



2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2023

East Palo Alto, California

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City of East Palo Alto

East Palo Alto, California

Annual Comprehensive Financial Report

For the year ended June 30, 2023

Prepared by:
Finance Department

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INTRODUCTORY SECTION

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CITY OF EAST PALO ALTO
DEPARTMENT OF FINANCE
Letter of Transmittal

December 22, 2023

Honorable Mayor Lisa Gauthier
Honorable Members of the City Council Residents
of the City of East Palo Alto, California

**THE ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY OF EAST PALO ALTO**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of East Palo Alto for the fiscal year ended June 30, 2023. It is the policy of the City of East Palo Alto to annually publish financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants. This ACFR report is published to fulfill that requirement.

Management assumes full responsibility for the accuracy of the information contained in this report. We believe this ACFR to be complete and reliable in all material respects. In order to provide a reasonable basis for making this representation, we have established a comprehensive framework of internal controls designed to protect the City's assets from loss, theft, or misuse and to record and compile the information necessary to produce financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by an independent firm of Certified Public Accountants, Eide Bailly LLP, licensed to practice in the State of California. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2023 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" opinion. The auditor's report is in the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion & Analysis (MD&A). The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The City of East Palo Alto was incorporated in 1983 and is in San Mateo County in the Greater San Francisco Bay Area. It is in a desirable setting and is situated among three major metropolitan cities: San Jose, Oakland, and San Francisco. East Palo Alto currently occupies 2.5 square miles and has a population of 28,586.

East Palo Alto operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing body (City Council) consisting of the Mayor, the Vice-mayor and three other members. The City Council appoints the government's Chief Executive Officer (known as City Manager), who in turn appoints the Directors of City departments; except for the City Attorney who is also appointed by the City Council. City Council members are elected by voters to serve overlapping four-year terms. The Mayor and Vice-Mayor are appointed by majority vote of the City Council on an annual basis to serve a one-year term. There are currently four Advisory Boards and Commissions that are appointed by the City Council: Rent Stabilization Board, Planning Commission, Public Works and Transportation Commission, and Senior Advisory Board.

The City of East Palo Alto provides a range of basic municipal services. These services include public safety police services, public works and maintenance, limited parks and recreation activities, building, planning and zoning, housing and rent stabilization services, community development, streetlighting, drainage, refuse collection, infrastructure construction, and general administrative services. The City also provides community grant programs to support community and social- services organizations.

The ACFR includes all funds of the City, as well as all governmental organizations and activities for which the City Council has financial and/or fiduciary accountability. The Council serves in separate session as the governing body of the East Palo Alto Public Financing Authority; and, the Successor Agency to the former Redevelopment Agency of the City of East Palo Alto, for which it has fiduciary responsibility.

ECONOMIC CONDITION AND FISCAL OUTLOOK

The U.S. economy, as measured by real GDP, has expanded at an estimated 2.0 to 2.4% annualized pace through the first half of the calendar year 2023. While business sentiment was downbeat and business investment (inventory and equipment) was slow to start the year, there are indications this is turning the corner. Consumer spending- which drives 65% of GDP - has been resilient throughout. If consumer spending moderates as we expect in the second half, growth could slow to low levels by early next year. We project real GDP to expand at a 2% pace in the second half of 2023 and 0.5% for the first half of 2024. Monetary policy has been restrictive for several months now, and it's expected the hiking cycle is nearing the end. The Fed has raised rates a sharp 525bp since March 2022 to a 5.25-5.5% target range, marking one of the steepest hiking cycles in four decades. It's expected the Fed to be on hold through the middle of next year, provided inflation continues on its downward glide path. Inflation is moving in the right direction, lower, but has proven to be more persistent than expected through the first half of the year. It's speculated gradual improvement in inflation over the coming months, though a return to the Fed's targeted 2% level could take until late 2024.

The City's resident population has remained stable but has been in a slight downward trend over the past five years, with an average of approximately 29,838. Labor markets remain tight. However, the City's unemployment rate slightly rose from 2.3% to 2.9% as of June 30, 2022 and June 30, 2023, respectively.

Overall, Bay Area housing market is seeing fewer transactions, with the number of Bay Area sales dropping by 3.9% as of October 2023 comparing year by year. Bay Area home prices peaked in the spring of calendar year 2022 and had been trending downwards as of June 30, 2023. However, inventory remains tight, which is keeping prices elevated and prices ticked up slightly in most Bay Area counties from September to October 2023. San Mateo County median sold price is approximately \$2.1 million and year-over-year change in housing price rose about 10.5% with in the County.

Property taxes, which are based on assessed values, are one of the City's largest sources of revenue, accounting for approximately 51% of the City's General Fund revenues. Assessed property values in fiscal year 2022-23 total \$4.1 billion. The year-over-year increase is 9.8% compared to a 3.4% increase in the prior year. Property tax revenues were \$19.9 million - an increase of 25.6% compared to the prior fiscal year due primarily to a significant increase in property tax in lieu of VLF for \$2.6 million and an increase from the tax increments of the former RDAs for \$1.2 million. Proposition 13, which governs property taxation in California, ties the annual inflation factor to the California Consumer Price Index (CCPI) issued by the California Industrial Relations Board and limits annual inflation increases of assessed value to no more than 2%. This year an annual inflation factor of 2.0% was applied to the 2022-23 assessed value of all real property that did not have a change in ownership or any new construction during 2022. Long-term growth potential remains highly positive due to undeveloped land in the Ravenswood Business District, unprecedented development planning activity, consolidation of industrial properties in the Ravenswood Business District, strategies to develop affordable housing, and incentives to intensify housing densities. The City is engaged in addressing the infrastructure, transit, environmental, and community impact challenges and opportunities attendant with the sustained interest in development. Solving these challenges increases the potential gap of time between project proposal and completion.

Sales tax revenues have completely recovered from the revenue loss due to the pandemic in the fiscal year 2022-23 with an increase of 11.4% compared to the prior year, exceeding \$0.5 million from the highest point of the pre-pandemic figure in the fiscal year 2018-19.

Compared to the pre-pandemic level of \$3.0 million from the fiscal year 2018-19, Transient Occupancy Tax (TOT) revenues were \$2.2 million in the fiscal year 2021-22; approximately 73% recovery from the pre-pandemic figure. Although we expect some recovery in the TOT revenues in the future years, the trend in the business meeting culture appears to be suppressing the recovery.

The City is focused on socially progressive milestones to support a vibrant, diverse community and workforce. The 2018 Measure HH special parcel tax generated approximately \$1.7 million in additional annual taxes for affordable and supportive housing and for programs that facilitate resident access to job opportunities.

LONG TERM FINANCIAL PLANNING

As part of the strategic resource and budget planning process, management presents a multi-year financial projection to the City Council. The projection provides Council with the opportunity to plan for the management of financial resources and to address forecasted financial challenges. Maintaining a sustainable budget and prudent fiscal planning is a key strategic priority of the Council supported by citizen survey.

The financial plan also calls for the City to exercise financial “best practices,” including achieving a targeted General Fund contingency reserve of 30% of the adopted General Fund expenditure budget. The purpose of the reserve is to provide the City with fiscal capacity for responding to emergencies and economic uncertainties and vulnerabilities, thereby minimizing the impact on service levels to the community during such challenging times. Current reserve and unassigned reserve levels exceed the established minimum reserve level.

We also note that California cities are subject to limits on the proceeds of taxes that may be appropriated for spending in a given fiscal year (i.e. the GANN Limit). While voters may approve an override of such limits, it is another important long-term planning factor to consider in long-term strategic resource planning.

FINANCIAL POLICIES AND INFORMATION

Budgetary Controls

The City Council is required to adopt a budget on an annual basis which is passed by June 30th of each year. In compliance with the City’s municipal ordinance, the Council adopted the Fiscal Year 2022-23 budget through a public hearing process conducted during June 2022. The budget serves as the foundation for the City of East Palo Alto’s financial planning and control. The budget is prepared by fund and division. Unless mandated by regulation, transfers between funds are approved by City Council.

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the Adopted Budget and approved by the City Council. The level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Financial Policies

The City has financial policies related to revenue and expenditure administration, reserve management, grants and debt management, cash and investments, and other financial policies.

Major Initiatives

The City developed major initiatives for the year through the budget planning process and with the guidance of the City Council as articulated through its Strategic Priorities process, as follows:

Promote Housing, Economic and Workforce Development: includes goals to implement Measure HH employment and First Source Hiring Programs and affordable housing strategy, to provide assistance to small local businesses, to investigate potential ballot measure to support affordable housing, and to create an Economic Development Strategy with focus on small/micro businesses.

Implement the Comprehensive Transportation and Mobility Plan: includes goals to develop a Comprehensive Transportation and Mobility Plan, to expand pedestrian/bicycle facilities and interconnectivity, to begin construction of the University Overpass Project, to investigate University Avenue Improvements/Changes, and to analyze funding strategies for public infrastructure including streets, parks and utilities.

Promote Health and Public Safety: includes goals to effectively respond to the COVID-19 pandemic, to enhance flood protection for residents, businesses, and property owners, and to resolve Sanitation District incorporation matter.

Ensure Our Financial and Organizational Health: includes goals to address structural deficit through fiscal resiliency measures, to develop 10-year financial projections, to plan and implement an Enterprising Resource Planning (ERP) System, to focus on staff morale, retention, recruitment and succession planning, and to analyze funding strategies for and community perspectives on public infrastructure improvements.

Improve the City's Water Infrastructure: includes goals to improve operations and infrastructure of water system, to advance key water infrastructure projects, and to finalize Veolia lease negotiations.

Develop and Implement a Comprehensive Facilities Master Plan: includes goals to complete the City's Comprehensive Facilities Master Plan, to investigate potential options for developing County vacant property located on Beech Street, to coordinate with the County Library District regarding the potential new library in East Palo Alto, to develop a detailed strategy for the location of the future police department, and to complete the City Hall tenant improvement project.

Enhance Community Services and Parks for Residents: includes goals to foster community cultural events and activities, to complete a Parks Master Plan, to complete a Information Technology Strategic Plan, and to engage with community and partner agencies to improve educational resources and outcomes.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This is the fourteenth consecutive year the City has achieved this prestigious award. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized ACFR, in conformance with program standards. The report also must satisfy generally accepted accounting principles as well as all applicable legal requirements.

The Certificate of Achievement is valid for one year only. The City believes the ACFR conforms to the GFOA Certificate of Achievement Program and will submit the report to the GFOA for consideration of the annual award.

The preparation of the ACFR was made possible by the dedicated staff of the Finance Department. Sincere appreciation is extended to those staff - each of whom demonstrated exemplary personal dedication and professionalism during this process.

The Finance Department wishes to express our sincere appreciation to the City Council for providing policy direction and support for the pursuit of excellence in attaining the City's goals.

Sincerely,



Tomohito Oku
Finance Director



CITY OF EAST PALO ALTO

DIRECTORY OF OFFICIALS

City Council

Lisa Gauthier.....Mayor
Antonio López.....Vice Mayor
Carlos Romero.....Council Member
Ruben Abrica.....Council Member
Martha Barragan.....Council Member

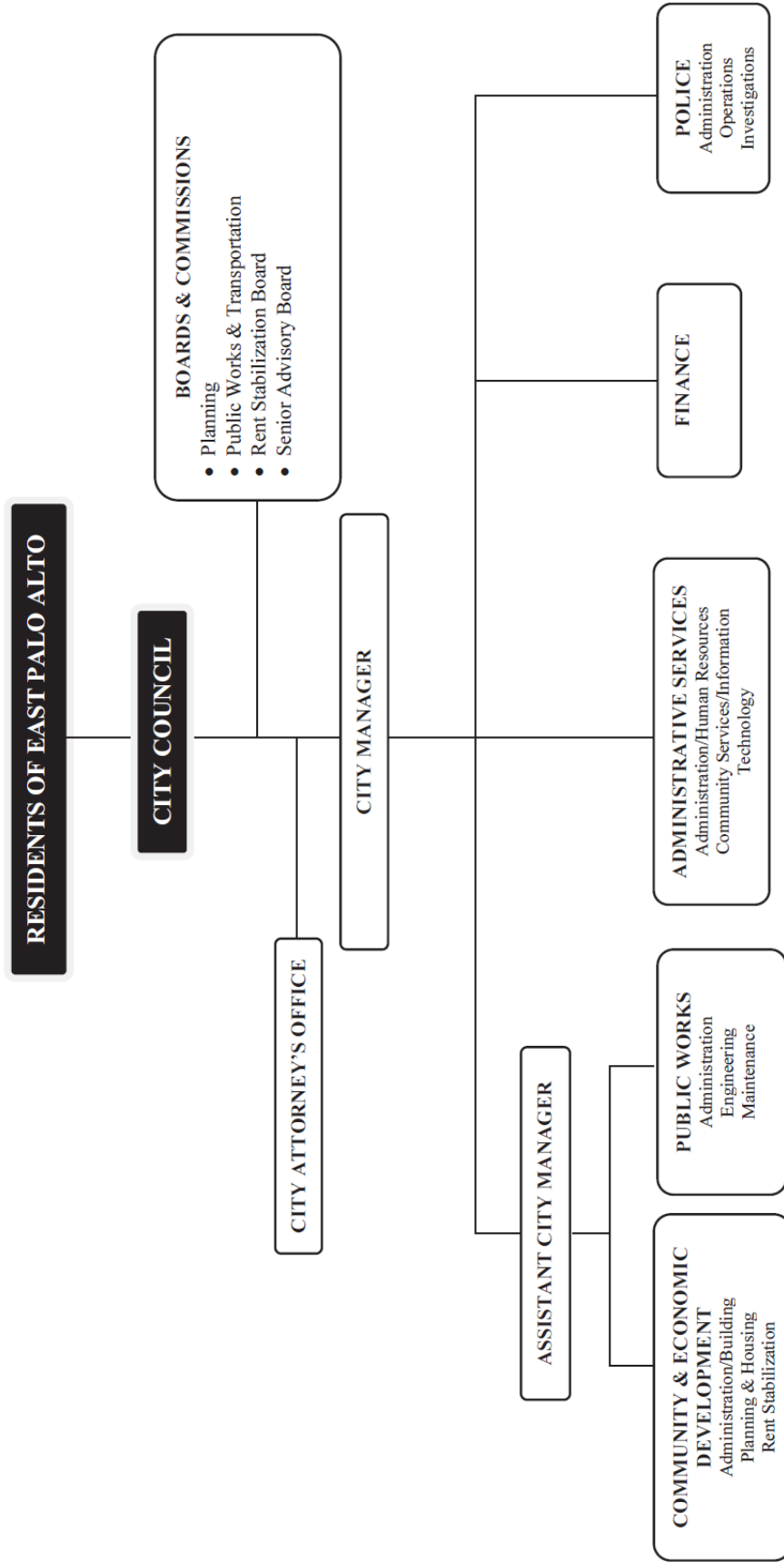
Administration

Melvin Gaines.....City Manager
Vacant.....Assistant City Manager
John Le.....City Attorney
Marie McKenzie.....Administrative Services Director
Tomohito Oku.....Finance Director
Jeff Liu.....Police Chief
Humza Javed.....Public Works Director
Amy Chen.....Community & Economic Development Director

Regional Map



CITY OF EAST PALO ALTO CITY ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of East Palo Alto
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

To the honorable members of the City Council
of the City of East Palo Alto, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the Budgetary Comparison Schedules for the General Fund and each Major Special Revenue Fund, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of Contributions 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Non-Major Governmental Funds Combining Balance Sheet, Combining Statement of Revenues, Expenditures and Changes in Fund Balances, the nonmajor funds' Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual and the Schedule of Revenues and Expenditures – Local Retail Transactions and Use tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Non-Major Governmental Funds Combining Balance Sheet, Combining Statement of Revenues, Expenditures and Changes in Fund Balances, the nonmajor funds' Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual and the Schedule of Revenues and Expenditures – Local Retail Transactions and Use tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Menlo Park, California
December 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. We advise readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FISCAL YEAR 2022-23 FINANCIAL HIGHLIGHTS

Government-wide Statements

- Total net position equals \$219.3 million, an increase of \$26.2 million over the prior year balance of \$193.1 million. The increase is comprised of \$19.1 million in governmental activities and \$7.1 million in business-type activities.
- Total revenues equal \$65.7 million compared to \$48.5 million in the prior year; an increase of \$17.2 million. Of the total \$65.7 million revenues reported, \$61.1 million was generated by governmental activities, and \$4.6 million was generated by business-type activities. The net increase of \$17.2 million is primarily due to increased operating grants and contributions (\$10.1M), investment earnings (\$5.0M), and property tax revenues (\$4.1M) offset by a decrease in capital grant and contributions (\$3.6M).
- Total expenses equal \$39.5 million compared to \$32.9 million in the prior year; an increase of \$6.7 million. Of the total \$39.5 million expenses reported, \$35.8 million is reported in governmental activities and \$3.8 million is reported in business-type activities. The significant increases were noted for \$2.2 million in the community development, \$1.9 million in the public safety, and \$1.5 million in the general government.

Governmental Fund Statements

- Total governmental fund balances equal \$122.9 million, an increase of \$14.5 million over the prior year balance of \$108.4 million. Of the total \$122.9 million balance, \$90.3 million is comprised of non-spendable, restricted, committed, and assigned balances; and \$32.6 million is unassigned balances.
- General Fund total fund balance equals \$53.8 million, an increase of \$5.3 million over the prior year fund balance of \$48.5 million. The net change is comprised of \$38.7 million revenues offset by \$30.7 million expenditures and \$2.7 million net other financing uses. Net other financing uses are primarily for major capital projects and subsidies provided to special revenue funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

Government-wide Financial Statements

The government-wide financial statements are designed to provide the readers with a broad view of the City's finances on a similar reporting basis as a private-sector business.

Statement of Net Position: Presents information on all the City's assets, liabilities and deferred inflows/outflows with the difference reported as net position. Over time, the change in net position may serve as a useful indicator of whether the financial position of the City is improving or declining.

Statement of Activities: Presents information reflecting how the City's net position changed during the most recent fiscal year. All changes in net position are reported in the period the event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal periods. Non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure must be considered to properly assess the overall financial health of the City.

In the Statement of Net Position and the Statement of Activities, activities are divided into two types:

- Governmental activities - Most of the City's basic services are reported here, including police, public works, community development, and general administration. Taxes, user fees, and state and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to cover all or most of the cost of certain services it provides. The City's water system and residential garbage collection services are reported in this activity.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The fund financial statements provide detailed information about the most significant funds, called major funds. Some funds are required to be established by State law and by bond covenants. However, the City establishes many other funds to help control and manage funds for particular purposes (such as the Capital Improvements Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies (such as grants received from the Federal government). The City reports the following major funds: General Fund and Capital Improvements Fund. The remaining non-major funds of the City are summarized and presented in a single column. The City's different types of funds - governmental, proprietary, and fiduciary - use different accounting approaches.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- *Governmental funds* - Most of the City's basic services are reported in the governmental funds, where the focus is on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near-term to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in detail in a reconciliation located after each of the fund financial statements.
- *Proprietary funds* - the City maintains only one type of proprietary funds, enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information, such as a statement of cash flows. The City uses enterprise funds to account for activities related to water system and garbage collection services.
- *Fiduciary funds* - the City maintains a Private Purpose Trust Fund to account for the activity of the former Redevelopment Agency of the City of East Palo Alto. The City's fiduciary activities such as the Successor Agency are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The accounting basis used for fiduciary funds is comparable to the proprietary funds. These activities are excluded from the City's other financial statements because the City cannot use the assets to finance its own operations.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City provides two-year comparative financial information for the Government-wide financial statements. Net position serves as a useful indicator of a government's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Net Position

Government-wide assets (\$238.9M) and deferred outflows (\$7.7M) exceed liabilities (\$26.8M) and deferred inflows (\$0.5M) by \$219.3 million on June 30, 2023. A significant portion of assets (\$88.4M) are comprised of capital assets and are not available to pay current and future liabilities of the City. The following table is a summary of the government-wide net position for both governmental and business-type activities:

STATEMENT OF NET POSITION (Dollars in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 133,891	\$ 123,956	\$ 16,605	\$ 9,353	\$ 150,496	\$ 133,309
Capital assets	76,367	69,862	12,072	12,081	88,439	81,943
Total assets	<u>210,258</u>	<u>193,818</u>	<u>28,677</u>	<u>21,434</u>	<u>238,935</u>	<u>215,252</u>
Deferred Outflows of Resources						
Deferred pension outflows	7,670	3,963	68	-	7,738	3,963
Total deferred outflows	<u>7,670</u>	<u>3,963</u>	<u>68</u>	<u>-</u>	<u>7,738</u>	<u>3,963</u>
Liabilities						
Current and other liabilities	4,901	7,568	967	841	5,868	8,409
Noncurrent liabilities	17,644	9,959	3,299	3,222	20,943	13,181
Total liabilities	<u>22,545</u>	<u>17,527</u>	<u>4,266</u>	<u>4,063</u>	<u>26,811</u>	<u>21,590</u>
Deferred Inflows of Resources						
Deferred inflows - pension	534	4,485	5	-	539	4,485
Total deferred inflows	<u>534</u>	<u>4,485</u>	<u>5</u>	<u>-</u>	<u>539</u>	<u>4,485</u>
Net Position						
Net investment in capital assets	74,583	67,982	11,212	11,348	85,795	79,331
Restricted	58,078	52,681	5,589	1,944	63,667	54,625
Unrestricted	62,189	55,106	7,673	4,079	69,862	59,185
Total net position	<u>\$ 194,850</u>	<u>\$ 175,769</u>	<u>\$ 24,474</u>	<u>\$ 17,371</u>	<u>\$ 219,324</u>	<u>\$ 193,141</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position – Governmental Activities

Total governmental activities assets of \$210.3 million consist of current and other assets of \$133.9 million and capital assets of \$76.4 million. Total governmental activities assets increased \$16.4 million and is comprised of increases in current and other assets (\$9.9M) and capital assets (\$6.5M).

Deferred outflows of \$7.7 million consists of \$2.4 million deferred employer pension contributions paid after the pension liability measurement date and \$5.2 million of other pension valuation factors.

Total liabilities of \$22.5 million consist of \$4.9 million current liabilities and \$17.6 million non-current liabilities. Of the non-current liabilities, the most significant portion (\$14.6M) relates to net pension liability. Total governmental activities liabilities increased \$5.0 million primarily due to an increase in net pension liability (\$8.1M) offset by a decrease in accounts payable (\$2.9M).

Deferred inflows of \$0.5 million also relate to GASB 68 due primarily to net differences between projected and actual contributions.

Of the \$194.9 million governmental activities net position, \$74.6 million (38.3%) represents capital assets net of related debt. The City uses capital assets, such as roadways, storm drains, lighting, parks, and other infrastructure to provide services to residents; therefore, the assets do not provide cash liquidity to pay liabilities. Historically, the City has not issued a significant amount of debt to finance capital assets primarily due to a former focus on redevelopment contracts, grant-funded projects, and a lack of significant capital assets available for leveraged leaseback activity.

Total restricted net position equals \$58.1 million (29.8%). Such amounts relate to resources subject to external restrictions on how they may be spent by the City. The restricted balance relates to local and county special taxes, tax districts, capital and grant agreements, housing funds, and other restricted uses. Total unrestricted net position equals \$62.2 million (31.9%); however, a significant portion of the unrestricted balances are not liquid or are committed for capital projects and other intended uses.

Net Position - Business-type Activities

Business-type activities assets of \$28.7 million consist of current and other assets of \$16.6 million and capital assets of \$12.1 million. Of the \$16.6 million in current and other assets, approximately \$2.2 million relates to garbage collection, and \$14.4 million relates to water services, a significant portion of which is committed for capital infrastructure replacement. All capital assets are comprised of water-services infrastructure.

Business-type liabilities of \$4.3 million primarily consist of garbage collection accounts payable (\$0.7M) and amounts advanced from developers in connection with certain water service implementation agreements (\$2.5M).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net position of \$24.5 million includes \$11.2 million of capital assets net of related debt, \$5.6 million in restricted for capital projects, and \$7.7 million in unrestricted net position. Unrestricted net position increased \$3.6 million over the prior year due primarily to transfers from various funds to support a specific water infrastructure project.

Analysis of Statement of Activities

The statement of activities reports the change in government-wide net position during the fiscal year. The following table indicates the changes in net position for governmental and business-type activities compared to the previous year. The City's government-wide net position increased \$26.2 million as further described on the following pages.

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATEMENT OF ACTIVITIES

(Dollars in thousands)

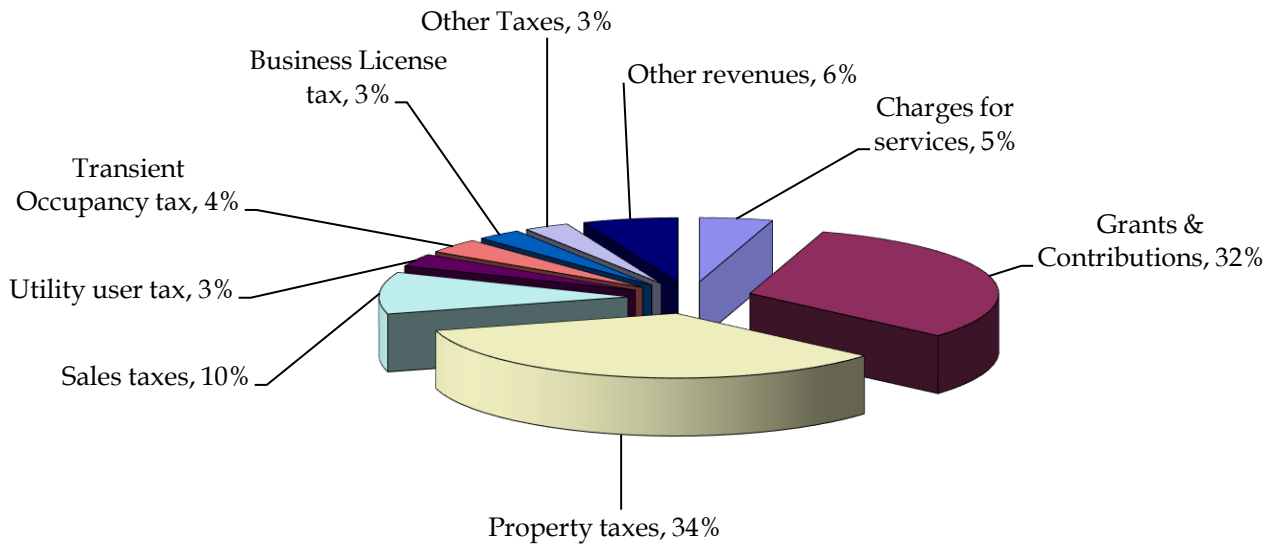
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 2,904	\$ 3,609	\$ 4,221	\$ 4,162	\$ 7,125	\$ 7,771
Operating grants & contributions	15,917	5,611	-	187	15,917	5,798
Capital grants & contribution	3,414	6,783	45	291	3,459	7,074
General revenues:						
Property taxes	20,958	16,882	-	-	20,958	16,882
Sales taxes	6,395	5,738	-	-	6,395	5,738
Utility user tax	1,936	1,631	-	-	1,936	1,631
Transient Occupancy tax	2,224	1,448	-	-	2,224	1,448
Business taxes	1,769	1,270	-	-	1,769	1,270
Other taxes	1,783	2,125	-	-	1,783	2,125
Investment Earnings	2,297	(2,010)	351	(298)	2,648	(2,309)
Miscellaneous	1,487	1,238	-	(141)	1,487	1,098
Total revenues	61,084	44,325	4,617	4,201	65,701	48,526
Expenses						
Program expenses:						
General government	7,264	5,780	-	-	7,264	5,780
Public safety	13,159	11,242	-	-	13,159	11,242
Public works	5,996	5,275	-	-	5,996	5,275
Culture and recreation	2,170	1,823	-	-	2,170	1,823
Community development	7,099	4,943	-	-	7,099	4,943
Water services	-	-	814	1,055	814	1,055
Garbage collection	-	-	2,940	2,789	2,940	2,788
Interest on long-term debt	74	7	-	-	74	7
Total expenses	35,762	29,070	3,754	3,844	39,516	32,913
Excess before transfers or special items	25,322	15,255	862	357	26,183	15,613
Transfers	(6,241)	-	6,241	-	-	-
Change in Net Position	19,081	15,255	7,104	357	26,183	15,613
Net Position - Beginning	175,769	160,514	17,371	17,014	193,141	177,528
Net Position - Ending	\$ 194,850	\$ 175,769	\$ 24,475	\$ 17,371	\$ 219,324	\$ 193,141

MANAGEMENT'S DISCUSSION AND ANALYSIS

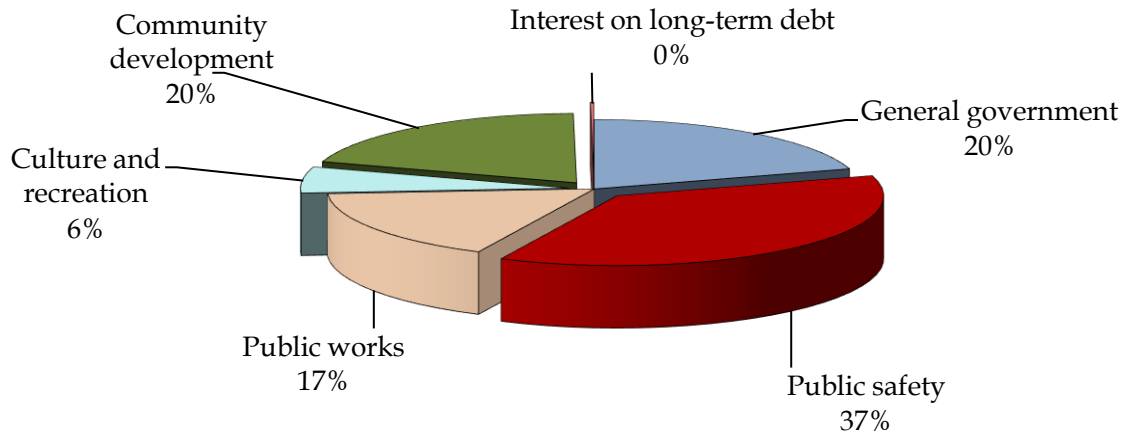
Statement of Activities – Governmental

Governmental activities change in net position equals \$19.1 million compared to prior year net change of \$15.3 million; an increase of \$3.8 million. A depiction of sources and types of governmental activities revenues and expenses are illustrated in the following charts:

Governmental Activities Revenues by Source



Governmental Activities Expenses by Type



MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities - Governmental, continued

- Total revenues before transfers equal \$61.1 million; an increase of \$16.8 million (37.8%) over the prior year revenues of \$44.3 million. The increase in revenues is primarily comprised of increases in operating grants and contributions (\$10.3M), property tax revenues (\$4.1M) and investment earnings (\$4.3M) offset by a decrease in capital grants and contributions (\$3.4M). The increase in operating grants and contributions are primarily attributable to a one-time award of the HCD affordable housing grant (\$8M). The increase in property tax revenues is due mainly from an increase in property tax in lieu of VLF (\$2.6M) and an increase from the tax increments of the former RDAs (\$1.2M). The increase in investment earnings is primarily due to higher interest earnings as a result of the feds interest rate hike. The decrease in capital grants and contributions are directly related to a decrease in reimbursement requests submitted to the granting agencies related to major capital project.
- Total expenses equal \$35.8 million, an increase of \$6.7 million (23%) over the prior year expenses of \$29.1 million. The increase in expenses is primarily come from community development (\$2.2), public safety (\$1.9M), and general government (\$1.5M). Of the \$2.2 million increase in community development, \$1.7 million is related to local match funding contributions to the Housing Endowment and Regional Trust of San Mateo County (HEART) to support an affordable housing project. The increases in public safety and general government are primarily due to increases in personnel costs including pension expenses.

Statement of Activities - Business-type

- Business-type activities change in net position totaled \$7.1 million compared to previous fiscal year of \$0.4 million. The difference in change in net position is primarily comprised of water services (\$6.7M).
- Total revenues before transfers equal \$4.6 million, an increase of \$0.4 million from prior year revenues of \$4.2 million. The change mainly consists of an increase in investment earnings (\$0.7M), offset by decreases in operating grants and contributions (\$0.2M) and capital grants and contributions (\$0.2M).
- Total expenses before transfers equal \$3.8 million which has barely changed from the prior year as there was no significant change in the enterprise operations.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, and Capital Project Funds.

At June 30, 2023, the City's governmental funds reported combined fund balances of \$122.9 million, an increase of \$14.6 million in comparison with the prior year. Of this amount, \$32.6 million, or 26.5%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form or not spendable because it is legally required to be maintained intact, \$2.9 million; (2), restricted for particular purposes, \$52.0 million; (3) committed for particular purposes, \$22.3 million; or (4) assigned for particular purposes, \$13.1 million.

Analysis of Individual Funds

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32.8 million, while total fund balance increased to \$53.8 million. The remaining fund balance consists of nonspendable (\$2.9M), restricted (\$0.04M), committed (\$11.8M), or assigned (\$6.2M). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 107% of total general fund expenditures, while total fund balance represents 176% of that same amount.

The fund balance of the City's general fund increased by \$5.3 million during the current fiscal year. The increase was due primarily to a combination of the increases in various revenue categories including property tax revenues (\$4.0M), investment earnings (\$2.2M), grants and intergovernmental (\$1.8M), sales tax (\$0.7M) and TOT revenues (\$0.6M) offset by a notable increase in public safety personnel costs (\$3.4M) in the general fund. It's because significant amount of police department personnel costs were partially funded by and accounted in ARPA fund in the prior year whereas the current year allocation to ARPA fund of such costs was reduced to \$0.9 million. The current year revenues over the expenditures before transfers was reported at \$8.0 million, no notable change from the prior year.

The capital projects fund, a major fund, had a \$2.7 million increase in fund balance during the current fiscal year which put the overall fund balance to \$18.6 million. The fund reports an assigned fund balance, \$6.9 million comprised of encumbrances, restricted by funding sources for \$1.3 million, and committed, \$10.4 million for flood preventative projects and other capital projects. The increase in fund balance was caused mainly by a timing difference between the revenues and expenditures related to reimbursement basis capital grants; the City received approximately \$4.0 million from such grant reimbursements in the current year compared to the previous year receipt of \$0.6 million. Depending on the timing, however, those grant reimbursements are typically for the capital expenditures incurred in the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The housing in-lieu fund, a major special revenue fund, had a \$6.7 million increase in fund balance during the current fiscal year which increased the ending fund balance to \$13.3 million. The entire fund balance is classified as restricted fund balance. The primary reason for the increase is directly related to a one-time contribution from the State HCD to support an affordable housing project for \$8.0 million offset by a related transfer of \$1.5 million. The remaining funds, \$6.5 million, are scheduled to be expended in the next fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail. Unrestricted net position of the water service fund at the end of the year was \$6.2 million and for the garbage collection was \$1.5 million. The total growth in net position for each of the funds was \$7.0 million and \$0.1 million, respectively. As noted earlier in the discussion of business-type activities, the difference in change in net position in the water service fund is due primarily to transfers from various funds to support an upcoming water infrastructure project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total adopted revenues (before transfers) of \$29.4 million increased \$9.3 million to final amended revenues of \$38.7 million. Major revenue amendments include increases in property tax revenues (\$3.2M), grants and intergovernmental (\$2.7M), miscellaneous revenues (\$2.3M), TOT revenue (\$0.5M), and investment incomes (\$0.4M). The change in property tax revenue was mainly reflected on a new positive finding related to a projected shortfall and the state backfill of property tax in lieu of VLF revenues. The change of miscellaneous revenue projection was due to expected changes in developer reimbursements. The TOT revenue projection was amended due to a more than expected recovery from the pandemic. The change of investment income projection was directly related to the positive fixed income market trends as a result of the series of federal interest rate hikes. The amendments also include an increase in grants and intergovernmental related to a one-time contribution received from the County for the library project (\$1.8M).

Total adopted expenditures (before transfers) of \$28.5 million increased \$9.7 million to final amended expenditures of \$38.2 million. The amendment is due mainly to a combination of the encumbrances carried forward from the previous year (\$2.2M) and the purchase of a parcel for the future library location (\$3.3M).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Following are the main components of the differences between final amended budget and actual results:

- Actual revenues total \$38.7 million, approximately equal to the amended budget of \$38.7 million. On an individual revenue category basis, however, there are some differences between the actual results and the amended budget throughout several revenue categories; all actual tax revenue categories exceeded the respective amended budget totaling \$2.0 million. The excess of actual tax revenues is primarily due to conservative approach in projection due to the lingering impact from pandemic and the potential recession concerns. Additionally, the overperforming revenues are offset by unexpected shortages in some revenue categories such as charges for services (\$0.4M), miscellaneous revenues (\$1.4M), grants and intergovernmental (\$0.8M).
- Actual expenditures total \$30.7 million, approximately \$7.5 million less than the amended budget of \$38.2 million. Of this amount, approximately \$3.7 million is due to staff vacancy savings; \$1.7 million is due to planned but incomplete professional and technical services across departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets for governmental and business-type activities balance as of June 30, 2023, total \$88.4 million (net of accumulated depreciation/amortization), a net increase of \$6.5 million (7.9%) over the prior year. Almost all of the increase is attributable from governmental activities. Total capital assets include land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

Capital assets, net of accumulated depreciation and amortization, for the governmental and business-type activities are as follows:

June 30, 2023
(Dollars in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 7,319	\$ 4,059	\$ 5,264	\$ 5,264	\$ 12,582	\$ 9,323
Buildings and Improvements	20,267	20,252	11,212	11,212	31,479	31,464
Right-to-use Buildings	2,307	2,307	127	127	2,434	2,434
Construction in Progress	6,601	2,035	1,144	842	7,745	2,877
Furnishings & Equipment	2,269	2,183	-	-	2,269	2,183
Vehicles	3,062	2,984	-	-	3,062	2,984
Street and Roadways	80,594	78,985	-	-	80,594	78,985
Storm Drain System	6,738	6,738	-	-	6,738	6,738
Less: Accumulated Depreciation	(52,790)	(49,680)	(5,675)	(5,364)	(58,464)	(55,044)
Total	\$ 76,367	\$ 69,863	\$ 12,072	\$ 12,081	\$ 88,439	\$ 81,944

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital assets events during the current fiscal year included the following:

Governmental Activities

Capital assets increased \$6.5 million and is primarily comprised of \$4.6 million construction in progress related to street and roadways, \$1.5 million additions to newly completed street and roadways, and \$3.3 million acquisition of the future library parcel offset by \$3.1 million depreciation expenses.

Business-Type Activities

Capital assets has barely changed from the prior year in the business-type activities. There were small additions to construction in progress related to water infrastructure and water meter projects (\$0.3M) offset by depreciation expenses (\$0.3M).

For government-wide financial statements presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year utilizing a half-year convention. Fund financial statements record capital assets purchases as expenditures. The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Additional information about capital assets can be found in Note 5 to the financial statements.

Debt Administration

Historically, the City has engaged in limited debt-financing activity due to reliance on outside grant and former redevelopment funding for major infrastructure improvements. This is due to several factors, including that the City owns minimal property assets that are easily debt-leveraged, and has not engaged in ad valorem or assessment district funding or other parcel tax-related capital funding since Redevelopment dissolution. Additionally, with the dissolution of the former RDA, the Successor Agency fiduciary fund assumed the long-term term debt of the former RDA.

Business-type debt consists of a \$0.6M note payable related to funding the Gloria Way Well project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While California's COVID-19 State of Emergency ended on February 28, 2023, new economic challenges have emerged. On a macro-economic level, the City faces significant economic challenges, including supply chain disruption, wars in Ukraine and the Middle East, high inflation and interest rates, and contractions in the local labor force, especially in the tech industry. Current economic concerns revolve around the Federal Reserve's approach to the implementation of monetary policy to lower high inflation and how higher interest rates will impact the national and local economy over the next two years. The following economic factors were considered in the preparation of the City's budget for fiscal year 2023-24:

Near-term general revenue growth trajectory is stagnant as the known major drivers such as taxable development and significant property portfolio turnover are not expected in the near future for property tax revenues and as other tax revenues such as sales taxes and TOT are at risk of low-growth due to expected economic slowdown or recession accompanied by high inflation.

- Property tax projection is unusually uncertain primarily due to evolving property tax in lieu issues caused by the County's negative ERAF condition and unknown recovery by the State's backfill.
- Transient occupancy tax has recognized significant recovery in FY2022-23 yet has only reached 73% of the pre-pandemic figures. Due to the changes in business meeting culture and office working environment, uncertainty exists in the projection and recovery is expected to continue in slower pace.
- City will experience long-term cost pressures across various activity due to historical under-investment in aged infrastructure; staff resource challenges, rising personnel costs; operational costs of new infrastructure and facilities; and increases in professional and outside services due to high inflation.
- The City has reserves available to maintain stable service delivery during FY 2023-24 and enable implementation of a strategic and prioritized budget plan. Additionally, temporary suspension of certain capital and operating transfers; delay of non-essential project initiation, and strategic utilization of general fund unassigned reserves will provide near-term stability required to plan for more durable service delivery decisions in order to address resource constraints and uncertainty over an extended period.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to ensure transparency relative to city fiscal operations. If you have questions about this report or need additional financial information, contact the City's Finance Department, East Palo Alto Government Center, 2415 University Avenue, East Palo Alto, CA 94303.

City of East Palo Alto
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 110,238,322	\$ 18,414,842	\$ 128,653,164
Restricted cash and investments with fiscal agents	307,861	193,760	501,621
Receivables:			
Accounts receivable	2,751,971	263,510	3,015,481
Interest receivable	998,347	138,788	1,137,135
Taxes receivable	1,609,926	-	1,609,926
Intergovernmental receivables	6,077,487	-	6,077,487
Deposits and prepayments	63,457	-	63,457
Internal balances	2,406,005	(2,406,005)	-
Total current assets	<u>124,453,376</u>	<u>16,604,895</u>	<u>141,058,271</u>
Noncurrent assets:			
Loans to Successor Agency	2,354,766	-	2,354,766
Loans and notes receivable	7,082,505	-	7,082,505
Capital assets:			
Capital assets not being depreciated	13,919,845	6,408,018	20,327,863
Capital assets, net of accumulated depreciation/amortization	62,447,364	5,664,435	68,111,799
Total capital assets	<u>76,367,209</u>	<u>12,072,453</u>	<u>88,439,662</u>
Total noncurrent assets	<u>85,804,480</u>	<u>12,072,453</u>	<u>97,876,933</u>
Total assets	<u>210,257,856</u>	<u>28,677,348</u>	<u>238,935,204</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	2,444,429	21,660	2,466,089
Deferred outflows of resources - pension	5,226,048	46,308	5,272,356
Total deferred outflows of resources	<u>7,670,477</u>	<u>67,968</u>	<u>7,738,445</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,906,848	905,740	2,812,588
Accrued liabilities	933,721	10,772	944,493
Retentions payable	218,719	-	218,719
Unearned revenue	1,006,786	-	1,006,786
Compensated absences	235,149	-	235,149
Claims payable	114,127	-	114,127
Notes payable	-	23,333	23,333
Leases payable	485,352	27,402	512,754
Total current liabilities	<u>4,900,702</u>	<u>967,247</u>	<u>5,867,949</u>
Noncurrent liabilities:			
Deposits payable	1,156,976	26,360	1,183,336
Advances from developers	100,891	2,510,046	2,610,937
Compensated absences	690,817	-	690,817
Claims payable	152,022	-	152,022
Notes payable	-	583,335	583,335
Leases payable	942,495	49,970	992,465
Net pension liability	14,600,800	129,375	14,730,175
Total noncurrent liabilities	<u>17,644,001</u>	<u>3,299,086</u>	<u>20,943,087</u>
Total liabilities	<u>22,544,703</u>	<u>4,266,333</u>	<u>26,811,036</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	533,776	4,729	538,505
Total deferred inflows of resources	<u>533,776</u>	<u>4,729</u>	<u>538,505</u>
NET POSITION			
Net investment in capital assets	74,583,002	11,212,431	85,795,433
Restricted for:			
Streets and Infrastructure	16,118,821	-	16,118,821
Parks and Recreation	343,811	-	343,811
Measure C Program	138,450	-	138,450
Housing Programs	31,773,804	-	31,773,804
Special Programs	2,529,780	-	2,529,780
Capital Projects	7,172,849	5,589,148	12,761,997
Total restricted	<u>58,077,515</u>	<u>5,589,148</u>	<u>63,666,663</u>
Unrestricted	62,189,337	7,672,675	69,862,012
Total net position	<u>\$ 194,849,854</u>	<u>\$ 24,474,254</u>	<u>\$ 219,324,108</u>

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Statement of Activities
June 30, 2023

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:								
Governmental activities:								
General government	\$ 7,264,421	\$ 12,786	\$ 132,087	\$ -	\$ 144,873	\$ (7,119,548)	\$ -	\$ (7,119,548)
Public safety	13,158,656	323,391	3,943,980	-	4,267,371	(8,891,285)	-	(8,891,285)
Public works	5,995,606	172,677	1,801,993	3,414,258	5,388,928	(606,678)	-	(606,678)
Culture and recreation	2,170,071	27,294	197,522	-	224,816	(1,945,255)	-	(1,945,255)
Community Development	7,099,055	2,367,939	9,841,360	-	12,209,299	5,110,244	-	5,110,244
Interest on long-term debt	73,997	-	-	-	-	(73,997)	-	(73,997)
Total governmental activities	35,761,806	2,904,087	15,916,942	3,414,258	22,235,287	(13,526,519)	-	(13,526,519)
Business-type activities:								
Garbage Collections	2,940,594	3,030,827	-	-	3,030,827	-	90,233	90,233
Water Services	813,827	1,189,481	-	44,963	1,234,444	-	420,617	420,617
Total business-type activities	3,754,421	4,220,308	-	44,963	4,265,271	-	510,850	510,850
Total primary government	\$ 39,516,227	\$ 7,124,395	\$ 15,916,942	\$ 3,459,221	\$ 26,500,558	(13,526,519)	510,850	(13,015,669)
General Revenues:								
Taxes:								
						20,957,659	-	20,957,659
						6,394,903	-	6,394,903
						1,936,239	-	1,936,239
						2,223,732	-	2,223,732
						1,768,500	-	1,768,500
						1,782,881	-	1,782,881
						35,063,914	-	35,063,914
						2,296,615	351,464	2,648,079
						1,487,771	-	1,487,771
						(6,241,000)	6,241,000	-
						32,607,300	6,592,464	39,199,764
						19,080,781	7,103,314	26,184,095
						175,769,073	17,370,940	193,140,013
						\$194,849,854	\$ 24,474,254	\$219,324,108

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund is the primary operating fund of the City and accounts for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, highway and street, culture and recreation, and community development. This fund accounts for all financial transactions not accounted for in other governmental funds.

Housing in Lieu Special Revenue Fund accounts for developer fees in lieu of providing affordable housing and the expenditures related to affordable housing development activities.

Capital Improvements Capital Projects Fund accounts for capital project improvement revenues and expenditures financed by various sources primarily Federal and State grants, General Fund transfers, and community benefit payments for related capital projects.

Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

City of East Palo Alto
Balance Sheet
June 30, 2023

	General	Housing In-lieu Fund	Capital Improvements Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 49,487,943	\$ 13,214,527	\$ 19,148,159	\$ 28,387,693	\$110,238,322
Restricted cash and investments	-	100	307,761	-	307,861
Receivables:					
Accrued interest	370,407	99,055	129,822	399,063	998,347
Taxes	1,475,354	-	-	134,572	1,609,926
Intergovernmental	140,071	-	5,391,607	545,809	6,077,487
Accounts receivable	2,582,606	-	-	169,365	2,751,971
Deposits and prepayments	63,457	-	-	-	63,457
Due from other funds	105,387	-	-	-	105,387
Advances to other funds	457,645	-	-	1,948,360	2,406,005
Loans to Successor Agency	2,354,766	-	-	-	2,354,766
Loans and notes receivable	-	-	-	7,082,505	7,082,505
Total assets	\$ 57,037,636	\$ 13,313,682	\$ 24,977,349	\$ 38,667,367	\$133,996,034
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,218,256	\$ -	\$ 429,244	\$ 259,348	\$ 1,906,848
Retentions payable	-	-	102,661	116,058	218,719
Deposits payable	1,151,976	-	5,000	-	1,156,976
Other accrued liabilities	655,265	-	-	278,456	933,721
Unearned revenue	128,630	-	862,761	15,395	1,006,786
Due to other funds	-	-	-	105,387	105,387
Advances from developers	-	-	100,891	-	100,891
Total liabilities	3,154,127	-	1,500,557	774,644	5,429,328
Deferred inflows of resources:					
Unavailable revenues	96,829	-	4,898,960	700,458	5,696,247
Fund Balances: (Note 9)					
Nonspendable	2,875,868	-	-	-	2,875,868
Restricted	38,659	13,313,682	1,273,906	37,398,661	52,024,908
Committed	11,844,496	-	10,414,734	-	22,259,230
Assigned	6,218,971	-	6,889,192	-	13,108,163
Unassigned	32,808,686	-	-	(206,396)	32,602,290
Total fund balances	53,786,680	13,313,682	18,577,832	37,192,265	122,870,459
Total liabilities, deferred inflows of resources, and fund balances	\$ 57,037,636	\$ 13,313,682	\$ 24,977,349	\$ 38,667,367	\$133,996,034

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Reconciliation of the Governmental Funds Balance Sheet
To the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds \$ 122,870,459

Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Total Fund Balances - Governmental Funds above due to the following:

Governmental funds report capital outlays as expenditures. In the Government-wide financial statements, the cost of assets are capitalized and depreciated over the estimated useful lives of the assets and reported as depreciation expense. The capital assets, net of depreciation, are adjusted as follows:

Capital assets not being depreciated	13,919,845
Capital assets, net of accumulated depreciation/amortization	<u>62,447,364</u>
Total capital assets	<u>76,367,209</u>

Employer pension contributions are recorded as expenditures in the Governmental funds when paid based upon recommended actuarial contributions. In the Government-wide financial statements, these employer pension contributions are reported as deferred outflows of resources, to be applied against the net pension liability in the following fiscal year.	2,444,429
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In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension, changes in assumptions, differences between actual and projected investment earnings, and differences resulting from changes in allocation percentages are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.

Deferred outflows of resources - pension	5,226,048
Deferred inflows of resources - pension	(533,776)

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	5,696,247
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Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet.

Compensated absences	(925,966)
Claims payable	(266,149)
Lease payable	(1,427,847)
Net pension liability	<u>(14,600,800)</u>
Total long-term liabilities	<u>(17,220,762)</u>

Net Position of Governmental Activities \$ 194,849,854

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Housing In-lieu Fund	Capital Improvements Capital Projects Fund	Non-Major Governmental Funds	
REVENUES:					
Property taxes	\$ 19,892,870	\$ -	\$ -	\$ 1,064,789	\$ 20,957,659
Sales taxes	6,394,903	-	-	1,146,689	7,541,592
Transient occupancy tax	1,778,986	-	-	444,746	2,223,732
Utility users tax	1,936,239	-	-	-	1,936,239
Other taxes	1,785,985	-	-	3,114,401	4,900,386
Licenses, fees and permits	1,711,468	-	-	23,016	1,734,484
Charges for services	654,775	-	-	733,128	1,387,903
Fines and forfeitures	379,861	-	-	-	379,861
Use of money and property	1,197,455	200,338	534,875	870,325	2,802,993
Grants and intergovernmental	1,976,920	8,000,000	3,956,194	4,190,696	18,123,810
Miscellaneous	975,524	-	-	-	975,524
Total revenues	38,684,986	8,200,338	4,491,069	11,587,790	62,964,183
EXPENDITURES:					
Current:					
General government	5,629,764	30,160	81,862	904,297	6,646,083
Public safety	11,499,595	-	-	1,172,364	12,671,959
Public works	3,480,723	-	5,652	703,294	4,189,669
Culture and recreation	1,146,466	-	281,387	126,064	1,553,917
Community development	4,008,802	471	-	2,991,923	7,001,196
Capital outlay	4,419,476	-	2,833,805	2,361,099	9,614,380
Debt service:					
Principal	439,791	-	-	12,886	452,677
Interest	71,891	-	-	2,106	73,997
Total expenditures	30,696,508	30,631	3,202,706	8,274,033	42,203,878
REVENUES OVER (UNDER) EXPENDITURES	7,988,478	8,169,707	1,288,363	3,313,757	20,760,305
OTHER FINANCING SOURCES (USES):					
Transfers in	2,600,140	-	1,414,734	1,118,364	5,133,238
Transfers out	(5,274,098)	(1,500,000)	-	(4,600,140)	(11,374,238)
Total other financing sources (uses)	(2,673,958)	(1,500,000)	1,414,734	(3,481,776)	(6,241,000)
Net change in fund balances	5,314,520	6,669,707	2,703,097	(168,019)	14,519,305
FUND BALANCES:					
Beginning of year	48,472,160	6,643,975	15,874,735	37,360,284	108,351,154
End of year	<u>\$ 53,786,680</u>	<u>\$ 13,313,682</u>	<u>\$ 18,577,832</u>	<u>\$ 37,192,265</u>	<u>\$ 122,870,459</u>

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 14,519,305
<p>Amounts reported as Change in Net Position of governmental activities in the Statement of Activities are different from those reported as Net Change in Fund Balances - Total Governmental Funds above due to the following:</p>	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	9,614,380
Depreciation and amortization expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.	(3,109,353)
Accrued compensated absences is reported as an expenditure in the Governmental funds when paid, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(12,924)
Payments on existing claims against the City are recorded as expenditures in governmental funds, but the payment reduced long-term liabilities in the Government-Wide Statement of Net Position. Expenses related to new claims and changes in claim estimates do not require the use of current financial resources and therefore are not reported as an expenditure in Governmental funds.	(86,149)
Principal payments on lease liabilities are current expenditures in the fund financials, but reduce the lease liability in the Government-Wide Statement of Net Position	452,677
Current year employer pension contributions are recorded as expenditures in the Governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	78,358
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(494,917)
Grant and tax revenues that do not meet the revenue recognition criteria in the governmental funds but are recognized as revenue in the Government-Wide Financial Statements.	(1,880,596)
Change in Net Position of Governmental Activities	<u>\$ 19,080,781</u>

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Garbage Collection Fund accounts for the certain activities associated with garbage collection services.

Water Service Fund accounts for activities related to water lease and capital improvement surcharge revenues utilized to improve and expand the City's water system infrastructure.

City of East Palo Alto
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities		
	Water Service	Garbage Collection	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	\$ 16,249,140	\$ 2,165,702	\$ 18,414,842
Cash with fiscal agents	193,760	-	193,760
Accrued interest	123,151	15,637	138,788
Accounts receivable, net	209,419	54,091	263,510
Total current assets	<u>16,775,470</u>	<u>2,235,430</u>	<u>19,010,900</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	6,408,018	-	6,408,018
Depreciable, net	5,664,435	-	5,664,435
Total capital assets	<u>12,072,453</u>	<u>-</u>	<u>12,072,453</u>
Total noncurrent assets	<u>12,072,453</u>	<u>-</u>	<u>12,072,453</u>
Total assets	<u>28,847,923</u>	<u>2,235,430</u>	<u>31,083,353</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	32,026	35,942	67,968
Total deferred outflows of resources	<u>32,026</u>	<u>35,942</u>	<u>67,968</u>
LIABILITIES			
Current liabilities:			
Accounts payable	206,793	698,947	905,740
Other accrued liabilities	10,772	-	10,772
Note payable	23,333	-	23,333
Lease payable	27,402	-	27,402
Total current liabilities	<u>268,300</u>	<u>698,947</u>	<u>967,247</u>
Noncurrent liabilities:			
Deposits payable	26,360	-	26,360
Advances from developers	2,510,046	-	2,510,046
Advances from other funds	2,406,005	-	2,406,005
Note payable	583,335	-	583,335
Lease payable	49,970	-	49,970
Net pension liability	60,959	68,416	129,375
Total noncurrent liabilities	<u>5,636,675</u>	<u>68,416</u>	<u>5,705,091</u>
Total liabilities	<u>5,904,975</u>	<u>767,363</u>	<u>6,672,338</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	2,228	2,501	4,729
Total deferred inflows of resources	<u>2,228</u>	<u>2,501</u>	<u>4,729</u>
NET POSITION			
Net investment in capital assets	11,212,431	-	11,212,431
Restricted for:			
Capital projects	5,589,148	-	5,589,148
Unrestricted	6,171,167	1,501,508	7,672,675
Total net position	<u>\$ 22,972,746</u>	<u>\$ 1,501,508</u>	<u>\$ 24,474,254</u>

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended on June 30, 2023

	Business-type Activities		
	Water Service	Garbage Collection	Total Enterprise Funds
OPERATING REVENUES:			
Charges for services and other fees	\$ 815,277	\$ 2,733,991	\$ 3,549,268
Other	374,204	296,836	671,040
Total operating revenues	1,189,481	3,030,827	4,220,308
OPERATING EXPENSES:			
Outside services	315,716	2,803,453	3,119,169
Administration	187,459	137,141	324,600
Depreciation	310,652	-	310,652
Total operating expenses	813,827	2,940,594	3,754,421
OPERATING INCOME	375,654	90,233	465,887
NONOPERATING REVENUES (EXPENSES):			
Interest income	302,662	48,802	351,464
Total nonoperating revenues (expenses)	302,662	48,802	351,464
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	678,316	139,035	817,351
Capital contributions	44,963	-	44,963
Transfers in	6,241,000	-	6,241,000
Change in net position	6,964,279	139,035	7,103,314
NET POSITION			
Beginning of year	16,008,467	1,362,473	17,370,940
End of year	\$ 22,972,746	\$ 1,501,508	\$ 24,474,254

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Statement of Cash Flows
Proprietary Funds
For the Year Ended on June 30, 2023

	Business-type Activities		
	Water Service	Garbage Collection	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from others	\$ 374,204	\$ 296,836	\$ 671,040
Cash received from customers	704,251	2,703,233	3,407,484
Cash payments to suppliers for goods and services	(188,601)	(2,774,823)	(2,963,424)
Cash paid to employees and city administration	(145,865)	(102,166)	(248,031)
Net cash provided by operating activities	743,989	123,080	867,069
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	6,351,919	-	6,351,919
Acquisition of capital assets	(343,365)	-	(343,365)
Payment of leases	(25,547)	-	(25,547)
Repayments on advances from other funds	(4,388)	-	(4,388)
Repayments on advances from developers	(1,776)	-	(1,776)
Net cash (used in) capital and related financing activities	5,976,843	-	5,976,843
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	203,582	38,090	241,672
Net cash provided by investing activities	203,582	38,090	241,672
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,924,414	161,170	7,085,584
CASH AND CASH EQUIVALENTS - Beginning of year	9,518,486	2,004,532	11,523,018
CASH AND CASH EQUIVALENTS - End of year	\$ 16,442,900	\$ 2,165,702	\$ 18,608,602
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 16,249,140	\$ 2,165,702	\$ 18,414,842
Cash with fiscal agents	193,760	-	193,760
Total	\$ 16,442,900	\$ 2,165,702	\$ 18,608,602
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 375,654	\$ 90,233	\$ 465,887
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	310,652	-	310,652
Changes in assets and liabilities:			
Accounts receivable	(111,026)	(30,758)	(141,784)
Pension related deferred outflows of resources	(32,026)	(35,942)	(67,968)
Accounts payable	137,548	28,630	166,178
Net pension liabilities	60,959	68,416	129,375
Pension related deferred inflows of resources	2,228	2,501	4,729
Total adjustments	368,335	32,847	401,182
Net cash provided by operating activities	\$ 743,989	\$ 123,080	\$ 867,069
NON-CASH INVESTMENT AND FINANCING ACTIVITY:			
Forgiveness of long term debt	\$ 23,333	\$ -	\$ 23,333

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

Successor Agency Trust to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources held and administered under trust for the benefit of others. In January 2012, all California Redevelopment Agencies were dissolved pursuant to the Dissolution Act. As such, the City elected to serve as the Successor Agency (SA) of the former Redevelopment Agency. The SA is responsible for winding down the affairs of the former agency. This fund accounts for receipts and payments related to an Enforceable Obligation Schedule and the disposition of assets and property of the former Redevelopment Agency for the benefit of taxing agencies. The financial activities of the fund are excluded from the Government-wide financial statements but are presented in the separate Fiduciary Fund financial statements.

City of East Palo Alto
Statement of Net Position
Fiduciary Funds
June 30, 2023

	Successor Agency Trust Fund
ASSETS	
Current assets	
Cash and investments	\$ 1,757,743
Receivables:	
Interest receivable	28,513
Total current assets	1,786,256
Total assets	1,786,256
LIABILITIES	
Liabilities:	
Current liabilities	
Other accrued liabilities	123,638
Loans payable to City	1,987,048
Bonds payable	1,085,000
Total current liabilities	3,195,686
Noncurrent liabilities	
Loans payable to City	367,718
Bonds payable	11,980,000
Total noncurrent liabilities	12,347,718
Total liabilities	15,543,404
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding	123,013
NET POSITION	
Held in trust for dissolution of RDA	(13,880,161)
Total net position	\$ (13,880,161)

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Statement of Changes in Net Position
Fiduciary Funds
June 30, 2023

	Successor Agency Trust Fund
ADDITIONS:	
RDA property tax trust fund distribution	\$ 3,336,401
Use of money and property	79,136
Total additions	<u>3,415,537</u>
DEDUCTIONS:	
General government	42,879
Interest and fiscal charges	490,751
Total Deductions	<u>533,630</u>
Change in net position	2,881,907
NET POSITION:	
Beginning of year	<u>(16,762,068)</u>
End of year	<u><u>\$ (13,880,161)</u></u>

See accompanying Notes to Basic Financial Statements.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of East Palo Alto, California (City) 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 City's accounting policies are described below.

A. *Financial Reporting Entity*

The City of East Palo Alto (City) was incorporated in 1983, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City uses the City Council/Manager form of government. The local government is comprised of five Council members who are elected every four years and act under powers granted under State law. The City provides a variety of services including general administration; police public safety; street/highway, storm drain, streetlight, and park maintenance; community development, and community services, including rent control services.

The basic financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City has no discretely presented component units. The blended component unit has a June 30 year-end. The following entity is reported as a blended component unit:

The East Palo Alto Public Financing Authority - The East Palo Alto Public Financing Authority (Authority) was organized in October 1999 under a joint exercise of power agreement to provide financing for public improvements for the City and the former East Palo Alto Redevelopment Agency (former Agency). The Authority and the City have a financial and operational relationship, which requires that the Authority's financial statements be blended into the City's financial statements. The Authority's Board consists exclusively of all members of the City Council. Separate financial statements of the Authority are not prepared. There are currently no reportable financial transactions of the Authority.

B. *Basis of Accounting and Measurement Focus*

The accounts of the City are organized on a fund basis, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out activities or certain objectives in accordance with specific regulations, restrictions, or limitation. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

The financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services.
- Operating grants and contributions.
- Capital grants and contributions.

Certain eliminations have been made related to inter-fund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds.
- Transfers in/out.

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The City reports the following funds as major governmental funds of the City:

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Housing in Lieu Special Revenue Fund accounts for developer fees in lieu of providing affordable housing and the expenditures related to affordable housing development activities.

Capital Improvements Capital Projects Fund accounts for capital project improvement revenues and expenditures financed by various sources, primarily Federal and State grants, General Fund transfers, and capital-related community benefit receipts.

The City reports the following governmental funds as non-major governmental funds of the City:

NPDES Fees Special Revenue Fund accounts for the revenues and expenditures from assessments levied on property in the City in compliance with the provisions of the National Pollutant Discharge Elimination System for prevention of storm water and flood related damage.

Gas Tax Special Revenue Fund accounts for funds received from the State of California to use for street and highway related projects.

Federal and State Law Enforcement Special Revenue Fund accounts for the receipt and use of State and Federal law enforcement related grant money.

Park in Lieu Special Revenue Fund accounts for park in lieu fees collected from developers.

Rent Stabilization Special Revenue Fund accounts for revenues and expenditures to support rent stabilization activities.

Federal and State Grants Special Revenue Fund accounts for grant money received and expended from various Federal and State government grants.

Housing Assistance Special Revenue Fund accounts for first time home buyer assistance program activities.

Measure A Special Revenue Fund accounts for the City's share of Measure A revenues and expenditures. Measure A is a half-cent sales tax to support countywide (San Mateo County) transportation projects and programs.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

CYSFF TOT Special Revenue Fund accounts for 10% of transient occupancy taxes collected as approved by voters and the City Council approved funding for various non-profit organizations related to Children/Youth/Seniors/Family programs.

Lighting District Special Revenue Fund accounts for revenues (property taxes) and expenditures for the Ravenswood Highway Lighting District.

Drainage District Special Revenue Fund accounts for revenues (property taxes) and expenditures for the East Palo Alto Maintenance Drainage District.

Measure C Special Revenue Fund accounts for activities related to the Measure C Parcel tax. Measure C was an annual tax approved by the voters in November 2006 for a period of ten years. The remaining funds are to be used to support violence prevention and public safety intervention.

Local Grants Special Revenue Fund accounts for revenues and expenditures from local public and private grants including the C/CAG Shuttle and the CA Endowment grants.

Silicon Valley Community Foundation (SVCF) Special Revenue Fund accounts for gift monies from the Silicon Valley Community Foundation to be used for the purpose of incentivizing the development of affordable housing within the City. Up to \$2,000,000 was authorized for an inter-fund Advance to provide monies to purchase certain water rights. Remaining funds are restricted to pay a minimum amount of \$500,000 for an affordable housing manager over a minimum period of five years.

Low- and Moderate-Income Housing Successor Special Revenue Fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

Housing TOT Special Revenue Fund accounts for 10% set-aside of transient occupancy taxes collected as approved by voters, and the expenditures related to affordable housing development activities.

Measure HH Special Revenue Fund accounts for the revenues and expenditures of Measure HH-Parcel tax. Measure HH was approved by the voters in November 2018. The tax is annual parcel tax and the funds are to be used for affordable and supportive housing programs, programs that facilitate access to job opportunities in the S.T.E.M. sectors, building trades, and strengthen First Source Hiring.

Measure W Special Revenue Fund accounts for the City's share of San Mateo County Measure W revenues and expenditures. Measure W is a half-cent sales tax to support countywide transportation projects and programs.

ARPA Fund accounts for the federal payments to the City from the American Rescue Plan Act passed in March 2021.

CIP Impact Fees Capital Project Fund accounts for various development impact fees collected by the City for capital related activities.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the Garbage Collection and Water Service enterprise funds as proprietary funds of the City.

Water Service Fund accounts for the certain activities related to water lease and capital surcharge revenues utilized to improve and expand the City’s water system infrastructure.

Garbage Collection Fund accounts for the activities associated with garbage collection services.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary funds:

Successor Agency Private Purpose Trust Fund – accounts for assets and liabilities held by the City pursuant to California Redevelopment Dissolution Law whereby the City elected to serve as the Successor Agency of the former Agency effective February 1, 2012. The Successor Agency serves as custodian for the assets of, and winding down affairs related to, the former Agency. The Successor Agency is allocated revenues necessary to pay enforceable obligations of the former Agency. The activities of the fund are excluded from the Government-wide financial statements but are presented in the separate Fiduciary fund financial statements.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 31)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents under the provisions of bond indentures or trust arrangements. The City's Investment Policy does not apply to trust accounts held by the fiscal agents, which are invested as directed by separate trust arrangements.

D. Prepayments

Payments made for services that will benefit periods beyond fiscal year end are recorded as prepaid items. In the governmental fund types, there is a portion of non-spendable fund balance equal to the total prepaid items since these are not available for appropriation.

E. Capital Assets

Capital assets used in governmental fund operations, including infrastructure assets (i.e. roads, curbs, gutters, bridges, sidewalks, drainage systems, lighting systems, and other assets) are reflected in the government-wide financial statements, along with related depreciation. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated life more than one year. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date donated. Capital assets acquired under lease or purchase agreements are capitalized when the City accumulates an ownership equity in the assets acquired.

The purpose of depreciation is to allocate the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method whereby the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Infrastructure	7-55 years
Buildings and Improvements	30 years
Furniture, Fixture, and Equipment	5-10 years
Automobiles and Trucks	10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Unearned revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-wide Financial Statements are prepaid fees and charges for services.

G. Long-Term Debt

Government-wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, if any, are amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Financial Statements – The governmental fund financial statements do not report long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

Premiums and discounts related to debt issuance are recognized during the current period as other financing sources or uses. Proceeds from debt issuance are reported as other financing sources.

Lease Liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

H. Property Taxes

State Constitution Article XIII A provides for a maximum general property tax rate statewide of \$1.00 per \$100, or one percent (1%) of assessed value unless an additional override tax rate is levied to pay voter-approved indebtedness. At the time of transfer of ownership, assessed value is calculated at 100% of market value as defined by Article XIII A; otherwise assessed value is applied to the adjusted 1975-76 value of the property plus new construction value added after the 1975-76 valuation. Taxable values on properties can rise or be adjusted at the lesser 2% per year or the inflation rate as determined by the Board of Equalization California Consumer Price Index.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Property Taxes, Continued

The State Legislature has determined the method of distribution of receipts from a \$1.00 tax levy among the counties, cities, school districts and other districts. Counties, cities, school districts and other special districts, may levy such additional tax rate as is necessary to provide for voter-approved debt. The County of San Mateo assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	On or before November 1	July 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

K. Deferred Outflows/Inflows of Resources

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

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

L. Net Position

Government-Wide Financial Statements

In the Government-wide Financial Statements, net position is classified in the following categories:

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

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted - This amount is the net position balance that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Balance

Nonspendable Fund Balances

Non-spendable balances consist of amounts that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then non-spendable amounts are required to be presented as a component of the applicable category.

Restricted Fund Balances

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included with spendable resources.

Committed Fund Balances

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Encumbrances and nonspendable amounts subject to Council commitments are included with spendable resources.

Assigned Fund Balances

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances and non-spendable balance when it is the City's intent to use proceeds or collections for a specific purpose. The City Council is the only entity that has authority to make assignments of fund balance. The City Council has not delegated the authority to make assignments of fund balance.

Unassigned Fund Balance

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Hierarchy of Expenditures to Classify Fund Balance Amounts

For expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

Minimum Fund Balance Policies

The City's Reserve Management Policy requires that the City maintain a contingency reserve balance targeting 30% of adopted general fund expenditures including recurring transfers in the unassigned general fund balance.

City of East Palo Alto
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Balances, Continued

On June 30, 2023, the General Fund reported \$32,808,686 in reserve which meets the City's minimum 30% requirement level of \$10,378,581. After the minimum fund balance requirement, the General Fund reserve fund balance is \$22,430,105.

M. Compensated Leave Payable

Compensated absences are primarily comprised of unpaid vacation leave which is accrued as earned. All full-time, regular employees are entitled to earn a minimum of 80-hours of vacation per year. The accrual rate increases as length of related service exceeds five years. Maximum accrual of vacation ranges from 288 hours to 320 hours depending on length of related service. For governmental funds, compensated leave payable is recorded as current and noncurrent liabilities and as expenses only on the Government-wide Financial Statements. Compensated absences are reported in governmental funds only if they have matured.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) 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. The liability for pension-related debt is primarily liquidated by the General Fund.

O. Use of Estimates

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts and the disclosure. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

A. *Summary of Cash and Investments*

The following is a summary of cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities		
Cash Investments	\$ 110,238,322	\$ 18,414,842	\$ 1,757,743	\$ 130,410,907
Restricted cash and investments	307,861	193,760	-	501,621
Total cash and investments	\$ 110,546,183	\$ 18,608,602	\$ 1,757,743	\$ 130,912,528

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

Deposits:	
Cash on hand	\$ 10,800
Deposits with Financial Institution	3,998,970
Total Deposits	\$ 4,009,770
Investments:	
Local Agency Investment funds	64,087,918
San Mateo Investment Pool	62,313,219
Total investments	126,401,137
Total City Treasury	130,410,907
Restricted cash and investments:	
Cash with fiscal agent	501,621
Total restricted Cash and Investments	501,621
Total cash and investments	\$ 130,912,528

2. CASH AND INVESTMENTS, Continued

B. Deposits

The carrying amount of the City's cash deposits was \$3,998,970 at June 30, 2023. Bank balances before reconciling items were a positive amount of \$4,609,134 at June 30, 2023. The City has waived the collateral requirements for cash deposits up to the fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is held in the City's name. The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures or trust arrangements. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

C. Authorized Investments by the City

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City. The following also identifies certain provisions of the City and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This does not address the City's investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Entity's investment policy. Under the provisions of the City's investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type ****	Maximum Maturity	Maximum % Holdings*	Maximum % per Issuer	Maximum Rating**
Municipal Bonds	5 years	100%	5%	N/A
U.S. Treasuries and General Obligations	5 years	100%	100%	N/A
Federal Agency or U.S. Government sponsored Enterprise (GSE)	5 years	100%	50%	N/A
Bankers' Acceptance	180 days	40%	5%	N/A
Commercial Paper***	270 days	25%	5%	A-1/ P-1 plus A Long Term
Negotiable Certificates of Deposit	5 years	30%	5%	N/A
Medium Term (Corporate) Notes	5 years	30%	5%	NA
Mutual and Money Market Funds	2(A) 7 Eligible	20%	10%	AAA/AAA
Shares of Beneficial Interest by a JPA	5 years	100%	50%	N/A
Supranationals (IBRD, IFC, and IDB)	5 years	30%	5%	AA
Collateralized Bank Deposits	5 years	100%	20%	N/A
Country Investment Pool	N/A	Max permitted by County Treasurer	Max permitted by County Treasurer	N/A
Local Agency Investment Fund (LAIF)	N/A	Max permitted by State Treasurer	Max permitted by State Treasurer	N/A

*Percentages are in compliance if within limits at time of purchase. Recommended maximum % is more restrictive than allowed by code. Combine issuer types to determine maximum counterparty risk.

**Rating category are inclusive of rating modifiers such as "+/-" or numbers from one NRSRO unless two ratings are noted

*** A-1 or equivalent plus A long term; total assets in excess of \$500MM; no more than 10% outstanding from a single issuer.

**** Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

D. Investments

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest Income	\$ 2,662,312
Unrealized gain/ (Loss) in changes in fair value of investments	<u>546,048</u>
Total Investment Income (Loss)	\$ <u>3,208,360</u>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City'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 include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or 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, the City had \$64,087,918 invested in LAIF. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County. The City reports its investment in the County Pool at the fair value amount provided by the County. Included in the County Pool's investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The fair value factor of 0.9715 was used to calculate the fair value of the investments in the County Pool.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

E. Risk Disclosures

Interest Risk: Interest rate risk is the fair value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City’s portfolio not to exceed three years.

Investments held in the City Treasury grouped by maturity date at June 30, 2023, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		1 Year or Less	1-2 Years	2-3 Years	3+ Years
City Local Agency Investment Fund	\$ 64,087,918	\$ 64,087,918	-	-	-
San Mateo County Pool	62,313,219	62,313,219	-	-	-
Total	126,401,137	126,401,137	-	-	-

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2023 for each investment type:

Credit Quality Ratings		Fair Value
Moody's	S&P	
Not Rated	Not Rated	\$ 64,087,918
Not Rated	Not Rated	\$ 62,313,219

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City, be conducted on a delivery- versus-payment basis.

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 San Mateo County Pool and restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to levelling disclosure requirements.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. INTERFUND TRANSACTIONS

A. Transfers

At June 30, 2023, the City had the following transfers in/out which arose in the normal course of operations:

Transfers Out	Transfers In				Total
	General Fund	Capital Improvements	Non-Major Governmental Funds	Enterprise Fund Water Service	
General Fund	\$ -	\$ 1,414,734	\$ 1,118,364	\$ 2,741,000	\$ 5,274,098
Housing In-lieu Fund	-	-	-	1,500,000	1,500,000
Nonmajor Governmental Funds	2,600,140	-	-	2,000,000	4,600,140
Total	\$ 2,600,140	\$ 1,414,734	\$ 1,118,364	\$ 6,241,000	\$ 11,374,238

Transfers from the General Fund were made to 1) the Capital Improvements Fund to fund various capital projects including water infrastructure improvements, 2) to non-major funds for gas tax, storm drain and street sweeping operations, and for housing successor share of loan reimbursements, and 3) to the Water Fund to support a water infrastructure improvement project which was also funded through the transfers from Housing In-Lieu Fund and Nonmajor Funds for \$1.5 million and \$2.0 million, respectively. The transfer out from Nonmajor Funds to the General Fund (\$2.6 million) was made through the ARPA Fund to support the general government services due to the revenue loss related to the COVID-19 pandemic.

B. Due to/from Other Funds

At June 30, 2023, the City had the following due to/from other funds:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 105,387	\$ -
Non-Major Governmental Funds	-	105,387
Total	\$ 105,387	\$ 105,387

The amounts due to the General Fund from other non-major funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

3. INTERFUND TRANSACTIONS, CONTINUED

C. *Advances to/from Other Funds*

Advances from the General Fund and Non-Major Governmental Funds (the SVCF Fund) were made to the Water Services Enterprise Fund to provide liquidity for the purchase of water assurance rights. The advances are repaid upon collection of development impact fees related to the cost of the water assurance rights acquired to increase development capacity within the City. No advances were repaid during the year.

At June 30, 2023, the City had the following advances to/from other funds:

Advances From	Advances To Water Services Fund
Major Funds:	
General Fund	\$ 457,645
Non-Major Governmental Funds	1,948,360
Total	<u>\$ 2,406,005</u>

4. LOANS AND NOTES RECEIVABLE

Loans receivable as of June 30, 2023, composed of the following, were held by the City:

	Balances as of June 30, 2023
Nairobi Housing Associates Loan	<u>\$ 4,569,851</u>
Nugent Square Partners Loan	1,245,906
Bay Road Housing Loan	462,500
First Time Home Buyers Assistance Loans	140,712
University Senior Apts	663,536
Subtotal	<u>7,082,505</u>
Loans to Successor Agency	2,354,766
Total	<u><u>\$ 9,437,271</u></u>

4. LOANS AND NOTES RECEIVABLE, CONTINUED

A. *Nairobi Housing Associates Loan*

On June 1, 1999, the former Agency entered into a loan agreement with Nairobi Housing Associates (Nairobi), a California Limited Partnership. The \$5,500,000 loan was used by Nairobi used to develop 129 affordable multi-family rental housing units, ancillary landscaping, and other improvements known as Peninsula Park Apartments (the Project). In February 2019, the City agreed to a \$714,000 loan repayment and approved certain regulatory and loan agreement amendments in connection with developer- refinancing of the Project, including extending the loan maturity. The loan accrues simple interest at the rate of 1% per annum, commencing February 1, 2001. The amended loan matures on July 31, 2056 and is secured by a subordinated note and deed of trust on the property.

B. *Nugent Square Partners Loan*

On August 1, 2003, the former Agency entered into a loan agreement in the amount of \$1,100,000 with Nugent Square Partners, L.P. (Nugent), a California Limited Partnership to develop 32 affordable multi- family rental housing units, ancillary landscaping, and other improvements known as Nugent Square Apartments. In March 2020, the City agreed to a \$50,000 loan prepayment and approved certain regulatory and loan subordination amendments in connection with developer-refinancing of the Project. On December 1, 2022, the City entered into an amended and restated loan agreement with Nugent. As of the date of the Amended Agreement, the Loan had accrued interest at the rate of 1% simple interest with a total accrued interest of \$121,466, which is capitalized into the outstanding balance of the Loan for a total loan balance of \$1,221,466. In accordance with the terms and conditions set forth in the Amended Agreement, the City is agreeing to restructure the Loan with interest accrues on the outstanding principal balance of the Loan at a rate of 3.43% compounding annually commencing on the effective date of the Amended Agreement. The loan matures in February 2045 and is secured by a deed of trust on the property.

C. *Bay Road Housing Loan*

In December 2004, the former Agency entered into a loan agreement with Bay Road Housing, L.P., a California Limited Partnership to provide annual maximum operating gap subsidies related to the development and subsequent operation of 77 affordable multi-family rental housing units known as Courtyard at Bay Road Apartments. The loan provides a maximum annual operating subsidy of \$60,000 over a period of twenty years, or a maximum loan of \$1.2 million. The loan accrues simple interest at the rate of 2% per annum. The loan matures in January 2027 and is secured by a deed of trust on the property.

D. *First Time Home Buyer Assistance Loans*

On December 21, 2004, the City approved a program for a down payment assistance loans to qualified homebuyers who met the criterion to purchase a below-market rate (BMR) home in East Palo Alto. Generally, the assistance consists of 30-year loans at a fixed rate of 3% interest with payments deferred for the first five years.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. LOANS AND NOTES RECEIVABLE, CONTINUED

E. University Senior Apartments Loan

On November 25, 2015, the City entered into a loan agreement in the amount of \$700,000 with University Senior Apartments, L.P., a California limited partnership to develop 41 affordable multi-family senior housing units known as Serenity Senior Apartments. The loan bears an interest rate of 3% simple interest per annum, commencing on September 5, 2017. The loan is due on November 25, 2072, and is secured by a deed of trust on the property.

F. Loans to Successor Agency

At June 30, 2023, the outstanding balance of \$2,354,766 is comprised of an advance to the former Agency which was assumed by the Successor Agency on February 1, 2012. The related agreement provided for the sale of the Ravenswood High School Site to the former Redevelopment Agency. This property was developed into a retail shopping center in the Gateway 101 Project Area. Repayment terms are subject to a formula outlined in the California Health and Safety Code and approved on an annual recognized obligation schedule (ROPS) under Dissolution Law. There is no interest provision.

5. CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2023, are comprised of the following:

	Balance at July 1, 2022	Additions	Deletions/ Reclassification	Balance at June 30, 2023
Government activities				
Capital assets not being depreciated				
Land	\$ 4,058,724	\$ 3,260,000	\$ -	\$ 7,318,724
Construction in progress	2,035,355	4,689,666	(123,900)	6,601,121
Total capital assets not being depreciated	<u>6,094,079</u>	<u>7,949,666</u>	<u>(123,900)</u>	<u>13,919,845</u>
Capital assets being depreciated/amortized				
Infrastructure:				
Streets and roadways	78,984,655	1,485,735	123,900	80,594,290
Storm drain system	6,738,214	-	-	6,738,214
Building and improvements	20,252,333	14,629	-	20,266,962
Right-to-use leased buildings	2,306,523	-	-	2,306,523
Furniture, fixtures, and equipment	2,183,012	85,668	-	2,268,680
Vehicles	2,983,803	78,684	-	3,062,487
Total capital assets being depreciated/amortized	<u>113,448,541</u>	<u>1,664,716</u>	<u>123,900</u>	<u>115,237,156</u>
Less accumulated depreciation/amortization for:				
Infrastructure:				
Streets and roadways	(34,521,026)	(1,530,034)	-	(36,051,060)
Storm drain system	(2,824,366)	(96,499)	-	(2,920,865)
Building and improvements	(8,121,640)	(737,928)	-	(8,859,568)
Right-to-use leased buildings	(482,285)	(482,285)	-	(964,570)
Furniture, fixtures, and equipment	(2,063,228)	(44,340)	-	(2,107,568)
Vehicles	(1,667,893)	(218,268)	-	(1,886,161)
Total accumulated depreciation/amortization	<u>(49,680,438)</u>	<u>(3,109,354)</u>	<u>-</u>	<u>(52,789,792)</u>
Total capital assets being depreciated or amortized, net	<u>63,768,103</u>	<u>(1,444,638)</u>	<u>123,900</u>	<u>62,447,364</u>
Governmental activities capital assets	<u>\$ 69,862,182</u>	<u>\$ 6,505,028</u>	<u>\$ -</u>	<u>\$ 76,367,209</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. CAPITAL ASSETS, CONTINUED

	Balance at July 1, 2022	Additions	Deletions/ Reclassification	Balance at June 30, 2023
Business - Type activities				
Capital assets not being depreciated				
Land	\$ 5,263,674	\$ -	\$ -	\$ 5,263,674
Construction in progress	842,122	302,222	-	1,144,344
Total capital assets not being dep	<u>6,105,796</u>	<u>302,222</u>	<u>-</u>	<u>6,408,018</u>
Capital assets being depreciated/amortized				
Building and improvements	11,212,061	-	-	11,212,061
Right-to-use leased buildings	127,066	-	-	127,066
Total capital assets being depreciated/amortized	<u>11,339,127</u>	<u>-</u>	<u>-</u>	<u>11,339,127</u>
Less accumulated depreciation/amortization for:				
Building and improvements	(5,336,810)	(283,424)	-	(5,620,234)
Right-to-use leased buildings	(27,229)	(27,229)	-	(54,458)
Total accumulated depreciation	<u>(5,364,039)</u>	<u>(310,653)</u>	<u>-</u>	<u>(5,674,692)</u>
Total capital assets being depreciated/amortized	<u>5,975,088</u>	<u>(310,653)</u>	<u>-</u>	<u>5,664,435</u>
Business-type activities capital assets	<u>\$ 12,080,884</u>	<u>\$ (8,431)</u>	<u>\$ -</u>	<u>\$ 12,072,453</u>

A. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

B. Depreciation and amortization Allocation

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

Governmental Activities	
General Government	\$ 30,022
Public Safety	429,328
Culture Recreation	608,007
Public Works	1,991,409
Community Development	50,588
Total Government Activities	<u>\$ 3,109,354</u>
Business-Type Activities	
Water Service	\$ 310,653
Total Business-Type Activities	<u>\$ 310,653</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. CAPITAL ASSETS, CONTINUED

C. Capital Project Commitments

The City has commitments under the following significant capital infrastructure projects and programs:

Project	Project Authorization	Expended through June 30, 2023	Commitments
Addison Avenue Steet Improvements	\$ 2,337,420	\$ 354,437	\$ 1,982,983
Joel Davis Restroom	424,695	-	424,695
Safer Bay - Flood Control	8,500,000	-	8,500,000
University Avenue Interchange	1,502,132	-	1,502,132
Water Main Project	1,104,450	239,227	865,223
Water Meter Replacement	998,000	488,927	509,073
Total	\$ 14,866,697	\$ 1,082,591	\$ 13,784,106

6. LONG-TERM DEBT

The City's debt issues and transactions are summarized below and discussed in detail thereafter:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
Government Activities					
Leases	\$ 1,880,524	\$ -	\$ (452,677)	\$ 1,427,847	\$ 485,352
Total	1,880,524	-	(452,677)	1,427,847	485,352
Business-Type Activities					
San Mateo County Housing					
Promissory Note	630,000	-	(23,332)	606,668	23,333
Leases	102,919	-	(25,547)	77,372	27,402
Total	\$ 732,919	\$ -	\$ (48,879)	\$ 684,040	\$ 50,735

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, CONTINUED

A. San Mateo County Housing Promissory Note

In March 2018, the City entered into an agreement with the County of San Mateo Department of Housing (the County) whereby the County awarded a Community Development Block Grant (CDBG) Program assistance loan in the amount of \$700,000 for the Gloria Way Well Rehabilitation project (the Project).

Annual principal of \$23,333 is forgiven upon each full year of operation, or each July 3rd, provided the Project remains in compliance with CDBG Program requirements and the use is as originally intended. The Note bears zero interest if the intended use requirements are met throughout the Note term and matures on July 3rd, 2048. If the Gloria Way Well property is sold or discontinued as a City water treatment well before the end of the Note term (unless to a non-profit for the same use); then the entire Note amount plus three percent (3%) accrued simple interest is due and payable to the County.

7. Leases

The City leases three major building facility sites under non-cancellable leases. The sites leased include two police facilities, and the maintenance corporation yard. Below is a summary of these leases and the corresponding principal and interest schedules.

Assets	Interest Rate	Lease End	Special Terms	Balance June 30, 2023
Police Department	4.05%	10/31/2025	n/a	\$ 421,185
Police Substation	4.05%	10/31/2027	n/a	310,313
Corp Yard	4.05%	2/28/2026	Rent increases evrery February by the prior changes in CPI for the San Francisco Bay Area.	773,721

Fiscal Year Ending June 30	Police Department Government Activities		Police Substation Government Activities	
	Principal	Interest	Principal	Interest
	2024	\$ 172,803	\$ 11,727	\$ 65,931
2025	184,709	5,338	69,242	7,363
2026	63,673	294	72,549	4,847
2027	-	-	76,386	2,198
2028 and after	-	-	26,205	121
Total	<u>\$ 421,185</u>	<u>\$ 17,359</u>	<u>\$ 310,313</u>	<u>\$ 24,332</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, CONTINUED

B. Leases, Continued

Fiscal Year Ending June 30	Corp Yard			
	Government Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 246,618	\$ 20,130	\$ 27,402	\$ 2,237
2025	264,298	10,989	29,367	1,221
2026	185,433	1,965	20,603	219
Total	<u>\$ 696,349</u>	<u>\$ 33,084</u>	<u>\$ 77,372</u>	<u>\$ 3,677</u>

C. Legal Debt Margin

The City is subject to a statutory legal debt limit whereby the City may not incur indebtedness for public improvements which exceeds in the aggregate 3.75 percent of the taxable assessed value of all real and personal property of the City. This limit applies only to bonded indebtedness payable from the proceeds of taxes levied on taxable property. For the year ended June 30, 2023, the City's maximum legal debt margin was \$157,368,394 and the City had no outstanding debt subject to the margin.

7. COMPENSATED ABSENCES

Compensated absences are primarily comprised of unpaid vacation which is accrued as earned. The City's liability for compensated absences is determined annually. Compensated absences are reported in governmental funds only if they have matured. The matured portion of governmental activities compensated absences is liquidated primarily by the General Fund.

	Balance June 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
Government Activities						
Compensated Leave Payable	<u>\$ 913,042</u>	<u>\$ 599,231</u>	<u>\$ (586,307)</u>	<u>\$ 925,966</u>	<u>\$ 235,149</u>	<u>\$ 690,817</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. FUND BALANCE

Detailed classifications of the City's Fund Balances, as of June 30, 2023, are below:

	General Fund	Housing In-Lieu Funds	Capital Improvement's Capital Projects Fund	Other Government Funds	Total
Nonspendable Fund Balance					
Loans to Successor Agency	\$ 2,354,766	\$ -	\$ -	\$ -	\$ 2,354,766
Advance to other funds	457,645	-	-	-	457,645
Deposits and prepayments	63,457	-	-	-	63,457
	<u>2,875,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875,868</u>
Restricted Fund Balance for:					
NPDES Fees	-	-	-	323,478	323,478
Gas Tax	-	-	-	3,799,487	3,799,487
Park in Lieu	-	-	-	343,811	343,811
Rent Stabilization	-	-	-	655,205	655,205
Housing Assistance	-	-	-	474,742	474,742
Measure A/W	-	-	-	5,836,490	5,836,490
CYSFF TOT Fund	-	-	-	1,200,484	1,200,484
Lighting District	-	-	-	5,158,855	5,158,855
Drainage District	-	-	-	1,000,511	1,000,511
Measure C	-	-	-	138,450	138,450
Silicon Valley Community Fd	-	-	-	1,842,973	1,842,973
Low and Moderate Income Housing	-	-	-	7,763,195	7,763,195
Housing in Lieu	-	13,313,682	-	-	13,313,682
Housing TOT	-	-	-	2,369,951	2,369,951
Measure HH	-	-	-	4,970,320	4,970,320
Capital projects	-	-	-	643,623	643,623
Other Purposes	38,659	-	1,273,906	877,086	2,189,651
	<u>38,659</u>	<u>13,313,682</u>	<u>1,273,906</u>	<u>37,398,661</u>	<u>52,024,908</u>
Committed fund balance for:					
CalPERS prefunding	3,000,000	-	-	-	3,000,000
Community benefits reserve	299,770	-	-	-	299,770
Information Technology Reserve	3,738,438	-	-	-	3,738,438
Vehicles Equipment Reserve	1,290,128	-	-	-	1,290,128
Self Insurance Reserve	2,035,160	-	-	-	2,035,160
Capital projects	-	-	10,414,734	-	10,414,734
Saving from ARPA contributions	1,481,000	-	-	-	1,481,000
	<u>11,844,496</u>	<u>-</u>	<u>10,414,734</u>	<u>-</u>	<u>22,259,230</u>
Assigned fund balance for:					
Capital projects	-	-	6,889,192	-	6,889,192
Subsequent year's budget: appropriation of fund balance	6,218,971	-	-	-	6,218,971
	<u>6,218,971</u>	<u>-</u>	<u>6,889,192</u>	<u>-</u>	<u>13,108,163</u>
Unassigned fund balance					
Contingency reserve	10,378,581	-	-	-	10,378,581
Other Purposes	22,430,105	-	-	(206,396)	22,223,709
	<u>32,808,686</u>	<u>-</u>	<u>-</u>	<u>(206,396)</u>	<u>32,602,290</u>
Total Fund Balances	<u>\$ 53,786,680</u>	<u>\$ 13,313,682</u>	<u>\$ 18,577,832</u>	<u>\$ 37,192,265</u>	<u>\$ 122,870,459</u>

9. RETIREMENT BENEFITS

A. *City Employees; Retirement Plan (Defined Benefit Pension Plan)*

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (two miscellaneous and two safety).

Benefit provisions under the Plan are established by State statute and City resolution. 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: Basic Death Benefit, 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The City contracted for 2% cost of living adjustments.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. RETIREMENT BENEFITS, CONTINUED

A. City Employees; Retirement Plan (Defined Benefit Pension Plan), Continued

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

	<u>Safety</u>	<u>Miscellaneous</u>
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit Formula	3.0% @ 55	2.5% @ 55
Benefit payment	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.4 - 3%	2 - 2.5%
Required employee contribution rates	8.99%	7.96%
Required employer contribution rates	20.64%	11.59%
Required unfunded accrued liability payment (UAL)	\$ 738,385	\$ 465,824

	<u>Safety</u>	<u>Miscellaneous</u>
Hire Date	On or after January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit Formula	3.0% @ 55	2.5% @ 55
Benefit payment	Monthly for life	Monthly for life
Retirement age	57	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	13.00%	6.75%
Required employer contribution rates	12.78%	7.47%
Required unfunded accrued liability payment (UAL)	\$ 24,191	\$ 27,624

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 is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended on June 30, 2023, the contribution to the plan was \$2,466,089, consisting of \$1,397,580 for Safety and \$1,068,509 for Miscellaneous.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. RETIREMENT BENEFITS, CONTINUED

A. *City Employees; Retirement Plan (Defined Benefit Pension Plan), Continued*

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$14,730,175. The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plans is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of measurement date June 30, 2021 and 2022 were as follows:

Proportion - June 30, 2021	0.12067%
Proportion - June 30, 2022	0.12753%
Change - Increase (Decrease)	<u>0.00686%</u>

For the year ended June 30, 2023, the City recognized pension expense of \$768,031. On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions subsequent to measurement date	\$ 2,466,089	\$ -
Changes of assumptions	1,494,926	-
Differences between expected and actual experience	483,943	175,243
Changes in employer's proportion	798,383	-
Differences between the employer's contribution	19,984	363,262
Net differences between projected and actual earnings on plan investments	2,475,120	-
Total	<u>\$ 7,738,445</u>	<u>\$ 538,505</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. RETIREMENT BENEFITS, CONTINUED

A. City Employees; Retirement Plan (Defined Benefit Pension Plan), Continued

Pension contributions subsequent to the measurement date in the amount of \$2,466,089 and reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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 Ending June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ 1,491,040
2025	1,147,037
2026	584,167
2027	1,511,607

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	6.90%
Mortality rate table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1)The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

9. RETIREMENT BENEFITS, CONTINUED

A. *City Employees; Retirement Plan (Defined Benefit Pension Plan), Continued*

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections 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 considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real 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	Real Return Years 1 - 10 ^{1,2}
Global equity - cap-weighted	30.00%	4.45%
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%
	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

9. RETIREMENT BENEFITS, CONTINUED

A. City Employees; Retirement Plan (Defined Benefit Pension Plan), Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the 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:

1% Decrease		5.90%
Net Pension Liability	\$	23,296,684
Current Discount Rate		6.90%
Net Pension Liability	\$	14,730,175
1% Increase		7.90%
Net Pension Liability	\$	7,707,831

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

Payable to the Pension Plan

At June 30, 2023 the City reported a payable of \$173,995 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2023. All amounts were paid in July 2023 in a timely manner.

B. Deferred Compensation Plan

City employees may defer a portion of their compensation under optional City-sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under the plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death, or in an emergency defined by governing documents of the plan. The City does not make contributions to the plan on behalf of the employees.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. The City has contracts with an outside third-party administrator to manage and invest the assets of the plan.

In the year 2021, the City evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensations Plans and determined that the plan didn’t meet the criteria to be reported as a fiduciary activity as required by the above mentioned GASB Statements since the assets held under this plan are not the City’s property and are not subject to City control. Moreover, the plan is classified as other employee benefits for financial reporting purposes.

10. RISK MANAGEMENT

A. Insurance Coverage

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City participates in the Pooled Liability Assurance Network (PLAN), a joint powers authority established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN self-insures and purchases general and auto liability coverage for claims in an amount up to \$30 million (subject to policy exclusions and sub-limits), and first-party property liability claims up to \$1 billion (subject to policy exclusions and sub-limits). The City has a deductible or uninsured liability of up to \$100,000 per liability claim and \$5,000 per property claim. Once the City's deductible is met, PLAN becomes responsible for payment of all claims up to the limit.

The State Compensation Insurance Fund provides workers' compensation insurance with a \$1 million per occurrence coverage. The City has no deductible for the worker's compensation insurance.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Claim liabilities are actuarially determined considering recent claim settlement trends including the frequency and costs of payouts and other economic and social factors.

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the Workers' Compensation and General Liability. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims including a provision for claims incurred but not reported was computed as follows based on claims experience for the years ended June 30, 2021, 2022, and 2023:

	2021	2022	2023
Beginning balance of claims payable	\$ 222,000	\$ 133,000	\$ 180,000
Increase in estimated claims liability	(40,524)	123,526	152,152
Claims period	(48,476)	(76,526)	(66,003)
Ending balance of claims payable	<u>133,000</u>	<u>180,000</u>	<u>266,149</u>
Current portion	<u>\$ 61,000</u>	<u>\$ 96,656</u>	<u>\$ 114,127</u>

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

11. JOINT VENTURES

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements; including, the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that Board. Obligations and liabilities of these joint ventures are not the City's responsibility, and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. *City/County Association of Governments of San Mateo County (C/CAG)*

The City/County Association of Governments of San Mateo County is a joint powers agency formed in 1990 between the various cities and transportation agencies in San Mateo County to prepare, adopt, monitor and enforce state mandated plans related to transportation, airport land use, storm water pollution prevention, and climate protection. For the year ended June 30, 2023, the City contributed \$85,219 for annual operations. An annual report may be obtained at 555 County Center 5th Floor, Redwood City, CA 94063.

B. *Housing Endowment and Regional Trust of San Mateo County (HEART)*

The Housing Endowment and Regional Trust of San Mateo County (HEART) is a joint powers agency formed in 2003 as a public/private partnership comprised of the County of San Mateo, all twenty cities/towns within San Mateo County, and private sector members from business, nonprofit, and labor organizations. HEART is governed by a Board of Directors consisting of eleven elected officials from government member agencies and ten private sector members. HEART was established for the purpose of creating more affordable housing opportunities in the County. For the year ended June 30, 2023, the City contributed \$9,267 for annual administrative operations. An annual report may be obtained at 2905 S. El Camino Real, San Mateo, CA 94403.

C. *Peninsula Clean Energy*

Peninsula Clean Energy (PCE) is a joint powers authority formed in 2016 and is comprised of the County of San Mateo and all twenty cities/towns in San Mateo County. The PCE is governed by a Board of Directors consisting of an elected representative from each member jurisdiction. PCE was established to provide electric power at competitive costs, as well as provide other benefits such as greenhouse gas emission reduction, development of local renewable resources, and promotion of long-term electric rate stability and energy reliability. PCE operates as a Community Choice Aggregation Program and derives no financial support from member agencies. Information may be obtained at 2075 Woodside Road, Redwood City, CA 94061.

11. JOINT VENTURES, CONTINUED

D. Peninsula Traffic Congestion Relief Alliance

The Peninsula Traffic Congestion Relief Alliance (Alliance) is a joint powers authority formed in 2000 and is comprised of the County of San Mateo and seventeen cities/towns in San Mateo County. Alliance is governed by an eighteen-member Board of Directors consisting of an elected representative from each member jurisdiction. Alliance was established to perform transit systems management efforts to mitigate traffic congestion in member communities. The operations are funded by countywide Measure A transportation funds, grants, and contributions from members of a shuttle consortium. For the year ended June 30, 2023, the City did not make any member contribution to Alliance. An annual report may be obtained at 400 Oyster Point Blvd. Suite 409, South San Francisco, CA 94080.

E. San Francisquito Creek Joint Powers Authority

The City is one of five members of the San Francisquito Creek Joint Powers Authority (SFCJPA) formed in 1999 to manage and provide policy direction related to flood control measures, emergency response, stabilization and maintenance, and other environmental issues regarding the San Francisquito Creek. The City has no equity interest in the SFCJPA. For the year ended June 30, 2023, the City contributed \$395,926 for annual SFCJPA administrative operations. Financial statements may be obtained by mailing a request to 2100 Geng Road Suite 210, Palo Alto, CA 94303.

F. South Bayside Waste Management Authority

The City is one of twelve members of the South Bayside Waste Management Authority (SBWMA), which is a joint powers authority that the City commenced on March 1, 2000. The SBWMA was formed in 1982 to provide cost-effective waste reduction, recycling, and solid waste programs to member agencies to meet and sustain a minimum 50% diversion of waste from landfill as mandated by California State Law, AB939. SBWMA owns the Shoreway Environmental Center which serves as a regional solid waste and recycling facility and is operated by South Bay Recycling (SBR) on behalf of the SBWMA. The City has no equity interest in SBWMA. Through the operation of franchise agreements with each member, RECOLOGY collects fees charged for the use of the facilities and remits them to the SBWMA. Pursuant to an Operations Agreement with the SBWMA, RECOLOGY is compensated based on costs, a provision for profit and incentives for cost savings and performance. For the year ended June 30, 2023, the City made payments to Recology in the amount of \$2,732,813. Financial statements may be obtained by mailing a request to 610 Elm Street, Suite 202, San Carlos, CA 94070.

12. SERVICE CONCESSION ARRANGEMENT FOR WATER SERVICES

A. *Lease Agreement and Assignment from American Water Service, Inc. to Veolia Water North America Services, LLC.*

In April 2001, the City entered into a twenty-five (25) year lease agreement with American Water Services, Inc. (American Water) whereby the City agreed to lease the water system to American Water for the purpose of furnishing potable water service and water service fire protection to all customers within the City's water service area.

In November 2018, at American Water's request, the City authorized the assignment of all terms and conditions of the lease agreement from American Water to Veolia Water North America Operating Services LLC (Veolia) subject to certain conditions of approval, including State of California approval and issuance of a water permit to Veolia to operate the City's water system. On June 1, 2020, the City entered into a consent to assignment of the lease agreement with American Water whereby Veolia assumed all the terms and conditions of lease agreement from American Water.

During the term of the lease, the lessee is responsible for operating, maintaining and managing the water system, as well as fulfilling customer services, emergency services, water quality testing, and other service operations related to the water system.

If total annual system maintenance and repair costs exceed \$110,000, the excess costs are considered system improvements and paid through additional capital charges. The lessee bills and collects water services charges, capital surcharges, and utility tax from the City's water customers. Utility users' taxes and capital-related surcharges billed and collected by the lessee are passed-through to the City.

The lessee may request water rate relief from the City to recover necessary and reasonable costs related to performing the water system services, including earning an operational rate of return of eight percent (8%) after-tax on defined, contractual gross revenues. The City agrees to enact water rates based upon such requirements and in accordance with applicable State Law regarding water rate increases. No water rate relief request was submitted to the City during the year ended June 30, 2023. Any fees or taxes billed and passed through to the City are not considered contractual gross revenues of the water system operation. Contractual gross revenues, as defined, for the year ended June 30, 2023, total approximately \$6.2 million.

The City has retained title of the Water System and related capital assets under the terms of the lease. Title for system improvements performed immediately vests with the City. The lessee may not retire, sell, transfer; convey, or encumber any real property or personal property of the Water System without the prior written consent of City. The City is not obligated to pay any costs or expense in connection with or related to the management, operation, improvement, repair, or maintenance of the water system during the lease term, except for costs related to environmental liabilities. The City currently has undertaken certain system improvements which are funded from grants, system impact fees, and water capital surcharges; of the system improvements authorized, approximately \$448,000 is authorized to be performed by the lessee for distribution system improvements, and \$550,000 is authorized to be performed for meter replacement labor costs. For the fiscal year ended June 30, 2023, water system assets total \$12,072,453 net of depreciation.

12. SERVICE CONCESSION ARRANGEMENT FOR WATER SERVICES, CONTINUED

A. *Lease Agreement and Assignment from American Water Service, Inc. to Veolia Water North America Services, LLC.*

In consideration for the lease of the water system assets, the lessee agrees to pay the City a monthly lease payment equal to 6% and a monthly franchise fee equal to 5% of the annual gross revenues generated by the water system. For the year ended June 30, 2023, Veolia paid lease payments and franchise fees to the City in amount of \$370,891 and \$309,076, respectively. Further, for the year ended June 30, 2023, the City reported passed-through utility taxes and capital-related surcharges of \$325,083 and \$538,327, respectively.

13. CONTINGENT LIABILITIES AND COMMITMENTS

A. *Contingent Liabilities*

The City is subject to litigation arising in the normal course of operations. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. *Federal and State Grants*

The City has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although City expects such amounts, if any, to be immaterial.

C. *California State Water Resources Control Board Corrective Action Plan*

On April 21, 2015 the City, along with several other regional water system (RWS) customers of the San Francisco Public Utilities Commission (SFPUC), was cited by the State Water Resources Control Board (SWRCB) for not providing multi-barrier treatment to raw surface water. This citation was due to an incident occurring in March of 2015, whereby untreated water was inadvertently allowed to flow into the RWS. The incident did not result in any adverse effects; however, the SWRCB citation directed that the City prepare a Corrective Action Plan. The CAP includes several corrective actions developed to prevent another similar incident.

On August 15, 2015 the SWRCB acknowledged the City's Corrective Action Plan (CAP) whereby the City will take steps to ensure the water supply and/or storage of water is safe and sustainable in the event SFPUC water becomes unavailable. The critical elements of the CAP are the new groundwater wells, the construction of water system interties, and the construction of storage tanks over an estimated period of seven (7) years. However, the CAP recognizes that the timing for the construction of the storage tanks is less certain due to the prioritization of the groundwater wells, staffing limitations and complexities securing site control. The highest priority water system improvements have estimated costs of roughly \$15.5 million. The City enacted a capital improvement surcharge, contributed general and community benefit funds to the water system, secured grant funding and completed refurbishment of the Gloria Way Water Well, and has funding for the water system interties. As of June 30, 2023, the City has capital water reserves of approximately \$11.5 million.

13. CONTINGENT LIABILITIES AND COMMITMENTS, CONTINUED

D. *Water Rights Acquisition and Related Agreement*

Water Rights Acquisition Agreements

In August 2018, the City entered into an agreement with the City of Mountain View to transfer all right, title, and interest to 1,000,000 gallons per day (1 MGD) of its guaranteed water supply (ISG) under the City and County of San Francisco Water Supply Agreement. The acquisition price of \$5,000,000 was funded from the following sources:

Silicon Valley Community Foundation (SVCF) Gift Agreement/Advance \$2.0 Million - In June 2017, the City entered into a gift agreement with the SVCF for \$2.5 million whereby the gift is restricted for the purpose of incentivizing the development of affordable housing within the City. Up to \$2,000,000 was authorized and utilized for an inter-fund advance from SVCF special revenue fund to acquire permanent water rights. The advance is repaid upon the receipt of related water capacity charge or related impact, or charge imposed by the City. The remaining funds are restricted to fund not less than \$500,000 for an affordable housing manager over a minimum period of five years. As of June 30, 2023, the inter-fund advance amount totaled \$1,948,360.

General Fund Advance \$0.47 Million - The City approved a long-term inter-fund advance to the Water Service Enterprise Fund for purpose of facilitating the permanent water rights transfer. Reimbursement of the funds advanced will be made solely from capacity charges established by the City, as allowed, to cover the entire cost the water rights transfer and charged for new or expanded water connections to its water system. As of June 30, 2023, the inter-fund advance amount totaled \$457,645.

Amendment to Water Supply Implementation Agreement \$1.53 Million - In June 2017, the City approved an amendment to the Water Supply Implementation Agreement (Amended WSIA) in order establish terms for payment of the attributed share of the costs of the permanent water rights transfer. Under the terms of the amendment, 2020 Bay Road LLC, the Primary School LLC, and the Sobrato Organization LLC (collectively "developers") agreed to advance a collective total of \$1.53 million as the developers' attributed share of the cost of the water rights transfer. For a period of eight (8) years after the effective date of the water rights transfer, if entitlement for a developer site is approved in accordance with the City's laws and policies, any payments made under the Amended WSIA will be credited against a water capacity charge or related impact or buy-in charge imposed by the City typically upon issuance of building permits. As of June 30, 2023, the Primary School and Sobrato development projects were entitled; however, no building permits have been issued.

13. CONTINGENT LIABILITIES AND COMMITMENTS, CONTINUED

D. *Water Rights Acquisition and Related Agreement, Continued*

Water Rights Acquisition Agreements, Continued

Sobrato Organization LLC Reimbursement Agreement \$1.0 Million - The City approved a reimbursement agreement (Agreement) with the Sobrato Organization LLC (Sobrato) to provide funds in the amount of \$1,000,000 for the purpose of facilitating the permanent water rights transfer. Reimbursement of the funds advanced will be made solely from capacity charges established by the City, as allowed, to cover the entire cost the water rights transfer and charged for new or expanded water connections to its water system. The Agreement expires upon the earlier of the date of full reimbursement of the advance or August 4, 2037 (twenty years from Agreement effective date). Upon expiration, the City's commitments under the agreement terminate. In December 2019, in accordance with approved project entitlements and conditions of approval, Sobrato agreed to forego all outstanding amounts advanced under the Agreement upon the issuance of a building certificate of occupancy, which did not occur as of year-end. As of June 30, 2023, the balance of the advance totaled \$974,181.

As of June 30, 2023, the advance from the Developers was outstanding for a collective total of \$2,505,957.

E. *Affordable Housing and Sustainable Communities Grant Commitments*

In June 2019, the City received a jointly submitted grant award of \$20 million in partnership with Eden Housing, EPA CAN DO, and the San Mateo County Transit District (SamTrans). The grant funding consists of \$13.5 million in loans for affordable housing development, and \$6.5 million for transit and infrastructure improvements. Under the terms of the grant award, applicants are held jointly and severally liable to provide accountability and ensure the full scope of the project application is implemented. The City entered into cooperation and indemnification agreements with the grant co-applicants to mitigate risks among the parties. Of the \$20 million, the City is responsible for completing \$3.75 million in sustainable transportation infrastructure, and transit-related amenities in a timely manner. As of June 30, 2023, no projects have been completed.

F. *CalOES Grant Commitment for SAFER Bay Project*

In September 2018, the City authorized the San Francisquito Creek Joint Powers Authority (SFCJPA) to submit an application on behalf of the City to the California Office of Emergency Services (CalOES), Hazard Mitigation Grant Program for \$22 million for the East Palo Alto Safer Bay Project, Phase I, protecting East Palo Alto with a levee from San Francisquito Creek through Bay Road and constructing related and necessary environmental mitigations. The grant required the City to reserve the required local funding match (25%) which was equal to \$5.5 million, and the City of East Palo Alto has committed \$5.5M in capital funding to construct the portion of the project in East Palo Alto. The engineering and design phase of the project was approved and awarded for \$3.5 million by FEMA in September 2022.

13. CONTINGENT LIABILITIES AND COMMITMENTS, CONTINUED

G. *Flood and Sea Level Resiliency Agency*

In March 2019, in conjunction with the County of San Mateo, C/CAG and other cities and towns in San Mateo County, the City agreed to fund the startup costs to modify the existing San Mateo County Flood Control District including expanding the scope and modifying the governance structure. The estimated startup costs approved total \$1.1 million, of which the City agreed to fund \$40,000 per year for a three-year period. For the year ended June 30, 2022, the City paid its final \$40,000 commitment.

14. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. *Redevelopment Dissolution*

On June 28, 2011 the State of California adopted ABx1 26 (AB 26) which, in Late December 2011, was upheld by the California Supreme Court to be largely constitutional. This action, together with AB 1484 enacted on June 27, 2012, are referred to as "Dissolution Law" as related to former redevelopment agencies. Under the existing Dissolution Laws, California redevelopment agencies were dissolved as of February 1, 2012 and cannot engage in new projects, obligations, or commitments. Beginning in February 2012, Successor Agencies, together with other designated entities, initiated the process under AB 26 to unwind the affairs of the dissolved agencies. This action impacted the reporting entity of the City of East Palo Alto in that the City had previously reported a redevelopment agency (former Agency) as a blended component unit of the City.

On January 10, 2012, the City Council elected to serve as the Successor Agency to the former Agency whereby the Successor Agency holds assets, reports obligations, and otherwise oversees the wind-down of the affairs of the former Agency as dictated by the Dissolution Laws and subject to control and approval of an established Oversight Board and the California Department of Finance.

Furthermore, on January 10, 2012, the City also elected to serve as the former Agency's Housing Successor and retain the housing assets of the former Agency. On February 1, 2012, certain housing assets were transferred to the City's Housing Successor Special Revenue Fund.

Since February 1, 2012, the Successor Agency has complied with existing Dissolution Laws, including completing a due diligence review, obtaining a finding of completion, obtaining approval of the long-range property management plan, completing timely reporting of recognized obligation schedules. The Successor Agency continues to conduct the fiduciary activities of the Dissolution Laws until such time the affairs and obligations of the former Agency are complete.

Cash and investments of the Successor Agency as of June 30, 2023, are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2023.

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

B. Long-Term Debt

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

	Issue Amount	Balance at June 30, 2022	Retirements	Discount/ Premium	Balance at June 30, 2023	Due within One Year
Successor Agency						
2015 Tax Allocation						
Refunding Bonds Series A						
3.625%-4% due 10/1/2032	\$ 16,950,000	\$ 14,140,318	\$ (1,030,000)	\$ (45,318)	\$ 13,065,000	\$ 1,085,000
Total Successor Agency	<u>\$ 16,950,000</u>	<u>\$ 14,140,318</u>	<u>\$ (1,030,000)</u>	<u>\$ (45,318)</u>	<u>\$ 13,065,000</u>	<u>\$ 1,085,000</u>

2015 Tax Allocation Refunding Bonds

On September 1, 2015, the Successor Agency issued \$16,950,000 Tax Allocation Refunding Bonds, Series 2015A and \$2,500,000 Taxable Tax Allocation Refunding Bonds, Series 2015B. The bonds were issued to refund the 1999 Tax Allocation Bonds, the 2003 Series A Bonds, and the 2003 Series B Bonds. Certain proceeds of the refunding bonds were subsequently used to call the East Palo Alto Public Financing Authority 2005 Revenue Bonds on October 1, 2015. The economic gain on refunding of these bonds was \$2,560,798. The Series 2015B Refunding Bonds had been paid off in the fiscal year ending June 30, 2019.

Series 2015A Refunding Bonds

The 2015A Refunding Bonds mature annually starting October 1, 2018, through 2032, with semi-annual installments ranging from \$45,000 to \$1,515,000. The interest on the 2015A Refunding Bonds is payable semi-annually on each April 1 and October 1, with coupon rates ranging from 3.00% to 5.00%. The Series 2015A Bonds maturing on or after Octobers 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 2025, in whole or in part, by such maturities as are determined by the Successor Agency and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The annual debt service requirements of the Series 2015 A bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,085,000	\$ 467,425	\$ 1,552,425
2025	1,140,000	411,800	1,551,800
2026	1,195,000	353,425	1,548,425
2027	1,250,000	304,800	1,554,800
2028-2032	6,880,000	887,747	7,767,747
2033	1,515,000	27,459	1,542,459
Total	<u>\$ 13,065,000</u>	<u>\$ 2,452,656</u>	<u>\$ 15,517,656</u>

City of East Palo Alto
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

**14. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES,
CONTINUED**

B. Long-Term Debt, Continued

Pledged Revenues

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues deposited into Redevelopment Property Tax Trust Fund. Principal and interest on the Series 2015A bonds are guaranteed under an insurance policy.

C. Deferred Inflows of Resources

The Successor Agency recorded the following item as deferred inflows of resources as of June 30, 2023.

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
2015 Tax Allocation Refunding Bonds - Gain on refunding	\$ 153,892	\$ -	\$ (30,879)	\$ 123,013

1. BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgetary Procedures*

The City adopts a budget annually for all governmental fund types, except for capital projects. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of budgetary control is the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager has the authority to make adjustments to the operating budget between departments within the same fund. Transfers of operating budgets between funds, use of unappropriated fund balances, and significant changes in capital improvement project budgets require the approval of the City Council.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States except for the Housing Assistance Fund and the Capital Improvements Capital Projects Fund which are adopted on a project length basis.

B. *Encumbrances*

The City uses an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to set aside that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

**City of East Palo Alto
Required Supplementary Information
For the Year Ended June 30, 2023**

1. BUDGETS AND BUDGETARY ACCOUNTING

C. Budgetary Comparison Schedules

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 15,765,421	\$ 18,925,421	\$ 19,892,870	\$ 967,449
Sales taxes	5,845,000	5,845,000	6,394,903	549,903
Transient occupancy tax	1,100,000	1,600,000	1,778,986	178,986
Utility users tax	1,702,684	1,702,684	1,936,239	233,555
Other taxes	1,425,250	1,725,250	1,785,985	60,735
Licenses, fees and permits	1,606,200	1,606,200	1,711,468	105,268
Charges for services	1,282,217	1,083,822	654,775	(429,047)
Fines and forfeitures	207,500	257,500	379,861	122,361
Use of money and property	336,500	766,564	1,197,455	430,891
Grants and intergovernmental	103,000	2,796,463	1,976,920	(819,543)
Miscellaneous	75,000	2,391,142	975,524	(1,415,618)
Total revenues	29,448,772	38,700,046	38,684,986	(15,060)
EXPENDITURES:				
Current:				
General government	6,273,305	7,891,979	5,629,764	2,262,215
Public safety	13,383,966	14,338,475	11,499,595	2,838,880
Public works	4,368,249	5,229,246	3,480,723	1,748,523
Culture and recreation	956,632	1,147,428	1,146,466	962
Community development	3,119,396	5,193,030	4,008,802	1,184,228
Capital outlay	350,000	4,374,078	4,419,476	(45,398)
Debt service:				
Principal	-	-	439,791	(439,791)
Interest	-	-	71,891	(71,891)
Total expenditures	28,451,548	38,174,236	30,696,508	7,477,728
REVENUES OVER (UNDER) EXPENDITURES	997,224	525,810	7,988,478	7,462,668
OTHER FINANCING SOURCES (USES):				
Transfer in	821,140	2,600,140	2,600,140	-
Transfer out	(1,818,364)	(5,274,098)	(5,274,098)	-
Total other financing sources (uses)	(997,224)	(2,673,958)	(2,673,958)	-
Net change in fund balance	\$ -	\$ (2,148,148)	5,314,520	\$ 7,462,668
FUND BALANCE:				
Beginning of year			48,472,160	
End of year			\$ 53,786,680	

City of East Palo Alto
 Required Supplementary Information
 For the Year Ended June 30, 2023

1. BUDGETS AND BUDGETARY ACCOUNTING, CONTINUED

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Housing in-Lieu Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 42,000	\$ 105,257	\$ 200,338	\$ 95,081
Grants and intergovernmental	1,000,000	9,000,000	8,000,000	(1,000,000)
Total revenues	1,042,000	9,105,257	8,200,338	(904,919)
EXPENDITURES:				
Current:				
General government	30,160	30,160	30,160	-
Community development	4,000,000	9,391,000	471	9,390,529
Total expenditures	4,030,160	9,421,160	30,631	9,390,529
REVENUES OVER (UNDER) EXPENDITURES	(2,988,160)	(315,903)	8,169,707	8,485,610
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(1,500,000)	(1,500,000)	-
Total other financing sources (uses)	-	(1,500,000)	(1,500,000)	-
Net change in fund balance	\$ (2,988,160)	\$ (1,815,903)	6,669,707	\$ 8,485,610
FUND BALANCE:				
Beginning of year			6,643,975	
End of year			<u>\$ 13,313,682</u>	

City of East Palo Alto
Required Supplementary Information
For the Year Ended June 30, 2023

2. DEFINED BENEFIT PENSION PLAN

*A. Schedule of the City's Proportionate share of the Net Pension Liability - Last 10 years**

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.127530%	0.120670%	0.115570%	0.112300%	0.110450%	0.109441%	0.109310%	0.118190%	0.126260%
Proportionate share of the net pension liability	\$ 14,730,175	\$ 6,526,289	\$ 12,574,721	\$ 11,507,754	\$ 10,642,902	\$ 10,853,587	\$ 9,458,584	\$ 8,112,375	\$ 7,856,469
Covered payroll	\$ 10,120,545	\$ 10,344,561	\$ 9,673,702	\$ 9,577,025	\$ 9,257,855	\$ 8,464,356	\$ 8,078,420	\$ 7,962,595	\$ 7,773,690
Proportionate share of the net liability as a percentage of covered payroll	145.55%	63.09%	129.99%	120.16%	114.96%	128.23%	117.08%	101.88%	101.06%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

*Fiscal year 2015 was the first year of implementation, therefore only nine years are shown. The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.90% in fiscal year 2023. The CalPERS mortality assumptions were adjusted in fiscal year 2019.

**City of East Palo Alto
Required Supplementary Information
For the Year Ended June 30, 2023**

2. DEFINED BENEFIT PENSION PLAN

B. Schedule of Contributions - Last 10 years*

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,466,089	\$ 2,366,071	\$ 2,261,018	\$ 1,976,048	\$ 1,812,899	\$ 1,642,560.0	\$ 1,493,218.0	\$ 1,371,578.0	\$ 1,477,383.0
Contribution in relation to the actuarially determined contributions	\$ (2,466,089)	\$ (2,366,071)	\$ (2,261,018)	\$ (1,976,048)	\$ (1,812,899)	\$ (1,642,560.0)	\$ (1,493,218.0)	\$ (1,371,578.0)	\$ (1,477,383.0)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 10,323,474	\$ 10,120,545	\$ 10,344,561	\$ 9,673,702	\$ 9,577,025	\$ 9,257,855	\$ 8,464,356	\$ 8,078,420	\$ 7,962,595
Contributions as a percentage of covered payroll	23.89%	23.38%	21.86%	20.43%	18.93%	17.74%	17.64%	16.98%	18.55%

Notes to schedule:

*Fiscal year 2015 was the first year of implementation, therefore only nine years are shown

Variation Date (for contractually required contribution)	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.50%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage Level percentage of payroll, closed

(2) Depending on age, service, and type of employment 50 for all plans, with the exception of 52 for Miscellaneous PEPRA

(3) 2% @62

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS board.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

NPDES Fees Fund accounts for the revenues and expenditures from assessments levied on property in the City in compliance with the provisions of the National Pollutant Discharge Elimination System for prevention of storm water and flood related damage.

Gas Tax Fund accounts for funds received from the State of California to use for street and highway related projects.

Federal and State Law Enforcement Fund accounts for the receipt and use of State and Federal law enforcement related grant money.

Park in Lieu Fund accounts for park in lieu fees collected from developers.

Rent Stabilization Fund accounts for revenues and expenditures to support rent stabilization activities.

Federal and State Grants Fund accounts for grant money received and expended from various Federal and State government grants.

Housing Assistance Fund accounts for first time home buyer assistance program activities.

Measure A Fund accounts for the City's Measure A revenues and expenditures. Measure A is a half-cent sales tax to support countywide (San Mateo County) transportation projects and programs.

CYSFF TOT Fund accounts for 10% of TOT taxes collected as approved by voters and the City Council approved funding for various non-profit organizations related to Children/Youth/Seniors/Family programs.

Lighting District Fund accounts for revenues (property taxes) and expenditures for the Ravenswood Highway Lighting District.

Drainage District Fund accounts for revenues (property taxes) and expenditures for the East Palo Alto Maintenance Drainage District.

Measure C Fund accounts for activities related to the Measure C Parcel tax. Measure C was an annual tax approved by the voters in November 2006 for a period of ten years. The remaining funds are to be used to support violence prevention and public safety intervention.

Local Grants Fund accounts for revenues and expenditures from local public and private grants.

Silicon Valley Community Foundation (SVCF) Special Revenue Fund accounts for gift monies from the Silicon Valley Community Foundation to be used for the purpose of incentivizing the development of affordable housing within the City. Up to \$2,000,000 was authorized for an inter-fund advance to provide monies to purchase certain water rights. Remaining funds are restricted to pay a minimum amount of \$500,000 for an affordable housing manager position over a minimum period of five years.

SPECIAL REVENUE FUNDS (CONTINUED)

Low and Moderate Income Housing Successor Fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for those with low and moderate incomes.

Housing TOT Special Revenue Fund accounts for 10% set-aside of transient occupancy taxes collected as approved by voters, and the expenditures related to affordable housing development activities.

Measure HH Special Revenue Fund accounts for the revenues and expenditures of Measure HH Parcel tax. Measure HH was approved by the voters in November 2018. The tax is an annual parcel tax and the funds are to be used for affordable and supportive housing programs, programs that facilitate access to job opportunities in the S.T.E.M. sectors, building trades, and strengthen First Source Hiring.

Measure W Special Revenue Fund accounts for the City's share of San Mateo County Measure W revenues and expenditures. Measure W is a half-cent sales tax to support countywide transportation projects and programs.

American Rescue Plan Act Fund accounts for the funds received from the Department of the Treasury relating to the American Rescue Plan Act passed in March 2021.

CAPITAL PROJECT FUND

CIP Impact Fees Capital Project Fund accounts for various development impact fees collected by the City for capital related activities.

City of East Palo Alto
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue				
	NPDES Fees	Gas Tax	Federal and State Law Enforcement	Park in Lieu	Rent Stabilization Fund
ASSETS					
Cash and investments	\$ 334,030	\$ 3,682,597	\$ 282,413	\$ 341,235	\$ 686,347
Receivables:					
Accrued interest	2,780	27,217	1,857	2,576	6,248
Taxes	-	-	-	-	-
Intergovernmental	25,939	184,454	-	-	-
Accounts receivable	-	-	-	-	3,458
Advances to other funds	-	-	-	-	-
Loans and notes receivable	-	-	-	-	-
Total assets	\$ 362,749	\$ 3,894,268	\$ 284,270	\$ 343,811	\$ 696,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 39,271	\$ 39,781	\$ 2,210	\$ -	\$ 40,848
Retentions payable	-	55,000	-	-	-
Other accrued liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	39,271	94,781	2,210	-	40,848
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Fund Balances:					
Restricted	323,478	3,799,487	282,060	343,811	655,205
Unassigned	-	-	-	-	-
Total fund balances	323,478	3,799,487	282,060	343,811	655,205
Total liabilities, deferred inflows of resources, and fund balances	\$ 362,749	\$ 3,894,268	\$ 284,270	\$ 343,811	\$ 696,053

City of East Palo Alto
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

Special Revenue							
Federal and State Grants	Housing Assistance	Measure A	CYSFF TOT	Lighting District	Drainage District	Measure C	Local Grants
\$ 34,738	\$ 356,879	\$ 5,004,115	\$ 1,168,712	\$ 5,006,601	\$ 987,956	\$ 137,312	\$ 611,330
239	2,785	37,751	8,676	37,294	7,684	1,138	4,823
-	-	-	-	126,355	8,217	-	-
335,416	-	-	-	-	-	-	-
-	1,650	58,997	23,096	-	-	-	-
-	-	-	-	-	-	-	-
-	113,549	-	-	-	-	-	-
<u>\$ 370,393</u>	<u>\$ 474,863</u>	<u>\$ 5,100,863</u>	<u>\$ 1,200,484</u>	<u>\$ 5,170,250</u>	<u>\$ 1,003,857</u>	<u>\$ 138,450</u>	<u>\$ 616,153</u>
\$ 2,445	\$ 121	\$ 41,409	\$ -	\$ 3,493	\$ 3,346	\$ -	\$ 5,732
-	-	32,000	-	7,902	-	-	-
257,622	-	-	-	-	-	-	-
-	-	-	-	-	-	-	15,395
-	-	-	-	-	-	-	-
<u>260,067</u>	<u>121</u>	<u>73,409</u>	<u>-</u>	<u>11,395</u>	<u>3,346</u>	<u>-</u>	<u>21,127</u>
316,722	-	-	-	-	-	-	-
-	474,742	5,027,454	1,200,484	5,158,855	1,000,511	138,450	595,026
(206,396)	-	-	-	-	-	-	-
<u>(206,396)</u>	<u>474,742</u>	<u>5,027,454</u>	<u>1,200,484</u>	<u>5,158,855</u>	<u>1,000,511</u>	<u>138,450</u>	<u>595,026</u>
<u>\$ 370,393</u>	<u>\$ 474,863</u>	<u>\$ 5,100,863</u>	<u>\$ 1,200,484</u>	<u>\$ 5,170,250</u>	<u>\$ 1,003,857</u>	<u>\$ 138,450</u>	<u>\$ 616,153</u>

City of East Palo Alto
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue					Special Reven	Capital Project	Total Non-Major Governmental Funds
	SVCF	Low and Moderate Income Housing Successor	Housing TOT	Measure HH	Measure W	ARPA	CIP Impact Fees	
ASSETS								
Cash and investments	\$ -	\$ 1,689,444	\$ 1,670,524	\$ 4,978,379	\$ 776,280	\$ -	\$ 638,801	\$ 28,387,693
Receivables:								
Accrued interest	-	174,748	36,027	37,213	5,185	-	4,822	399,063
Taxes	-	-	-	-	-	-	-	134,572
Intergovernmental	-	-	-	-	-	-	-	545,809
Accounts receivable	-	-	23,096	-	59,068	-	-	169,365
Advances to other funds	1,948,360	-	-	-	-	-	-	1,948,360
Loans and notes receivable	-	6,305,420	663,536	-	-	-	-	7,082,505
Total assets	<u>\$ 1,948,360</u>	<u>\$ 8,169,612</u>	<u>\$ 2,393,183</u>	<u>\$ 5,015,592</u>	<u>\$ 840,533</u>	<u>\$ -</u>	<u>\$ 643,623</u>	<u>\$ 38,667,367</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 25,079	\$ -	\$ 45,272	\$ 10,341	\$ -	\$ -	\$ 259,348
Retentions payable	-	-	-	-	21,156	-	-	116,058
Other accrued liabilities	-	20,834	-	-	-	-	-	278,456
Unearned revenue	-	-	-	-	-	-	-	15,395
Due to other funds	105,387	-	-	-	-	-	-	105,387
Total liabilities	<u>105,387</u>	<u>45,913</u>	<u>-</u>	<u>45,272</u>	<u>31,497</u>	<u>-</u>	<u>-</u>	<u>774,644</u>
Deferred inflows of resources:								
Unavailable revenue	-	360,504	23,232	-	-	-	-	700,458
Fund Balances:								
Restricted	1,842,973	7,763,195	2,369,951	4,970,320	809,036	-	643,623	37,398,661
Unassigned	-	-	-	-	-	-	-	(206,396)
Total fund balances	<u>1,842,973</u>	<u>7,763,195</u>	<u>2,369,951</u>	<u>4,970,320</u>	<u>809,036</u>	<u>-</u>	<u>643,623</u>	<u>37,192,265</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,948,360</u>	<u>\$ 8,169,612</u>	<u>\$ 2,393,183</u>	<u>\$ 5,015,592</u>	<u>\$ 840,533</u>	<u>\$ -</u>	<u>\$ 643,623</u>	<u>\$ 38,667,367</u>

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City of East Palo Alto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	NPDES Fees	Gas Tax	Federal and State Law Enforcement	Park in Lieu	Rent Stabilization Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Transient occupancy tax	-	-	-	-	-
Other taxes	-	1,437,136	-	-	-
Licenses, fees and permits	-	-	-	-	-
Charges for services	125,648	-	-	-	607,278
Use of money and property	15,634	93,496	6,551	9,729	21,400
Grants and intergovernmental	124,140	-	197,497	-	-
Total revenues	265,422	1,530,632	204,048	9,729	628,678
EXPENDITURES:					
Current:					
General government	160,008	203,310	-	-	256,790
Public safety	-	-	178,400	-	-
Public works	221,148	272,265	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	409,605
Capital outlay	224,699	1,044,859	-	-	-
Debt service:					
Principal	12,886	-	-	-	-
Interest	2,106	-	-	-	-
Total expenditures	620,847	1,520,434	178,400	-	666,395
REVENUES OVER (UNDER) EXPENDITURES	(355,425)	10,198	25,648	9,729	(37,717)
OTHER FINANCING SOURCES (USES):					
Transfers in	303,868	64,500	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	303,868	64,500	-	-	-
Net change in fund balances	(51,557)	74,698	25,648	9,729	(37,717)
FUND BALANCES:					
Beginning of the year	375,035	3,724,789	256,412	334,082	692,922
End of year	\$ 323,478	\$ 3,799,487	\$ 282,060	\$ 343,811	\$ 655,205

City of East Palo Alto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

Special Revenue							
Federal and State Grants	Housing Assistance	Measure A	CYSFF TOT	Lighting District	Drainage District	Measure C	Local Grants
\$ -	\$ -	\$ -	\$ -	\$ 889,025	\$ 175,764	\$ -	\$ -
-	-	799,061	-	-	-	-	-
-	-	-	222,373	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	202	-	-	-	-	-	-
239	13,435	127,151	27,087	118,709	19,760	7,349	19,182
187,793	-	-	-	-	-	-	175,000
<u>188,032</u>	<u>13,637</u>	<u>926,212</u>	<u>249,460</u>	<u>1,007,734</u>	<u>195,524</u>	<u>7,349</u>	<u>194,182</u>
-	1,595	3,210	45,280	47,375	90,785	800	-
-	-	-	-	-	-	-	121,835
21,500	-	-	-	69,719	118,662	-	-
35,078	-	-	5,228	-	-	85,758	-
271,136	1,517	-	-	-	-	-	-
-	-	622,118	-	46,310	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>327,714</u>	<u>3,112</u>	<u>625,328</u>	<u>50,508</u>	<u>163,404</u>	<u>209,447</u>	<u>86,558</u>	<u>121,835</u>
<u>(139,682)</u>	<u>10,525</u>	<u>300,884</u>	<u>198,952</u>	<u>844,330</u>	<u>(13,923)</u>	<u>(79,209)</u>	<u>72,347</u>
-	-	-	-	-	287,272	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	287,272	-	-
<u>(139,682)</u>	<u>10,525</u>	<u>300,884</u>	<u>198,952</u>	<u>844,330</u>	<u>273,349</u>	<u>(79,209)</u>	<u>72,347</u>
<u>(66,714)</u>	<u>464,217</u>	<u>4,726,570</u>	<u>1,001,532</u>	<u>4,314,525</u>	<u>727,162</u>	<u>217,659</u>	<u>522,679</u>
<u>\$ (206,396)</u>	<u>\$ 474,742</u>	<u>\$ 5,027,454</u>	<u>\$ 1,200,484</u>	<u>\$ 5,158,855</u>	<u>\$ 1,000,511</u>	<u>\$ 138,450</u>	<u>\$ 595,026</u>

City of East Palo Alto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				Special Revenue		Capital Project	Total Non-Major Governmental Funds
	SVCF	Low and Moderate Income Housing Successor	Housing TOI	Measure HH	Measure W	ARPA	CIP Impact Fees	
REVENUES:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,064,789
Sales taxes	-	-	-	-	347,628	-	-	1,146,689
Transient occupancy tax	-	-	222,373	-	-	-	-	444,746
Other taxes	-	-	-	1,677,265	-	-	-	3,114,401
Licenses, fees and permits	-	-	-	-	-	-	23,016	23,016
Charges for services	-	-	-	-	-	-	-	733,128
Use of money and property	4,270	123,968	72,257	111,162	17,213	44,657	17,076	870,325
Grants and intergovernmental	-	-	-	-	-	3,506,266	-	4,190,696
Total revenues	4,270	123,968	294,630	1,788,427	364,841	3,550,923	40,092	11,587,790
EXPENDITURES:								
Current:								
General government	-	30,867	27,280	1,500	1,500	33,997	-	904,297
Public safety	-	-	-	-	-	872,129	-	1,172,364
Public works	-	-	-	-	-	-	-	703,294
Culture and recreation	-	-	-	-	-	-	-	126,064
Community development	175,882	345,887	1,228,571	559,325	-	-	-	2,991,923
Capital outlay	-	-	-	-	423,113	-	-	2,361,099
Debt service:								
Principal	-	-	-	-	-	-	-	12,886
Interest	-	-	-	-	-	-	-	2,106
Total expenditures	175,882	376,754	1,255,851	560,825	424,613	906,126	-	8,274,033
REVENUES OVER (UNDER) EXPENDITURES	(171,612)	(252,786)	(961,221)	1,227,602	(59,772)	2,644,797	40,092	3,313,757
OTHER FINANCING SOURCES (USES):								
Transfers in	-	462,724	-	-	-	-	-	1,118,364
Transfers out	-	(1,000,000)	-	(1,000,000)	-	(2,600,140)	-	(4,600,140)
Total other financing sources (uses)	-	(537,276)	-	(1,000,000)	-	(2,600,140)	-	(3,481,776)
Net change in fund balances	(171,612)	(790,062)	(961,221)	227,602	(59,772)	44,657	40,092	(168,019)
FUND BALANCES:								
Beginning of the year	2,014,585	8,553,257	3,331,172	4,742,718	868,808	(44,657)	603,531	37,360,284
End of year	<u>\$ 1,842,973</u>	<u>\$ 7,763,195</u>	<u>\$ 2,369,951</u>	<u>\$ 4,970,320</u>	<u>\$ 809,036</u>	<u>\$ -</u>	<u>\$ 643,623</u>	<u>\$ 37,192,265</u>

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
NPDES Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 151,500	\$ 151,500	\$ 125,648	\$ (25,852)
Use of money and property	4,000	7,200	15,634	8,434
Grants and intergovernmental revenue	92,000	708,359	124,140	(584,219)
Total revenues	247,500	867,059	265,422	(601,637)
EXPENDITURES:				
Current:				
General government	265,645	334,093	160,008	174,085
Public works	285,723	306,785	221,148	85,637
Capital outlay	-	708,359	224,699	483,660
Debt service:				
Principal	-	-	12,886	(12,886)
Interest	-	-	2,106	(2,106)
Total expenditures	551,368	1,349,237	620,847	728,390
REVENUES OVER (UNDER) EXPENDITURES	(303,868)	(482,178)	(355,425)	126,753
OTHER FINANCING SOURCES (USES):				
Transfer in	303,868	303,868	303,868	-
Total other financing sources (uses)	303,868	303,868	303,868	-
Net change in fund balance	\$ -	\$ (178,310)	(51,557)	\$ 126,753
FUND BALANCE:				
Beginning of year			375,035	
End of year			<u>\$ 323,478</u>	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,530,000	\$ 1,530,000	\$ 1,437,136	\$ (92,864)
Use of money and property	11,000	39,470	93,496	54,026
Total revenues	1,541,000	1,569,470	1,530,632	(38,838)
EXPENDITURES:				
Current:				
General government	206,378	206,379	203,310	3,069
Public works	565,827	610,592	272,265	338,327
Capital outlay	550,000	1,100,000	1,044,859	55,141
Total expenditures	1,322,205	1,916,971	1,520,434	396,537
REVENUES OVER (UNDER) EXPENDITURES	218,795	(347,501)	10,198	357,699
OTHER FINANCING SOURCES (USES):				
Transfer in	64,500	64,500	64,500	-
Total other financing sources (uses)	64,500	64,500	64,500	-
Net change in fund balance	\$ 283,295	\$ (283,001)	74,698	\$ 357,699
FUND BALANCE:				
Beginning of year			3,724,789	
End of year			\$ 3,799,487	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Federal and State Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 6,551	\$ 4,551
Grants and intergovernmental	160,000	160,000	197,497	37,497
Total revenues	162,000	162,000	204,048	42,048
EXPENDITURES:				
Current:				
Public safety	191,417	227,548	178,400	49,148
Total expenditures	191,417	227,548	178,400	49,148
Net change in fund balance	\$ (29,417)	\$ (65,548)	25,648	\$ 91,196
FUND BALANCE:				
Beginning of year			256,412	
End of year			\$ 282,060	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park in Lieu Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 3,187	\$ 9,729	\$ 6,542
Total revenues	-	3,187	9,729	6,542
Net change in fund balance	\$ -	\$ 3,187	9,729	\$ 6,542
FUND BALANCE:				
Beginning of year			334,082	
End of year			\$ 343,811	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Rent Stabilization Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 536,360	\$ 536,360	\$ 607,278	\$ 70,918
Fines and forfeitures	2,500	2,500	-	(2,500)
Use of money and property	6,000	10,836	21,400	10,564
Total revenues	544,860	549,696	628,678	78,982
EXPENDITURES:				
Current:				
General government	256,790	256,790	256,790	-
Community development	401,069	704,108	409,605	294,503
Total expenditures	657,859	960,898	666,395	294,503
Net change in fund balance	\$ (112,999)	\$ (411,202)	(37,717)	\$ 373,485
FUND BALANCE:				
Beginning of year			692,922	
End of year			\$ 655,205	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Federal and State Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 239	\$ 239
Grants and intergovernmental	57,000	314,622	187,793	(126,829)
Total revenues	57,000	314,622	188,032	(126,590)
EXPENDITURES:				
Current:				
Public works	-	21,500	21,500	-
Culture and recreation	45,000	45,000	35,078	9,922
Community development	-	401,005	271,136	129,869
Total expenditures	45,000	467,505	327,714	139,791
Net change in fund balance	\$ 12,000	\$ (152,883)	(139,682)	\$ 13,201
FUND BALANCE:				
Beginning of year			(66,714)	
End of year			\$ (206,396)	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing Assistance Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,500	\$ 2,500	\$ 202	\$ (2,298)
Use of money and property	2,000	5,264	13,435	8,171
Total revenues	4,500	7,764	13,637	5,873
EXPENDITURES:				
Current:				
General government	1,595	1,595	1,595	-
Community development	4,655	4,655	1,517	3,138
Total expenditures	6,250	6,250	3,112	3,138
Net change in fund balance	\$ (1,750)	\$ 1,514	10,525	\$ 9,011
FUND BALANCE:				
Beginning of year			464,217	
End of year			\$ 474,742	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure A Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales taxes	\$ 600,000	\$ 600,000	\$ 799,061	\$ 199,061
Use of money and property	36,000	82,516	127,151	44,635
Total revenues	636,000	682,516	926,212	243,696
EXPENDITURES:				
Current:				
General government	3,210	3,210	3,210	-
Capital outlay	500,000	987,500	622,118	365,382
Total expenditures	503,210	990,710	625,328	365,382
Net change in fund balance	\$ 132,790	\$ (308,194)	300,884	\$ 609,078
FUND BALANCE:				
Beginning of year			4,726,570	
End of year			\$ 5,027,454	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
CYSFF TOT Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient occupancy tax	\$ 138,000	\$ 200,000	\$ 222,373	\$ 22,373
Use of money and property	6,000	16,013	27,087	11,074
Total revenues	144,000	216,013	249,460	33,447
EXPENDITURES:				
Current:				
General government	45,280	45,280	45,280	-
Culture and recreation	-	55,200	5,228	49,972
Total expenditures	45,280	100,480	50,508	49,972
Net change in fund balance	\$ 98,720	\$ 115,533	198,952	\$ 83,419
FUND BALANCE:				
Beginning of year			1,001,532	
End of year			\$ 1,200,484	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Lighting District Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 647,933	\$ 647,933	\$ 889,025	\$ 241,092
Use of money and property	31,000	72,424	118,709	46,285
Total revenues	678,933	720,357	1,007,734	287,377
EXPENDITURES:				
Current:				
General government	50,250	50,250	47,375	2,875
Public works	126,558	127,308	69,719	57,589
Capital outlay	-	58,863	46,310	12,553
Total expenditures	176,808	236,421	163,404	73,017
Net change in fund balance	\$ 502,125	\$ 483,936	844,330	\$ 360,394
FUND BALANCE:				
Beginning of year			4,314,525	
End of year			\$ 5,158,855	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Drainage District Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 140,002	\$ 140,002	\$ 175,764	\$ 35,762
Use of money and property	4,000	11,730	19,760	8,030
Total revenues	144,002	151,732	195,524	43,792
EXPENDITURES:				
Current:				
General government	92,098	92,098	90,785	1,313
Public works	339,176	340,595	118,662	221,933
Total expenditures	431,274	432,693	209,447	223,246
REVENUES OVER (UNDER) EXPENDITURES	(287,272)	(280,961)	(13,923)	267,038
OTHER FINANCING SOURCES (USES):				
Transfer in	287,272	287,272	287,272	-
Total other financing sources (uses)	287,272	287,272	287,272	-
Net change in fund balance	\$ -	\$ 6,311	273,349	\$ 267,038
FUND BALANCE:				
Beginning of year			727,162	
End of year			\$ 1,000,511	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure C Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 2,701	\$ 7,349	\$ 4,648
Total revenues	<u>1,000</u>	<u>2,701</u>	<u>7,349</u>	<u>4,648</u>
EXPENDITURES:				
Current:				
General government	800	800	800	-
Culture and recreation	206,500	206,500	85,758	120,742
Total expenditures	<u>207,300</u>	<u>207,300</u>	<u>86,558</u>	<u>120,742</u>
Net change in fund balance	<u>\$ (206,300)</u>	<u>\$ (204,599)</u>	<u>(79,209)</u>	<u>\$ 125,390</u>
FUND BALANCE:				
Beginning of year			<u>217,659</u>	
End of year			<u>\$ 138,450</u>	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Local Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,000	\$ 8,798	\$ 19,182	\$ 10,384
Grants and intergovernmental	150,000	150,000	175,000	25,000
Total revenues	153,000	158,798	194,182	35,384
EXPENDITURES:				
Current:				
Public safety	150,000	150,000	121,835	28,165
Total expenditures	150,000	150,000	121,835	28,165
Net change in fund balance	\$ 3,000	\$ 8,798	72,347	\$ 63,549
FUND BALANCE:				
Beginning of year			522,679	
End of year			\$ 595,026	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Silicon Valley Community Foundation (SVCF) Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,031	\$ 4,270	\$ 3,239
Total revenues	<u>1,000</u>	<u>1,031</u>	<u>4,270</u>	<u>3,239</u>
EXPENDITURES:				
Current:				
Community development	<u>168,442</u>	<u>176,043</u>	<u>175,882</u>	<u>161</u>
Total expenditures	<u>168,442</u>	<u>176,043</u>	<u>175,882</u>	<u>161</u>
Net change in fund balance	<u>\$ (167,442)</u>	<u>\$ (175,012)</u>	(171,612)	<u>\$ 3,400</u>
FUND BALANCE:				
Beginning of year			<u>2,014,585</u>	
End of year			<u>\$ 1,842,973</u>	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 20,000	\$ 42,479	\$ 123,968	\$ 81,489
Total revenues	<u>20,000</u>	<u>42,479</u>	<u>123,968</u>	<u>81,489</u>
EXPENDITURES:				
Current:				
General government	49,610	49,610	30,867	18,743
Community development	1,173,017	1,264,115	345,887	918,228
Total expenditures	<u>1,222,627</u>	<u>1,313,725</u>	<u>376,754</u>	<u>936,971</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,202,627)</u>	<u>(1,271,246)</u>	<u>(252,786)</u>	<u>1,018,460</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	462,724	462,724	462,724	-
Transfer out	-	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	<u>462,724</u>	<u>(537,276)</u>	<u>(537,276)</u>	<u>-</u>
Net change in fund balance	<u>\$ (739,903)</u>	<u>\$ (1,808,522)</u>	<u>(790,062)</u>	<u>\$ 1,018,460</u>
FUND BALANCE:				
Beginning of year			<u>8,553,257</u>	
End of year			<u>\$ 7,763,195</u>	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing TOT Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient occupancy tax	\$ 138,000	\$ 200,000	\$ 222,373	\$ 22,373
Use of money and property	20,000	45,955	72,257	26,302
Total revenues	158,000	245,955	294,630	48,675
EXPENDITURES:				
Current:				
General government	27,280	27,280	27,280	-
Community development	-	1,260,000	1,228,571	31,429
Total expenditures	27,280	1,287,280	1,255,851	31,429
Net change in fund balance	\$ 130,720	\$ (1,041,325)	(961,221)	\$ 80,104
FUND BALANCE:				
Beginning of year			3,331,172	
End of year			\$ 2,369,951	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure HH Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,677,280	\$ 1,677,280	\$ 1,677,265	\$ (15)
Use of money and property	25,000	72,495	111,162	38,667
Total revenues	1,702,280	1,749,775	1,788,427	38,652
EXPENDITURES:				
Current:				
General government	3,011	3,011	1,500	1,511
Community development	616,052	1,396,602	559,325	837,277
Total expenditures	619,063	1,399,613	560,825	838,788
REVENUES OVER (UNDER) EXPENDITURES	1,083,217	350,162	1,227,602	877,440
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	-	(1,000,000)	(1,000,000)	-
Net change in fund balance	\$ 1,083,217	\$ (649,838)	227,602	\$ 877,440
FUND BALANCE:				
Beginning of year			4,742,718	
End of year			<u>\$ 4,970,320</u>	

City of East Palo Alto
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure W Special Revenue Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales taxes	\$ 300,000	\$ 300,000	\$ 347,628	\$ 47,628
Use of money and property	4,000	9,451	17,213	7,762
Total revenues	304,000	309,451	364,841	55,390
EXPENDITURES:				
Current:				
General government	1,500	1,500	1,500	
Capital outlay			423,113	
Total expenditures	1,500	1,500	424,613	-
Net change in fund balance	\$ 302,500	\$ 307,951	(59,772)	\$ 55,390
FUND BALANCE:				
Beginning of year			868,808	
End of year			\$ 809,036	

City of East Palo Alto
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 ARPA Special Revenue Fund
 For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	250,000	48,751	44,657	(4,094)
Grants and intergovernmental	3,506,250	3,506,266	3,506,266	-
Total revenues	3,756,250	3,555,017	3,550,923	(4,094)
EXPENDITURES:				
Current:				
General government	130,444	35,044	33,997	1,047
Public safety	700,001	872,136	872,129	7
Total expenditures	830,445	907,180	906,126	1,054
REVENUES OVER (UNDER) EXPENDITURES	2,925,805	2,647,837	2,644,797	(3,040)
OTHER FINANCING SOURCES (USES):				
Transfer out	(821,140)	(2,600,140)	(2,600,140)	-
Total other financing sources (uses)	(821,140)	(2,600,140)	(2,600,140)	-
Net change in fund balance	\$ 2,104,665	\$ 47,697	44,657	\$ (3,040)
FUND BALANCE:				
Beginning of year			(44,657)	
End of year			\$ -	

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STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, noted disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances - Governmental Funds
4. Changes in Fund Balances - Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage - Successor Agency

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Number of Positions - City Government by Function
2. Operating Indicators by Function
3. Capital Asset Statistics by Function

Operating Information

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. The City Implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of East Palo Alto
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 31,132,522	\$ 35,561,630	\$ 41,044,530	\$ 42,278,404	\$ 48,784,281	\$ 55,197,664	\$ 56,070,993	\$ 63,227,229	\$ 64,005,813	\$ 74,583,002
Restricted For:										
Streets and Infrastructure	4,971,963	5,538,340	5,816,534	6,411,718	7,700,051	9,885,470	11,354,052	12,774,681	14,736,889	16,118,821
Parks and Recreation	496,583	550,014	1,120,082	1,117,148	1,089,920	340,827	348,880	344,094	334,082	343,811
Measure C programs	1,483,198	1,464,460	1,405,053	1,510,846	1,015,232	592,734	253,401	223,160	217,659	138,450
Housing Programs	13,108,951	14,012,643	17,325,494	20,518,013	20,824,081	21,669,184	24,277,027	25,891,744	26,780,234	31,735,201
Special Programs	726,772	954,220	1,168,856	853,741	1,262,039	1,522,452	1,755,499	2,012,599	2,010,100	2,529,780
Capital projects	209,247	188,644	279,184	3,796,398	3,012,787	9,816,132	10,159,391	6,707,412	8,602,288	7,172,849
Total restricted	20,996,714	22,708,321	27,115,203	34,207,864	34,904,110	43,826,799	48,148,250	47,953,690	52,681,252	58,038,912
Unrestricted	26,832,636	23,123,638	28,798,504	33,919,154	40,774,262	40,040,582	46,185,712	49,482,293	59,082,008	62,177,856
Total governmental activities net position	\$ 78,961,872	\$ 81,393,589	\$ 96,958,237	\$ 110,405,422	\$ 124,462,653	\$ 139,065,045	\$ 150,404,955	\$ 160,663,212	\$ 175,769,073	\$ 194,799,770
Business-type activities										
Net investment in capital assets	\$ 3,743,594	\$ 3,548,303	\$ 3,353,012	\$ 4,050,566	\$ 11,161,837	\$ 10,964,954	\$ 10,880,048	\$ 11,205,575	\$ 11,306,820	\$ 11,212,431
Restricted For:										
Capital Projects ¹	834,882	835,114	926,770	928,562	682,991	585,636	591,828	591,909	1,943,955	5,589,148
Total restricted	834,882	835,114	926,770	928,562	682,991	585,636	591,828	591,909	1,943,955	5,589,148
Unrestricted ¹	1,685,818	1,889,840	4,919,239	5,592,490	1,949,538	3,292,824	4,362,698	5,216,208	4,120,165	7,672,675
Total business-type activities net position	\$ 6,264,294	\$ 6,273,257	\$ 9,199,021	\$ 10,571,618	\$ 13,794,366	\$ 14,843,414	\$ 15,834,574	\$ 17,013,692	\$ 17,370,940	\$ 24,474,254
Primary Government										
Net investment in capital assets	\$ 34,876,116	\$ 39,109,933	\$ 44,397,542	\$ 46,328,970	\$ 59,946,118	\$ 66,162,618	\$ 66,951,041	\$ 74,432,804	\$ 75,312,633	\$ 85,795,433
Restricted	21,831,596	23,543,435	28,041,973	38,624,491	34,904,110	43,826,799	48,740,078	48,545,599	54,625,207	63,628,060
Unrestricted	28,518,454	25,013,478	33,717,743	36,023,579	43,406,791	43,919,042	50,548,410	54,698,501	63,202,173	69,850,531
Total primary government net position	\$ 85,226,166	\$ 87,666,846	\$ 106,157,258	\$ 120,977,040	\$ 138,257,019	\$ 153,908,459	\$ 166,239,529	\$ 177,676,904	\$ 193,140,013	\$ 219,274,024

¹ Certain amounts have been reclassified to present historical information in conformance with current classification.

City of East Palo Alto
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property Taxes	\$ 9,411,575	\$ 10,260,689	\$ 11,428,331	\$ 12,288,670	\$ 14,642,402	\$ 16,411,143	\$ 16,099,035	\$ 15,097,898	\$ 17,295,600	\$ 20,957,659
Sales Taxes	3,113,705	3,798,237	4,364,562	4,078,803	5,923,229	5,793,668	5,171,001	5,422,953	5,738,443	6,394,903
Utility Users Tax	1,464,049	1,513,088	1,516,104	1,520,017	1,680,279	1,537,991	1,584,592	1,630,879	1,631,049	1,936,239
Transient Occupancy Tax	2,452,951	2,803,542	2,809,127	2,906,241	3,089,942	2,990,217	1,962,256	200,886	1,447,892	2,223,732
Business License Tax ¹	576,084	668,138	602,245	616,653	1,428,860	1,452,963	1,585,841	1,223,696	1,269,802	1,768,500
Other Taxes ¹	1,614,030	1,741,988	1,621,994	1,824,599	1,254,845	86,410	1,796,955	1,833,719	1,677,265	1,782,881
Investment earnings	194,682	232,001	312,707	394,890	849,716	2,029,009	2,113,187	(9,692)	(2,010,393)	2,296,615
Miscellaneous	430,498	493,864	719,437	194,024	49,306	1,147,440	1,277,393	1,595,376	1,273,166	1,487,771
Transfers	-	-	-	(531,049)	(238,312)	-	-	-	-	(6,241,000)
Extraordinary Items	-	-	3,246,461	-	-	-	-	-	-	-
Total Governmental activities	19,257,574	21,511,547	26,620,968	23,292,848	28,680,267	31,448,841	31,590,260	26,995,715	28,322,824	32,607,300
Business-type activities:										
Investment earnings	13,652	9,557	12,984	34,159	32,939	79,415	234,047	(13,745)	(298,202)	351,464
Transfers	-	-	-	-	531,049	238,312	-	-	(140,423)	6,241,000
Total Business-type activities	13,652	9,557	12,984	34,159	563,988	317,727	234,047	(13,745)	(438,625)	6,592,464
Total Primary Government	19,271,226	21,521,104	26,633,952	23,327,007	29,244,255	31,766,568	31,824,307	26,981,970	27,884,199	39,199,764
Change in Net Position										
Governmental Activities	4,728,886	9,552,573	18,126,648	13,447,185	14,057,231	14,602,392	11,339,910	10,258,257	15,255,186	19,080,781
Business-type Activities	38,911	5,536	642,589	842,768	3,469,009	1,132,728	1,049,048	662,726	754,238	7,103,314
Change in Net Position	\$ 4,767,797	\$ 9,558,109	\$ 18,769,237	\$ 14,289,953	\$ 17,526,240	\$ 15,735,120	\$ 12,388,958	\$ 10,920,983	\$ 16,009,424	\$ 26,184,095

¹ Certain amounts have been reclassified to present historical information in conformance with current classification descriptions.

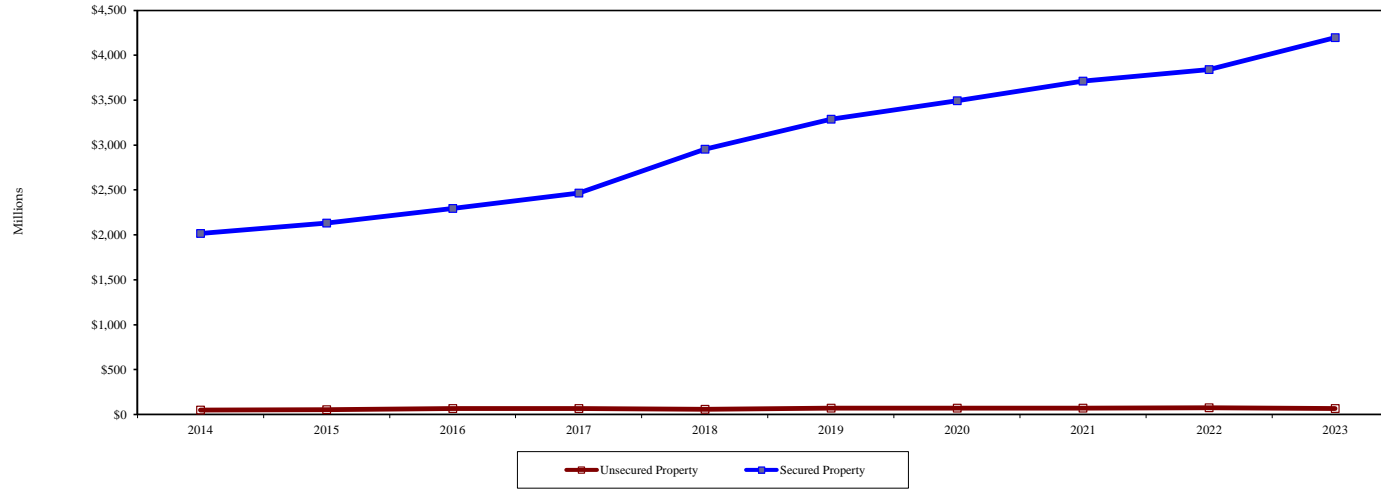
City of East Palo Alto
Fund Balances-Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 11,776,028	\$ 11,769,991	\$ 11,932,475	\$ 12,066,847	\$ 11,743,001	\$ 10,938,871	\$ 8,826,647	\$ 6,554,760	\$ 5,282,165	\$ 2,875,868
Restricted	-	-	-	-	-	-	20,065	23,784	27,297	38,659
Committed	-	-	-	-	-	-	980,355	980,355	10,097,589	11,844,496
Assigned	77,915	187,141	383,658	1,188,899	1,886,415	1,839,551	2,183,599	4,128,219	6,658,000	6,000,000
Unassigned	12,305,114	13,221,866	16,293,653	17,235,337	24,191,919	26,426,148	30,996,166	31,116,240	26,407,109	33,027,657
Total General Fund	<u>24,159,057</u>	<u>25,178,998</u>	<u>28,609,786</u>	<u>30,491,083</u>	<u>37,821,335</u>	<u>39,204,570</u>	<u>39,204,570</u>	<u>42,803,358</u>	<u>48,472,160</u>	<u>53,786,680</u>
All Other Governmental Funds										
Restricted	21,304,289	22,684,977	26,537,401	34,122,255	34,904,110	43,826,799	47,339,670	45,250,665	45,389,536	51,986,249
Committed	-	-	-	-	-	-	-	5,500,000	9,000,000	10,414,734
Assigned	703,226	1,913,459	4,803,773	7,289,475	6,772,150	7,874,189	11,936,316	10,908,746	5,600,829	6,889,192
Unassigned	(340,922)	(233,356)	(197,068)	-	-	-	-	(61,923)	(111,371)	(206,396)
Total all other governmental funds	<u>21,666,593</u>	<u>24,365,080</u>	<u>31,144,106</u>	<u>41,411,730</u>	<u>41,676,260</u>	<u>51,700,988</u>	<u>51,700,988</u>	<u>61,597,488</u>	<u>59,878,994</u>	<u>69,083,779</u>
Total Governmental Funds	<u>\$ 45,825,650</u>	<u>\$ 49,544,078</u>	<u>\$ 59,753,892</u>	<u>\$ 71,902,813</u>	<u>\$ 79,497,595</u>	<u>\$ 90,905,558</u>	<u>\$ 90,905,558</u>	<u>\$ 104,400,846</u>	<u>\$ 108,351,154</u>	<u>\$ 122,870,459</u>

City of East Palo Alto
Changes in Fund Balances-Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 18,700,903	\$ 20,271,896	\$ 22,015,184	\$ 22,570,573	\$ 26,465,002	\$ 28,911,799	\$ 30,593,515	\$ 27,551,942	\$ 31,488,448	\$ 38,052,255
Licenses, fees, and permits	927,194	932,302	8,225,539	2,276,892	2,945,418	2,816,522	1,425,267	2,665,772	2,344,950	1,734,484
Charges for services	2,110,075	2,638,045	2,778,293	2,090,795	1,942,517	2,027,506	2,901,680	1,487,373	1,340,766	1,387,903
Fines and forfeitures	261,440	368,621	532,143	442,911	745,766	421,661	401,717	242,042	263,437	379,861
Use of money and property	207,461	245,602	474,624	410,003	878,892	2,082,517	2,730,055	207,416	(2,323,287)	2,802,993
Grants and intergovernmental	3,181,804	4,941,401	3,589,152	8,724,241	5,177,790	7,459,093	1,285,504	5,659,603	4,897,399	17,631,163
Miscellaneous	607,906	609,570	1,212,731	205,096	119,862	385,940	260,257	1,915,735	1,700,286	975,524
Total revenues	<u>25,996,783</u>	<u>30,007,437</u>	<u>38,827,666</u>	<u>36,720,511</u>	<u>38,275,247</u>	<u>44,105,038</u>	<u>39,597,995</u>	<u>39,729,883</u>	<u>39,711,999</u>	<u>62,964,183</u>
Expenditures										
Current										
General Government	4,050,248	3,804,928	4,037,015	4,270,123	4,286,525	4,696,638	5,126,419	6,144,761	6,332,990	6,646,083
Public Safety	10,673,461	10,237,181	10,200,118	10,159,814	10,165,174	11,240,702	10,920,002	11,629,425	11,767,310	12,671,959
Public Works	2,421,820	2,698,224	3,106,375	3,560,158	4,251,301	4,150,097	3,844,254	4,134,384	4,097,153	4,189,669
Culture and recreation	774,662	789,369	1,036,572	959,888	1,243,981	1,203,631	1,001,494	700,691	1,219,765	1,553,917
Community Development	3,969,143	2,263,113	2,257,570	2,397,396	2,984,606	3,589,412	4,823,525	5,758,006	5,146,245	7,001,196
Capital Outlay	1,668,320	6,877,626	2,524,109	3,290,362	7,716,265	7,800,356	2,505,041	9,244,588	7,067,172	9,614,380
Debt Service										
Principal repayment	29,914	45,254	61,347	52,302	31,399	16,085	-	-	-	452,677
Interest & fiscal charges	3,281	4,180	4,325	2,347	1,214	154	-	-	6,561	73,997
Total expenditures	<u>23,590,849</u>	<u>26,719,875</u>	<u>23,227,431</u>	<u>24,692,390</u>	<u>30,680,465</u>	<u>32,697,075</u>	<u>28,220,735</u>	<u>37,611,855</u>	<u>35,637,196</u>	<u>42,203,878</u>
Excess of revenues over (under) expenditures	<u>2,405,934</u>	<u>3,287,562</u>	<u>15,600,235</u>	<u>12,028,121</u>	<u>7,594,782</u>	<u>11,407,963</u>	<u>11,407,963</u>	<u>2,118,028</u>	<u>4,074,803</u>	<u>20,760,305</u>
Other financing sources (uses)										
Transfers in	1,225,985	4,024,730	1,236,787	3,876,948	2,121,910	8,637,770	8,266,603	3,506,089	2,381,000	5,133,238
Transfers (out)	(1,225,985)	(4,024,730)	(3,498,787)	(3,811,148)	(2,121,910)	(8,637,770)	(8,266,603)	(3,506,089)	(2,381,000)	(11,374,238)
Capital leases	-	121,666	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>121,666</u>	<u>(2,262,000)</u>	<u>65,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,241,000)</u>
Net change in fund balances	<u>\$ 2,405,934</u>	<u>\$ 3,409,228</u>	<u>\$ 13,338,235</u>	<u>\$ 12,093,921</u>	<u>\$ 7,594,782</u>	<u>\$ 11,407,963</u>	<u>\$ 11,407,963</u>	<u>\$ 2,118,028</u>	<u>\$ 4,074,803</u>	<u>\$ 14,519,305</u>
Debt service as a percentage of noncapital expenditures	0.15%	0.25%	0.32%	0.26%	0.14%	0.07%	0.08%	0.00%	0.02%	1.62%
Debt service as a percentage of total expenditures	0.14%	0.19%	0.28%	0.22%	0.11%	0.05%	0.06%	0.00%	0.02%	1.25%

City of East Palo Alto
Assessed Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Secured				Total Secured Property	Unsecured				Unsecured Property	Total Taxable Assessed (1)	Estimated Actual Value (2)	Factor of Taxable Assessed Value (3)
	City	Gateway 101 Corridor	University Circle	Ravenswood		City	Gateway 101 Corridor	University Circle	Ravenswood				
2014	\$ 1,173,993,111	\$ 330,429,999	\$ 376,804,050	\$ 81,596,056	\$ 1,962,823,216	\$ 6,125,013	\$ 18,274,858	\$ 22,893,647	\$ 3,370,914	\$ 50,664,432	\$ 2,013,487,648	\$ 2,013,487,648	1.000000
2015	1,272,051,647	341,894,816	378,514,734	83,231,935	2,075,693,132	6,198,106	18,472,810	25,681,636	4,601,336	54,953,888	2,130,647,020	\$3,549,905,090	1.000000
2016	1,387,303,962	366,869,951	386,077,451	89,606,753	2,229,858,117	5,895,578	21,087,072	32,434,814	5,307,991	64,725,455	2,294,583,572	\$4,990,019,421	1.000000
2017	1,496,819,954	383,867,913	391,965,125	128,424,119	2,401,077,111	5,357,954	21,336,520	31,608,639	6,300,157	64,603,270	2,465,680,381	\$4,932,990,577	1.000000
2018	1,860,043,257	493,901,959	399,943,872	139,127,273	2,893,016,361	5,568,741	21,568,793	28,727,193	3,838,839	59,703,566	2,952,719,927	\$7,145,582,223	1.000000
2019	1,987,717,844	589,570,833	491,664,014	149,310,365	3,218,263,056	16,763,127	24,130,526	26,264,047	3,792,066	70,949,766	3,289,212,822	\$7,232,431,631	1.000000
2020	2,141,077,211	610,407,047	501,497,289	167,894,435	3,420,875,982	16,924,357	24,269,647	25,817,541	3,956,073	70,967,618	3,491,843,600	\$6,049,029,684	1.000000
2021	2,256,060,762	626,312,724	511,628,461	247,209,411	3,641,211,358	5,172,050	36,754,744	23,863,678	4,876,777	70,667,249	3,711,878,607	\$7,490,106,321	1.000000
2022	2,334,992,280	647,462,524	520,340,698	261,727,649	3,764,523,151	17,480,486	36,132,686	17,381,330	4,386,585	75,381,087	3,839,904,238	\$7,074,714,408	1.000000
2023	2,496,505,848	702,048,413	688,427,574	245,346,193	4,132,328,028	6,909,334	39,183,992	13,391,529	4,677,616	64,162,471	4,196,490,499	\$6,827,322,921	1.000000

Source: San Mateo County Assessors, MuniServices, LLC / an Avenu Insights & Analytics Company
Source: Prior published ACFR

Notes:

- (1) Total Assessed Taxable Value is net of all exemptions, including homeowners' exemption.
- (2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a factor was extrapolated and applied to current assessed values.
- (3) California cities do not set their own direct tax rate. The State constitution establishes the rate at 1% and allocates a portion of that amount to all the taxing entities within a tax rate area.

City of East Palo Alto
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Basic County-wide Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Override Assessments										
Ravenswood School District	0.0415	0.0360	0.0304	0.0376	0.0352	0.0616	0.0522	0.0341	0.0369	0.0415
Sequoia Union High School District	0.0313	0.0433	0.0434	0.0391	0.0383	0.0365	0.0340	0.0315	0.0290	0.0286
San Mateo Community College District	0.0194	0.0190	0.0250	0.0247	0.0235	0.0175	0.0266	0.0213	0.0227	0.0193
Midpeninsula Open Space District	0.0000	0.0000	0.0008	0.0006	0.0009	0.0018	0.0016	0.0015	0.0015	0.0013
TOTAL	0.0922	0.0983	0.0996	0.1020	0.0979	0.1174	0.1144	0.0884	0.0901	0.0907
Total Tax Rate	1.0922	1.0983	1.0996	1.1020	1.0979	1.1174	1.1144	1.0884	1.0901	1.0907

Source: County Auditor data, MuniServices, LLC / Avenu Insights & Analytics

Source: Previously published ACFR Report

Tax Rate as represented by TRA 021-000

**City of East Palo Alto
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago**

Taxpayer	2022-23		2013-14	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Columbia REIT University Circle LP	\$ 535,093,330	11.97%		
Woodland Park Property Owner Llc	443,099,614	9.91%		
University Plaza EPA LLC	209,076,804	4.68%	\$ 4,620,600	0.23%
SHR Palo Alto LLC	148,735,875	3.33%	50,818,338	2.52%
Ikea Property Inc	103,100,660	2.31%	83,160,735	4.13%
Bayshore 1771 LLC	54,228,300	1.21%		
Four Corners EPA Property Owner LLC	43,283,822	0.97%		
Sycamore Real Estate Investment LLC	42,356,765	0.95%		
HPI ASVRF 1990 Bay LLC	37,342,901	0.84%		
Light Tree Three LP	22,807,932	0.51%		
Wells REIT II - University Circle			325,159,118	16.15%
Gateway 101 LLC			25,830,016	1.28%
DKB Homes LLC			9,662,363	0.48%
Green Valley Corp			7,213,426	0.36%
Romic Environmental Tech Corp			6,750,000	0.34%
East Palo Alto Hotel Devel			6,062,454	0.30%
Cummings Park Assoc			4,862,439	0.24%
Principal Taxpayers	\$ 1,639,126,003	36.67%	\$ 524,139,489	26.03%
Total Taxable Value	\$ 4,469,543,670	100.00%	\$ 2,013,487,648	100.00%

Source: County Assessor data, MuniServices, LLC / Avenu Insights & Analytics

**City of East Palo Alto
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levied for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections (3)	Total Collections To Date	
		Current Tax Collections (2)	Percentage of Levy		Total Tax Collections	Percentage of Levy
2014	\$ 4,915,330	\$ 4,668,248	95.0%	\$ 4,668,248	95.0%	
2015	5,326,772	5,197,898	97.5%	5,197,898	97.5%	
2016	5,751,125	5,515,510	95.9%	5,515,510	95.9%	
2017	6,158,288	5,864,760	95.2%	5,864,760	95.2%	
2018	7,498,588	7,137,824	95.2%	7,137,824	95.2%	
2019	8,006,496	7,755,634	96.9%	7,755,634	96.9%	
2020	8,571,769	8,357,638	97.5%	8,357,638	97.5%	
2021	8,941,750	8,660,036	96.8%	8,660,036	96.8%	
2022	9,304,588	9,847,946	105.8%	9,847,946	105.8%	
2023	9,866,504	9,928,335	100.6%	9,928,335	100.6%	

Source: San Mateo County Controller, City General Ledger

Notes:

- (1) Prior to the dissolution of the former Redevelopment Agency effective January 2012, the table data includes secured and unsecured tax levies for the City, City districts, and the former Redevelopment Agency. Beginning in FY 2012-13, the amounts levied are related to the City and City districts only.
- (2) Beginning in 1993, Current Tax Collections are reduced by a mandatory tax allocation imposed by the State of California (Educational Revenue Augmentation Fund (ERAF)).
- (3) The County of San Mateo collects and allocates property taxes under the Teeter Plan whereby the City receives property tax revenues based on the total amount assessed, but not collected; therefore, the City has no direct delinquent tax collections.

City of East Palo Alto
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year End	Governmental Activities				Business-Type Activities		Total Primary Government Debt	Percentage of Personal Income (5)	Outstanding Debt Per Capita (5)	Outstanding Debt to Taxable Assessed Value
	Capitalized Lease Debt (1)	Redevelopment Tax Allocation Bonds (2)	Revenue Bonds (2)	Less: Restricted Bonds Held (3)	Notes Payable					
2013	\$ 114,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,635	0.02%	\$ 3.96	0.01%
2014	84,721	-	-	-	-	-	84,721	0.01%	2.91	0.00%
2015	161,133	-	-	-	-	-	161,133	0.03%	5.28	0.01%
2016	99,786	-	-	-	-	-	99,786	0.02%	3.29	0.00%
2017	47,484	-	-	-	-	-	47,484	0.01%	1.54	0.00%
2018	16,085	-	-	-	700,000	-	716,085	0.10%	23.48	0.02%
2019	-	-	-	-	700,000	-	700,000	0.09%	22.73	0.02%
2020	-	-	-	-	676,667	-	676,667	0.08%	22.30	0.02%
2021	-	-	-	-	653,334	-	653,334	0.08%	21.53	0.02%
2022	-	-	-	-	630,001	-	630,001	0.07%	21.75	0.02%
2023	-	-	-	-	606,668	-	606,668	0.06%	21.22	0.01%

Notes:

- (1) Capitalized Lease Debt due to Police Vehicles acquired in 2013 and 2015.
- (2) Tax Allocation Bonds and Revenue Bonds related to financing Redevelopment Agency projects and activities.
- (3) Bond proceeds invested and, in October of 2010, used as part of a purchase in lieu of redemption structure. In 2009 the Public Finance Authority proceeds were used to purchase, and hold as investment, the 1999 Tax Allocation Bonds.
- (4) During FY 2011-12, the former Redevelopment Agency was dissolved and all debts transferred to a Successor Trust.
- (5) Population Projections prepared by State of California Department of Finance, Personal Income Data by MuniServcies LLC

**City of East Palo Alto
 Computation of Direct and Overlapping Debt
 Current Fiscal Year**

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	Total Debt 6/30/2023	Percentage Applicable (1)	City's Share of Debt 6/30/2023
City of East Palo Alto	\$ -	100.000%	\$ -
Total Direct Debt	<u>\$ -</u>		<u>\$ -</u>
San Mateo Community College District	\$ 708,837,622	1.459%	\$ 10,341,941
Sequoia Union High School District	440,812,000	3.348%	14,758,386
Ravenswood School District	84,950,000	40337.000%	34,266,282
Midpeninsula Regional Open Space District	82,680,000	1.105%	913,614
California Statewide Communities Development Authority 1915 Act Bonds	2,346,566	100.000%	2,346,566
Total Overlapping Debt	<u>1,319,626,188</u>		<u>62,626,789</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 1,319,626,188</u>		<u>\$ 62,626,789</u>
OVERLAPPING GENERAL FUND DEBT			
San Mateo County General Fund Obligations	\$ 589,931,687	1.459%	\$ 8,607,103
San Mateo County Board of Education Certificates of Participation	6,120,000	1.459%	89,291
Menlo Park Fire Protection District Certificates of Participation	8,935,000	8.217%	734,189
Midpeninsula Regional Open Space District General Fund Obligations	91,570,600	1.105%	1,011,855
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,617,831	1.459%	52,784
TOTAL OVERLAPPING GENERAL FUND DEBT	<u>\$ 700,175,118</u>		<u>\$ 10,495,222</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)			
2015A Refunding Tax Allocation Bonds	<u>\$ 13,065,000</u>	100.000%	<u>\$ 13,065,000</u>
COMBINED TOTAL DEBT			<u><u>\$ 86,187,011</u></u> (2)
Ratios to 2022-23 Assessed Valuation:			
Direct Debt	0.000%		
Direct and Overlapping Tax and Assessment Debt	1.490%		
Direct and Overlapping Tax, Assessment and Increment Debt	1.800%		
Combined Total Debt	2.050%		
Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,427,707,876):			
Overlapping Tax Increment Debt	0.800%		

Source: Avenu Insights & Analytics, California Municipal Statistics, Inc.

Notes:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

City of East Palo Alto
Computation of Legal Bonded Debt Margin
Last Ten Fiscal Years

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Taxable Assessed Valuation	\$ 2,013,487,648	\$ 2,130,647,020	\$ 2,294,583,572	2,465,680,381	\$ 2,952,719,927
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	503,371,912	532,661,755	573,645,893	616,420,095	738,179,982
Debt service limit percentage	15%	15%	15%	15%	15%
Debt Limit	75,505,787	79,899,263	86,046,884	92,463,014	110,726,997
Debt Applicable to Limit:					
Less: Outstanding General Obligations	-	-	-	-	-
Legal Debt Margin	\$ 75,505,787	\$ 79,899,263	\$ 86,046,884	\$ 92,463,014	\$ 110,726,997

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-22</u>	<u>2022-23</u>
Taxable Assessed Valuation	\$ 3,289,212,822	\$ 3,491,843,600	\$ 3,711,878,607	\$ 3,839,904,238	\$ 4,196,490,499
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	822,303,206	872,960,900	927,969,652	959,976,060	1,049,122,625
Debt service limit percentage	15%	15%	15%	15%	15%
Debt Limit	123,345,481	130,944,135	139,195,448	143,996,409	157,368,394
Debt Applicable to Limit:					
Less: Outstanding General Obligations	-	-	-	-	-
Legal Debt Margin	\$ 123,345,481	\$ 130,944,135	\$ 139,195,448	\$ 143,996,409	\$ 157,368,394

Source: San Mateo County Assessors, MuniServices, LLC / an Avenu Insights & Analytics Company

Note:

California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value.

15% of 25% is the equivalent of 3.75% of Total Taxable Valuation. Amounts are calculated accordingly.

City of East Palo Alto
Bonded Debt Pledged Revenue Coverage
Successor Agency (including Former Redevelopment and Authority Bonds)
Last Ten Fiscal Years

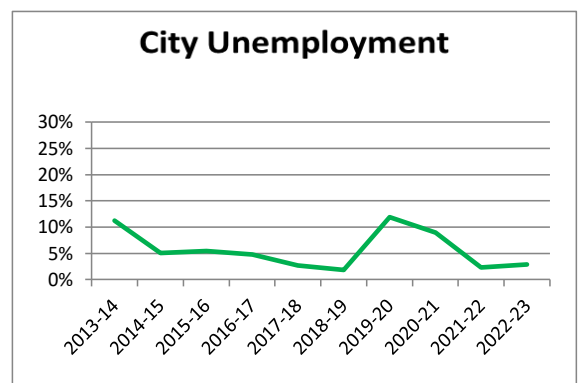
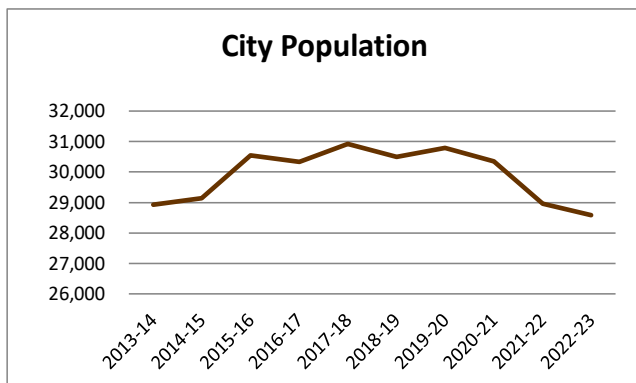
Fiscal Year	Increment (Gross RPTTF)	RDA Tax Allocation (Refunding) Bonds				Public Financing Authority (PFA) Revenue Bonds ¹				
		Principal	Debt Service		Coverage	Payments to PFA	Debt Service			Coverage
			Interest	Total			Principal	Interest	Total	
2014	\$ 7,601,754	\$ 585,000	\$ 1,360,764	\$ 1,945,764	3.9	\$ 1,415,438	\$ 645,000	\$ 770,438	\$ 1,415,438	1.0
2015	7,635,260	620,000	1,325,004	1,945,004	3.9	1,415,138	670,000	745,138	1,415,138	1.0
2016	8,369,650	655,000	1,037,717	1,692,717	4.9	15,242,245 ³	14,880,000	362,245	15,242,245	1.0
2017	9,214,713	795,000	732,249	1,527,249	6.0	-	-	-	-	-
2018	10,573,336	865,000	703,178	1,568,178	6.7	-	-	-	-	-
2019	14,617,765	885,000	686,850	1,571,850	9.3	-	-	-	-	-
2020 ⁴	13,545,644	900,000	659,550	1,559,550	8.7	-	-	-	-	-
2021	14,396,863	935,000	618,175	1,553,175	9.3	-	-	-	-	-
2022	14,414,377	975,000	570,425	1,545,425	9.3	-	-	-	-	-
2023	17,258,476	1,030,000	520,300	1,550,300	11.1	-	-	-	-	-

Notes:

- ¹ Proceeds from the 2005 East Palo Alto Public Financing Authority revenue bonds were used to purchase the outstanding 1999 Tax Allocation bonds (TABs) on October 01, 2009. The 1999 TABs were held with a fiscal agent and recorded as an asset in the Public Financing Authority (PFA); a blended component unit. The 2015 Refunding Bonds were issued to defease the 1999, 2003A, and 2003B TABs and subsequently redeem the 2005 PFA Revenue Bonds.
- ² Effective January 10, 2012, tax increments of the former Redevelopment Agency are deposited into a a Redevelopment Property Tax Trust Fund (RPTTF) and are only available to pay approved, enforceable obligations of the former Redevelopment Agency.
- ³ Payments from 1999 TABS includes proceeds from 2015 Refunding Bonds paid to PFA.
- ⁴ Total increment includes approximately \$2.3 million in supplemental tax payments for prior activity.

**City of East Palo Alto
Demographic and Economic Statis
Last Ten Fiscal Years**

Fiscal Year	City			County		
	Population (1)	Unemployment Rate (2)	City Per Capita Personal Income (3)	Unemployment Rate (2)	County Per Capita Personal Income (3)	Public School Enrollment (4)
2013-14	28,934	11.20%	\$ 20,302	4.60%	\$ 76,901	4,030
2014-15	29,137	5.10%	20,438	3.20%	77,414	4,216
2015-16	30,545	5.40%	20,785	3.40%	78,728	4,058
2016-17	30,340	4.80%	21,785	3.00%	82,517	3,853
2017-18	30,917	2.70%	23,171	2.20%	87,767	3,632
2018-19	30,499	1.80%	24,440	1.70%	92,576	3,436
2019-20	30,794	11.90%	25,419	11.10%	96,285	3,269
2020-21	30,350	8.97%	27,437	6.84%	103,929	2,993
2021-22	28,963	2.30%	31,515	1.70%	119,375	2,793
2022-23	28,586	2.90%	36,759	2.70%	139,239	2,640



Source: San Mateo County Assessors, MuniServices, LLC / an Avenu Insights & Analytics Company
 Source: 2013-14 and prior, previously published CAFR Report
 The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

Notes:

- (1) Population Projections are provided by the California Department of Finance Projections.
- (2) Unemployment Data provided by Employment Development Department Bureau of Labor Statistics.
- (3) Income Data is provided by the U.S. Census Bureau
- (4) Student Enrollment reflects the total number of students enrolled in the Ravenswood Elementary School.

City of East Palo Alto
Principal Employers
Last Fiscal Year and Seven Years Ago

Business Name	2022-23		2013-14	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Amazon Web Services	1,613	11.12%		
Ravenswood Family Health Center*	350	2.41%	163	1.18%
Ikea*	294	2.03%	343	2.49%
Ravenswood City School District	262	1.81%	538	3.90%
Four Seasons Hotel - Silicon Valley	207	1.43%	285	2.07%
Home Depot	185	1.28%	175	1.27%
City of East Palo Alto*	121	0.84%	102	0.74%
Target	120	0.83%		
DLA Piper LLP	114	0.79%		
Eastside College Preparatory School	68	0.47%		
US Post Office			150	1.09%
NTT i3			120	0.87%
Nordstrom Rack			77	0.56%
Ropes and Gray Law Firm			63	0.46%
Total Top Employers	3,334	22.99%	2,016	14.61%
Total City Employment (1)	14,500		13,800	

Source: MuniServices, LLC / Avenu Insights & Analytics

Source: 2013-14 count is from prior published ACFR

Results based on direct correspondence with city's local businesses.

*Includes full and part time.

(1) Total City Labor Force provided by EDD Labor Force Data.

Note: Amazon Web Services has not responded with the employee headcount. Prior year number applied.

City of East Palo Alto
Number of Positions-City Government by Function
Last Ten Fiscal Years

Function	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-20	2020-21	2021-22	2022-23
General Government	27.6	25.1	21.0	23.0	23.0	23.0	24.0	24.0	21.0	21.0
Public Safety	47.5	44.0	45.5	45.5	46.0	46.3	47.2	48.2	48.2	49.7
Police										
Officers	38.0	36.0	36.0	36.0	36.5	37.3	36.5	37.5	37.5	38.4
Civilians	9.5	8.0	9.5	9.5	9.5	9.0	10.7	10.7	10.7	11.3
Public Works ¹	-	-	19.0	19.0	19.0	19.0	19.0	20.3	21.5	21.5
Culture & Recreation ²	-	-	4.4	4.4	4.4	4.2	4.2	3.7	8.2	8.2
Community Development	34.0	36.0	15.0	17.0	19.9	20.5	20.5	17.5	19.0	20.0
Administration	7.0	8.0	4.0	4.0	5.9	6.5	6.5	3.5	4.0	4.0
Economic Development/Redevelopment Agency	2.0	-	-	-	-	-	-	-	-	-
Planning Division	4.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Building Services Division	4.0	5.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Housing Division (includes Rent Stabilization)	-	2.0	2.0	2.0	3.0	3.0	3.0	3.0	4.0	4.0
Engineering Services (To Public Works FY2015-16)	6.0	6.0	-	-	-	-	-	-	-	-
Maintenance Division (To Public Works FY2015-16)	11.0	12.0	-	-	-	-	-	-	-	-
Administration Division	-	-	2.0	2.0	2.0	2.0	2.0	4.5	4.5	4.5
Engineering Services Division	-	-	5.0	5.0	5.0	5.0	5.0	3.8	5.0	5.0
Maintenance Division	-	-	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Administration	-	-	1.8	1.0	1.0	1.0	1.0	1.0	3.0	3.0
Recreation	-	-	1.0	1.0	1.0	1.0	1.0	0.9	2.9	2.9
Senior Services	-	-	1.6	2.4	2.4	2.2	2.2	1.8	2.3	2.3
Total	109.1	105.1	104.9	108.9	112.3	112.9	114.8	113.6	117.8	120.3

Source: City of East Palo Alto Adopted Budget

¹ Public Works transferred to Community Development during Great Recession.

² Culture and Recreation transferred to General Government during Great Recession.

City of East Palo Alto
Operating Indicators by Function
Last Ten Fiscal Years

Function	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Public Safety										
Calls for Service	29,123	28,253	31,312	30,745	28,087	29,375	26,344	24,969	20,855	23,701
Number of serious crimes ¹	510	387	174	116	319	164	129	172	359	216
Number of burglaries	213	180	93	97	78	82	64	92	80	43
Number of assaults	436	306	284	239	238	276	323	292	284	315
Number of auto thefts reported	174	132	393	86	101	192	110	212	158	150
Number of homicides	4	6	4	1	1	3	2	7	6	3
Number of robberies	60	65	77	48	69	57	49	65	55	63
Number of physical arrests	640	965	1,462	1,433	984	904	602	481	465	395
Public Works										
<i>Streets</i>										
Street Resurfacing (lane miles)	2.5	0.8	-	-	-	-	2.2	2.5	6.3	6.2
Potholes repaired	16	61	94	98	159	152	159	89	75	81
<i>Engineering</i>										
Encroachment permits	49	57	109	67	-	44	101	150	87	92
Culture & recreation										
Facility Rentals	74	24	41	67	58	55	101	24	106	242
Senior Lunches	5,784	3,471	6,662	9,112	6,509	3,094	5,742	8,548	10,155	6,075
Senior Transportation	2,183	3,012	3,020	2,996	2,606	2,349	2,041	-	7,854	1,744
Community Event Participants	4,900	3,300	2,600	3,762	3,600	3,820	426	-	1,700	2,540
Fit Zone/Clean Zone Participants	5,436	6,300	1,116	2,655	194	500	130	-	-	75
Community Development										
<i>Building Permits</i>										
Residential - Count	324	297	391	590	506	442	397	397	352	407
Commercial Count	126	49	43	60	29	31	31	44	34	37
<i>Transportation ²</i>										
Shuttle Passengers										
Caltrain/Commuter Shuttle	76,879	85,259	28,901	7,978	-	-	-	-	-	-
Shopper Shuttle (now Redwood City #4)	4,076	-	-	-	-	-	-	-	-	-
Youth Shuttle (now MidTown #3)	4,539	-	-	-	-	-	-	-	-	-
Weekend Shuttle	23,582	-	-	-	-	-	-	-	-	-
Water Service³										
Hydrant Breaks	9	8	12	3	4	7	15	-	10	12
Water main breaks	5	18	19	7	3	13	16	10	14	21
Average daily consumption per family (in gallons)	238.7	201.0	200.0	217.0	222.7	258.0	226.0	229.0	258.0	270.8

Notes:

- ¹ Crimes against a person (homicide, rape, robbery, assault)
- ² Services reduced in FY2014-15 and all routes eliminated September 2016.
- ³ Data obtained from American Water/Veolia Companies serving City water customers comprising approximately 90% of all water customers in East Palo Alto.

Source: City Departments

City of East Palo Alto
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-20	2020-21	2021-22	2022-23
General Government										
Public Works/Community Development	1	1	1	1	1	1	1	1	1	1
Community Development - Housing	1	1	1	1	1	1	1	1	1	1
Highways & Streets										
Streets (miles)	38	38	38	38	38	38	38	38	38	38
Streetlights	827	846	846	846	846	846	846	846	846	846
Traffic Signals	14	14	14	14	14	14	14	14	14	14
Culture & recreation										
Parks (number of parks)	6	6	6	6	6	6	6	6	6	6
Parks acreage (acres)	25	25	25	25	25	25	25	25	25	25
Senior Center	1	1	1	1	1	1	1	1	1	1
Cooley Landing Learning Center	-	-	-	1	1	1	1	1	1	1
Water Service¹										
Water pipelines (miles)	39	39	39	39	39	39	39	39	40	40
Fire hydrants	283	283	290	330	330	330	330	330	272	325
Maximum daily capacity (millions of gallons per day)	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	1.5	3.0

Notes:

¹ Data obtained from American Water/Veolia Companies serving City water customers comprising approximately 90% of allwater customers in East Palo Alto.

Source: Various city departments