

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024



City of Redwood City

Redwood City, California



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Prepared by:
Finance Department

**CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

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

**CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
II. FINANCIAL SECTION, Continued	
D. Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting	99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund	101
Defined Benefit Pension Plans	104
Post Employment Benefits (OPEB)	110
E. Supplementary Information:	
General Fund:	
Comparative Balance Sheet	118
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	119
Schedule of Revenues Compared with Budget (GAAP Basis) and Actual	120
Schedule of Expenditures Compared with Budget (GAAP Basis and Actual	121
Non-Major Governmental Funds:	
Combining Balance Sheet.....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	130
Budgeted Non-Major Funds:	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	134
Internal Service Funds:	
Combining Statement of Net Position.....	144
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	145
Combining Statement of Cash Flows.....	146
Custodial Funds:	
Combining Statement of Net Position.....	148
Combining Statement of Changes in Net Position.....	150

**CITY OF REDWOOD CITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
III. STATISTICAL SECTION (Unaudited)	
Statistical Category Narrative	153
Schedule 1 – Net Position by Component – Last Ten Fiscal Years	154
Schedule 2 – Changes in Net Position – Last Ten Fiscal Years.....	156
Schedule 3 – Fund Balances – Governmental Funds – Last Ten Fiscal Years	158
Schedule 4 – Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	160
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .	162
Schedule 6 – Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	163
Schedule 7 – Principal Property Tax Payers – Current Year and Nine Years Ago.....	164
Schedule 8 – Property Tax Levies and Collections – Last Ten Fiscal Years.....	165
Schedule 9 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	166
Schedule 10 – Direct and Overlapping Governmental Activities Debt	167
Schedule 11 – Legal Debt Margin Information – Last Ten Fiscal Years.....	168
Schedule 12 – Pledged-Revenue Coverage – Last Ten Fiscal Years.....	170
Schedule 13 – Demographic and Economic Statistics – Last Ten Calendar Years	172
Schedule 14 – Principal Employers – Current and Nine Years Ago.....	173
Schedule 15 – Full Time Equivalent Employees by Function – Last Ten Fiscal Years	174
Schedule 16 – Operating Indicators by Function/Program – Last Ten Fiscal Years	175
Schedule 17 – Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	176
Schedule 18 – Construction Values – Last Ten Fiscal Years.....	177



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

FINANCE DEPARTMENT
Beth Goldberg, Director



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

February 28, 2025

Honorable Elmer Martinez Saballos, Mayor
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, 2024.

This report contains a complete set of audited financial statements, prepared by the City's Finance Department, 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, 2024. 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, 2024. 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 for fair presentation and adequate disclosure.

Reporting Entity and Its Services

Redwood City is a San Francisco Bay Area community located in Silicon Valley. With a population of more than 80,000, Redwood City is the third largest city in the County of San Mateo. The City of Redwood City was incorporated in 1867 and became a Charter City in 1929. It operates under a council-manager form of government and is a full-service city, providing a range of services that include police and fire protection, recreation and parks, libraries, street maintenance and construction, infrastructure improvements, planning and zoning, water delivery, storm drains, and port facilities. Although the City maintains sewer lines and pump stations, the sewer plant and treatment services are provided by the Silicon Valley Clean Water Authority, a joint powers authority of which Redwood City is the largest equity holder.

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

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

Financial Information

Accounting System and Budgetary Control

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

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

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

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

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

Factors Affecting Financial Condition

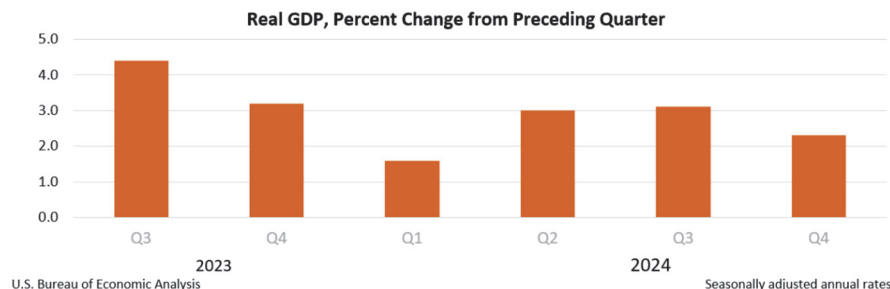
National and Local Economy

After four consecutive fiscal years punctuated by the effects of the COVID-19 pandemic, FY 2023-24 was the first post-COVID fiscal year where the economy started to normalize. While many common economic indicators pointed to a strong and resilient economy, there were significant concerns about high rates of inflation and whether the Federal Reserve’s attempts to combat inflation through a series of interest rate hikes would tip the economy into a recession. These concerns were so prevalent that Redwood City developed, like many jurisdictions in California and throughout the nation, its FY 2023-24 budget forecast assuming recessionary headwinds.

By early 2024, it became clear that the Federal Reserve would successfully achieve a so-called “soft landing” whereby the increased interest rates where enough to tamp down inflation, without resulting in a recession. This had been so successful that by the latter half of 2024, the Federal Reserve began to lower interest rates.

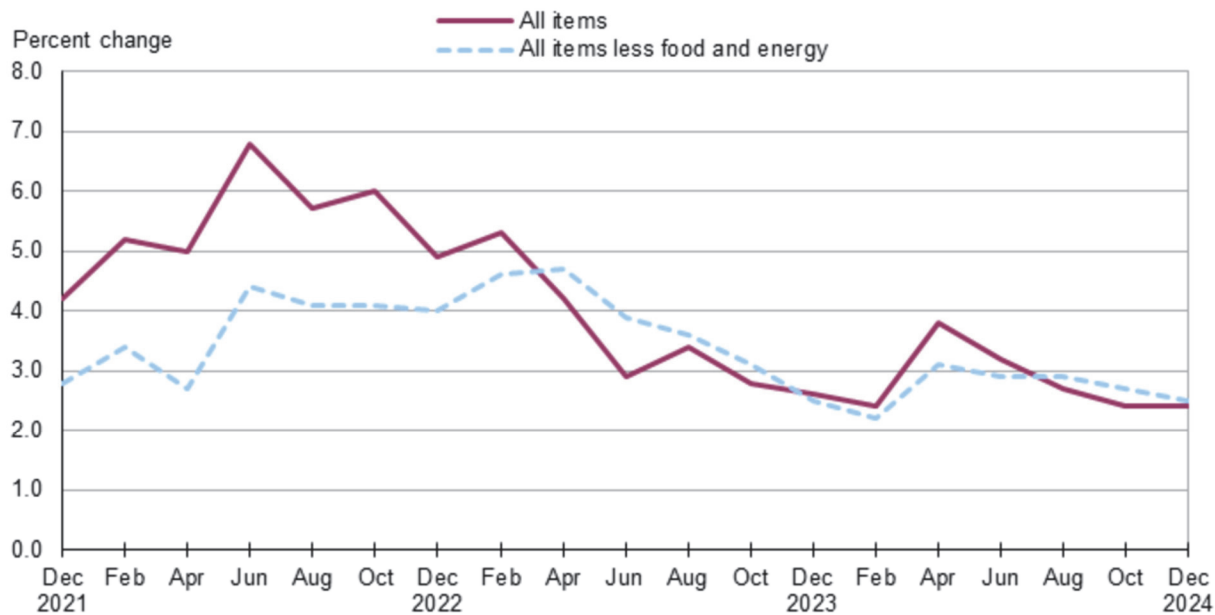
Gross Domestic Product (GDP), a measure of economic health, remained strong in FY 2023-24, hovering at 3%.

Real gross domestic product (GDP) increased at an annual rate of 2.3 percent in the fourth quarter of 2024 (October, November, and December), according to the advance estimate released by the U.S. Bureau of Economic Analysis. In the third quarter, real GDP increased 3.1 percent.



Inflation, as measured by the Consumer Price Index (CPI), hovered between 2 – 3% during FY 2023-24, down considerably from the 2022 post-COVID highs.

Chart 1. Over-the-year percent change in CPI-U, San Francisco-Oakland-Hayward, CA, December 2021–December 2024

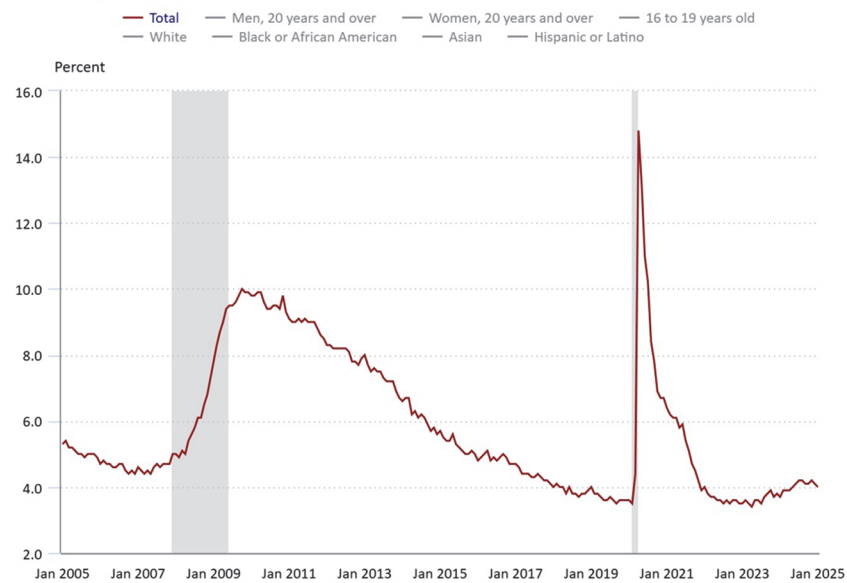


Source: U.S. Bureau of Labor Statistics.

The labor market, another important gauge of economic health, also showed strength in FY 2023-24. The economy added jobs throughout the period and the national unemployment remained historically low, falling from a significant spike in the unemployment rate during the COVID-19 pandemic. The U.S. unemployment rate was 4.1% in December 2024.

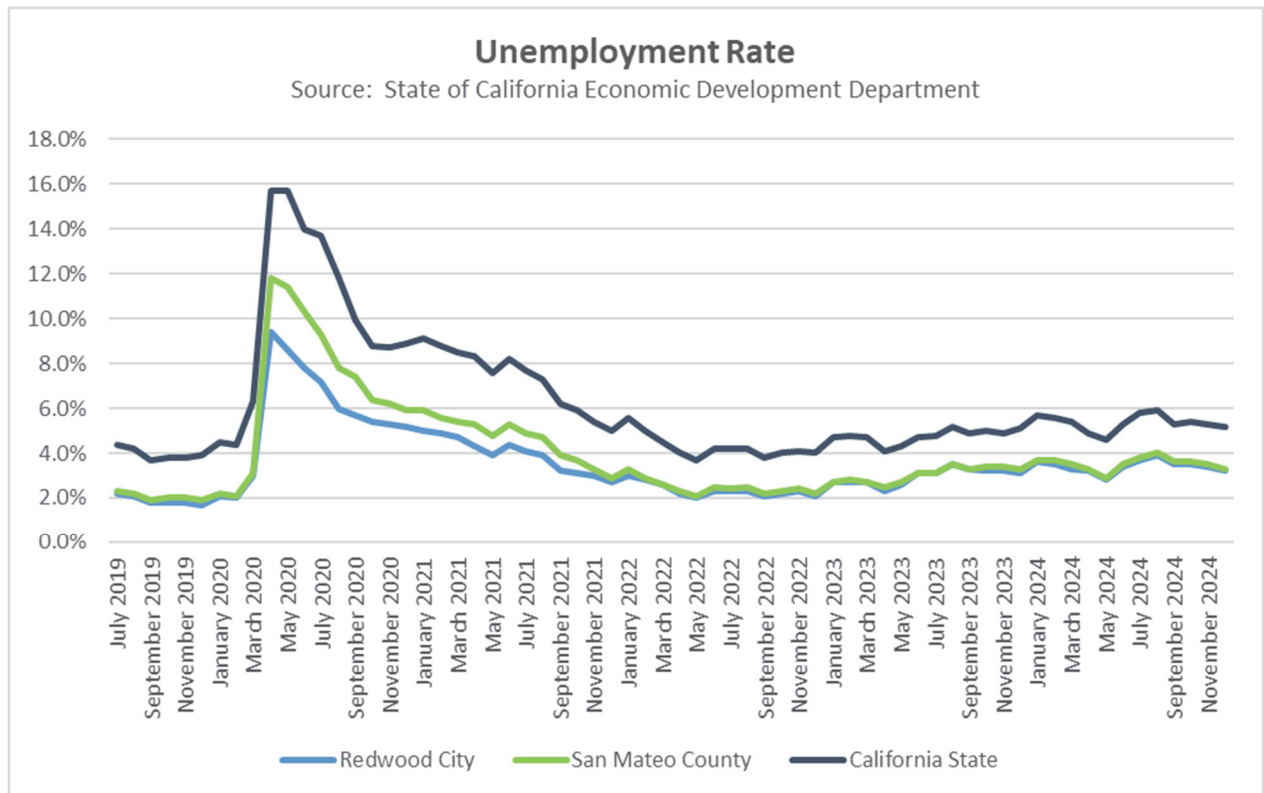
Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods



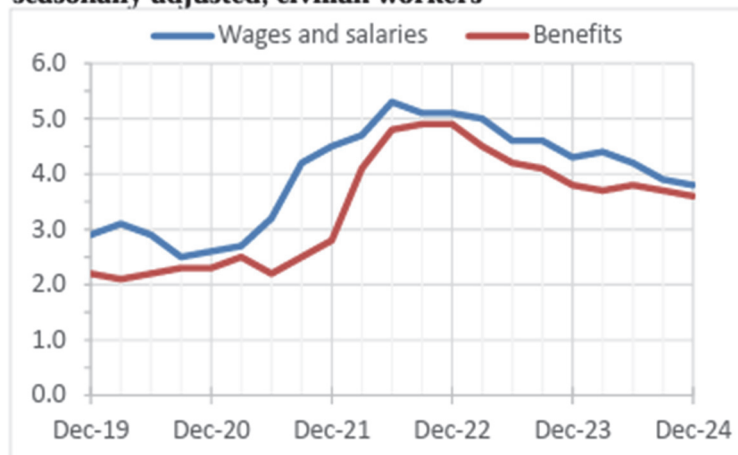
Source: U.S. Bureau of Labor Statistics.

Meanwhile, at 3.2%, Redwood City's unemployment rate was below that of the U.S. and the State of California as demonstrated by the chart below.



As another sign of strength in the labor market, wages continued to increase in 2023 and 2024 as evidenced by the U.S. Bureau of Labor Statistics' (BLS) Employment Cost Index (ECI). Compensation costs for civilian workers increased 3.8% for the 12-month period ending in December 2024.

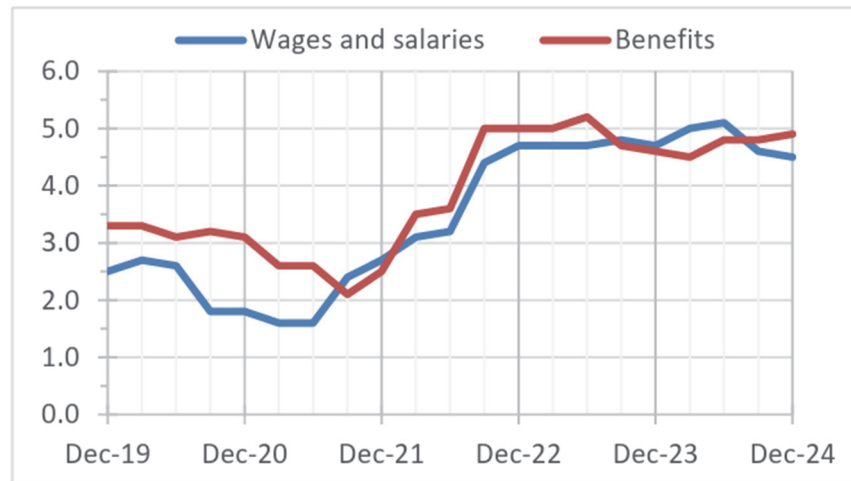
Chart 2. Twelve-month percent change, not seasonally adjusted, civilian workers



Source: Bureau of Labor Statistics

The growth in compensation rates in 2024 was driven by increases in the compensation rates for state and local government workers, which grew by 4.7% for the 12-month period ending in December 2024 and outpaced the rates for private sector employees.

Chart 5. Twelve-month percent change, not seasonally adjusted, state and local government workers



Source: Bureau of Labor Statistics

Impact on Redwood City Finances

Strength in the national and local economic conditions has resulted in continued growth in Redwood City's General Fund revenues. The original FY 2023-24 forecast assumed conservative revenue growth in keeping with City's forecasting past practices and considering prevalent sentiments among economists that the U.S. would fall into a recession in 2024. As noted above, the U.S. economy avoided a recession and Redwood City's revenues grew at a healthy rate, meaning the City's finances ended FY 2023-24 better than anticipated.

Economic Vitality

With the adoption of the Downtown Precise Plan in 2011, Downtown Redwood City has become a vibrant district where Redwood City residents and visitors enjoy working, living, and playing. That said, the work-from-home culture that has taken hold post-COVID has resulted in increased commercial vacancy rates. Cushman & Wakefield's fourth quarter 2024 commercial real estate reports for San Mateo County show that while there are some bright spots, Redwood City (like surrounding areas) is still struggling with high vacancy rates. At 17.2%, Redwood Shores' commercial vacancy rate is faring better than the County's 21.4% average vacancy rate. Meanwhile, at 32.7%, Redwood City's total commercial vacancy rate is worse than the County average.

But there are some bright spots – the third largest lease in San Mateo County for the 4th quarter went to The Chan Zuckerberg Initiative at Elco Yards and the Box buildings are fully leased.

Despite these vacancy rates, business license revenues showed resiliency in FY 2023-24. Redwood City collected \$3.2 million in business license tax revenue in FY 2023-24, up slightly from FY 2022-23's \$3.1 million. And there is reason for optimism for future growth in business license revenues as businesses continue to express interest in locating in Redwood City. Further, Redwood City voters overwhelmingly approved Measure BB – a tax measure that will modernize the City's business license tax structure – which is expected to generate an additional \$7.7 million annually when the tax is fully implemented in FY 2026-27.

Long-Term Financial Planning

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

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

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

During FY 2023-24, the City remained faithful to its established fiscal strategies. Specifically, Redwood City:

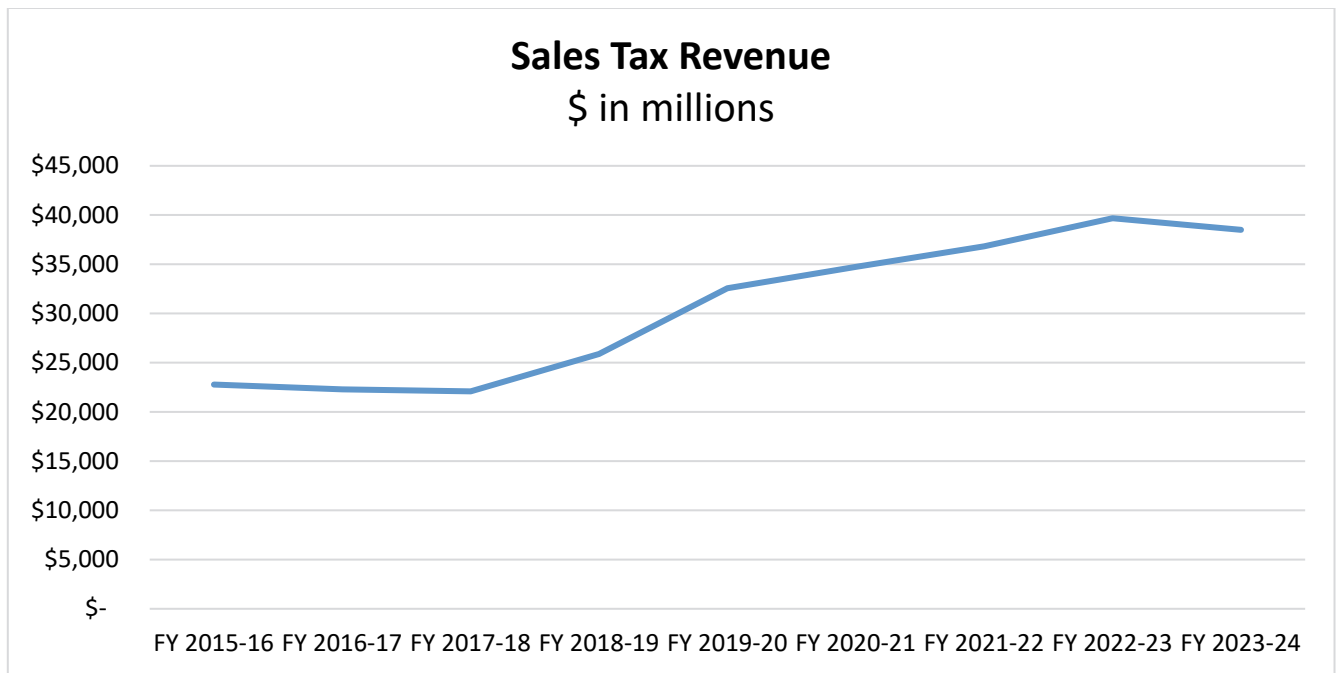
- Continued to fund ongoing services with ongoing revenues and limited the allocation of one-time revenues to one-time expenses;
- Limited the use of reserve funds in response to emergencies so as to maintain the 15 percent General Fund reserve level established in City policy; and
- Leveraged the ten-year forecast not only for financial planning but also to analyze trends over time and reinforce a longer view in a time of crisis, to support thoughtful problem solving and strategic action.

Revenue Trends

The General Fund is the primary operating fund of the City. Total fund balance increased to \$120.1 million in FY 2023-24, an increase of \$14.6 million from the prior year balance of \$105.5 million. General Fund revenues increased by \$8.7 million in FY 2023-24 due to increases in most sources, including property tax, sales tax, licenses and permits, and use of money and property. Most of the General Fund fund balance has restricted accounting designations that mean most of it is not fungible.

Sales Tax

Sales tax is an important source of General Fund revenue, as it accounts for 19 percent of total General Fund revenues. Redwood City receives \$.16 of each dollar paid in sales tax in Redwood City. Total sales tax revenue in the General Fund decreased by \$1.4 million or 3.6% in FY 2023-24 relative to FY 2022-23.

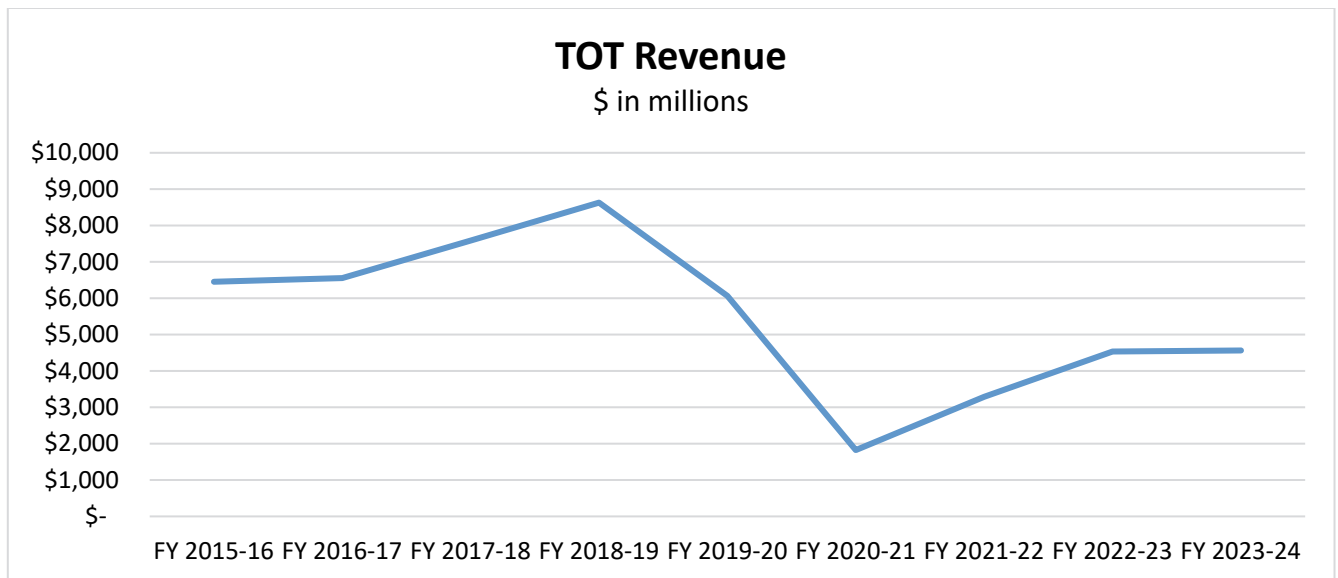


Transient Occupancy Tax

Transient occupancy tax (TOT) is collected from visitors to Redwood City through a charge on hotel accommodations. TOT revenue accounts for approximately 2.2 percent of total General Fund revenues. As travel, particularly business travel, slowly recovers from pandemic-era lows, TOT revenue in FY 2023-24 slightly relative to FY 2022-23 from \$4.5 million to \$4.6 million. However, this level remains more than \$4 million below the pre-pandemic revenue of \$8.6 million generated in FY 2018-19.

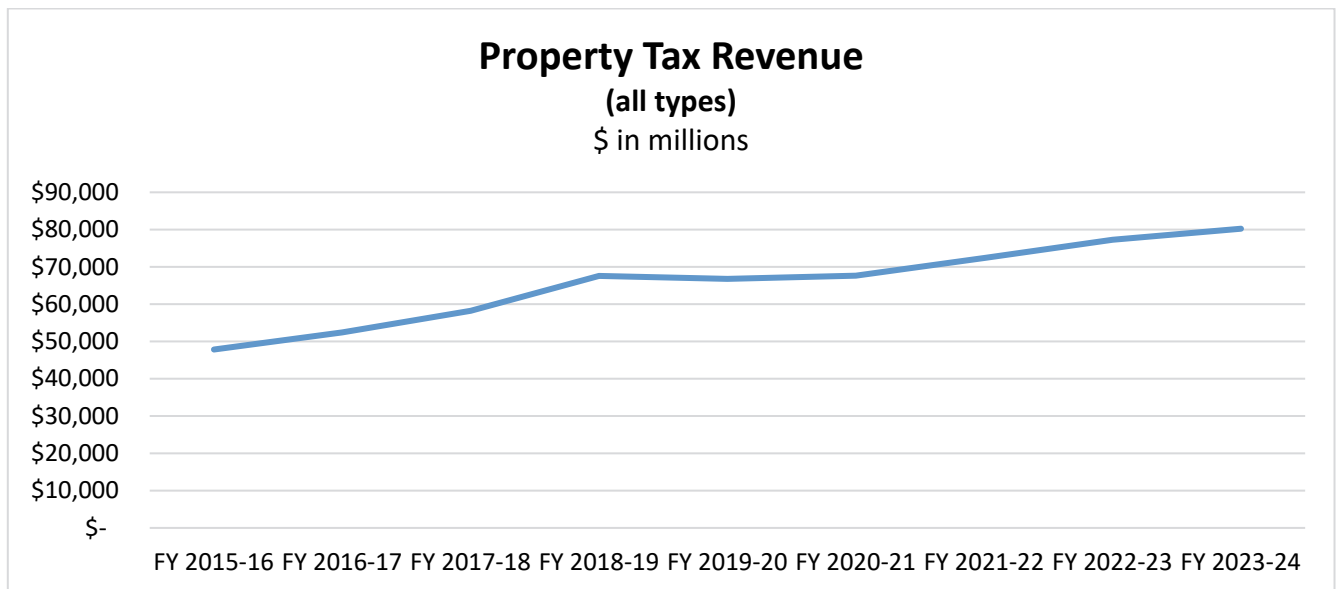
In addition to the reduction in travel due to the pandemic, Redwood City has lost more than \$1 million in annual revenues through the conversion of hotels to affordable housing solutions. Two Redwood City hotels were sold to San Mateo County in 2020 for use as affordable housing. The City negotiated 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 was 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 annual costs for the City to address issues related to homelessness and housing instability are more than double the loss to the City of the annual revenue associated with the three hotel purchases.

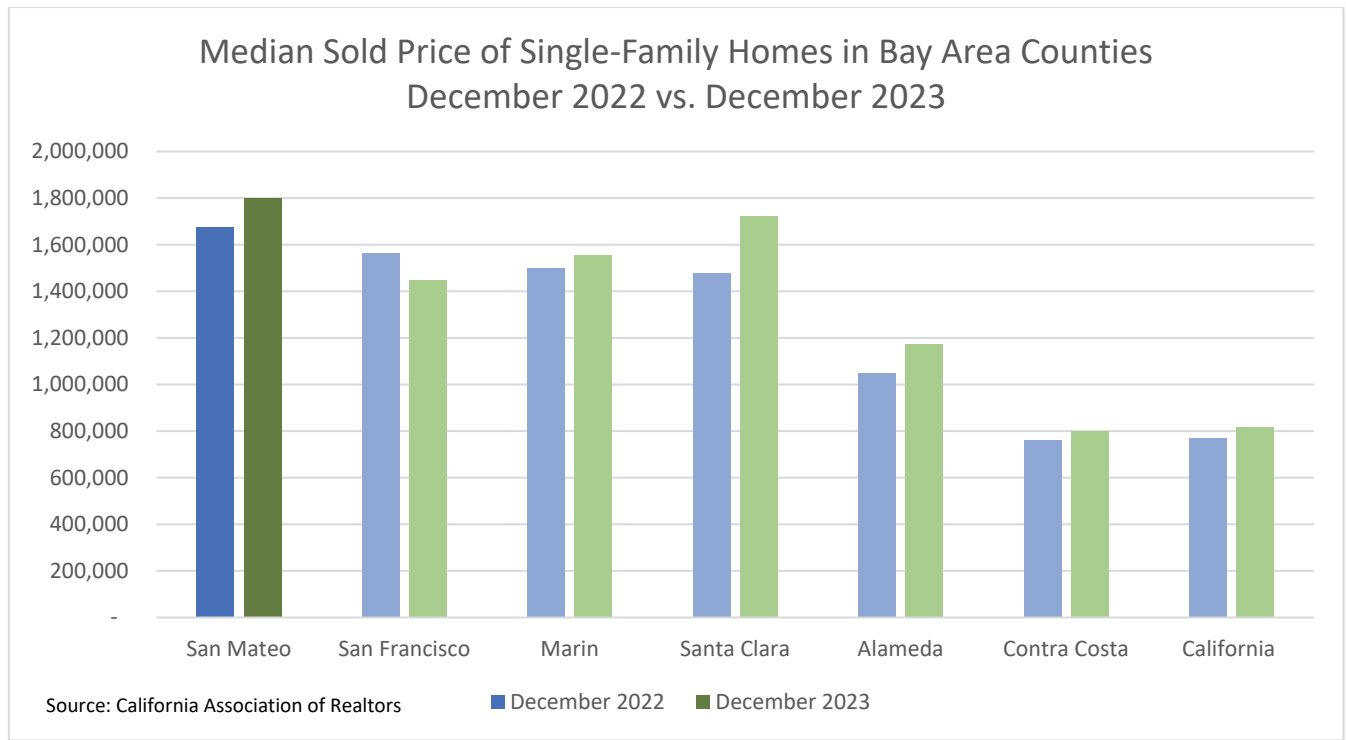


Property Tax

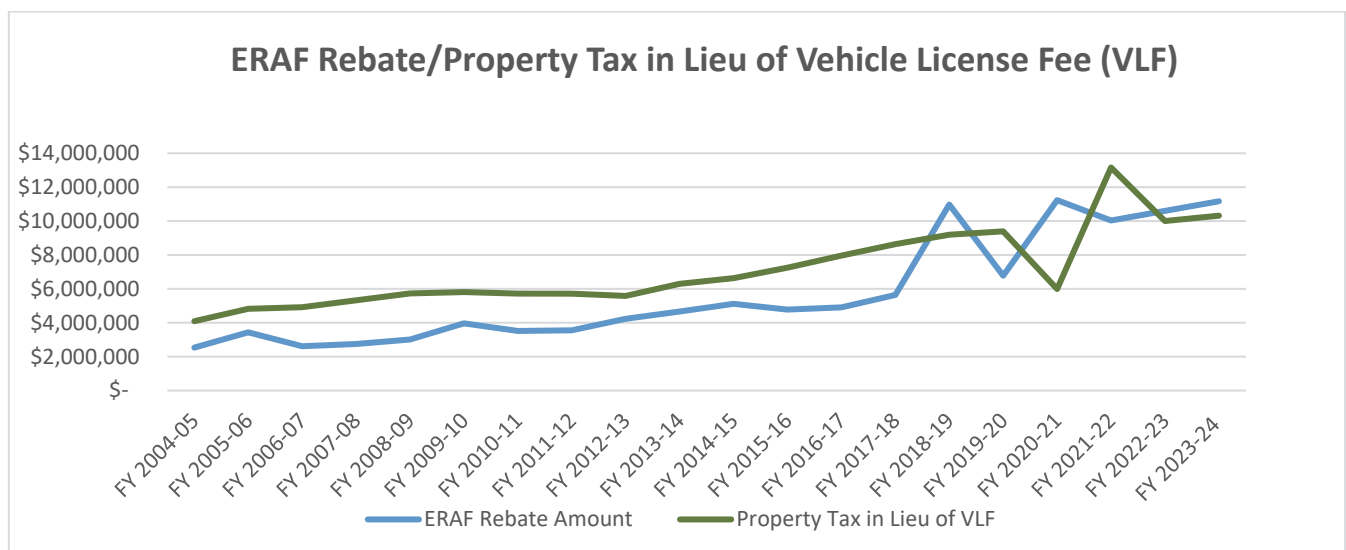
Property tax accounts for nearly 40% of total General Fund revenues and is a key indicator of the City's economic outlook. Overall property tax revenues in FY 2023-24 increased by nearly \$3.0 million, or 3.8 percent, over the previous fiscal year (from \$77.3 million to \$80.2 million), due to continued strength in assessed property valuations.



San Mateo County property values remain among the highest in the Bay Area. As dark blue and dark green bars in the chart below demonstrates, the median sold price of single-family homes in San Mateo County increased to \$1.8 million in December 2023, up from \$1.675 million in December 2022. The median sale price for homes in San Mateo County was more than double than the statewide numbers.



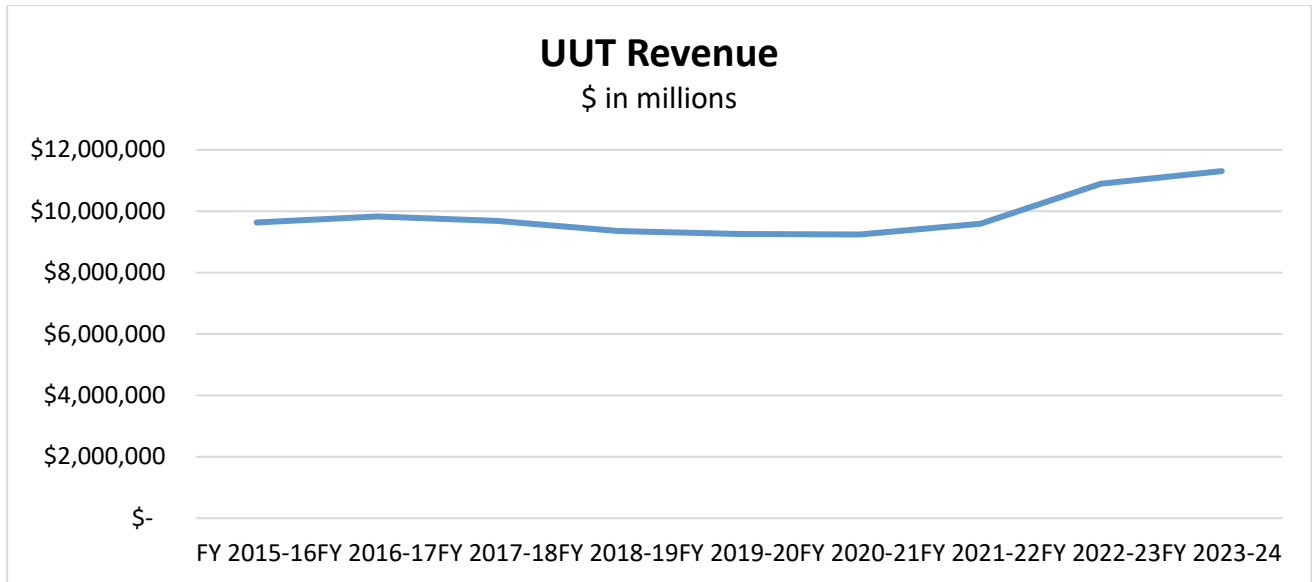
Included in the property tax revenue category is revenue from the Educational Revenue Augmentation Fund (ERAF) and property tax in-lieu of vehicle license fees (VLF). In recent years, these two revenue sources are especially volatile as they are susceptible to changes in school funding data, the availability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



In FY 2023-24 property tax in-lieu of vehicle license fee grew a modest \$318,945 to \$10.3 million. Meanwhile, ERAF grew by \$567,727 to \$11.2 million in FY 2023-24.

Utility Users' Tax

Redwood City collects a voter-approved Utilities Users' Tax (UUT) on gas, electricity, cable, and telecommunications services. UUT revenue accounts for 6 percent of total General Fund revenues. UUT revenue increased modestly from \$10.9 million in FY 2022-23 to \$11.3 million in FY 2023-24.



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."

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

Appropriation Limit

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

The appropriation limit for Redwood City for FY 2023-24 was \$943,501,283; the City's actual appropriations subject to the limit were \$112,466,329, far below the limit. The FY 2023-24 appropriation limit increased from FY 2022-23 due primarily to the increase of 4.44 percent in state-wide per capita personal income over prior year, one of the factors used in calculating the change in the appropriation limit.

Other Information

Annual Independent Audit

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

Awards

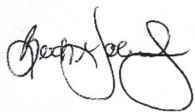
The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Redwood City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This is the 37th consecutive year that Redwood City has received this prestigious award. To be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe our current ACFR continues to meet the certificate of achievement program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Special recognition is extended to the staff of the Finance Department for their dedication to their colleagues throughout the City organization and to the community of Redwood City. The preparation of this report was particularly formidable during a year in which the Department navigated the third consecutive year of exceptionally high levels of staff turnover. Throughout this difficult year, the team rose to the occasion with exemplary commitment and professionalism.

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,



Beth Goldberg
Finance 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, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2024

CITY COUNCIL

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

CITY MANAGER

Melissa Stevenson Diaz

DEPARTMENT DIRECTORS

Assistant City Manager.....	Michelle Poché Flaherty
Assistant City Manager	Patrick Heisinger
City Clerk	Yessica Castro
Community Development and Transportation.....	Jeff Schwob
Deputy City Manager.....	Jennifer Yamaguma
Fire Chief	Ray Iverson
Finance	Beth Goldberg
Human Resources	Michelle Katsuyoshi
Library	Sarah LaTorra (Acting)
Parks, Recreation, and Community Services	Derek Wolfgram (Interim)
Police Chief.....	Kristina Bell
Public Works	Terence Kyaw

CITY ATTORNEY

Veronica Ramirez

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

CITY OF REDWOOD CITY - REDWOOD CITY, CALIFORNIA

FINANCE DEPARTMENT STAFF

As of June 30, 2024

Beth Goldberg Finance Director

Molly Gonzalez Financial Services Manager

Theresa YeeCapital Improvement Program Manager

Mario XuerebPrincipal Analyst

Sarah GustafsonPrincipal Analyst

Sylvia Bravo PetersPrincipal Analyst

Fion LuiSenior Accountant

Jennifer ChangSenior Accountant

Alma AngelAccountant

Keying YanAccountant

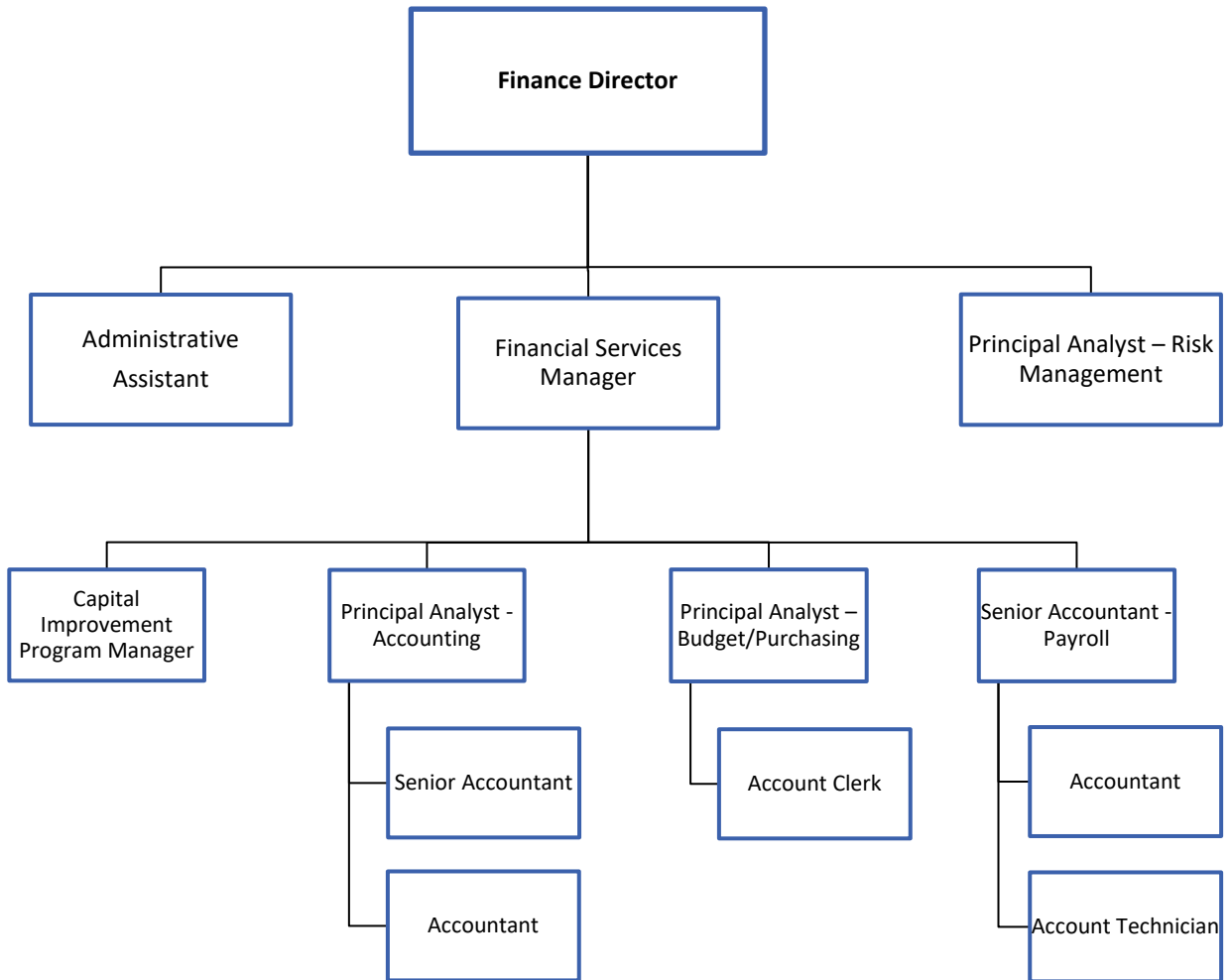
Gina ClarkAccount Technician

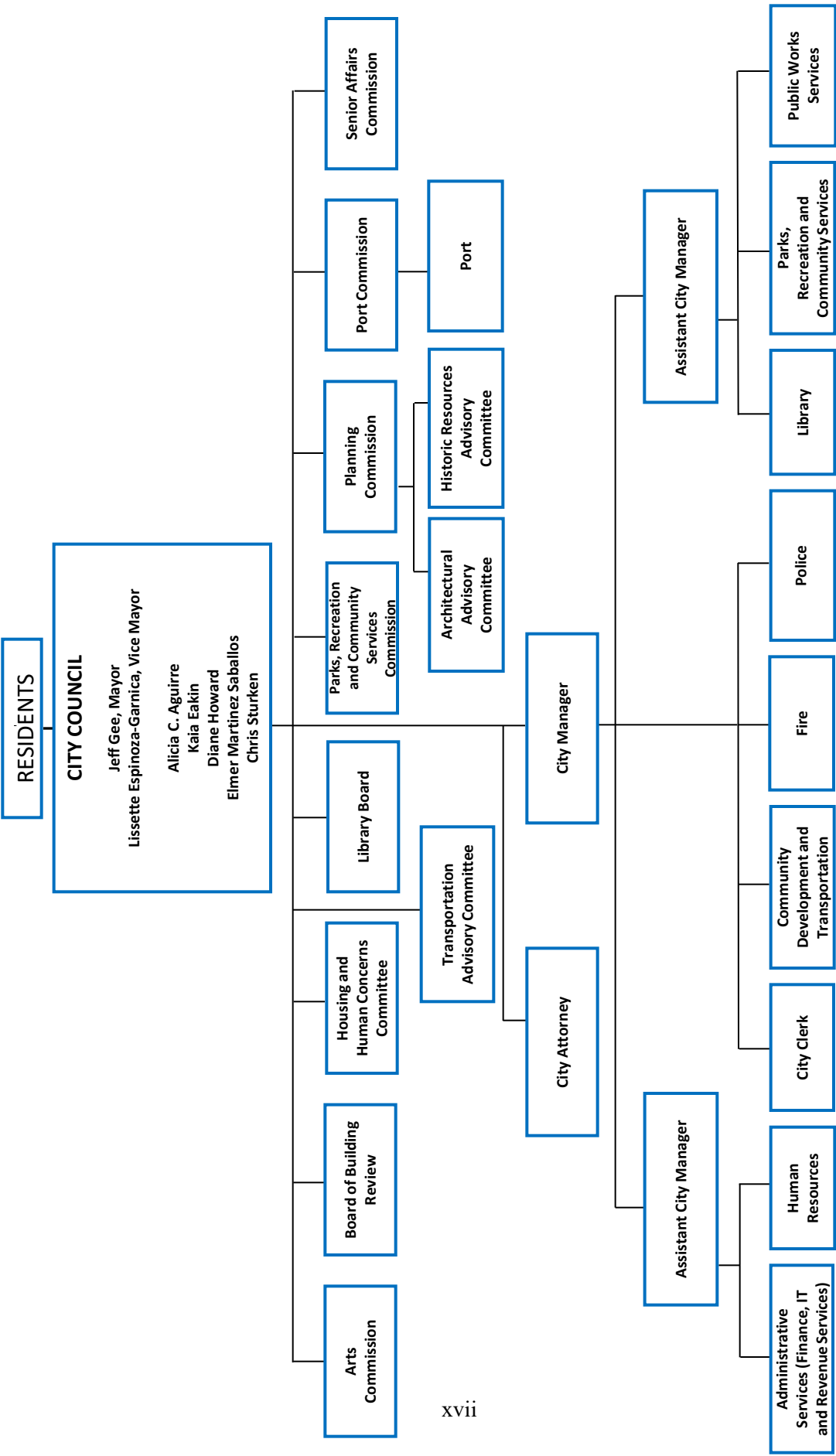
Tony DzoanAccount Clerk

Nancy MurguiaAdministrative Assistant

June 30, 2024

Finance Department Financial Services







*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 February 5, 2025 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.

A handwritten signature in dark ink that reads "Maze & Associates". The script is cursive and fluid, with the ampersand being particularly stylized.

Pleasant Hill, California
February 5, 2025



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

Management's Discussion and Analysis

For the Year Ended June 30, 2024

As the management of the City of Redwood City (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Redwood City for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

FINANCIAL HIGHLIGHTS

City-wide Financial Highlights:

- *Net Position* – The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$674.0 million (net position). Of this amount, \$28.8 million was reported as unrestricted net position, which may be used to meet obligations.
- *Changes in Net Position* – The City's total net position increased by \$16.8 million as reflected in the government-wide statement of activities. Net position of governmental activities increased by \$1.1 million, and net position in business-type activities increased by \$15.6 million.
- *Cash and Investments* - At June 30, 2024, cash and investments totaled \$488.8 million, of which \$326.7 million was classified as governmental activities and \$162.1 million was related to business-type activities category. Overall, the City's cash position increased \$39 million year-over-year.

Fund Highlights:

- *Governmental Funds* – At the close of fiscal year, the City's governmental funds reported a combined fund balance of \$250.2 million, an increase of \$8.0 million, or 3.3 percent, from the prior year. Of the total, \$28.4 million, or 11.4 percent, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- *General Fund* - Unassigned fund balance in the general fund at June 30, 2024 was \$30.6 million, an increase of \$8.4 million, or 37.8 percent, over the previous year. The increase in unassigned fund balance was largely the result of revenues exceeding expenditures, with only a portion of that excess being restricted or committed to specific purposes.
- *Proprietary or Enterprise Funds* – Unrestricted net position at June 30, 2024 for enterprise activities was \$167.8 million, which was a \$9.7 million increase over the prior fiscal year. This is largely a function of an improved position for cash and investment assets year-over-year. This includes unrestricted net position of \$44.9 million for the Water Utility, \$94.5 million for the Sewer Utility, and \$21.8 million for the Port of Redwood City.
- *Pension* – At the close of this fiscal year, the City's net pension liability was \$303.1 million, which is an increase of \$11.9 million year-over-year. This increase is largely a function of investment losses in the CalPERS portfolio for the reporting period.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

The basic financial statements comprise the City-wide financial statements and the fund financial statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

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

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

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

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements may be found on page 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 the funds of the City of Redwood City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Governmental Funds

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

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

The City of Redwood City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital outlay fund, which meet the criteria to be considered major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City of Redwood City adopts an annual budget for its general fund.

A budgetary comparison statement has been provided for the general fund, which can be found on page 119 of this report.

The governmental fund financial statements may be found on page 26 of this report.

Proprietary Funds

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

The proprietary fund financial statements may be found on page 32 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 excluded from 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, 2024, 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 of this report.

Notes to the Basic Financial Statements

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

The Notes to the Basic Financial Statements may be found on page 39 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Redwood City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$674.0 million at the close of the fiscal year.

	Governmental Activities		Business-type Activities		Total	Total	Variance
	2024	2023	2024	2023	2024	2023	
	\$	\$	\$	\$	\$	\$	
Cash and investments	326.722	299.756	162.135	150.069	488.857	449.825	8.68%
Other assets	51.362	61.567	69.053	70.934	120.415	132.501	-9.12%
Capital assets	306.985	306.875	246.716	243.497	553.701	550.372	0.60%
Total assets	685.069	668.198	477.904	464.500	1,162.973	1,132.698	2.67%
Total deferred outflows of resources	93.914	86.367	10.748	10.698	104.662	97.065	7.83%
Long-term debt outstanding	385.424	363.477	78.070	79.448	463.494	442.925	4.64%
Other liabilities	94.478	89.754	15.577	14.817	110.055	104.571	5.24%
Total liabilities	479.902	453.231	93.647	94.265	573.549	547.496	4.76%
Total deferred inflows of resources	6.512	9.595	13.620	15.177	20.132	24.772	-18.73%
Net Position:							
Net investment in capital assets	286.308	291.490	202.882	197.353	489.190	488.843	0.07%
Restricted	145.302	141.498	10.685	10.263	155.987	151.761	2.78%
Unrestricted	(139.041)	(141.250)	167.817	158.141	28.776	16.891	70.36%
Total net position	292.569	291.738	381.384	365.757	673.953	657.495	2.50%

The largest portion (72.6%) of the City's net position reflects its capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position may be used to meet the government's ongoing obligations (although portions of unrestricted net position may, by law or contract, be only used for specified purposes and may not necessarily be used for any general governmental purpose) to residents and creditors.

The City's total net position increased by \$16.4 million, or 2.5 percent, during the current fiscal year. This net increase is comprised of a \$0.8 million increase in governmental activities net position and a \$15.6 million increase in business-type activities net position. Further details on the increases in net position are described below.

Changes in Net Position

The following schedule reflects the changes in net position for the fiscal years 2024 and 2023. The City's overall net position increased by \$16.4 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

	Governmental Activities		Business-type Activities		Total	Total	
	2024	2023	2024	2023	2024	2023	Variance
	\$	\$	\$	\$	\$	\$	
Program Revenues							
Charges for services:							
Community development	14.193	18.604			14.193	18.604	-23.71%
Public safety	19.463	12.490			19.463	12.490	55.83%
Transportation	0.047	0.143			0.047	0.143	-67.13%
Environmental support and protection	0.231	0.207			0.231	0.207	11.59%
Leisure, cultural and information services	4.469	4.991			4.469	4.991	-10.46%
Policy development and implementation	6.209	5.731			6.209	5.731	8.34%
Water			48.279	42.680	48.279	42.680	13.12%
Sewer			47.278	45.538	47.278	45.538	3.82%
Parking			1.765	1.596	1.765	1.596	10.59%
Port of Redwood City			10.206	10.061	10.206	10.061	1.44%
Docktown Marina			0.049	0.016	0.049	0.016	206.25%
Operating grants and contributions:							
Community development	3.126	3.131			3.126	3.131	-0.16%
Public safety	1.050	0.954			1.050	0.954	10.06%
Transportation							
Environmental support and protection	0.774	0.325			0.774	0.325	138.15%
Leisure, cultural and information services	3.207	11.874			3.207	11.874	-72.99%
Policy development and implementation	0.617	0.591			0.617	0.591	4.40%
Water							
Parking			0.002	0.002	0.002	0.002	
Port of Redwood City			0.314	0.743	0.314	0.743	-57.74%
Capital grants and contributions:							
Community development	5.310	0.523			5.310	0.523	915.30%
Transportation	13.362	11.185			13.362	11.185	19.46%
Environmental support and protection							
Leisure, cultural and information services	0.937	5.091			0.937	5.091	-81.59%
Water			0.147	0.133	0.147	0.133	10.53%
Sewer			0.055	0.007	0.055	0.007	685.71%
Parking							
General revenues:							
Taxes/special assessments	157.139	153.914	0.514	0.498	157.653	154.412	2.10%
Investment earnings	5.416	2.817	7.985	2.138	13.401	4.955	170.45%
Increase (decrease) in inv. in sewer auth.			(1.870)	3.304	(1.870)	3.304	-156.60%
Other	0.121	0.238			0.121	0.238	-49.16%
Total revenues	235.671	232.809	114.724	106.716	350.395	339.525	3.20%
Expenses							
Community development	25.005	25.484			25.005	25.484	-1.88%
Human services	3.529	3.642			3.529	3.642	-3.10%
Public safety	113.705	96.564			113.705	96.564	17.75%
Transportation	21.940	26.771			21.940	26.771	-18.05%
Environmental support and protection	9.972	12.698			9.972	12.698	-21.47%
Leisure, cultural and information services	36.255	33.528			36.255	33.528	8.13%
Policy development and implementation	17.590	17.495			17.590	17.495	0.54%
Water			45.891	40.946	45.891	40.946	12.08%
Sewer			42.502	40.596	42.502	40.596	4.70%
Parking			4.552	4.018	4.552	4.018	13.29%
Port of Redwood City			8.039	7.445	8.039	7.445	7.98%
Docktown Marina			1.157	0.635	1.157	0.635	82.20%
Interest on long term debt	3.800	1.652			3.800	1.652	130.02%
Total expenses	231.796	217.834	102.141	93.640	333.937	311.474	7.21%
Change in net position before transfers	3.875	14.975	12.583	13.076	16.458	28.051	-41.33%
Transfers	(3.044)	(2.790)	3.044	2.789			
Change in net position	0.831	12.185	15.627	15.865	16.458	28.051	-41.33%
Net position - July 1, as restated	291.738	279.553	365.757	349.892	657.495	629.445	4.46%
Net position - June 30	292.569	291.738	381.384	365.757	673.953	657.495	2.50%

Governmental Activities

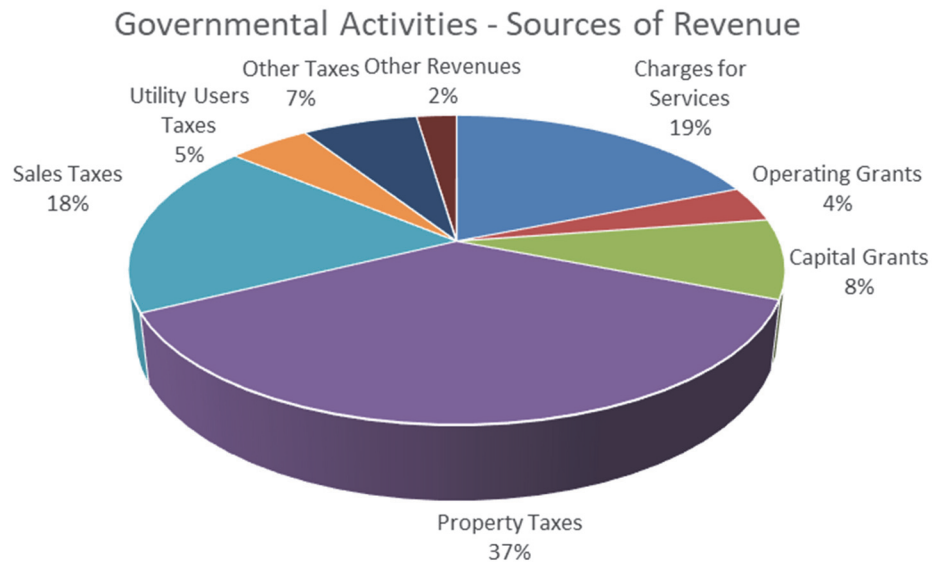
During the fiscal year ended June 30, 2024, net position in governmental activities increased by \$0.8 million from the prior fiscal year for an ending balance of \$292.6 million. Major year-over-year changes include:

- Total revenues increased by \$2.9 million, with gains in charges for services, taxes, and investment earnings. Operating grants were down year-over-year, driven by reductions in the leisure, cultural, and information services category. These reductions were partially offset by increases in community development and transportation capital grants.
- Charges for services were up \$2.4 million, with public safety revenues accounting for \$7.0 million of that amount due to increased reimbursements from the State for wildfire events and timing issues with respect to payment for fire services provided to San Carlos. Community development revenues were down \$4.4 million, reflecting less development activity during the fiscal year.
- Tax revenues increased by \$3.2 million, due primarily to increases in property taxes. These increases were incremental across categories including secured, property tax in-lieu of vehicle license fee, excess Education Revenue Augmentation Fund revenue, and residual revenue from the former Redevelopment Agency.
- Investment earnings were up \$2.6 million year-over-year, which is the result of a more favorable interest rate environment and an increased cash position.
- Operating expenses increased \$11.8 million in fiscal year 2023-24 over fiscal year 2022-23. This increase was driven by public safety expenditures, particularly fire operations to address mutual aid requests for wildfire support throughout the State.

The following table depicts the expenses and program revenues (charges for services, operating grants and contributions, and capital grants and contributions) for governmental activities for the fiscal year 2024.

	Expenses	Program Revenues	Net (Expense)/ Revenue
Community Development	\$ 25.0	\$ 22.6	\$ (2.4)
Human Services	\$ 3.5	\$ -	\$ (3.5)
Public Safety	\$ 113.7	\$ 20.5	\$ (93.2)
Transportation	\$ 21.9	\$ 13.4	\$ (8.5)
Environmental Support and Protection	\$ 10.0	\$ 1.0	\$ (9.0)
Leisure, Cultural, and Information Services	\$ 36.3	\$ 8.6	\$ (27.7)
Policy Development and Implementation	\$ 17.6	\$ 6.8	\$ (10.8)
Total	\$ 228.0	\$ 72.9	\$ (155.1)

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



Business-type Activities

Business-type activities increased the City's net position by \$15.6 million. Key drivers of this increase in net position include:

- Total revenues increased \$8.0 million year-over-year.
- Overall service charges, which account for the vast majority of business-type activity revenue, were up \$7.7 million year-over-year. Charges for water were up \$5.6 million, and charges for sewer services were up \$1.8 million. This reflects the increased revenues required to provide for these services.
- General revenues accounted for a minimal net increase (\$0.7 million), as a \$5.9 million increase in investment earnings was offset by a \$5.2 million net reduction in the investment in the sewer authority.
- Operating expenses for the City's enterprise activities were up \$8.5 million, with water operations accounting for \$5.0 million of that increase and sewer operations accounting for \$1.9 million of that increase.

FUND FINANCIAL ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At June 30, 2024, the City's governmental funds reported combined fund balances of \$250.2 million, an increase of \$8.0 million from the prior year of \$242.2 million.

Governmental fund revenues increased \$9.3 million this fiscal year to \$233.6 million, an increase of 4.1 percent from last year's total of \$224.3 million. \$8.7 million of this increase was attributable to the City's general fund.

Governmental fund expenditures decreased \$2.6 million this fiscal year to \$222.6 million, a decrease of 1.2 percent. Expenditures increased in the general fund; however, those increases were offset by decreased expenditures in the other governmental funds.

The general fund is the primary operating fund of the City. At June 30, 2024, unassigned fund balance of the general fund was \$30.6 million, an increase of \$8.4 million from the prior fiscal year balance of \$22.2 million. Total fund balance increased to \$120.1 million, an increase of \$14.6 million from the prior year balance of \$105.5 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 17.8 percent of total fund expenditures, while total fund balance represents 69.8 percent of that same amount.

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

General Fund – General fund revenues increased by \$8.7 million this fiscal year primarily due to increases in property taxes, investment income, and charges for services. Some of these increases were offset by revenue declines, particularly intergovernmental grant revenues.

Property taxes increased by \$3.0 million, primarily due to incremental increases across most categories. This includes secured property tax, the rebate of Education Revenue Augmentation Fund (ERAF) funds, property taxes provided in lieu of vehicle license fees, and residual property taxes related to the dissolution of the former Redevelopment Agency.

Sales and other taxes were flat to fiscal year 2022-23 revenues. Within this category, sales tax decreased \$0.7 million as the post-pandemic increase in taxable sales began to slow in 2023-24. Franchise taxes increased by nearly \$0.1 million due to increases in utility rates. Transient occupancy taxes increased slightly, less than \$0.1 million, as occupancy rates and room rates stabilized after a period of recovery from pandemic-era lows. Property transfer taxes decreased by nearly \$0.2 million, reflecting the continued impact of an elevated interest rate environment on real estate transactions. Business license taxes increased by over \$0.3 million to \$3.5 million, and the utility users' tax increased by \$0.4 million to a total of \$11.3 million.

Licenses and permits decreased by \$1.8 million, which was almost entirely driven by a reduction in building permit revenue, reflecting a slow-down in development activity.

Fines, forfeitures, and penalties were down slightly, finishing at just under \$0.4 million.

Use of money and property increased by \$5.5 million, primarily due to gains in earnings on investments. \$4.3 million of the investment earnings are restricted for specific purposes.

Intergovernmental revenues decreased by \$8.3 million primarily due to a decrease in federal, state and county grants. After two fiscal years (2021-22 and 2022-23) of receiving funds via the American Rescue Plan Act, those funds were no longer available to the City in fiscal year 2023-24.

Charges for current services increased by \$11.0 million. This increase was largely due to charges for fire services increasing nearly \$12 million year-over-year due to abnormally low revenues in fiscal year 2022-23 from delayed billing for services provided to San Carlos. These payments were made in fiscal year 2023-24, resulting in a significant increase in revenues in that year.

General fund expenditures increased by \$8.0 million over the prior fiscal year. Public safety (\$7.2 million) and leisure, cultural and information services (\$1.9 million) increased year-over-year, while policy development and implementation, human services, and environmental support and protection decreased slightly from fiscal year 2022-23.

Transfers out of the general fund decreased by \$3.6 million, to \$16.5 million, in fiscal year 2023-24.

Capital Outlay Fund – This fund accounts for resources provided to finance general governmental capital projects. In fiscal year 2023-24, the capital outlay fund generated \$3.5 million in revenue, \$2.1 of which was investment income. This fund was also the recipient of transfers totaling \$9.5 million from the general fund, which predominantly comes from utility users' tax that has been allocated to support the City's infrastructure. Transfers out of this fund totaled \$2.1 million.

Total expenditures were \$29.0 million, of which \$19.0 million met the criteria for capitalization. The remaining balance was expended on non-capitalized projects (capital-type projects that cost less than \$100,000) to support various initiatives throughout the City, including \$4.1 million on community development-related projects and \$2.1 million on transportation projects, as well as to retire principal on outstanding debt (\$2.2 million).

Proprietary Funds

Enterprise fund net position totaled \$381.4 million at the end of the fiscal year, an increase of \$15.6 million, or 4.3 percent, over the prior fiscal year's balance of \$365.8 million. Enterprise operating revenues were \$107.6 million this fiscal year, an increase of \$7.7 million over last fiscal year, while net non-operating revenues were \$4.5 million compared to \$3.9 million the prior fiscal year. The most significant non-operating revenue is net investment income.

Enterprise fund operating expenses were \$99.7 million this fiscal year, an increase of \$8.8 million, or 9.7 percent, from the prior fiscal year. This was mainly due to increased spending on contractual services (\$3.3 million), purchased water (\$2.9 million), and employees (\$1.4 million).

Water Utility – The water utility fund realized operating income of \$3.7 million in the current fiscal year, \$0.4 million higher than the operating income of \$3.3 million in the prior fiscal year. This slight increase is the result of both operating revenues, which consist of service charges, and operating expenses increasing year-over-year. The most significant increase in operating expenses was due to the purchase of water.

Sewer Utility – The sewer utility fund realized operating income of \$4.8 million in the current fiscal year, \$0.1 million lower than the operating income of \$4.9 million in the prior fiscal year. Operating revenues and operating expenses were both up year-over-year, with the increase in contractual services driving the increase in operating expenses.

Parking Fund – The parking fund realized an operating loss of \$2.8 million in the current fiscal year, \$0.4 million higher than the operating loss of \$2.4 million in the prior fiscal year. It is likely that transfers from the general fund will continue to be required in future fiscal years to cover operational deficits in this fund.

Port Fund – The Port of Redwood City fund realized operating income of \$3.2 million in the current fiscal year, \$0.6 million lower than the operating income of \$3.8 million in the prior fiscal year. This decrease in operating income is the result of increased expenses (\$0.8 million) in comparison to fiscal year 2022-23. Employee services and maintenance were the primary drivers of the year-over-year increase.

Docktown Marina – The Docktown Marina fund realized an operating loss of \$1.1 million in the current fiscal year, which is higher than the \$0.6 million operating loss in fiscal year 2022-23. The general fund transferred \$0.7 million into this fund to cover the operating loss. It is anticipated that a general fund contribution will continue to be necessary to support these operations going forward.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, revenues were \$28.0 million higher than budget primarily due to better-than-projected performance for property taxes, investment income, and charges for services.

Property taxes were \$15.0 million above the budgeted amount of \$65.2 million. This is primarily due to the City's conservative approach to forecasting uncertain property tax revenues like the rebate of excess Education Revenue Augmentation Fund monies and property tax in lieu of vehicle license fee (VLF) revenues. Both of these revenue sources were higher than expected in fiscal year 2023-24 due to a variety of factors, including the City receiving a reimbursement from the State for the property tax in lieu of VLF shortfall from fiscal year 2021-22.

Sales and other taxes exceeded budgeted amounts by \$1.5 million, primarily due to stronger than expected utility users tax revenue, which was \$1.0 million over budget.

Licenses and permits fell short of budgeted amounts by \$0.5 million, which was largely a function of building permit revenues that were \$0.4 million below expected amounts.

Fines, forfeitures, and penalties finished the year slightly below budget at \$0.37 million, and uses of money and property were \$5.4 million above budget, finishing at \$11.5 million. The latter was the result of better-than-expected returns on the City's investment portfolio attributable to the general fund.

Intergovernmental revenue finished at \$8.6 million, slightly better than the final budgeted amount of \$8.2 million. This was predominantly the result of increased grant funding for State-mandated programs.

Charges for current services revenue was higher than budget by \$6.4 million and is primarily due to timing issues related to the billing of fire services to the City of San Carlos.

Overall, operating expenditures were \$18.0 million lower than the final budget appropriation. Policy development and implementation (\$9.4 million), community development (\$2.8 million), fire safety (\$3.5 million), and law enforcement (\$2.0 million) were all well below the amount of budgeted expenditures in their respective functions. Much of this is the result of unexpended appropriation commitments from fiscal year 2022-23 that were carried forward to fiscal year 2023-24 for one-time initiatives that were not able to be completed over the course of the reporting period.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023-24, the City had \$553.7 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in the table below. Additional information on the City's capital assets can be found in Note 4 of this report.

	Governmental Activities		Business -Type Activities		Total		
	2024	2023	2024	2023	2024	2023	Variance
	\$	\$	\$	\$	\$	\$	
Land	34.6	34.6	3.1	3.1	37.7	37.7	0.0%
Streets	169.4	167.6	0.0	0.0	169.4	167.6	1.1%
Construction in progress	73.3	64.4	11.3	11.6	84.6	76.0	11.3%
Buildings	88.0	88.0	62.7	62.7	150.7	150.7	0.0%
Equipment	39.7	36.6	2.3	2.3	42.0	38.9	8.0%
Improvements	42.9	41.5	293.8	283.0	336.7	324.5	3.8%
Harbor improvements	0.0	0.0	4.3	4.3	4.3	4.3	0.0%
Right-to-use leased property	0.0	0.0	0.8	0.8	0.8	0.8	0.0%
Parks and bridges	59.4	58.7	0.0	0.0	59.4	58.7	1.2%
Traffic signals	7.9	7.8	0.0	0.0	7.9	7.8	1.3%
Storm drains	22.1	21.9	0.0	0.0	22.1	21.9	0.9%
SBITA Intangible Assets	4.7	4.7	0.0	0.0	4.7	4.7	0.0%
Less accumulated depreciation	(235.0)	(218.9)	(131.6)	(124.3)	(366.6)	(343.2)	6.8%
Total capital assets	307.0	306.9	246.7	243.5	553.7	550.4	0.6%

SBITA stands for Subscription-Based Information Technology Arrangement

Governmental Activities

During fiscal year 2023-24, total capital assets, net of depreciation, increased \$0.1 million to \$307.0 million. Capital investments included a number of improvements at City facilities to ensure they remain in good condition for community use, including \$2.3 million in improvements at the YMCA Community Wellness Center. Other projects of note included \$2.0 million in improvements for critical work at the 101/Highway 84 interchange; \$1.1 million for traffic calming at Roosevelt Avenue; and \$0.7 million for the playground equipment replacement.

Business-type Activities

During fiscal year 2023-24, total capital assets, net of depreciation, increased \$3.2 million to \$246.7 million. Construction in progress had a \$0.3 million net decrease due to the completion of several water and sewer projects and the inclusion of several new projects in process. In total, business type activities added \$10.1 million of construction in progress assets in fiscal year 2023-24. This includes \$3.0 million in water distribution system assets and \$4.6 million in sewer collection system assets.

Long-Term Debt

At the end of fiscal year 2023-24, the City had a total of \$124.5 million in long-term debt obligations. Of this amount, \$78.6 million is attributable to governmental activities and includes \$62.2 million in outstanding lease revenue bonds for the Veterans Memorial facility and \$16.0 million in liabilities for accrued sick leave and vacation time for employees. The remaining \$45.9 million in outstanding long-term debt is attributable to business-type activities and includes \$8.2 million in outstanding revenue bonds for the Port of Redwood City and \$35.6 million in outstanding water enterprise revenue refunding bonds. Additional information on the City's outstanding debt can be found in Notes 6 and 7 of the Notes to the Basic Financial Statements section of this document.

Outstanding Debt (in Millions)

	Governmental Activities		Business-Type Activities		Total		Variance
	2024	2023	2024	2023	2024	2023	
	\$	\$	\$	\$	\$	\$	
Revenue bonds			43.8	47.4	43.8	47.4	-7.6%
Lease revenue bonds	62.2	63.6			62.2	63.6	-2.2%
Leases payable			0.7	0.7	0.7	0.7	
SBITA liabilities	0.4	2.5			0.4	2.5	-84.0%
Accrued sick leave and vacation	16.0	16.3	1.4	1.3	17.4	17.6	-1.0%
Total long-term debt	78.6	82.4	45.9	49.4	124.5	131.8	-5.5%

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, 2024, a total of \$9.1 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' agents 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, 2024, the Successor Agency had tax allocation bonds outstanding in the amount of \$31.6 million, including principal and interest.

ECONOMIC OUTLOOK AND NEXT FISCAL YEAR'S BUDGET

After four consecutive fiscal years punctuated by the effects of the COVID-19 pandemic, fiscal year 2023-24 was the first post-COVID fiscal year where the economy started to normalize. Many common economic indicators used to gauge economic health remained strong. Inflation rates, which spiked in 2022, continued to decline in fiscal year 2023-24. By the latter half of 2024, the Federal Reserve made three moves in the to lower interest rates. While further interest rate reductions were anticipated for 2025, an uptick in the inflation rate in January 2025, as well as changes in policies at the federal level, put renewed pressure on prices and inflation rates, and the Federal Reserve indicated that it was putting a pause on interest rate reductions in early 2025.

While the City's fiscal year 2023-24 financial results are encouraging, the City's financial outlook for fiscal year 2024-25 and beyond remains uncertain, especially considering recent changes at the federal level. The City's healthy reserves are a buffer against this uncertainty in fiscal year 2024-25.

While commercial vacancy rates remain elevated, the residential housing market has remained strong and assessed property valuations continued to increase. As a result, the City anticipates modest increase in property tax revenues in fiscal year 2024-25.

Meanwhile, the high cost of living continues to put strain on household budgets and has translated into a slowdown in consumer spending that is expected to persist in 2025. This has the potential to dull the City's sales tax results in fiscal year 2024-25.

On the expenditure side, the City continues to see upward pressure in fiscal year 2024-25 on salary and benefit costs as it works to hire and retain a high-quality workforce.

Beyond fiscal year 2024-25, the City will benefit from approval of Measure BB in the November 2024 General Election. Measure BB will modernize the City's business license tax structure and is expected to generate \$7.7 million annually once the tax is fully implemented in fiscal year 2026-27. The City continues to face pressures to expand services to support a growing population and will focus its energies in 2025 and beyond to analyze the City's financial position and explore revenue options to address City infrastructure needs.

As the current fiscal year progresses, staff will update financial projections based on actual revenues and expenditures to date, as well as any new data, economic factors, and assumptions that are available. This information will guide the development of the mid-year financial update, the next version of the 10-year general fund forecast, and the fiscal year 2025-26 budget, and will determine whether any changes to existing fiscal strategies are warranted.

REQUESTS FOR INFORMATION

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

City of Redwood City
Attn: Finance Division
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, 2024

	Governmental Activities \$	Business-Type Activities \$	Total \$
ASSETS			
Cash and investments available for operations	276,542,527	151,204,949	427,747,476
Cash and investments, restricted	50,178,671	10,930,205	61,108,876
Receivables (net of allowance for uncollectibles):			
Taxes and assessments - current	19,041,913		19,041,913
Accounts	5,462,555	7,762,578	13,225,133
Loans	13,101,005		13,101,005
Accrued interest	5,596,108		5,596,108
Due from other governmental agencies	4,832,319	4,195,100	9,027,419
Deposits receivable	688,511		688,511
Inventory of supplies at cost	139,547	566,281	705,828
Deposits	528,675	10,360	539,035
Prepaid items and other assets	1,262,224	564,635	1,826,859
Property held for development	710,241		710,241
Investment in Sewer Authority		42,546,779	42,546,779
Investment in sewer capacity rights		400,000	400,000
Leases receivable (Note 10)		13,006,794	13,006,794
Capital assets:			
Nondepreciable	107,900,682	14,449,345	122,350,027
Depreciable, net	199,084,000	232,267,082	431,351,082
Total assets	685,068,978	477,904,108	1,162,973,086
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings		967,329	967,329
Deferred outflows - Pension related	71,533,128	8,572,342	80,105,470
Deferred outflows - OPEB related	22,380,667	1,207,921	23,588,588
Total deferred outflows of resources	93,913,795	10,747,592	104,661,387
LIABILITIES			
Accounts payable	16,626,370	9,167,530	25,793,900
Accrued interest payable		613,761	613,761
Accrued payroll	14,184,940		14,184,940
Deposits payable	8,890,941	2,332,026	11,222,967
Due to other governmental agencies			
Unearned revenue	8,541,515	2,131,755	10,673,270
Insurance claims payable:			
Due in one year	6,826,765		6,826,765
Due in more than one year	23,380,069		23,380,069
Accrued sick leave and vacation:			
Due in one year	675,846	699,798	1,375,644
Due in more than one year	15,350,931	677,546	16,028,477
Long-Term Debt:			
Due in one year	1,651,956	3,827,163	5,479,119
Due in more than one year	60,922,298	40,657,123	101,579,421
Net OPEB liability, due in more than one year	47,697,019	5,555,583	53,252,602
Net Pension liability, due in more than one year	275,153,429	27,985,168	303,138,597
Total liabilities	479,902,079	93,647,453	573,549,532
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Leases		12,767,919	12,767,919
Deferred inflows - Pension	690,720	183,615	874,335
Deferred inflows - OPEB	5,821,400	668,392	6,489,792
Total deferred inflows of resources	6,512,120	13,619,926	20,132,046
NET POSITION			
Net investment in capital assets	286,308,264	202,881,942	489,190,206
Restricted for:			
Pension trust	29,186,883		29,186,883
Capital projects	29,041,656	9,659,317	38,700,973
Transportation	36,008,410		36,008,410
Leisure, cultural, and information services	1,289,414		1,289,414
Debt service		1,026,109	1,026,109
Community development projects	41,482,597		41,482,597
Public safety	1,146,429		1,146,429
Other purposes	7,146,023		7,146,023
Total restricted	145,301,412	10,685,426	155,986,838
Unrestricted	(139,041,102)	167,816,953	28,775,851
Total net position	292,568,574	381,384,321	673,952,895

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	
			Grants and Contributions	Grants and Contributions			
	\$	\$	\$	\$	\$	\$	\$
Governmental Activities:							
Community development	24,982,200	14,192,549	3,125,911	5,310,247	(2,353,493)		(2,353,493)
Human services	3,525,551				(3,525,551)		(3,525,551)
Public safety	113,493,888	19,463,335	1,050,336		(92,980,217)		(92,980,217)
Transportation	21,934,956	47,031		13,361,676	(8,526,249)		(8,526,249)
Environmental support and protection	9,970,409	230,847	773,660		(8,965,902)		(8,965,902)
Leisure, cultural and information services	36,214,011	4,469,322	3,206,874	936,668	(27,601,147)		(27,601,147)
Policy development and implementation	17,573,572	6,209,388	617,369		(10,746,815)		(10,746,815)
Interest on long term debt	3,799,879				(3,799,879)		(3,799,879)
Total Governmental Activities	231,494,466	44,612,472	8,774,150	19,608,591	(158,499,253)		(158,499,253)
Business-Type Activities:							
Water Utility Fund	45,891,204	48,279,247		147,197		2,535,240	2,535,240
Sewer Utility Fund	42,501,578	47,278,322		55,161		4,831,905	4,831,905
Parking Fund	4,552,102	1,764,636	1,585			(2,785,881)	(2,785,881)
Port of Redwood City	8,039,064	10,205,854	313,727			2,480,517	2,480,517
Docktown Marina	1,157,011	49,371				(1,107,640)	(1,107,640)
Total Business-Type Activities	102,140,959	107,577,430	315,312	202,358		5,954,141	5,954,141
Total	333,635,425	152,189,902	9,089,462	19,810,949	(158,499,253)	5,954,141	(152,545,112)
General revenues:							
Taxes:							
Property taxes					86,597,019	513,636	87,110,655
Sales taxes					43,172,997		43,172,997
Franchise taxes					5,318,844		5,318,844
Property transfer taxes					917,518		917,518
Business license taxes					4,411,495		4,411,495
Utility users taxes					11,351,962		11,351,962
Transient occupancy taxes					4,974,728		4,974,728
Other taxes					393,465		393,465
Investment Earnings					5,416,155	7,985,077	13,401,232
Gain (loss) on retirement of capital assets							
Increase (decrease) in investment in sewer authority						(1,869,635)	(1,869,635)
Other					120,848		120,848
Transfers					(3,044,262)	3,044,262	
Total general revenues and transfers					159,630,769	9,673,340	169,304,109
Change in Net Position					1,131,516	15,627,481	16,758,997
Net position-Beginning					291,437,058	365,756,840	657,193,898
Net position-Ending					292,568,574	381,384,321	673,952,895

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

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 2023-24.

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, 2024

	General Fund	Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$
ASSETS				
Cash and investments available for operations	97,842,096	21,399,261	79,888,412	199,129,769
Cash and investments, restricted	29,186,883	16,360,075	4,631,713	50,178,671
Receivables (net of allowance for uncollectibles):				
Taxes and assessments - current	18,300,078		741,835	19,041,913
Accounts	5,360,502	23,831	72,447	5,456,780
Loans		214,286	12,886,719	13,101,005
Accrued interest	2,647,162	428,750	2,520,196	5,596,108
Due from other governmental agencies	2,128,783	475,865	2,221,875	4,826,523
Due from other funds	2,145,638			2,145,638
Prepaid items	802,508	5,547	1,878	809,933
Deposits receivable			688,511	688,511
Land held for redevelopment			710,241	710,241
Total Assets	<u>158,413,650</u>	<u>38,907,615</u>	<u>104,363,827</u>	<u>301,685,092</u>
LIABILITIES				
Accounts payable	10,198,419	1,435,078	3,581,354	15,214,851
Accrued payroll	14,185,035	(95)		14,184,940
Deposits payable	7,867,269	965,654	58,018	8,890,941
Due to other funds			2,145,638	2,145,638
Unearned revenue	6,039,917		2,501,598	8,541,515
Total Liabilities	<u>38,290,640</u>	<u>2,400,637</u>	<u>8,286,608</u>	<u>48,977,885</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-Due from other governments				
Unavailable revenue-Interest receivable			2,479,490	2,479,490
Total Deferred Inflows of Resources			<u>2,479,490</u>	<u>2,479,490</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	802,508			802,508
Restricted for:				
Pension trust	29,186,883			29,186,883
Community development			41,482,597	41,482,597
Public safety			1,146,429	1,146,429
Transportation			36,008,410	36,008,410
Leisure, cultural and information services			1,289,414	1,289,414
Debt services				
Capital projects		16,579,908	12,461,748	29,041,656
Housing purposes				
Other purposes	7,146,023			7,146,023
Committed to:				
General plan	10,216,651			10,216,651
Community benefits			2,806,356	2,806,356
Human services financial assistance			463,924	463,924
Housing purposes			81,414	81,414
Assigned to:				
Capital projects		19,927,070		19,927,070
Other purposes	42,188,842			42,188,842
Unassigned:	30,582,103		(2,142,563)	28,439,540
TOTAL FUND BALANCES	<u>120,123,010</u>	<u>36,506,978</u>	<u>93,597,729</u>	<u>250,227,717</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>158,413,650</u>	<u>38,907,615</u>	<u>104,363,827</u>	<u>301,685,092</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, 2024

	<u>\$</u>
TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	250,227,717
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:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	
Capital assets, net of Internal Service Fund of \$16,401,270	290,583,412
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
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.	42,226,783
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
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:	
Interest revenue	2,479,490
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:	
Long-term debt	(62,574,254)
Accrued sick leave and vacation, net of Internal Service Fund of \$1,306,066	(14,523,086)
Net Pension liability, net of Internal Service Fund of \$22,315,800	(252,837,629)
Net OPEB obligation, net of Internal Service Fund of \$4,713,872	(42,983,147)
DEFERRED OUTFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$6,058,432	65,474,696
OPEB related, net of Internal Service Fund of \$2,109,023	20,271,644
DEFERRED INFLOWS OF RESOURCES	
Pension related, net of Internal Service Fund of \$159,741	(530,979)
OPEB related, net of Internal Service Fund of \$575,327	(5,246,073)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>292,568,574</u>

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, 2024

	General Fund	Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$
REVENUES				
Property taxes/special assessments	80,240,442		1,983,597	82,224,039
Sales and other taxes	61,523,981		4,242,223	65,766,204
Licenses and permits	6,298,479		695,792	6,994,271
Fines, forfeitures and penalties	374,366		94,006	468,372
Use of money and property	11,541,213	2,053,183	3,328,449	16,922,845
Intergovernmental	8,647,556	1,429,337	11,973,803	22,050,696
Charges for current services	33,131,882		1,685,232	34,817,114
Contributions			3,488,718	3,488,718
Other	849,068			849,068
Total Revenues	202,606,987	3,482,520	27,491,820	233,581,327
EXPENDITURES				
Current Operations:				
Community development	16,245,400	4,120,971	3,164,178	23,530,549
Human services	2,993,001		100,000	3,093,001
Public safety	103,802,456	14,881	188,622	104,005,959
Transportation	1,509,478	2,096,292	6,682,538	10,288,308
Environmental support and protection	937,350	305,444	1,846,022	3,088,816
Leisure, cultural and information services	32,111,331	143,267	936,717	33,191,315
Policy development and implementation	14,463,084	1,138,717	20,700	15,622,501
Capital outlay	131,450	19,035,713	5,356,271	24,523,434
Debt service:				
Principal retirement		2,153,689	1,205,000	3,358,689
Interest and fiscal charges			1,887,250	1,887,250
Total Expenditures	172,193,550	29,008,974	21,387,298	222,589,822
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,413,437	(25,526,454)	6,104,522	10,991,505
OTHER FINANCING SOURCES (USES)				
Capital contributions	96,000			96,000
Transfers in	601,854	9,480,834	7,943,686	18,026,374
Transfers (out)	(16,531,834)	(2,072,624)	(2,463,406)	(21,067,864)
Total Other Financing Sources (Uses)	(15,833,980)	7,408,210	5,480,280	(2,945,490)
NET CHANGE IN FUND BALANCES	14,579,457	(18,118,244)	11,584,802	8,046,015
Fund balances - beginning	105,543,553	54,625,222	82,012,927	242,181,702
Fund balances - ending	120,123,010	36,506,978	93,597,729	250,227,717

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, 2024

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.

	<u>\$</u>
NET CHANGE IN FUND BALANCES AND SPECIAL ITEM - TOTAL GOVERNMENTAL FUNDS	8,046,015
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital acquisitions as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
This was the amount of capital assets added in the current period	(19,148,599)
Donated capital assets do not provide current financial resources and therefore are not recorded in the Governmental Funds	3,642,830
Depreciation expense is deducted from the fund balance.	
(Depreciation expense is net of internal service fund depreciation of \$779,728 which has already been allocated to the internal service funds.)	13,981,059
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
SBITA principal retirement	2,153,689
Amortization of premium	1,446,060
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):	
Change in compensated absences	379,484
Interest receivable and intergovernmental revenue	(4,414,263)
OPEB related expenses	(720,143)
Pension related expense	(12,555,176)
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	<u>8,320,560</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>1,131,516</u></u>

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

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, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina	Totals
	\$	\$	\$	\$	\$	\$
ASSETS						
Current assets:						
Cash and investments available for operations	60,181,381	54,591,473	10,453,144	25,927,391	51,560	151,204,949
Receivables (net of allowance for uncollectibles):						
Accounts	4,421,917	1,610,517	471	1,674,259	55,414	7,762,578
Accrued interest						
Due from other governmental agencies		4,120,100	75,000			4,195,100
Due from other funds						
Inventory of supplies at cost	566,281					566,281
Deposits	10,360					10,360
Prepaid items and other assets	16,046	7,910	2,275	525,533		551,764
Total current assets	65,195,985	60,330,000	10,530,890	28,127,183	106,974	164,291,032
Noncurrent assets:						
Cash and investments, restricted	17,617		9,659,317	1,253,271		10,930,205
Prepaid bond issuances				12,871		12,871
Advances to other funds						
Investment in Sewer Authority		42,546,779				42,546,779
Investment in sewer capacity rights				400,000		400,000
Investment in property held for development						
Leases receivable				13,006,794		13,006,794
Capital assets:						
Nondepreciable	329,605	3,012,532	632,733	10,474,475		14,449,345
Depreciable buildings, property, equipment and infrastructure, net	128,892,840	55,893,359	20,103,306	27,364,379	13,198	232,267,082
Total noncurrent assets	129,240,062	101,452,670	30,395,356	52,511,790	13,198	313,613,076
Total assets	194,436,047	161,782,670	40,926,246	80,638,973	120,172	477,904,108
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refundings	860,132			107,197		967,329
Deferred outflows - Pension	4,277,216	2,143,618	1,003,210	979,179	169,119	8,572,342
Deferred outflow - OPEB	674,690	322,296	186,857	24,078		1,207,921
Total deferred outflows of resources	5,812,038	2,465,914	1,190,067	1,110,454	169,119	10,747,592
LIABILITIES						
Current liabilities:						
Accounts payable	5,116,472	1,945,473	343,979	1,708,540	53,066	9,167,530
Deposits payable	1,364,127		20,170	936,658	11,071	2,332,026
Due to other funds						
Insurance claims payable - current portion						6,826,765
Accrued sick leave and vacation - current portion	373,818	243,540	77,825		4,615	699,798
Bonds and leases payable - current portion	2,801,054			1,026,109		3,827,163
Unearned revenue	1,956,324			175,431		2,131,755
Accrued interest payable	586,172			27,589		613,761
Total current liabilities	12,197,967	2,189,013	441,974	3,874,327	68,752	18,772,033
Noncurrent liabilities:						
Insurance claims payable						23,380,069
Accrued sick leave and vacation	350,645	274,936	48,211		3,754	677,546
Advances from other funds						
Net OPEB Liability	2,833,590	1,353,593	784,768	583,632		5,555,583
Net Pension liability	13,570,254	6,852,306	3,348,623	3,591,048	622,937	27,985,168
Bonds and leases payable	33,495,863			7,161,260		40,657,123
Total noncurrent liabilities	50,250,352	8,480,835	4,181,602	11,335,940	626,691	74,875,420
Total liabilities	62,448,319	10,669,848	4,623,576	15,210,267	695,443	93,647,453
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - Leases				12,767,919		12,767,919
Deferred inflows - Pension	97,141	49,051	7,259	25,705	4,459	183,615
Deferred inflows - OPEB	345,836	165,205	95,780	61,571		668,392
Total deferred inflows of resources	442,977	214,256	103,039	12,855,195	4,459	13,619,926
NET POSITION						
Net investment in capital assets	92,421,533	58,905,891	20,715,869	30,836,522	2,127	202,881,942
Restricted for capital projects			9,659,317			9,659,317
Restricted for debt service				1,026,109		1,026,109
Unrestricted	44,935,256	94,458,589	7,014,512	21,821,334	(412,738)	167,816,953
Total net position	137,356,789	153,364,480	37,389,698	53,683,965	(410,611)	422,266,783

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, 2024

	Business-Type Activities-Enterprise Funds					Governmental
	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Downtown Marina	Activities- Internal Service Funds
	\$	\$	\$	\$	\$	\$
Operating Revenues:						
Charges for services	48,279,247	47,278,322	1,764,636	10,205,854	49,371	107,577,430
Total Operating Revenues	48,279,247	47,278,322	1,764,636	10,205,854	49,371	107,577,430
Operating Expenses:						
Employee services	8,304,153	3,353,160	1,644,641	2,879,172	427,215	16,608,341
Maintenance	1,224,897	342,768	71,401	694,158	6,618	2,339,842
Water purchases	21,551,051					21,551,051
Utilities	1,493,011	1,263,026	162,622	417,682	16,449	3,352,790
Contractual services	2,027,915	32,664,361	999,156	15,756	512,037	36,219,225
Supplies and services	4,303,872	2,517,646	720,804	1,208,624	120,657	8,871,603
Noncapitalized projects		233,136		8,573		241,709
Depreciation and amortization	3,930,101	1,454,389	808,912	1,179,609	2,933	7,375,944
Insurance and claims	1,695,884	673,092	144,566	582,524	71,335	3,167,401
Total Operating Expenses	44,530,884	42,501,578	4,552,102	6,986,098	1,157,244	99,727,906
Operating Income (Loss)	3,748,363	4,776,744	(2,787,466)	3,219,756	(1,107,873)	7,849,524
Nonoperating Revenues (Expenses):						
Impairment gain (loss) on property					233	233
Property taxes			513,636			513,636
Grant revenue			1,585	313,727		315,312
Investment earnings	3,694,356	2,126,290	872,708	1,279,117	12,606	7,985,077
Interest expense	(1,360,320)			(379,319)		(1,739,639)
Increase (decrease) in investment in sewer authority		(1,869,635)				(1,869,635)
Other				(673,647)		(673,647)
Net Nonoperating Revenues (Expenses)	2,334,036	256,655	1,387,929	539,878	12,839	4,531,337
Net Income (Loss) Before Capital Contributions and Transfers	6,082,399	5,033,399	(1,399,537)	3,759,634	(1,095,034)	12,380,861
Capital contributions	147,197	55,161				202,358
Transfers in	1,682,333		1,716,346		742,080	4,140,759
Transfers (out)	(468,639)	(627,858)				(1,096,497)
Total Capital Contributions and Transfers	1,360,891	(572,697)	1,716,346		742,080	3,246,620
Change in net position	7,443,290	4,460,702	316,809	3,759,634	(352,954)	15,627,481
Total net position-beginning	129,913,499	148,903,778	37,072,889	49,924,331	(57,657)	365,756,840
Total net position-ending	137,356,789	153,364,480	37,389,698	53,683,965	(410,611)	381,384,321

See accompanying notes to financial statements

CITY OF REDWOOD CITY, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Water Utility Fund	Sewer Utility Fund	Parking Fund	Port of Redwood City	Non-Major Docktown Marina	Totals	Governmental Activities - Internal Service Funds
	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:							
Cash received from customers	47,633,214	47,623,131	1,729,087	10,390,909	3,619	107,379,960	
Cash received from interfund services provided							43,923,718
Cash payments to suppliers for goods and services	(31,438,684)	(37,644,550)	(2,216,797)	(3,445,876)	(812,061)	(75,557,968)	(22,807,238)
Cash payments to employees for services	(7,554,279)	(2,816,599)	(1,407,348)	(3,436,029)	(396,063)	(15,610,318)	(15,011,159)
Right of way compensation							
Net cash provided by (used in) operating activities	8,640,251	7,161,982	(1,895,058)	3,509,004	(1,204,505)	16,211,674	6,105,321
Cash flows from noncapital financing activities:							
Nonoperating grant revenue			1,585	313,727		315,312	
Property taxes			513,636			513,636	
Subvention payment to City				(1,245,213)		(1,245,213)	
Transfers in	1,682,333		1,716,346		742,080	4,140,759	
Transfers out	(468,639)	(627,858)				(1,096,497)	(2,772)
Advances from (to) other funds							(300,000)
Net cash provided by (used in) noncapital financing activities	1,213,694	(627,858)	2,231,567	(931,486)	742,080	2,627,997	(302,772)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(3,772,852)	(5,625,259)	(237,070)	(959,993)		(10,595,174)	(1,987,322)
Sale of property held for development					233	233	
Contributions	147,197	55,161				202,358	
Proceeds from long-term obligations				1,010,116		1,010,116	
Principal retirements	(2,698,649)			(992,244)		(3,690,893)	
Interest paid	(1,321,909)			(363,202)		(1,685,111)	
Net cash used in capital and related financing activities	(7,646,213)	(5,570,098)	(237,070)	(1,305,323)	233	(14,758,471)	(1,987,322)
Cash flows from investing activities:							
Interest on investment				1,279,117		1,279,117	
Loss on investments	3,694,356	2,126,290	872,708		12,606	6,705,960	2,764,350
Net cash provided by investing activities	3,694,356	2,126,290	872,708	1,279,117	12,606	7,985,077	2,764,350
Net increase (decrease) in cash and cash equivalents	5,902,088	3,090,316	972,147	2,551,312	(449,586)	12,066,277	6,579,577
Cash and cash equivalents at beginning of fiscal year	54,296,910	51,501,157	19,140,314	24,629,350	501,146	150,068,877	70,833,181
Cash and cash equivalents at end of fiscal year	60,198,998	54,591,473	20,112,461	27,180,662	51,560	162,135,154	77,412,758
Financial statement presentation:							
Cash and investments available for operations	60,181,381	54,591,473	10,453,144	25,927,391	51,560	151,204,949	77,412,758
Cash and investments, restricted	17,617		9,659,317	1,253,271		10,930,205	
Cash and cash equivalents at end of year	60,198,998	54,591,473	20,112,461	27,180,662	51,560	162,135,154	77,412,758
Reconciliation of Net Cash Flow from Operating Activities							
Operating income (loss)	3,748,363	4,776,744	(2,787,466)	3,219,756	(1,107,873)	7,849,524	5,432,194
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	3,930,101	1,454,389	808,912	1,179,609	2,933	7,375,944	779,728
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(670,402)	(172,092)	39,451	192,260	(45,752)	(656,535)	3,054
Decrease (increase) in due from other governmental agencies		516,901	(75,000)			441,901	57,172
Decrease (increase) in due from other funds							300,000
Decrease (increase) in inventory/prepaid expenses/deposits	87,354	(8,036)	(2,275)	(24,551)		52,492	(158,301)
Decrease (increase) in pension deferred outflows	(152,010)	(60,594)	(116,926)	116,718	20,247	(192,565)	725,321
Decrease (increase) in OPEB deferred outflow				39,982		39,982	(986,630)
Increase (decrease) in vacation & sick leave payable	(63,736)	128,892	28,853	32,514	(868)	125,655	143,625
Increase (decrease) in accounts payable	1,070,592	57,515	(115,973)	(494,008)	(84,965)	433,161	70,965
Increase (decrease) in due to other funds	(300,000)					(300,000)	
Increase (decrease) in customer deposits	24,369			(7,205)		17,164	
Increase (decrease) in unearned revenue							
Increase (decrease) in net pension liability	377,885	190,813	138,041	99,998	17,347	824,084	621,419
Increase (decrease) in net OPEB liability	709,155	410,293	237,874	(62,001)		1,295,321	1,428,838
Increase (decrease) in pension deferred inflows	(121,420)	(132,843)	(50,549)	(32,132)	(5,574)	(342,518)	(199,676)
Increase (decrease) in OPEB deferred inflows				(89,117)		(89,117)	(249,106)
Increase (decrease) in leases related deferred inflow				(662,819)		(662,819)	
Increase (decrease) in insurance claims payable							(1,863,282)
Total adjustments	4,891,888	2,385,238	892,408	289,248	(96,632)	8,362,150	673,127
Net cash provided by (used in) operating activities	8,640,251	7,161,982	(1,895,058)	3,509,004	(1,204,505)	16,211,674	6,105,321
Noncash investing, capital and financing activities:							
Increase (decrease) in investment in sewer authority		1,869,635				1,869,635	
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, 2024*

CITY OF REDWOOD CITY
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Successor Agency Private Purpose Trust Fund	Custodial Funds
	\$	\$
ASSETS		
Cash and Investments	3,580,813	30,404,496
Cash and Investments, restricted	1,666,344	14,623,248
Accounts Receivables		264,449
Accrued Interest Receivable	4,792	
Deposits		29,506
Non depreciable capital assets	2,560,739	58,497
Depreciable capital assets, net	9,526,724	
Prepaid items	279,596	50,473
Total Assets	17,619,008	45,430,669
LIABILITIES		
Accounts payable	362,953	617,729
Long-term debt:		
Due in one year	3,535,772	
Due in more than one year	22,069,782	
Due to Districts		93,308
Total Liabilities	25,968,507	711,037
NET POSITION		
Restricted for:		
Private purpose trust (RSA)	(8,349,499)	
Individuals and organizations		659,616
Other governments		44,060,016
Total Net Position	(8,349,499)	44,719,632

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, 2024

	Successor Agency Private Purpose Trust Fund	Custodial Funds
	\$	\$
ADDITIONS		
Property taxes	3,574,583	
Employer contribution		
Members contributions		383,183
Miscellaneous revenue		27,446,462
Investment earnings	98,055	350,323
	<u>3,672,638</u>	<u>28,179,968</u>
Total additions		
	<u>3,672,638</u>	<u>28,179,968</u>
DEDUCTIONS		
Administrative expenses		1,226,925
Distribution		23,513,251
Depreciation	515,979	
Interest and fiscal agency expenses	1,411,995	
	<u>2,001,575</u>	<u>24,740,176</u>
Total deductions		
	<u>2,001,575</u>	<u>24,740,176</u>
Change in net position	1,671,063	3,439,792
Net position - beginning, as restated	(10,020,562)	41,279,840
	<u>(10,020,562)</u>	<u>41,279,840</u>
Net position - ending	(8,349,499)	44,719,632
	<u><u>(8,349,499)</u></u>	<u><u>44,719,632</u></u>

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024

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, 2024

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 an 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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

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

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

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

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024 for those employees retired on or before June 30, 2024 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, 2024

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, 2024

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, 2024.

There is no accrual for unbilled water services as of June 30, 2024; 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, 2024

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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases, Continued

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

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

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

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

M. Deferred Outflows/Inflows of Resources

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Interfund Transactions

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

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

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

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

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

O. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

P. Pensions

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Measurement Period:	July 1, 2022 to June 30, 2023

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 276,542,527	\$ 151,204,949	\$ 33,985,309	\$ 461,732,785
Restricted cash and investments	50,178,671	10,930,205	16,289,592	77,398,468
Total cash and investments	<u>\$ 326,721,198</u>	<u>\$ 162,135,154</u>	<u>\$ 50,274,901</u>	<u>\$ 539,131,253</u>

Cash and investments as of June 30, 2024 consist of the following:

Deposits:	
Cash on hand	\$ 11,605
Deposits with financial institution	<u>2,691,757</u>
Total deposits	<u>2,703,362</u>
Investments:	
County of San Mateo Investment Pool	68,119,856
California Local Agency Investment Fund	136,457,547
Federal Agency Securities	63,842,155
U.S. Treasury Notes	140,315,639
Corporate Notes	35,378,081
Certificate of deposit - Negotiable	2,019,780
Asset-backed Securities	16,660,769
Supranational Obligations	2,333,615
Municipal Bonds	2,367,194
Money Market	46,493
Total investments	<u>467,541,129</u>
Total City Treasury	<u>470,244,491</u>
Cash with fiscal agent	<u>68,886,762</u>
Total cash and investments	<u><u>\$ 539,131,253</u></u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Cash and Deposits

The carrying amount of the City's cash and deposits was \$1,081,647 at June 30, 2024. Bank balances before reconciling items were \$1,577,564 at June 30, 2024. 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.

Cash with fiscal agent amounted to \$68,886,762, of which \$250,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

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, 2024, the City had the following investments by maturity:

Cash and Investments	Total	Investment Maturities (in years)				
		12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	60 Months or less
County of San Mateo Investment Pool	\$ 68,119,856	\$ 68,119,856				
California Local Agency Investment Fund	136,457,547	136,457,547				
U.S. Agencies, Securities, and Corporate Notes:						
Federal Agency Securities	63,842,155	16,662,780	\$ 7,258,720	\$ 6,336,137	\$ 6,522,181	\$ 27,062,337
U.S. Treasury Notes	140,315,639	2,425,966	48,693,124	23,072,291	44,573,869	21,550,389
Corporate Notes	35,378,081	7,246,852	1,680,750	10,804,923	6,973,822	8,671,734
Certificate of Deposit - Negotiable	2,019,780			2,019,780		
Municipal Bonds	2,367,194	919,701	1,447,493			
Asset-backed Securities	16,660,769		386,697	445,230	6,914,573	8,914,269
Supranational Obligations	2,333,615	2,333,615				
Money Market Mutual Funds	46,493	46,493				
Total	\$ 467,541,129	\$ 234,212,810	\$ 59,466,784	\$ 42,678,361	\$ 64,984,445	\$ 66,198,729

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

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

	Moody's	S&P
U.S. Agencies, Securities, and Corporate Notes:		
Federal Home Loan Banks (FHLB)	Aaa	AA+
Federal National Mortgage Association (FNMA)	Aaa	AA+
Federal Home Loan Mortgage (FHLM)	Aaa	AA+
Corporate Notes:		
Hershey Company	A1	A
Paccar Financial Corp.	A1	A+
Microsoft Corp.	Aaa	AAA
Toyota Motor Credit Corp.	A1	A+
Intel Corp.	A3	A-
Adobe Inc Sr Gbl	A1	A+
Goldman Sachs Group Inc	A2	BBB+
Wells Fargo Bank Na	Aa2	A+
Bristol-Myers Squibb	A2	A
Bank of America	A1	A-
Target Corp.	A2	A
Morgan Stanley Bk N A	Aa3	A+
Morgan Stanley	A1	A-
Mastercard Inc	Aa3	A+
Jpmorgan Chase Co	A1	A-
Jp Morgan Chase Bank	Aa2	A+
John Deere Capital Corporation	A1	A
Bank of New York Melon	A1	A
Home Depot Inc.	A2	A
Citibank N A Sr	Aa3	A+
Blackrock Funding	Aa3	AA-
Bank Of America Na	Aa1	A+
Amazon.com Inc	A1	AA
Municipal Bonds		
MD State Taxable GO Bonds	Aaa	AAA
University California Reserve taxable Bond	Aa2	AA
FL State Board of Admin Taxable REV Bonds	Aa3	AA
NJ Tunpike Authority Taxable REV Bonds	A1	AA-
Money Market Fund		
First American Government	Not Rated	Not Rated
Certificate Of Deposits-Negotiable:		
Cooperative Centrale Raiffeisen	Aa2	A+
Asset-backed Securities:		
Hyundai Auto Receivables	NR	NR
Carmax Auto Own	NR	AAA
Toyota Auto Receivable Own	Aaa	AAA
Carmax Auto Own	NR	AAA
Hyundai Auto Receivables	NR	AAA
Hyundai Auto Receivables	NR	AAA
Bank Of America Auto Trust	Aaa	NR
Bank Of America Auto Trust	Aaa	NR
Usaa Auto Owner Trust	Aaa	AAA
Toyota Auto Recebles Tr	NR	AAA
Toyota Auto Rec Tr	NR	AAA
Kubota Cr Owner Tr	Aaa	NR
Hyundai Auto Rec Tr	NR	AAA
Honda Auto Receivables	NR	AAA
Gm Financial Consumer	Aaa	NR
Fifth Third Auto	Aaa	AAA
Discover Card Exe. NT	Aaa	AAA
Bank Of America Credit Card	Aaa	NR
American Express Credit	NR	AAA
Discover Card Exe. NT	Aaa	AAA
Chase Issuance Trust	NR	AAA
External Investment Pools:		
San Mateo County Investment Fund	Not Rated	AAAf/S1
California Local Agency Investment Fund	Not Rated	Not Rated

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 \$5,816,607 as of June 30, 2024.

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, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

As of June 30, 2024, the City had \$136,457,547 (estimated fair value) invested in LAIF, using a LAIF fair value factor of 0.996316042. LAIF had invested 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2024, 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, 2024, these investments matured at an average of 217 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, 2024 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, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Investments, Continued

Investment Type	Fair Value	Fair Value Measurement	
		Level 1	Level 2
<u>Investments subject to levels:</u>			
Corporate Notes	\$ 35,378,081	\$ -	\$ 35,378,081
Certificate of deposit - Negotiable	2,019,780	-	2,019,780
Municipal Bonds	2,367,194	-	2,367,194
Asset-backed Securities	16,660,769	-	16,660,769
Supranational Obligations	2,333,615	-	2,333,615
Federal Home Loan Banks	1,585,714	-	1,585,714
Federal National Mortgage Association	17,568,122	-	17,568,122
Federal Home Loan Mortgage	44,688,319	-	44,688,319
Money Market	46,493	46,493	-
US Treasury Notes	140,315,639	140,315,639	-
Subtotal investments subject to levels	262,963,726	\$ 140,362,132	\$ 122,601,594
<u>Investment not subject to levels:</u>			
San Mateo County Pool	68,119,856		
Local Agency Investment Fund	136,457,547		
Subtotal investments not subject to levels	204,577,403		
Total investments	\$ 467,541,129	\$ 140,362,132	\$ 122,601,594

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 \$77,398,468 in cash and investments as of June 30, 2024 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, 2024

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, 2024, the trust had a balance of \$29,186,883. PARS' policy for allocation of invested assets is established as noted below:

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

At June 30, 2024, 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, 2024, the annual money-weighted rate of return on investments, net of investment expenses, was 8.79%. 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, 2024, loans receivable consists of the following:

	<u>Government-Wide</u>
Wyndham Place First Time Homebuyer Loan Program	\$ 137,925
First Time Homebuyer Silent Loan Program	78,760
Loans with Non-profits and For Profit Organizations	1,133,153
Housing Rehabilitation Loans	684,548
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	<u>\$ 13,101,005</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024 the City has outstanding loans of \$137,925 to six 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, 2024, there were outstanding loans to two homebuyers totaling \$78,760.

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, 2024 was \$1,133,153.

D. Housing Rehabilitation Loans

The City and Housing Successor have outstanding loans for housing rehabilitation in the amount of \$684,548.

E. 353 Main Project Loan

The City entered into an agreement whereby \$3,500,000 was loaned to 353 Main Street Apartments, LP, for the construction and permanent financing in accordance with the Financing Plan approved by the City. The outstanding balance of the loan at June 30, 2024 was \$3,150,000.

F. 612 Jefferson Loan

The City entered into an agreement whereby \$898,503 was loaned to Habitat for Humanity Greater San Francisco Inc. The proceeds were to be used for closing costs, project developments costs, and other related project costs as reasonably approved by the City. The outstanding balance of the loan at June 30, 2024 was \$898,503.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

G. First Community Housing Loan

The City entered into an agreement with First Community Housing whereby \$2,627,000 (\$200,000 from Community Development Block Grant, \$1,927,000 from the former Redevelopment Agency low and moderate housing fund, \$500,000 pass-through from County of San Mateo) was loaned to First Community Housing for construction of the Villa Montgomery housing development at El Camino and Vera Avenue. The portion of the loan attributable to the former Redevelopment Agency has been transferred to the City's Low and Moderate Income Housing Asset fund. The loan bears interest at 3% for 40 years. The loan will be repaid annually from 70% of the project's net cash flow. The outstanding balance of the loan at June 30, 2024 was \$2,627,000.

H. Police Activities League Loan

In March 2006, the City paid off a construction loan in the amount of \$1,500,000 that the Police Activities League (PAL), a separate, private, non-profit agency, entered into with Bay Area Bank to partially finance the construction of the new PAL community center at Taft School. The City Council and PAL agreed that one-half of the amount, or \$750,000, will be paid back to the City by PAL over a period of 15 years. The outstanding balance of the loan at June 30, 2024 was \$214,286.

I. Kainos Home and Training Center Loan

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

J. HIP Housing Development Corporation (HHDC) Loans

In March 2013, the City entered into an agreement with HHDC whereby \$92,197 from HOME investment Partnership Act (HOME) funds were loaned to assist in the rehabilitation of a 12 unit apartment building located at 1157-1161 Willow Road in Menlo Park. The loan is deferred for a term of 30 years at 3% interest. The outstanding balance of the loan at June 30, 2024 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, 2024 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, 2024 was \$46,415.

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

In July, 2013, the City entered into an agreement with MHA whereby \$400,000 from Community Development Block Grant (CDBG) was loaned to assist with the acquisition of a vacant commercial property located at 105 5th Avenue in Redwood City. The loan is deferred for a term of 30 years at 0% interest. The outstanding balance of the loan at June 30, 2024 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, 2024 was \$200,000.

L. Mezes Court Association

The City entered into an agreement with Mezes Court Associates on November 24, 2015 whereby \$259,757 from Community Development Block Grant was loaned to acquire property at 950 Main Street for affordable rental housing as set forth in the loan agreement evidencing the loan. The loan accrues interest from December 1, 2016 at the rate of two percent (2%) annual, simple interest for 57 years. Principal and interest are payable in full on the date which 57 years from the date of recordation of the Deed of Trust or the date of sale of property. The outstanding balance of the loan at June 30, 2024 was \$169,377.

M. Stafford Loan

In June, 2017, the City entered into an agreement with HHDC whereby \$1,577,750 from the City's Affordable Housing Fund and HOME and CDBG grant programs were loaned to assist with the acquisition of real property located at 1512 Stafford Street in Redwood City. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2024 was \$1,577,750.

N. Mid-Pen Mosaic Garden Loan

In February, 2018, the City entered into an agreement with MP Mosaic Garden Associates, L.P., whereby \$1,100,000 from the City's Affordable Housing Fund to refinance property located at 3752-3770 Rolison Road in the City of Redwood City to be used to provide rental housing to Low Income Household, Very Low Income Households, and Extremely Low Income Households. The loan is deferred for a term of 55 years at 3% interest. The outstanding balance of the loan at June 30, 2024 was \$1,087,491.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

O. Redwood Oaks Associates

In May, 2019, the City entered into an agreement with Redwood Oaks Associates LLP, whereby \$500,000 from the City's HOME and CDBG grant programs were loaned to assist with the rehabilitation of the Redwood Oaks Apartments at 330-340 Redwood Avenue. The loan term is 55 years and bears 0% interest. The outstanding balance of the loan at June 30, 2024 was \$500,000.

NOTE 4 – CAPITAL ASSETS

A. Summary

Capital assets at June 30 are comprised of the following:

	Balance June 30, 2023	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2024
Government activities					
Capital assets not being depreciated:					
Land	\$ 34,593,078	\$ -	\$ -	\$ -	\$ 34,593,078.00
Construction in progress, Property	60,759,060	10,001,190		(611,226)	70,149,024
Construction in progress, Vehicles	3,643,245	1,630,650		(2,115,315)	3,158,580
Total capital assets not being depreciated	<u>98,995,383</u>	<u>11,631,840</u>		<u>(2,726,541)</u>	<u>107,900,682</u>
Capital assets being depreciated:					
Buildings	87,953,170				87,953,170
Accumulated depreciation	(41,777,738)	(1,710,300)			(43,488,038)
Improvements other than buildings	41,527,479	1,364,775			42,892,254
Accumulated depreciation	(9,071,183)	(2,203,644)			(11,274,827)
Parks	56,453,378	100,000		611,226	57,164,604
Accumulated depreciation	(27,567,226)	(2,191,681)			(29,758,907)
Streets	167,614,530	1,809,422			169,423,952
Accumulated depreciation	(101,974,005)	(5,908,150)			(107,882,155)
Bridges	2,248,335				2,248,335
Accumulated depreciation	(2,248,338)				(2,248,338)
Traffic Signals	7,813,336	115,000			7,928,336
Accumulated depreciation	(3,581,171)	(295,123)			(3,876,294)
Storm Drains	21,914,016	171,258			22,085,274
Accumulated depreciation	(6,299,906)	(648,880)			(6,948,786)
Subtotal	<u>193,004,677</u>	<u>(9,397,323)</u>		<u>611,226.00</u>	<u>184,218,580</u>
Machinery & Equipment	36,600,698	1,875,644	(875,841)	2,115,315.00	39,715,816
Accumulated depreciation	(24,265,062)	(1,803,009)	832,049		(25,236,022)
SBITA Intangible Assets	4,693,002				4,693,002
Accumulated depreciation	(2,153,688)	(2,153,688)			(4,307,376)
Net capital assets being depreciated	<u>207,879,627</u>	<u>(11,478,376)</u>	<u>(43,792)</u>	<u>2,726,541.00</u>	<u>199,084,000</u>
Governmental activity capital assets, net	<u>\$ 306,875,010</u>	<u>\$ 153,464</u>	<u>\$ (43,792)</u>	<u>\$ -</u>	<u>\$ 306,984,682</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,126,270	\$ -	\$ -	\$ -	\$ 3,126,270
Construction in progress	11,625,465	10,050,113		(10,352,503)	11,323,075
Total capital assets not being depreciated	<u>14,751,735</u>	<u>10,050,113</u>		<u>(10,352,503)</u>	<u>14,449,345</u>
Capital assets being depreciated					
Right-to-Use Leased Equipments	772,795	20,014			792,809
Accumulated depreciation	(44,800)	(22,401)			(67,201)
Harbor Improvements	4,319,084	9,916			4,329,000
Accumulated depreciation	(3,719,118)	(36,584)			(3,755,702)
Buildings	62,682,888	2,520			62,685,408
Accumulated depreciation	(23,637,221)	(1,308,224)			(24,945,445)
Machinery and equipment	2,340,050	7,621			2,347,671
Accumulated depreciation	(1,886,307)	(46,400)			(1,932,707)
Improvements other than buildings	282,980,280	504,990		10,352,503	293,837,773
Accumulated depreciation	(95,062,189)	(5,962,335)			(101,024,524)
Net capital assets being depreciated	<u>228,745,462</u>	<u>(6,830,883)</u>		<u>10,352,503</u>	<u>232,267,082</u>
Business-type activity capital assets, net	<u>\$ 243,497,197</u>	<u>\$ 3,219,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,716,427</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 4 – CAPITAL ASSETS (CONTINUED)

A. Summary, Continued

In fiscal year 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangement. As of June 30, 2024, the City has recorded a net SBITA intangible asset of \$385,626, with accumulated amortization of \$4,307,376. The subscription asset is offset with a subscription liability as discussed in Note 6.

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

B. Depreciation Allocation

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

Governmental Activities

Community Development	\$ 342,723
Human Services	160,707
Public Safety	1,668,155
Transportation	6,293,858
Leisure, cultural, and information services	4,270,021
Policy development and implementation	1,270,336
Environmental support and protection	754,987
Total Depreciation Expense-Governmental Activities	<u><u>\$ 14,760,787</u></u>

Business-Type Activities

Water Utility Fund	\$ 3,930,101
Sewer Utility fund	1,454,389
Parking Fund	808,912
Port of Redwood City	1,179,609
Docktown Marina	2,933
Total Depreciation Expense-Business-Type Activities	<u><u>\$ 7,375,944</u></u>

NOTE 5 – INVESTMENT IN SILICON VALLEY CLEAN WATER AUTHORITY

Redwood City has an investment of \$31,840,885 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 \$10,705,894, in SVCW stage II construction. The City's investment in SVCW was adjusted to reflect a net decrease in the investment of \$1,869,635. Every fiscal year the City adjusts the investment based on the City's proportion of financial activity at SVCW. As of June 30, 2024, investment in SVCW totaled \$42,546,779.

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, 2024

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

During the fiscal year ended June 30, 2024, the City contributed \$17,987,808 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$11,971,349 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 \$1,833,060 toward capital improvements and capital reserves.

At June 30, 2024, the total obligation for the 2018 and 2021 revenue bonds and 2021B Notes is \$324,355,000. The City's direct obligation is \$138,485,000. For the fiscal year 2024-25, the City is obligated to pay debt principal and interest payments totaling \$9,407,375. 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 2023-24, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$49,449,471. The operating and maintenance costs, including operating expenses, transfers out for overhead and administrative cost but excluding interest, and depreciation or amortization amounted to \$29,255,160. Net revenues available for debt services amounted to \$20,194,311, which represented coverage of 1.71 times over the total of debt services of \$11,971,349.

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

In March 2021, SVCW issued 2021 Wastewater Revenue Refunding Bonds in the amount of \$143,835,000 comprised of \$137,010,000 Series A Taxable Bonds and \$6,825,000 Series B Tax-Exempt Bonds. The proceeds from the 2021 Series A Bonds were used to refund the outstanding portion of the 2014 and 2015 Wastewater Revenue Bonds, and to pay the costs of issuance of the Series A Bonds. Pursuant to the financing agreement, the City's allocable share of the 2021 bonds is approximately 52.3%.

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, 2024

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 \$3,087,500 to \$3,092,250 from June 1, 2024 through June 1, 2051, with total principal and interest remaining of \$83,425,950.

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

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

B. Changes in Long-Term Obligations

As of June 30, 2024, the City had the following governmental long-term obligations outstanding:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds					
2021 Veterans Memorial Lease Revenue Bonds	\$ 56,885,000	\$ -	\$ 1,205,000	\$ 55,680,000	\$ 1,250,000
Unamortized premium	6,749,689		241,060	6,508,629	241,060
	<u>63,634,689</u>		<u>1,446,060</u>	<u>62,188,629</u>	<u>1,491,060</u>
SBITAs Liabilities	<u>2,539,314</u>		<u>2,153,689</u>	<u>385,625</u>	<u>160,896</u>
Bonds and SBITAs Long-Term Debt:	<u>\$ 66,174,003</u>	<u>\$ -</u>	<u>\$ 3,599,749</u>	<u>\$ 62,574,254</u>	<u>\$ 1,651,956</u>
Accrued Sick Leave and Vacation	\$ 16,262,636	\$ 16,026,777	\$ 16,262,636	\$ 16,026,777	\$ 675,846

At year-end, \$1,503,689 of internal service fund compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

C. Annual Repayment Requirements for 2021 Veterans Memorial Bonds:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,250,000	\$ 1,839,050	\$ 3,089,050
2026	1,300,000	1,789,050	3,089,050
2027	1,355,000	1,737,050	3,092,050
2028	1,405,000	1,682,850	3,087,850
2029	1,465,000	1,626,650	3,091,650
2030-2034	8,240,000	7,206,850	15,446,850
2035 -2039	9,910,000	5,542,550	15,452,550
2040-2044	11,505,000	3,943,650	15,448,650
2045-2049	13,340,000	2,110,950	15,450,950
2050-2051	5,910,000	267,300	6,177,300
Total	\$ 55,680,000	\$ 27,745,950	\$ 83,425,950

D. Subscription-Based Information Technology Arrangements (SBITA)

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

As of June 30, 2024, the value of the subscription liability was \$385,625. The City is required to make annual principal and interest payments throughout the life of the subscription.

A summary of the SBITAs liabilities for the fiscal year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Retirements	Balance June 30, 2024	Current Portion
SBITAs Liabilities:				
IPS Equipment and Software	\$ 260,273	\$ 89,232	\$ 171,041	\$ 91,042
OpenGov Inc.	286,116	71,532	214,584	69,854
CherryRoad Technologies Inc.	1,992,925	1,992,925		
	\$ 2,539,314	\$ 2,153,689	\$ 385,625	\$ 160,896

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

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

The future subscription and interest subscription payments as of June 30, 2024 follows:

<u>For the Year Ended June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Liability Balance</u>
2025	\$ 160,896	\$ 8,304	\$ 169,200
2026	148,213	4,426	152,639
2027	76,516	1,753	78,269
Totals	<u>\$ 385,625</u>	<u>\$ 14,483</u>	<u>\$ 400,108</u>

NOTE 7 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

A. Description

Revenue Bonds:

Port of Redwood City 2012 Revenue Bonds – In June 2012, bonds were issued in the amount of \$10,000,000 to finance construction of the Port's Wharf 1 & 2 Redevelopment Project. The bonds are due in annual installments of \$742,294 through 2032, with total principal and interest remaining of \$5,938,350. 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 \$3,600,019. 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 \$20,609,750. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

Water Revenue Bonds Series 2015 – In May 2015, Redwood City Public Financing Authority issued \$20,235,000 of bonds to refund the remaining Water Revenue Bonds Series 2006A. The refunding resulted in a decrease of total debt service payments of \$3,243,691 and an economic gain of \$2,117,710. Principal and interest is payable in 20 annual installments of \$1,418,294 to \$1,421,544 from August 2016 through February 2035 with total principal and interest remaining of \$15,625,225. The bonds are payable out of net revenues of the water utility fund which are expected to equal at least 120% of the annual debt service requirement.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

A. Description, Continued

Water Revenue Bonds Series 2017 – In February, 2017, Redwood City Public Financing Authority issued \$6,300,000 of bonds to refund the outstanding Water Revenue Bonds Series 2007A. The refunding resulted in a decrease of total debt service payments of \$8,191,968 and an economic gain of \$1,169,839. Principal and interest is payable in 18 annual installments of \$491,419 to \$497,669 from February 2018 through February 2035 with total principal and interest remaining of \$5,435,544. 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. No such events occurred during the fiscal year ending June 30, 2024.

Pledges of Future Revenues – The pledge of future water utility fund revenues ends upon repayment of the \$41.7 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2034-35. For fiscal year 2024, Water Utility Fund operating revenues amounted to \$48,279,247 and operating expenses excluding depreciation and amortizations amounted to \$40,600,783. Net revenues available for debt service amounted to \$7,678,464 which represented a coverage ratio of 1.93 over the \$3,969,863 in debt service.

The pledge of future Port of Redwood City fund revenues ends upon repayment of the \$10 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2031-32. Port of Redwood City fund operating revenues amounted to \$10,205,854 and operating expenses excluding depreciation, amortizations, and subvention to the City amounted to \$5,806,489. Net revenues available for debt service amounted to \$4,399,365 which represented a coverage ratio of 3.25 over the \$1,351,681 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, 2024, the value of the lease liability was \$720,786. The City is required to make annual payments with an initial amount of \$22,400, with an interest adjustment based on CPI for every 5 years. The assumed interest rate for the fiscal year 2024 was 1.5%. The intangible right-to-use lease asset is amortized over the life of the lease.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

C. Changes in Long-Term Obligations

As of June 30, 2024, the City had the following business-type long-term obligations outstanding:

Business-type Activities:	Interest Rate %	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds						
Port of Redwood City-2012 Series	4.20-4.20	\$ 5,554,986	\$ -	\$ 518,744	\$ 5,036,242	\$ 541,109
Port of Redwood City-2015 Series	2.00-4.00	3,635,000		475,000	3,160,000	485,000
Water Revenue Refunding Bonds Series 2013	3.00-5.00	17,120,000		1,205,000	15,915,000	1,265,000
Water Revenue Refunding Bonds Series 2015	3.00-4.00	13,825,000		945,000	12,880,000	985,000
Water Revenue Refunding Bonds Series 2017	2.00-5.00	4,705,000		300,000	4,405,000	320,000
Unamortized Premium-Water		2,607,185		231,054	2,376,131	231,054
Unamortized Discount-Port		(10,373)		(1,500)	(8,873)	
		47,436,798		3,673,298	43,763,500	3,827,163
Leases Payable		738,381		17,595	720,786	
Total Bonds and Leases		\$ 48,175,179	\$ -	\$ 3,690,893	\$ 44,484,286	\$ 3,827,163
Accrued Sick Leave and Vacation:		\$ 1,284,203	\$ 1,377,344	\$ 1,284,203	\$ 1,377,344	\$ 699,798

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

For The Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 3,596,109	\$ 1,727,542	\$ 5,323,651
2026	3,759,278	1,569,351	5,328,629
2027	3,923,440	1,403,267	5,326,707
2028	4,088,635	1,239,121	5,327,756
2029	4,259,910	1,066,446	5,326,356
2030-2034	19,919,019	2,740,453	22,659,472
2035	1,850,000	66,464	1,916,464
	\$ 41,396,391	\$ 9,812,644	\$ 51,209,035

NOTE 8 – DEBT WITHOUT CITY COMMITMENT

A. Successor Agency Private Purpose Trust Fund Debt

Tax Increment Bonds:

2003 Tax Allocation Bonds – In October 2003, the former Redevelopment Agency issued \$33,997,448 in bonds to finance various downtown improvements. These bonds consist of current coupon bonds and capital appreciation bonds. The current coupon bonds pay interest-only through January 15, 2010. Principal on the current coupon bonds is paid in annual installments of \$1,225,000 to \$3,045,000 from July 15, 2010 to July 15, 2015. Payments reflecting interest and principal on the capital appreciation bonds are due in annual installments of \$3,505,000 to \$3,510,000 from July 15, 2016 through July 15, 2032. Total principal and interest remaining on the bonds is \$31,550,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 8 – DEBT WITHOUT CITY COMMITMENT (CONTINUED)

B. Community Facilities District (Mello-Roos) Bonds

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

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

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

The City is not required to advance available funds of the City for payment of principal or interest or to purchase land at a delinquent foreclosure assessment sale. As of June 30, 2024, the outstanding principal amount was \$5,670,000.

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, 2024, the outstanding principal amount was \$3,395,000.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS

A. Pension Plan

General Information about the Pension Plan:

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

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

The plans’ provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Public Safety Tier 1	Public Safety Tier 2	Public Safety Tier 3
Benefit Formula	3% @50	3% @55	2.7% @57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55+	50 - 55+	50 - 57+
Monthly benefit, as a % of eligible compensation	3%	2.4%-3%	2%-2.7%
Required employee contribution rates	9%	9%	13.25%
Required employer contribution rates -normal cost	23.89%	23.89%	23.89%
	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous Tier 3
Benefit Formula	2.7% @ 55	2% @60	2% @62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 67+	50 - 67+	52 - 67+
Monthly benefit, as a % of eligible compensation	2%-2.7%	1.092%-2.418%	1%-2.5%
Required employee contribution rates	8%	7%	7.00%
Required employer contribution rates -normal cost	10.94%	10.94%	10.94%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$12,337,105 and \$10,674,281 for the safety and miscellaneous plans respectively in fiscal year 2024.

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

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

Police and fire safety employees hired before October 13, 2011 (Tier 1) are covered under the "3% at 50" formula. Under this retirement plan, an employee's retirement earnings at age 50 are calculated by multiplying 3% by the employee's years of service. This percentage factor does not increase with the employee's age upon retirement.

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

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

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

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

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

Employees Covered – At June 30, 2024, the following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2022 and measurement date of June 30, 2023:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	600	377
Inactive employees entitled to but not yet receiving benefits	541	54
Active employees	377	172
Total	<u>1,518</u>	<u>603</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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 as of the June 30, 2023 measurement date were based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Actuarial Cost Method	
Actuarial Assumptions:		
Discount Rate	6.900%	6.900%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2% thereafter.	

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

(2) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1 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, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

A. Pension Plan, Continued

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted for assumed administrative expenses of 10 basis points.

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

Asset Class (1)	Assumed asset Allocation	Real Return 1,2
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<hr/>	
Total	<u>100%</u>	

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2022 (Measurement Date)	\$ 406,485,364	\$ 287,742,172	\$ 118,743,192
Changes in the year:			
Service cost	7,338,915		7,338,915
Interest on the total pension liability	27,902,523		27,902,523
Differences between actual and expected experience	3,670,097		3,670,097
Changes in assumptions			
Changes in benefit terms	387,691		387,691
Net Plan to Plan Resource Movement			
Contribution - employer		15,284,043	(15,284,043)
Contribution - employees		2,914,959	(2,914,959)
Net investment income		17,910,512	(17,910,512)
Administrative expenses		(211,592)	211,592
Benefit payments , including refunds of employee contributions	(19,656,453)	(19,656,453)	
Other Miscellaneous Income/(expense)			
Net changes	19,642,773	16,241,469	3,401,304
Balance at June 30, 2023 (Measurement Date)	\$ 426,128,137	\$ 303,983,641	\$ 122,144,496

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2022 (Measurement Date)	<u>\$ 480,554,845</u>	<u>\$ 308,073,166</u>	<u>\$ 172,481,679</u>
Changes in the year:			
Service cost	10,033,761		10,033,761
Interest on the total pension liability	33,081,498		33,081,498
Differences between actual and expected experience	6,777,962		6,777,962
Changes in assumptions			
Changes in benefit terms	183,562		183,562
Net Plan to Plan Resource Movement			
Contribution - employer		18,934,321	(18,934,321)
Contribution - employees		3,740,520	(3,740,520)
Net investment income		19,116,063	(19,116,063)
Administrative expenses		(226,543)	226,543
Benefit payments , including refunds of employee contributions	(26,182,496)	(26,182,496)	
Other Miscellaneous Income/(expense)			
Net changes	<u>23,894,287</u>	<u>15,381,865</u>	<u>8,512,422</u>
Balance at June 30, 2023 (Measurement Date)	<u><u>\$ 504,449,132</u></u>	<u><u>\$ 323,455,031</u></u>	<u><u>\$ 180,994,101</u></u>

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

	Miscellaneous	Safety	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 178,190,409	\$ 249,253,731	\$ 427,444,140
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 122,144,496	\$ 180,994,101	\$ 303,138,597
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 75,778,858	\$ 125,154,976	\$ 200,933,834

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, 2024

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, 2024, the City recognized pension expense of \$20,635,185 for the Miscellaneous Plan and \$28,784,559 for the Safety Plan, with a total of \$49,419,744. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 15,691,173		\$ 19,624,143		\$ 35,315,316	
Changes of Assumptions	3,319,903		5,536,054		8,855,957	
Differences between Expected and Actual	2,310,802	\$ (874,335)	5,284,210	\$ (184)	7,595,012	\$ (874,519)
Net differences between projected and actual earnings on plan investments	13,726,938		14,612,247		28,339,185	
Total	<u>\$ 35,048,816</u>	<u>\$ (874,335)</u>	<u>\$ 45,056,654</u>	<u>\$ (184)</u>	<u>\$ 80,105,470</u>	<u>\$ (874,519)</u>

\$35,315,316 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, 2025. 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
2025	\$ 6,287,319	\$ 9,030,254
2026	2,406,313	4,727,147
2027	9,416,778	11,274,493
2028	372,898	400,433
Total	<u>\$ 18,483,308</u>	<u>\$ 25,432,327</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	547
Inactive employees or beneficiaries currently receiving benefits	436
Inactive employees entitled to, but not yet receiving benefits	100
	<u>1083</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024, the City's cash contributions were \$0 in payments to the trust plus \$4,313,566 cash benefit payments and the estimated implied subsidy was \$571,000 resulting in total payments of \$4,884,566.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	6.25%
Inflation	2.50% per annum
Salary Increases	Aggregate-2.75%
Investment Rate of Return	6.25%
Mortality Rate	(1) Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover	(2) Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (NON-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076 and later years

Notes:

(1) Pre-retirement mortality information was derived from data collected during 2000 to 2019 CalPERS Experience Study dated January 2021 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2000 to 2019 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023			
(Measurement date 06/30/2022)	\$ 92,213,575	\$ 55,509,286	\$ 36,704,289
Changes in the year:			
Service cost	3,601,738		3,601,738
Interest	5,842,841		5,842,841
Benefit changes			
Actual vs. expected experience	11,975,751		11,975,751
Assumption changes	5,455,841		5,455,841
Contribution - employer		7,344,999	(7,344,999)
Contribution - employee			
Net investment income		3,598,414	(3,598,414)
Benefit payments	(4,659,716)	(4,659,716)	
Administrative expenses		(31,923)	31,923
Net changes	<u>22,216,455</u>	<u>6,251,774</u>	<u>15,964,681</u>
Balance at June 30, 2024			
(Measurement date 06/30/2023)	<u>\$ 114,430,030</u>	<u>\$ 61,761,060</u>	<u>\$ 52,668,970</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, 2023:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 66,705,667	\$ 52,668,970	\$ 40,946,343

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 39,488,433	\$ 52,668,970	\$ 68,701,779

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 (EARSLS)

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$7,092,245, and the Port recognized OPEB expense of \$(104,584), with a total OPEB expenses of \$6,987,661. For the fiscal year ended June 30, 2024, 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	\$ 4,884,566	\$ -	\$ 17,291	\$ -	\$ 4,901,857	\$ -
Changes of Assumptions	4,821,251	(305,768)	6,787	(15,228)	4,828,038	(320,996)
Differences between expected and actual experience	10,074,838	(6,122,453)	-	(46,343)	10,074,838	(6,168,796)
Net differences between projected and actual earnings on plan investments	3,783,855	-	-	-	3,783,855	-
Total	<u>\$ 23,564,510</u>	<u>\$ (6,428,221)</u>	<u>\$ 24,078</u>	<u>\$ (61,571)</u>	<u>\$ 23,588,588</u>	<u>\$ (6,489,792)</u>

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, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the OPEB liability in the subsequent fiscal year rather than in the current fiscal year. Therefore, the \$4,884,566 related to contributions subsequent to the June 30, 2023 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, 2025.

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

	City (without Port)	Port of Redwood City	TOTAL
	Deferred	Deferred	Deferred
Fiscal Year Ending June 30:	Outflows/Inflows of Resources	Outflows/Inflows of Resources	Outflows/Inflows of Resources
2025	\$ 1,059,528	\$ (53,308)	\$ 1,006,220
2026	1,574,795	(1,476)	1,573,319
2027	3,448,306		3,448,306
2028	2,572,102		2,572,102
2029	2,766,920		2,766,920
Thereafter	830,072		830,072
Total	<u>\$ 12,251,723</u>	<u>\$ (54,784)</u>	<u>\$ 12,196,939</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, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

Employees Covered

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

Active employees	3
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div>
	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, 2024, 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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	3.86%
Inflation	2.75% as of June 30, 2023
Salary Increases	3.0% including inflation
Investment Rate of Return	3.86%
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 3.69% at June 30, 2022, and 3.86% at June 30, 2023 measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.86 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, 2024

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	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability/(Asset)
Balance at June 30, 2023			
(Measurement date 06/30/2022)	\$ 645,633	\$ -	\$ 645,633
Changes in the year:			
Service cost	5,350		5,350
Interest	23,447		23,447
Actual vs. expected experience	(56,667)		(56,667)
Assumption changes	(13,692)		(13,692)
Benefit payments	(20,439)		(20,439)
Administrative expenses			
Net changes	(62,001)		(62,001)
Balance at June 30, 2024			
(Measurement date 06/30/2023)	\$ 583,632	\$ -	\$ 583,632

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, 2024:

	1% Decrease	Current	1% Increase
	(2.86%)	Discount Rate	(4.86%)
		(3.86%)	
Net OPEB Liability	\$ 671,670	\$ 583,632	\$ 512,029

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, 2024:

	1% Decrease	Current	1% Increase
	6.0% to 5.0%	Trend Rate	8.0% to 7.0%
		7.0% to 6.0%	
Net OPEB Liability	\$ 515,091	\$ 583,632	\$ 666,343

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 (EARS�) (Average 1.7 Years at Measurement period ended June 30, 2023)

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

For the fiscal year ended June 30, 2024, the Port recognized OPEB expense of \$(27,885). For the fiscal year ended June 30, 2024, 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	\$ 17,291	
Changes of Assumptions	6,787	\$ (15,228)
Differences between expected and actual experience		(46,343)
Total	<u>\$ 24,078</u>	<u>\$ (61,571)</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

B. Post Employment Benefits, Continued

The \$17,291 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025. 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
2025	\$ (53,308)
2026	(1,476)
Total	<u>\$ (54,784)</u>

C. Cafeteria Benefit Plan

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

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

Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account and \$3,200 annually into the Medical Spending Account. This cap applies to both City contributions and employee pre-tax contributions. There are no legal limits on contributions to the Health Premium Account.

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – EMPLOYEE BENEFITS (CONTINUED)

D. Deferred Compensation Plans

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

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

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

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

NOTE 10 – LEASES

A. Lessee

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 10 – LEASES (CONTINUED)

B. Lessor

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

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

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

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

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

C. Leases Receivable (City as Lessor)

The terms and balances related to leases receivable and deferred inflows of resources as of June 30, 2024 were:

Lessee	Property Address	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years	Expiration Date Including Options
New Cingular	117 Hinman Rd, Redwood City, CA 94063	9/15/2020	9/14/2030	10	9	5	9/14/2035
Clean Harbors	130 Heckner Rd, Redwood City, CA 94063	4/1/2021	3/31/2026	5	4	5	3/31/2031
Cemex	775 Seaport Blvd, Redwood City, CA 94063	1/1/2017	12/31/2026	10	5	10	12/31/2036
Seaport Refining	679 Seaport Blvd, Redwood City, CA 94063	1/1/2016	12/31/2022	6	1	5	12/31/2027
SimsMetal America	699 Seaport Blvd, Redwood City, CA 94063	5/1/2018	4/30/2033	15	11	5	4/30/2038

(Continued below)

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 10 – LEASES (CONTINUED)

C. Leases Receivable (City as Lessor), Continued

Lessee	Interest Revenue	Lease Revenue	Monthly revenue as of June 30, 2024	Lease Receivable balance at June 30, 2024	Deferred Inflow of Resources at June 30, 2024
New Cingular	\$ 10,581	\$ 19,515	\$ 2,508	\$ 291,683	\$ 275,728
Clean Harbors	43,309	138,599	15,159	1,161,948	1,085,668
Cemex	201,544	317,660	43,267	5,585,429	5,848,290
Seaport Refining	18,100	111,296	10,783	456,600	420,764
SimsMetal America	200,954	423,046	52,000	5,511,134	5,137,469
	<u>\$ 474,488</u>	<u>\$ 1,010,116</u>	<u>\$ 123,717</u>	<u>\$ 13,006,794</u>	<u>\$ 12,767,919</u>

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

For the Year Ended June 30	Principal	Interest	Total
2025	\$ 1,046,040	\$ 438,564	\$ 1,484,604
2026	1,083,244	401,360	1,484,604
2027	1,121,770	362,834	1,484,604
2028	1,132,077	323,007	1,455,084
2029	1,070,444	284,764	1,355,208
2030-2034	5,424,866	849,169	6,274,035
2035-2038	2,128,353	116,182	2,244,535
Totals	<u>\$ 13,006,794</u>	<u>\$ 2,775,880</u>	<u>\$ 15,782,674</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 11 – NET POSITION AND FUND BALANCES

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

A. Net Position

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

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

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

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

B. Fund Balances

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2024, fund balances for governmental funds are made up of the following:

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 11 – NET POSITION AND FUND BALANCES (CONTINUED)

B. Fund Balances, Continued

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

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

C. Deficit Fund Equity/Net Position

The Successor Agency Private Purpose Trust Fund had negative net position of \$8,349,499 due to long-term debt outstanding for bonds used to finance various downtown improvements.

The Traffic Safety Fund had a negative fund balance of \$1,077,323.

The Redwood Shores Landscape Maintenance Fund had a negative fund balance of \$89,329.

The Planning Cost Recovery Fund had a negative fund balance of \$502,245.

The Park Impact and In Lieu Fee Fund had a negative fund balance of \$576,976.

The Docktown Marina Enterprise Fund had negative net position of \$410,611.

The Internal Services Fund had a negative net position of \$15,463,956 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, 2024:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 306,984,682	\$ 246,716,427	\$ 553,701,109
Less: Capital debt	(71,465,195)	(44,912,325)	(116,377,520)
Plus: Unspent bond proceeds	50,788,777	1,077,840	51,866,617
	<u>\$ 286,308,264</u>	<u>\$ 202,881,942</u>	<u>\$ 489,190,206</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 12 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

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

NOTE 13 – INTERFUND TRANSFERS AND TRANSACTIONS

A. Transfers

The following interfund transfers were made during the year:

<u>Fund/Fund Type Receiving Transfers</u>	<u>Fund/Fund Type Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non Major Governmental Fund	\$ 599,082 (1)
	Internal Service Fund	2,772 (2)
Capital Outlay Fund	General Fund	9,480,834 (3)
Non Major Governmental Funds	General Funds	4,006,738 (1)
	Capital Outlay Fund	2,072,624 (1)
	Non Major Governmental Fund	1,864,324 (1)
Water Utility Enterprise Fund	General Fund	585,836 (1)
	Water Utility Fund	468,639 (4)
	Sewer Utility Fund	627,858 (4)
Parking Enterprise Fund	General Fund	1,716,346 (1)
Docktown Marina Enterprise Fund	General Fund	742,080 (1)
Total Interfund Transfers		<u>\$ 22,167,133</u>

The reasons for these transfers are set forth below:

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

B. Short-Term Due to/From other Funds

The \$2,145,638 owed to the General Fund from the other non-major governmental funds is related to the negative cash in the non-major governmental funds at June 30, 2024.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount Due to/From</u>
General Fund	Traffic Safety Special Revenue Fund	\$ 914,024
	Redwood Shores Landscape Maintenance Special Revenue Fund	89,219
	Planning Cost Recovery Special Revenue Fund	809,600
	Parks Impact and In Lieu Fee Capital Projects Fund	332,795
		<u>\$ 2,145,638</u>

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 14 – RISK MANAGEMENT AND SELF-INSURANCE FUND

A. Workers' Compensation

The City is self-insured for workers' compensation for the first \$350,000 per occurrence and has a commercial insurance policy that covers the City's exposure above the retained limits up to the statutory limits required by the State of California. The City paid \$626,217 during FY 2023-24 for the coverage.

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

B. General Liability, Automobile, and Property Insurance

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA), which is an insurance pool consisting of 21 San Francisco Bay Area government agencies, which the City uses for general liability, property insurance, and auto liability coverage. In FY 2023-24 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 2023-24 was \$4,257,250.

The BCJPIA belongs to the California Affiliated Risk Management Authority (CARMA) which is an excess liability pool comprised of the BCJPIA and four other local government insurance pools. CARMA provides coverage for an amount in excess of \$1,000,000.

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

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

C. Self-Insurance Fund

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

Changes in the self-insurance fund's claims payable liability for fiscal years ended 2022, 2023, and 2024 were:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims/Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2021-22	32,083,496	4,252,364	(3,127,014)	33,208,846
2022-23	33,208,846	2,862,564	(4,001,294)	32,070,116
2023-24	32,070,116	4,075,231	(5,938,513)	30,206,834

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 15 – DISSOLUTION OF THE REDWOOD CITY REDEVELOPMENT AGENCY

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

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

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

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

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

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

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

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

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

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

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

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

A. Tax Increment Bonds

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

2003 Tax Allocation Bonds – In October 2003, the former Redevelopment Agency issued \$33,997,448 in bonds to finance various downtown improvements. These bonds consist of current coupon bonds and capital appreciation bonds. The current coupon bonds pay interest-only through January 15, 2010. Principal on the current coupon bonds is paid in annual installments of \$1,225,000 to \$3,045,000 from July 15, 2010 to July 15, 2014. Payments reflecting interest and principal on the capital appreciation bonds are due in annual installments of \$3,505,000 to \$3,510,000 from July 15, 2016 through July 15, 2032. Total principal and interest remaining on the bonds is \$31,550,000. Payments are made from property tax increment generated by the former redevelopment agency fund.

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

A. Tax Increment Bonds, Continued

Change in Debt:

	Interest Rate %	Beginning Balance	Retirements	Ending Balance	Within One Year
Tax Increment Bonds					
2003 Tax Allocation Bonds	3.50-5.80	\$ 8,999,891	\$ 1,172,831	\$ 7,827,060	\$ 1,090,125
Accreted interest payable		18,431,424	929,870	17,501,554	2,414,875
Unamortized Premium		307,712	30,772	276,940	30,772
Total Bonds		<u>\$ 27,739,027</u>	<u>\$ 2,133,473</u>	<u>\$ 25,605,554</u>	<u>\$ 3,535,772</u>

Annual Repayment Requirements for Long-Term Debt:

Year End June 30	Tax Increment Bonds	
	Principal	Interest
2025	\$ 1,090,125	\$ 2,414,875
2026	1,025,984	2,479,016
2027	967,415	2,537,585
2028	911,966	2,593,034
2029	859,566	2,645,434
2030-2033	2,972,004	11,052,996
	<u>\$ 7,827,060</u>	<u>\$ 23,722,940</u>

NOTE 16 – CONSTRUCTION, OTHER SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

As of June 30, 2024, the City has the following significant commitments:

\$ 3,118,510	Sanitary Sewer Pump Station 8 & 9 improvements project
\$ 2,530,507	Professional Services related to 101/84 interchange project
\$ 2,079,406	Purchase of Water Supply FY22-23
\$ 1,800,483	Purchase of Water Supply FY23-24
\$ 1,727,000	Easter Bowl & Glenloch Tanks Seismic Improvement & Roof Repair project
\$ 1,138,273	Professional Services related to RWLife project services of a precise plan, environmental, community engagement, and economic analysis
\$ 1,127,530	Price Tract Pump Station improvement project
\$ 717,089	Professional Services related to 101/84 interchange project
\$ 713,207	Purchase of Two Combination Sewer Cleaners
\$ 581,718	Professional Services related to access to Downtown Bikeway Corridors Project
<u>\$ 15,533,723</u>	

CITY OF REDWOOD CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

Purchase orders are issued throughout the fiscal year to encumber the budgets in the governmental funds. Following are the outstanding encumbrances as of June 30, 2024:

Major Funds:	
General Fund	\$ 7,703,589
Capital Outlay Fund	4,976,302
Total Major Funds	<u>12,679,891</u>
Non-Major Funds:	<u>26,843,599</u>
Total Encumbrances	<u>\$ 39,523,490</u>

NOTE 17 – SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

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

The SBWMA issued \$20 million in bonds in 1999 to provide funds for the purchase of the transfer station. The debt issued by the SBWMA is not an obligation of any of the member entities. During FY 2009-10, SBWMA issued \$58.5 million in bonds to finance improvements at the solid waste transfer station, and the remaining balance of the 1999 bonds were retired. On July 9, 2019, SWBMA issued Solid Waste Enterprise Refunding Revenue Bonds, Series 2019A, Non-Alternative Minimum Tax Green Bonds in the amount of \$31.86 million and Solid Waste Enterprise Revenue Bonds, Series 2019B, Alternative Minimum Tax Green Bonds in the amount of \$16.915 million.

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

Audited financial statements are available from the SBWMA, c/o the City of Redwood City, 1017 Middlefield Road, Redwood City, CA 94063. The following is SBWMA's condensed unaudited financial results for the fiscal year ended June 30, 2024:

Total Assets	\$ 79,095,410
Total Liabilities	<u>(55,281,415)</u>
Total Net Position	<u>\$ 23,813,995</u>

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund and special revenue funds. 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 June each year to the City Council for the fiscal year commencing the following July 1, showing proposed expenditures by programs and the means of financing them.

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

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

Budgeted amounts are as originally adopted, or as amended, by the City Council during the fiscal year. Individual amendments throughout the year are typically not material in relation to the original appropriations, and do not carry forward to the next fiscal year.

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



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

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, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	\$
Fund balance, July 1	105,543,553	105,543,553	105,543,553	
Resources (inflows):				
Property taxes/special assessments	65,211,889	65,211,889	80,240,442	15,028,553
Sales and other taxes	58,140,953	59,995,353	61,523,981	1,528,628
Licenses and permits	6,381,552	6,775,078	6,298,479	(476,599)
Fines, forfeitures and penalties	402,000	447,586	374,366	(73,220)
Use of money and property	6,233,641	6,233,641	11,541,213	5,307,572
Intergovernmental	14,479,456	9,093,194	8,647,556	(445,638)
Charges for current services	22,642,249	26,810,639	33,131,882	6,321,243
Contributions				
Other	607,883	607,883	849,068	241,185
Amounts available for appropriation	174,099,623	175,175,263	202,606,987	27,431,724
Charges to appropriations (outflows):				
Current Operations:				
City Council:				
City Council	317,886	317,886	366,613	(48,727)
Total City Council	317,886	317,886	366,613	(48,727)
City Manager:				
Management/Policy execution/				
Organizational Efficiencies	1,497,224	1,915,661	1,475,346	440,315
Communications/Community Engagement	1,389,776	1,933,689	1,735,990	197,699
Homeless initiatives		1,977,500	799,197	1,178,303
Diversity, equity, inclusion initiatives	373,330	1,192,138	621,077	571,061
Economic development	854,279	1,050,455	326,500	723,955
Anti-displacement Strategies	403,234	333,072	194,572	138,500
Homeless outreach		2,268,467	1,744,139	524,328
Total City Manager	4,517,843	10,670,982	6,896,821	3,774,161
City Attorney	2,126,306	2,421,204	1,968,903	452,301
City Clerk:				
City Clerk	1,019,774	1,299,137	747,987	551,150
Elections	412,837	112,837	46,335	66,502
Council support	80,785	72,174	56,794	15,380
Total City Clerk	1,513,396	1,484,148	851,116	633,032

(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, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	\$
Community Development & Transportation:				
Planning	3,479,832	3,379,034	3,221,683	157,351
Strategic planning	1,006,979	1,302,443	1,217,969	84,474
Building regulation	6,984,654	6,468,126	5,340,835	1,127,291
Administration	1,057,086	1,412,095	1,086,039	326,056
General engineering	496,761	661,674	786,118	(124,444)
Subdivision engineering	516,858	497,421	1,028,284	(530,863)
Code enforcement	634,725	640,308	686,560	(46,252)
Flood and sea level rise resiliency	55,000	55,000	724	54,276
GIS/CAD	228,000	186,613	191,454	(4,841)
Micromobility program	2,500	2,500	110	2,390
Total Community Development & Transportation	14,462,395	14,605,214	13,559,776	1,045,438
Finance:				
Financial services	2,732,843	2,814,757	2,466,238	348,519
Administrative support services	3,113,260	3,318,811	1,254,905	2,063,906
Total Finance	5,846,103	6,133,568	3,721,143	2,412,425
Fire:				
Administration	2,038,533	2,394,270	1,889,655	504,615
Operations	35,515,025	40,631,541	39,604,367	1,027,174
San Carlos Fire	2,267,155	2,222,127	1,992,858	229,269
Prevention	1,946,003	2,466,563	1,911,278	555,285
Training	800,023	836,054	619,850	216,204
Emergency medical services	80,451	71,451	23,239	48,212
Emergency operations	146,920	159,781	56,585	103,196
Firefighter trainees - safer grant	1,209,850	2,142,400	1,365,745	776,655
Total Fire	44,003,960	50,924,187	47,463,577	3,460,610
Human Resources	4,184,995	4,054,503	2,993,001	1,061,502
Library:				
Administrative services unit	2,301,172	2,276,483	2,194,614	81,869
Downtown library	4,536,868	4,442,839	4,797,375	(354,536)
Literacy services unit	1,326,713	2,067,322	1,891,840	175,482
Neighborhood libraries and outreach	2,023,012	2,023,012	1,725,966	297,046
Children's and teen services and community engagement	585,318	611,662	1,080,804	(469,142)
Total Library	10,773,083	11,421,318	11,690,599	(269,281)

(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, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	\$
Parks, Recreation and Community Services:				
Human Services	2,247,822	2,795,297	2,985,215	(189,918)
COVID-19 emergency rental assistance		300,000	177,224	122,776
Administration	2,283,026	2,828,337	2,516,900	311,437
Landscape maintenance	6,176,538	6,651,836	6,441,285	210,551
Youth and teen services	3,911,599	4,182,251	4,156,516	25,735
Sports and aquatics	745,298	771,021	770,079	942
Community services	1,180,302	1,091,288	959,700	131,588
Class administration and market	1,774,459	2,077,379	2,285,286	(207,907)
PRCS facilities	3,094,135	3,092,689	3,184,251	(91,562)
Arts commision	73,896	84,503	84,528	(25)
Special events	707,489	925,501	1,074,451	(148,950)
Total Parks, Recreation and Community Services	22,194,564	24,800,102	24,635,435	164,667
Police:				
Administration	11,136,509	11,601,467	11,352,177	249,290
Records	1,290,932	1,289,319	1,201,050	88,269
Training	1,387,544	1,582,734	1,673,099	(90,365)
Property/Evidence	392,680	428,267	465,521	(37,254)
Police Activities League	103,700	101,697	103,793	(2,096)
Patrol services	35,057,722	36,302,462	34,205,952	2,096,510
Criminal investigation	7,134,752	7,172,953	7,465,201	(292,248)
Total Police	56,503,839	58,478,899	56,466,793	2,012,106
Public Works:				
Street system maintenance	367,158	367,158	375,869	(8,711)
Street cleaning	651,102	627,775	543,883	83,892
Sidewalk maintenance/Replacement	65,801	65,801	49,538	16,263
Street tree maintenance	1,270,737	1,395,613	1,084,168	311,445
Trash and recycling efforts	122,224	128,882	160,516	(31,634)
Climate action plan programs	30,000	1,074,213	174,309	899,904
Downtown/Entry feature maintenance	11,889	11,389	10,677	712
Storm water collection/Disposal	63,030	44,190	45,836	(1,646)
Water Resources Management	3,793	3,793	3,793	
Highway 101 pedestrian underpass	50,000	50,000		50,000
Total Public Works	2,635,734	3,768,814	2,448,589	1,320,225
Non-Departmental:				
One-time special funds		1,720,731	527,178	1,193,553
Administrative services operations	989,052	989,052	134,864	854,188
City manager operations	1,032,623	1,028,114	1,032,112	(3,998)
Total Non-Departmental	2,021,675	3,737,897	1,694,154	2,043,743
Reimbursement from Other Funds	(2,613,389)	(2,613,389)	(2,562,970)	(50,419)
Total charges to appropriations	168,488,390	190,205,333	172,193,550	18,011,783
OTHER FINANCING SOURCES (USES)				
Capital contributions		96,000	96,000	
Transfers in	1,740,526	601,854	601,854	
Transfers (out)	(17,617,676)	(15,034,480)	(16,531,834)	(1,497,354)
Total Other Financing Sources (Uses)	(15,877,150)	(14,336,626)	(15,833,980)	(1,497,354)
Fund balance, June 30	95,277,636	76,176,857	120,123,010	43,946,153

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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:	2022-23	2021-22	2020-21	2019-20
TOTAL PENSION LIABILITY					
Service Cost		\$ 7,338,915	\$ 7,256,540	\$ 6,394,654	\$ 6,178,031
Interest		27,902,523	26,586,467	25,863,540	24,840,488
Difference Between Expected and Actual Experience		3,670,097	(3,060,173)	230,069	(523,039)
Changes of Assumptions		387,691	11,619,661		
Benefit Payments, Including Refunds of Employee Contributions		(19,656,453)	(18,080,941)	(17,249,770)	(16,847,184)
Net Change in Total Pension Liability		19,642,773	24,321,554	15,238,493	13,648,296
Total Pension Liability - Beginning		406,485,364	382,163,810	366,925,317	353,277,021
Total Pension Liability - Ending (a)		\$ 426,128,137	\$ 406,485,364	\$ 382,163,810	\$ 366,925,317
PLAN FIDUCIARY NET POSITION					
Contributions - Employer		\$ 15,284,043	\$ 14,978,084	\$ 13,313,117	\$ 13,379,383
Contributions - Employee		2,914,959	3,179,873	2,928,979	2,881,886
Net Investment Income		17,910,512	(23,748,879)	57,956,637	12,205,299
Benefit Payments, Including Refunds of Employee Contributions		(19,656,453)	(18,080,941)	(17,249,770)	(16,847,184)
Other Changes in Fiduciary Net Position					
Administrative Expense		(211,592)	(194,113)	(254,643)	(343,470)
Other Miscellaneous Income/(Expense) (1)					
Net Change in Fiduciary Net Position		16,241,469	(23,865,976)	56,694,320	11,275,914
Plan Fiduciary Net Position - Beginning (2)		287,742,172	311,608,148	254,913,828	243,637,914
Plan Fiduciary Net Position - Ending (b)		\$ 303,983,641	\$ 287,742,172	\$ 311,608,148	\$ 254,913,828
Plan Net Position Liability/(Asset) - Ending (a) - (b)		\$ 122,144,496	\$ 118,743,192	\$ 70,555,662	\$ 112,011,489
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.34%	70.79%	81.54%	69.47%
Covered Payroll (3)		\$ 49,015,281	\$ 40,336,518	\$ 38,732,004	\$ 36,686,645
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll		249.20%	294.38%	182.16%	305.32%

- (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, 2024

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

<u>Safety Plan</u>		674			
	Measurement Period:	2022-23	2021-22	2020-21	2019-20
TOTAL PENSION LIABILITY					
Service Cost		\$ 10,033,761	\$ 9,585,797	\$ 8,678,296	\$ 8,659,505
Interest		33,081,498	31,506,852	30,437,953	29,301,302
Difference Between Expected and Actual Experience		6,777,962	987,501	(1,561)	3,510,050
Changes of Assumptions		183,562	14,053,058		
Benefit Payments, Including Refunds of Employee Contributions		(26,182,496)	(24,731,867)	(22,658,505)	(21,484,308)
Net Change in Total Pension Liability		23,894,287	31,401,341	16,456,183	19,986,549
Total Pension Liability - Beginning		480,554,845	449,153,504	432,697,321	412,710,772
Total Pension Liability - Ending (a)		\$ 504,449,132	\$ 480,554,845	\$ 449,153,504	\$ 432,697,321
PLAN FIDUCIARY NET POSITION					
Contributions - Employer		\$ 18,934,321	\$ 18,651,811	\$ 16,247,751	\$ 16,718,593
Contributions - Employee		3,740,520	3,878,439	3,415,458	3,294,361
Net Investment Income		19,116,063	(25,626,846)	62,967,633	13,292,662
Benefit Payments, Including Refunds of Employee Contributions		(26,182,496)	(24,731,867)	(22,658,505)	(21,484,308)
Other Changes in Fiduciary Net Position					
Administrative Expenses		(226,543)	(209,377)	(276,122)	(373,538)
Other Miscellaneous Income/ (Expense)(1)					
Net Change in Fiduciary Net Position		15,381,865	(28,037,840)	59,696,215	11,447,770
Plan Fiduciary Net Position - Beginning (2)		308,073,166	336,111,006	276,414,791	264,967,021
Plan Fiduciary Net Position - Ending (b)		\$ 323,455,031	\$ 308,073,166	\$ 336,111,006	\$ 276,414,791
Plan Net Position Liability/(Asset) - Ending (a) - (b)		\$ 180,994,101	\$ 172,481,679	\$ 113,042,498	\$ 156,282,530
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		64.12%	64.11%	74.83%	63.88%
Covered Payroll (3)		\$ 35,663,845	\$ 28,838,138	\$ 28,369,715	\$ 27,781,536
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll		507.50%	598.10%	398.46%	562.54%

- (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, 2024

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Schedule of Plan Contributions

Miscellaneous Plan

	Fiscal Year:	2023-24	2022-23	2021-22	2020-21
Actuarially determined contribution		\$ 15,691,173	\$ 15,583,064	\$ 14,677,199	\$ 13,251,126
Contribution in relation to the actuarially determined contributions		(15,691,173)	(15,583,064)	(14,677,199)	(13,310,635)
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,509)</u>
Covered payroll		\$ 49,015,281	\$ 43,278,485	\$ 40,613,978	\$ 39,894,208
Contributions as a percentage of covered payroll		32.01%	36.01%	36.14%	33.22%

Safety Plan

	Fiscal Year:	2023-24	2022-23	2021-22	2020-21
Actuarially determined contribution		\$ 19,645,143	\$ 19,354,347	\$ 18,230,530	\$ 16,251,126
Contribution in relation to the actuarially determined contributions		(19,645,143)	(19,354,347)	(18,230,530)	(16,251,126)
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		\$ 35,663,845	\$ 31,731,683	\$ 28,838,138	\$ 29,330,001
Contributions as a percentage of covered payroll		55.08%	60.99%	63.22%	55.41%

(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	The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014 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, 2024

NOTE 2 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Schedule of Plan Contributions, Continued

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

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 3 – POST-EMPLOYMENT BENEFITS

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

City of Redwood City

Measurement Period:	2023	2022
Total OPEB Liability		
Service Cost	\$ 3,601,738	\$ 3,505,341
Interest on the total OPEB liability	5,842,841	5,557,379
Changes of benefit terms		
Differences between expected and actual experience	11,975,751	
Changes of assumptions	5,455,841	
Benefit payments, including refunds of employee contributions	(4,659,716)	(4,523,721)
Net change in total OPEB liability	22,216,455	4,538,999
Total OPEB liability - beginning	92,213,575	87,674,576
Total OPEB liability - ending (a)	<u>\$ 114,430,030</u>	<u>\$ 92,213,575</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 7,344,999	\$ 7,983,000
Net investment income	3,598,414	(8,368,889)
Benefit payments, including refunds of employee contributions	(4,659,716)	(4,523,721)
Administrative expense	(31,923)	(26,484)
Net change in plan fiduciary net position	6,251,774	(4,936,094)
Plan fiduciary net position - beginning	55,509,286	60,445,380
Plan fiduciary net position - ending (b)	<u>\$ 61,761,060</u>	<u>\$ 55,509,286</u>
Net OPEB liability/(asset) - ending (a) - (b)	\$ 52,668,970	\$ 36,704,289
Plan fiduciary net position as a percentage of the total OPEB liability	54.0%	60.2%
Covered-employee payroll	90,994,815	84,686,568
Net OPEB liability as a percentage of covered-employee payroll	57.9%	43.3%

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, 2024

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

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

2021	2020	2019	2018	2017
\$ 2,734,440	\$ 2,654,796	\$ 2,579,477	\$ 2,504,347	\$ 2,431,405
6,349,565	6,039,766	6,059,446	5,741,299	5,420,908
		(91,335)		
(9,985,908)		(6,285,887)		
(601,670)		1,388,517		
(4,310,089)	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
(5,813,662)	4,635,504	(324,907)	5,005,762	4,734,790
93,488,238	88,852,734	89,177,641	84,171,879	79,437,089
<u>\$ 87,674,576</u>	<u>\$ 93,488,238</u>	<u>\$ 88,852,734</u>	<u>\$ 89,177,641</u>	<u>\$ 84,171,879</u>
\$ 7,722,813	\$ 8,091,673	\$ 8,553,676	\$ 6,830,404	\$ 6,163,000
12,425,762	1,245,474	2,293,756	2,158,132	2,270,291
(4,310,089)	(4,059,058)	(3,975,125)	(3,239,884)	(3,117,523)
(27,934)	(31,256)	(16,917)	(50,216)	(11,547)
15,810,552	5,246,833	6,855,390	5,698,436	5,304,221
44,634,828	39,387,995	32,532,605	26,834,169	21,529,949
<u>\$ 60,445,380</u>	<u>\$ 44,634,828</u>	<u>\$ 39,387,995</u>	<u>\$ 32,532,605</u>	<u>\$ 26,834,170</u>
\$ 27,229,196	\$ 48,853,410	\$ 49,464,739	\$ 56,645,036	\$ 57,337,709
68.9%	47.7%	44.3%	36.5%	31.9%
81,004,127	77,259,985	73,074,208	73,121,435	71,831,235
33.6%	63.2%	67.7%	77.5%	79.8%

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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	2023	2022
Total OPEB Liability			
Service Cost		\$ 5,350	\$ 8,846
Interest on the total OPEB liability		23,447	16,009
Differences between expected and actual experience		(56,667)	
Changes of assumptions		(13,692)	(197,419)
Benefit payments, including refunds of employee contributions		(20,439)	(31,178)
Net change in total OPEB liability		(62,001)	(203,742)
Total OPEB liability - beginning		645,633	849,375
Total OPEB liability - ending (a)		<u>\$ 583,632</u>	<u>\$ 645,633</u>
	Covered-employee payroll	371,346	343,288
	Net OPEB liability as a percentage of covered-employee payroll	157.2%	188.1%

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, 2024

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

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

2021	2020	2019	2018	2017
\$ 6,761	\$ 5,356	\$ 12,928	\$ 12,746	\$ 14,623
16,550	18,925	24,324	23,193	20,261
97,275		(127,605)		
68,972	72,042	37,647	(5,925)	(68,366)
(31,427)	(19,445)	(9,711)	(9,426)	(8,400)
158,131	76,878	(62,417)	20,588	(41,882)
691,244	614,366	676,783	656,195	698,077
<u>\$ 849,375</u>	<u>\$ 691,244</u>	<u>\$ 614,366</u>	<u>\$ 676,783</u>	<u>\$ 656,195</u>
343,288	410,854	501,790	632,232	754,684
247.4%	168.2%	122.4%	107.0%	86.9%

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years

City of Redwood City

Fiscal Year Ended June 30	2024	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ 6,616,000	\$ 6,423,000	\$ 6,906,000	\$ 6,703,000
Contributions in relation to the ADC	4,884,566	7,344,999	7,983,000	7,722,813
Contribution deficiency (excess)	<u>\$ 1,731,434</u>	<u>\$ (921,999)</u>	<u>\$ (1,077,000)</u>	<u>\$ (1,019,813)</u>
Covered-employee payroll	94,016,357	90,994,815	84,686,568	81,004,127
Contributions as a percentage of covered-employee payroll	5.2%	8.1%	9.4%	9.5%
Fiscal Year Ended June 30	2020	2019	2018	
Actuarially Determined Contribution (ADC)	\$ 6,504,000	\$ 6,983,000	\$ 6,777,000	
Contributions in relation to the ADC	8,091,673	8,553,676	6,830,404	
	<u>\$ (1,587,673)</u>	<u>\$ (1,570,676)</u>	<u>\$ 53,404</u>	
Covered-employee payroll	77,259,985	73,074,208	73,121,435	
Contributions as a percentage of covered-employee payroll	10.5%	11.7%	9.3%	

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level % of pay. Average 17-year fixed period for 2023/24
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Healthcare cost-trend rates	Non-Medicare-7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019.
Mortality	Pre-retirement mortality probability based on 2021 CalPERS 2000-2019 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

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

CITY OF REDWOOD CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 3 – POST-EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years, Continued

Port of Redwood City

Fiscal Year Ended June 30:	2024	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the ADC	20,439	31,178	31,178	31,427
Contribution deficiency (excess)	<u>\$ 20,439</u>	<u>\$ 31,178</u>	<u>\$ 31,178</u>	<u>\$ 31,427</u>
Covered-employee payroll	\$ 462,924	\$ 371,346	\$ 343,288	\$ 343,288
Contributions as a percentage of covered-employee payroll	4.4%	8.4%	9.1%	9.2%
Fiscal Year Ended June 30		2020	2019	2018
Actuarially Determined Contribution (ADC)		\$ -	\$ -	\$ -
Contributions in relation to the ADC		15,869	9,949	9,426
		<u>\$ 15,869</u>	<u>\$ 9,949</u>	<u>\$ 9,426</u>
Covered-employee payroll		\$ 410,854	\$ 501,790	\$ 632,232
Contributions as a percentage of covered-employee payroll		3.9%	2.0%	1.5%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3% annual increases
Investment Rate of Return	3.86%
Healthcare cost-trend rates	6.0% to 8.0%
Retirement Age	

Mortality

The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. 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, 2024*

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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS	\$	\$
Cash and investments available for operations	97,842,096	79,072,655
Cash and investments, restricted	29,186,883	26,936,527
Receivables (net of allowance for uncollectibles):		
Taxes and assessments - current	18,300,078	15,886,678
Accounts	5,360,502	3,312,873
Accrued interest	2,647,162	1,973,486
Due from other governmental agencies	2,128,783	12,423,517
Due from other funds	2,145,638	2,034,999
Advances to other funds		
Prepaid items	<u>802,508</u>	<u>604,613</u>
 Total Assets	 <u><u>158,413,650</u></u>	 <u><u>142,245,348</u></u>
 LIABILITIES		
Accounts payable	10,198,419	8,042,830
Accrued payroll	14,185,035	9,053,005
Deposits payable	7,867,269	6,755,622
Due to other funds		967,342
Unearned revenue	<u>6,039,917</u>	<u>7,033,253</u>
 Total Liabilities	 <u><u>38,290,640</u></u>	 <u><u>31,852,052</u></u>
 FUND BALANCE		
Nonspendable:		
Prepaid items	802,508	604,613
Restricted for:		
Pension Trust	29,186,883	26,936,527
Other purposes	7,146,023	5,914,147
Committed to:		
General plan	10,216,651	7,411,643
Assigned to:		
Other purposes	42,188,842	42,467,639
Unassigned:		
City Council directed minimum balance	26,506,952	26,506,952
Residual balance	<u>4,075,151</u>	<u>(4,297,968)</u>
 Total Fund Balance	 <u><u>120,123,010</u></u>	 <u><u>105,543,553</u></u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>158,413,650</u></u>	 <u><u>137,395,605</u></u>

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, 2024 AND 2023

	2024			2023		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES	\$	\$	\$	\$	\$	\$
Property taxes	65,211,889	80,240,442	15,028,553	68,404,824	77,262,342	8,857,518
Sales and other taxes	59,995,353	61,523,981	1,528,628	53,517,374	61,521,102	8,003,728
Licenses and permits	6,775,078	6,298,479	(476,599)	6,003,017	8,120,339	2,117,322
Fines, forfeitures and penalties	447,586	374,366	(73,220)	402,000	452,529	50,529
Uses of money and property	6,233,641	11,541,213	5,307,572	5,612,214	6,056,689	444,475
Net increases (decreases) in fair value of investments						
Intergovernmental	9,093,194	8,647,556	(445,638)	16,442,210	16,910,390	468,180
Charges for current services	26,810,639	33,131,882	6,321,243	22,497,494	22,073,434	(424,060)
Other	607,883	849,068	241,185	1,109,120	1,493,590	384,470
Total revenues	175,175,263	202,606,987	27,431,724	173,988,253	193,890,415	19,902,162
EXPENDITURES						
Current Operations:						
Community development	18,940,140	16,105,396	2,834,744	21,788,080	16,230,321	5,557,759
Human services	3,095,297	3,162,439	(67,142)	3,111,996	3,064,758	47,238
Public safety	109,403,086	103,930,370	5,472,716	100,702,335	96,622,686	4,079,649
Transportation	1,882,365	1,513,368	368,997	1,748,120	1,466,004	282,116
Environmental support and protection	800,847	750,235	50,612	2,206,629	1,045,124	1,161,505
Leisure, cultural, and information services	33,126,123	33,163,595	(37,472)	30,985,965	30,236,474	749,491
Policy development and implementation	22,957,475	13,568,147	9,389,328	22,382,199	15,369,918	7,012,281
Capital outlay					182,198	(182,198)
Debt service:						
Principal retirement						
Total expenditures	190,205,333	172,193,550	18,011,783	182,925,324	164,217,483	18,707,841
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,030,070)	30,413,437	45,443,507	(8,937,071)	29,672,932	38,610,003
OTHER FINANCING SOURCES (USES)						
Capital contributions	96,000	96,000			96,000	96,000
Transfers in	601,854	601,854		594,875	498,772	(96,103)
Transfers (out)	(15,034,480)	(16,531,834)	(1,497,354)	(25,367,208)	(20,069,755)	5,297,453
Total Other Financing Sources (Uses)	(14,336,626)	(15,833,980)	(1,497,354)	(24,772,333)	(19,474,983)	5,297,350
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(29,366,696)	14,579,457	43,946,153	(33,709,404)	10,197,949	43,907,353
Fund balance at beginning of fiscal year		105,543,553			95,345,604	
Fund balance at end of fiscal year		120,123,010			105,543,553	

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2024		Variance with Final Budget Positive (Negative)	2023 Actual
	Budget	Actual		
Property Taxes:	\$	\$	\$	\$
Property taxes - secured and unsecured	65,211,889	80,240,442	15,028,553	77,262,342
Total Property Taxes	65,211,889	80,240,442	15,028,553	77,262,342
Sales and Other Taxes:				
Sales tax	39,318,019	39,429,404	111,385	40,072,281
Franchises	2,066,900	2,059,148	(7,752)	2,002,318
Transient occupancy tax	4,348,280	4,562,332	214,052	4,533,974
Property transfer tax	750,000	694,099	(55,901)	891,574
Business license tax	3,249,733	3,472,051	222,318	3,124,737
Utility users tax	10,262,421	11,306,947	1,044,526	10,896,218
Total Sales and Other Taxes	59,995,353	61,523,981	1,528,628	61,521,102
Licenses and Permits:				
Building permits	5,200,000	4,769,997	(430,003)	6,496,953
Cannabis permits	247,500	247,500		137,831
Fire and other permits	1,327,578	1,280,982	(46,596)	1,485,555
Total Licenses and Permits	6,775,078	6,298,479	(476,599)	8,120,339
Fines, Forfeitures and Penalties:				
Parking and library fines	447,586	374,366	(73,220)	452,529
Total Fines, Forfeitures and Penalties	447,586	374,366	(73,220)	452,529
Uses of Money and Property:				
Right-of-way rent	4,712,632	4,712,632		4,712,632
Rent and concessions	202,000	287,086	85,086	213,453
Interest income-restricted	1,319,009	4,291,140	2,972,131	34,445
Interest income		2,250,355	2,250,355	1,096,159
Total Uses of Money and Property	6,233,641	11,541,213	5,307,572	6,056,689
Net Increase (Decrease) in Fair Value of Investments				
Intergovernmental:				
Motor vehicle in lieu tax	50,000	103,117	53,117	85,570
Public safety sales tax	1,022,705	1,005,287	(17,418)	999,844
Police training allowance	89,560	106,125	16,565	81,948
Homeowners' property tax relief	170,000	163,501	(6,499)	170,707
State mandated programs grant	745,240	1,575,967	830,727	1,684,989
Grants - County, State, and Federal	7,015,689	5,693,559	(1,322,130)	13,887,332
Total Intergovernmental	9,093,194	8,647,556	(445,638)	16,910,390
Charges for Current Services:				
Fire services	12,444,132	17,189,691	4,745,559	5,323,849
Police services	106,184	149,196	43,012	105,372
Plan checking	105,000	264,949	159,949	171,425
Garbage collections - net	2,985,083	3,175,512	190,429	2,932,565
Planning services	5,335,000	5,029,576	(305,424)	5,786,233
Library fees	15,000	31,007	16,007	45,843
Recreation programs	2,600,000	2,804,299	204,299	2,839,439
Other current service charges	3,220,240	4,487,652	1,267,412	4,868,708
Total Charges for Current Services	26,810,639	33,131,882	6,321,243	22,073,434
Other:				
Port contribution	533,566	617,349	83,783	591,051
Contribution from other funds		94,605	94,605	594,605
Miscellaneous	74,317	137,114	62,797	307,934
Total Other	607,883	849,068	241,185	1,493,590
Total Revenue	175,175,263	202,606,987	27,431,724	193,890,415

CITY OF REDWOOD CITY, CALIFORNIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2024		Variance with Final Budget Positive (Negative)	2023 Actual
	Budget	Actual		
Community Development:	\$	\$	\$	\$
Community planning	3,379,034	3,221,683	157,351	5,137,057
Strategic planning	1,302,443	1,217,969	84,474	1,160,775
Building regulation	6,468,126	5,340,835	1,127,291	5,550,865
Administration	1,412,095	1,086,039	326,056	998,249
General engineering	661,674	786,118	(124,444)	672,386
Subdivision engineering	497,421	1,028,284	(530,863)	822,027
Code enforcement	640,308	686,560	(46,252)	779,706
Affordable housing	4,579,039	2,737,908	1,841,131	1,109,256
Total Community Development	18,940,140	16,105,396	2,834,744	16,230,321
Human Services:				
Human services assistance program	2,795,297	2,985,215	(189,918)	3,064,758
COVID-19 emergency rental assistance	300,000	177,224	122,776	
Total Human Services	3,095,297	3,162,439	(67,142)	3,064,758
Public Safety:				
Law enforcement	58,478,899	56,466,793	2,012,106	53,976,399
Fire safety	50,924,187	47,463,577	3,460,610	42,646,287
Total Public Safety	109,403,086	103,930,370	5,472,716	96,622,686
Transportation:				
Street system/sidewalk maintenance, repair	1,882,365	1,513,368	368,997	1,466,004
Total Transportation	1,882,365	1,513,368	368,997	1,466,004
Environmental Support and Protection:				
Trash and recycling efforts	128,882	160,516	(31,634)	97,377
Street cleaning/storm water collection, disposal	671,965	589,719	82,246	947,747
Total Environmental Support and Protection	800,847	750,235	50,612	1,045,124
Leisure, Cultural, and Information Services:				
Parks and recreation	21,704,805	21,472,996	231,809	19,067,111
Information services	11,421,318	11,690,599	(269,281)	11,169,363
Total Leisure, Cultural, and Information Services	33,126,123	33,163,595	(37,472)	30,236,474
Policy Development and Implementation:				
Legislative/policy determination	502,897	469,742	33,155	344,477
Management/policy execution	7,410,269	4,525,510	2,884,759	4,060,083
Legislative services/records management	1,299,137	747,987	551,150	1,333,956
Financial services	6,133,568	3,721,143	2,412,425	2,160,147
Legal services	2,421,204	1,968,903	452,301	2,070,232
Human Resources	405,450	299,300	106,150	313,540
Other administrative support services	3,749,286	1,704,831	2,044,455	4,828,583
Less reimbursements from other funds	(2,613,389)	(2,562,970)	(50,419)	(2,562,970)
Total Policy Development and Implementation	22,957,475	13,568,147	9,389,328	15,369,918
Total Expenditures	190,205,333	172,193,550	18,011,783	164,217,483



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

DEBT SERVICES FUND

Public Financing Authority 2N021 Veterans Memorial Lease Revenue Bond Fund – This fund accounts for a lease entered into with the Public Financing Authority for the 2021 Veterans Memorial Lease Revenue bonds. The bond payments are secured by lease payments from the City.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

	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	6,480,109	15,150,888	8,886,345		9,581,145
Cash and investments, restricted			70		
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	416,703				211,801
Accounts		37,631	20,294		
Loans			4,257,478		
Accrued interest			421,615		
Due from other governmental agencies	173,775	1,696,634	135,689	21,135	192,392
Prepaid items		471		5,619	
Deposits receivable					
Land held for redevelopment					
Total Assets	<u>7,070,587</u>	<u>16,885,624</u>	<u>13,721,491</u>	<u>26,754</u>	<u>9,985,338</u>
LIABILITIES					
Accounts payable	119,557	1,224,043	296,807	190,053	86,976
Deposits payable			58,018		
Due to other funds				914,024	
Unearned revenue		1,827,702			
Total Liabilities	<u>119,557</u>	<u>3,051,745</u>	<u>354,825</u>	<u>1,104,077</u>	<u>86,976</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest			421,615		
Total Deferred Inflows of Resources			<u>421,615</u>		
FUND BALANCES					
Restricted for:					
Community development			11,299,129		
Public safety					
Transportation	6,951,030	13,833,879			9,898,362
Leisure, cultural and information services			1,181,998		
Capital projects					
Committed to:					
Community benefits					
Human services financial assistance			463,924		
Housing purposes					
Unassigned:				(1,077,323)	
Total Fund Balances	<u>6,951,030</u>	<u>13,833,879</u>	<u>12,945,051</u>	<u>(1,077,323)</u>	<u>9,898,362</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>7,070,587</u>	<u>16,885,624</u>	<u>13,721,491</u>	<u>26,754</u>	<u>9,985,338</u>

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 \$
414,368	2,305,574	1,971,470		1,161,401	7,295,663
		39,043			4,629,096
					19,680
			183	(4,479)	
<u>414,368</u>	<u>2,305,574</u>	<u>2,010,513</u>	<u>183</u>	<u>1,156,922</u>	<u>11,944,439</u>
1,452	603	64,620	293	10,493	13,406
			89,219		
<u>1,452</u>	<u>603</u>	<u>64,620</u>	<u>89,512</u>	<u>10,493</u>	<u>13,406</u>
412,916	2,304,971	1,945,893		1,146,429	
					11,931,033
			(89,329)		
<u>412,916</u>	<u>2,304,971</u>	<u>1,945,893</u>	<u>(89,329)</u>	<u>1,146,429</u>	<u>11,931,033</u>
<u>414,368</u>	<u>2,305,574</u>	<u>2,010,513</u>	<u>183</u>	<u>1,156,922</u>	<u>11,944,439</u>

(Continued)

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2024

	SPECIAL REVENUE FUNDS				
	Low & Moderate Income Housing Asset Fund \$	Planning Cost Recovery Fund \$	Community Benefits Fund \$	Housing Legal Aid Society \$	Redwood City CFD NO. 2020-1 Fund \$
ASSETS					
Cash and investments available for operations	20,864,327		2,806,356	181,563	497,417
Cash and investments, restricted					
Receivables (net of allowance for uncollectibles):					
Taxes and assessments - current	40,136				
Accounts	14,522				
Loans	8,629,241				
Accrued interest	2,078,328				
Due from other governmental agencies	2,250				
Prepaid items	84				
Deposits receivable		688,511			
Land held for redevelopment	710,241				
Total Assets	32,339,129	688,511	2,806,356	181,563	497,417
LIABILITIES					
Accounts payable	878,688	381,156			5,920
Deposits payable					
Due to other funds		809,600			
Unearned revenue	641,592			32,304	
Total Liabilities	1,520,280	1,190,756		32,304	5,920
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-Interest	2,057,875				
Total Deferred Inflows of Resources	2,057,875				
FUND BALANCES					
Restricted for:					
Community development	28,679,560			149,259	491,497
Public safety					
Transportation					
Leisure, cultural and information services					
Capital projects					
Committed to:					
Community benefits			2,806,356		
Human services financial assistance					
Housing purposes	81,414				
Unassigned:		(502,245)			
Total Fund Balances	28,760,974	(502,245)	2,806,356	149,259	491,497
Total Liabilities, Deferred Inflows of Resources and Fund Balances	32,339,129	688,511	2,806,356	181,563	497,417

DEBT SERVICES							
FUND							
CAPITAL PROJECTS FUNDS							
Public Financing				One Marina			
Authority		Parks Impact	Shores	Community	Art in	PEG	Total
2021 Veterans Memorial	Facilities Fee	and In Lieu	Transportation	Facilities	Public	Fees	Nonmajor
Lease Revenue Bond	Construction	Fee	Improvement	District	Places		Governmental
Fund	Fund	Fund	District Fund	Fund	Fund	Fund	Funds
\$	\$	\$	\$	\$	\$	\$	\$
100,190	470,214		661,359	123,607	107,416	829,000	79,888,412
2,547							4,631,713
						34,152	741,835
							72,447
							12,886,719
573							2,520,196
							2,221,875
							1,878
							688,511
							710,241
103,310	470,214		661,359	123,607	107,416	863,152	104,363,827
		244,181		63,106			3,581,354
							58,018
		332,795					2,145,638
							2,501,598
		576,976		63,106			8,286,608
							2,479,490
							2,479,490
						863,152	41,482,597
			661,359				1,146,429
					107,416		36,008,410
	470,214			60,501			1,289,414
							12,461,748
							2,806,356
							463,924
							81,414
103,310		(576,976)					(2,142,563)
103,310	470,214	(576,976)	661,359	60,501	107,416	863,152	93,597,729
103,310	470,214		661,359	123,607	107,416	863,152	104,363,827

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, 2024

	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					3,677,750
Licenses and permits			60,000		
Fines, forfeitures and penalties				94,006	
Use of money and property	376,737	408,828	427,826	23,060	344,361
Intergovernmental	4,418,252	2,537,442	1,496,026		
Contributions		3,151,055			40,000
Charges for current services	19,186			79,135	
Other					
Total Revenues	4,814,175	6,097,325	1,983,852	196,201	4,062,111
EXPENDITURES					
Current Operations:					
Community development			387,622		384,220
Human services			100,000		
Public safety			61,930	4,155	
Transportation	2,116,385	1,038,329		2,823,459	590,784
Environmental support and protection	723,820	202,527	110,070		
Leisure, cultural and information services			138,675		
Policy development and implementation	1,369				19,331
Capital outlay	464,693	2,346,478	244,435		668,852
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	3,306,267	3,587,334	1,042,732	2,827,614	1,663,187
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,507,908	2,509,991	941,120	(2,631,413)	2,398,924
OTHER FINANCING SOURCES (USES)					
Transfers in	1,618,000		404,624	1,819,725	
Transfers (out)			(1,864,324)		
Total Other Financing Sources (Uses)	1,618,000		(1,459,700)	1,819,725	
Net change in fund balances	3,125,908	2,509,991	(518,580)	(811,688)	2,398,924
Fund balances - beginning	3,825,122	11,323,888	13,463,631	(265,635)	7,499,438
Fund balances - ending	6,951,030	13,833,879	12,945,051	(1,077,323)	9,898,362

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		1,222,945	290,228		
20,270	99,498	84,457 2,892		45,493 236,285	400,720 2,884,420
232,708	99,498	1,310,294	290,228	281,778	3,285,140
1,921		799			
250,562		559,043	265,668	122,537	113,581
					218,899
252,483		559,842	265,668	122,537	332,480
(19,775)	99,498	750,452	24,560	159,241	2,952,660
		(599,082)	39,659		
		(599,082)	39,659		
(19,775)	99,498	151,370	64,219	159,241	2,952,660
432,691	2,205,473	1,794,523	(153,548)	987,188	8,978,373
412,916	2,304,971	1,945,893	(89,329)	1,146,429	11,931,033

(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, 2024

	SPECIAL REVENUE FUNDS				
	Low & Moderate Income Housing Asset Fund	Planning Cost Recovery Fund	Community Benefits Fund	Housing Legal Aid Society	Redwood City CFD NO. 2020-1 Fund
	\$	\$	\$	\$	\$
REVENUES					
Property taxes/special assessments					223,419
Sales and other taxes	457,411				
Licenses and permits					
Fines, forfeitures and penalties					
Use of money and property	708,299		111,248	7,702	12,290
Intergovernmental	398,486				
Contributions			297,663		
Charges for current services	78,636	1,508,275			
Other					
Total Revenues	1,642,832	1,508,275	408,911	7,702	235,709
EXPENDITURES					
Current Operations:					
Community development	735,043	1,509,805			144,768
Human services					
Public safety					
Transportation					
Environmental support and protection					
Leisure, cultural and information services					
Policy development and implementation					
Capital outlay					
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	735,043	1,509,805			144,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	907,789	(1,530)	408,911	7,702	90,941
OTHER FINANCING SOURCES (USES)					
Transfers in	2,014,324				
Transfers (out)					
Total Other Financing Sources (Uses)	2,014,324				
Net change in fund balances	2,922,113	(1,530)	408,911	7,702	90,941
Fund balances - beginning	25,838,861	(500,715)	2,397,445	141,557	400,556
Fund balances - ending	28,760,974	(502,245)	2,806,356	149,259	491,497

DEBT SERVICES		CAPITAL PROJECTS FUNDS					
FUND							
Public Financing Authority		Parks Impact and In Lieu	Shores Transportation Improvement District	One Marina Community Facilities District	Art in Public Places	PEG Fees	Total Nonmajor Governmental
2021 Veterans Memorial Lease Revenue Bond Fund	Facilities Fee Construction Fund	Fee Fund	Fund	Fund	Fund	Fund	Funds
\$	\$	\$	\$	\$	\$	\$	\$
						34,567	1,983,597
						107,062	4,242,223
		635,792					695,792
							94,006
30,767	19,945	142,527	28,055	5,309	3,471	27,586	3,328,449
							11,973,803
							3,488,718
							1,685,232
30,767	19,945	778,319	28,055	5,309	3,471	169,215	27,491,820
							3,164,178
							100,000
							188,622
							6,682,538
							1,846,022
		531,049			1,325		936,717
							20,700
		1,408,521			4,393		5,356,271
1,205,000							1,205,000
1,887,250							1,887,250
3,092,250		1,939,570			5,718		21,387,298
(3,061,483)	19,945	(1,161,251)	28,055	5,309	(2,247)	169,215	6,104,522
1,997,354					50,000		7,943,686
							(2,463,406)
1,997,354					50,000		5,480,280
(1,064,129)	19,945	(1,161,251)	28,055	5,309	47,753	169,215	11,584,802
1,167,439	450,269	584,275	633,304	55,192	59,663	693,937	82,012,927
103,310	470,214	(576,976)	661,359	60,501	107,416	863,152	93,597,729

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, 2024

	SPECIAL GAS TAX STREET IMPROVEMENT FUND			TRANSPORTATION GRANTS FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Licenses and permits						
Use of money and property	108,412	376,737	268,325	87,673	408,828	321,155
Total Revenues	4,580,494	4,814,175	233,681	4,029,723	6,097,325	2,067,602
EXPENDITURES						
Current operations:						
Community development						
Leisure, cultural and information services						
Policy development and implementation	2,869	1,369	1,500			
Capital outlay	3,886,653	464,693	3,421,960	28,990,631	2,346,478	26,644,153
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	6,972,042	3,306,267	3,665,775	31,765,620	3,587,334	28,178,286
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,391,548)	1,507,908	3,899,456	(27,735,897)	2,509,991	30,245,888
OTHER FINANCING SOURCES (USES)						
Transfers in	1,618,000	1,618,000				
Transfers (out)						
Total Other Financing Sources (Uses)	1,618,000	1,618,000				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(773,548)	3,125,908	3,899,456	(27,735,897)	2,509,991	30,245,888
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		3,825,122			11,323,888	
Fund balances - ending		6,951,030			13,833,879	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
	60,000							
104,318	427,826	323,508	11,176	23,060	11,884	98,078	344,361	246,283
10,829,397	1,983,852	(8,905,545)	146,176	196,201	50,025	3,498,078	4,062,111	564,033
4,634,420	387,622	4,246,798				143,417	384,220	(240,803)
	138,675	(138,675)						
						35,826	19,331	16,495
19,086,226	244,435	18,841,791				9,314,011	668,852	8,645,159
23,820,646	1,042,732	22,777,914	2,694,395	2,827,614	(133,219)	10,866,237	1,663,187	9,203,050
(12,991,249)	941,120	13,932,369	(2,548,219)	(2,631,413)	(83,194)	(7,368,159)	2,398,924	9,767,083
404,624	404,624		1,819,725	1,819,725		88		(88)
(1,864,324)	(1,864,324)							
(1,459,700)	(1,459,700)		1,819,725	1,819,725		88		(88)
(14,450,949)	(518,580)	13,932,369	(728,494)	(811,688)	(83,194)	(7,368,071)	2,398,924	9,766,995
	13,463,631			(265,635)			7,499,438	
	12,945,051			(1,077,323)			9,898,362	

(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, 2024

	SEAPORT LANDSCAPE MAINTENANCE FUND			SEAPORT CENTRE MAINTENANCE FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Licenses and permits						
Use of money and property	8,327	20,270	11,943	30,888	99,498	68,610
Total Revenues	220,827	232,708	11,881	30,888	99,498	68,610
Current operations:						
Community development	5,850	1,921	3,929			
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	811		811			
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	271,408	252,483	18,925	1		1
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,581)	(19,775)	30,806	30,887	99,498	68,611
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	(50,581)	(19,775)	30,806	30,887	99,498	68,611
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		432,691			2,205,473	
Fund balances - ending		412,916			2,304,971	

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)
\$	\$	\$	\$	\$	\$	\$	\$	\$
27,086	84,457	57,371	60		(60)	13,101	45,493	32,392
1,247,631	1,310,294	62,663	292,580	290,228	(2,352)	235,581	281,778	46,197
	799	(799)						
			322,731	265,668	57,063			
1,695,011		1,695,011						
2,492,369	559,842	1,932,527	322,731	265,668	57,063	124,924	122,537	2,387
(1,244,738)	750,452	1,995,190	(30,151)	24,560	54,711	110,657	159,241	48,584
(599,082)	(599,082)		39,659	39,659				
(599,082)	(599,082)		39,659	39,659				
(1,843,820)	151,370	1,995,190	9,508	64,219	54,711	110,657	159,241	48,584
	1,794,523			(153,548)			987,188	
	1,945,893			(89,329)			1,146,429	

(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, 2024

	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						
Licenses and permits						
Use of money and property	51,480	400,720	349,240	250,949	708,299	457,350
Total Revenues	271,480	3,285,140	3,013,660	2,848,023	1,642,832	(1,205,191)
Current operations:						
Community development				14,243,746	735,043	13,508,703
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay	3,423,970	218,899	3,205,071	688,771		688,771
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,465,488	332,480	3,133,008	14,932,517	735,043	14,197,474
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,194,008)	2,952,660	6,146,668	(12,084,494)	907,789	12,992,283
OTHER FINANCING SOURCES (USES)						
Transfers in				2,014,324	2,014,324	
Transfers (out)						
Total Other Financing Sources (Uses)				2,014,324	2,014,324	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,194,008)	2,952,660	6,146,668	(10,070,170)	2,922,113	12,992,283
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		8,978,373			25,838,861	
Fund balances - ending		11,931,033			28,760,974	

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

(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, 2024

	REDWOOD CITY CFD NO 2020-1 FUND			PUBLIC FINACING AUTHORITY 2021 VETERANS MEMORIAL LEASE REVENUE BOND FUND		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$	\$	\$	\$
REVENUES						
Licenses and permits						
Use of money and property	6,000	12,290	6,290		30,767	30,767
Total Revenues	6,000	235,709	229,709		30,767	30,767
Current operations:						
Community development		144,768	(144,768)			
Leisure, cultural and information services						
Policy development and implementation						
Capital outlay						
Debt service:						
Principal retirement				1,205,000	1,205,000	
Interest and fiscal charges				1,893,450	1,887,250	6,200
Total Expenditures		144,768	(144,768)	3,098,450	3,092,250	6,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,000	90,941	84,941	(3,098,450)	(3,061,483)	36,967
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				1,991,354	1,997,354	6,000
Total Other Financing Sources (Uses)				1,991,354	1,997,354	6,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	6,000	90,941	84,941	(1,107,096)	(1,064,129)	42,967
Funds not budgeted:						
Facilities Fee Construction Fund						
Shores Transportation Improvement District						
One Marina Community Facilities District						
Art in Public Places						
Fund balances - beginning		400,556			1,167,439	
Fund balances - ending		491,497			103,310	

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

PARK IMPACT AND IN LIEU
FEE FUND

Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$
550,000	635,792	85,792
99,603	142,527	42,924
649,603	778,319	128,716
3,588,344	531,049	3,057,295
8,615,492	1,408,521	7,206,971
12,203,836	1,939,570	10,264,266
(11,554,233)	(1,161,251)	10,392,982
(11,554,233)	(1,161,251)	10,392,982
	584,275	
	(576,976)	



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

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, 2024

	Equipment Services Fund	Self Insurance Fund	Internal Services Fund	Employee Benefits Fund	Total
ASSETS	\$	\$	\$	\$	\$
Current assets:					
Cash and investments available for operations	18,803,875	51,231,940	2,010,108	5,366,835	77,412,758
Receivables (net of allowance for uncollectibles):					
Accounts	5,675		100		5,775
Due from other governmental agencies	3,928		162	1,706	5,796
Inventory of supplies at cost	139,547				139,547
Deposits		528,675			528,675
Prepaid items and other assets	2,916	3,034	125,562	320,779	452,291
Total current assets	18,955,941	51,763,649	2,135,932	5,689,320	78,544,842
Noncurrent assets:					
Advances to other funds					
Capital assets:					
Construction in progress	3,158,580				3,158,580
Equipment, net	12,866,881		375,809		13,242,690
Net capital assets	16,025,461		375,809		16,401,270
Total noncurrent assets	16,025,461		375,809		16,401,270
Total assets	34,981,402	51,763,649	2,511,741	5,689,320	94,946,112
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - Pension	653,263	285,181	5,119,988		6,058,432
Deferred outflows - OPEB	268,635	103,684	1,736,704		2,109,023
Total deferred outflows of resources	921,898	388,865	6,856,692		8,167,455
LIABILITIES					
Current liabilities:					
Accounts payable	370,259	530,787	185,405	325,068	1,411,519
Insurance claims payable - current portion		6,826,765			6,826,765
Accrued sick leave and vacation - current portion					
Unearned revenue (Deposits Payable)					
Total current liabilities	370,259	7,357,552	185,405	325,068	8,238,284
Noncurrent liabilities:					
Insurance claims payable		23,380,069			23,380,069
Accrued sick leave and vacation	145,138	61,139	1,297,414		1,503,691
Net OPEB Liability	600,426	231,743	3,881,703		4,713,872
Net pension liability	2,406,247	1,050,443	18,859,110		22,315,800
Total noncurrent liabilities	3,151,811	24,723,394	24,038,227		51,913,432
Total liabilities	3,522,070	32,080,946	24,223,632	325,068	60,151,716
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Pension	17,224	7,520	134,997		159,741
Deferred inflows - OPEB	73,282	28,285	473,760		575,327
Total deferred outflows of resources	90,506	35,805	608,757		735,068
NET POSITION					
Invested in capital assets	16,025,461		375,809		16,401,270
Unrestricted	16,265,263	20,035,763	(15,839,765)	5,364,252	25,825,513
Total net position	32,290,724	20,035,763	(15,463,956)	5,364,252	42,226,783

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, 2024

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
OPERATING REVENUES					
Charges for services	6,448,805	13,608,694	14,319,220	9,186,773	43,563,492
OPERATING EXPENSES					
Employee services	1,291,621	745,633	10,145,192	4,312,504	16,494,950
Maintenance	66,162	5,990	1,038,775		1,110,927
Utilities	37,783	6,301	22,447		66,531
Contractual services	52,870	1,347,951	539,380	3,014	1,943,215
Supplies and services	2,329,045	773,589	3,083,580	135	6,186,349
Depreciation	691,429		88,299		779,728
Insurance and claims	225,807	9,188,415	1,295,379	839,997	11,549,598
Total operating expenses	4,694,717	12,067,879	16,213,052	5,155,650	38,131,298
Operating Income (Loss)	1,754,088	1,540,815	(1,893,832)	4,031,123	5,432,194
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of equipment	126,788				126,788
Investment earnings	792,010	2,011,532		(39,192)	2,764,350
Net Nonoperating Revenues (Expenses)	918,798	2,011,532		(39,192)	2,891,138
Net Income (Loss) Before Capital Contributions and Transfers	2,672,886	3,552,347	(1,893,832)	3,991,931	8,323,332
Transfers (out)			(2,772)		(2,772)
Total Capital Contributions and Transfers			(2,772)		(2,772)
Change in net position	2,672,886	3,552,347	(1,896,604)	3,991,931	8,320,560
Net position - beginning	29,617,838	16,483,416	(13,567,352)	1,372,321	33,906,223
Net position - ending	32,290,724	20,035,763	(15,463,956)	5,364,252	42,226,783

CITY OF REDWOOD CITY, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Equipment Services Fund \$	Self Insurance Fund \$	Internal Services Fund \$	Employee Benefits Fund \$	Total \$
Cash flows from operating activities:					
Cash received from interfund services provided	6,778,114	13,608,694	14,349,855	9,187,055	43,923,718
Cash payments to suppliers for goods and services	(2,810,977)	(13,075,362)	(6,065,668)	(855,231)	(22,807,238)
Cash payments to employees for services	(1,130,404)	(664,369)	(8,903,882)	(4,312,504)	(15,011,159)
Net cash provided by (used in) operating activities	2,836,733	(131,037)	(619,695)	4,019,320	6,105,321
Cash flows from noncapital financing activities					
Transfers out			(2,772)		(2,772)
Advances to other funds	(300,000)				(300,000)
Net cash provided by (used in) non-capital financing activities	(300,000)		(2,772)		(302,772)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,987,322)				(1,987,322)
Net cash used in capital and related financing activities	(1,987,322)				(1,987,322)
Cash flows from investing activities:					
Interest on investments	792,010	2,011,532		(39,192)	2,764,350
Net cash provided by investing activities	792,010	2,011,532		(39,192)	2,764,350
Net increase (decrease) in cash and cash equivalents	1,341,421	1,880,495	(622,467)	3,980,128	6,579,577
Cash and cash equivalents at beginning of fiscal year	17,462,454	49,351,445	2,632,575	1,386,707	70,833,181
Cash and cash equivalents at end of fiscal year	18,803,875	51,231,940	2,010,108	5,366,835	77,412,758

Reconciliation of Net Cash Flow from Operating Activities

Operating income (loss)	1,754,088	1,540,815	(1,893,832)	4,031,123	5,432,194
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	691,429		88,299		779,728
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	2,654		400		3,054
Decrease (increase) in due from other governmental agencies	26,655		30,235	282	57,172
Decrease (increase) in due from other funds	300,000				300,000
Decrease (increase) in inventory/prepaid expense/deposits	(3,272)	(2,610)	(95,120)	(57,299)	(158,301)
Decrease (increase) in deferred outflows - pension	78,209	34,142	612,970		725,321
Decrease (increase) in deferred employer OPEB contributions	(125,671)	(48,505)	(812,454)		(986,630)
Increase (decrease) in vacation & sick leave payable	12,937	17,775	112,913		143,625
Increase (decrease) in accounts payable	(96,038)	112,776	9,013	45,214	70,965
Increase (decrease) in due to other funds					
Increase (decrease) in net pension liability	67,006	29,252	525,161		621,419
Increase (decrease) in deferred inflows - pension	(21,531)	(9,398)	(168,747)		(199,676)
Increase (decrease) in net OPEB liability	181,997	70,244	1,176,597		1,428,838
Increase (decrease) in deferred inflows - OPEB	(31,730)	(12,246)	(205,130)		(249,106)
Increase (decrease) in insurance claims payable		(1,863,282)			(1,863,282)
Total adjustments	1,082,645	(1,671,852)	1,274,137	(11,803)	673,127
Net cash provided by (used in) operating activities	2,836,733	(131,037)	(619,695)	4,019,320	6,105,321

CUSTODIAL FUNDS

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

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

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

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

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

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

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

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

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

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ASSETS				
Cash and Investments	23,914	20,361	745,616	296,148
Cash and Investments, restricted			829,114	207,243
Accounts Receivables			3,250	812
Deposits	29,506			
Nondepreciable capital assets				
Prepaid items				
Total Assets	53,420	20,361	1,577,980	504,203
LIABILITIES				
Accounts payable	53,420			1,338
Due to Districts				
Total Liabilities	53,420			1,338
NET POSITION				
Restricted for:				
Individuals and organizations				
Other governments		20,361	1,577,980	502,865
Total Net Position		20,361	1,577,980	502,865

Community Benefit Improvement District	Redwood City 2020	South Bayside Waste Management Authority	Fire NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
93,308	781,482	28,220,180	223,487	30,404,496
		13,586,891		14,623,248
		229,884	30,503	264,449
				29,506
			58,497	58,497
	12,258	38,215		50,473
93,308	793,740	42,075,170	312,487	45,430,669
93,308	134,124	407,372	21,475	617,729
93,308				93,308
93,308	134,124	407,372	21,475	711,037
	659,616			659,616
		41,667,798	291,012	44,060,016
	659,616	41,667,798	291,012	44,719,632

CITY OF REDWOOD CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Custodial Funds			
	Employee Benefits	Pacific Shores Community Facilities District	Shores Transportation Improvement District	One Marina Community Facilities District
	\$	\$	\$	\$
ADDITIONS				
Members contributions				
Miscellaneous revenue		50	840,376	296,407
Investment earnings				
Total additions		50	840,376	296,407
DEDUCTIONS				
Administrative expenses			763,338	275,640
Distribution				
Total deductions			763,338	275,640
Change in net position		50	77,038	20,767
Net position - beginning		20,311	1,500,942	482,098
Net position - ending		20,361	1,577,980	502,865

See accompanying notes to financial statements

Custodial Funds				
Community Benefit Improvement District	Redwood City 2020	South Bayside Waste Management Authority	Fire NET-6 JPA	TOTAL
\$	\$	\$	\$	\$
	203,358		179,825	383,183
	659,905	25,649,724		27,446,462
		342,137	8,186	350,323
	863,263	25,991,861	188,011	28,179,968
			187,947	1,226,925
	1,014,955	22,498,296		23,513,251
	1,014,955	22,498,296	187,947	24,740,176
	(151,692)	3,493,565	64	3,439,792
	811,308	38,174,233	290,948	41,279,840
	659,616	41,667,798	291,012	44,719,632

See accompanying notes to financial statements



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	154-161
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	162-165
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	166-171
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.	
Demographic and Economic Information	172-174
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.	
Operating Information	175-177
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.	

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

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

	Fiscal Year			
	2015	2016	2017	2018
	\$	\$	\$	\$
Governmental activities				
Net investment in capital assets	184,443,023	191,852,192	192,119,780	199,264,092
Restricted	57,862,400	60,812,081	59,815,017	64,923,970
Unrestricted	(92,052,768)	(92,972,897)	(86,738,339)	(139,526,572)
Total governmental activities net position	<u>150,252,655</u>	<u>159,691,376</u>	<u>165,196,458</u>	<u>124,661,490</u>
Business-type activities				
Net investment in capital assets	125,259,418	132,569,634	142,830,042	161,938,470
Restricted	5,741,555	5,662,466	6,227,197	9,543,183
Unrestricted	84,191,383	98,141,410	107,756,549	86,001,351
Total business-type activities net position	<u>215,192,356</u>	<u>236,373,510</u>	<u>256,813,788</u>	<u>257,483,004</u>
Primary government				
Net investment in capital assets	309,702,441	324,421,826	355,707,344	361,202,562
Restricted	63,603,955	66,474,547	61,099,810	74,467,153
Unrestricted	(7,861,385)	5,086,791	25,203,092	(53,525,221)
Total primary government net position	<u>365,445,011</u>	<u>396,064,886</u>	<u>442,010,246</u>	<u>382,144,494</u>

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

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$	\$	\$	\$	\$	\$
225,965,791	247,094,297	281,208,983	286,883,525	291,489,784	286,308,264
54,296,252	50,199,995	149,965,124	153,815,381	143,104,857	145,301,412
(119,855,273)	(128,071,809)	(195,912,369)	(161,145,841)	(143,157,583)	(139,041,102)
160,406,770	169,222,483	235,261,738	279,553,065	291,437,058	292,568,574
163,030,574	169,692,416	188,639,524	198,640,697	197,353,087	202,881,942
9,922,077	10,262,988	10,317,442	10,121,360	10,263,375	10,685,426
111,682,916	132,068,276	136,479,897	140,776,652	158,140,378	167,816,953
284,635,567	312,023,680	335,436,863	349,538,709	365,756,840	381,384,321
388,996,365	416,786,713	469,848,507	485,524,222	488,842,871	489,190,206
64,218,329	60,462,983	160,282,566	163,936,741	153,368,232	155,986,838
(8,172,357)	3,996,467	(59,432,472)	(20,369,189)	14,982,795	28,775,851
445,042,337	481,246,163	570,698,601	629,091,774	657,193,898	673,952,895

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses	\$	\$	\$	\$
Governmental Activities:				
Community development	9,592,085	10,471,987	11,283,201	15,606,312
Human services	1,485,779	1,673,308	1,829,157	2,082,688
Public safety	62,453,649	65,192,296	70,531,632	81,254,909
Transportation	12,944,719	13,001,063	15,543,459	11,395,963
Environmental support and protection	2,722,610	3,524,036	1,918,929	3,061,832
Leisure, cultural and information services	23,747,419	25,392,603	27,413,602	29,865,949
Policy development and implementation	7,043,417	6,122,280	8,709,696	19,190,179
Interest on long term debt	38,762	23,269	63,308	8,655
Total governmental activities expenses	120,028,440	125,400,842	137,292,984	162,466,487
Business-type activities				
Water utility fund	30,937,175	33,505,028	36,788,633	41,468,907
Sewer utility fund	22,081,105	34,345,565	26,675,531	29,054,577
Parking fund	2,916,242	3,005,729	3,004,956	3,386,730
Port of Redwood City	5,231,644	5,179,284	5,692,117	6,899,536
Docktown Marina	763,211	826,201	1,408,137	15,700,537
Total business-type activities expenses	61,929,377	76,861,807	73,569,374	96,510,287
Total primary government expenses	181,957,817	202,262,649	210,862,358	258,976,774
Program Revenues				
Governmental activities:				
Charges for services:				
Community Development	5,171,299	6,340,242	8,087,438	12,452,093
Public Safety	7,744,775	7,905,079	8,215,731	10,016,793
Transportation	282,324			
Environmental support and protection	1,456,889	1,460,797	1,541,388	1,585,832
Leisure, cultural, and information services	3,553,925	3,090,945	3,534,018	3,718,902
Policy development and implementation	1,736,648	1,775,752	4,906,365	4,872,753
Operating grants and contributions	7,721,851	7,755,830	8,524,425	10,368,250
Capital grants and contributions	17,492,948	12,592,165	7,354,555	14,278,202
Total governmental activities program revenues	45,160,659	40,920,810	42,163,920	57,292,825
Business-type activities:				
Water utility fund	37,082,113	38,227,757	38,495,923	44,709,197
Sewer utility fund	29,837,033	45,533,365	37,294,965	37,483,243
Parking fund	2,019,961	2,401,924	6,891,197	5,968,659
Port of Redwood City	6,721,955	6,862,662	7,131,948	8,630,600
Docktown Marina	681,115	663,658	693,355	329,112
Total business-type activities program revenues	76,342,177	93,689,366	90,507,388	97,120,811
Net (Expense)/Revenue				
Governmental activities	(74,867,781)	(84,480,032)	(95,129,064)	(105,173,662)
Business-type activities	14,412,800	16,827,559	16,938,014	610,524
Total primary government net expense	(60,454,981)	(67,652,473)	(78,191,050)	(104,563,138)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	44,546,153	48,033,490	52,616,638	58,400,498
Sales taxes	22,372,756	23,513,420	24,825,685	25,233,175
Other taxes	23,364,156	24,200,427	24,299,061	25,706,747
Investment Earnings	1,055,417	1,424,919	1,242,098	1,743,818
Other	1,277,511	199,510	332,294	295,538
Extraordinary item				
Special Item				
Gain (loss) on retirement of capital assets	1,315,418			
Transfers	(22,230)	(3,453,013)	(2,681,630)	(6,390,848)
Total governmental activities	93,909,181	93,918,753	100,634,146	104,988,928
Business-type activities:				
Property taxes	123,954	157,417	213,553	331,225
Investment Earnings	586,705	742,410	606,423	(2,094,124)
Incr. (decr.) in investment in sewer authority				
Other	2,536	755	658	10,436
Gain (loss) on retirement of capital assets				
Transfers	22,230	3,453,013	2,681,630	6,390,848
Total business-type activities	735,425	4,353,595	3,502,264	4,638,385
Total primary government	94,644,606	98,272,348	104,136,410	109,627,313
Change in Net Position				
Governmental activities	19,041,400	9,438,721	5,505,082	(184,734)
Business-type activities	15,148,225	21,181,154	20,440,278	5,248,909
Total primary government	34,189,625	30,619,875	25,945,360	5,064,175

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

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$	\$	\$	\$	\$	\$
20,209,904	18,010,124	21,427,691	22,266,067	25,515,981	24,982,200
2,207,239	3,446,039	3,655,114	3,008,049	3,579,054	3,525,551
81,714,725	86,704,991	87,558,205	69,615,402	96,774,392	113,493,888
12,415,300	13,207,698	11,938,272	19,741,914	26,857,603	21,934,956
2,991,575	3,825,093	1,688,207	4,125,432	12,634,795	9,970,409
28,346,520	27,041,650	27,305,627	30,558,846	33,600,020	36,214,011
12,338,662	25,473,041	12,884,545	14,602,553	17,522,188	17,573,572
			1,570,827	1,651,790	3,799,879
160,223,925	177,708,636	166,457,661	165,489,090	218,135,823	231,494,466
37,755,171	39,823,510	36,926,646	38,539,818	40,946,430	45,891,204
32,783,853	33,531,050	33,574,745	35,839,253	40,595,709	42,501,578
3,355,779	3,815,421	3,459,388	3,228,107	4,018,395	4,552,102
8,061,695	6,892,387	6,736,736	8,340,144	7,444,617	8,039,064
3,042,215	961,079	605,576	1,057,943	635,103	1,157,011
84,998,713	85,023,447	81,303,091	87,005,265	93,640,254	102,140,959
245,222,638	262,732,083	247,760,752	252,494,355	311,776,077	333,635,425
12,876,378	11,502,883	12,679,472	11,518,172	18,603,502	14,192,549
11,074,905	10,287,791	11,340,800	10,804,123	12,489,532	19,463,335
41,499	27,647	6,541	36,573	143,160	47,031
1,710,325	1,696,024	1,793,170	160,097	207,207	230,847
4,489,120	3,377,144	1,146,856	3,145,177	4,991,364	4,469,322
5,558,607	5,832,595	5,984,211	6,068,198	5,731,481	6,209,388
7,008,964	6,045,072	11,249,205	14,183,430	16,874,573	8,774,150
29,078,550	14,733,955	25,681,546	30,985,657	16,798,732	19,608,591
71,838,348	53,503,111	69,881,801	76,901,427	75,839,551	72,995,213
47,629,068	47,807,844	52,252,418	47,175,971	42,813,229	48,279,247
38,604,488	42,453,335	40,534,048	44,277,802	45,545,289	47,278,322
2,636,786	1,724,109	912,233	1,726,286	1,597,391	1,764,636
9,367,305	8,799,270	9,023,602	9,692,273	10,804,082	10,205,854
37,555	18,773	15,932	11,332	15,981	49,371
98,275,202	100,803,331	102,738,233	102,883,664	100,775,972	107,577,430
(88,385,577)	(124,205,525)	(96,575,860)	(88,587,663)	(142,296,272)	(158,499,253)
13,276,489	15,779,884	21,435,142	15,878,399	7,135,718	5,436,471
(75,109,088)	(108,425,641)	(75,140,718)	(72,709,264)	(135,160,554)	(153,062,782)
67,714,530	66,951,020	67,817,300	78,775,809	83,510,468	86,597,019
28,454,859	36,264,329	38,455,837	40,387,746	44,529,673	43,172,997
27,282,251	24,946,753	20,811,655	23,534,814	25,875,118	27,368,012
5,175,591	10,092,576	3,671,237	(7,997,176)	2,816,704	5,416,155
208,943	187,438	94,821	1,060,261	238,037	120,848
		10,272,916	563,962		
(4,705,317)	(5,420,878)	(2,943,446)	(3,446,426)	(2,789,735)	(3,044,262)
124,130,857	133,021,238	138,180,320	132,878,990	154,180,265	159,630,769
409,989	447,594	394,071	312,160	497,845	513,636
4,023,177	3,241,147	(80,648)	(3,414,872)	2,137,404	7,985,077
4,737,591	2,498,610	(1,278,828)	(2,120,267)	3,304,236	(1,869,635)
4,705,317	5,420,878	2,943,446	3,446,426	2,789,735	3,044,262
13,876,074	11,608,229	1,978,041	(1,776,553)	8,729,220	9,673,340
138,006,931	144,629,467	140,158,361	131,102,437	162,909,485	169,304,109
35,745,280	8,815,713	41,604,460	44,291,327	11,883,993	1,131,516
27,152,563	27,388,113	23,413,183	14,101,846	15,864,938	15,109,811
62,897,843	36,203,826	65,017,643	58,393,173	27,748,931	16,241,327

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

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

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

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
\$	\$	\$	\$	\$	\$	\$
956,207	733,648	390,428	72,983	26,161	604,613	802,508
1,118,953	2,498,135	3,147,443	32,824,347	30,137,545	32,850,674	36,332,906
2,078,791	2,761,836	4,049,872	5,229,231	6,087,438	7,411,643	10,216,651
1,036,150	4,036,548	5,319,419	3,512,252	44,904,614	42,467,639	42,188,842
25,019,617	41,250,214	42,850,389	42,739,582	14,189,846	22,208,984	30,582,103
30,209,718	51,280,381	55,757,551	84,378,395	95,345,604	105,543,553	120,123,010
5,799,838	13,066,183	12,823,386	12,752,808	14,451,845		
60,025,546	51,798,117	47,052,552	117,140,777	123,677,836	110,254,183	108,968,506
5,323,534	5,236,423	5,131,093	4,106,568	4,057,525	4,074,095	3,351,694
32,083,477	33,310,870	29,119,677	26,490,496	23,330,908	23,229,769	19,927,070
(3,022)	(34,963)	(51,277)	(99,519)	(14,651,761)	(919,898)	(2,142,563)
103,229,373	103,376,630	94,075,431	160,391,130	150,866,353	136,638,149	130,104,707
133,439,091	154,657,011	149,832,982	244,769,525	246,211,957	242,181,702	250,227,717

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

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

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

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
\$	\$	\$	\$	\$	\$	\$
59,803,386	69,231,824	68,452,879	69,448,210	73,981,263	79,174,021	82,224,039
44,906,727	52,302,099	57,030,578	55,101,620	59,828,425	65,973,460	65,766,204
9,832,842	6,816,903	5,472,129	6,570,476	5,133,707	8,634,932	6,994,271
1,059,004	975,095	122,112	569,892	573,306	554,520	468,372
6,513,028	10,412,446	13,383,745	8,266,580	(3,077,127)	8,572,092	16,922,845
14,053,873	16,299,213	13,612,956	16,769,992	23,960,542	34,730,355	22,050,696
23,399,087	25,173,118	24,331,769	15,115,751	31,164,603	25,046,443	34,817,114
2,402,789	5,760,413	5,222,515	547,409	4,237,310	500,000	3,488,718
1,289,804	156,372	241,893	118,827	7,072,479	1,143,409	849,068
163,260,540	187,127,483	187,870,576	172,508,757	202,874,508	224,329,232	233,581,327
14,719,418	19,351,651	17,121,816	20,359,530	23,406,919	24,864,618	23,530,549
1,874,314	1,996,048	3,237,966	3,477,996	2,966,458	3,174,758	3,093,001
70,296,129	72,821,984	77,943,200	82,384,050	84,129,070	96,750,063	104,005,959
6,473,602	7,283,163	9,534,877	8,388,514	8,335,426	10,863,270	10,288,308
2,179,407	1,818,931	1,887,799	1,992,197	3,570,437	2,851,875	3,088,816
24,983,432	24,375,689	25,396,511	24,791,272	26,804,553	31,549,408	33,191,315
18,350,842	11,468,715	24,490,924	12,129,308	14,643,896	15,785,994	15,622,501
10,840,645	20,891,854	26,272,264	19,436,584	23,882,872	37,468,150	24,523,434
687,180	347,486					3,358,689
13,842	2,725			1,811,887	1,892,850	1,887,250
			365,002			
150,418,811	160,358,246	185,885,357	173,324,453	189,551,518	225,200,986	222,589,822
12,841,729	26,769,237	1,985,219	(815,696)	13,322,990	(871,754)	10,991,505
11,845,559	14,902,667	13,603,597	17,146,102	16,443,413	19,261,254	18,026,374
(21,586,606)	(20,453,984)	(20,412,845)	(20,218,383)	(28,323,971)	(22,515,755)	(21,067,864)
			64,116,809			
					96,000	96,000
(9,741,047)	(5,551,317)	(6,809,248)	61,044,528	(11,880,558)	(3,158,501)	(2,945,490)
			10,272,916			
3,100,682	21,217,920	(4,824,029)	70,501,748	1,442,432	(4,030,255)	8,046,015
0.50%	0.25%	n/a	n/a	1.09%	1.01%	2.65%

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:	Total Taxable	% Increase/	Effective
	State Assessed	Locally Assessed	Locally Assessed	Tax Exempt Property	Assessed Value	(Decrease) Over Prior Year	Direct Tax Rate*
	\$	\$	\$	\$	\$	%	%
2015	1,466,946	17,089,497,213	816,665,290	791,008,571	17,116,620,878	5.35	0.1920
2016	1,591,555	18,644,533,868	801,908,976	731,483,833	18,716,550,566	9.35	0.1944
2017	1,591,555	20,475,454,077	844,061,306	758,856,031	20,562,250,907	9.86	0.1930
2018	1,591,555	22,264,350,439	803,417,774	754,963,061	22,314,396,707	8.52	0.1819
2019	1,591,555	23,987,541,814	839,857,951	1,060,343,422	23,768,647,898	6.52	0.1731
2020	1,818,920	25,835,418,178	894,770,528	1,321,568,277	25,410,439,349	6.91	0.1731
2021	1,818,920	27,566,263,855	1,277,695,321	1,448,711,548	27,397,066,548	7.82	0.1684
2022	1,818,920	28,675,950,742	1,281,058,445	1,699,532,680	28,259,295,427	3.15	0.1904
2023	1,818,920	30,879,739,340	1,365,927,457	1,904,950,881	30,342,534,836	7.37	0.1905
2024	1,818,920	32,427,276,504	1,747,243,642	2,089,050,927	32,087,288,139	5.75	0.1905

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

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

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

Source: San Mateo County Assessor's records via HdL Reports

Schedule 6
CITY OF REDWOOD CITY, CALIFORNIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed values)

	Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Direct Rates										
City	0.1920	0.1944	0.1930	0.1819 0	0.1731	0.1731	0.1684	0.1904	0.1905	0.1905
County and All Others*	0.8080	0.8056	0.8070	0.8181	0.8269	0.8269	0.8316	0.8097	0.8095	0.8095
Total Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates										
MidPeninsula Open Space**		0.0008	0.0006	0.0009	0.0018	0.0016	0.0015	0.0015	0.0013	0.0012
Elementary School	0.0230	0.0158	0.0461	0.0412	0.0384	0.0396	0.0299	0.0346	0.0278	0.0491
High School	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340	0.0315	0.029	0.0286	0.0391
Community College	0.0190	0.0250	0.0247	0.0235	0.0175	0.0231	0.0213	0.0227	0.0193	0.019
Total Overlapping Rate	0.0853	0.0850	0.1105	0.1039	0.0942	0.0983	0.0842	0.0878	0.0770	0.1084
Total Direct and Overlapping Rate	1.0853	1.0850	1.1105	1.1039	1.0942	1.0983	1.0842	1.0878	1.0770	1.1084

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	2024			2015		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
	\$			\$		
Google Inc.	818,181,756	1	2.55%	410,057,593	2	2.40%
Oracle Corporation	540,669,272	2	1.68%	580,992,877	1	3.39%
Westport Office Park LLC	430,368,150	3	1.34%	267,236,689	3	1.56%
DWF IV 1400 1500 Seaport Blvd	366,257,465	4	1.14%	202,193,461	6	1.18%
AIMCO Indigo LP	352,124,598	5	1.10%			
Slough Redwood City LLC	330,071,049	6	1.03%	243,081,566	4	1.42%
Improvement Blu Harbor LLC	327,479,863	7	1.02%			
Electronic Arts Inc.	289,121,282	8	0.90%	214,400,772	5	1.25%
IQHQ-10 TWIN DOLPHIN LP	276,004,673	9	0.86%			
GS DILLER SUBSIDIARY LLC	273,516,090	10	0.85%			
Informatica Corp.				157,631,701	7	0.92%
Irvine Co. LLC				134,484,784	8	0.79%
HUDSON 555 TWIN DOLPHIN PLAZA				133,775,565	9	0.78%
Hudson Towers at Shore Center LLC				123,939,123	10	0.72%
	<u>4,003,794,198</u>		<u>12.48%</u>	<u>2,467,794,131</u>		<u>14.42%</u>

Source: San Mateo County Assessor via HdL Coren & Cone

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections	
		Amount ¹	Percentage of Levy	Delinquent Tax Collections ²	Amount	Percentage of Levy
	\$	\$	%		\$	%
2014	27,363,041	27,345,209	99.93	NA	27,345,209	99.93
2015	28,944,353	28,862,898	99.72	NA	28,862,898	99.72
2016	31,236,465	31,170,596	99.79	NA	31,170,596	99.79
2017	33,650,661	33,580,370	99.79	NA	33,580,370	99.79
2018	35,664,083	35,757,150	100.26	NA	35,757,150	100.26
2019	37,659,043	37,595,784	99.83	NA	37,595,784	99.83
2020	40,016,245	40,035,839	100.05	NA	40,035,839	100.05
2021	43,133,607	42,971,448	99.62	NA	42,971,448	99.62
2022	43,925,483	44,194,384	100.61	NA	44,194,384	100.61
2023	46,792,488	47,398,314	101.29	NA	47,398,314	101.29
2024	49,143,508	49,623,717	100.98	NA	49,623,717	100.98

Source: Audited City financial records - general fund

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

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

Schedule 9

CITY OF REDWOOD CITY, CALIFORNIA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

	Governmental Activities					Business-Type Activities		Total Primary Govt	Per Capita	Debt/ Personal Income
	Revenue Bonds	Refunding Lease	GID Bonds	Tax Increment Bonds	Loans*	Revenue Bonds	Loans			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
2014		3,035				80,393	424	83,852	1,038	2.51
2015		2,378				77,749		80,127	979	2.35
2016		1,712				74,814		76,526	890	1.72
2017		1,035				66,890		67,925	794	1.61
2018		347				63,886		64,233	745	1.28
2019						60,831		60,831	713	1.16
2020						57,663		57,663	665	1.26
2021	64,117					54,376		118,493	1,391	2.29
2022	63,876					51,713		115,589	1,404	2.21
2023	63,635					47,437		111,072	1,363	1.91
2024	62,189					44,484		106,673	1,303	1.65

Schedule 10
CITY OF REDWOOD CITY, CALIFORNIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2024

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
	<u>%</u>	<u>\$</u>
City Overlapping Debt		
Debt Repaid with Property Taxes		
San Mateo Community College District	10.520	70,788,934
Sequoia Union High School District	23.991	117,153,331
Belmont-Redwood Shores School District	39.369	27,527,173
Belmont School Facilities Improvement District	90.965	15,095,642
Belmont-Redwood Shores School District School Facilities Improvement Distr.	0.008	3,139
Redwood City School District	61.376	157,045,840
San Carlos School District	0.739	796,746
Midpeninsula Regional Park District	7.861	6,343,827
Redwood City Redwood Shores Community Facilities District No. 99-1	100.000	5,670,000
Redwood City Community Facilities District 2010-1	100.000	3,395,000
TOTAL DEBT REPAYED WITH PROPERTY TAXES		403,819,632
Other Debt		
San Mateo County General Fund Obligations	10.376	58,639,616
San Mateo County Board of Education Certificates of Participation	10.376	595,064
Midpeninsula Regional Park District General Fund Obligations	7.861	6,272,732
San Mateo County Mosquito and Vector Control General Fund Obligations	10.376	353,267
Belmont-Redwood Shores School District General Fund Obligations	39.369	1,770,847
TOTAL OTHER DEBT		67,631,526
Overlapping Tax Increment Debt (Successory Agency)	100.000	7,827,060
Total City Overlapping Debt		479,278,218
City Direct Debt		
City of Redwood City General Fund Obligations	100.000	62,670,749
Total City Direct Debt		62,670,749
Total Overlapping and Direct Debt		541,948,967

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Total Legal Debt Margin	Total Net Debt Applicable to Limit as % of Debt Limit
	\$	\$	\$	%
2014-15	671,536,104		671,536,104	
2015-16	729,301,290		729,301,290	
2016-17	799,541,510		799,541,510	
2017-18	865,100,991		865,100,991	
2018-19	931,087,175		931,087,175	
2019-20	1,002,450,286		1,002,450,286	
2020-21	1,081,716,679		1,081,716,679	
2021-22	1,123,456,054		1,123,456,054	
2022-23	1,209,280,714		1,209,280,714	
2023-24	1,281,612,715		1,281,612,715	

Legal Debt Margin Calculation for FY 2022-23

Assessed value	32,087,288,139
Add back: exempt real property	2,089,050,927
Total assessed value	<u>34,176,339,066</u>
Debt limit (3.75% of total assessed value)	1,281,612,715
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>1,281,612,715</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, 2024*

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

Water Revenue Bonds						
Fiscal	Gross	Less:	Net	Debt Service		Coverage
<u>Year</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Ratio</u>
	\$	\$	\$	\$	\$	
2015	35,323,680	25,430,020	9,893,660	1,905,000	2,943,480	2.04
2016	35,508,299	28,248,490	7,259,809	1,995,000	2,214,629	1.72
2017	36,752,635	31,411,452	5,341,183	2,080,000	2,352,256	1.21
2018	43,031,133	36,469,678	6,561,455	1,975,000	1,999,194	1.65
2019	46,708,545	32,725,719	13,982,826	2,000,000	1,965,763	3.53
2020	48,757,896	34,777,766	13,980,130	2,085,000	1,888,213	3.52
2021	46,666,247	31,927,204	14,739,043	2,165,000	1,768,729	3.75
2022	45,085,275	33,570,662	11,514,613	2,255,000	1,546,682	3.03
2023	43,692,709	35,673,736	8,018,973	2,345,000	1,628,013	2.02
2024	48,279,247	40,600,783	7,678,464	2,450,000	1,519,863	1.93

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	Gross	Less:	Net	Debt Service		Coverage
Year	Revenues	Operating	Available	Principal	Interest	Ratio ²
	\$	Expenses ¹	Revenue	\$	\$	
2015	6,721,955	3,033,231	3,688,724	710,341	807,953	2.43
2016*	6,779,863	2,823,939	3,955,924	772,130	630,193	2.82
2017	7,127,814	3,106,577	4,021,237	771,916	577,965	2.98
2018	8,627,231	4,245,795	4,381,436	798,483	556,144	3.23
2019	9,335,548	5,252,241	4,083,307	825,604	538,926	2.99
2020	8,761,928	4,159,256	4,602,672	853,775	510,405	3.37
2021	9,023,602	3,926,925	5,096,677	892,563	478,033	3.72
2022	9,400,225	5,534,589	3,865,636	922,155	433,746	2.85
2023	10,060,890	4,920,762	5,140,128	957,585	392,896	3.81
2024	10,205,854	5,806,489	4,399,365	993,744	357,790	3.26

Tax Increment Bonds			
Property	Debt Service		Coverage
Tax	Principal	Interest	Ratio
Increment	\$	\$	
2015 ³	3,045,000	229,556	
2016 ³	3,142,669	292,144	
2017 ³	1,889,861	1,615,139	
2018 ³	1,773,916	1,731,084	
2019 ³	1,663,894	1,841,106	
2020 ³	1,557,657	1,947,343	
2021 ³	1,450,684	2,054,316	
2022 ³	1,352,544	2,152,456	
2023	1,256,332	2,248,668	
2024	1,172,831	2,337,169	

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
		\$	\$	%	
2015	81,838	3,408,940	41,655	3.00	24,472
2016	85,992	4,459,975	51,865	3.00	24,485
2017	85,601	4,206,433	49,140	2.70	24,508
2018	86,271	5,008,894	58,060	2.40	24,600
2019	85,319	5,224,936	61,240	2.00	24,627
2020	86,754	4,587,725	52,882	5.40	24,642
2021	85,182	5,180,343	60,815	4.10	23,562
2022	82,344	5,232,385	63,543	2.00	23,620
2023	81,495	5,816,066	71,367	3.40	23,671
2024	81,863	6,478,492	79,138	3.60	23,674

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	2024			2015		
	Employees*	Rank	% of Total City Employment	Employees**	Rank	% of Total City Employment
Oracle Corporation	3,771	1	6.97%	6,750	1	14.74%
County of San Mateo	2,930	2	5.41%	2,664	2	5.82%
Stanford University	1,800	3	3.33%			
Box Inc.	1,790	4	3.31%			
Guardant Health, Inc.	1,778	5	3.29%			
Electronic Arts	1,410	6	2.61%	2,367	3	5.17%
Permanente Medical Group	1,325	7	2.45%			
Stanford Outpatient Center (Healthcare & School of Medicine)	1,200	8	2.22%			
NEVRO CORP	929	9	1.72%			
Sequoia Hospital	917	10	1.69%	936	4	2.04%
Kaiser Permanente Medical Group				911	5	1.99%
Kaiser Foundation Hospitals				773	6	1.69%
Redwood City School District				763	7	1.67%
Stanford Hospital and Clinics				750	8	1.64%
Silver Spring Networks				602	9	1.31%
Equinix				532	10	1.16%

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

Department**	Fiscal Year							
	2017	2018	2019	2020	2021	2022	2023	2024
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	7.49	8.59	10.89	10.89	12.64	11.06	14.56	14.68
City Attorney	6.83	5.97	5.97	5.97	5.97	6.02	6.02	6.02
City Clerk	4.41	3.78	3.78	3.78	3.78	3.80	3.80	3.78
Administrative Services	41.99	41.13	39.13	41.13	33.33	34.10	34.05	35.66
Community Development	70.31	65.46	59.03	59.23	57.88	60.93	65.93	67.15
Fire	93.00	89.50	91.00	91.00	87.00	90.00	90.00	91.00
Human Resources***					7.00	7.20	12.00	12.83
Library	40.72	38.53	40.30	40.30	38.24	38.24	35.27	36.40
Parks, Recreation, Community Svcs	71.66	71.74	71.11	69.11	66.11	66.11	67.71	71.71
Police	128.00	124.00	130.00	130.00	121.00	121.00	126.00	130.00
Public Works	97.39	101.52	106.15	105.95	105.95	106.95	108.82	113.96
Port	8.00	9.00	10.00	8.50	10.50	10.00	11.50	12.00
	576.80	566.22	574.36	572.86	556.40	562.41	582.66	602.19

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

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

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

Source: Redwood City Adopted Budget

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function/Program										
Community Development:										
Building permits	2,650	3,493	3,310	3,017	2,888	2,571	3,042	3,114	3,666	3,256
Building inspections conducted	17,547	20,383	21,640	25,201	25,999	20,547	19,631	17,088	20,405	20,886
Public Safety:										
Police:										
Moving citations (per 1,000 population)	120	103	68	61	68	26	21	19	21	17
Fire:										
Emergency responses - all calls*	10,078	10,245	10,479	10,742	10,690	10,401	11,757	14,260	15,650	14,956
Leisure/Cultural/Information Services:										
Number of items in collection	292,781	277,520	273,391	244,106	236,705	236,926	224,124	214,313	208,649	206,664
Water:										
Average daily consumption (thousands of gallons)	10,401	7,507	7,729	8,536	8,328	8,588	8,566	7,957	7,136	7,646

*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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations*	7	7	7	7	7	7	7	7	7	7
Transportation										
Miles of streets	155	155	155	155	155	155	157	163	164	164
Number of street lights**	5,055	5,076	5,076	5,076	5,076	5,076	5,076	5,076	5,076	5,076
Leisure/Cultural/Information Services										
Number of parks	25	25	25	25	25	25	25	25	25	26
Number of libraries***	4	4	4	4	4	4	4	3	3	3
Number of recreation center facilities	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	262	262	262	262	262	262	262	262	262	262
Miles of recycled water system lines	17	18	18	18	18	18	18	19	20	21
Sewer										
Miles of sanitary sewers	198	198	198	198	198	198	198	197	197	197
Miles of storm sewers	133	133	133	133	133	133	133	133	136	138

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	
		\$		\$		\$		\$	\$
2015	86	194,571,550	8	36,583,115	1,485	37,474,855	1,071	119,773,839	388,403,359
2016	120	133,448,208	14	44,186,444	1,762	51,966,358	1,597	116,225,763	345,826,773
2017	85	29,578,614	10	16,375,200	1,463	41,937,060	1,419	271,670,621	359,561,495
2018	3	398,600	2	39,150,000	149	3,499,075	2,863	643,620,383	686,668,058
2019			1	14,685,722	46	300,000	2,841	383,824,579	398,810,301
2020					41		2,530	311,805,401	311,805,401
2021					40	3,000	3,002	377,393,192	377,396,192
2022					27	7,852	3,087	541,606,867	541,614,719
2023					15		3,650	296,817,681	296,817,681
2024	455	32,954,389	16	74,150,261	2,298	55,662,862	240	139,847,663	302,615,175

Source: Redwood City's Community Development Department



*City of Redwood City
Annual Comprehensive Financial
Report June 30, 2024*

