PORT OF REDWOOD CITY,
REDWOOD CITY, CALIFORNIA

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2023
AND
SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Of the Port of Redwood City
Redwood City, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Port of Redwood City, California (Port), a department and enterprise fund of the City of Redwood City, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Port'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 financial position of the business-type activities of the Port as of June 30, 2023, and the change in financial position and 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 Port 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 opinion.

Responsibilities 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, and for 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 Port'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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Summarized Comparative Information

We previously audited Port's June 30, 2022 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2024 on our consideration of the Port'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 Port'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 Port's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
April 5, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The Port of Redwood City has issued its financial statements for the fiscal year ended June 30, 2023 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This report, Management's Discussion and Analysis, is an overview of the Port's financial activities for the fiscal year and is an integral part of the accompanying Basic Financial Statements.

ACCOUNTING METHOD

The Port's operations are accounted for as an Enterprise Fund. Enterprise funds are used by municipalities to account for operations which are financed and managed similar to private business enterprises, where the costs and expenses (including depreciation) of providing services to the public on a continuing basis are recovered primarily through user charges. The Port does not receive tax revenues. The Port's revenues and expenses are recognized on a full accrual basis; revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. All assets and liabilities associated with the activity of the enterprise are included on the Statement of Net Position. The Port is stated as a department in the City of Redwood City's financial statements.

THE BASIC COMPONENT UNIT FINANCIAL STATEMENTS

The Port has only one fund, therefore the Basic Financial Statements do not reflect the activities of multiple funds. The Basic Financial Statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position (Income Statement) and Statement of Cash Flows. Together with this report, the Basic Financial Statements provide information about the significant events, assumptions and decisions which resulted in the financial performance reflected in those statements.

The Statement of Net Position provides information regarding the financial position of the Port, including its capital assets and debts.

The Statement of Activities and Changes in Net Position (Income Statement) provides information regarding the revenues generated by each segment of the Port's business, and the expenses incurred in generating those revenues. The ultimate focus of the income statement is the measurement of profitability as reflected by the amount of net income generated for the fiscal year.

The Statement of Cash Flows provides information regarding the sources and uses of the cash which flowed into and out of the Port as a result of its operations and financing decisions.

FINANCIAL ACTIVITIES & FISCAL YEAR 2023 HIGHLIGHTS

The Statement of Net Position

The port business is capital intensive; significant investment in assets is required in order to acquire the land, and construct and maintain the necessary infrastructure and facilities. The acquisition of assets can be funded by cash reserves, debt, or donated capital including grants. In general, debt can be incurred in the form of notes payable and/or bonds payable. A condensed version of the Statement of Net Position is presented in Table A below, which reflects the capital intensity of the Port's business and the changes which occurred between Fiscal Years 2023, 2022, and 2021.

Table A

	FY23	FY22	FY23 vs. FY22 Change	FY21	FY22 vs. FY21 Change
Assets					
Current Assets	$ 25,322,002	$ 21,890,109	$ 3,431,893	$ 22,129,761	$ (239,652)
Noncurrent Asset	1,135,800	1,103,140	32,660	1,102,863	277
Capital Assets, Net	38,058,470	37,644,970	413,500	36,634,942	1,010,028
All Other Assets	14,431,953	15,409,542	(977,589)	419,387	14,990,155
Total Assets	78,948,225	76,047,761	2,900,464	60,286,953	15,760,808
Deferred Outflow of Resources					
Loss on Bond Refunding	125,053	142,909	(17,856)	160,765	(17,856)
Pension Related	1,095,897	535,977	559,920	391,333	144,644
Pension Contributions	-	4,259	(4,259)	73,354	(69,095)
OPEB Related	64,060	169,409	(105,349)	108,760	60,649
Total Deferred Outflows	1,285,010	852,554	432,456	734,212	118,342
Liabilities					
Current Liabilities	4,346,940	3,073,905	1,273,035	2,502,660	571,245
Non-current Liabilities	12,322,701	12,101,972	220,729	14,118,728	(2,016,756)
Total Liabilities	16,669,641	15,175,877	1,493,764	16,621,388	(1,445,511)
Deferred Inflow of Resources					
Leases Related (Note 11)	13,430,738	14,731,729	(1,300,991)	-	-
OPEB Related	150,688	80,180	70,508	113,082	(32,902)
Pension Related	57,837	854,733	(796,896)	9,682	845,051
Total Deferred Inflows	13,639,263	934,913	(2,027,379)	122,764	812,149
Net Position					
Net Investment in Capital Assets	29,964,279	31,737,033	(1,772,754)	30,279,206	1,457,827
Restricted for Bebt Service	993,595	957,585	36,010	922,155	35,430
Unrestricted	18,966,457	13,363,178	5,603,279	13,075,652	$ 287,526
Total Net Position	$ 49,924,331	$ 46,057,796	$ 3,866,535	$ 44,277,013	$ 1,780,783

The increase in Net Position between June 30, 2023 and June 30, 2022 is due to the profitable operation of the Port for the fiscal year July 1, 2022 to June 30, 2023.

The $3,866,535 increase in FY23 Total Net Position is comprised of:

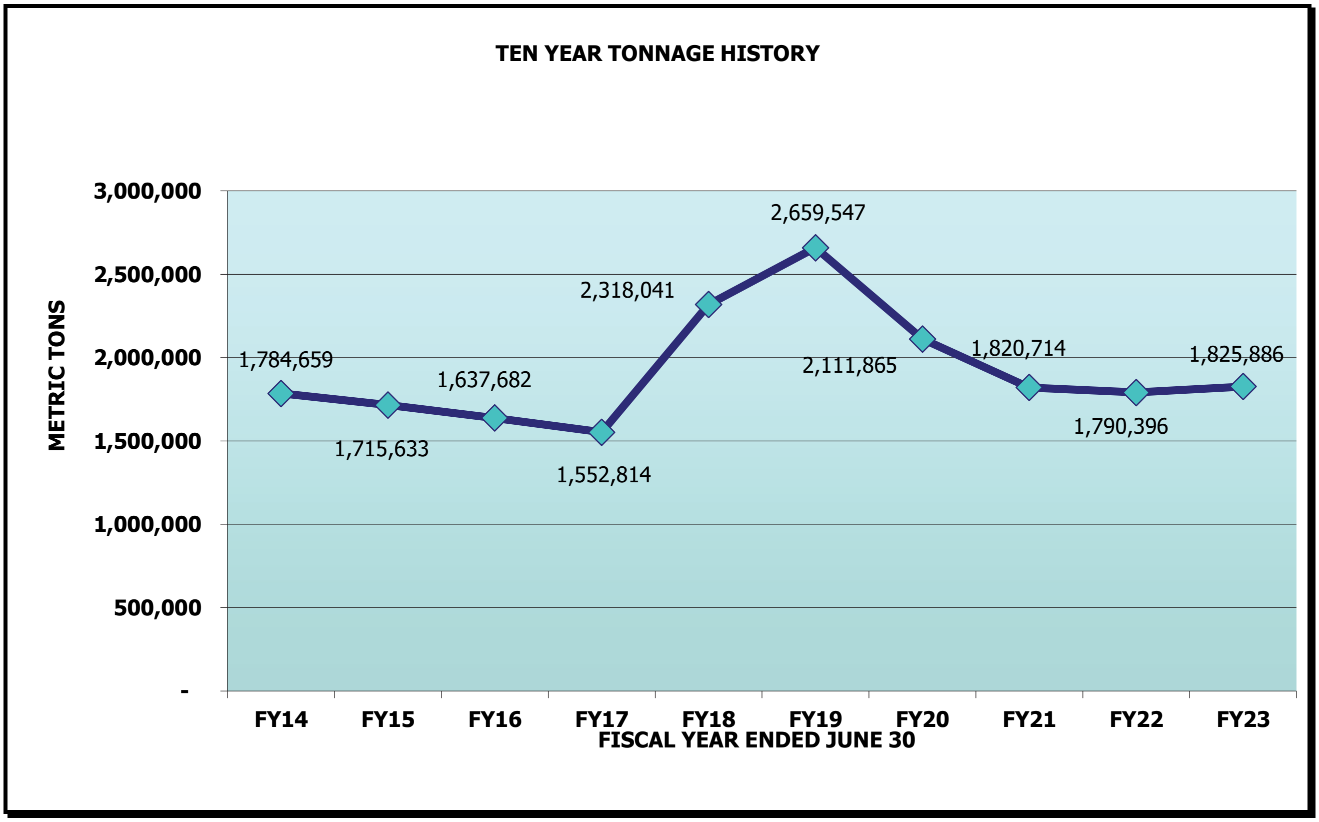
$ 4,462,986 - Net income for the year
< 596,451> - Less subvention to the City of Redwood City.

$ 3,866,535

The Statement of Revenues, Expenses & Changes in Net Position

The Port's business is comprised of three major segments:

- Maritime – activities related to the import and export of waterborne cargos.
- Recreational Boating – activities related to the operation of a public marina, boat launch facility and dry boat storage facility.
- Commercial – activities related to the leasing of land and buildings not directly associated with Maritime activities.



In Fiscal Year 2023 (FY23) the Port's tonnage was 1,825,886 metric tons, 2% up from 1,790,396 metric tons in FY22.

The Statement of Revenues, Expenses & Changes in Net Position (continued)

The Port's Income Statement segregates the revenues and expenses of each of its three major business segments, as well as expenses related to the operation and maintenance of the Port's infrastructure and its administration. Table B, below, is a condensed version of the Income Statement; it summarizes the Port's revenue and expense, splits out other non-operating revenue/(expense) into its component parts, and compares results for Fiscal Years 2023, 2022 and 2021.

Table B

	FY23	FY22	FY23 vs. FY22 Change	FY21	FY22 vs. FY21 Change
Revenue					
Operating Revenue	$ 10,060,890	$ 9,660,823	$ 400,067	$ 9,023,602	$ 637,221
Interest Income	507,070	75,461	431,609	105,795	(30,334)
Other Non-Operating Income	55,138	50,000	5,138	33,509	16,491
Total Revenue	10,623,098	9,786,284	836,814	9,162,906	623,378
Expense					
Operations	3,919,843	5,137,329	(1,217,486)	3,843,241	1,294,088
Administration	2,296,844	1,607,375	689,469	1,701,357	(93,982)
Operating Expense	6,216,687	6,744,704	(528,017)	5,544,598	1,200,106
Interest Expense	411,435	445,619	(34,184)	478,036	(32,417)
Other Non-Operating Expense	256,302	251,165	5,137	206,201	44,964
Total Expense	6,884,424	7,441,488	(557,064)	6,228,835	1,212,653
Excess (Deficiency) before Contributions, Special & Extraordinary Items & Transfers	4,462,986	2,344,796	1,393,878	2,934,071	(589,275)
Transfers (Subvention)	(596,451)	(564,013)	(32,438)	(541,416)	(22,597)
Net Income	$ 3,866,535	$ 1,780,783	$ 1,361,440	$ 2,392,655	$ (611,872)

Port's operating revenue for Fiscal Year 2023 increased by 4% or $400,000 compared to Fiscal Year 2022, and that was mainly because of new leases/tenants.

The Charter of the City of Redwood City requires that the Port annually give to the City any surplus funds which in the judgment of the Board of Port Commissioners is not needed for Port purposes. This is called subvention; for Fiscal Year 2023 the Port will pay subvention of $596,451 to the City.

Capital Assets

At June 30, 2023 the Port had $67,347,589 in capital assets and $29,289,119 accumulated depreciation, resulting in net capital assets of $38,058,470. A summary of the activity and balances in capital assets is presented in Table C below.

Table C

	June 30, 2022	Additions & Transfers	Deletions & Transfers	June 30, 2023
Land and Land Improvements	$ 2,574,066	$ -	$ -	$ 2,574,066
Infrastructure	4,773,955	29,500	-	4,803,455
Recreational Boating Facilities	7,651,285	-	-	7,651,285
Terminal & Facilities	40,102,513	44,942	-	40,147,455
Furniture, Fixtures & Equipment	743,051	75,500	-	818,551
Channel and Maritime Harbor	4,319,084	-	-	4,319,084
Construction in Progress	5,474,210	1,559,483	-	7,033,693
Total Capital Assets	$ 65,638,164	$ 1,709,425	$ -	$ 67,347,589
Accumulated Depreciation	(27,993,194)	(1,295,925)	-	(29,289,119)
Capital Assets, Net	$ 37,644,970	$ 413,500	$ -	$ 38,058,470

At June 30, 2023, of the $7,033,693 balance in Construction in Progress $2,322,289 pertains to the Channel Deepening Feasibility Study, $2,041,628 Fishing Pier, $1,382,499 Emergency Operations Center (EOC), $424,196 Improvement to Rail Spur, $398,578 9-Acre Parcel Development and the remaining $464,503 to the other capital projects underway including Marina Improvements, Ferry Transit project.

Debt Administration

At June 30, 2023, the Port had the following debt obligations:

2012 Port Revenue Bonds – The bonds were issued on June 26, 2012, in the principal amount of $10,000,000 to partially fund the replacement of Wharves 1 & 2. The remaining principal balance at June 30, 2023 was $5,554,986. The interest rate is fixed at 4.20% throughout the 20 year term; principal and interest payments are due monthly through June 1, 2032.

2015 Port Revenue Bonds – The bonds were issued on June 1, 2015, in the principal amount of $6,940,000 to refund the Revenue Bonds Series 1999. The remaining principal balance at June 30, 2023 was $3,635,000. The bonds bear an interest rate between 2.00% and 4.00% and are fully amortized. Principal and interest are payable on June 1 and December 1 of each year throughout the 15 year term. The bonds are secured by and payable from the revenues generated by the Port's operations.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The Port's inbound cargos are concentrated in bulk construction materials; export cargo currently includes ferrous scrap metal destined for recycling in Asia. The Port's Fiscal Year 2024 (FY2023-24) budget for import and export tonnage was based on the expectations of its key customers with regard to their particular markets. At 1.910 million metric tons, the FY2023-24 tonnage budget is almost 5% higher than FY2022-23 Actual tonnage.

GOALS FY 2023-24

In light of the worldwide impacts associated with COVID-19, the Port has been active behind the scenes planning for a post-pandemic future. While we have continued to see cargo operations fueling our region's essential construction activities, the Port, has been diligently working to welcome our residents back to the shores by preparing for when our community can safely return to recreational uses.

The Port's overarching Goals for FY 2023-24 include:

- Identify new master developer to activate and redevelop our marina waterfront with more destination type uses and increase Port revenue.
- Implement new real estate leasing policy to guide future lease negotiations (capital investment for term).
- Procure PSGP equipment for jetdock, upgraded cyber security, fencing, and other federal MARSEC improvements ($3M)
- Sponsor U.S. Army Corps of Engineers channel maintenance dredging project of $8M appropriated in federal funding (PBUD).
- Improve Green Marine program; implement "pilot" projects which may include aqua culture, resiliency efforts, blue economy/technology.
- Continue efforts to advance the 101/84 interchange and identify funding opportunities through both state and federal sources.
- Maintain and grow existing cargo tonnage as part of post-pandemic economic recovery.
- Perform berth dredging for improved cargo operations $2M.
- Continue public waterfront activation events in partnership with the City of Redwood City and launch new community event permitting, tours, gathering spaces, and programs on Port waterfront.
- Host annual public safety emergency drill and exercise with the City of Redwood City and other regional first responder agencies.

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

The Basic Component Unit Financial Statements combined with this report, Management's Discussion and Analysis, are intended to provide citizens, investors and creditors insight into the Port's operation and finances. Questions regarding this report should be directed to:

Port of Redwood City

Director of Finance & Administration

675 Seaport Boulevard, Redwood City, California 94063

Telephone: (650)306-4150 Facsimile: (650)369-7636 Email: portofrc@redwoodcityport.com

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Port of Redwood City
Comparative Statements of Net Position
For the years ended June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and investments (Note 2)	$ 23,493,550	$ 20,035,891
Accounts receivables	1,342,513	1,334,315
Prepaid items	485,939	519,903
Total current assets	25,322,002	21,890,109
Noncurrent assets:		
Restricted cash and investments (Note 2)	1,135,800	1,103,140
Silicon Valley Clean Water capacity rights (Note 4)	400,000	400,000
Prepaid bond insurance	15,043	17,215
Leases receivable (Note 11)	14,016,910	14,992,327
Capital assets (Note 3):		
Non-depreciable assets	9,553,757	7,994,274
Depreciable assets, net	28,504,713	29,650,696
Total capital assets, net	38,058,470	37,644,970
Total noncurrent assets	53,626,223	54,157,652
Total assets	**78,948,225**	**76,047,761**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources - loss on bond refunding	125,053	142,909
Deferred outflows of resources - Pension contributions (Note 7)	-	535,977
Deferred outflow of resources - Pension related (Note 7)	1,095,897	4,259
Deferred outflow of resources - OPEB related (Note 8)	64,060	169,409
Total deferred outflow of resources	**1,285,010**	**852,554**
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	813,352	367,084
Accrued payroll and benefits payable (Note 1F)	228,732	220,477
Unearned revenue	175,431	175,431
Refundable deposits	943,863	754,968
Interest payable	31,503	34,347
Subvention payable (Note 6)	1,160,464	564,013
Long-term debt - due within one year (Note 5)	993,595	957,585
Total current liabilities	4,346,940	3,073,905
Long-term liabilities:		
Net OPEB liabilities (Note 8)	645,633	849,375
Net pension liabilities (Note 7)	3,491,050	2,074,336
Long-term debt - due in more than one year (Note 5)	8,186,018	9,178,261
Total noncurrent liabilities	12,322,701	12,101,972
Total liabilities	**16,669,641**	**15,175,877**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources - Leases related (Note 11)	13,430,738	14,731,729
Deferred inflow of resources - OPEB related (Note 8)	150,688	80,180
Deferred inflow of resources - pension related (Note 7)	57,837	854,733
Total Deferred inflow of resources	**13,639,263**	**15,666,642**
NET POSITION		
Net Investment in Capital Assets	29,964,279	31,737,033
Restricted for Debt service	993,595	957,585
Unrestricted	18,966,457	13,363,178
Total net position	**$ 49,924,331**	**$ 46,057,796**

See accompanying Notes to Basic Financial Statements.

Port of Redwood City
Comparative Statements of Activities and Changes in Net Position
For the years ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Marine terminal:		
Rentals-maritime	$ 2,527,440	$ 2,703,061
Wharfage	2,479,566	2,497,396
Dockage	826,957	719,390
Facilities usage	578,805	382,542
Line handling	758,834	627,052
Services and miscellaneous	64,941	34,552
Total marine terminal	7,236,543	6,963,993
Rentals - commercial	2,192,008	2,075,957
Recreational boating	512,224	504,211
Other operating revenue	120,115	116,662
Total operating revenues	**10,060,890**	**9,660,823**
OPERATING EXPENSES:		
Marine terminal	2,061,980	3,352,446
Recreational boating	662,730	611,122
Commercial	399,690	379,236
Infrastructure	795,443	794,525
Administration and general maintenance	2,296,844	1,607,375
Total operating expenses	6,216,687	6,744,704
OPERATING INCOME	**3,844,203**	**2,916,119**
NONOPERATING REVENUE (EXPENSES):		
Interest income	507,070	75,461
Interest expense	(411,435)	(445,619)
Grant income	743,192	292,048
Other income (expense), net	(220,044)	(493,213)
Total nonoperating expenses	**618,783**	**(571,323)**
Change in net positions before subvention to the City of Redwood City	**4,462,986**	**2,344,796**
Subvention to City of Redwood City (Note 6)	(596,451)	(564,013)
Change in net positions	**3,866,535**	**1,780,783**
NET POSITION:		
Beginning of year	46,057,796	44,277,013
End of year	**$ 49,924,331**	**$ 46,057,796**

See accompanying Notes to Basic Financial Statements.

Port of Redwood City

Comparative Statements of Cash Flows

For the years ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and other funds	$ 8,751,701	$8,544,262
Cash payments to suppliers for goods and services	(1,954,791)	(3,457,737)
Cash payments to employees for services	(2,252,317)	(1,926,136)
Net cash provided by operating activities	**4,544,593**	**3,160,389**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash payments of subvention to the City of Redwood City	-	(541,416)
Other nonoperating revenues (disbursements)	523,148	(201,165)
Net cash used by noncapital financing activities	**523,148**	**(742,581)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	(956,233)	(920,655)
Interest paid on debt	(394,251)	(428,177)
Lease receipts	975,417	
Acquisition and construction of capital assets	(1,709,425)	(2,324,607)
Net cash used by capital and related financing activities	**(2,084,492)**	**(3,673,439)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	507,070	75,461
Net cash provided by investing activities	**507,070**	**75,461**
Net change in cash and cash equivalents	**3,490,319**	**(1,180,170)**
CASH AND CASH EQUIVALENTS:		
Beginning of year	21,139,031	22,319,201
End of year	**$ 24,629,350**	**$21,139,031**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 3,844,203	$ 2,916,119
Adjustments to reconcile operating income		
(loss) to net cash provided by operating activities:		
Depreciation and amortization	1,295,925	1,314,579
(Increase) decrease in assets :		
Accounts receivable	(8,198)	(855,963)
Prepaid expenses	33,964	(84,832)
(Increase) decrease in deferred outflow of resources:		
Deferred outflow of resources - OPEB employer contributions	105,349	(60,649)
Deferred outflows of resources - pension	535,977	(144,644)
Deferred outflow of resources - pension employer contributions	(1,091,638)	69,095
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	446,268	12,563
Accrued payroll and benefits	8,255	65,959
Refundable deposits	188,895	437,282
Net OPEB Liability	(203,742)	158,131
Net pension liability	1,416,714	(1,218,802)
Increase (decrease) in deferred inflow of resources:		
Deferred inflow of resources -Leases related amounts	(1,300,991)	(260,598)
Deferred inflow of resources - OPEB related amounts	70,508	(32,902)
Deferred inflow of resources - pension related amounts	(796,896)	845,051
Net cash provided by operating activities	**$ 4,544,593**	**$ 3,160,389**

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Port of Redwood City (Port) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Port's accounting policies are described below.

A. Reporting Entity

The Port was established under the City of Redwood City's (City) Charter as a department of the City and is managed by the Board of Port Commissioners, whose five members are appointed by the City Council. The Port's financial statements are included in the basic financial statements of the City.

The Port is one of California's most diversified small ports. In addition to handling bulk and recycled materials, other uses include warehouse and office leasing, recreational boating facilities and a 190-slip marina.

B. Basis of Accounting and Measurement Focus

The Port is an enterprise fund which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The basic financial statements include a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows.

These financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred. The accompanying Statement of Activities and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. All of the Port's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The net position total reflected on both the Statement of Activities and Changes in Net Position and the Statement of Net Position represents equity.

C. Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, the Port considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, 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 may be stated at amortized cost; all other investments should be stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The Port has elected to state all investments at fair value.

The Port participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk. In addition, these Structured Notes and Asset-Backed Securities are subject to change in interest rate risk.

D. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Port policy has set the capitalization threshold for reporting capital assets at $500. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Land improvements	30-50 years
Infrastructure	30-50 years
Recreational boating facilities	30-50 years
Terminal and facilities	30-50 years
Furniture, fixtures and equipment	10-25 years
Channel and maritime harbor	30-50 years

E. Net Position

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation, reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount includes all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Compensated Absences

Compensated absences including accumulated unpaid vacation, sick pay and other employee benefits are accounted for as expenses in the year earned.

Vacation leave is earned by employees at the rate of ten days per year up to five years of service, fifteen days up to fourteen years of service, and twenty days thereafter. The maximum accrual permitted for any employee is two years earned vacation leave.

Sick leave is earned at a rate of eight hours per month. Unused sick leave may be accumulated up to a maximum of 120 working days (960) hours. Annually, employees may convert up to 96 hours of sick leave into compensation at 25% of their rate of pay. Employees leaving the service of the Port receive compensation in the amount of 25% of all unused accumulated sick leave.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. New Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncements were effective in the fiscal year 2023:

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or FY 2022/2023. There was no impact on fund balance or net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. New Pronouncements, Continued

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. There was no impact on fund balance or net position.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. There was no material impact on fund balance or net position.

I. Budget and Budgetary Accounting

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Prior to June 30 the proposed budget is submitted to the Port Commission for approval and the budget ordinance is introduced. Public hearings are conducted to obtain public comments. At a subsequent regularly scheduled commission meeting, the budget is legally enacted through passage of an ordinance, normally before July 1st. After adoption, the budget is submitted to the City Council, City Clerk, City Manager and Assistant City Manager – Administrative Services of the City of Redwood City. The Commission is authorized to transfer budgeted amounts between line items within any department and can revise amounts which will alter total expenditures by the Port.

J. 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 California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. 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 Port's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2020 to June 30, 2021

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

M. Leases

Under Government Accounting Standards Board (GASB) Statement No. 87, 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. Port recognizes lease receivables or liabilities with an initial, individual total present value of $300,000 or more, based on the future lease payments remaining at the start of the lease.

Port reviews and analyzes leases, and when appropriate, would recognize certain lease assets and liabilities as inflows of resources and outflow of resources, based on the payment provision and remaining duration of the contract.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Subscription-based Information Technology Arrangements (SBITAs)

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, the Port 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 Port recognizes SBITA liabilities with an initial, individual value of $300,000 based on the future SBITA payments remaining at the start of the contract.

The Port 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 affect the amount of the subscription liability significantly.

The Port has no SBITA subject to GASB#96 as of June 30, 2023.

O. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port’s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

Deposits and investments held by the Port at June 30, 2023 and 2022 are summarized below:

	Fair Value	
Cash and Investments:	2023	2022
Demand Deposits:		
Deposits	$ 1,297,693	$ 1,088,401
Petty cash	1,000	1,000
Investments:		
Local Agency Investment Fund	22,194,857	18,946,490
Total unrestricted cash and investments	23,493,550	20,035,891
Restricted Cash and Investments:		
Cash held in escrow (Mitigation account)	175,431	175,430
Held by fiscal agent *	960,369	927,710
Total restricted cash and investments	1,135,800	1,103,140
Total unrestricted and restricted cash and investments	**$ 24,629,350**	**$ 21,139,031**

*Trustee accounts with U.S. Bank invested in Government obligation funds and US treasury money market.

B. Cash Deposits

As of June 30, 2023 and 2022, the carrying amount of the Port's cash deposits were $1,297,693 and $1,088,401 respectively; bank balances before reconciling items were $1,597,256 and $1,445,652 respectively, of which $250,000 was fully insured and $1,347,256 and $1,195,652 respectively were collateralized with securities held by the pledging financial institutions in the Port's name as discussed below. The Port has waived collateral requirements for the portion of cash deposits that are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC).

The California Government Code requires California banks and savings and loan associations to secure the Port's deposits by pledging securities as collateral. This 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 deposits is considered to be held in the Port's name. The market value of pledged securities must equal at least 110% of the Port's deposits. California law also allows financial institutions to secure Port deposits by pledging first trust deed mortgage notes having a value of 150% of the Port's deposits.

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits, Continued

As of June 30, 2023 and 2022, the Port had $1,135,000 and $1,103,140 respectively in total restricted cash and investments. The investment held by fiscal agents invested in Government obligation funds and US treasury money market funds pledged for the payment of certain bonds as of June 30, 2023 and 2022 was $960,369 and $927,709 respectively; the amount held in escrow and by fiscal agents pledged for future asset acquisitions was $175,431 and $175,431 respectively. The California Government Code requires these funds to be invested in accordance with any applicable Port ordinance, resolution or bond indenture, unless there are specific State statutes governing their investment. These funds have been invested only as permitted by the Investment Policy.

C. Investments

The Port follows the City's investment policy. 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/Government Sponsored Enterprises	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%

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

GASB Statement No. 40 requires that risks related to deposits and investments be disclosed.

Credit Risk – the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.

Investment Type	Credit Rating	% of Investments
California Local Agency Investment Fund	Not Rated	100%

Custodial Credit Risk – the risk of loss of an investment due to failure, impairment or malfeasance of the third party in whose name the investment is held and/or who has physical possession of the investment instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities (excluding certificates of deposit) be held by a third-party bank or trust department under the terms of a custody or trustee agreement.

E. External Investment Pool

The Port invests in LAIF, a State of California external investment pool. LAIF determines the fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and based on amortized cost or best estimate for those securities where market value is not readily available.

The Port valued its investments in LAIF as of June 30, 2023, by multiplying its account balance with LAIF times a fair value factor computed by LAIF. As of June 30, 2023, the Port had $22,536,774 in LAIF with fair value factor of .984828499. As of June 30, 2022 the Port had $19,193,600 in LAIF with fair value factor of .987125414 The fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2023 and 2022, the Port's investments in LAIF stated at fair value equaled $22,194,857 and $18,946,490 respectively. At June 30, 2023 these investments matured in an average of 260 days.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* investments were stated at fair value using the aggregate method. The unrealized gains (losses) due to fair value adjustments were ($341,917) and $($247,110), for the years ended June 30, 2023 and 2022, respectively.

2. CASH AND INVESTMENTS, Continued

E. External Investment Pool, Continued

The Port's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. 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 on 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.

As of June 30, 2023 and 2022, the Port had $22,194,857 and $18,946,490 respectively (stated at fair value) invested in LAIF, which had invested 1.46% and 1.14% of the pool investment fund in Structured Notes and Asset-Backed Securities.

F. 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.

Investments in LAIF and restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

3. CAPITAL ASSETS

The following is a summary of the Port's capital assets as of June 30, 2022 and 2023:

	Balance June 30, 2021	2022 Additions & Transfers	Balance June 30, 2022	2023 Additions	Balance June 30, 2023
Non-depreciable assets:					
Land	$ 2,520,064	-	$ 2,520,064	-	$ 2,520,064
Construction in progress	3,149,603	$ 2,324,607	5,474,210	$ 1,559,483	7,033,693
Total non-depreciable assets	5,669,667	2,324,607	7,994,274	1,559,483	9,553,757
Depreciable assets:					
Land improvements	54,002	-	54,002	-	54,002
Infrastructure	4,773,955	-	4,773,955	29,500	4,803,455
Recreational boating facilities	7,651,285	-	7,651,285	-	7,651,285
Terminal and facilities	40,102,513	-	40,102,513	44,942	40,147,455
Furniture, fixtures and equipment	743,051	-	743,051	75,500	818,551
Channel and maritime harbor	4,319,084	-	4,319,084	-	4,319,084
Total depreciable assets	57,643,890	-	57,643,890	149,942	57,793,832
Accumulated Depreciation:					
Land improvements	(50,334)	(799)	(51,133)	(799)	(51,932)
Infrastructure	(3,721,464)	(68,095)	(3,789,559)	(62,456)	(3,852,015)
Recreational boating facilities	(4,859,345)	(222,379)	(5,081,724)	(209,283)	(5,291,007)
Terminal and facilities	(13,994,467)	(959,642)	(14,954,109)	(956,691)	(15,910,800)
Furniture, fixtures and equipment	(407,055)	(27,080)	(434,135)	(30,112)	(464,247)
Channel and maritime harbor	(3,645,950)	(36,584)	(3,682,534)	(36,584)	(3,719,118)
Total accumulated depreciation	(26,678,615)	(1,314,579)	(27,993,194)	(1,295,925)	(29,289,119)
Total depreciable assets, net	30,965,275	(1,314,579)	29,650,696	(1,145,983)	28,504,713
Capital assets, net	$ 36,634,942	$ 1,010,028	$ 37,644,970	$ 413,500	$ 38,058,470

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 was as follows:

	June 30 2023	June 30 2022
Marine terminal	$ 697,799	$ 699,744
Infrastructure and general maintenance	347,792	351,404
Recreational boating	188,020	201,117
Commercial	38,824	38,824
Administration	23,490	23,490
Total	$ 1,295,925	$ 1,314,579

4. SILICON VALLEY CLEAN WATER (SVCW) CAPACITY RIGHTS

The Silicon Valley Clean Water (SVCW) was established to build and operate a sewage treatment facility. SVCW is controlled by a four member board, which appoints management and employees of SVCW and is responsible for SVCW's budget, operations and finances.

The Port's acquisition of capacity rights allows the Port and its tenants to discharge 400,000 gallons per day of wastewater to SVCW's treatment facility. The Port is carrying the capacity rights at the original acquisition cost of $1.00 per gallon for a total amount of $400,000.

Financial statements may be obtained from SVCW at 1400 Radio Road, Redwood City, California 94065.

5. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2022 and 2023 are as follows:

	Balance June 30, 2021	Retirements	Balance June 30, 2022	Retirements	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
2012 Revenue Bonds	$ 6,529,874	$ (477,155)	$ 6,052,719	$ (497,733)	$ 5,554,986	$ 518,595	$ 5,036,391
2015 Revenue Bonds	4,540,000	(445,000)	4,095,000	(460,000)	3,635,000	475,000	3,160,000
Unamortized Bond Discount	(13,373)	1,500	(11,873)	1,500	(10,373)	-	(10,373)
Total long-term debt	$ 11,056,501	$ (920,655)	$ 10,135,846	$ (956,233)	$ 9,179,613	$ 993,595	$ 8,186,018

Port of Redwood City Revenue Bonds Series 2012

On June 1, 2012, the Port issued Port of Redwood City Revenue Bonds Series 2012 to finance the redevelopment of Wharves 1 & 2. The original principal amount of the bonds was $10,000,000; there was no original issue discount. The bonds bear an interest rate of 4.20% and are fully amortized. Principal and interest are payable on the first of each month throughout the 20-year term. The bonds are secured by and payable from the revenues generated by the Port's operations.

The Revenue Bonds are general obligations of the Port, payable solely from operating revenues. 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, 2023.

5. LONG-TERM DEBT, Continued

At June 30, 2023, future debt service requirements for the 2012 revenue bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2024	$ 518,595	$ 223,403	$ 741,998
2025	541,109	201,185	742,294
2026	564,278	178,015	742,293
2027	588,440	153,854	742,294
2028	613,635	128,658	742,293
2029-2032	2,728,929	240,394	2,969,323
Total	$ 5,554,986	$ 1,125,509	$ 6,680,495

Port of Redwood City Refunding Revenue Bonds Series 2015

On June 1, 2015, the Port issued Port of Redwood City Refunding Revenue Bonds Series 2015 to refund the Revenue Bonds Series 1999. The original principal amount of the bonds was $6,940,000; there was an original issue discount of $22,375. The bonds bear an interest rate between 2.00% to 4.00% and are fully amortized. Principal and interest are payable on June 1 and December 1 of each year throughout the 15 year term. The bonds are secured by and payable from the revenues generated by the Port's operations.

The Revenue Bonds are general obligations of the Port, payable solely from operating revenues. 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, 2023.

At June 30, 2023, future debt service requirements for the 2015 revenue bonds were as follows:

Ending June 30,	Principal	Interest	Total
2024	$ 475,000	$ 134,388	$ 609,388
2025	485,000	119,544	604,544
2026	505,000	103,175	608,175
2027	520,000	85,500	605,500
2028	545,000	66,000	611,000
2029-2032	1,105,000	65,800	1,170,800
Total	$ 3,635,000	$ 574,407	$ 4,209,407

5. LONG-TERM DEBT, Continued

Debt Covenants and Restrictions

For the fiscal year ended June 30, 2023, the Port complied with all general and specific covenants of the master bond indenture and the first and supplemental bond indentures, including debt proceeds usage, debt repayment, and maintenance of adequate reserves.

6. SUBVENTION PAYMENTS TO THE CITY OF REDWOOD CITY

In accordance with Section 48d of the Charter of the City, the Board of the Port Commissioners is required to annually pay to the City profits from the operation of the Port and any surplus funds which in its judgment may not be needed for Port purposes. Subventions payable to the City for fiscal years 2023 and 2022 were $596,451 and $564,013, respectively.

7. PENSION PLANS

A. California Public Employees Retirement Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Port's Miscellaneous Plan, agent multiple-employer defined benefit pension plan 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 Plan are established by State statute and City of Redwood City and Port of Redwood City ordinances. CalPERS issues publicly available reports that include a full description of the pension plan 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 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 the plan is applied as specified by the Public Employees' Retirement Law.

7. PENSION PLANS, Continued

A. California Public Employees Retirement Plan, Continued

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous		
*From 6.30.20 Valuation	**Tier 1**	**Tier 2**	**Tier 3**
Hire date	Prior to October 13, 2011	On or after October 13, 2011	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates*	8.00%	7.00%	6.25%
Required employer contribution rates*		10.94%	
Required payment for Unfunded Accrued Liability*		$0	

Employees Covered – At June 30, 2023 and 2022, the following employees were covered by the benefit terms for the Plan:

	June 30, 2023	June 30, 2022
Inactive employees or beneficiaries currently receiving benefits	6	6
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	11	12
Total	17	18

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 the Plan 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 Port is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

7. PENSION PLANS, Continued

A. California Public Employees Retirement Plan, Continued

Net Pension Liability – The Port's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022 and 2023, using an annual actuarial valuation as of June 30, 2021 and 2020 respectively, rolled forward to June 30, 2022 and 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liability in the June 30, 2022 and 2021 actuarial reports was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	6.90%, Net of pension plan investment expenses, including inflation	7.25%, Net of pension plan investment expenses, including inflation
Mortality (1)	Derived using CalPERS' Membership data for all funds	Derived using CalPERS' Membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.30%, thereafter	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50%, thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. The table includes generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022, and 2021 valuation were based on the results of November 2021 an actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions **–**For the measurement date of June 30, 2022 the discount rate changed from 7.15% for June 30, 2021 to 6.90%

7. PENSION PLANS, Continued

A. California Public Employees Retirement Plan, Continued

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan for the measurement period ended June 30, 2022, and 7.15% for the measurement period ending June ~~1~~30,2021. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the 6.90 percent discount rate was adequate and the use of the municipal bond rate calculation was not necessary. The long term expected discount rates of 7.15 percent was applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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.

7. PENSION PLANS, Continued

A. California Public Employees Retirement Plan, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed asset allocation	(1), (2) Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.
(b) Figures are based on the 2021 Asset Liability Management Study.

7. PENSION PLANS, Continued

B. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan for the measurement period ended June 30, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022	$ 10,102,692	$ 8,028,356	$ 2,074,336
Changes in the year:			
Service cost	213,342	-	213,342
Interest on the total pension liability	781,642	-	781,642
Differences between actual and expected experience	(89,969)	-	(89,969)
Changes in assumptions	341,618	-	341,618
Change in proportion	-	-	-
Changes in benefit terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	440,355	(440,355)
Contribution - employees	-	93,488	(93,488)
Net investment income	-	(698,217)	698,217
Administrative expenses	-	(5,707)	5,707
Benefit payments , including refunds of employee contributions	(531,580)	(531,580)	-
Other Miscellaneous Income/(Expense)	-	-	-
Net changes during 2022-23	715,053	(701,661)	1,416,714
Balance at June 30, 2023	$ 10,817,745	$ 7,326,695	$ 3,491,050

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Port for the Plan, calculated using the discount rate for the Plan, as well as what the Port'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:

Measurement Date June 30,	**2023**	**2022**
1% Decrease	5.90%	6.15%
Net Pension Liability	$ 5,080,630	$ 3,523,871
Current Discount Rate	6.90%	7.15%
Net Pension Liability	$ 3,491,050	$ 2,074,336
1% Increase	7.90%	8.15%
Net Pension Liability	$ 2,177,914	$ 872,620

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

7. PENSION PLANS, Continued

C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2023 and 2022, the Port recognized pension expense of $1,155,795 and $449,300 respectively. At June 30, 2023 and 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,091,638	$ -	$ 535,977	$ -
Differences between actual and expected experience	4,259	(57,837)	4,259	(3,987)
Changes in assumptions	-	-	-	-
Net differences between projected and actual earnings on plan investments	-	-	-	(850,746)
Total	$ 1,095,897	$ (57,837)	$ 540,236	$ (854,733)

$1,091,638 reported as deferred outflows of resources as of June 30, 2023 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023, and $535,978 reported as deferred outflows of resources as of June 30, 2022 related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year ended June 30:	Annual Amortization
2024	$ 160,324
2025	133,921
2026	31,807
2027	265,892
2027	-
Total	$ 591,944

D. Payable to the Pension Plan

The Port had no outstanding amount of contributions to the pension plan for both the years ended June 30, 2023 and 2022.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The Cost-sharing Multiple Employer Other Post-employment Benefits Plan 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) are 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.

The accounting rules governing other post-employment benefits (OPEB) do not require mandatory funding of the actuarial accrued liability or actuarial required contribution. During the fiscal year ended June 30, 2011, the Port adopted a comprehensive funding policy for post-employment benefits other than pension. The policy addresses the selection of a Section 115 Trust, prefunding strategy, disbursements and administrative matters. The Section 115 Trust selected was the CalPERS California Employer's Retiree Benefit Trust Program ("CERBT").

B. 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	-
	8

C. Contributions

The OPEB Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the Port contributed $31,178 for the current retirees.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

D. Actuarial Assumption

The Port's net OPEB liability was measured as of June 30, 2022 and 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 and 2021, respectively, based on the following actuarial methods and assumptions:

Actuarial Assumption	
Discount Rate	Based on the Fidelity General Obligation AA Index
Inflation	2.75% as of June 30, 2021
Salary Increases	3.0% including inflation
Investment Rate of Return	3.69%
Healthcare Trend Rate	Medical premiums assumed to increase 8.0% in 2019 and 2020, 7.0% in 2021 through 2030, and 6.0% each year thereafter.
Mortality Rate	Based on the 2017 CalPERS Valuation

Because the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The Port has chosen to use the "Fidelity General Obligation AA Index" as its 20-year bond rate. That Index was 1.92% at June 30 2021, and 3.69% at June 30, 2022.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.69 percent. The projection of cash flows used to determine the discount rate assumed that Port 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.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

F. Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at June 30, 2022	
(Measurement date 06/30/2021)	$ 849,375
Changes in the year:	
Service cost	8,846
Interest on the total pension liability	16,009
Differences between actual and expected experience	
Changes in assumptions	(197,419)
Benefit payments	(31,178)
Administrative expenses	-
Net changes	(203,742)
Balance at June 30, 2023	
(Measurement date 06/30/2022)	$ 645,633

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Port if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

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

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Port if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 31,178	$ -
Changes of assumptions	28,249	(106,759)
Differences between expected and actual experience	4,633	(43,929)
Net differences between projected and actual earnings on plan investments	-	-
Total	$ 64,060	$ (150,688)

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected Average Remaining Service Lifetime (EARSL) (2.1 Years at June 30, 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

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

For the fiscal year ended June 30, 2023, the Port recognized OPEB expense of ($3,542). For the fiscal year ended June 30, 2023, the Port reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 31,178	$ -
Changes of assumptions	28,249	(106,759)
Differences between expected and actual experience	4,633	(43,929)
Net differences between projected and actual earnings on plan investments	-	-
Total	$ 64,060	$ (150,688)

The 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**
2024	$ (91,993)
2025	(24,337)
2026	(1,476)
	$ (117,806)

9. RISK MANAGEMENT

Workers' Compensation coverage is provided through the City's self-insurance program. The Port has no self-insured retention associated with this coverage.

All property and liability insurance coverage is provided through a broker. Deductible amounts range from $250 to $1,000,000.

In the last five years no claims were filed against the Port which exceeded its insurance coverage limits.

10. COMMITMENTS AND CONTINGENCIES

As of June 30, 2023 and 2022, the Port had committed approximately $850,000 and $832,000 respectively for professional services contracts and capital improvement projects.

11. LEASES

A. Lessor

The Port is a lessor for noncancellable leases of buildings and facilities. The Port 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 Port 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 Port 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 Port 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 Port 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.

11. LEASES (Continued)

B. Leases Receivable (Port as Lessor)

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

Lessee	Property Address	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years	Expiration Date Including Options
New Cingular	117 Hinman Rd, Redwood City, CA 94063	9/15/2020	9/14/2030	10	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)

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

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

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

12. PLEDGES OF FUTURE REVENUES

The Master Indenture for the Series 2015 Bonds and Series 2012 Bonds requires the Port to pledge its annual Net Revenues (defined as operating income plus depreciation, interest income and non-operating income) in an amount equal to at least 120% of the annual debt service requirement each fiscal year, through final maturities of the Bonds or early retirement of the Bonds, whichever first occurs. The Series 2015 Bonds mature June 1, 2030; the Series 2012 Bonds mature June 1, 2032. At June 30, 2023, the ratio of Net Revenues to the debt service payments due during Fiscal Year 2023 was 6.61 (661%).

13. DEBT SERVICE COVERAGE RATIOS

The Second Supplemental Indenture, applicable to the Series 2012 Bonds, specifies additional reporting requirements and action to be taken in the event the Debt Service Coverage Ratio (DSCR) falls below specific levels. At a DSCR of less than 1.40, the Port is required to provide quarterly reports to the Trustee and the bondholders. At a DSCR of less than 1.20, the Port is required to hire an approved consultant to examine the Port's rates and operations, and to implement reasonable recommendations made by the consultant. A DSCR of less than 1.00 for two consecutive years is an immediate Event of Default. At June 30, 2023, the DSCR was 6.61.

14. MINIMUM OPERATING RESERVE

The Series 2012 Bond Purchase Agreement requires that the Port maintain a Minimum Operating Reserve. The Minimum Operating Reserve is defined as unrestricted cash reserves in an amount at least 1.5 times the annual maintenance and operation costs as defined in the Master Indenture. The definition of annual maintenance and operation costs, as applied to the Port's financial statements, is equal to Operating Expenses net of depreciation. At June 30, 2023, unrestricted cash reserves were 4.77 times Operating Expenses net of depreciation.

The Continuing Disclosure requirements for the Series 2015 Bond prescribe the information to be included in the Annual Report to the Port's Series 2015 bondholders and repositories. Among those requirements is calculation of the Debt Service Coverage Ratio (Net Revenues divided by Maximum Annual Debt Service). At June 30, 2023, the Debt Service Coverage Ratio was 6.61 (661%).

REQUIRED SUPPLEMENTARY INFORMATION

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Port of Redwood City
Required Supplementary Information
For the year ended June 30, 2023 and 2022

1. DEFINED BENEFIT PENSION PLAN

A. Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Years*

Miscellaneous Plan

Measurement Period	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
TOTAL PENSION LIABILITY								
Service Cost	$ 213,342	$ 188,003	$ 181,634	$ 182,241	$ 185,591	$ 182,006	$ 133,198	$ 114,428
Interest	781,642	760,387	730,309	702,295	668,448	666,678	558,107	473,041
Changes of Benefit Terms	-	-	-	-	-	-	72,632	-
Difference Between Expected and Actual Experience	(89,969)	6,764	(15,377)	59,456	48,082	8,423	-	(13,055)
Changes of Assumptions	341,618	-	-	-	(74,522)	551,649	-	(114,655)
Changes in proportion	-	-	-	-	-	540,585	-	-
Benefit Payments, Including Refunds of Employee Contributions	(531,580)	(507,143)	(495,307)	(458,764)	(418,112)	(405,623)	(351,126)	(301,643)
Net Change in Total Pension Liability	**715,053**	**448,011**	**401,259**	**485,228**	**409,488**	**1,543,718**	**412,811**	**158,116**
Total Pension Liability - Beginning	**10,102,692**	**9,654,681**	**9,253,425**	**8,768,197**	**8,358,709**	**6,814,991**	**6,402,180**	**6,244,064**
Total Pension Liability - Ending (a)	**10,817,745**	**10,102,692**	**9,654,684**	**9,253,425**	**8,768,197**	**8,358,709**	**6,814,991**	**6,402,180**
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	440,355	391,406	393,353	303,350	277,848	198,395	165,636	158,716
Contributions - Employee	93,488	86,112	84,727	78,699	82,020	85,018	69,561	56,707
Net Investment Income (2)	(698,217)	1,703,925	358,836	448,098	669,196	671,110	27,988	102,554
Benefit Payments, Including Refunds of Employee Contributions	(531,580)	(507,143)	(495,307)	(458,764)	(418,112)	(405,623)	(351,126)	(301,643)
Net Plan to Plan Resource Movement	-	-	-	-	-	-	-	-
Administrative Expense	(5,707)	(7,487)	(10,098)	(4,850)	(9,884)	-	-	-
Other Miscellaneous Income/(Expense) (1)	-	-	-	16	(18,769)	-	-	-
Net Change in Fiduciary Net Position	**(701,661)**	**1,666,813**	**331,511**	**366,549**	**582,299**	**548,900**	**(87,941)**	**16,334**
Plan Fiduciary Net Position - Beginning (2)	**8,028,356**	**6,361,543**	**6,030,035**	**5,663,486**	**5,081,187**	**4,532,287**	**4,620,228**	**4,603,894**
Plan Fiduciary Net Position - Ending (b)	**7,326,695**	**8,028,356**	**6,361,546**	**6,030,035**	**5,663,486**	**5,081,187**	**4,532,287**	**4,620,228**
Plan Net Position Liability/(Asset) - Ending (a) - (b)	**3,491,050**	**2,074,336**	**3,293,138**	**3,223,390**	**3,104,711**	**3,277,522**	**2,282,704**	**1,781,952**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**67.73%**	**79.47%**	**65.89%**	**65.17%**	**64.59%**	**60.79%**	**66.50%**	**72.17%**
Covered Payroll	**1,153,904**	**1,078,587**	**1,059,790**	**967,648**	**856,970**	**754,684**	**716,024**	**655,667**
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**302.54%**	**192.32%**	**310.73%**	**333.12%**	**362.29%**	**434.29%**	**318.80%**	**271.78%**

(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 Pens 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 a 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 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 any beginning of year adjustment.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

Port of Redwood City
Required Supplementary Information
For the year ended June 30, 2023 and 2022

1. DEFINED BENEFIT PENSION PLAN, Continued

B. SCHEDULE OF CONTRIBUTIONS – Last 10 Years (1)

Miscellaneous Plan (1)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution (2)	$ 1,091,638	$ 345,458	$ 298,295	$ 262,674	$ 230,354	$ 198,395	$ 165,636	$ 158,716
Contribution in relation to the actuarially determined contributions	(1,091,638)	(391,333)	(311,514)	(262,674)	(230,354)	(198,395)	(165,636)	(158,716)
Contribution deficiency (excess)	$ 0	$ (45,875)	$ (13,219)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,153,904	$ 1,078,587	$ 1,059,790	$ 967,648	$ 856,970	$ 754,684	$ 716,024	$ 655,667
Contributions as a percentage of covered-employee payroll (3)	94.60%	36.28%	29.39%	27.15%	26.88%	26.29%	23.13%	24.21%

(1) As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contribution should also be presented as of employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

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

Port of Redwood City
Required Supplementary Information
For the year ended June 30, 2023 and 2022

2. OTHER POST EMPLOYMENT BENEFITS (OPEB)
(A Cost-Sharing Multiple Employer Plan)

A. Schedule of Changes in Total OPEB Liability and Related Ratios - Last 10 Years*

Measurement Period (1)	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
TOTAL OPEB LIABILITY						
Service Cost	$ 8,846	$ 6,761	$ 5,356	$ 12,928	$ 12,746	$ 14,623
Interest	16,009	16,550	18,925	24,324	23,193	20,261
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	97,275	-	(127,605)	-	-
Changes of Assumptions	(197,419)	68,972	72,042	37,647	(5,925)	(68,366)
Benefit Payments	(31,178)	(31,427)	(19,445)	(9,711)	(9,426)	(8,400)
Net Change in Total OPEB Liability	**(203,742)**	**158,131**	**76,878**	**(62,417)**	**20,588**	**(41,882)**
Total OPEB Liability - Beginning	849,375	691,244	**614,366**	**676,783**	**656,195**	**698,077**
Total OPEB Liability - Ending (a)	**$ 645,633**	**$ 849,375**	**$ 691,244**	**$ 614,366**	**$ 676,783**	**$ 656,195**
Covered Payroll	**$ 371,346**	**$ 343,288**	**$ 410,854**	**$ 501,790**	**$ 632,232**	**$ 609,562**
Total Pension Liability as a Percentage of Covered Payroll	**173.86%**	**247.42%**	**168.25%**	**122.43%**	**107.05%**	**107.65%**

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

Port of Redwood City
Required Supplementary Information
For the year ended June 30, 2023 and 2022

2. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued
(A Cost-Sharing Multiple Employer Plan)

B. Schedule of Contributions - Last 10 Years*

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

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3% annual increases
Investment Rate of Return	3.69%
Healthcare cost-trend rates	6.0% to 8.0%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Rates are taken from the 2017 CalPERS valuation.

* 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.

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Of the Port of Redwood City
Redwood City, California

We have audited, in accordance with the 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, the basic financial statements of the Port of Redwood City, California (Port), as of and for the year ended June 30, 2023, and have issued our report thereon dated April 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated April 5, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
April 5, 2024