	1,146,856	3,145,177
4,906,365	4,872,753	5,558,607	5,832,595	5,984,211	6,068,198
8,524,425	10,368,250	7,008,964	6,045,072	11,249,205	14,183,430
7,354,555	14,278,202	29,078,550	14,733,955	25,681,546	30,985,657
<u>42,163,920</u>	<u>57,292,825</u>	<u>71,838,348</u>	<u>53,503,111</u>	<u>69,881,801</u>	<u>76,901,427</u>
38,495,923	44,709,197	47,629,068	47,807,844	52,252,418	47,175,971
37,294,965	37,483,243	38,604,488	42,453,335	40,534,048	44,277,802
6,891,197	5,968,659	2,636,786	1,724,109	912,233	1,726,286
7,131,948	8,630,600	9,367,305	8,799,270	9,023,602	9,692,273
693,355	329,112	37,555	18,773	15,932	11,332
<u>90,507,388</u>	<u>97,120,811</u>	<u>98,275,202</u>	<u>100,803,331</u>	<u>102,738,233</u>	<u>102,883,664</u>
(95,129,064)	(105,173,662)	(88,385,577)	(124,205,525)	(96,575,860)	(88,587,663)
16,938,014	610,524	13,276,489	15,779,884	21,435,142	15,878,399
<u>(78,191,050)</u>	<u>(104,563,138)</u>	<u>(75,109,088)</u>	<u>(108,425,641)</u>	<u>(75,140,718)</u>	<u>(72,709,264)</u>
52,616,638	58,400,498	67,714,530	66,951,020	67,817,300	78,775,809
24,825,685	25,233,175	28,454,859	36,264,329	38,455,837	40,387,746
24,299,061	25,706,747	27,282,251	24,946,753	20,811,655	23,534,814
1,242,098	1,743,818	5,175,591	10,092,576	3,671,237	(7,997,176)
332,294	295,538	208,943	187,438	94,821	1,060,261
				10,272,916	563,962
<u>(2,681,630)</u>	<u>(6,390,848)</u>	<u>(4,705,317)</u>	<u>(5,420,878)</u>	<u>(2,943,446)</u>	<u>(3,446,426)</u>
<u>100,634,146</u>	<u>104,988,928</u>	<u>124,130,857</u>	<u>133,021,238</u>	<u>138,180,320</u>	<u>132,878,990</u>
213,553	331,225	409,989	447,594	394,071	312,160
606,423	(2,094,124)	4,023,177	3,241,147	(80,648)	(3,414,872)
		4,737,591	2,498,610	(1,278,828)	(2,120,267)
658	10,436				
<u>2,681,630</u>	<u>6,390,848</u>	<u>4,705,317</u>	<u>5,420,878</u>	<u>2,943,446</u>	<u>3,446,426</u>
<u>3,502,264</u>	<u>4,638,385</u>	<u>13,876,074</u>	<u>11,608,229</u>	<u>1,978,041</u>	<u>(1,776,553)</u>
<u>104,136,410</u>	<u>109,627,313</u>	<u>138,006,931</u>	<u>144,629,467</u>	<u>140,158,361</u>	<u>131,102,437</u>
5,505,082	(184,734)	35,745,280	8,815,713	41,604,460	44,291,327
20,440,278	5,248,909	27,152,563	27,388,113	23,413,183	14,101,846
<u>25,945,360</u>	<u>5,064,175</u>	<u>62,897,843</u>	<u>36,203,826</u>	<u>65,017,643</u>	<u>58,393,173</u>

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

	Fiscal Year			
	2013	2014	2015	2016
	\$	\$	\$	\$
General Fund				
Nonspendable	1,785,184	1,608,733	1,387,892	1,291,863
Restricted			1,230	96,338
Committed	370,927	536,108	700,783	837,563
Assigned	148,534	223,061	283,563	978,967
Unassigned	19,449,097	21,480,940	26,231,888	25,233,340
Total general fund	<u>21,753,742</u>	<u>23,848,842</u>	<u>28,605,356</u>	<u>28,438,071</u>
All Other Governmental Funds				
Nonspendable				105,702
Restricted	43,969,746	49,268,810	55,913,000	59,678,286
Committed	22,494,438	29,788,888	34,613,371	22,446,882
Assigned	7,817,738	8,128,032	8,060,682	14,270,412
Unassigned				
Total all other governmental funds	<u>74,281,922</u>	<u>87,185,730</u>	<u>98,587,053</u>	<u>96,501,282</u>
Total Governmental Funds	<u><u>96,035,664</u></u>	<u><u>111,034,572</u></u>	<u><u>127,192,409</u></u>	<u><u>124,939,353</u></u>

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$	\$	\$	\$	\$	\$
1,131,814	956,207	733,648	390,428	72,983	26,161
96,338	1,118,953	2,498,135	3,147,443	32,824,347	30,137,545
837,563	2,078,791	2,761,836	4,049,872	5,229,231	6,087,438
884,838	1,036,150	4,036,548	5,319,419	3,512,252	44,904,614
29,421,956	25,019,617	41,250,214	42,850,389	42,739,582	14,189,846
<u>32,372,509</u>	<u>30,209,718</u>	<u>51,280,381</u>	<u>55,757,551</u>	<u>84,378,395</u>	<u>95,345,604</u>
124,395	5,799,838	13,066,183	12,823,386	12,752,808	14,451,845
58,674,542	60,025,546	51,798,117	47,052,552	117,140,777	123,677,836
34,219,577	5,323,534	5,236,423	5,131,093	4,106,568	4,057,525
5,230,911	32,083,477	33,310,870	29,119,677	26,490,496	23,330,908
(3,022)	(3,022)	(34,963)	(51,277)	(99,519)	(14,651,761)
<u>98,246,403</u>	<u>103,229,373</u>	<u>103,376,630</u>	<u>94,075,431</u>	<u>160,391,130</u>	<u>150,866,353</u>
<u><u>130,618,912</u></u>	<u><u>133,439,091</u></u>	<u><u>154,657,011</u></u>	<u><u>149,832,982</u></u>	<u><u>244,769,525</u></u>	<u><u>246,211,957</u></u>

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

	Fiscal Year			
	2013	2014	2015	2016
	\$	\$	\$	\$
REVENUES				
Property taxes/special assessments	39,709,199	43,092,377	45,973,909	49,312,670
Sales and other taxes	37,072,870	39,970,312	43,307,531	44,186,332
Licenses and permits	1,897,584	2,561,642	1,467,814	7,151,286
Fines, forfeitures and penalties	1,198,611	887,309	878,334	983,449
Use of money and property	2,476,647	1,771,829	1,918,899	2,164,743
Intergovernmental	10,505,927	10,835,761	12,416,110	13,265,046
Contributions	7,743,498	8,301,860	11,363,481	2,296,073
Charges for current services	10,411,028	15,345,006	16,420,416	16,900,849
Other	557,739	623,242	708,967	621,247
Total Revenues	111,573,103	123,389,338	134,455,461	136,881,695
EXPENDITURES				
Current Operations:				
Community development	8,595,743	7,864,788	9,479,762	10,320,807
Human services	1,462,092	1,347,136	1,400,276	1,624,187
Public safety	49,368,709	56,115,246	61,713,585	65,020,500
Transportation	6,452,755	6,714,370	8,685,224	9,099,717
Environmental support and protection	1,959,881	2,601,280	2,525,916	2,360,169
Leisure, cultural and information services	19,778,480	20,789,647	22,013,436	23,537,162
Policy development and implementation	5,470,098	3,598,453	5,202,537	4,259,132
Capital outlay	10,502,338	5,310,292	6,162,302	14,730,024
Debt service:				
Principal retirement	5,880,000	324,742	656,858	666,814
Interest and fiscal charges	326,059	31,755	43,348	74,696
Bond issue costs	67,252			
Total Expenditures	109,863,407	104,697,709	117,883,244	131,693,208
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,709,696	18,691,629	16,572,217	5,188,487
OTHER FINANCING SOURCES (USES)				
Transfers in	13,223,617	13,632,786	12,241,110	10,795,891
Transfers (out)	(13,782,396)	(17,325,507)	(14,448,618)	(18,237,434)
Bond proceeds/Refunding lease	3,360,000			
Sale of capital assets			1,793,128	
Total Other Financing Sources (Uses)	2,801,221	(3,692,721)	(414,380)	(7,441,543)
Extraordinary gain (loss)/Special item				
NET CHANGE IN FUND BALANCES	4,510,917	14,998,908	16,157,837	(2,253,056)
Debt service as a percentage of non-capital expenditures	6.25%	0.36%	0.63%	0.63%

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$	\$	\$	\$	\$	\$
53,975,055	59,803,386	69,231,824	68,452,879	69,448,210	73,981,263
44,037,753	44,906,727	52,302,099	57,030,578	55,101,620	59,828,425
4,189,195	9,832,842	6,816,903	5,472,129	6,570,476	5,133,707
989,611	1,059,004	975,095	122,112	569,892	573,306
6,115,750	6,513,028	10,412,446	13,383,745	8,266,580	(3,077,127)
12,243,780	14,053,873	16,299,213	13,612,956	16,769,992	23,960,542
3,559,664	2,402,789	5,760,413	5,222,515	547,409	4,237,310
19,791,531	23,399,087	25,173,118	24,331,769	15,115,751	31,164,603
788,639	1,289,804	156,372	241,893	118,827	7,072,479
<u>145,690,978</u>	<u>163,260,540</u>	<u>187,127,483</u>	<u>187,870,576</u>	<u>172,508,757</u>	<u>202,874,508</u>
10,987,811	14,719,418	19,351,651	17,121,816	20,359,530	23,406,919
1,708,705	1,874,314	1,996,048	3,237,966	3,477,996	2,966,458
68,186,718	70,296,129	72,821,984	77,943,200	82,384,050	84,129,070
11,241,321	6,473,602	7,283,163	9,534,877	8,388,514	8,335,426
2,160,598	2,179,407	1,818,931	1,887,799	1,992,197	3,570,437
24,507,866	24,983,432	24,375,689	25,396,511	24,791,272	26,804,553
8,440,654	18,350,842	11,468,715	24,490,924	12,129,308	14,643,896
8,365,803	10,840,645	20,891,854	26,272,264	19,436,584	23,882,872
676,920	687,180	347,486			
61,958	13,842	2,725			1,811,887
				365,002	
<u>136,338,354</u>	<u>150,418,811</u>	<u>160,358,246</u>	<u>185,885,357</u>	<u>173,324,453</u>	<u>189,551,518</u>
9,352,624	12,841,729	26,769,237	1,985,219	(815,696)	13,322,990
11,997,013	11,845,559	14,902,667	13,603,597	17,146,102	16,443,413
(15,670,078)	(21,586,606)	(20,453,984)	(20,412,845)	(20,218,383)	(28,323,971)
				64,116,809	
<u>(3,673,065)</u>	<u>(9,741,047)</u>	<u>(5,551,317)</u>	<u>(6,809,248)</u>	<u>61,044,528</u>	<u>(11,880,558)</u>
				10,272,916	
<u>5,679,559</u>	<u>3,100,682</u>	<u>21,217,920</u>	<u>(4,824,029)</u>	<u>70,501,748</u>	<u>1,442,432</u>
0.58%	0.50%	0.25%	n/a	n/a	1.09%

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				
	\$	\$	\$	\$	\$	%	%
2013	1,466,946	15,154,966,352	763,901,657	766,118,316	15,154,216,639	2.78	0.2101
2014	1,466,946	16,187,528,735	785,538,767	726,787,642	16,247,746,806	7.22	0.1921
2015	1,466,946	17,089,497,213	816,665,290	791,008,571	17,116,620,878	5.35	0.1920
2016	1,591,555	18,644,533,868	801,908,976	731,483,833	18,716,550,566	9.35	0.1944
2017	1,591,555	20,475,454,077	844,061,306	758,856,031	20,562,250,907	9.86	0.1930
2018	1,591,555	22,264,350,439	803,417,774	754,963,061	22,314,396,707	8.52	0.1819
2019	1,591,555	23,987,541,814	839,857,951	1,060,343,422	23,768,647,898	6.52	0.1731
2020	1,818,920	25,835,418,178	894,770,528	1,321,568,277	25,410,439,349	6.91	0.1731
2021	1,818,920	27,566,263,855	1,277,695,321	1,448,711,548	27,397,066,548	7.82	0.1684
2022	1,818,920	28,675,950,742	1,281,058,445	1,699,532,680	28,259,295,427	3.15	0.1904

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

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

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

Source: San Mateo County Assessor's records

Schedule 6

CITY OF REDWOOD CITY, CALIFORNIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed values)

	Fiscal Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct Rates										
City	0.2101	0.1921	0.1920	0.1944	0.1930	0.1819	0.1731	0.1731	0.1684	0.1904
County and All Others*	0.7899	0.8079	0.8080	0.8056	0.8070	0.8181	0.8269	0.8269	0.8316	0.8097
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
Elementary School	0.0256	0.0240	0.0230	0.0158	0.0461	0.0412	0.0384	0.0396	0.0299	0.0346
High School	0.0356	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340	0.0315	0.0290
Community College	0.0194	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175	0.0231	0.0213	0.0227
Total Overlapping Rate	0.0806	0.0747	0.0853	0.0850	0.1105	0.1039	0.0942	0.0983	0.0842	0.0878
Total Direct and Overlapping Rate	1.0806	1.0747	1.0853	1.0850	1.1105	1.1039	1.0942	1.0983	1.0842	1.0878

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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$			\$		
Google Inc.	778,598,268	1	2.76%			
Oracle Corporation	541,002,511	2	1.91%	547,022,754	1	3.61%
AIMCO Indigo LP	338,722,372	3	1.20%			
Improvement Blu Harbor LLC	316,684,395	4	1.12%			
Westport Office Park LLC	302,697,739	5	1.07%	261,235,597	3	1.72%
DWF IV 1400 1500 Seaport Blvd	287,573,969	6	1.02%			
Slough Redwood City LLC	286,042,766	7	1.01%	237,238,235	4	1.57%
Electronic Arts Inc.	268,085,188	8	0.95%	203,004,576	5	1.34%
Hudson Towers at Shore Center LLC	244,161,924	9	0.86%			
TGA 299 Franklin LLC	232,200,943	10	0.82%			
Informatica Corp.				144,201,385	8	0.95%
Pacific Shores Investors LLC				393,786,420	2	2.60%
SRI Eight Pacific Shores LLC				177,333,212	7	1.17%
California Shorebreeze Offices LTD				138,267,492	9	0.91%
Irvine Co. LLC				133,373,174	10	0.88%
SPK-Towers@Shores Center LLC				189,226,341	6	1.25%
	<u>3,595,770,075</u>		<u>12.72%</u>	<u>2,424,689,186</u>		<u>16.00%</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
	\$	\$	%		\$	%
2013	25,724,570	25,478,547	99.04	NA	25,478,547	99.04
2014	27,363,041	27,345,209	99.93	NA	27,345,209	99.93
2015	28,944,353	28,862,898	99.72	NA	28,862,898	99.72
2016	31,236,465	31,170,596	99.79	NA	31,170,596	99.79
2017	33,650,661	33,580,370	99.79	NA	33,580,370	99.79
2018	35,664,083	35,757,150	100.26	NA	35,757,150	100.26
2019	37,659,043	37,595,784	99.83	NA	37,595,784	99.83
2020	40,016,245	40,035,839	100.05	NA	40,035,839	100.05
2021	43,133,607	42,971,448	99.62	NA	42,971,448	99.62
2022	43,925,483	44,194,384	100.61	NA	44,194,384	100.61

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)

	<u>Governmental Activities</u>					<u>Business-Type Activities</u>		Total Primary Govt	Per Capita	Debt/ Personal Income
	Revenue Bonds	Refunding Lease	GID Bonds	Tax Increment Bonds	Loans*	Revenue Bonds	Loans			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
2013		3,360				81,346	1,758	86,464	1,093	2.70
2014		3,035				80,393	424	83,852	1,038	2.51
2015		2,378				77,749		80,127	979	2.35
2016		1,712				74,814		76,526	890	1.72
2017		1,035				66,890		67,925	794	1.61
2018		347				63,886		64,233	745	1.28
2019						60,831		60,831	713	1.16
2020						57,663		57,663	665	1.26
2021	64,117					54,376		118,493	1,391	2.29
2022	63,876					53,367		117,243	1,424	2.24

Schedule 10
CITY OF REDWOOD CITY, CALIFORNIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2022

<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	10.609	77,859,152
Sequoia Union High School District	24.384	115,858,138
Belmont-Redwood Shores School District	40.347	25,732,199
Belmont-Redwood Shores School District School Facilities Improvement Distr.	91.215	16,934,065
Redwood City School District	61.867	110,114,752
San Carlos School District	0.830	878,697
Midpeninsula Regional Park District	7.995	6,761,771
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	6,560,000
Redwood City Community Facilities District 2010-1	100.000	3,685,000
TOTAL DEBT REPAID WITH PROPERTY TAXES		364,383,774
Other Debt		
San Mateo County General Fund Obligations	10.609	64,991,337
San Mateo County Board of Education Certificates of Participation	10.609	688,524
Midpeninsula Regional Park District General Fund Obligations	7.995	7,971,463
San Mateo County Mosquito and Vector Control General Fund Obligations	10.609	405,794
Menlo Park Fire Protection District Certificates of Participation	0.019	1,762
TOTAL OTHER DEBT		74,058,880
Overlapping Tax Increment Debt (Successory Agency)	100.000	10,256,223
Total City Overlapping Debt		448,698,877
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		512,574,626

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>
	\$	\$	\$	%
2012-13	597,012,561		597,012,561	
2013-14	636,545,042		636,545,042	
2014-15	671,536,104		671,536,104	
2015-16	729,301,290		729,301,290	
2016-17	799,541,510		799,541,510	
2017-18	865,100,991		865,100,991	
2018-19	931,087,175		931,087,175	
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	

Legal Debt Margin Calculation for FY 2021-22

Assessed value	28,259,295,427
Add back: exempt real property	1,699,532,680
Total assessed value	<u>29,958,828,107</u>
Debt limit (3.75% of total assessed value)	1,123,456,054
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>1,123,456,054</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, 2022*

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

Water Revenue Bonds						
Fiscal Year	Gross	Less:	Net	Debt Service		Coverage
	Revenue	Operating	Available	Principal	Interest	Ratio
	\$	Expenses	Revenue	\$	\$	
	\$	\$	\$	\$	\$	
2013	33,167,501	23,321,874	9,845,627	1,865,000	2,802,852	2.11
2014	35,655,559	23,173,261	12,482,298	1,845,000	2,269,566	3.03
2015	35,323,680	25,430,020	9,893,660	1,905,000	2,943,480	2.04
2016	35,508,299	28,248,490	7,259,809	1,995,000	2,214,629	1.72
2017	36,752,635	31,411,452	5,341,183	2,080,000	2,352,256	1.21
2018	43,031,133	36,469,678	6,561,455	1,975,000	1,999,194	1.65
2019	46,708,545	32,725,719	13,982,826	2,000,000	1,965,763	3.53
2020	48,757,896	34,777,766	13,980,130	2,085,000	1,888,213	3.52
2021	46,666,247	31,927,204	14,739,043	2,165,000	1,768,729	3.75
2022	45,085,275	33,570,662	11,514,613	2,255,000	1,546,682	3.03

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

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

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

Port Revenue Bonds						
Fiscal Year	Gross	Less:	Net	Debt Service		Coverage
	Revenues	Operating Expenses¹	Available Revenue	Principal	Interest	Ratio²
	\$	\$	\$	\$	\$	
2013	6,262,660	2,703,564	3,559,096	644,144	875,483	2.34
2014	6,824,474	2,786,181	4,038,293	646,186	819,930	2.75
2015	6,721,955	3,033,231	3,688,724	710,341	807,953	2.43
2016*	6,779,863	2,823,939	3,955,924	772,130	630,193	2.82
2017	7,127,814	3,106,577	4,021,237	771,916	577,965	2.98
2018	8,627,231	4,245,795	4,381,436	798,483	556,144	3.23
2019	9,335,548	5,252,241	4,083,307	825,604	538,926	2.99
2020	8,761,928	4,159,256	4,602,672	853,775	510,405	3.37
2021	9,023,602	3,926,925	5,096,677	892,563	478,033	3.72
2022	9,400,225	5,534,589	3,865,636	922,155	433,746	2.85

Tax Increment Bonds				
	Property Tax Increment	Debt Service		Coverage Ratio
	\$	Principal	Interest	
	\$	\$	\$	
2013 ³		2,480,000	511,075	
2014 ³		2,895,000	385,481	
2015 ³		3,045,000	229,556	
2016 ³		3,142,669	292,144	
2017 ³		1,889,861	1,615,139	
2018 ³		1,773,916	1,731,084	
2019 ³		1,663,894	1,841,106	
2020 ³		1,557,657	1,947,343	
2021 ³		1,450,684	2,054,316	
2022 ³		1,352,544	2,152,456	

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
		\$	\$	%	
2012	78,244	3,125,218	39,942	7.10	24,119
2013	79,074	3,204,632	40,527	5.40	24,296
2014	80,768	3,342,018	41,378	4.20	24,347
2015	81,838	3,408,940	41,655	3.00	24,472
2016	85,992	4,459,975	51,865	3.00	24,485
2017	85,601	4,206,433	49,140	2.70	24,508
2018	86,271	5,008,894	58,060	2.40	24,600
2019	85,319	5,224,936	61,240	2.00	24,627
2020	86,754	4,587,725	52,882	5.40	24,642
2021	85,182	5,180,343	60,815	4.10	23,562
2022	82,344	5,232,385	63,543	2.00	23,620

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	2022			2013		
	Employees*	Rank	% of Total City Employment	Employees**	Rank	% of Total City Employment
Oracle Corporation	4,952	1	9.82%	6,524	1	15.57%
Stanford Hospital and Clinics	2,700	2	5.35%	601	4	1.43%
County of San Mateo	2,659	3	5.27%			
Box Inc.	1,760	4	3.49%			
Guardant Health, Inc.	1,654	5	3.28%			
Electronic Arts	1,600	6	3.17%	1,320	2	3.15%
Geonomic Health	861	7	1.71%	447	7	1.07%
Auris Surgical Robotics, Inc.	833	8	1.65%			
Google	731	9	1.45%			
Informatica LLC	695	10	1.38%			
Kaiser Permanente				817	3	1.95%
Silver Spring Networks				614	4	1.47%
Pacific Data Images (Dreamworks)				553	5	1.32%
Abbott Vascular				327	8	0.78%
Shutterfly.com, Inc				283	9	0.68%
Western Athletics Club, LLC				239	10	0.57%

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.

**2013 Data from Redwood City Chamber of Commerce.

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

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

Department**	Fiscal Year					
	2017	2018	2019	2020	2021	2022
City Council	7.00	7.00	7.00	7	7	7
City Manager	7.49	8.59	10.89	10.89	12.64	11.06
City Attorney	6.83	5.97	5.97	5.97	5.97	6.02
City Clerk	4.41	3.78	3.78	3.78	3.78	3.80
Administrative Services	41.99	41.13	39.13	41.13	33.33	34.10
Community Development	70.31	65.46	59.03	59.23	57.88	60.93
Fire	93.00	89.50	91.00	91.00	87.00	90.00
Human Resources***					7.00	7.20
Library	40.72	38.53	40.30	40.30	38.24	38.24
Parks, Recreation, Community Svcs	71.66	71.74	71.11	69.11	66.11	66.11
Police	128.00	124.00	130.00	130.00	121.00	121.00
Public Works	97.39	101.52	106.15	105.95	105.95	106.95
Port	8.00	9.00	10.00	8.50	10.50	10.00
Total	576.80	566.22	574.36	572.86	556.40	562.41

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

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

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

Source: Redwood City Adopted Budget

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Community Development:										
Building permits	2,320	2,549	2,650	3,493	3,310	3,017	2,888	2,571	3,042	3,114
Building inspections conducted	11,844	16,669	17,547	20,383	21,640	25,201	25,999	20,547	19,631	17,088
Public Safety:										
Police:										
Moving citations (per 1,000 population)	94	97	120	103	68	61	68	26	21	19
Fire:										
Emergency responses - all calls*	7,656	9,096	10,078	10,245	10,479	10,742	10,690	10,401	11,757	14,260
Leisure/Cultural/Information Services:										
Number of items in collection	332,776	299,673	292,781	277,520	273,391	244,106	236,705	236,926	224,124	214,313
Water:										
Average daily consumption (thousands of gallons)	9,402	9,910	10,401	7,507	7,729	8,536	8,328	8,588	8,566	7,957

*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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations*	5	7	7	7	7	7	7	7	7	7
Transportation										
Miles of streets	155	155	155	155	155	155	155	155	157	163
Number of street lights**	4,512	5,035	5,055	5,076	5,076	5,076	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	24	24	25	25	25	25	25	25	25	25
Number of libraries***	4	4	4	4	4	4	4	4	4	3
Number of recreation center facilities	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	264	262	262	262	262	262	262	262	262	262
Miles of recycled water system lines	15	17	17	18	18	18	18	18	18	19
Sewer										
Miles of sanitary sewers	193	196	198	198	198	198	198	198	198	197
Miles of storm sewers	129	130	133	133	133	133	133	133	133	133

Sources: Various city departments

Notes:

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

**In 2012, the Public Works Services division employed a consultant to create a physical inventory of street lights. Criteria was updated and applied for a more accurate count of the number of street lights in the City's right-of-way. 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	
		\$		\$		\$		\$	\$
2013	605	126,141,306	3	19,333,650	1,226	28,200,872	1,041	56,330,964	230,006,792
2014	426	82,816,188	5	94,930,847	1,270	30,617,300	1,213	73,184,001	281,548,336
2015	86	194,571,550	8	36,583,115	1,485	37,474,855	1,071	119,773,839	388,403,359
2016	120	133,448,208	14	44,186,444	1,762	51,966,358	1,597	116,225,763	345,826,773
2017	85	29,578,614	10	16,375,200	1,463	41,937,060	1,419	271,670,621	359,561,495
2018	3	398,600	2	39,150,000	149	3,499,075	2,863	643,620,383	686,668,058
2019			1	14,685,722	46	300,000	2,841	383,824,579	398,810,301
2020					41		2,530	311,805,401	311,805,401
2021					40	3,000	3,002	377,393,192	377,396,192
2022					27	7,852	3,087	541,606,867	541,614,719



*City of Redwood City
Annual Comprehensive Financial Report
June 30, 2022*

Respond.
Restore.
Reimagine.

