



## CITY OF FOSTER CITY

### AUDIT COMMITTEE

CITY HALL, CONFERENCE ROOM ID/EOC  
610 FOSTER CITY BLVD  
FOSTER CITY, CALIFORNIA, 94404

#### To Attend the Meeting

- Location: City Hall, Conference Room ID/EOC, 610 Foster City Blvd, Foster City, California, 94404

#### To Provide Public Comment

- Members of the public wishing to speak will be asked during the public comment period on non-agenda items is closed. For special meetings, public comment is limited to item(s) on the agenda only.

**Before the Meeting:** Written public comments for the record may be submitted in advance by 4:00 p.m. the day of the meeting by email to: [PUBLICCOMMENT-AUDIT@fostercity.org](mailto:PUBLICCOMMENT-AUDIT@fostercity.org) and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following:

- Clearly indicate the Agenda Item No. or specify "Public" in the Subject Line for items not on the agenda
- Include the submitter's full name (Recommended but not required)

Written public comments received by 4:00 p.m. the day of the meeting will be provided in their entirety to the Audit Committee prior to the meeting and will be made part of the written record but will not be read verbally at the meeting. Written public comments will be posted to the City's website for review prior to the meeting.

## AGENDA

Thursday, November 16, 2023, 7:00 PM

### REGULAR MEETING

#### 1. Call to Order

**2. Roll Call**

Committee Members

Michael Barry	Committee Chair
Bob Buyers	Committee Vice Chair
Audie Chang	Committee Member
Falgon Desai	Committee Member
Vijay Dodd	Committee Member

City Council Liaison

Patrick Sullivan	City Vice Mayor
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Badawi & Associates

Ahmed Badawi	Audit Partner
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Staff Members

Edmund Suen	Finance Director
Waqas Hassan	Assistant Finance Director
Karen Li	Senior Accountant
Kay Khin	Accountant II

**3. Public Comments**

**4. Approval of Minutes**

Approval of April 24, 2023, Regular Meeting Minutes

**5. Reports**

- 5.1. Draft Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2023 (excludes updated amount related to Investment in JPA Equity - San Mateo Consolidated Fire Department as of June 30, 2023, as information is not yet available from the Fire JPA)
- 5.2. Draft Measure A Report for the Year Ended June 30, 2023
- 5.3. Draft Measure W Report for the Year Ended June 30, 2023
- 5.4. Draft Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriation Limit Schedule for the Year Ended June 30, 2024

- 5.5. Draft Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the Year Ended June 30, 2023
- 5.6. Draft Auditor's Communication with Those Charged with Governance for the Year Ended June 30, 2023

## **6. New Business**

Review mission statement; discuss goals for calendar year 2024. Preparation of a written annual report of 2023 accomplishments to be presented to the City Council (Monday, February 5, 2024, or Tuesday, February 21, 2024).

## **7. Adjournment**

### **The public is invited to attend.**

Any attendee wishing special accommodations at the meeting should contact the Finance Department at (650) 286-3204 at least 48 hours in advance of the meeting. The City has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. That procedure for receiving and resolving requests for accommodation is available at the City Clerk's Office. All meetings are conducted in a manner consistent with applicable civil rights and nondiscrimination laws.

Any writings or documents provided to a majority of the Audit Committee regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection online at [fostercity.org/agendasandminutes](http://fostercity.org/agendasandminutes), at the front desk of the Finance Department located at 610 Foster City Boulevard during normal business hours, and at the meeting.



## CITY OF FOSTER CITY

### AUDIT COMMITTEE REGULAR MEETING MINUTES

CITY HALL, CONFERENCE ROOM -1D/EOC  
610 FOSTER CITY BLVD  
FOSTER CITY, CALIFORNIA, 94404

Monday, April 24, 2023, 7:00 PM

**1. Call to Order**

Chair Michael Barry called the meeting to order at 7:08pm.

**2. Roll Call**

Kay Khin, Accountant II, called the roll.

Members Present:

Michael Barry	Committee Chair
Audie Chang	Committee Member
Vijay Dodd	Committee Member

City Council Liaison Present – None.

Auditor Present: Ahmed Badawi, Audit Partner

Staff Present:

Edmund Suen, Finance Director; Waqas Hassan, Assistant Finance Director; and Kay Khin, Accountant II.

**3. Public Comments – None.**



**4. Approval of March 4, 2023, Audit Committee Special Meeting Minutes**

A motion was made by Chair Michael Barry and seconded by Committee Member Vijay Dodd, and carried by a roll call vote, 3-0-0 with Vice Chair Bob Buyers and Committee Member Falgoon Desai, absent.

**5. Preparation of a written annual report of 2022 accomplishments to be presented to the City Council**

The Committee Members and staff discussed and finalized the 2022 accomplishments report to be presented to the City Council.

A motion was made by Chair Michael Barry and seconded by Committee Member Vijay Dodd, and carried by a roll call vote, 3-0-0 with Vice Chair Bob Buyers and Committee Member Falgoon Desai, absent.

**6. New Business**

**6.1. Auditor's overview of Preliminary Audit FY2022-2023**

Auditor Badawi presented an overview of the preliminary audit, including the financial reporting requirement of the new GASB Accounting Standards. Questions and comments from the Audit Committee Members and responses from Auditor Badawi ensued.

**6.2. Consideration of FY2022-2023 Directed Study to be performed by Auditor (if any)**

Assistant Finance Director Waqas Hassan presented a list of directed studies completed in prior years and opened a discussion for the Audit Committee Members for FY2022-2023 directed study. Questions and comments from Audit Committee Members and responses from the auditor, and the city staff on the directed study ensued. After a thorough discussion, Audit Committee Members decided that there will be no directed study to be performed for FY2022-2023.

A motion was made by Chair Michael Barry and seconded by Committee Member Vijay Dodd, and carried by a roll call vote, 3-0-0 with Vice Chair Bob Buyers and Committee Member Falgoon Desai, absent.

- 6.3. Confirmation of November 2023 Audit Committee Time & Date to review draft Annual Comprehensive Financial Report (ACFR) and other reports

A motion was made by Chair Michael Barry and seconded by Committee Member Audie Chang, and carried by roll call vote, 3-0-0 (with Vice Chair Bob Buyers and Committee Member Falgoon Desai absent) to accept Thursday, November 16, 7pm, as the next Audit Committee regular meeting to review the draft Annual Comprehensive Financial Report and other reports.

7. Adjournment – As there was no further discussion, the meeting was adjourned at 8:55 pm.

CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
CALIFORNIA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED  
**JUNE 30, 2023**

PREPARED BY THE FINANCIAL SERVICES DEPARTMENT

DRAFT

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
CALIFORNIA**

**Annual Comprehensive Financial Report**

**Prepared by the Financial Services Department**

**For the Fiscal Year Ended June 30, 2023**

Jon Froomin, Mayor

Patrick Sullivan, Vice Mayor

Sam Hindi, Councilmember

Stacy Jimenez, Councilmember

Art Kiesel, Councilmember

Stefan Chatwin, City Manager

Marlene Subhashini, Assistant City Manager

Benjamin L. Stock, City Attorney

Priscilla Schaus, Communications Director/City Clerk

Sofia Mangalam, Community  
Development Director

Edmund Suen, Finance Director

Vacant, Administrative Services  
Director

Tracy Avelar, Police Chief

Andrew Brozyna, Public Works Director

Kent Thrasher, Fire Chief  
(San Mateo Consolidated Fire Department  
Joint Powers Authority)

Derek Shweigart, Park and Recreation  
Director

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**City of Foster City and Estero Municipal Improvement District**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2023**

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*City of Foster City*

**ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

610 FOSTER CITY BOULEVARD  
 FOSTER CITY, CA 94404-2222  
 (650) 286-3200  
 FAX (650) 574-3483

November XX, 2023

Honorable Mayor and Members of the City Council,  
 Board of Directors of the Estero Municipal Improvement District,  
 and Citizens of Foster City

City of Foster City, California

### **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The Annual Comprehensive Financial Report (ACFR) of the City of Foster City (City) and the Estero Municipal Improvement District (District) for the fiscal year ended June 30, 2023 is hereby submitted. This report was prepared by the Financial Services Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation of this report, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City/District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the City/District's financial affairs have been included.

The City/District prepared the Annual Comprehensive Financial Report using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. This GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found immediately following the report of the independent auditor.

The Annual Comprehensive Financial Report is organized into three sections:

- The **Introductory Section** includes this transmittal letter, the City/District's organizational chart and a list of principal officials. This section is intended to familiarize the reader with the organizational structure of the City/District, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The **Financial Section** includes the management's discussion and analysis, the basic financial statements, notes and other required supplementary information. The basic financial statements include the government-wide financial statements that present an overview of the City/District's entire financial operations and the fund financial statements that present the financial information for each of the City/District's major funds, as well as non-major governmental and other funds. Also included in this section is the independent auditor's report on the financial statements and schedules.

- The *Statistical Section* contains comprehensive statistical data on the City/District’s financial, physical, economic, social, and political characteristics.

The City/District’s Annual Comprehensive Financial Report includes the funds of the primary government and enterprise activities that are not considered separate legal entities. Currently, there are no component units for which the primary government is financially accountable. Therefore, no financial balances or activities are reported as component units as of and for the fiscal year ended June 30, 2023.

## INDEPENDENT AUDIT

The City/District requires that its financial statements be audited annually by an independent certified public accountant selected by the City Council/District Board. The City/District has contracted with Badawi & Associates to conduct the audit for FY 2022-23 and the independent auditor’s opinion is included in this report.

## PROFILE OF THE GOVERNMENT

The District was created by the California State Legislature in 1960 as a general-purpose district with municipal power, including the power to issue municipal bonds. The Board of Directors of the District was created and issued over \$80 million in bonds to provide the infrastructure for a new, master-planned community, which was to be built on what then were a dairy farm and salt ponds adjacent to the San Francisco Bay. The bond proceeds were used to fill and reclaim the land and to finance construction of a man-made lagoon for storm drainage and recreation, a water system, a sewer system, a street system that included roads, bridges and streetlights, a parks system, and a fire station. The first residents of this new community known as “Foster City” moved into their homes in 1964.

The City was officially incorporated on April 27, 1971. The newly elected City Council also began to serve as the Board of Directors for the District. The City is a general law city and has a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the City Mayor/District Board President and four other members. There are five City Council/District Board Members elected by seat number for staggered four-year terms, with a two-term limit. The City Manager is responsible for carrying out the policies and ordinances of the Council/Board, for overseeing day-to-day operations of the City/District, and for appointing the heads of the various departments. The City Council / District Board appoints the City Manager, City Attorney, Planning Commissioners, and Citizen Advisory Committee Members. The City Council/District Board is financially accountable for City/District operations and the Successor Agency. The Annual Comprehensive Financial Report includes all funds of the City/District, and the Successor Agency’s activities are reported under fiduciary fund type as private purpose trust fund.

Located on the San Francisco Peninsula, ten (10) miles south of the San Francisco International Airport, the City/District encompasses a geographic area of 12,345 acres, of which 9,726 acres (15.20 square miles) are part of San Francisco Bay and Belmont Slough, and 2,619 acres (4.09 square miles) are land. The City/District serves a population of 32,703 residents and provides a full range of municipal services, including police protection; water and wastewater services; construction and maintenance of streets, storm drains, lagoons, levees, bridges, and infrastructure; community development and redevelopment; maintenance and protection of the physical environment; construction and maintenance of parks and recreational amenities; leisure, entertainment and educational programs; and general government operations and services. The City/District receives fire suppression, prevention, and advanced life support programs/services through its member agency status with the San Mateo Consolidated Fire Department, a Joint Powers Authority between Foster City, the Belmont Fire Protection District, and the City of San Mateo

## ACCOUNTING AND BUDGETING SYSTEMS

The City/District's financial picture is more readily understood with a general introduction to our accounting and budgeting systems. These systems provide the means for allocating available resources and for the proper control and recording of revenues and expenditures.

As part of our ongoing effort to maintain fiscal stewardship and financial accountability, the City/District uses a fully computerized accounting system. The accounting system is updated regularly to keep abreast of changing accounting techniques and principles. In developing, evaluating, and maintaining the City/District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. The City/District's internal accounting controls are designed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City/District's budget is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues. The budget includes: 1) the programs, projects, services and activities to be carried out during the fiscal year; 2) the estimated revenue available to finance the operating plan; and 3) the estimated spending requirements of the operating plan. The budget represents a process where policy decisions by the City Council/District Board are made and then implemented. The City/District is required to adopt an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various departments. All appropriations, with the exception of those for the Capital Improvement Projects funds lapse and must be re-authorized at the end of the fiscal year if they have not been spent or legally committed.

In addition to internal controls, the City/District also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embedded in the annual appropriated budget approved by the City Council/District Board. The City Council and District Board may amend the budget by resolution. The budget is adopted at the object level of expenditure within departments. The City Manager may transfer appropriations from one program, activity, or object to another within a department within the same fund but not between departments or funds. Accordingly, the lowest level of budgetary control established by the City Council/District Board is at the department level. The City/District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end except for the Capital Improvement Projects funds.

## LOCAL ECONOMY

Fiscal year (FY) 2022-23 marked the 3<sup>rd</sup> full fiscal year in assessing the residual economic impacts from the COVID-19 public health emergency. Although the City's largest General Fund revenue source, property taxes have been largely insulated due to the home price appreciation during this time period), transient occupancy tax (TOT), the City's 2<sup>nd</sup> largest General Fund revenues category, plunged 77.4% in FY 2020-21 to \$0.99 million before recovering to \$1.98 million in FY 2021-22 and then to \$3.24 million in FY 2022-23 compared to a pre-pandemic level of \$4.39 million in FY 2018-19. The City's Recreation Center based revenues also suffered significant declines when it was essentially closed during the height of the pandemic but has now fully recovered, registering \$1.95 million of revenues compared to the pre-pandemic level of \$1.86 million. Strong property tax revenues, sales tax revenues, and better investment income from higher interest rates driven by the Federal Reserve's tightening monetary policy helped expand total General Fund revenues to \$66.10 million or a \$8.71 million year-over-year gain for FY 2022-23. Combined with muted expenditure growth due primarily to unfilled

positions, the result was a net increase of \$14.07 million to \$62.96 million in the fund balance of the General Fund as of June 30, 2023.

## LONG-TERM FINANCIAL PLAN

The City/District fiscal policies establish the framework upon which short and long-term financial decisions are made. It identifies the long-range goals needed for fiscal sustainability and guides the development of strategies necessary to achieve these goals.

The City/District has a reserve policy for its General Fund at a minimum level of 33⅓% to 50.0% of annual operating expenditures and for its Water and Wastewater Enterprise Funds a level of 25% of annual operating expenses. The reserve policy serves as a method to deter the City from spending beyond its sustainable means during periods of economic growth, while also providing the City a mechanism to maintain services at desired levels during economic downturns. In addition, a \$2 million emergency reserve is established for each of the three Capital Projects Funds programs – City, Water and Wastewater. The emergency reserve provides a level of financial resources for business continuity in the event of a catastrophic occurrence. Moreover, since fiscal year 2011-2012, the City/District has generally provided long-term funding of capital improvement projects over a 10-year horizon.

The City/District has also established internal services funds (ISF) to accumulate funding for vehicle and equipment replacement, information and technology equipment maintenance and replacement, building repairs and maintenance, self-insurance for potential legal liability, and post-employment medical benefits. These ISFs serve as another component of the City/District's prudent long-term plan, to not only budget for the cost of operations from year-to-year, but to also accumulate resources to continue a high level of quality services for the future.

The City/District has adopted a five-year financial projection model as its basis for developing a long-term financial plan. The plan takes into consideration various financial and economic factors received from multiple sources. Such information includes residential and commercial property value trends, assessed valuation data, unemployment rates, consumer spending trends, consumer price indices, interest rates, investment performance of the CalPERS investment portfolio, State budget and financial forecasts, and qualitative data received from discussions and interviews with key business leaders in Foster City.

The City/District uses long-term financial planning to ensure stability through the ups-and-downs within economic cycles. It also allows decision makers to better understand the true effects of policy decisions. Through the City/District's long-term financial planning, the City/District has built up a \$58.62 million Unassigned Fund Balance for the General Fund as of June 30, 2023.

CalPERS pension reform continues to have a significant impact on the City's long-term financial plan. In addition to the current unfunded liability, the decrease in the actuarial assumption for CalPERS investment rate of return from 7.50% to 7% over a three-year period from FY 2018-19 to FY 2020-21, then to 6.80% for FY 2021-22, and changes in demographic assumption have contributed to an increase in the City/District's employer contribution costs. Total employer pension contributions (the aggregate of normal cost and required unfunded accrued liability payment) for FY 2022-23 was \$9.85 million. The City/District's mandatory unfunded accrued liability payment increased by \$0.72 million from \$6.79 million to \$7.51 million in FY 2022-23. Due to the 21.3% investment return in FY 2020-21, the UAL payment for FY 2023-24 will decline to \$7.13 million.

The City/District has been closely monitoring employee compensation and benefits costs and has taken measures to address this issue, including funding post-employment medical benefit liabilities. Historically, the City/District has taken a conservative approach in providing reasonable compensation and benefits to the employees, which has kept the City/District's liabilities at a manageable level compared to other local governments. In the years following the Great Recession (December 2007 to June 2009), the City/District took steps in trimming personnel

costs by reducing the work force, implementing shared services, shifting some defined benefits to defined contribution, establishing a second-tier public safety retirement plan before the California Public Employees' Pension Reform Act (PEPRA) went into effect on January 1, 2013, and making additional discretionary payments (ADPs) to pay down the City's unfunded accrued liability (UAL). High inflation, an escalation of interest rates, supply chain disruptions, higher employee services costs and other operating and maintenance costs continue to be ongoing challenges in our fiscal outlook.

The City's five-year financial projections included a cost-of-living adjustment (COLA) increase of 4.2% in FY 2023-24 for the police bargaining unit and the management unit based on their approved labor agreement and compensation and benefits plan, followed by a 5% wage increase placeholder for the following two years and a 2% placeholder for years four and five. Since no new labor agreement was reached with the AFSCME bargaining unit at the end of FY 2022-23, a 2% wage increase placeholder was budgeted for them. As customary, the City/District took a conservative approach in its revenue forecasts by excluding entitled projects such as the Gilead Sciences' Chess-Hatch development site until such time Gilead secures approved plans and permits to develop that site. In November 2018, the City Council formed a Pension Subcommittee to identify options to address the City/District's unfunded CalPERS pension liability. Since its formation, the Subcommittee recommended, and the City Council authorized two ADPs of \$3.48 million and \$7.5 million respectively in FY 2018-19 and FY 2020-21 to pay down the City's UAL and help soften future pension cost escalation.

## MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2023:

- City at Work – The Communications Department produced a video series featuring the City Manager getting to know the many staff who make Foster City a great place to live, work, and play.
- Safety Element – The City adopted an updated Safety Element which provides a set of goals, policies, and implementation actions that addresses potential risks within the City that pose a threat to the community's welfare, public health, and overall safety.
- Water Neutrality Growth Ordinance – The City adopted a new Water Neutrality Growth Ordinance which aims to balance the quantity of water used or consumed with the amount of water restored or replenished.
- Housing Element – City staff made extensive progress on its Housing Element update 2023-31, including adoption by the City Council in May 2023. Certification from the State Department is pending. The plan is intended to guide Foster City's housing growth to accommodate an approximate 1,896 of new housing units mandated by the State between 2023 and 2031.
- Levee Project – The City completed 7 miles of flood protection elements in its Levee Improvements Project, which is designed to provide protection to the Foster City community from flooding and sea level rise. Project completion is anticipated to be in January 2024.
- Recreation Center Replacement Project – The City formed a Recreation Center Rebuild Task Force consisting of 11 members of the community and City staff to help guide the design and function of a new Recreation Center.
- Aaa Credit Rating – The City received an Aaa credit rating from Moody's Investor Services on its \$5 million (par value) of Levee Improvement project General Obligation bonds – Series 2023 (the City had issued an initial \$85 million of the voter authorized \$90 million GO Bonds back in 2020)

- General Fund Financial results – The City/District’s Total and Unassigned Fund Balance totaled \$62.96 million and \$58.62 million respectively.
- Preparation of FY 2023-24 budget and 5-Year Financial Plan – The General Fund’s Unassigned Fund Balance represents a reserve level at 100% of FY 2023-24 budgeted General Fund operations expenditures. This healthy reserve level is the culmination of the City’s conservative and prudent financial and budget policies and practices and puts the City in a strong position to weather economic uncertainties without compromising essential services to the Foster City community.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City/District for the year ended June 30, 2022. This was the 30<sup>th</sup> consecutive year that the City/District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City/District published an easily readable and efficiently organized Annual Comprehensive Financial Report, which satisfied both accounting principles accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. City staff believes our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we will be submitting it to the GFOA for eligibility for another certificate.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the Financial Services Department staff. In particular, I would like to express my appreciation to the following members who contributed to the development of this report: Waqas Hassan, Assistant Finance Director, Mimi Lam, Financial Services Manager, and Karen Li, Senior Accountant. I would also like to thank the Badawi & Associates’ audit team for their cooperation and assistance.

Sincere appreciation is also expressed to the Mayor/President and the members of the City Council/District Board, the City Manager, the Financial Services staff, the operating departments, and members of the Audit Committee for their interest and support towards conducting the financial operations of the City/District in a responsible and progressive manner.

Respectfully submitted,



Edmund Suen  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Foster City and Estero Municipal  
Improvement District, California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# City of Foster City/Estero Municipal Improvement District Organization Chart

FOSTER CITY RESIDENTS

CITY COUNCIL



ADVISORY COMMITTEES

City Attorney

City Manager

Audit Committee

Citizens Sustainability Advisory Committee

Parks and Recreation Committee

Planning Commission

Traffic Review Committee

Youth Advisory Committee

Assistant City Manager

Community Development Department

Parks and Recreation Department

Public Works Department

Administrative Services Department

Communications/City Clerk Department

Financial Services/City Treasurer Department

Police Department

San Mateo Consolidated Fire Department



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members  
of the City Council of the City of Foster City and the  
Board of Directors of the Estero Municipal Improvement District  
Foster City, 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 Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City/District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/District, 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.

We did not audit the financial statements of the San Mateo Consolidated Fire Department (SMC Fire), which represent 0.62 percent, 1.67 percent, and 5.34 percent, respectively, of the assets, net position, and revenues of the Governmental Activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City/District's equity in the San Mateo Consolidated Fire Department (SMC Fire), is based solely on the reports of the other auditors.

#### *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. 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/District 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.

To the Honorable Mayor and Members  
of the City Council of the City of Foster City and the  
Board of Directors of the Estero Municipal Improvement District  
Foster City, California  
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### ***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/District'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 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, 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/District'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/District's ability to continue as a going concern for a reasonable period of time.

To the Honorable Mayor and Members  
of the City Council of the City of Foster City and the  
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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, budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and OPEB schedules on pages 5-19 and 102-117 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City/District's basic financial statements. The City/District's Capital Projects Fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The City/District's Capital Projects Funds budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members  
of the City Council of the City of Foster City and the  
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### ***Other Information***

Management is responsible for the other information. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 November XX, 2023, on our consideration of the City/District'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 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/District's internal control over financial reporting and compliance.

Badawi & Associates, CPAs  
Berkeley, California  
November XX, 2023

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2023**

ITEM 5.1

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This section of the City of Foster City/Estero Municipal Improvement District's (City/District) Annual Comprehensive Financial Report presents a narrative overview and analysis of the City/District's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial Statements.

## **FINANCIAL HIGHLIGHTS**

### City-wide:

- As of June 30, 2023, the City/District's total assets and deferred outflows, increased by \$59.43 million, or 8.69%, to \$743.66 million, of which \$471.28 million represented governmental assets and \$272.38 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, increased by \$17.97 million, or 5.59%, to \$339.69 million, of which \$209.03 million were governmental liabilities and \$130.66 million were business-type liabilities.
- The City/District's total net position increased by \$41.46 million, or 11.44%, to \$403.97 million. Of this amount, \$137.81 million (unrestricted governmental net position) and \$62.35 million (unrestricted business-type net position) may be used to meet the government's ongoing obligations to citizens/customers, and creditors.
- City-wide revenues increased by \$22.82 million, or 23.25%, to \$120.96 million, of which \$82.30 million were generated by governmental activities and \$38.66 million were generated by business-type activities.
- City-wide expenses increased by \$4.05 million, or 5.58%, to \$76.73 million, of which \$54.80 million were incurred by governmental activities and \$21.93 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

### Fund Level:

- Governmental Fund balances decreased \$5.92 million, or 3.25%, to \$176.35 million. Of this amount, \$58.62 million, or 33.24%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$80.66 million, an increase of \$14.87 million or 22.61%, from \$65.79 million in the prior fiscal year.
- Governmental Fund expenditures increased by \$10.43 million, or 12.63%, to \$92.95 million in FY 2022-23 from \$82.52 million in the prior fiscal year.
- Enterprise Fund net position increased by \$16.37 million, or 13.42%, to \$138.37 million. Of this amount, \$62.35 million were in unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$36.03 million in FY 2022-23, an increase of \$1.55 million from \$34.48 million in FY 2021-22.
- Enterprise Fund operating expenses were \$20.92 million in FY 2022-23, a decrease of \$0.29 million from \$21.21 million in FY 2021-22.
- Detailed analysis is provided under the FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS caption.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2023**

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## **OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The City/District's annual report comprises of six parts:

- 1) *Introductory section*, which includes the Transmittal Letter and general information;
- 2) *Management's Discussion and Analysis* (this part);
- 3) *Basic Financial Statements*;
- 4) *Required Supplementary Information*;
- 5) *Combining Statements* for non-major governmental funds, internal service funds, fiduciary funds, and *budgetary comparison schedules* for non-major governmental funds; and
- 6) *Statistical Information*.

The *Basic Financial Statements* are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements.

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of City/District finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the City/District's assets and liabilities, with the difference between the assets and liabilities shown as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City/District is improving or deteriorating.

The *statement of activities* presents information showing how the City/District's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of these government-wide financial statements distinguish functions of the City/District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City/District include general government, public safety, public works, community development, and parks and recreation. The business-type activities of the City/District include water and wastewater operations. The government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City/District as a whole.

The **Fund Financial Statements** are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City/District, like other states and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All the funds of the City/District can be divided into three primary categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.



**CITY OF FOSTER CITY AND  
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**OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)**

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City/District's programs.

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

The City maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Low and Moderate Income Housing Assets Fund, Foster City Affordable Housing Fund, City Capital Projects Fund, Capital Asset Preservation Fund, and Levee Capital Project Fund, all of which are considered to be *major funds*. Data from the remaining governmental funds are combined into a single, aggregated column entitled "Non-Major Governmental Funds". Individual and combining fund data for each of these non-major governmental funds is provided as *other supplementary information* in this report.

**Proprietary funds** are generally used to account for services for which the City/District charges customers – either outside customers, or internal units or departments of the City/District. Proprietary funds provide the same type of information shown in the government-wide financial statements, only in more detail. The City/District maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City/District uses enterprise funds to account for the water and wastewater operations.
- *Internal service funds* are used to report activities that provide supplies and services for certain City/District programs and activities. The City/District uses internal service funds to account for the City/District's vehicle rental, equipment replacement, self-insurance, information technology, building maintenance, longevity recognition benefits, the Public Employees Medical and Hospital Care Act (PEMHCA) benefits, and compensated absences payoff. Since these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**Fiduciary funds** are used to account for the financial activities where the City/District acts as an agent on behalf of others, holding amounts collected, and disbursing them as directed or required. The City/District's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Net Position. These activities are excluded from the City/District's other financial statements because the City/District cannot use these assets to finance its own operations.

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

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
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ITEM 5.1

**OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)**

The *required supplementary information* includes the budgetary comparison schedule for the City/District's General Fund, Low and Moderate Income Housing Assets Fund and the Schedule of Funding Progress for the City/District's pension plans and OPEB obligations. The City/District adopts an annual appropriated budget for its General Fund, Low and Moderate Income Housing Asset Fund, and budgetary comparison schedules are provided to demonstrate compliance with this budget.

The *other supplementary information* contains the combining and individual fund statements and schedules, which provide information for non-major governmental funds and the internal service funds, all of which are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net position  
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2023	2022	2023	2022	2023	2022		
<b>Assets:</b>								
Current and other assets	\$ 253,237,344	\$ 260,945,070	\$ 96,669,421	\$ 117,071,378	\$ 349,906,765	\$ 378,016,448	\$ (28,109,683)	-7.44%
Capital assets	183,226,302	152,433,223	174,232,266	136,398,770	357,458,568	288,831,993	68,626,575	23.76%
Total assets	436,463,646	413,378,293	270,901,687	253,470,148	707,365,333	666,848,441	40,516,892	6.08%
Deferred outflows of resources	34,819,690	16,046,093	1,471,568	1,333,314	36,291,258	17,379,407	18,911,851	108.82%
Total assets and deferred outflows combined	471,283,336	429,424,386	272,373,255	254,803,462	743,656,591	684,227,848	59,428,743	8.69%
<b>Liabilities:</b>								
Current and other liabilities	21,157,044	20,710,985	19,037,311	12,197,012	40,194,355	32,907,997	7,286,358	22.14%
Long-term liabilities	177,071,364	139,366,010	111,090,080	115,196,622	288,161,444	254,562,632	33,598,812	13.20%
Total Liabilities	198,228,408	160,076,995	130,127,391	127,393,634	328,355,799	287,470,629	40,885,170	14.22%
Deferred inflows of resources	10,799,304	31,691,189	534,134	2,553,745	11,333,438	34,244,934	(22,911,496)	-66.90%
Total liabilities and deferred inflows combined	209,027,712	191,768,184	130,661,525	129,947,379	339,689,237	321,715,563	17,973,674	5.59%
<b>Net position:</b>								
Net investment in capital	100,222,930	152,433,223	73,565,692	66,131,749	173,788,622	218,564,972	(44,776,350)	-20.49%
Restricted	24,219,418	43,350,355	5,796,138		30,015,556	43,350,355	(13,334,799)	-30.76%
Unrestricted	137,813,276	4,187,262	62,349,900	58,724,334	200,163,176	100,596,958	99,566,218	98.98%
Total net position	\$ 262,255,624	\$ 237,656,202	\$ 141,711,730	\$ 124,856,083	\$ 403,967,354	\$ 362,512,285	\$ 41,455,069	11.44%

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. This analysis focuses on the net position and year-to-year changes in net position of the City/District as a whole. The City/District's combined net position was \$403.97 million, which is an increase of \$41.46 million or 11.4%, from \$362.51 million in the prior fiscal year. Net position represents the difference between the sum of total assets and deferred outflows of resources and the sum of total liabilities and deferred inflows and reflects the overall increase in the Statement of Activities which is explained later in this report. In FY 2014-15, the City/District implemented GASBs 68 and 71, which required the recording of net pension liability and pension related deferred inflows and outflows. In FY 2016-17, the City/District implemented GASB 73, which required the recording of net pension liability for the Longevity Recognition Benefits Program. In FY 2017-18, the City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("OPEB"), for its retiree health benefits. In FY 2021-22, the City implemented GASB 87, which improved the accounting and financial reporting for leases. See Note 9, 10, and 11 for details on the effects of these accounting standards.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Approximately 43.0% or \$173.79 million of the City/District's net position represents its investment in infrastructure and other capital assets (e.g., land, building, other improvements, etc.). The City/District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The restricted portion of the City/District's net position of \$30.02 million or 7.4% represents resources that are subject to restrictions, which were placed by outsiders and cannot be changed by the City/District.

The remaining balance of unrestricted net position of \$200.16 million, or 49.6%, is for unrestricted uses in accordance with finance-related legal requirements reflected in the City/District's fund structure. These can be used to finance day-to-day operations without constraints established by legal requirements or restrictions.

At the end of FY 2022-23, the City/District had positive balances in all three categories of net positions for the government as a whole.

	Governmental Activities		Amount Change	Percent Change
	2023	2022		
<b>Assets:</b>				
Current and other assets	\$ 253,237,344	\$ 260,945,070	\$ (7,707,726)	-2.95%
Capital assets	183,226,302	152,433,223	30,793,079	20.20%
Total assets	<u>436,463,646</u>	<u>413,378,293</u>	<u>23,085,353</u>	<u>5.58%</u>
Deferred outflows of resources	34,819,690	16,046,093	18,773,597	117.00%
<b>Liabilities:</b>				
Current and other liabilities	21,157,044	20,710,985	446,059	2.15%
Long-term liabilities	177,071,364	139,366,010	37,705,354	27.05%
Total Liabilities	<u>198,228,408</u>	<u>160,076,995</u>	<u>38,151,413</u>	<u>23.83%</u>
Deferred inflows of resources	10,799,304	31,691,189	(20,891,885)	-65.92%
<b>Net position:</b>				
Net investment in capital assets	100,222,930	152,433,223	(52,210,293)	-34.25%
Restricted	24,219,418	43,350,355	(19,130,937)	-44.13%
Unrestricted	137,813,276	41,872,624	95,940,652	229.13%
Total net position	<u>\$ 262,255,624</u>	<u>\$ 237,656,202</u>	<u>\$ 24,599,422</u>	<u>10.35%</u>

The net position of the City/District's governmental activities increased by \$24.60 million. This increase consists of three components:

1. **Net investment in capital assets** – The \$100.22 million balance represents capital asset additions (primarily from construction in progress for the Levee project) greater than the sum of capital asset disposals, retirements, and depreciation.
2. **Restricted net position** – The \$19.13 million decrease was due primarily to the reduction of restricted net positions from the Levee Capital Project Fund (for the City's Levee project) of \$17.31 million.
3. **Unrestricted net position** – The \$95.94 million increase was due mainly to the \$24.60 million improvement in net position as indicated in the Statement of Activities plus the decrease in Net Investment in Capital Assets of \$52.21 million and plus the decrease in the Restricted Net Position of \$19.13 million.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

	Business-Type Activities		Amount Change	Percent Change
	2023	2022		
<b>Assets:</b>				
Current and other assets	\$ 96,669,421	\$ 117,071,378	\$ (20,401,957)	-17.43%
Capital assets	174,232,266	136,398,770	37,833,496	27.74%
Total assets	<u>270,901,687</u>	<u>253,470,148</u>	<u>17,431,539</u>	<u>6.88%</u>
Deferred outflows of resources	1,471,568	1,333,314	138,254	10.37%
<b>Liabilities:</b>				
Current and other liabilities	19,037,311	12,197,012	6,840,299	56.08%
Long-term liabilities	111,090,080	115,196,622	(4,106,542)	-3.56%
Total Liabilities	<u>130,127,391</u>	<u>127,393,634</u>	<u>2,733,757</u>	<u>2.15%</u>
Deferred inflows of resources	534,134	2,553,745	(2,019,611)	-79.08%
<b>Net position:</b>				
Net investment in capital assets, net of related debt	73,565,692	66,131,749	7,433,943	11.24%
Restricted	5,796,138	-	5,796,138	
Unrestricted	62,349,900	58,724,334	3,625,566	6.17%
Total net position	<u>\$ 141,711,730</u>	<u>\$ 124,856,083</u>	<u>\$ 16,855,647</u>	<u>13.50%</u>

The net position of the City/District's business-type activities increased by \$16.86 million. This increase consists of three components.

1. **Net Investment in capital assets, net of related debt** – The \$7.43 million increase was due to the new asset additions during the year greater than depreciation charges. Most of the new asset increase were from the construction in progress for the District's apportionment of the joint wastewater treatment plant project costs with the City of San Mateo. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Restricted net position** – The \$5.80 million increase was attributable to the receivables from the San Mateo-Foster City Public Finance Authority (JPFA) for the 2021 Wastewater Revenue Notes.
3. **Unrestricted net position** – The \$3.63 million increase was due mainly to the change in net position as indicated in the Statement of Activities of \$16.86 million less \$7.43 million increase in net investment in capital assets and less the increase in the Restricted Net Position of \$5.80 million.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Changes in Net Position** – The following table identifies the changes in net position for governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2023	2022	2023	2022	2023	2022		
<b>Program Revenues</b>								
Charges for services	\$ 5,689,805	\$ 5,424,919	\$ 36,033,237	\$ 34,477,228	\$ 41,723,042	\$ 39,902,147	\$ 1,820,895	4.56%
Operating grants and contributions	5,639,549	5,237,263	-	-	5,639,549	5,237,263	402,286	7.68%
Capital grants and contributions	1,648,631	1,744,628	15,187	28,791	1,663,818	1,773,419	(109,601)	-6.18%
<b>General Revenues</b>								
Taxes	53,757,816	48,542,962	-	-	53,757,816	48,542,962	5,214,854	10.74%
Contributions not restricted to specific programs	5,799,717	5,135,331	-	-	5,799,717	5,135,331	664,386	12.94%
Unrestricted investment and rental income	6,516,594	(1,801,976)	2,500,670	(2,391,082)	9,017,264	(4,193,058)	13,210,322	-315.05%
Gain (loss) on JPA Investment	2,617,016	773,157	-	-	2,617,016	773,157	1,843,859	238.48%
Other	633,032	902,089	105,678	63,293	738,710	965,382	(226,672)	-23.48%
<b>Total Revenues</b>	<b>82,302,160</b>	<b>65,958,373</b>	<b>38,654,772</b>	<b>32,178,230</b>	<b>120,956,932</b>	<b>98,136,603</b>	<b>22,820,329</b>	<b>23.25%</b>
<b>Expenses</b>								
General government	5,435,528	4,977,428	-	-	5,435,528	4,977,428	458,100	9.20%
Public safety	25,839,268	27,540,232	-	-	25,839,268	27,540,232	(1,700,964)	-6.18%
Public works	6,225,191	4,913,006	-	-	6,225,191	4,913,006	1,312,185	26.71%
Community development	4,157,767	3,095,744	-	-	4,157,767	3,095,744	1,062,023	34.31%
Parks and recreation	10,851,261	9,342,091	-	-	10,851,261	9,342,091	1,509,170	16.15%
Interest on long term debt	2,293,073	1,939,751	-	-	2,293,073	1,939,751	353,322	18.21%
Water operations	-	-	13,357,202	13,115,926	13,357,202	13,115,926	241,276	1.84%
Wastewater operation	-	-	8,570,810	7,751,208	8,570,810	7,751,208	819,602	10.57%
<b>Total Expenses</b>	<b>54,802,088</b>	<b>51,808,252</b>	<b>21,928,012</b>	<b>20,867,134</b>	<b>76,730,100</b>	<b>72,675,386</b>	<b>4,054,714</b>	<b>5.58%</b>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>	<b>27,500,072</b>	<b>14,150,121</b>	<b>16,726,760</b>	<b>11,311,096</b>	<b>44,226,832</b>	<b>25,461,217</b>	<b>18,765,615</b>	<b>73.70%</b>
Transfers in (out)	(128,887)	-	128,887	-	-	-	-	0.00%
<b>Change in net position</b>	<b>27,371,185</b>	<b>14,150,121</b>	<b>16,855,647</b>	<b>11,311,096</b>	<b>44,226,832</b>	<b>25,461,217</b>	<b>18,765,615</b>	<b>73.70%</b>
Net position, beginning of year	237,656,202	223,506,081	124,856,083	113,544,987	362,512,285	337,051,068	25,461,217	7.55%
Prior period adjustment	(2,771,763)	-	-	-	(2,771,763)	-	(2,771,763)	
Net position, end of year	\$ 262,255,624	\$ 237,656,202	\$ 141,711,730	\$ 124,856,083	\$ 403,967,354	\$ 362,512,285	\$ 41,455,069	11.44%

Key changes to **revenue** categories are explained below:

- **Charges for Services** – The \$265,000 increase in Governmental Activities included a \$433,000 gain in recreation program fees as the offering and demand for programs/classes reached post COVID-19 highs. Revenues for Business-Type activities increased by \$1.56 million as the wastewater enterprise saw a \$2.45 million year-over-year gain from higher rates, but water enterprises revenues declined by \$0.89 million due to strong customer conservation and a reduction of commercial consumption as a result of lower office space occupancy partially due to teleworking conditions..
- **Operating Grants and Contributions** – Governmental Activities for operating grants and contributions increased by \$0.40 million to \$5.64 million as there was a slight uptick of housing related grants.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

- Capital Grants and Contributions – Governmental Activities for capital grants and contributions saw a decrease of approximately \$96,000 to \$1.65 million as the City received slightly less funding for public works capital improvement projects.
- Taxes – The \$5.21 million increase in Governmental Activities included \$3.81 million improvement in Property tax and \$1.45 million improvement in transient occupancy tax.
- Unrestricted Investment and Rental Income - The \$8.32 million increase in Governmental Activities and \$4.89 million increase in Business Activities is largely due to the Federal Reserve's precipitous increase in the Federal Funds rate of 350 basis points in FY 2022-23 (on top of the 150 basis point increase from March through June 2022). The City's investment portfolio yield catapulted from 1.12% at 6/30/22 to 4.17% at 6/30/23.

Key changes in **expense** categories are explained below:

- General Government – Expenses increased by \$0.46 million to \$5.44 million, mainly from higher wages and reorganization costs within the City Manager's office.
- Public Safety – Expenses decreased by \$1.70 million to \$25.84 million in the Public Safety (Police and Fire) departments mainly due to staff vacancies.
- Public Works – Expenses increased by \$1.31 million to \$6.22 million as some vacant positions in the prior year were filled and the City incurred higher wage and benefits based on its labor agreements.
- Community Development – Expenses increased by \$1.06 million to \$4.16 million. Similar to Public Works, higher labor and benefits costs along with some success in recruitment contributed to the increase.
- Parks and Recreation – Expenses increased by \$1.51 million to \$10.85 million as the increase in Recreation programs and classes drove operating costs up as did higher general wage and benefit costs.
- Water Operation – Expenses increased by \$0.24 million or 1.8% to \$13.36 million.
- Wastewater Operation – Expenses increased by \$0.82 million to \$8.57 million as general wages and benefits costs accelerated.

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**FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS**

**Governmental Funds**

As of June 30, 2023, the City/District's governmental funds reported combined fund balances of \$176.35 million. Of this total, \$0.08 million are non-spendable, \$24.22 million are considered restricted funds, \$93.43 million are committed by the City Council/District Board for specified projects or uses, and the remaining \$58.62 million are unassigned and available for general use.

Total revenues, expenditures, and changes in fund balances for the fiscal years ended June 30, 2023 and June 30, 2022 are shown below.

	2023		2022		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<b>Revenues by Source</b>						
Taxes	\$ 57,717,652	71.55%	\$ 51,986,123	79.02%	\$ 5,731,529	11.03%
Licenses and permits	3,757,885	4.66%	3,976,116	6.04%	(218,231)	-5.49%
Intergovernmental	6,661,086	8.26%	5,830,103	8.86%	830,983	14.25%
Charges for current services	2,739,421	3.40%	2,044,251	3.11%	695,170	34.01%
Fines and forfeitures	75,975	0.09%	107,087	0.16%	(31,112)	-29.05%
Investment and rental income	7,995,328	9.91%	(965,630)	-1.47%	8,960,958	-927.99%
Other	1,715,379	2.13%	2,812,482	4.27%	(1,097,103)	-39.01%
<b>Total revenues</b>	<b>80,662,726</b>	<b>100.00%</b>	<b>65,790,532</b>	<b>100.00%</b>	<b>14,872,194</b>	<b>22.61%</b>
<b>Expenditures by Function</b>						
General Government	6,472,320	6.96%	5,744,561	6.96%	727,759	12.67%
Public safety	26,661,589	28.68%	25,992,575	31.50%	669,014	2.57%
Public works	4,254,570	4.58%	3,079,049	3.73%	1,175,521	38.18%
Community development	4,323,163	4.65%	3,715,475	4.50%	607,688	16.36%
Parks and recreation	10,140,942	10.91%	9,682,608	11.73%	458,334	4.73%
Capital outlay	34,720,557	37.35%	27,820,924	33.71%	6,899,633	24.80%
Principal	3,940,000	4.24%	3,895,000	4.72%	45,000	100.00%
Interest on long term debt	2,438,388	2.62%	2,594,788	3.14%	(156,400)	-6.03%
<b>Total expenditures</b>	<b>92,951,529</b>	<b>100.00%</b>	<b>82,524,980</b>	<b>100.00%</b>	<b>10,426,549</b>	<b>12.63%</b>
<b>Revenues over (under) expenditures</b>	<b>(12,288,803)</b>		<b>(16,734,448)</b>		<b>4,445,645</b>	
Sale of capital assets	685,637		663,741		21,896	
Issuance of long term debt	-		-		-	
Transfer in	9,741,216		56,956,690		(47,215,474)	
Transfer out	(8,742,157)		(56,656,690)		47,914,533	
<b>Net change in fund balances</b>	<b>(10,604,107)</b>		<b>(15,770,707)</b>		<b>\$ 5,166,600</b>	
Fund balances, beginning of year	182,270,642		198,041,349			
Restatement	4,680,387		-			
Fund balances, beginning of year, as restated	186,951,029		198,041,349			
Fund balances, end of year	<u>\$ 176,346,922</u>		<u>\$ 182,270,642</u>			

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**FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS (CONTINUED)**

Key changes to **revenue** categories are explained below:

- Taxes – The increase of \$5.73 million is due to gains in several categories including property tax of \$3.81 million, transient occupancy tax of \$1.45 million, and sales and use tax of \$0.66 million. On the other hand, property transfer tax declined by \$0.28 million as home sales volume declined while interest rates rose.
- Licenses and permits – Combined total revenues declined by \$0.22 million from \$3.98 million to \$3.76 million in an environment of higher materials and borrowing costs.
- Intergovernmental – The \$0.83 million increase includes 0.47 million of FEMA reimbursements for COVID-19 costs incurred by the City and various housing related grants.
- Investment and rental income – The increase of \$8.96 million is primarily from much higher investment yields from the City's portfolio due to the 350-basis point increase in the Federal Funds rate in FY 2022-23.

Key changes in **expenditure** categories are explained below:

- General Government, Public Safety, Public Works, Community Development, and Parks and Recreation – The aggregate expenditures for these five functions increased by \$3.64 million from FY 2021-22 to FY 2022-23. The primary reason for the increase is a 5% wage adjustment along with related benefits based on the City's various labor agreements.
- Capital Outlay – Capital outlay increased by \$6.90 million to \$34.72 million as work accelerated on multiple CIP projects as Public Works staffing levels improved.
- Principal and Interest – Principal and interest payments totaled \$6.38 million for the City's 2020 General Obligation Bonds.

The following provides highlights of the six (6) **Major Governmental Funds**.

**General Fund** – The General Fund represents the single most important governmental fund of the City/District. The governing body and executive staff spend a significant amount of time during the year closely monitoring the financial health and operations of this fund, which provides core municipal services to the public. The total Fund Balance on June 30, 2023 was \$62.96 million, which was a \$14.64 million greater than the prior year's mark of \$48.32 million. Unassigned fund balance finished the year at \$58.62 million, increasing by \$8.96 million from the prior year total of 44.02 million.



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**FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS (CONTINUED)**

General Fund revenues increased \$8.71 million in FY 2022-23 to \$66.10 million. Total property tax revenues climbed by \$3.88 million to \$42.85 million with motor vehicle in-lieu (VLF) gaining \$1.33 million. Transient occupancy tax (TOT) revenues improved by \$1.45 million to \$3.43 million as business travel and lodging continued its recovery from the COVID-19 lows of \$0.99 million in FY 2020-21. Sales and use tax revenues accelerated to \$4.45 million compared to \$3.90 million in the prior year, benefitting from the local economic recovery and higher prices due in part to inflation. Charges for Current Services increased by \$0.48 million as the City's Recreation Center enjoyed a full complement of classes and programming for the entire year. Investment and rental income surged by \$3.09 million to \$3.28 million as the investment portfolio earned much higher yields compared to the prior year. A decline in home sales pressured property transfer taxes as did interest rate and economic uncertainty on building permits, resulting in a \$0.28 and 0.22 million year-over-year revenue contraction.

General Fund expenditures, excluding Transfers In/Out increased by \$2.54 million to \$48.56 million in FY 2022-23 as employee services costs rose after taking into account a 5% cost of living wage increase. In aggregate, General Fund revenues exceeded expenditures by \$17.54 million. After deducting Net Transfers In/Out of \$3.47 the net increase in the General Fund was \$14.07 million, resulting in a fiscal year ending June 30, 2023 Fund Balance of \$62.96 million, of which \$58.62 million were Unassigned.

**Low and Moderate Income Housing Assets Fund** – This fund was established for the Housing Successor to continue the existing Low and Moderate Income Housing program. As of June 30, 2023, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$2.44 million, an increase of \$0.19 million from the prior year. The fund's revenues sources are the rental income from the existing six affordable housing units and repayments from the first-time home buyers' loans.

**Foster City Affordable Housing Fund** – This fund was established to utilize the proceeds from the San Mateo County redistribution of unencumbered housing tax increments from the former Foster City Community Development Agency for future affordable housing projects in the City. As of June 30, 2023, the Fund had a Committed Fund Balance of \$5.56 million after making a prior period adjustment of \$4.81 million to reclassify the Deferred Inflow for Loan Receivables to Fund Balance.

**City Capital Projects Fund** – The City Capital Projects fund is a key fund of the City/District. This fund pays for infrastructure improvement and significant maintenance projects for which other resources (e.g., Gas Tax, Measure A, Measure M, SB1 funds, etc.) do not pay. As of June 30, 2023, this Fund had a Committed Fund Balance of \$77.48 million which is a slight decrease of \$0.88 million from the prior fiscal year.

**Capital Asset Preservation Fund** – The City/District created the Capital Asset Preservation Fund to hold the proceeds from sale of the 11-acre site to North Peninsula Jewish Campus (NPJC) and the proceeds from the sale of the 15-acre site adjacent to the City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5<sup>th</sup> of the City Council. As of June 30, 2023, this fund had a committed fund balance of \$2.88million compared to the prior year's balance of \$8.06 million. The decline of \$5.18 million was primarily from a \$7 million expenditure for the purchase of 22 workforce housing units. Revenues totaling \$1.84 million were proceeds from the sale of property to NPJC and investment income of \$0.69 million and \$1.15 million respectively.

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**FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS (CONTINUED)**

**Levee Capital Project Fund** – In FY 2020-21, the City added a new Levee Capital Project fund for the construction of an upgraded levee system that meets FEMA accreditation for flood protection. The City issued \$85 million (par value) of general obligation bonds in August 2020 for the financing of this project. As of June 30, 2023 this Fund had a restricted fund balance of \$5.08 million compared to \$22.39 million as of June 30, 2022. The reduction is from capital outlay expenditures for the Levee project.

The following provides highlights of the operations of the three (3) *Proprietary Funds* for the year.

**Water** – Estero Municipal Improvement District provides water services to customers located within the District, primarily the “94404” zip code which encompasses all of Foster City and a portion of San Mateo. Unrestricted net position for the Water Fund totaled \$25.26 million as of June 30, 2023, meeting the Governing Board’s policy of holding a minimum operating reserve level of 25% of annual operating expenses plus a \$2 million reserve level for capital improvement projects.

**Wastewater** – The District provides wastewater collection services to customers in Foster City and partners with the City of San Mateo in a joint powers agreement for a Wastewater Treatment Plant (WWTP). Unrestricted net position totaled \$33.75 million as of June 30, 2023, meeting the District Board’s reserve policy requirement of holding a minimum operating reserve level of 25% of annual operating expenses and a \$2 million reserve for capital improvement projects. The total also includes \$2 million for wastewater rate stabilization.

**Internal Service Funds** – These funds provide services and funding mechanisms to facilitate the operating departments within the City/District in providing services to the community. These services include vehicle / fleet rental, equipment replacement, self-insurance risk management, information technology, building maintenance, and funding for the Longevity Recognition Benefits Program, Public Employees’ Medical and Hospital Care Act (PEMHCA) post-retirement medical programs, and compensated absences liabilities. Total unrestricted net position as of June 30, 2023 was \$40.75 million, which was a \$3.26. million increase from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City Council’s amended General Fund budget, excluding transfers out for fiscal year 2022-23 was \$55.34 million. Estimated revenues, excluding transfers in were \$66.10 million.

Total revenues for the year were \$8.95 million above amended budget estimates. Property tax topped budget by \$3.8 million with gains in assessed values from new development projects and home sales and higher than expected Motor Vehicle in lieu tax. Sales tax exceeded expectations by \$1.28 million as the local economy improved and prices for taxable goods generally rose in conjunction with inflation. Transient Occupancy Tax (TOT) revenues rose by a better than expected 73.3% from prior year actuals and exceeded FY 2022-23 budget by \$0.96 million. Charges for Services in Recreation bested estimates by \$0.53 million. Investment income exceeded budget by \$1.24 million as interest rates surged. Rental income beat budget estimates by \$0.61 million as both City facility rentals and golf course usage exceeded expectations.

Total expenditures for the year were \$6.78 million below the final budget. The “great separation” left the City with multiple staff vacancies, many of which did not get filled because of a very tight labor market. The staff shortage also led to project/program delays which resulted in unspent service and supplies budgets.

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**CAPITAL ASSETS**

The City/District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totaled \$357.46 million (net of accumulated depreciation). They include land, buildings, infrastructure, structures and improvements, equipment, vehicles, intangible assets, and construction in progress.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2023	2022	2023	2022	2023	2022		
Land	\$ 12,224,622	\$ 11,102,221	\$ 3,553,474	\$ 3,553,474	\$ 15,778,096	\$ 14,655,695	\$ 1,122,401	7.66%
Infrastructure, structures and improvements	75,470,188	74,275,857	22,935,077	23,971,926	98,405,265	98,247,783	157,482	0.16%
Equipment, vehicles and software	3,605,699	3,532,016	1,445,199	1,498,093	5,050,898	5,030,109	20,789	0.41%
Sewer Capacity Rights	-	-	15,768,218	16,264,049	15,768,218	16,264,049	(495,831)	-3.05%
Construction in progress	91,925,793	63,523,129	130,530,298	91,111,228	222,456,091	154,634,357	67,821,734	43.86%
<b>Total</b>	<b>\$ 183,226,302</b>	<b>\$ 152,433,223</b>	<b>\$ 174,232,266</b>	<b>\$ 136,398,770</b>	<b>\$ 357,458,568</b>	<b>\$ 288,831,993</b>	<b>\$ 68,626,575</b>	<b>23.76%</b>

Capital assets for Governmental activities increased by \$30.79 million with additions of new assets (primarily from the Levee Protection Planning and Improvements project) exceeding depreciation, disposals, and retirements of assets. Infrastructure assets, equipment and software, and construction in progress for business-type activities increased by \$38.33 million as construction of the District's joint wastewater treatment plant project with the City of San Mateo continued.

The City/District depreciates all its capital assets over the assets' estimated useful lives. The purpose of depreciation is to spread the cost of the capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information about the City/District's capital assets can be found in Note 6 to the financial statements.

**LONG TERM OBLIGATIONS**

As of June 30, 2023, the City/District had total long-term obligations of \$293.05 million, which comprised of compensated absences of \$3.0 million, unsettled claims of \$0.14 million, PG&E On-Bill Loan of \$0.06 million, 2020 levee general obligation bonds including unamortized bond premium of \$83.0 million, 2019 wastewater revenue bonds including unamortized bond premium of \$37.85 million, 2021 wastewater revenue notes including unamortized bond premium of \$68.61 million, other post-employment benefits (OPEB) liability of \$8.78 million and Net Pension Liability of \$91.60 million (\$88.44 million for CalPERS and \$3.16 million for the Longevity Recognition Benefits Program). Additional information about the City/District's long-term obligations can be found in Note 7 and 9 to the financial statements.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City/District prides itself in the prudent management of its financial resources through long-term financial strategies and conservative financial decisions. Over the past eight years, City Council and City staff have together strengthened the City/District's Net Position so that the City may have financial resources to address its unmet needs and unfunded liabilities. In June 2019, the City Council authorized using the FY 2017-18 General Fund surplus to address various needs, including authorizing a \$3.48 million payment to CalPERS to reduce the unfunded pension liability of the City's safety plan. Similarly in March 2020, during the onset of the COVID-19 public health emergency, the City Council authorized designating \$3.5 million of the FY 2018-19 General Fund surplus to the Pension Stabilization Fund. In 2021, the City Council designated the entire \$4.05 million of FY 2019-20 General Fund surplus on top of the \$3.5 million to the Pension Stabilization Fund. A combined \$7.5 million was then remitted to CalPERS in June 2021 to further reduce the City's unfunded pension liability.

Key indicators that are being watched closely are as follows:

- Property Taxes – The County Assessor's office projected an approximate 4.660% increase in assessed values in FY 2023-24- for Foster City. The assumptions for property taxes revenues, including approved development projects have been included in the City's five-year financial projections based on anticipated completion schedules.
- Transient Occupancy Tax (TOT) –Projected revenues for FY 2023-24 are \$3.59 million. Based on the better than expected results in FY 2022-23, these revenues will likely be revised upwards during the course of FY 2023-24.
- Sales & Use Tax – General Fund sales tax revenues e are budgeted at \$3.93 million. Similar to TOT, actual results for FY 2022-23 suggests an upward revision.
- Investment Income – Although investment income was recalibrated higher to \$1.52 million compared to the FY 2022-23 budget, the continued increase in the Federal Funds rate is expected to yield an even greater amount of revenues for FY 2023-24.
- CalPERS Pension Rates – In December 2016, CalPERS reduced its investment return assumption from 7.5% to 7%. The lower rate of investment return combined with changes in assumptions has resulted in a significant increase in the employer contribution rates for the City's Miscellaneous and Public Safety retirement plans. The provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) continue to have a slow but gradual impact on the City's pension costs as the most significant cost-savings provisions of PEPRA apply primarily to new employees hired after December 31, 2012. The City's FY 2023-24 employer *normal* contribution rates to CalPERS for its Miscellaneous Plan and Public Safety "Classic" plans are 11.62% and 25.65% respectively. The required FY 2023-24 payment obligation for the City's unfunded accrued liability (UAL) is \$7.13 million. In addition, CalPERS reported a 5.8% investment return in FY 2022-23 which is 1.0% below its 6.8% actuarial assumption. This adverse result will result in widening of the City's UAL when next CalPERS valuation report for June 30, 2023 valuation report is produced in July/August 2024.
- Development, Planning, Permit and Park In-Lieu Fees – Development associated revenues such as building permits, water and wastewater connection fees, real property transfer taxes, plan check fees, and inspection fees have been incorporated into the annual budget.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)**

- Capital Improvement Project Funds – The City/District used a 15-year funding model for capital improvement projects for its 2023-24 budget. As a result, 1/15<sup>th</sup> of the 15-year CIP cash needs is funded annually by the City's General Fund and the Water and Wastewater Enterprise Funds. Funding from the General Fund for FY 2023-24 is \$6.0 million. Notwithstanding, the City budgeted \$17.81 million in CIP projects (excluding unspent carryover encumbrances) in FY 2023-24, of which \$11.73 million are Wastewater Enterprise Fund projects (primarily the District's proportionate share of the Wastewater Treatment Plant Master Improvement Project that is financed by debt). No new projects are scheduled for the Water Enterprise Fund.
- Water Supply Assurance / Water Costs – The City/District currently serves approximately 8,400 utility customers. Under the District's 10-Year Rate Smoothing policy, water rates for FY 2023-24 will increase the standard 5/8" and 3/4" fixed meter charges by 6% and the base consumption rate also by 4.3%.
- Wastewater Rates – The wastewater rates will increase 3.0% in FY 2023-24 based on currently known operating and capital improvements projects (CIP), including the joint Wastewater Treatment Plant Master Plan Improvement (WWTP) Project with the City of San Mateo. The estimated share of the City/District's project costs is \$153 million. In FY 2018-19, the District issued 2019 wastewater revenue bonds with a par value of \$33.8 million and a bond premium of \$6.6 million. In November 2020, the District received approval for a \$66.86 million Water Infrastructure Finance and Innovation Act (WIFIA) loan at 1.16% for its WWTP project. WIFIA is a federal loan program administered by the Environmental Protection Agency (EPA) for eligible water or wastewater projects. The District does not plan to draw on the WIFIA loan until 2025 as it issued 2021 wastewater revenue notes in July 2021 with a 2025 maturity, at which time the WIFIA loan will be used to repay the maturing notes. This financing plan yielded a cost savings of approximately \$1.1 million because of a lower interest rate. In May 2022, the District received a \$33.58 million (including \$0.43 million of capitalized interest) California Water Resources Board State Revolving Fund (SRF) loan with an interest rate of 0.8%.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, creditors, and interested parties with a general overview of the City's finances. Questions about this report should be directed to the Financial Services Department at 610 Foster City Boulevard, Foster City, CA 94404.

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**BASIC  
FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 225,839,409	\$ 81,028,229	\$ 306,867,638
Receivables, net	5,587,982	6,271,145	11,859,127
Internal balances	(3,339,972)	3,339,972	-
Inventory	111,073	233,937	345,010
Prepays and deposits	64,872	-	64,872
Restricted cash and investments	388,140	-	388,140
Loans receivable (net)	18,487,047	-	18,487,047
Leases receivable	335,617	-	335,617
<b>Total current assets</b>	<b>247,474,168</b>	<b>90,873,283</b>	<b>338,347,451</b>
Noncurrent assets:			
Investment in JPA Equity	4,391,426	-	4,391,426
Leases receivable	1,371,750	-	1,371,750
Receivable from JPFA	-	5,796,138	5,796,138
Capital assets:			
Nondepreciable	104,150,415	134,083,772	238,234,187
Depreciable	197,812,729	104,714,259	302,526,988
Less accumulated depreciation	(118,736,842)	(64,565,765)	(183,302,607)
<b>Total capital assets</b>	<b>183,226,302</b>	<b>174,232,266</b>	<b>357,458,568</b>
<b>Total noncurrent assets</b>	<b>188,989,478</b>	<b>180,028,404</b>	<b>369,017,882</b>
<b>Total assets</b>	<b>436,463,646</b>	<b>270,901,687</b>	<b>707,365,333</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	34,057,651	1,373,323	35,430,974
Related to OPEB	762,039	98,245	860,284
<b>Total deferred outflows of resources</b>	<b>34,819,690</b>	<b>1,471,568</b>	<b>36,291,258</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,183,789	16,151,985	22,335,774
Accrued interest	196,443	1,932,500	2,128,943
Accrued payroll	1,194,894	155,676	1,350,570
Refundable deposits	8,935,003	69,712	9,004,715
Unearned revenue	488,000	-	488,000
Long-term liabilities - current portion	4,158,915	727,438	4,886,353
<b>Total current liabilities</b>	<b>21,157,044</b>	<b>19,037,311</b>	<b>40,194,355</b>
Noncurrent liabilities:			
Long-term liabilities - noncurrent portion	81,667,550	106,111,410	187,778,960
Net pension liability	87,624,890	3,975,788	91,600,678
Total OPEB liability	7,778,924	1,002,882	8,781,806
<b>Total noncurrent liabilities</b>	<b>177,071,364</b>	<b>111,090,080</b>	<b>288,161,444</b>
<b>Total liabilities</b>	<b>198,228,408</b>	<b>130,127,391</b>	<b>328,355,799</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	1,694,926	-	1,694,926
Related to pension	5,649,650	88,740	5,738,390
Related to OPEB	3,454,728	445,394	3,900,122
<b>Total deferred inflows of resources</b>	<b>10,799,304</b>	<b>534,134</b>	<b>11,333,438</b>
<b>NET POSITION</b>			
Net investment in capital assets	100,222,930	73,565,692	173,788,622
Restricted for:			
Housing	2,622,126	-	2,622,126
Roads	7,381,168	-	7,381,168
Parks	2,902,945	-	2,902,945
Local programs and events	726,709	-	726,709
Levee	5,080,548	5,796,138	10,876,686
Debt services	5,505,922	-	5,505,922
<b>Total restricted</b>	<b>24,219,418</b>	<b>5,796,138</b>	<b>30,015,556</b>
Unrestricted	137,813,276	62,349,900	200,163,176
<b>Total net position</b>	<b>\$ 262,255,624</b>	<b>\$ 141,711,730</b>	<b>\$ 403,967,354</b>

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 5,435,528	\$ 599,804	\$ 4,391,582	\$ -	\$ 4,991,386
Public safety - Police	14,709,027	81,995	190,402	-	272,397
Public safety - Fire	11,130,241	44,065	-	-	44,065
Public works	6,225,191	93,746	1,015,057	1,437,154	2,545,957
Community development	4,157,767	3,476,923	-	-	3,476,923
Parks and recreation	10,851,261	1,393,272	42,508	211,477	1,647,257
Interest on long-term debt	2,293,073	-	-	-	-
Total governmental activities	54,802,088	5,689,805	5,639,549	1,648,631	12,977,985
<b>Business-type Activities:</b>					
Water	13,357,202	15,804,702	-	15,187	15,819,889
Wastewater	8,570,810	20,228,535	-	-	20,228,535
Total business-type activities	21,928,012	36,033,237	-	15,187	36,048,424
<b>Total primary government</b>	<b>\$ 76,730,100</b>	<b>\$ 41,723,042</b>	<b>\$ 5,639,549</b>	<b>\$ 1,663,818</b>	<b>\$ 49,026,409</b>

**General Revenues:**

## Taxes:

Property taxes

Transient occupancy taxes

Franchise tax

Other taxes

Contributions not restricted to specific programs:

Sales and use tax and sales tax in lieu

Unrestricted investment and rental income, net of interest expense

Gain (loss) on JPA investment

Gain on sale of capital assets

Other

**Total general revenues**

Transfers

**Total general revenues and transfers****Change in net position****Net position - beginning of year, as restated****Net position - end of year**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (444,142)	\$ -	\$ (444,142)
(14,436,630)	-	(14,436,630)
(11,086,176)	-	(11,086,176)
(3,679,234)	-	(3,679,234)
(680,844)	-	(680,844)
(9,204,004)	-	(9,204,004)
(2,293,073)	-	(2,293,073)
(41,824,103)	-	(41,824,103)
-	2,462,687	2,462,687
-	11,657,725	11,657,725
-	14,120,412	14,120,412
(41,824,103)	14,120,412	(27,703,691)
46,963,408	-	46,963,408
3,435,359	-	3,435,359
1,308,136	-	1,308,136
2,050,913	-	2,050,913
5,799,717	-	5,799,717
6,516,594	2,500,670	9,017,264
2,617,016	-	2,617,016
-	-	-
633,032	105,678	738,710
69,324,175	2,606,348	71,930,523
(128,887)	128,887	-
69,195,288	2,735,235	71,930,523
27,371,185	16,855,647	44,226,832
234,884,439	124,856,083	359,740,522
\$ 262,255,624	\$ 141,711,730	\$ 403,967,354

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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**City of Foster City and Estero Municipal Improvement District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds			City Capital Project Funds
	General Fund	Low and Moderate Income Housing Fund Assets	Foster City Affordable Housing	City Capital Projects
<b>ASSETS</b>				
Cash and investments	\$ 62,732,953	\$ 2,365,906	\$ 622,125	\$ 84,343,330
Receivables, net of allowance:				
Accrued interest	1,544,701	-	-	-
Intergovernmental	34,192	-	-	-
Taxes	3,032,154	-	-	-
Other	118,503	4,541	-	11,250
Prepays and deposits	31,497	-	-	-
Inventory	16,900	-	-	-
Restricted cash and investments	388,140	-	-	-
Loans receivable, net of allowance	752,030	82,339	4,935,320	-
Leases receivable	1,707,367	-	-	-
<b>Total assets</b>	<b>\$ 70,358,437</b>	<b>\$ 2,452,786</b>	<b>\$ 5,557,445</b>	<b>\$ 84,354,580</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 923,746	\$ 5,368	\$ 3,031	\$ 1,075,031
Accrued payroll	1,104,935	-	-	-
Refundable deposits	2,795,070	6,062	-	5,795,415
Unearned revenue	488,000	-	-	-
<b>Total liabilities</b>	<b>5,311,751</b>	<b>11,430</b>	<b>3,031</b>	<b>6,870,446</b>
<b>Deferred Inflows of Resources</b>				
Unavailable-interest receivable	392,177	-	911,743	-
Related to leases	1,694,926	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,087,103</b>	<b>-</b>	<b>911,743</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	48,397	-	-	-
Restricted	66,585	2,441,356	-	-
Committed	4,222,082	-	4,642,671	77,484,134
Unassigned	58,622,519	-	-	-
<b>Total fund balances</b>	<b>62,959,583</b>	<b>2,441,356</b>	<b>4,642,671</b>	<b>77,484,134</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 70,358,437</b>	<b>\$ 2,452,786</b>	<b>\$ 5,557,445</b>	<b>\$ 84,354,580</b>

City Capital Project Funds		Nonmajor	Total
Capital Asset	Levee Capital	Governmental	Governmental
Preservation	Project Fund	Funds	Funds
\$ 2,880,118	\$ 8,819,511	\$ 20,520,805	\$ 182,284,748
-	78,986	-	1,623,687
-	-	453,381	487,573
-	-	175,114	3,207,268
-	-	84,586	218,880
-	-	33,375	64,872
-	-	-	16,900
-	-	-	388,140
-	-	-	5,769,689
-	-	-	1,707,367
<u>\$ 2,880,118</u>	<u>\$ 8,898,497</u>	<u>\$ 21,267,261</u>	<u>\$ 195,769,124</u>
\$ -	\$ 3,817,949	\$ 64,393	\$ 5,889,518
-	-	5,900	1,110,835
-	-	338,456	8,935,003
-	-	-	488,000
-	3,817,949	408,749	16,423,356
-	-	-	1,303,920
-	-	-	1,694,926
-	-	-	2,998,846
-	-	33,375	81,772
-	5,080,548	16,630,328	24,218,817
2,880,118	-	4,194,809	93,423,814
-	-	-	58,622,519
<u>2,880,118</u>	<u>5,080,548</u>	<u>20,858,512</u>	<u>176,346,922</u>
<u>\$ 2,880,118</u>	<u>\$ 8,898,497</u>	<u>\$ 21,267,261</u>	<u>\$ 195,769,124</u>

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2023**

**Total Fund Balances - Total Governmental Funds** \$ 176,346,922

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Nondepreciable	\$ 104,150,415	\$ (31,523)	104,118,892
Depreciable, net	79,075,887	(3,605,699)	75,470,188
Total capital assets	<u>\$ 183,226,302</u>	<u>\$ (3,637,222)</u>	<u>179,589,080</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.

(196,443)

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.

1,303,920

North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds.

12,717,358

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

41,046,138

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

	Government- Wide Statement of Net Position	Internal Service Funds	
Deferred outflows of resources related to pension	34,057,651	(778,396)	33,279,255
Deferred outflows of resources related to OPEB	762,039	(43,960)	718,079
Deferred inflows of resources related to pension	(5,649,650)	199,296	(5,450,354)
Deferred inflows of resources related to OPEB	(3,454,728)	50,298	(3,404,430)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Investment in JPA Equity	\$ 4,391,426	\$ -	\$ 4,391,426
Long-term debt	(85,826,465)	442,735	(85,383,730)
Total OPEB liability	(7,778,924)	448,750	(7,330,174)
Net pension liability	(87,624,890)	2,253,467	(85,371,423)
Total long-term liabilities	<u>\$ (176,838,853)</u>	<u>\$ 3,144,952</u>	<u>(173,693,901)</u>

**Net Position of Governmental Activities**

\$ 262,255,624

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**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue Funds			City Capital Project Funds
	General Fund	Low and Moderate Income Housing Fund Assets	Foster City Affordable Housing	City Capital Projects
<b>REVENUES:</b>				
Property taxes	\$ 42,850,074	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	4,447,372	-	-	-
Transient occupancy tax	3,435,359	-	-	-
Franchise tax	1,308,136	-	-	-
Property transfer tax	211,031	-	-	-
Licenses and permits	3,757,885	-	-	-
Intergovernmental	4,290,446	-	191,429	-
Charges for current services	2,091,294	-	-	-
Fines and forfeitures	36,149	-	-	-
Investment and rental income	3,277,757	137,036	19,985	1,917,581
Other	392,266	496	-	685,120
<b>Total revenues</b>	<b>66,097,769</b>	<b>137,532</b>	<b>211,414</b>	<b>2,602,701</b>
<b>EXPENDITURES:</b>				
Current:				
General government	5,920,544	-	-	-
Public safety - Police	15,134,593	-	-	-
Public safety - Fire	11,352,653	-	-	-
Public works	2,844,722	-	-	-
Community development	3,262,087	70,922	123,638	-
Parks and recreation	10,046,735	-	-	77,439
Capital outlay	-	-	-	2,903,281
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>48,561,334</b>	<b>70,922</b>	<b>123,638</b>	<b>2,980,720</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>17,536,435</b>	<b>66,610</b>	<b>87,776</b>	<b>(378,019)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	71,287	41,983	-	4,627,946
Transfers out	(3,541,983)	-	-	(5,128,887)
Proceeds from sale of property	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,470,696)</b>	<b>41,983</b>	<b>-</b>	<b>(500,941)</b>
<b>Net change in fund balances</b>	<b>14,065,739</b>	<b>108,593</b>	<b>87,776</b>	<b>(878,960)</b>
<b>FUND BALANCES:</b>				
Beginning of year	48,324,078	2,245,719	531,318	78,363,094
Restatement	569,766	87,044	4,023,577	-
Beginning of year, as restated	48,893,844	2,332,763	4,554,895	78,363,094
End of year	\$ 62,959,583	\$ 2,441,356	\$ 4,642,671	\$ 77,484,134

See accompanying Notes to Basic Financial Statements.

City Capital Project Funds			
Capital Asset Preservation	Levee Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,113,334	\$ 46,963,408
-	-	1,352,346	5,799,718
-	-	-	3,435,359
-	-	-	1,308,136
-	-	-	211,031
-	-	-	3,757,885
-	-	2,179,211	6,661,086
-	-	648,127	2,739,421
-	-	39,826	75,975
1,152,918	665,125	824,926	7,995,328
-	-	637,497	1,715,379
1,152,918	665,125	9,795,267	80,662,726
-	-	551,776	6,472,320
-	-	174,343	15,308,936
-	-	-	11,352,653
-	-	1,409,848	4,254,570
-	-	866,516	4,323,163
-	-	16,768	10,140,942
7,015,009	22,972,497	1,829,770	34,720,557
-	-	3,940,000	3,940,000
-	-	2,438,388	2,438,388
7,015,009	22,972,497	11,227,409	92,951,529
(5,862,091)	(22,307,372)	(1,432,142)	(12,288,803)
-	5,000,000	-	9,741,216
-	-	(71,287)	(8,742,157)
685,637	-	-	685,637
685,637	5,000,000	(71,287)	1,684,696
(5,176,454)	(17,307,372)	(1,503,429)	(10,604,107)
8,056,572	22,387,920	22,361,941	182,270,642
-	-	-	4,680,387
8,056,572	22,387,920	22,361,941	186,951,029
\$ 2,880,118	\$ 5,080,548	\$ 20,858,512	\$ 176,346,922

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Government-Wide Statement of Activities  
For the year ended June 30, 2023**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (10,604,107)</b>
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense (Total capital assets additions for the City were \$36,284,517, which consisted of \$35,604,046 in additions attributable to governmental funds and \$680,471 in additions attributable to internal service fund activity	35,604,046
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(4,884,650)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	51,919
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	3,940,000
Amortization of bonds premium (discount), net	341,758
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds.	(196,443)
Revenues from North Peninsula Jewish Campus in this fiscal year that will not be collected for several years are not considered "available" revenue and are not reported in the governmental fund.	(685,637)
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	434,642
Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	387,511
Interest that will not be collected for several years are not considered "available" and are not reported in the governmental fund.	137,800
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	2,844,346
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 27,371,185</b>



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 26,090,386	\$ 54,937,843	\$ 81,028,229	\$ 43,554,661
Receivables, net of allowance:				
Billed utility, net of allowance for uncollectible	886,856	1,446,200	2,333,056	-
Unbilled utility	1,782,657	1,996,940	3,779,597	-
Accrued interest	-	37,510	37,510	-
Other	109,014	11,968	120,982	50,574
Inventory	68,241	165,696	233,937	94,173
Total current assets	28,937,154	58,596,157	87,533,311	43,699,408
Noncurrent:				
Receivable from JPFA	-	5,796,138	5,796,138	-
Capital assets:				
Nondepreciable capital assets	5,514,511	128,569,261	134,083,772	31,523
Depreciable capital assets	50,220,523	54,493,736	104,714,259	12,278,739
Accumulated depreciation	(36,546,064)	(28,019,701)	(64,565,765)	(8,673,040)
Net capital assets	19,188,970	155,043,296	174,232,266	3,637,222
Total noncurrent assets	19,188,970	160,839,434	180,028,404	3,637,222
<b>Total assets</b>	48,126,124	219,435,591	267,561,715	47,336,630
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	661,030	712,293	1,373,323	778,396
Related to OPEB	54,198	44,047	98,245	43,960
<b>Total deferred outflows of resources</b>	715,228	756,340	1,471,568	822,356
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,280,212	14,871,773	16,151,985	294,271
Accrued interest	-	1,932,500	1,932,500	-
Accrued payroll	73,130	82,546	155,676	84,059
Refundable deposits	69,712	-	69,712	-
Claims payable - current portion	-	-	-	140,000
Compensated absences - current portion	68,037	59,401	127,438	91,351
Long-term debt - current portion	-	600,000	600,000	31,466
Total current liabilities	1,491,091	17,546,220	19,037,311	641,147
Noncurrent liabilities:				
Compensated absences	143,631	105,067	248,698	148,452
Total OPEB liability	553,254	449,628	1,002,882	448,750
Net pension liability	1,913,690	2,062,098	3,975,788	2,253,467
Long-term debt	-	105,862,712	105,862,712	31,466
Total noncurrent liabilities	2,610,575	108,479,505	111,090,080	2,882,135
<b>Total liabilities</b>	4,101,666	126,025,725	130,127,391	3,523,282
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	42,714	46,026	88,740	199,296
Related to OPEB	245,708	199,686	445,394	50,298
<b>Total deferred inflows of resources</b>	288,422	245,712	534,134	249,594
<b>NET POSITION</b>				
Net investment in capital assets	19,188,970	54,376,722	73,565,692	3,637,222
Restricted for levee	-	5,796,138	5,796,138	-
Unrestricted	25,262,294	33,747,634	59,009,928	40,748,888
<b>Total net position</b>	\$ 44,451,264	\$ 93,920,494	138,371,758	\$ 44,386,110
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			3,339,972	
Net position of business-type activities			\$ 141,711,730	

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
<b>OPERATING REVENUES:</b>				
Sales and service charges	\$ 15,804,702	\$ 20,228,535	\$ 36,033,237	\$ -
Charges for services - internal	-	-	-	10,651,656
<b>Total operating revenues</b>	<b>15,804,702</b>	<b>20,228,535</b>	<b>36,033,237</b>	<b>10,651,656</b>
<b>OPERATING EXPENSES:</b>				
Personnel	777,699	1,008,755	1,786,454	2,150,793
Utilities	9,055,046	265,132	9,320,178	-
Program supplies	137,819	111,328	249,147	-
Repairs and maintenance	19,789	77,114	96,903	1,723,861
General and administration	2,280,868	1,948,447	4,229,315	1,405,394
Depreciation and amortization	849,883	1,213,679	2,063,562	606,788
Contractual services	195,822	2,479,791	2,675,613	554,293
Insurance	250,578	250,578	501,156	1,255,893
<b>Total operating expenses</b>	<b>13,567,504</b>	<b>7,354,824</b>	<b>20,922,328</b>	<b>7,697,022</b>
<b>Operating income (loss)</b>	<b>2,237,198</b>	<b>12,873,711</b>	<b>15,110,909</b>	<b>2,954,634</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of capital assets	-	-	-	126
Investment income	770,525	1,730,145	2,500,670	1,292,088
Interest expenses	-	(1,489,660)	(1,489,660)	-
Miscellaneous	42,374	63,304	105,678	209,420
<b>Total nonoperating revenues (expenses)</b>	<b>812,899</b>	<b>303,789</b>	<b>1,116,688</b>	<b>1,501,634</b>
<b>Income before contributions and transfers</b>	<b>3,050,097</b>	<b>13,177,500</b>	<b>16,227,597</b>	<b>4,456,268</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers in	128,887	-	128,887	-
Transfers out	-	-	-	(1,127,946)
Capital contributions	15,187	-	15,187	-
<b>Total contributions and transfers</b>	<b>144,074</b>	<b>-</b>	<b>144,074</b>	<b>(1,127,946)</b>
<b>Change in net position</b>	<b>3,194,171</b>	<b>13,177,500</b>	<b>16,371,671</b>	<b>3,328,322</b>
<b>NET POSITION:</b>				
Beginning of year	41,257,093	80,742,994		41,057,788
End of year	\$ 44,451,264	\$ 93,920,494		\$ 44,386,110
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ 483,976
			Change in net position of business- type activities	\$ 16,855,647

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 15,771,612	\$ 19,679,781	\$ 35,451,393	\$ -
Cash received from interdepartmental charges	-	-	-	10,651,656
Cash received from others	-	-	-	314,833
Cash payments to suppliers for goods and services	(11,769,286)	1,486,929	(10,282,357)	(4,871,075)
Cash payments to employees for services	(2,007,099)	(2,266,194)	(4,273,293)	(3,091,394)
<b>Net cash provided by (used in) operating activities</b>	<b>1,995,227</b>	<b>18,900,516</b>	<b>20,895,743</b>	<b>3,004,020</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers received	128,887	-	128,887	-
Transfers paid	-	-	-	(1,127,946)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>128,887</b>	<b>-</b>	<b>128,887</b>	<b>(1,127,946)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
JPFA receipt/payment	-	34,122,188	34,122,188	-
Proceeds from bond notes	42,374	63,304	105,678	-
Principal paid on long-term debt	-	(570,000)	(570,000)	(31,466)
Interest paid on long-term debt	-	(4,654,170)	(4,654,170)	-
Capital contributions received	15,187	-	15,187	-
Acquisition and construction of capital assets	(691,310)	(39,205,748)	(39,897,058)	(680,471)
Proceeds from sale of assets	-	-	-	126
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(633,749)</b>	<b>(10,244,426)</b>	<b>(10,878,175)</b>	<b>(711,937)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	770,525	1,730,145	2,500,670	1,292,087
<b>Net cash provided by (used in) investing activities</b>	<b>770,525</b>	<b>1,730,145</b>	<b>2,500,670</b>	<b>1,292,087</b>
<b>Net cash flows</b>	<b>2,260,890</b>	<b>10,386,235</b>	<b>12,647,125</b>	<b>2,456,224</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>23,829,496</b>	<b>44,551,608</b>	<b>68,381,104</b>	<b>41,098,311</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 26,090,386</b>	<b>\$ 54,937,843</b>	<b>\$ 81,028,229</b>	<b>\$ 43,554,535</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 2,237,198	\$ 12,873,711	\$ 15,110,909	\$ 2,954,634
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	849,883	1,213,679	2,063,562	606,788
Miscellaneous revenues	-	-	-	209,420
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Billed receivables	(85,645)	(413,293)	(498,938)	-
Unbilled receivables	35,298	(173,200)	(137,902)	-
Other receivables	17,257	(11,968)	5,289	-
Interest receivables	-	49,707	49,707	105,413
Inventory	(1,693)	(5,593)	(7,286)	(19,717)
Deferred outflows of resources	(61,020)	(77,234)	(138,254)	(225,161)
Increase (decrease) in:				
Accounts payable and claims liability	171,097	6,624,912	6,796,009	-
Accrued interest	-	-	-	88,083
Accrued payroll	9,087	19,448	28,535	-
Refundable deposits	1,232	-	1,232	6,160
Compensated absences	11,674	(426)	11,248	24,215
Total OPEB liability	42,439	70,204	112,643	12,945
Net pension liability	(259,970)	(221,430)	(481,400)	(62,073)
Other liability	-	-	-	290,925
Deferred inflows of resources	(971,610)	(1,048,001)	(2,019,611)	(987,612)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,995,227</b>	<b>\$ 18,900,516</b>	<b>\$ 20,895,743</b>	<b>\$ 3,004,020</b>

See accompanying Notes to Basic Financial Statements.

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**City of Foster City and Estero Municipal Improvement District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

	Private Purpose Trust Fund Successor Agency of the Former RDA	Custodial Funds
<b>ASSETS</b>		
Cash and investments	\$ 161,428	\$ 33,215
<b>Total assets</b>	<b>161,428</b>	<b>33,215</b>
<b>LIABILITIES</b>		
Accounts payable	263	33,215
Long-term liabilities:		
Loan payable to the City	752,030	-
<b>Total liabilities</b>	<b>752,293</b>	<b>33,215</b>
<b>NET POSITION</b>		
Unrestricted	(590,865)	
<b>Total Net Position</b>	<b>\$ (590,865)</b>	<b>\$ -</b>

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2023**

	Private Purpose Trust Fund Successor Agency of the Former RDA	Custodial Funds
<b>ADDITIONS:</b>		
Property taxes	\$ 487,616	\$ -
Fee collection from other governments	-	132,919
Investment earnings	7,059	-
<b>Total additions</b>	<b>494,675</b>	<b>132,919</b>
<b>DEDUCTIONS:</b>		
Administrative expenses	36,979	-
Payment to other governments	-	131,684
Affordable housing subsidy	257,096	-
<b>Total deductions</b>	<b>294,075</b>	<b>131,684</b>
<b>Change in net position</b>	<b>200,600</b>	<b>1,235</b>
<b>NET POSITION:</b>		
Beginning of year	(791,465)	(1,235)
End of year	<u>\$ (590,865)</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. DESCRIPTION OF THE REPORTING ENTITY**

The City of Foster City (City) was incorporated in 1971. The Estero Municipal Improvement District (District) was formed in 1960. The District was created by the California Legislature to issue general obligation bonds to fill and reclaim the land that later became the City upon incorporation. The City is a general law city and operates under a Council-Manager form of government, providing such services as public safety (police, fire and building inspection), highways and streets, wastewater, water, parks and recreation, public improvements, planning and zoning, and general administrative services. The District, although a separate entity, encompasses the same basic geographical area, is inhabited by the same citizens and is governed, administered and budgeted by the same governmental body and procedures as the City and is included with the operations of the City in the accompanying financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*A. Basis of Accounting and Measurement Focus*

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the primary government (City/District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the City/District. Governmental activities, which normally are supported by taxes intergovernmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City/District's governmental activities and for each segment of the business-type activities of the City/District. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include 1) fees, fines and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City/District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Basis of Accounting and Measurement Focus, Continued**

**Fund Financial Statements**

The fund financial statements provide information about the City/District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales and use tax, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within ninety days and property tax within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under actual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds.

Under the terms of various grant agreements, the City/District funds certain programs by a combination of specific const-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City/District's policy to first apply cost-reimbursement grant resources (restricted) so such programs and then use general revenues (unrestricted) if necessary.

**Major Funds**

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

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

**General Fund** – Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City/District that are not accounted for through other funds.

**Low and Moderate Income Housing Assets Fund** - Accounts for all housing activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City.

**Foster City Affordable Housing Fund** – Accounts for the proceeds from the Sam Mateo County redistribution of the unencumbered housing tax increments from the former Foster City Community Development Agency for future affordable housing projects in the city.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Basis of Accounting and Measurement Focus, Continued**

*City Capital Projects Fund* – Accounts for development, construction or acquisition of approved capital projects funded by general fund, special revenues fund, state and federal grants.

*Capital Asset Preservation Fund* – Accounts for revenues from the sale of City properties. By policy direction, assets in this fund may only be used for the acquisition or replacement of significant assets or capital improvements by 4/5<sup>th</sup> vote of the City Council.

*Levee Capital Projects Fund* – Accounts for proceeds from the City's 2020 General Obligation Bonds for development and construction of the levee protection planning and improvements project.

*Proprietary Funds* - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a fund's principal ongoing operations. The principal operating revenue of the City/District's enterprise and internal service funds are charges for customer services, including water and wastewater charges, vehicle, equipment and building maintenance and usage fees, insurance charges, information services support charges, employee pension and other post employment benefits charges, and compensated absences charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition, such as subsidies and investment earnings, resulting from nonexchange transactions or ancillary activities are reported as nonoperating revenues and expenses.

The City/District reported all enterprise funds as major funds in the accompanying financial statements:

*Water Fund* – Accounts for activities associated with providing water services including construction of water plant facilities.

*Wastewater Fund* – Accounts for activities associated with sewage transmissions and treatment including construction of wastewater plant facilities.

The City/District also reports the following fund types:

*Internal Service Funds* - These funds account for the City/District's vehicle rental, equipment replacement, self-insurance, information technology, building maintenance services, longevity recognition benefits, CalPERS' Public Employees' Medical and Hospital Care Act medical benefits plan, and compensated absences; all of which are provided to other departments of the City/District on a cost-reimbursement basis.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Basis of Accounting and Measurement Focus, Continued**

*Fiduciary Funds* - The City/District maintains two different types of fiduciary funds. The Foster City Successor Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments of recognized obligations at appropriate amounts and times in the future; The Custodial funds report resources, not in a trust, that are held by the City/District for other parties outside of City/District's reporting entity. The financial activities of these funds are excluded from the Government-wide financial statements but are presented in the separate Fiduciary Fund financial statements.

**B. Cash and Cash Equivalents**

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- 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, as amended by GASB 72, Fair Value Measurement and Application, highly liquid market investments with maturities of on year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Cash and Cash Equivalents, Continued***

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

***C. Investments***

Investments are stated at fair value. The fair value of investments is determined annually and is based on current market prices. The method of allocating interest earned on pooled deposits and investments among governmental and proprietary funds is based upon average investment balances and is performed on a quarterly basis.

***D. Inventory and Prepaid Items***

Inventory, consisting of expendable supplies, is valued at cost on a first-in first-out basis. The cost of governmental funds inventory is recorded as expenditure at the time the individual inventory or prepaid item is consumed. Reported inventory and prepaid items are equally offset by a fund balance reservation, which indicates that they do not constitute "available spendable resources" even though they are a component of the net current assets.

***E. Loans Receivable***

For the purposes of the fund financial statements, expenditures related to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred inflows of resources account. The balance of the long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. For purposes of the government-wide financial statements, long-term loans are not offset by deferred inflows of resources, nor its activity reflected in the Statement of Activities.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Capital assets include building and improvements, machinery and equipment, vehicles and public domain (infrastructure). Infrastructure consists of improvements including the roadway/street network, park system, and the storm drain, sanitary wastewater and water distribution system. The City/District has a policy whereby assets with an initial, individual cost of more than \$5,000 and \$100,000 for its non-infrastructure and infrastructure assets, respectively, and an estimated useful life in excess of three years will be capitalized. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide and proprietary funds statements.

The estimated useful lives are as follows:

Infrastructure:	
Roadway/street network (including levee)	10 to 100 years
Park systems	8 to 50 years
Storm drain, sanitary wastewater, and water distribution systems	12 to 50 years
Buildings and improvements	45 to 50 years
Sewer-capacity rights	50 years
Equipment	3 to 10 years
Vehicles	4 to 25 years

The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend asset lives is not capitalized. Improvements are capitalized and, for government-wide and proprietary funds statements, are depreciated over the remaining useful lives of the related capital assets.

Intangible Assets – Sewer Capacity Rights

The City/District entered into a Joint Powers Agreement (JPA) with the City of San Mateo (San Mateo) to construct wastewater facilities (see Note 12). All capital facilities costs are capitalized in the Wastewater Enterprise Fund and once placed in service, these costs are amortized using the straight-line method over 50 years.

**G. Compensated Absences (Vacation and Sick Pay)**

The City/District reports compensated absences for accrued vacation leave, sick pay, administrative leave and compensatory leave. In the event of termination, employees are paid for all allowed unused vacation at their current hourly rate in effect. For management and safety employees, vacation pay may be accrued up to three times of their annual accrued rate without forfeiture. For AFSCME employees, vacation pay may be accrued up to two times of their annual accrued rate. The vested portion is available for current use or, if unused, is payable upon termination. After six months of employment, 25% to 30% of an employee's accrued sick leave vests at the current rate of pay.

An Internal Service Fund was established in fiscal year 2012/2013 to fund the payout of compensated absence balances, such as vacation and sick leave that are payable when employees separate from employment with the City related to governmental funds.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**H. Property Tax Levy, Collection and Maximum Rates**

State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value (\$1 per \$100 of assessed value) plus an additional amount for general obligation debt approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature determines the method of distribution of receipts from the 1% tax levy among the counties, cities, school districts, and other districts.

The County of San Mateo assesses properties and bills for and collects property taxes follows:

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

The term "unsecured" refers to taxes on personal property other than land and buildings. These "unsecured" taxes are secured by liens on the personal property being taxed. The County of San Mateo distributes to the City/District the entire amount of each year's levy and in return receives all penalties and interest on delinquent payments.

**I. Revenue Recognition for Water and Wastewater Enterprise Funds**

Revenue is recorded as billed to customers on a cyclical basis. All accounts are billed bi-monthly except irrigation accounts and homeowner association (HOA) accounts are billed monthly. Amounts unbilled at June 30 are accrued and recognized as revenue, the billed and unbilled receivables are shown net of an allowance for uncollectible for the Water and the Wastewater Enterprise Funds. As of year-end there were no material uncollected water and wastewater service revenues.

**J. Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans reported as receivables and payables as appropriate, are subject to elimination upon consolidation in the Government-Wide Financial Statements and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

Service provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are recorded when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers within governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Estimates and Assumptions**

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

**M. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period and will not be recognized as an inflow of resource (revenue) until that time. The City/District reports deferred inflows related to pensions and leases.

**N. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plans 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.

**O. New Pronouncements**

In 2023, the City/District adopted new accounting and reporting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

**Effect of New Governmental Accounting Standards Board (GASB) Pronouncements**

**GASB Statement No. 91 – Conduit Debt Obligation**

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. The requirements of this statement did not apply to the City/District during current fiscal year.



**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. New Pronouncements, Continued*

**GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City/District during current fiscal year.

**GASB Statement No. 96 – Subscription-Based Information Technology Arrangements**

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a tight-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. New Pronouncements, Continued*

**GASB Statement No. 96 – Subscription-Based Information Technology Arrangements, Continued**

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The requirements of this statement did not apply to the City/District during current fiscal year.

**3. CASH AND INVESTMENTS**

*Policies*

It is the City/District's policy to invest public funds in a manner which will provide the optimal return available consistent with the City/District's liquidity needs and the primary objective of protecting the safety of principal conforming to all laws of the State of California regarding the investment of public funds.

The City/District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City/District contracts the Trust Department of a bank (Bank of New York) as the custodian of certain City/District managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City/District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City/District's name and places the City/District ahead of general creditors of the institution.

The City/District's investments are carried at fair value, as required by generally accepted accounting principles. The City/District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. CASH AND INVESTMENTS, Continued**

*Classification*

Cash and investments as of June 30, 2023, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City lease or agency agreements.

**Financial Statement Presentation:**

Statement of Net Position:

City of Foster City/Estero Municipal Improvement District:

Cash and investments	\$ 306,867,638
Restricted cash and investments	388,140
Total Primary Government cash and investments	<u>307,255,778</u>

Statement of Fiduciary Net Position:

Cash and investments	194,643
Total Fiduciary Funds cash and investments	<u>194,643</u>
<b>Total cash and investments</b>	<b><u>\$ 307,450,421</u></b>

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

Cash on hand	\$ 3,400
Deposits with financial institutions	4,997,796
California Asset Management Program (CAMP)	126,500,000
Local Agency Investment Funds (LAIF)	11,049,776
Money Market	31,113,157
U.S. Treasury Notes	5,835,590
Securities of U.S. Government	127,950,702
	<u>\$ 307,450,421</u>

The City/District does not allocate investments by fund. Each proprietary funds portion of Cash and Investments Available for Operation is in substance a demand deposit available to finance operations and is considered a cash equivalent in preparing the statement of cash flows.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. CASH AND INVESTMENTS, Continued**

*Investments Authorized by the California Government Code and City/District's Investment Policy*

The City/District maintains a cash and investment pool that is available for use by all funds. Under the provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City is authorized to invest or deposit in the following:

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment In One Issuer
Local Agency Bonds	5 years	5%	5%
U.S. Treasury Obligations	5 years	100%	100%
U.S. Agency Securities	5 years	100%	50%
Bankers Acceptances	180 days	25%	5%
Commercial Paper	90 days	20%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	50%	50%
Medium-Term Notes	5 years	5%	5%
Shares of Beneficial Interest (Mutual Funds)	N/A	10%	10%
Certificates of Deposit (non-negotiable)	1 year	10%	Max with FDIC
San Mateo County Pooled Investment Program	N/A	10%	10%
State Local Agency Investment Fund (LAIF)	N/A	100%	\$75,000,000
State Bonds	5 years	5%	5%

During fiscal year ended June 30, 2005, the City/District started to invest funds set aside for the Longevity Recognition Plan and Public Employees' Medical and Hospital Care Act (PEMHCA).

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. CASH AND INVESTMENTS, Continued**

*Investments Authorized by Debt Agreements*

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. These bond indentures did not disclose limitations for maximum percentage of portfolio and investment in one issuer. The table below identifies the investment type that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum	Minimum Credit
U.S. Agency Securities	N/A	N/A
Money Market Mutual Funds	N/A	AAm-G or Aam
Short-Term Certificate of Deposit	1	A-1+
Certificates of Deposit, saving account, deposit accounts or money market deposits, trust funds, trust accounts, overnight bank deposits, other bankers acceptances	1 year	25%
Commercial Paper	30 days	A-1
Direct State general obligations, Unsecured general obligations	27 days	A-1 +
Direct State general short-term obligations	N/A	A-
Federal funds or bankers' acceptances	N/A	A-1 +
Repurchase Agreements	1 year	A-1 +
California Local Agency Investment Fund	N/A	A
	N/A	N/A

*Risk Disclosures*

**Interest Rate Risk:** It is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value of changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City/District's investment policy limits the weighted average maturity of the City/District's cash and investment pool to less than five years. The City/District also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized gains and losses.

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

Investment Type	Fair Value	Investment Maturities (in years)				
		Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Securities of U.S. Government						
Treasury and Agencies:						
Federal Farm Credit Bank Bonds (FFCB)	\$ 6,198,438	\$ 3,366,118	\$ 2,832,320	\$ -	\$ -	\$ -
Federal Home Loan Bank Bonds (FHLB)	100,074,144	29,714,300	27,267,829	18,304,071	18,463,410	6,324,534
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	21,678,120	4,921,870	9,817,390	\$ 3,975,910	986,820	1,976,130
U.S. Treasury	5,835,590	976,020	4,859,570	-	-	-
California Asset Management Program (CAMP)	126,500,000	126,500,000	-	-	-	-
Local Agency Investment Funds (LAIF)	11,049,776	11,049,776	-	-	-	-
Money Market	31,113,157	31,113,157	-	-	-	-
<b>Total Investments</b>	<b>302,449,225</b>	<b>\$207,641,241</b>	<b>\$ 44,777,109</b>	<b>\$ 22,279,981</b>	<b>\$ 19,450,230</b>	<b>\$ 8,300,664</b>
Cash on hand and in bank	5,001,196					
<b>Total Cash and Investments</b>	<b>\$307,450,421</b>					

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. CASH AND INVESTMENTS, Continued**

**Credit Risk:** It 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. The City/District's investment policy limits its pooled investments to that of securities and obligations of the U.S. Government and mutual funds to the highest ranking or the highest letter and numerical rating by not less than two of the three (Moody's, Standard & Poor's, and Fitch) nationally recognized rating services.

At June 30, 2023, the City's deposits and investments subject to credit quality ratings were as follows:

	Credit Quality Ratings	
	Moody's	S&P
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	Aaa	AA+
Federal Home Loan Bank Bonds (FHLB)	Aaa	AA+
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	Aaa	AA+
U.S. Treasury	Aaa	AA+
Not rated:		
California Asset Management Program (CAMP)	N/A	N/A
Money Market	N/A	N/A
Local Agency Investment Funds (LAIF)	N/A	N/A

**Concentration of Credit Risk:** The City/District's investment policy contains limitation of the amount that can be invested in any one issuer beyond that stipulated by the California Government Code Section 53601. The City/District diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name.

	Amount	% of Portfolio
Federal Farm Credit Bank Bonds (FFCB)	\$ 6,198,438	2.05%
Federal Home Loan Bank Bonds (FHLB)	100,074,144	33.09%
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	21,678,120	7.17%
U.S. Treasury	5,835,590	1.93%
<b>Total Securities of U.S. Government Agencies</b>	<b>133,786,292</b>	<b>44.23%</b>
California Asset Management Program (CAMP)	126,500,000	41.83%
Local Agency Investment Fund Pool	11,049,776	3.65%
Money Market	31,113,157	10.29%
<b>Total Investment Portfolio</b>	<b>\$ 302,449,225</b>	<b>100%</b>

**Custodial Credit Risk - Deposits:** It is the risk that in the event of a bank failure, the City/District's deposits may not be returned. Under the California Government Code, a financial institution is required to secure deposits in excess of \$250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 105% to 150% of the total amount deposited by the public agencies depending on specific securities pledged as collateral.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**3. CASH AND INVESTMENTS, Continued**

As of June 30, 2023, the carrying amount of the City/District's deposits was \$4,997,796 and the bank balance was \$8,805,408. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution as required by the California Government Code Section 53652.

**Custodial Credit Risk - Investments:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City/District's investment policy stipulated the safekeeping and custody requirements for custodial credit risk on all security transactions including the collateral for repurchase agreements. Securities shall be conducted on a delivery-versus-payment (DVP) basis and will be held by a third-party custodian designated by the City Treasurer and evidenced by safekeeping receipts/statements. Collateral will always be held by the third-party custodian as well. The City/District's investment policy requires a collateralization level of 102% of the market value for repurchase agreements which is in conformance with the California Government Code.

**Investment in State Investment Pool:** The City/District is a voluntary participant in Local Agency Investment Fund (LAIF), a State of California external investment pool, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City/District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. LAIF is not registered with the Securities and Exchange Commission and is not rated.

The City/District valued its investments in LAIF as of June 30, 2023, by multiplying its account balance with LAIF (\$11,220,000) times a fair value factor (0.984828499) computed by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2023, the City/District's investments in LAIF, stated at fair value, equaled \$11,049,776.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the "Trust"). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the amortized cost provided by CAMP, which is the same as the value of the pool share, in accordance with GASB 79 requirements. June 30, 2023, the fair value was approximate to the City's cost.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**3. CASH AND INVESTMENTS, Continued**

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

***Fair Value Measurements***

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. The following provides a summary of the hierarchy used to measure fair value:

***Level 1*** – Quoted prices in active markets for identical assets that the City has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

***Level 2*** – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

***Level 3*** – Unobservable inputs should be developed using the best information available under the circumstances, which might include the City's own data. The City should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the City are not available to other market participants.

***Uncategorized*** – Investments in San Mateo County Treasury Investment Pool and/or the Local Agency Investment Funds/State Investment Pool are not measured using the input levels above because the City's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.



**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. CASH AND INVESTMENTS, Continued**

The City's fair value measurements are as follows at June 30, 2023:

<u>Investment Type</u>	Fair Value Measurement Using		Total
	Level 1 Inputs	Level 2 Inputs	
Federal Farm Credit Bank Bonds (FFCB)	\$ -	\$ 6,198,438	\$ 6,198,438
Federal Home Loan Bank Bonds (FHLB)	-	100,074,144	100,074,144
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	-	21,678,120	21,678,120
U.S. Treasury	-	5,835,590	5,835,590
Total Investment Portfolio	<u>\$ -</u>	<u>\$ 133,786,292</u>	133,786,292
Investments not subject to leveling disclosure:			
Local Agency Investment Funds (LAIF)			11,049,776
Money Market			31,113,157
California Asset Management Program (CAMP)			126,500,000
Total Investments			<u>\$ 302,449,225</u>

Treasury securities categorized as Level 2 are valued based on quoted prices in an active market for identical assets. Federal agency securities classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The California Local Agency Investment Fund (LAIF) is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as fair value divided by the amortized cost of the investment pool. The California Asset Management Program (CAMP) is valued based at the amortized costs provide by CAMP which is the same as the value of the pooled share in accordance with GASB 79 requirements

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**4. LOANS RECEIVABLE**

At June 30, 2023, Loans Receivable amounted to:

	Amount	Allowance	Net Amount
Metro Center Senior Homes Project	\$ 7,454,511	\$ (7,454,511)	\$ -
First Time Home Buyer Program	82,339	-	82,339
North Peninsula Jewish Campus Land	12,717,358	-	12,717,358
MP Foster Square Associates, L.P.	4,935,320	-	4,935,320
Successor Agency	752,030	-	752,030
<b>Total</b>	<b>\$ 25,941,558</b>	<b>\$ (7,454,511)</b>	<b>\$ 18,487,047</b>

The former Foster City Community Development Agency entered into the loan program for Metro Center Senior Homes project and First Time Homebuyer program to improve the quality of housing and to increase the availability of affordable housing. Due to the passage of ABx1 26, the Foster City Community Development Agency was dissolved, and the City agreed to become the successor to the former redevelopment agency housing activities and as a result the City of Foster City assumed the loans receivable of the former Foster City Community Development Agency as of February 1, 2012.

***Metro Center Senior Homes Project***

On July 1, 1995, the Agency loaned \$6,879,774 to Metro Senior Associates (Metro) for the construction of a senior housing project (Project) to be known as the Metro Center Senior Homes Project. The loan bears a two percent interest rate with a maturity of 40 years. To finance the loan of \$6,879,774 to Metro, the Agency sold tax allocation bonds of \$5,000,000 on July 27, 1995 and the remainder of the loan was financed through its accumulated tax increment funds. Payment of the Note is secured by a deed of trust, assignment of rents, security agreement and fixture filing. Payments of principal and interest shall be made from residual cash flow. To the extent there is residual cash flow from the Project, Metro shall pay the entire residual cash flow to the Agency within ninety days of the end of each calendar year. Residual cash flow is defined as all rents and revenues derived from the Project less operation and other related costs of the Project. The loan agreement includes a provision to forgive the promissory note if Metro is acquired by its affiliates, the term of the note shall be extended by an additional 15 years from 40 years to 55 years from the date of the note and all amounts due under the note on the maturity date as extended shall be forgiven. In October 2012, Metro Senior Associates was acquired by its affiliates and as stated in the agreement the loan was extended from 40 years to 55 years from the date of the note. The outstanding loan balance will be forgiven at the end of the 55 years. As of June 30, 2023, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,454,511 which includes principal of \$5,854,194 and accumulated interest in the amount of \$1,600,317.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**4. LOANS RECEIVABLE, Continued**

*First Time Homebuyer Program*

The Agency started the First Time Homebuyer Program to provide low interest second mortgages for people who live and/or work in the City/District who can afford moderate monthly mortgage payments and require assistance with the down payment in order to purchase their first home. These loans have an interest rate of 3% and a term of 30 years. However, there are no payments and no accrued interest for the first five years. Beginning in year six, equal monthly payments of principal and interest will commence and continue for the remaining 25 years. The outstanding balance of these loans is \$82,339 at June 30, 2023.

*North Peninsula Jewish Campus Land, LLC*

On September 20, 2012, the City sold 11 acre site bounded by Foster City Boulevard, Balclutha Drive, Shell Boulevard and south drive to the North Peninsula Jewish Campus Land, LLC for \$20,000,000. According to the business term of the sale and purchase agreement, \$1,000,000 of the purchase price was paid in cash at closing, the balance of the purchase price in the amount of \$19,000,000 is financed by the City via a seller carry-back financing loan. The loan terms are 25-year at a fixed rate of 3.25%, secured by a first position deed of trust. The monthly loan payment is in the amount of \$92,590.08 beginning on November 1, 2012 and ending on October 1, 2037. The outstanding balance of this loan is \$12,717,358 as of June 30, 2023.

*MP Foster Square Associates, L.P.*

On December 3, 2014, the City made a loan of \$4,750,000 to MP Foster Square Associates, L.P. to assist in financing an affordable housing project in Foster Square (15-acre site). The loan is secured by a deed of trust, assignment of rents, security agreement and fixture filing. The loan bears a rate of three percent simple interest per annum.

Annual payments on this Note shall be payable on a residual receipts basis with a proportional share of 50% of all surplus cash payable to City toward principal and interest. The entire outstanding principal balance of this Note, together with interest accrued thereon shall be payable in full on the date which is the earlier of 1) the 55th anniversary of the date upon which the City issues a final certificate of occupancy or equivalent for the Project, or 2) the 57th anniversary of the date of the Note.

No payment shall be due on the note prior to the date that City issues a final certificate of occupancy or equivalent for the Project. As of June 30, 2023, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,935,320 which includes principal of \$4,023,577 and accrued interest of \$911,743.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**4. LOANS RECEIVABLE, Continued**

*Successor Agency*

In fiscal year 2013/2014, the City had an extraordinary loss of \$1,368,510 due to the Sacramento Superior Court ruling against the City regarding the general fund loan repayment received from the former Foster City Community Development Agency in FY 2010/2011. Included in the \$1,368,510 was the repayment of \$1,115,697 to the general fund. This loan repayment was clawed back per AB1484; however, the City was allowed to reinstate the general fund loan with the Successor Agency of the former Foster City Community Development Agency. In FY 2014/2015, the loan reinstatement request for \$1,115,697 plus accrued interest of \$15,568 was approved by the State Department of Finance on November 10, 2014 retroactive September 10, 2014. As a result, the Successor Agency recorded a loan payable to the City effective that date. The outstanding balance of this loan including accrued interest from September 11, 2014 through June 30, 2023 is \$752,030. Payments will be made by the Successor Agency using available future funds from the County's Reserve for Property Tax Trust Fund (RPTTF).

**5. INTERFUND TRANSACTIONS**

*Transfers*

Resources may be transferred from one City/District fund to another. The purpose of the majority of transfers is to move resources from one fund to another. Less often, a transfer may be made to open or close a fund. The following schedule summarizes the City/District's transfer activity:

Transfers Out	Transfers In					
	Governmental Funds				Proprietary Funds	
	General Fund	Moderate Income Housing Assets Fund	City Capital Projects Fund	Levee Capital Project Fund	Water Fund	Total Transfers Out
Governmental Funds:						
General Fund	\$ -	\$ 41,983	\$ 3,500,000	\$ -	\$ -	\$ 3,541,983
City Capital Projects Fund	-	-	-	5,000,000	128,887	5,128,887
Non-Major Governmental Funds	71,287	-	-	-	-	71,287
Internal Service Funds	-	-	1,127,946	-	-	1,127,946
Total Transfers In	\$ 71,287	\$ 41,983	\$ 4,627,946	\$ 5,000,000	\$ 128,887	\$ 9,870,103

Transfers between funds were made during the fiscal year to fund capital improvement projects, summer concerts, sustainable Foster City Programs, and to fund building maintenance expense.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**6. CAPITAL ASSETS**

Governmental capital assets activity for the year ended June 30, 2023 were as follows:

	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,102,221	\$ 1,122,401	\$ -	\$ -	\$ 12,224,622
Construction in progress	63,523,129	28,589,038	-	(186,374)	91,925,793
Total capital assets, not being depreciated	74,625,350	29,711,439	-	(186,374)	104,150,415
Capital assets, being depreciated:					
Infrastructure	123,545,424	-	-	186,374	123,731,798
Buildings	50,011,488	5,892,607	-	-	55,904,095
Improvements	5,898,096	-	-	-	5,898,096
Equipment	7,030,908	210,984	(115,143)	-	7,126,749
Vehicles	3,825,394	469,487	(18,967)	-	4,275,914
Software	876,076	-	-	-	876,076
Total capital assets, being depreciated	191,187,386	6,573,078	(134,110)	186,374	197,812,728
Less accumulated depreciation for:					
Infrastructure	(78,506,209)	(3,446,789)	-	-	(81,952,998)
Buildings	(23,213,072)	(1,258,073)	-	-	(24,471,145)
Improvements	(3,459,870)	(179,788)	-	-	(3,639,658)
Equipment	(5,184,106)	(253,039)	115,143	-	(5,322,002)
Vehicles	(2,338,210)	(318,050)	18,967	-	(2,637,293)
Software	(678,046)	(35,699)	-	-	(713,745)
Total accumulated depreciation	(113,379,513)	(5,491,438)	134,110	-	(118,736,841)
Total capital assets, being depreciated, net	77,807,873	1,081,640	-	-	79,075,887
<b>Governmental activities capital assets, net</b>	<b>\$ 152,433,223</b>	<b>\$ 30,793,079</b>	<b>\$ -</b>	<b>\$ (186,374)</b>	<b>\$ 183,226,302</b>

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$36,284,517 which consisted of \$680,471 in additions attributable to internal service fund activity.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**6. CAPITAL ASSETS, Continued**

Business-type capital assets activity for the year ended June 30, 2023 were as follows:

	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,553,474	\$ -	\$ -	\$ -	\$ 3,553,474
Construction in progress	91,111,228	39,419,070	-	-	130,530,298
Total capital assets, not being depreciated	94,664,702	39,419,070	-	-	134,083,772
Capital assets, being depreciated:					
Infrastructure	76,377,383	372,838	-	-	76,750,221
Sewer capacity rights	24,791,531	-	-	-	24,791,531
Equipment	3,087,555	105,150	(20,198)	-	3,172,507
Total capital assets, being depreciated	104,256,469	477,988	(20,198)	-	104,714,259
Less accumulated depreciation for:					
Infrastructure	(52,405,457)	(1,409,687)	-	-	(53,815,144)
Sewer capacity rights	(8,527,482)	(495,831)	-	-	(9,023,313)
Equipment	(1,589,462)	(158,044)	20,198	-	(1,727,308)
Total accumulated depreciation	(62,522,401)	(2,063,562)	20,198	-	(64,565,765)
Total capital assets, being depreciated, net	41,734,068	(1,585,574)	-	-	40,148,494
<b>Business-type activities capital assets, net</b>	<b>\$ 136,398,770</b>	<b>\$ 37,833,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,232,266</b>

**Depreciation**

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

**Governmental Activities:**

General government	\$ 569,452
Public safety - Police	135,815
Public safety - Fire	5,741
Public works	2,311,699
Community development	172,594
Parks and recreation	1,689,349
Internal Services Funds	606,788
<b>Total depreciation expense</b>	<b>\$ 5,491,438</b>

**Business-type Activities:**

Water	\$ 849,883
Wastewater	1,213,679
<b>Total depreciation expense</b>	<b>\$ 2,063,562</b>

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

## 7. LONG TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2023:

	July 1, 2022	Additions	Retirements	June 30, 2023	Due Within One Year	Due in More Than One Year
<b>Governmental activities:</b>						
Claim liability	\$ 100,000	\$ 174,594	\$ (134,594)	\$ 140,000	\$ 140,000	\$ -
Compensated absences	2,674,920	1,251,738	(1,306,497)	2,620,161	937,449	1,682,712
2020 GO Bonds	81,105,000	-	(3,940,000)	77,165,000	3,050,000	74,115,000
Plus: bond premium	6,180,130	-	(341,758)	5,838,372	-	5,838,372
Direct placement:						
PG&E On-Bill Financing	94,399	-	(31,467)	62,932	31,466	31,466
Total governmental activities	<u>\$ 90,154,449</u>	<u>\$ 1,426,332</u>	<u>\$ (5,754,316)</u>	<u>\$ 85,826,465</u>	<u>\$ 4,158,915</u>	<u>\$ 81,667,550</u>
<b>Business-type activities:</b>						
Compensated absences	\$ 364,888	\$ 182,855	\$ (171,607)	\$ 376,136	\$ 127,438	\$ 248,698
2019 Wastewater Revenue Bonds	32,760,000	-	(570,000)	32,190,000	600,000	31,590,000
Plus: Unamortized bond premium	5,883,967	-	(225,509)	5,658,458	-	5,658,458
2021 Wastewater Revenue Notes, Series A	62,760,000	-	-	62,760,000	-	62,760,000
Plus: Unamortized bond premium	8,781,380	-	(2,927,126)	5,854,254	-	5,854,254
Total business-type activities	<u>\$ 110,550,235</u>	<u>\$ 182,855</u>	<u>\$ (3,894,242)</u>	<u>\$ 106,838,848</u>	<u>\$ 727,438</u>	<u>\$ 106,111,410</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$239,803 of compensated absences, \$140,000 of claims liability and \$62,932 of PG&E On-Bill Financing from the internal service funds are included in the above amounts.

The general fund has typically been used to liquidate the other postemployment benefit obligation within governmental activities and the water and wastewater funds have been used to liquidate obligations under business-type activities.

### *Series 2020 General Obligation Bonds*

On August 4, 2020, the City issued General Obligation Bonds (2020 GO Bonds) in the amount of \$85,000,000, bearing interest at the rate of 2% to 4%. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2021. The bonds are being issued to finance the improvement of the City's levee system and payable solely from ad valorem property taxes levied by the City and collected by San Mateo County. Principal payable on the bonds will be paid on August 1 starting on August 1, 2021. The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2028 are subject, at the option of the City, to redemption prior to their stated maturities in whole or in part on any date commencing August 1, 2027, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. If the City fails to comply with any provision of the Disclosure Certificate, the participating underwriter or owners of the bonds may take actions as deemed necessary and appropriate. However, a default under the disclosure Certificate should not be deemed an Event or Default.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. LONG TERM OBLIGATIONS, Continued**

*2019 Wastewater Revenue Bond*

On June 4, 2019, the San Mateo-Foster City Public Financing Authority (PFA) issued 2019 Series Wastewater Revenue Bonds (2019 Bonds) in the amount of \$270,000,000, of which the District's allocated share is \$33,820,000 (District Bonds). As stipulated in a Financing Agreement, Foster City/Estero Municipal Improvement District is solely liable for the repayment of the District Bonds. The City of San Mateo is solely responsible for the remaining \$236,180,000 under its separate financing agreement. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2020.

The District Bonds mature through August 1, 2049 and bear interest at the rate of 4% to 5%. The issuance resulted in a bond premium of \$6,579,286 for the District Bonds.

The 2019 District Bonds are payable from net revenues received by the District from the operation of its Wastewater Enterprise Fund. The outstanding principal balance, net of bond premium was \$37,848,458 at June 30, 2023. Total principal and interest payments on the District Bonds until final maturity is \$56,299,750.

The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments for principal and interest; the failure of the Authority to observe or perform any of the covenants, agreements or conditions on its part in the Indenture or in the 2019 Bonds contained; filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws; or failure by a Member to make any payment in full when due under the related Financing Agreement in respect of the debt service on the 2019 Bonds, as set forth in respective payment schedules filed with the Trustee by the Authority.

*2021 Wastewater Revenue Notes Series A*

On July 1, 2021, the Estero Municipal Improvement District (EMID) and City of San Mateo issued a total of \$348,590,000 Series 2021 Wastewater Revenue Notes (\$62,760,000 Series A for EMID and \$271,565,000 Series B for San Mateo) and Wastewater Revenue Bonds (\$14,265,000 Series B exclusively for San Mateo) through the San Mateo-Foster Public Financing Authority (PFA). Proceeds of the Notes are to finance the costs of acquiring, engineering, and constructing certain capital improvements to expand and upgrade the wastewater treatment facility. The 2021 Series A Wastewater Revenue Bonds are for the refunding of San Mateo's 2011 City bonds. The revenue notes bear interest rates of 5% with annual principal payments starting on August 1, 2025, and semi-annual interest payments due on February 1 and August, commencing on August 1, 2022. The City of San Mateo/EMID are responsible for their own respective share and cannot be held liable if the other agency defaults on any of the notes' TERMS. EMID is responsible for the original value of the Series A Notes which amounted to the par value of \$62,760,000 with an unamortized premium of \$11,708,506. Total principal and interest payments will amount to \$75,573,500 upon its maturity.



**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. LONG TERM OBLIGATIONS, Continued**

The 2021 Revenue Notes are payable from the net revenues received from the operations of EMID's Wastewater Enterprise Fund. The outstanding balance, net of notes premium was \$68,614,254 at June 30, 2023.

The notes covenants contain events of default that require the revenue of the District to be applied by the Trustee as specified in the terms of the agreement if any of the conditions occur, including default on debts service payments, failure of PFA to observe or perform any of the covenants, agreements or conditions.

***Water Infrastructure Finance and Innovation Act (WIFIA) Loan***

On November 35, 2020, the District entered into an agreement with the San Mateo-Foster City Public Financing Authority (PFA) and the Environmental Protection Agency (EPA) for a \$66,860,640 loan (Loan) under the EPA's Water Infrastructure Finance and Innovation Act (WIFIA) loan program. The purpose of the loan is to finance a portion of the District's share of the San Mateo/District's joint clean Water Program project (a.k.a. the District's Wastewater Treatment Plant Master Plan Improvement project, CIP 455-652).

The Loan is anticipated to be disbursed in its entirety on August 1, 2025 with a fixed interest rate of 1.14% amortized over 30 years. Principal payments are due annually on August 11 and semi-annual interest payments are due each February 1 and August 1 commencing on February 1, 2026.

***California State Water Control Board Loan***

On May 11, 2022, the District entered into an agreement with The San Mateo-Foster City Public Financing Authority (PFA) and the California State Water Resources Control Board for a \$33,583,004 loan. The funds are being used for a Clean Water Revolving Fund project to upgrade and expand the wastewater treatment plant. The loan bears interest at 0.8 percent per year and the final installment payment is due August 31, 2054. As of June 30, 2023, the District has not drawn down on the loan.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**7. LONG TERM OBLIGATIONS, Continued**

*Debt Service Requirements*

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

**Governmental Activities:**

For the Year Ending June 30	Governmental-Type Activities		
	Principal	Interest	Total
2024	\$ 3,050,000	\$ 2,296,313	\$ 3,050,000
2025	1,700,000	2,201,313	1,700,000
2026	1,770,000	2,131,913	1,770,000
2027	1,840,000	2,059,713	1,840,000
2028	1,915,000	1,984,613	1,915,000
2029/2033	10,785,000	8,687,063	10,785,000
2034/2038	12,890,000	6,606,213	12,890,000
2039/2043	14,825,000	4,659,563	14,825,000
2044/2048	17,090,000	2,367,619	17,090,000
2049/2051	11,300,000	385,088	11,300,000
	<u>77,165,000</u>	<u>\$ 33,379,406</u>	<u>\$ 77,165,000</u>
Plus: Unamortized Premium	<u>5,838,372</u>		
	<u>\$ 83,003,372</u>		

**Business-Type Activities:**

For the Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 600,000	\$ 4,623,000	\$ 5,223,000
2025	630,000	4,592,250	5,222,250
2026	63,425,000	2,990,875	66,415,875
2027	700,000	1,387,750	2,087,750
2028	735,000	1,351,875	2,086,875
2029/2033	4,270,000	6,145,000	10,415,000
2034/2038	5,450,000	4,976,950	10,426,950
2039/2043	6,790,000	3,638,875	10,428,875
2044/2048	8,380,000	2,047,175	10,427,175
2049/2050	3,970,000	201,000	4,171,000
Total	<u>94,950,000</u>	<u>\$ 31,954,750</u>	<u>\$ 126,904,750</u>
Plus: Unamortized Premium	<u>11,512,712</u>		
	<u>\$ 106,462,712</u>		

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. NET POSITION AND FUND BALANCES**

*Net Position*

The government-wide, proprietary fund and fiduciary fund financial statements utilize a net position presentation. Net positions are categorized as net investment in capital assets, restricted and unrestricted.

**Net Investment in Capital Assets:** This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**Restricted Net Position:** This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position:** This category represents net positions of the City/District, not restricted for any project or other purpose.

*Fund Balances*

Fund balances presented in the governmental fund financial statements, represent the difference between assets and deferred outflows, and liabilities and deferred inflows reported in a governmental fund. The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

**Nonspendables** – represents balances set aside to indicate items 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, inventory, 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 nonspendable amounts are required to be presented as a component of the applicable category.

**Restricted** – represents balances that have external restrictions imposed by creditors, grantors, contributors, laws, regulation, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances, donations, and nonspendable amounts subject to restrictions are included along with spendable resources.

**Committed** – represents balances that have constraints imposed by the City's highest level of decision-making authority, the City Council, through Council Resolution. Commitments may be altered only by Council Resolution, which the City taking the same formal action that imposed the constraint originally. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**8. NET POSITION AND FUND BALANCES, Continued**

**Assigned** – represents balances intended to be used by the City for specific purposes but are neither restricted nor committed. The City Council through City Resolution delegated the authority to the City Manager to assign fund balances which are not otherwise restricted or committed.

**Unassigned** – represents the residual fund balances 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. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

	Major Funds						Non-Major	Total	
	Low and Moderat		Foster City		City Capital	Capital Asset	Levee Project		Governmental
	Income Housing	Assets Fund	Affordable	Housing Fund					
	General Fund				Projects	Preservation	Fund	Funds	
<b>Nonspendable</b>									
Prepays and deposits	\$ 31,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,375	\$ 64,872
Inventory	16,900	-	-	-	-	-	-	-	16,900
<b>Total Nonspendable</b>	<b>48,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,375</b>	<b>81,772</b>
<b>Restricted</b>									
Affordable housing	-	2,441,356	-	-	-	-	-	180,770	2,622,126
Parks	-	-	-	-	-	-	-	2,902,945	2,902,945
Public safety program	66,585	-	-	-	-	-	-	-	66,585
Levee improvement costs	-	-	-	-	-	-	5,080,548	-	5,080,548
Roadway capital project and maintenance	-	-	-	-	-	-	-	7,381,168	7,381,168
Recreation programs and community events	-	-	-	-	-	-	-	659,523	659,523
General Obligation Bonds debt services	-	-	-	-	-	-	-	5,505,922	5,505,922
<b>Total Restricted</b>	<b>66,585</b>	<b>2,441,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,080,548</b>	<b>16,630,328</b>	<b>24,218,817</b>
<b>Committed</b>									
Solid waste reduction	-	-	-	-	-	-	-	758,768	758,768
Garbage rate stabilization fund	133,753	-	-	-	-	-	-	-	133,753
Capital projects	-	-	-	77,484,134	2,880,118	-	-	-	80,364,252
Affordable housing	-	-	4,642,671	-	-	-	-	234,143	4,876,814
CalOpps online requitement program	-	-	-	-	-	-	-	459,336	459,336
Sustainable Foster City	207,804	-	-	-	-	-	-	-	207,804
General plan, building and zoning	-	-	-	-	-	-	-	1,927,194	1,927,194
Commercial linkage fee	-	-	-	-	-	-	-	588,598	588,598
Technology fee program	-	-	-	-	-	-	-	226,770	226,770
Community benefit	1,180,393	-	-	-	-	-	-	-	1,180,393
Solar rebate	68,884	-	-	-	-	-	-	-	68,884
Facility maintenance	2,474,874	-	-	-	-	-	-	-	2,474,874
Employee home loan program	61,860	-	-	-	-	-	-	-	61,860
Pension	94,514	-	-	-	-	-	-	-	94,514
<b>Total Committed</b>	<b>4,222,082</b>	<b>-</b>	<b>4,642,671</b>	<b>77,484,134</b>	<b>2,880,118</b>	<b>-</b>	<b>-</b>	<b>4,194,809</b>	<b>93,423,814</b>
<b>Unassigned</b>	<b>58,622,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,622,519</b>
<b>Total Fund Balances</b>	<b>\$ 62,959,583</b>	<b>\$ 2,441,356</b>	<b>\$ 4,642,671</b>	<b>\$ 77,484,134</b>	<b>\$ 2,880,118</b>	<b>\$ 5,080,548</b>	<b>\$ 20,858,512</b>	<b>\$ 176,346,922</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**8. NET POSITION AND FUND BALANCES, Continued**

The City/District uses encumbrance accounting throughout the fiscal year to encumber appropriations based upon purchase orders issued to the City/District's vendors. Any purchase order not expended lapse at the end of the fiscal year and must be reinitiated with the vendor on July 1 of the subsequent fiscal year. As of June 30, 2023, there were no encumbered fund balances.

*Net Investment in Capital Assets*

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

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 183,226,302	\$ 174,232,266	\$ 357,458,568
Less: Capital debt:	(83,003,372)	(106,462,712)	(189,466,084)
Plus: Unspent bond proceeds	-	5,796,138	5,796,138.00
	<u>\$ 100,222,930</u>	<u>\$ 73,565,692</u>	<u>\$ 173,788,622</u>

**9. EMPLOYEE'S RETIREMENT PLAN**

The City participates in the following Pension Plans administered by the California Public Employees Retirement System (CalPERS):

**Agent Multiple-Employer Defined Benefit Pension Plan** (Agent Multiple) for its miscellaneous employees.

An agent multiple-employer plan is one in which the assets of the participating government employers are pooled for investment purposes, but separate accounts are maintained for each individual employer.

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan** (Cost Sharing) for its Safety and miscellaneous employees.

A cost-sharing multiple-employer defined benefit pension plan is a plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay benefits of the employees of any employer that provides pensions through the plan.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2023:

	Outflows of Resources	Total/Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
CalPERS Plans:				
Agent Multiple Employer Miscellaneous Plan	\$ 13,490,399	\$ 39,054,890	\$ 871,706	\$ 5,756,342
Cost Sharing Plan	21,918,426	49,387,563	4,854,725	474,496
Sub-total	<u>35,408,825</u>	<u>88,442,453</u>	<u>5,726,431</u>	<u>6,230,838</u>
Longevity Recognition Benefits	22,149	3,158,225	11,959	(83,325)
Total	<u>\$ 35,430,974</u>	<u>\$ 91,600,678</u>	<u>\$ 5,738,390</u>	<u>\$ 6,147,513</u>

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

**A. CalPERS Plans**

*General Information about the Pension Plans*

**Plan Descriptions** – All qualified permanent employees are eligible to participate in the City's separate Safety (police and fire) and miscellaneous cost-sharing Plans and Miscellaneous (all other) agent multiple employers defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS).

The Miscellaneous Plan is an agent multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumptions and membership information that can be found on the CalPERS website.

The City's Cost-Sharing plan multiple-employer defined benefit pension plan is administered by CalPERS since the plan has less than 100 active members, commonly referred to as risk pool. The City has three retirement benefit tiers in the Safety Plan. Tier 1 is for employees hired prior to January 1, 2012. Tier 2 is for employees hired between January 1, 2012 to December 31, 2012. Tier 3 is for employees hired on or after January 1, 2013.

**Benefits Provided** – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment, age and the average of the final 3 years' compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after

10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Agent-Multiple		Cost Sharing		
	Miscellaneous Plan		Miscellaneous & Safety Plan		
	Classic	PEPRA	Classic	Classic (Police)	PEPRA
Hire date	Prior to 1/1/2013	On or after 1/1/2013	Prior to 1/1/2012	On or after 1/1/2012	On or after 1/1/2013
Benefit formula	2.7% @ 55	2% @ 62	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50	57
Final compensation period	Three Year	Three Year	Three Year	Three Year	Three Year
Monthly benefits, as a % of annual salary	2% to 2.7%	1% to 2.5%	9%	9%	13% (Police)
Required employee contribution rate	8.00%	6.25%	8.99%	8.95%	13.00%
Required employer contribution rate *	39.69%	39.69%	22.47%	18.17%	12.78%
Total employee contribution FY 22/23	\$ 560,421	\$ 408,491	\$ 223,048	\$ 26,856	\$ 325,933
Total employer contribution FY 22/23	\$ 4,483,617	\$ 679,741	\$ 4,274,321	\$ 69,801	\$ 342,196

\* including Unfunded Actuarial Liability (UAL) contribution rate

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

*Employees Covered* – The following employees were covered by the benefit terms of the Miscellaneous Plan as of the most recent actuarial valuation date of June 30, 2021, however, information for the Cost sharing Plans was not provided from CalPERS for cost-sharing multiple-employer defined benefit pension plans.

	Miscellaneous *
Inactive employees or beneficiaries currently receiving benefits	228
Inactive employees entitled to but not yet receiving benefits	165
Active employees	123
Total	516

\* All Tiers of the Miscellaneous plan were combined together on GASB 68 report by CalPERS

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2023, the contributions for the Plans were as follows:

	Agent Multiple Employer Miscellaneous *	Cost-Sharing Plans *	Total
Contribution - employer	\$ 5,163,358	\$ 4,686,318	\$ 9,849,676
Contribution - employee	968,912	575,837	\$ 1,544,749

\* All Tiers of the Miscellaneous and Safety plans were combined together on GASB 68 report by CalPERS

**II. Net Pension Liability**

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. For the Cost Sharing Plan, net pension liability is measured as the proportionate share of the net pension liability.

The Net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability (Cost-Sharing Plan) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

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

	Cost Sharing Plan
Proportion - June 30, 2021	0.50617%
Proportion - June 30, 2022	0.42756%
Change-Increase (Decrease)	<u>-0.07861%</u>

As of measurement date June 30, 2022, the City's reported net pension liabilities for its proportionate shares of the net pension liability of the Cost Sharing Plan as follow:

	Cost Sharing Plan
Proportionate Share of Net Pension Liability	<u>\$ 49,387,563</u>

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

	All Plans
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%
Payroll Growth	2.80%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	
Mortality (2)	Derived using CalPERS' Membership Data for all Funds

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



**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

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

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

The table below reflects long-term expected real rate of return by asset class for the Agent Multiple Employer Miscellaneous and the Cost Sharing Plans. 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
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity-Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	-0.59
<b>Total Fund</b>	<b>100.00%</b>	<b>28.93%</b>

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

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

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

**Changes in the Net Pension Liability** - The changes in the Net Pension Liability for the Miscellaneous Plan\* are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2021 Measurement Date:</b>	\$ 134,040,475	\$ 112,497,757	\$ 21,542,718
<b>Changes in the year:</b>			
Service cost	2,347,769	-	2,347,769
Interest on the total pension liability	9,283,071	-	9,283,071
Changes of assumptions	4,290,983	-	4,290,983
Difference between expected and actual experience	(1,416,522)	-	(1,416,522)
Net Plan to plan resource movement	-	25,805	25,805
Contributions - employer	-	4,665,333	4,665,333
Contributions - employees	-	899,564	899,564
Net investment income	-	(8,527,494)	(8,527,494)
Benefit payments, including refunds of employee contributions	(7,103,116)	(7,103,116)	(14,206,232)
Administrative expenses	-	(70,079)	(70,079)
<b>Net changes</b>	<b>7,402,185</b>	<b>(10,109,987)</b>	<b>17,512,172</b>
<b>Balance at June 30, 2022 Measurement Date:</b>	<b>\$ 141,442,660</b>	<b>\$ 102,387,770</b>	<b>\$ 39,054,890</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - 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:

	Agent-Multiple Employer Miscellaneous *	
	Plan	Cost-Sharing Plan*
Discount Rate 1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 57,503,750	\$ 72,004,809
Current Discount Rate	5.90%	5.90%
Net Pension Liability	\$ 39,054,890	\$ 49,387,563
Discount Rate 1% Increase	7.90%	7.90%
Net Pension Liability	\$ 23,828,867	\$ 30,902,678

\* All Tiers of the Miscellaneous and Safety plans were combined together on GASB 68 report by CalPERS

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

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

*Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension*

For the year ended June 30, 2023, the City recognized pension expense of \$5,756,342 for the Miscellaneous Agent Multiple Employer Plan and \$474,496 for the Cost Sharing Plan.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source for the Miscellaneous Agent Multiple Employer Plan, and the Cost-Sharing Plan:

	Agent-Multiple Employer Miscellaneous Plan		Cost Sharing Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,163,358	\$ -	\$ 4,686,318	\$ -	\$ 9,849,676	\$ -
Changes of Assumptions	2,640,605	-	4,980,065	-	7,620,670	-
Differences between actual and expected experience	225,680	(871,706)	2,040,034	(536,789)	2,265,714	(1,408,495)
Net difference between projected and actual earnings on pension plan investments	5,460,756	-	7,803,655	-	13,264,411	-
Changes in employer's proportion	-	-	1,918,897	(1,476,989)	1,918,897	(1,476,989)
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	489,457	(2,840,947)	489,457	(2,840,947)
<b>Total</b>	<b>\$ 13,490,399</b>	<b>\$ (871,706)</b>	<b>\$ 21,918,426</b>	<b>\$ (4,854,725)</b>	<b>\$ 35,408,825</b>	<b>\$ (5,726,431)</b>

\$9,849,676 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:

Year Ended June 30	Agent Multiple Employer Miscellaneous Plan	Cost Sharing Plan	Total
	2024	\$ 2,235,701	\$ 3,322,444
2025	1,501,257	2,727,927	4,229,184
2026	471,762	1,566,631	2,038,393
2027	3,246,615	4,760,381	8,006,996
	<b>\$ 7,455,335</b>	<b>\$ 12,377,383</b>	<b>\$ 19,832,718</b>

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

*Longevity Recognition Benefits*

The Longevity Recognition defined benefits plan offered by City is a single-employer plan for post-employment obligation, with no associated trust, established for the benefit of the classifications of Police Officer, Police Corporal, Police Sergeant, Police Lieutenant, Police Captain, Police Chief, Firefighter, Fire Captain, Battalion Chief and Fire Chief. It was also afforded to the members of the AFSCME bargaining unit who retired after July 1, 2001 and before October 1, 2007. At June 30, 2023, the reporting date, the following numbers of employees were covered by the benefit terms:

	Covered Employees
Inactives currently receiving benefits	61
Inactives entitled to benefit payments	2
Active employees	12
Total	<u>75</u>

The monthly benefit is calculated based on the years of service and bargaining group, which ranges from \$125 to \$350. The summary of the plan provisions is listed below:

Eligibilities	<p>Active Fire, Police and Safety Management employees hired before 1/1/12            (Plan is closed to new entrants)            Age 50 &amp; 10 years of City services            Retire from the City &amp; CalPERS (service or disability)            Miscellaneous Management and AFSCME members who retired before 9/30/07</p>																														
Retiree Benefits	<p>Monthly benefit varies by City service:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years of City Service</th> <th style="text-align: center;">AFSCME</th> <th style="text-align: center;">Mgmt.</th> <th style="text-align: center;">Police</th> <th style="text-align: center;">Fire</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt;10</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">125</td> <td style="text-align: center;">125</td> <td style="text-align: center;">140</td> <td style="text-align: center;">125</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">200</td> <td style="text-align: center;">200</td> <td style="text-align: center;">210</td> <td style="text-align: center;">200</td> </tr> <tr> <td style="text-align: center;">20-24</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> </tr> <tr> <td style="text-align: center;">≥25</td> <td style="text-align: center;">350</td> <td style="text-align: center;">350</td> <td style="text-align: center;">345</td> <td style="text-align: center;">350</td> </tr> </tbody> </table>	Years of City Service	AFSCME	Mgmt.	Police	Fire	<10	0	0	0	0	10-14	125	125	140	125	15-19	200	200	210	200	20-24	275	275	275	275	≥25	350	350	345	350
Years of City Service	AFSCME	Mgmt.	Police	Fire																											
<10	0	0	0	0																											
10-14	125	125	140	125																											
15-19	200	200	210	200																											
20-24	275	275	275	275																											
≥25	350	350	345	350																											
Withdrawal Benefit & Pre-retirement Death Benefit	None, unless eligible for service or industrial disability retirement benefit																														

The payment is made upon separation from the City, as long as that separation is in conjunction with a retirement through CalPERS. The payment is a monthly annuity payment, which has no restriction as to how the payment is used by the member. The payment commences the first of the month following the retirement date of the annuitant.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

Total pension liabilities for the plan were as follows:

Measurement Date	Total Pension Liability	
	June 30, 2023	June 30, 2022
	6/30/2023	6/30/2022
Total Pension Liability (TPL)	\$ 3,158,225	\$ 3,150,117

No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board.

Sensitivity of total pension liability to changes in the Discount Rate:

	Sensitivity of Total Pension Liability to Changes in the Discount Rate		
	1% Decrease (2.86%)	Current Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 3,519,251	\$ 3,158,225	\$ 2,855,536

No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement No. 73 of the Governmental Accounting Standards Board.

***Changes in the Total Pension Liability for Longevity Plan***

The changes in the Total Pension Liability for the Longevity Plan are as follows:

	Total Pension Liability (a)
<b>Balance as of Fiscal Year 6/30/2022:</b>	<u>\$ 3,150,117</u>
Service cost	21,424
Interest cost	113,561
Changes of Benefit Terms	-
Actual vs. expected experience	132,914
Changes of assumptions	(71,758)
Benefit payments	(188,033)
<b>Net Changes during Fiscal Year 2023</b>	<u>8,108</u>
<b>Balance as of Fiscal Year 6/30/2023:</b>	<u>\$ 3,158,225</u>

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

Balances of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 22,152	\$ -
Changes of assumptions	\$ -	\$ (11,959)
Total	<u>\$ 22,152</u>	<u>\$ (11,959)</u>

Total deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ended June 30	Amount
2024	\$ 10,193
	<u>\$ 10,193</u>

Significant Actuarial Assumptions:

Used in Calculating the Total Pension Liability	
Significant Actuarial Assumptions	June 30, 2023 Measurement Date
Actuarial Valuation Date	June 30, 2023
Contribution Policy	The City pays benefits as they come due
Discount Rate	3.86% at June 30, 2023 (Bond Buyer 20 Index) 3.69% at June 30, 2022 (Bond Buyer 20 Index)
General Inflation	2.30% per annum
Mortality, Retirement, Disability, Termination	Same as CalPERS
Mortality Improvement	Pre-Retirement and Post-Retirement mortality rates include generational mortality improvement at 80% of the MP 2020 table published by the Society of Actuaries.
Expected Long-Term Rate of Return on Investments	N/A
Payroll Increases	Aggregate: 2.80% 2021 CalPERS Merit Salary Increases.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**9. EMPLOYEE'S RETIREMENT PLAN, Continued**

*Internal Revenue Code Section 401(a) Plan and 457 Deferred Compensation Plan*

City/District employees may contribute a portion of their compensation under the City/District sponsored 401(a) Retirement Plan and 457 Deferred Compensation Plan created in accordance with Internal Revenue Code Section 401(a) and 457. Under these Plans, participants are not taxed on their contributions to the Plans until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans. The laws governing the plan assets require the plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City/District's property and are not subject to the City/District control, they have been excluded from these financial statements. These plans are classified as other employee benefits for financial report purposes.

**10. Other Post-Employment Benefits (OPEB)**

*General Information about the City's OPEB Plan*

All City/District employees, their surviving spouses, and eligible dependents can continue to participate in the health care program under the provisions of the formal City-sponsored single employer plan at their own cost. The City/District will only contribute the minimum amount provided under Government Code Section 22825 of the Public Employee Medical and Hospital Care Act by which, the City/District paid \$149 and \$151 per month per family for the period from July 1, 2022, to December 31, 2022 and January 1, 2023 to June 30, 2023, respectively. The City/District's contribution for fiscal year 2023 amounted to \$465,662 which included \$277,822 implied subsidy benefit payment. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

*Employees Covered by Benefit Terms* - Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active employees	158
Inactive employees receiving benefit payments	145
Inactive employees entitled to but not yet receiving benefit payments	76
Total	379

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**10. Other Post-Employment Benefits (OPEB)**

For the June 30, 2023, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.86% discount rate and a 2.50% general inflation assumption. The healthcare cost trend rate minimum was assumed to annually increase by 2.75%. The valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6. The UAAL is amortized as a level percentage of projected payrolls over 14 years on a closed basis commencing in 2014.

Actuarial Assumption	June 30, 2023 Measurement Date
Actuarial Valuation Date	June 30, 2023
20-Year Municipal Bond Rate	3.86% at June 30, 2023 (Bond Buyer 20 Index)
Discount Rate	3.69% at June 30, 2022 (Bond Buyer 20 Index)
General Inflation	3.86% at June 30, 2023 (Bond Buyer 20 Index)
Aggregate Payroll Increase	3.69% at June 30, 2022 (Bond Buyer 20 Index)
Mortality, Retirement, Disability, Termination	2.30% per annum
Mortality Improvement	2.80% per annum
	Same as CalPERS
	Pre-Retirement and Post-Retirement mortality rates include generational mortality improvement at 80% of the MP 2020 table published by the Society of Actuaries.

**Change of Assumption** - For the measurement date of June 30, 2022, the discount rate increased from 3.69% to 3.89%

**Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance as of June 30, 2022	\$ 9,403,878
Changes Recognized for the Measurement Period:	
Service cost	474,791
Interest on the total OPEB liability	355,931
Differences between expected and actual experience	(500,285)
Changes of assumptions	(486,847)
Benefit Payments	(187,840)
Implicit Rate Subsidy Fulfilled	(277,822)
Net changes	(622,072)
Balance as of June 30, 2023	\$ 8,781,806



**City of Foster City and Estero Municipal Improvement District**  
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**For the Year Ended June 30, 2023**

**10. EMPLOYEE'S RETIREMENT PLAN, Continued**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates*

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rates:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.86%)	(3.86%)	(4.86%)
\$ 9,794,700	\$ 8,781,806	\$ 7,924,896

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
6.40%	7.40%	8.40%
\$ 8,426,718	\$ 8,781,806	\$ 9,197,967

*OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB*

For the year ended June 30, 2023, the City recognized OPEB expense of (\$289,319). At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ (1,803,667)
Changes of assumptions	860,284	(1,803,667)
	<u>\$ 860,284</u>	<u>\$ (3,900,122)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2024	\$ (754,173)
2025	(754,166)
2026	(393,313)
2027	(505,126)
2028	(405,270)
Thereafter	(227,790)
Total	<u>\$ (3,039,838)</u>

Additional information regarding the OPEB can be found in the Required Supplementary Information section.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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## 11. LEASES

### *Policies*

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City/District recognizes lease receivable or liabilities with an initial, individual value of \$300,000 or more, based on the future lease payments remaining at the start of the lease.

### *Lessor*

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

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

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

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

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

### *Lessee*

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

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

**City of Foster City and Estero Municipal Improvement District**  
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## 11. LEASES, Continued

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

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

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

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

As of June 30, 2023, the City/District has no leases over the threshold subject to GASB 87 as a lessee.

### *Leases Receivable (City/District as Lessor)*

The provisions of GASB Statement 87 were implemented during fiscal year 2022. As part of the implementation of this Statement, the City/District has accounted for certain lessor transactions, which required the restatement and increase of General Fund leases receivable and deferred inflows in the amounts of \$1,369,651 as of July 1, 2021. As a result, the net effect on governmental activities and business-type activities beginning net position were zero.

The terms and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2023 were:

Lessee	Property Description	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years
VB Golf	2401 East 3rd Avenue, Foster City CA 94404	7/1/1996	12/31/2026	30.5	3.5	12
Vintage Park Associates	The property comprises of five parcels within the Vintage Park neighborhood in the City premises	3/1/1994	12/1/2044	51	22	-
Lessee	Expiration Date Including Options	Interest Revenue	Lease Revenue	Monthly payment as of 6/30/2023	Lease Receivable balance at 6/30/2023	Deferred Inflow of Resources at 6/30/2023
VB Golf	10/31/2042	\$ 20,288	\$ 337,217	\$ 29,167	\$ 1,367,149	\$ 1,355,629
Vintage Park Associates	12/1/2044	10,145	16,139	1,779	340,218	339,297
		<u>\$ 30,433</u>	<u>\$ 353,356</u>	<u>\$ 30,946</u>	<u>\$ 1,707,367</u>	<u>\$ 1,694,926</u>

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
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**11. LEASES, Continued**

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

For the Year Ended June 30	Principal	Interest	Total
2024	\$ 335,617	\$ 35,806	\$ 371,423
2025	391,942	29,406	421,348
2026	451,780	19,568	471,348
2027	236,118	10,229	246,347
2028	12,968	8,380	21,348
2029 - 2033	70,852	35,888	106,740
2034 - 2038	89,371	23,388	112,759
2039 - 2043	107,715	9,826	117,541
2044 - 2044	11,004	90	11,094
Totals	<u>\$ 1,707,367</u>	<u>\$ 172,581</u>	<u>\$ 1,879,948</u>

**12. INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS**

The City/District participates in a joint venture and insurance pools established under the State of California Joint Powers Act, as follows:

**A. Wastewater Treatment Facility**

The City/District executed a Joint Exercise of Powers Agreement in June 1974 (amended February 1976) with the City of San Mateo for the joint construction of a wastewater treatment facility (Facility). The project was funded through various sources: federal funding was 75%, state funding was 12.5%, and the City/District and the City of San Mateo jointly funded the remaining 12.5%. The project was completed during the year ended June 30, 1987, at an approximate total cost to the City/District of \$826,000. Part of the City/District's share of the costs has been financed through the sale of \$760,000 in Wastewater Revenue Bonds of 1979. The remaining construction costs were financed through the use of existing funds.

A new Joint Powers Agreement (JPA) dated July 17, 1989 and amended January 17, 1990, was executed by the City/District and City of San Mateo to rescind the agreement of June 1974 (amended February 1976). The new JPA provides for the expansion of the wastewater treatment facility with all costs shared between the parties as follows: the City/District, 25% and the City of San Mateo, 75%. The City of San Mateo is the lead agency and bills the City/District monthly for its share of the expansion project costs and quarterly for its operating and maintenance costs. The City of San Mateo's audited financial statements may be obtained at 330 W 20<sup>th</sup> Avenue, San Mateo, CA 94403. Part of the City/District's share of costs has been financed through the sale of \$1,329,000 in Wastewater Revenue Bonds in 1993. The City of San Mateo issued \$23.5 million in long-term revenue bonds to finance its share of expansion costs. The City/District is not obligated in any manner to repay the San Mateo revenue bonds. The wastewater treatment plant facility project was completed in fiscal year 2011.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**12. INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS, Continued**

**A. Wastewater Treatment Facility, Continued**

For the year ended June 30, 2023, the District's share of the operating and maintenance costs was \$2,361,968 which is included in the Wastewater Enterprise Fund's accompanying financial statements as contractual services.

On February 29, 2016, the City of San Mateo and Estero Municipal Improvement District executed a Joint Exercise of Powers Agreement to form the San Mateo-Foster City Public Financing Authority (PFA) to provide assistance with the financing of the replacement of the jointly owned Wastewater Treatment Plant. This Clean Water Program/Wastewater Treatment Plant Master Plan Improvements project is estimated to cost \$1.06 billion over a 10-year period with the District's share estimated to be \$154 million.

On June 4, 2019, the PFA issued the 2019 Series Wastewater Revenue Bonds in the amount of \$270,000,000. Of the \$270,000,000, the District's allocated share of the bond is \$33,820,000 (District Bonds).

On July 1, 2021, the PFA issued the 2021 Series Wastewater Revenue Bonds in the amount of \$270,000,000. Of the \$348,599,000, the District's allocated share of the bond is \$62,760,000 (District Bonds).

Under the terms of the financing agreement, the District Bonds are secured by a pledge of the District's Wastewater Enterprise Fund Net Revenue as defined under the financing agreement.

Financial statements of the PFA may be obtained from City of San Mateo, 330 West 20<sup>th</sup> Avenue, San Mateo, CA 94403.

The condensed financial information of the PFA as of June 30, 2023 is as follows (in millions):

Total Assets	\$	791.44
Total Liabilities	\$	(878.41)
Net Position	\$	<u>(86.97)</u>

**B. Investment in Equity Interest for Fire Joint Power Authority**

On November 22, 2017, the City of San Mateo, the City of Belmont/Belmont Fire Protection District and the City of Foster City/Estero Municipal Improvement District formed a Joint Powers Authority (JPA) named the San Mateo Consolidated Fire Department (SMC Fire) to provide integrated and comprehensive fire protection, fire prevention, and emergency response services to all three communities serving a population of over 164,000. SMC Fire commenced operations on January 13, 2019. Certain costs, including the annual employer contribution associated with unfunded CalPERS pension liability remain with Foster City. Effective January 13, 2019, Foster City's financial contributions to SMC Fire are accounted for annually as an investment in equity interest in its government-wide financial statements.

SMC Fire is governed under the terms of the JPA Agreement by a Board of Directors consisting of one voting representative and one alternate who are elected members from the governing boards of the three JPA Member Agencies. Each member agency has the following weighted vote: City of San Mateo (60%), Belmont (20%) and City of Foster City (20%).

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**12. INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS, Continued**

***B. Investment in Equity Interest for Fire Joint Power Authority, Continued***

As of June 30, 2023, the City recorded an investment in JPA equity of \$4,391,426 based on the audited financial statements of the JPA for fiscal year 2022. Every year the City adjusts the investment based on the City's proportion of financial activity at SMC Fire (20%).

Audited financial statements for the JPA are available from City of San Mateo, 330 West 20<sup>th</sup> Avenue, San Mateo, CA 94403.

The condensed audited financial information of the JPA as of June 30, 2023, is as follows (in millions):

Total Assets	\$	21.30
Deferred Outflows	\$	11.10
Total Liabilities	\$	(7.60)
Deferred Inflows	\$	(2.90)
Net Position	\$	21.90

***C. South Bayside Waste Management Authority (SBWMA)***

The South Bayside Waste Management Authority (the Authority) was formed by a joint powers agreement on October 13, 1999. Members of the Authority currently include the cities of Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitary District and the County of San Mateo. The members are required by AB 939 to reduce, recycle and reuse solid waste generated within their respective jurisdictions and to provide source reduction, recycling and composting activities. The Authority's purpose is to assist its members in meeting these requirements.

Financial statements may be obtained by mailing a request to the City of Redwood City, 1017 Middle field Road, Redwood City, CA 94063.

***D. The Cities Group***

The City/District, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to the Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to the Cities Group the funds paid out on its behalf as paid losses. In the opinion of City/District management, premiums paid represent the best available estimate of the ultimate cost of the City/District's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City/District includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2023, the City/District paid premiums to The Cities Group of \$1,745,114 which are included in the General Fund as insurance expenditures.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**12. INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS, Continued**

**E. PLAN JPA**

The City/District, along with 28 other Bay Area governments, is a member of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority consists of 28 member cities in the San Francisco Bay Area, a public-entity risk pool. PLAN JPA provides liability insurance coverage, claims management, risk management services and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by PLAN JPA's Board of Directors. In the option of the City/District management, premiums made represent the best available estimate of the ultimate cost of the City/District's participation in PLAN JPA and, accordingly, the accompanying basic financial statements of the City/District include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City/District's basic financial statements in the year they become known. For the year ended June 30, 2023, the City/District's paid premiums of \$1,017,425 to PLAN JPA.

Prior to January 2018 the City participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to PLAN JPA.

Audited financial information may be obtained from PLAN JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

**13. RISK MANAGEMENT**

The City/District 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/District is self-insured for general liability claims up to \$100,000. General liability claims in excess of \$100,000 are insured with PLAN JPA, a joint powers agency for the funding and pooling of insurance coverage. PLAN JPA is a self-insured public-entity risk pool. Workers' compensation claims are insured with The Cities Group, a joint powers agency for the funding and pooling of insurance coverage. The Cities Group purchases third-party commercial insurance to cover for the claims at the limit \$2,485,000 with an excess layer of \$10,000,000 per incident by reinsurance contracts for all employees. Charges to the General Fund for general liability claims are determined from an analysis of self-insured claim costs. Such charges are recorded as expenditures in the General Fund and revenues in the Self-Insurance Internal Service Fund. The City/District considers incurred but not reported claims in determining if an accrual for loss contingencies is required for claims.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**13. RISK MANAGEMENT, Continued**

Settled claims have not exceeded the City/District's excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. June 30, 2023, the liability for general liability self-insurance claims was \$100,000. The liability is the City/District's best estimate based on available information.

Changes in the reported liability resulted from the following:

Liability at June 30, 2021	\$	86,000
Current year claim deductibles and changes in estimates		140,953
Net payments		(126,953)
Liability at June 30, 2022		<u>100,000</u>
Current year claim deductibles and changes in estimates		174,594
Net payments		(134,594)
Liability at June 30, 2023	\$	<u><u>140,000</u></u>

**14. COMMITMENTS AND CONTINGENCIES**

The City/District is a defendant in lawsuits arising in the normal course of business. City/District management is of the opinion that the potential claims against the City/District resulting from such litigation, not covered by insurance, and would not materially affect the basic financial statements of the City/District.

***Marlin Cove Disposition and the Development Agreement***

On November 15, 1999, the Former Successor Agency of Foster City (the Agency) approved a Disposition and Development Agreement (DDA) with a developer. On June 4, 2001, the DDA was amended. The DDA includes the entire Marlin Cove Project Area site and consists of a mixed-use development consisting of both residential and commercial development. The DDA as amended calls for significant Agency participations as summarized below:

(i) **Agency Grant** - The Agency agreed to grant to the developer \$5,900,000 for off-site public improvements, hazardous materials remediation, fees due the City/District in connection with the development of the site, relocation expenses, and other demolition and improvement expenses. During fiscal year 2000, the Agency paid the developer \$4,900,000. The balance of the Agency Grant will be due to the developer, provided the developer has provided the Agency by April 15 of each year, written evidence documenting payment of all property taxes and assessments due on the site. The Agency Grant was paid in full as of June 30, 2014.



**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
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**14. COMMITMENTS AND CONTINGENCIES, Continued**

*(ii) Utility Subsidy* - The Agency pledged to the developer a utility allowance subsidy in the amount of \$36,000 annually for affordable housing units. The Utility Subsidy will be paid annually through the life of the Marlin Cove project (estimated to be 2029) following the issuance of the Final Certificate of Completion for the residential portion of the site and will be increased annually by 2% to adjust for inflation. The balance of the amount will be due to the developer, provided the developer has provided the Agency by April 15 of each year written evidence documenting payment of all property taxes and assessments due on the site. For the fiscal year ended June 30, 2023, the Successor Agency paid the developer the Utility Subsidy in the amount of \$54,563.

*(iii) Tax Increment Subsidy* - The Agency agreed to provide rental subsidies pursuant to the California Health and Safety Code to ensure the affordability of at least 30% of the units in the residential portion of the site to persons and households of very low, low, and moderate income. The Agency pledged to the developer annually 30% of the net tax increment generated from the site (Tax Increment Subsidy). The Tax Increment Subsidy will be paid to the developer on an annual basis on May 1 of each year in an amount equal to the difference between the fair market rents of the affordable units and the affordable rent but not more than the Tax Increment Subsidy. For the fiscal year ended June 30, 2023, the Successor Agency paid the developer a tax increment subsidy in the amount of \$202,271.

If, in any year commencing more than one year after the execution of the DDA, the sum of the Tax Increment Subsidy, the Utility Subsidy and the Amortized portion of the Agency Grant exceeds the net tax increment, the Tax Increment Subsidy will be reduced for that year by such that the total amount paid to the developer does not exceed the net tax increment for the applicable year.

The above DDA obligations were administered by the Successor Agency effective February 1, 2012 as the Agency ceased to exist.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
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**14. COMMITMENTS AND CONTINGENCIES, Continued**

*Capital Project Commitments*

The City/District has commitments for the following significant capital, infrastructure and other projects and programs:

Project	Project Authorization	Expended Through June 30, 2023	Committed
Road Widening-Foster City Blvd At Chess Drive-Mp#7 (2013-2014, 2015-2016)	\$ 345,540	\$ 40,116	\$ 305,424
Wastewater Treatment Plant Master Plan Improvements (2015-2016)	1,141,000	215,505	925,495
Park Infrastructure Improvements-Leo Ryan Park Lawn Conversion And Bocce Courts	143,164,430	120,652,688	22,511,742
Levee Protection Planning And Improvements Project (2015-2016)	925,000	29,565	895,435
Water Tank Improvements Project (2019-2020)	90,000,000	85,461,225	4,538,775
Library Exterior Improvements And Re-Landscaping (2017-2018)	5,700,000	455,283	5,244,717
Recreation Center Rebuild Project(2017-2018)	120,000	-	120,000
New Traffic Signals At Various Locations (2018-2019)	55,374,250	901,823	54,472,427
Park System Master Plan (Fka: Park System Improvements) (2018-2019)	4,238,970	3,490,089	748,881
Hvac Improvements In City Buildings (2018-2019)	484,500	117,859	366,641
Seismic Improvements At Lagoon Pump Station (2019-2020)	2,040,000	-	2,040,000
Roof Replacement (2019-2020)	550,000	62,878	487,122
Lift Station 59 Effluent Line Improvements (2020-2021)	1,235,000	79,139	1,155,861
Sanitary Sewer System Improvements (2020-2021)	1,800,000	99,238	1,700,762
Traffic Signal System Upgrades (2020-2021)	900,000	56,362	843,638
Corporation Yard Workshops Exterior Paint (2020-2021)	525,000	-	525,000
Fuel Systems Improvements (2021-2022)	200,000	-	200,000
Park Pathway Restoration (2021-2022)	3,077,946	19,120	3,058,826
Street Rehabilitation (2021-2022)	300,000	25	299,975
Water Transmission And Distribution Systems Improvements (2021-2022)	3,200,000	259,785	2,940,215
Emergency Generator Replacements (2021-2022)	1,250,000	10,850	1,239,150
Government Center Rehabilitation (2022-2023)	2,300,000	58,227	2,241,773
Install Rear Security Gates (2022-2023)	200,000	20,873	179,127
Renovate Elevators In City Buildings (2022-2023)	500,000	-	500,000
Sea Cloud Park S4 Synthetic Resurfacing (2022-2023)	800,000	-	800,000
Shell Bridge Sanitary Sewer Force Main Rehabilitation (2022-2023)	800,000	50,494	749,506
Emergency Generator Replacements	500,000	1,688	498,312
	321,671,636	212,082,835	109,588,801

The City/District participates in Federal, State, and local grant programs. These programs are subject to audits by the granting agencies. City/District management does not expect any material adverse effect on the financial condition of the City/District as a result of any potential grant audits.

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Basic Financial Statements**  
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**14. COMMITMENTS AND CONTINGENCIES, Continued**

*Lawsuit*

The City was sued by Foster City Marina, LLC in August 2022, who seeks \$50 million from the City and its contractors relating to the design and construction of the City's Levee improvement project. The City denies any liability and has tendered its claims to the City's contractor and its insurer to defend and indemnify the City. The tender was rejected. The city and one of its contractors - Shimmick Construction have also filed cross-complaints for indemnity and contribution against each other.

The City is vigorously defending the case and has been forced to request several Informal Discovery Conferences (a pre-condition to filing a motion to compel) due to Plaintiff's failure to comply with the Discovery Act.

**15. PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were posted on the fund financial statements - to reverse deferred inflows of resources (unavailable revenues) relating to loans receivable - principal portion and report it as part of the fund balance:

	Fund Balance, as Previously Reported at June 30, 2022	Prior Period Adjustment		Fund balance, as Restated at June 30, 2022	Fund balance, as restated at June 30, 2022
		Deferred Inflows of Resources - Unavailable Revenues			
<i>Fund Financial Statements:</i>					
General Fund	\$ 48,324,078	\$ 569,766	\$	\$ 48,893,844	\$ 48,893,844
Low & Moderate Income Housing Fund	2,245,719	87,044		2,332,763	2,332,763
Foster City Affordable Housing	531,318	4,023,577		4,554,895	4,554,895
Total	\$ 51,101,115	\$ 4,680,387	\$	\$ 55,781,502	\$ 55,781,502

The following prior period adjustments were posted the government wide financial statements - to report Estero Municipal Improvement District's share of net pension liability and related accounts:

	Net position, as Previously Reported at June 30, 2022	Prior Period Adjustment			Fund balance, as restated at June 30, 2022
		Deferred Outflows of Resources - Pension	Deferred Inflows of Resources - Pension	Net Pension Liability	
<i>Government Wide Financial Statements:</i>					
Governmental Activities	\$ 237,656,202	\$ 7,448,972	\$ (8,368,306)	\$ (1,852,429)	\$ 234,884,439
Total	\$ 237,656,202	\$ 7,448,972	\$ (8,368,306)	\$ (1,852,429)	\$ 234,884,439

**16. SUBSEQUENT EVENT**

On July 27, 2023, the City of Foster City issued general obligation bonds, Series 2023 (levee Protection Planning and Improvements Project) to finance the improvement of the City's levee system. Payment of principal and interest is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance June 30, 2022, as restated</b>	\$ 56,852,913	\$ 49,272,585	\$ 48,893,844	\$ (378,741)
Resources (inflows):				
Property taxes:				
Secured	33,159,350	33,159,350	35,930,884	2,771,534
Unsecured	1,304,000	1,304,000	1,237,724	(66,276)
Motor vehicle in lieu	4,578,800	4,578,800	5,681,466	1,102,666
Subtotal	39,042,150	39,042,150	42,850,074	3,807,924
Other taxes:				
Sales and use and sales tax in lieu	3,172,000	3,172,000	4,447,372	1,275,372
Transient occupancy	2,460,100	2,460,100	3,435,359	975,259
Franchise	1,259,700	1,259,700	1,308,136	48,436
Real property transfer	304,900	304,900	211,031	(93,869)
Subtotal	7,196,700	7,196,700	9,401,898	2,205,198
Licenses and permits:				
Business licenses	1,481,100	1,481,100	1,735,472	254,372
Permits	1,881,524	1,881,524	2,022,413	140,889
Subtotal	3,362,624	3,362,624	3,757,885	395,261
Intergovernmental:				
Homeowner property tax relief	100,000	100,000	92,906	(7,094)
Reimbursements and grants	4,085,520	4,085,520	4,197,540	112,020
Subtotal	4,185,520	4,185,520	4,290,446	104,926
Charges for current services:				
Recreation and leisure	1,562,918	1,563,918	2,091,294	527,376
Subtotal	1,562,918	1,563,918	2,091,294	527,376
Fines and forfeitures:				
Traffic fines and court fines	14,400	14,400	16,695	2,295
False alarm fines	-	-	19,454	19,454
Subtotal	14,400	14,400	36,149	21,749
Investment income and rentals:				
Investment income	527,110	527,110	1,771,739	1,244,629
Rent	895,691	895,691	1,506,018	610,327
Subtotal	1,422,801	1,422,801	3,277,757	1,854,956
Other revenues	360,543	360,543	392,266	31,723
Total revenues	57,147,656	57,148,656	66,097,769	8,949,113
Transfers in	34,967,301	34,967,301	71,287	(34,896,014)
Amounts available for appropriation	92,114,957	92,115,957	66,169,056	(25,946,901)



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
General government:				
Council/Board	517,520	522,520	478,280	44,240
City/District Manager	2,744,564	2,805,182	2,059,808	745,374
City Clerk	1,003,469	1,042,891	857,121	185,770
City/District Attorney	607,490	847,490	768,964	78,526
Human Resources	669,394	742,684	299,547	443,137
Financial Services	1,660,478	1,667,417	1,456,824	210,593
Subtotal	7,202,915	7,628,184	5,920,544	1,707,640
Public safety - Police	16,723,098	16,840,944	15,134,593	(1,706,351)
Public safety - Fire	11,424,131	11,424,131	11,352,653	(71,478)
Public works	4,045,821	4,339,003	2,844,722	(1,494,281)
Community development	3,838,638	3,966,412	3,262,087	(704,325)
Parks and recreation	11,045,257	11,141,757	10,046,735	(1,095,022)
Subtotal	47,076,945	47,712,247	42,640,790	5,071,457
Total expenditures	54,279,860	55,340,431	48,561,334	6,779,097
Transfers out	39,021,793	39,023,793	3,541,983	35,481,810
Total charges to appropriations	93,301,653	94,364,224	52,103,317	42,260,907
<b>Fund balance, June 30, 2023</b>	<b>\$ 55,666,217</b>	<b>\$ 47,024,318</b>	<b>\$ 62,959,583</b>	<b>\$ 15,935,265</b>

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Low and Moderate Income Housing Fund Assets**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 84,300	\$ 84,300	\$ 137,036	\$ 52,736
Other	15,000	15,000	496	(14,504)
<b>Total revenues</b>	<b>99,300</b>	<b>99,300</b>	<b>137,532</b>	<b>38,232</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	136,320	136,320	70,922	65,398
<b>Total expenditures</b>	<b>136,320</b>	<b>136,320</b>	<b>70,922</b>	<b>65,398</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(37,020)</b>	<b>(37,020)</b>	<b>66,610</b>	<b>103,630</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	41,983	41,983
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>41,983</b>	<b>41,983</b>
<b>Net change in fund balances</b>	<b>\$ (37,020)</b>	<b>\$ (37,020)</b>	<b>108,593</b>	<b>\$ 145,613</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated			2,332,763	
End of year			<u>\$ 2,441,356</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Foster City Affordable Housing**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 191,429	\$ 191,429
Investment and rental income	29,000	29,000	19,985	(9,015)
<b>Total revenues</b>	<b>29,000</b>	<b>29,000</b>	<b>211,414</b>	<b>191,429</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,043,636	1,043,636	123,638	919,998
<b>Total expenditures</b>	<b>1,043,636</b>	<b>1,043,636</b>	<b>123,638</b>	<b>919,998</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,014,636)</b>	<b>(1,014,636)</b>	<b>87,776</b>	<b>1,102,412</b>
<b>Net change in fund balances</b>	<b>\$ (1,014,636)</b>	<b>\$ (1,014,636)</b>	<b>87,776</b>	<b>\$ 1,102,412</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated			4,554,895	
End of year			<u>\$ 4,642,671</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Miscellaneous Plan**Agent Multiple-Employer Defined Benefit Pension Plan**Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years\**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 1,711,380	\$ 1,653,700	\$ 1,748,222	\$ 2,054,671
Interest on total pension liability	6,664,608	6,975,642	7,349,248	7,592,791
Changes in benefits	-	-	-	-
Changes in assumptions	-	(1,685,658)	-	6,213,113
Differences between expected and actual experience	-	(332,183)	679,084	(524,787)
Benefit payments, including refunds of employee contributions	(3,758,521)	(4,253,245)	(4,690,682)	(4,938,810)
<b>Net change in the total pension liability</b>	<b>4,617,467</b>	<b>2,358,256</b>	<b>5,085,872</b>	<b>10,396,978</b>
<b>Total pension liability - beginning</b>	<b>89,885,017</b>	<b>94,502,484</b>	<b>96,860,740</b>	<b>101,946,612</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 94,502,484</b>	<b>\$ 96,860,740</b>	<b>\$ 101,946,612</b>	<b>\$ 112,343,590</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$1,820,484	\$2,086,023	\$2,471,456	\$2,641,720
Contributions - employee	915,734	775,427	834,277	876,497
Net investment income	10,775,194	1,630,597	410,582	8,063,603
Benefit payments	(3,758,521)	(4,253,245)	(4,690,682)	(4,938,810)
Net Plan to Plan Resource Movement	-	-	-	-
Administrative expense	-	(80,893)	(43,805)	(104,618)
Other Miscellaneous Income/ (Expense)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>9,752,891</b>	<b>157,909</b>	<b>(1,018,172)</b>	<b>6,538,392</b>
<b>Plan fiduciary net position - beginning</b>	<b>61,966,089</b>	<b>71,718,980</b>	<b>71,876,889</b>	<b>70,858,717</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 71,718,980</b>	<b>\$ 71,876,889</b>	<b>\$ 70,858,717</b>	<b>\$ 77,397,109</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 22,783,504</b>	<b>\$ 24,983,851</b>	<b>\$ 31,087,895</b>	<b>\$ 34,946,481</b>
Plan fiduciary net position as a percentage of the total pension liability	75.89%	74.21%	69.51%	68.89%
Covered payroll	\$9,595,746	\$9,721,261	\$10,547,034	\$11,417,868
Net pension liability as a percentage of covered payroll	237.43%	257.00%	294.75%	306.07%

**Notes to the Schedule:**

68 report by CalPERS.

\* Fiscal year 2015 was the 1st year of GASB 68 implementation

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of assumptions:** None in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions in December 2018. In 2017 the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, 2018, 2019, 2020 and 2021 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
\$	2,119,859	\$ 2,181,880	\$ 2,183,734	\$ 2,148,578	\$ 2,347,769
	7,831,249	8,207,764	8,686,727	-	9,283,071
	-	-	-	9,092,791	-
	(784,284)	-	-	-	4,290,983
	(344,105)	894,495	2,024,793	977,950	(1,416,522)
	(5,494,351)	(5,726,960)	(5,706,217)	(6,597,018)	(7,103,116)
	3,328,368	5,557,179	7,189,037	5,622,301	7,402,185
	112,343,590	115,671,958	121,229,137	128,418,174	134,040,475
\$	115,671,958	\$ 121,229,137	\$ 128,418,174	\$ 134,040,475	\$ 141,442,660
	\$3,099,413	\$3,537,734	\$4,031,414	\$8,488,123	\$4,665,333
	909,578	930,863	938,355	909,044	899,564
	6,586,940	5,480,856	4,284,251	20,362,415	(8,527,494)
	(5,494,351)	(5,726,960)	(5,706,217)	(6,597,018)	(7,103,116)
	(191)	(315,016)	-	-	25,805
	(120,606)	(58,380)	(121,236)	(89,330)	(70,079)
	(229,033)	-	-	-	-
	4,751,750	3,849,097	3,426,567	23,073,234	(10,109,987)
	77,397,109	82,148,859	85,997,956	89,424,523	112,497,757
\$	82,148,859	\$ 85,997,956	\$ 89,424,523	\$ 112,497,757	\$ 102,387,770
\$	33,523,099	\$ 35,231,181	\$ 38,993,651	\$ 21,542,718	\$ 39,054,890
	71.02%	70.94%	69.64%	83.93%	72.39%
	\$12,029,880	\$12,358,999	\$12,505,794	\$12,296,821	\$ 12,328,792
	278.67%	285.07%	311.80%	175.19%	316.78%

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Safety Plan*

*Cost-Sharing Multiple-Employer Defined Benefit Pension Plan*

*Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios - Last Ten Years\**

**Miscellaneous**

Measurement period ended June 30,	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Plan's proportion of the net pension liability	0.44475%	0.45755%	0.73601%	0.72156%
Plan's proportionate share of the net pension liability	\$ 27,674,101	\$ 31,406,035	\$ 38,119,564	\$ 43,114,785
Plan's covered payroll	\$ 7,910,256	\$ 7,974,455	\$ 8,149,496	\$ 8,456,759
Plan's proportionate share of the net pension liability as percentage of its covered payroll	349.85%	393.83%	467.75%	509.83%
Fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%

\*Fiscal year 2015 was the 1st year of GASB 68 implementation.

**Assumption Change:** The CalPERS discount rate was increased from 7.5% to 7.65 in fiscal year 2016, and then decreased from 7.65 to 7.15 in fiscal year 2018. The Calpers mortality assumption were also adjusted in fiscal year 2019

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<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.74362%	0.65115%	0.66254%	0.72725%	0.40479%
\$ 43,632,371	\$ 40,648,037	\$ 44,140,957	\$ 25,522,590	\$ 49,387,563
\$ 8,829,101	\$ 7,369,584	\$ 5,257,579	\$ 5,318,114	\$ 5,449,463
494.19%	551.56%	839.57%	479.92%	906.28%
75.26%	75.26%	75.10%	82.66%	76.68%

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**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Miscellaneous Plan*

*Agent Multiple-Employer Defined Benefit Pension Plan*

*Schedule of Contributions - Last 10 Years\**

<b>Fiscal Year Ended</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 2,085,988	\$ 2,471,831	\$ 2,639,360	\$ 3,096,377
Contributions in relation to actuarially determined contributions	\$ (2,085,988)	(2,471,831)	(2,639,360)	(3,096,377)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,721,261	\$ 10,547,034	\$ 11,417,868	\$ 12,029,880
Contributions as a percentage of covered payroll	21.46%	23.44%	23.12%	25.74%

**Notes to Schedule**

Valuation date: 6/30/2013 6/30/2014 6/30/2015 6/30/2016

The actuarial methods and assumptions used to determine contributions were:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market Value of Assets
Inflation	2.50%
salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study. Pre-retirement and Postretirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries from 2015 to 2018. For 2019, 2020, 2021 and 2022, pre-retirement and postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuarie

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



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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,548,365	\$ 4,053,672	\$ 8,510,508	\$ 4,690,944	\$ 5,163,358
<u>(3,548,365)</u>	<u>(4,053,672)</u>	<u>(8,510,508)</u>	<u>(4,690,944)</u>	<u>(5,163,358)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,358,999	\$ 12,505,794	\$ 12,296,821	\$ 12,328,792	\$ 13,548,517
28.71%	32.41%	69.21%	38.05%	38.11%
6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Safety Plan*  
*Cost-Sharing Multiple-Employer Defined Benefit Pension Plan*  
*Schedule of Pension Plan Contributions - Last 10 Years\**

**Safety**

<b>Fiscal Year Ended</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 2,466,232	\$ 2,822,183	4,569,536	\$ 3,409,946
Contributions in relation to actuarially deemed contributions	(2,466,232)	(2,822,183)	(4,569,536)	(3,409,946)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,974,455	\$ 8,149,496	\$ 8,456,759	\$ 8,829,101
Contributions as a percentage of covered payroll	30.93%	34.63%	54.03%	38.62%

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

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,574,289	\$ 3,769,133	\$ 7,563,848	\$ 4,394,334	\$ 4,686,318
<u>(7,055,629)</u>	<u>(3,769,133)</u>	<u>(7,563,848)</u>	<u>(4,394,334)</u>	<u>(4,686,318)</u>
<u>\$ (3,481,340)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,369,584	\$ 5,257,579	\$ 5,318,114	\$ 5,449,463	\$ 5,283,902
95.74%	71.69%	142.23%	80.64%	89%

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**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Longevity Recognition Benefits Plan*  
*Agent Multiple-Employer Defined Benefit Pension Plan*  
*Schedule of Changes in the Total Pension Liability and Related Ratios - Last 10 Years\**

Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020
<b>Total Pension Liability</b>				
Service cost	\$ 109,000	\$ 89,000	\$ 54,416	\$ 27,073
Interest on total pension liability	116,000	134,000	140,452	102,446
Changes in benefits				
Changes of assumptions	(376,000)	(134,000)	282,626	283,853
Differences between expected and actual experience	-	-	(634,525)	5,929
Benefit payments, including refunds of employee contributions	(144,000)	(166,000)	(168,320)	(175,320)
Net change in the total pension liability	(295,000)	(77,000)	(325,351)	243,981
Total OPEB liability - beginning	4,031,000	3,736,000	3,659,000	3,333,649
Total OPEB liability - ending	<u>\$ 3,736,000</u>	<u>\$ 3,659,000</u>	<u>\$ 3,333,649</u>	<u>\$ 3,577,630</u>
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 7,937,000	\$ 6,773,000	\$ 4,102,624	\$ 4,215,446
Total pension liability as percentage of covered-employee payroll	47.07%	54.02%	81.26%	84.87%
<b>Notes to Schedule:</b>				
Benefit changes:	None			
Changes of assumptions:	None			

\* Fiscal year 2017 was the 1st year of implementation.

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<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
\$ 32,921	\$ 32,429	\$ 21,424
86,231	74,588	113,561
251,401	(718,876)	132,914
177,222	814	(71,758)
(181,865)	(182,378)	(188,033)
365,910	(793,423)	8,108
3,577,630	3,943,540	3,150,117
<u>\$ 3,943,540</u>	<u>\$ 3,150,117</u>	<u>\$ 3,158,225</u>
N/A	N/A	
\$ 2,640,807	\$ 2,584,600	\$ 2,310,330
149.33%	121.88%	136.70%

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Other Post Employment Benefits Plan*

*Schedule of Changes in the Total OPEB Liability and Related Ratios - Last 10 Years\**

Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
<b>Total OPEB Liability</b>				
Service cost	\$ 575,000	\$ 646,076	\$ 539,303	\$ 632,514
Interest	432,000	473,515	321,329	283,575
Differences between expected and actual experience	-	(1,981,229)	(13,845)	(1,405,505)
Changes of assumptions	(519,000)	(544,791)	850,106	877,461
Benefit payments	(141,000)	(150,401)	(155,100)	(162,313)
Implicit Subsidy Credit	(184,000)	(294,668)	(312,348)	(333,722)
Net change in the total OPEB liability	163,000	(1,851,498)	1,229,445	(107,990)
Total OPEB liability - beginning	11,649,000	11,812,000	9,960,502	11,189,947
Total OPEB liability - ending	<u>\$ 11,812,000</u>	<u>\$ 9,960,502</u>	<u>\$ 11,189,947</u>	<u>\$ 11,081,957</u>
Covered-employee payroll	\$ 23,289,000	\$ 18,820,890	\$ 19,338,464	\$ 17,214,320
Net OPEB liability as a percentage of covered-employee payroll	50.72%	52.92%	57.86%	64.38%

**Notes to Schedule:**

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

\* Fiscal year 2018 was the 1st year of implementation.

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<u>6/30/2022</u>	<u>6/30/2023</u>
\$ 655,321	\$ 474,791
221,344	355,931
(1,567)	(500,285)
(2,135,304)	(486,847)
(174,974)	(187,840)
<u>(242,899)</u>	<u>(277,822)</u>
(1,678,079)	(622,072)
<u>11,081,957</u>	<u>9,403,878</u>
<u>\$ 9,403,878</u>	<u>\$ 8,781,806</u>
\$ 17,687,714	\$ 19,720,120
53.17%	44.53%

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# SUPPLEMENTARY INFORMATION

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**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**City Capital Projects**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 132,000	\$ 132,000	\$ 1,917,581	\$ 1,785,581
Other	19,250	19,250	685,120	665,870
<b>Total revenues</b>	<b>151,250</b>	<b>151,250</b>	<b>2,602,701</b>	<b>2,451,451</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	1,599,942	77,439	1,522,503
Capital outlay	8,585,000	65,732,492	2,903,281	62,829,211
<b>Total expenditures</b>	<b>8,585,000</b>	<b>67,332,434</b>	<b>2,980,720</b>	<b>64,351,714</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(8,433,750)</b>	<b>(67,181,184)</b>	<b>(378,019)</b>	<b>66,803,165</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,500,000	4,627,946	4,627,946	-
Transfers out	-	(5,000,000)	(5,128,887)	(128,887)
<b>Total other financing sources (uses)</b>	<b>3,500,000</b>	<b>(372,054)</b>	<b>(500,941)</b>	<b>(128,887)</b>
Special item	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (4,933,750)</b>	<b>\$ (67,553,238)</b>	<b>(878,960)</b>	<b>\$ 66,674,278</b>
<b>FUND BALANCES:</b>				
Beginning of year			78,363,094	
End of year			<u>\$ 77,484,134</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Asset Preservation**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 16,000	\$ 16,000	\$ 1,152,918	\$ 1,136,918
<b>Total revenues</b>	<b>16,000</b>	<b>16,000</b>	<b>1,152,918</b>	<b>1,136,918</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	7,015,009	7,015,009	-
<b>Total expenditures</b>	<b>-</b>	<b>7,015,009</b>	<b>7,015,009</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,000</b>	<b>(6,999,009)</b>	<b>(5,862,091)</b>	<b>1,136,918</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	1,100,000	1,100,000	685,637	(414,363)
<b>Total other financing sources (uses)</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>685,637</b>	<b>(414,363)</b>
<b>Net change in fund balances</b>	<b>\$ 1,116,000</b>	<b>\$ (5,899,009)</b>	<b>(5,176,454)</b>	<b>\$ 722,555</b>
<b>FUND BALANCES:</b>				
Beginning of year			8,056,572	
End of year			<u>\$ 2,880,118</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Levee Capital Project Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 20,000	\$ 20,000	\$ 665,125	\$ 645,125
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>665,125</b>	<b>645,125</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	27,511,272	22,972,497	4,538,775
<b>Total expenditures</b>	<b>-</b>	<b>27,511,272</b>	<b>22,972,497</b>	<b>4,538,775</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>20,000</b>	<b>(27,491,272)</b>	<b>(22,307,372)</b>	<b>5,183,900</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	5,000,000	5,000,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 20,000</b>	<b>\$ (22,491,272)</b>	<b>(17,307,372)</b>	<b>\$ 5,183,900</b>
<b>FUND BALANCES:</b>				
Beginning of year			22,387,920	
End of year			<b>\$ 5,080,548</b>	

**City of Foster and Estero Municipal Improvement District  
Nonmajor Governmental Funds  
Year Ended June 30, 2023**

**Special Revenue Funds** are used to account for revenues that are restricted by law or administrative action (committed) to expenditures for specified purposes. Non-Major Special Revenue Funds used by the City/District are listed below:

The *Traffic Safety Fund* accounts for the revenues received by the City as its share of fines generated from violations of the State Motor Vehicles Code and expended for traffic safety programs.

The *Measure A Fund* accounts for revenues generated by a special one-half cent sales tax that was approved by the voters of San Mateo County during 1988. These funds are restricted for engineering, construction and maintenance of City/District streets and transportation-related purposes.

The *Gas Tax Fund* accounts for the revenues apportioned to the City from State collected gasoline taxes and expended for engineering, construction, and maintenance of City streets.

The *Park-in-lieu Fund* accounts for revenues from construction projects for the acquisition, construction and improvement of parks and recreational facilities.

The *Measure M Fund* accounts for the revenues generated by a special ten dollar vehicle registration fee that was approved by the voters of San Mateo County in 2010. These funds are restricted for the maintenance of City/District streets, provide transportation options to reduce congestion, safe routes to schools, reduce water pollution from oil and gas runoff, etc.

The *SLESE/COPS Grant Fund* accounts for the State of California monies received to fund supplemental law enforcement services such as anti-gang and community crime prevention programs. Supplemental law enforcement services include costs for personnel, equipment and program operating expenses.

The *California Opportunities Fund* accounts for revenues received from other local government agencies who utilize the Foster City managed recruitment website for public sector employment opportunities.

The *Foster City Foundation Fund* accounts for revenues received from any person or organization for charitable contributions to Foster City for the benefit of the City and its residents. The donations shall be used according to the intent specified by the donor(s).

The *SBI Road Maintenance & Rehabilitation Fund* accounts for the revenues collected from the State and apportioned to the City for the increase in gasoline and diesel excise tax and a new vehicle registration tax. These funds are earmarked for local streets and roads maintenance and rehabilitation and other eligible uses, including road maintenance and rehabilitation, traffic control devices, street component projects, and drainage improvements.

The *General Plan Maintenance Fund* Accounts for fees collected from building permits for updating the City's General Plan, Zoning and Building Code.

The *Technology Maintenance Fund* accounts for fees collected from building permits for maintenance of the City's permitting system.

**City of Foster and Estero Municipal Improvement District  
Nonmajor Governmental Funds  
Year Ended June 30, 2023**

The *SB 1186 (Disability Access) Fund* accounts for fees collected from business license taxes. As required by the legislation, 10% of the fees collected are remitted to the Division of the State. The City retains 90% of the fees collected to provide training for building inspectors as Certified Access Specialists.

The *Strong Motion Instrument Program (SMIP) Fund* accounts for fees collected from building permits. This fee is remitted to the State of California to obtain vital earthquake data for the engineering and scientific communities through a statewide network of strong motion instruments.

The *CRV Grant Fund* accounts for the portion of the California Redemption Value (CRV) collected by beverage retailers at the point of sale and remitted to Cal Recycle that is not redeemed by individuals. Such funds are made available to Cities and Counties to assist in the implementation of beverage container recycling and litter abatement projects.

The *Curbside Recycling Fund* accounts for revenues received from the Department of Resources Recycling and Recovery (Cal Recycle) to support the implementation of activities related to beverage container recycling.

The *Green Building Fee Fund* accounts for fees collected from building permits. 90% of the fees collected are remitted to California Building Standard Commission for deposit in the Building Standards Administration Special Revolving Fund. The City retains 10% of the fees collected for related administrative costs and code enforcement education.

The *Measure W Fund* accounts for the revenues generated by a new half-cent sales tax that was approved by the voters of San Mateo County in 2018 which took effect on July 1, 2019. These funds are earmarked to improve transit and relieve traffic congestion including roads maintenance, promote alternative modes of transportation, implement advanced technologies on roadway system, and planning/implementing traffic operations and safety projects.

The *Commercial Linkage Fees Fund* accounts for commercial linkage fees to provide a mechanism for commercial development to pay fees to offset the impacts of the development on the need for affordable housing.

The *Tenant Relocation Assistance Fund* accounts for funding of programs to help minimize the impacts of expiring affordable housing covenants to the residents of Foster's Landing.

The *SB1383 Implementation Fund* accounts for the local assistance received by the City and the expenditures made in compliance with SB1383.

Beginning in 2022, SB1383 requires every jurisdiction to provide organic waste collection services to all residents and businesses in order to achieve the State's climate goals and the 75 percent organic waste diversion goal by 2025 and into the future.

The *Workforce Housing Fund* accounts for the ongoing revenues and expenditures related to 22 affordable multi-family units in a stand-alone surface parked building on approximately 0.6 acre land parcel.

Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on long-term debt. Non-Major Debt Service Funds used by the City/District are listed below:

The Levee Protection Planning & Improvements Fund accounts for the payment debt service on the City's general obligation bond debt used for financing up to \$90 million in levee improvement costs.

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds			
	Traffic Safety	Measure A	Gas Tax	Park-in-lieu
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 4,615,713	\$ 442,122	\$ 2,902,945
Receivables, net of allowance:				
Intergovernmental	7,496	-	75,061	-
Taxes	-	71,237	-	-
Other	-	-	-	-
Prepays and deposits	-	-	-	-
<b>Total assets</b>	<b>\$ 7,496</b>	<b>\$ 4,686,950</b>	<b>\$ 517,183</b>	<b>\$ 2,902,945</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Refundable deposits	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	7,496	4,686,950	517,183	2,902,945
Committed	-	-	-	-
<b>Total fund balances</b>	<b>7,496</b>	<b>4,686,950</b>	<b>517,183</b>	<b>2,902,945</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,496</b>	<b>\$ 4,686,950</b>	<b>\$ 517,183</b>	<b>\$ 2,902,945</b>



Special Revenue Funds						
Measure M	SLESF/COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	General Plan Maintenance Fund	
\$ -	\$ -	\$ 398,493	\$ 379,858	\$ 732,038	\$ 1,728,987	
-	-	-	-	131,779	239,045	
-	-	69,961	-	-	-	
-	-	-	33,375	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,454</u>	<u>\$ 413,233</u>	<u>\$ 863,817</u>	<u>\$ 1,968,032</u>	
\$ -	\$ -	\$ 3,978	\$ 20	\$ -	\$ 40,838	
-	-	5,140	-	-	-	
-	-	-	-	-	-	
-	-	9,118	20	-	40,838	
-	-	-	33,375	-	-	
-	-	-	379,838	863,817	-	
-	-	459,336	-	-	1,927,194	
-	-	459,336	413,213	863,817	1,927,194	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,454</u>	<u>\$ 413,233</u>	<u>\$ 863,817</u>	<u>\$ 1,968,032</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds			
	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,059,101	\$ 226,770	\$ 39,702	\$ 6,006
Receivables, net of allowance:				
Intergovernmental	-	-	-	-
Taxes	-	-	-	-
Other	-	-	-	-
Prepays and deposits	-	-	-	-
<b>Total assets</b>	<b>\$ 1,059,101</b>	<b>\$ 226,770</b>	<b>\$ 39,702</b>	<b>\$ 6,006</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,463	\$ -	\$ 84	\$ 622
Accrued payroll	-	-	-	-
Refundable deposits	296,870	-	-	-
<b>Total liabilities</b>	<b>300,333</b>	<b>-</b>	<b>84</b>	<b>622</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	39,618	5,384
Committed	758,768	226,770	-	-
<b>Total fund balances</b>	<b>758,768</b>	<b>226,770</b>	<b>39,618</b>	<b>5,384</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,059,101</b>	<b>\$ 226,770</b>	<b>\$ 39,702</b>	<b>\$ 6,006</b>

Special Revenue Funds					
CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ 14,124	\$ 239,603	\$ 6,914	\$ 1,163,560	\$ 588,598	\$ 234,143
-	-	-	-	-	-
-	-	-	71,323	-	-
-	13,646	-	-	-	-
-	-	-	-	-	-
<u>\$ 14,124</u>	<u>\$ 253,249</u>	<u>\$ 6,914</u>	<u>\$ 1,234,883</u>	<u>\$ 588,598</u>	<u>\$ 234,143</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	(14)	-	-	-
-	-	(14)	-	-	-
-	-	-	-	-	-
14,124	253,249	6,928	1,234,883	-	-
-	-	-	-	588,598	234,143
<u>14,124</u>	<u>253,249</u>	<u>6,928</u>	<u>1,234,883</u>	<u>588,598</u>	<u>234,143</u>
<u>\$ 14,124</u>	<u>\$ 253,249</u>	<u>\$ 6,914</u>	<u>\$ 1,234,883</u>	<u>\$ 588,598</u>	<u>\$ 234,143</u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds		Debt Services	Total Nonmajor Governmental Funds
	SB 1383 Implementation Fund	Workforce Housing Fund	Fund Levee Protection Planning & Improvements	
<b>ASSETS</b>				
Cash and investments	\$ 36,221	\$ 232,539	\$ 5,473,368	\$ 20,520,805
Receivables, net of allowance:				
Intergovernmental	-	-	-	453,381
Taxes	-	-	32,554	175,114
Other	-	979	-	84,586
Prepays and deposits	-	-	-	33,375
<b>Total assets</b>	<b>\$ 36,221</b>	<b>\$ 233,518</b>	<b>\$ 5,505,922</b>	<b>\$ 21,267,261</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 5,000	\$ 10,388	\$ -	\$ 64,393
Accrued payroll	-	760	-	5,900
Refundable deposits	-	41,600	-	338,456
<b>Total liabilities</b>	<b>5,000</b>	<b>52,748</b>	<b>-</b>	<b>408,749</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	33,375
Restricted	31,221	180,770	5,505,922	16,630,328
Committed	-	-	-	4,194,809
<b>Total fund balances</b>	<b>31,221</b>	<b>180,770</b>	<b>5,505,922</b>	<b>20,858,512</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 36,221</b>	<b>\$ 233,518</b>	<b>\$ 5,505,922</b>	<b>\$ 21,267,261</b>

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**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue Funds			
	Traffic Safety	Measure A	Gas Tax	Park-in-lieu
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	-	940,399	-	-
Intergovernmental	-	-	858,582	-
Charges for current services	-	-	-	-
Fines and forfeitures	39,826	-	-	-
Investment and rental income	-	124,858	19,203	84,300
Other	-	-	-	-
<b>Total revenues</b>	<b>39,826</b>	<b>1,065,257</b>	<b>877,785</b>	<b>84,300</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	95,112	-
Public safety - Police	-	-	-	-
Public works	43,633	-	1,022,165	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	416,679	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>43,633</b>	<b>416,679</b>	<b>1,117,277</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(3,807)</b>	<b>648,578</b>	<b>(239,492)</b>	<b>84,300</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,807)</b>	<b>648,578</b>	<b>(239,492)</b>	<b>84,300</b>
<b>FUND BALANCES:</b>				
Beginning of year	11,303	4,038,372	756,675	2,818,645
End of year	\$ 7,496	\$ 4,686,950	\$ 517,183	\$ 2,902,945

Special Revenue Funds

Measure M	SLESF/COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	General Plan Maintenance Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
119,300	165,271	-	-	752,033	272,522
-	-	-	-	-	403,593
-	-	-	-	-	-
-	-	13,138	-	30,542	51,688
-	-	549,562	42,820	-	-
119,300	165,271	562,700	42,820	782,575	727,803
-	-	456,664	-	-	-
-	165,271	-	9,072	-	-
-	-	-	980	-	-
-	-	-	-	-	620,255
-	-	-	16,768	-	-
119,300	-	-	-	1,293,791	-
-	-	-	-	-	-
-	-	-	-	-	-
119,300	165,271	456,664	26,820	1,293,791	620,255
-	-	106,036	16,000	(511,216)	107,548
-	-	-	(21,287)	-	-
-	-	-	(21,287)	-	-
-	-	106,036	(5,287)	(511,216)	107,548
-	-	353,300	418,500	1,375,033	1,819,646
\$ -	\$ -	\$ 459,336	\$ 413,213	\$ 863,817	\$ 1,927,194

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue Funds			
	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	-	-	-	-
Intergovernmental	-	-	-	-
Charges for current services	150,549	86,912	6,433	62
Fines and forfeitures	-	-	-	-
Investment and rental income	31,840	6,202	1,081	159
Other	-	-	-	-
<b>Total revenues</b>	<b>182,389</b>	<b>93,114</b>	<b>7,514</b>	<b>221</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety - Police	-	-	-	-
Public works	63,630	-	-	-
Community development	-	81,180	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>63,630</b>	<b>81,180</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>118,759</b>	<b>11,934</b>	<b>7,514</b>	<b>221</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(50,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>68,759</b>	<b>11,934</b>	<b>7,514</b>	<b>221</b>
<b>FUND BALANCES:</b>				
Beginning of year	690,009	214,836	32,104	5,163
End of year	\$ 758,768	\$ 226,770	\$ 39,618	\$ 5,384



Special Revenue Funds

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	411,947	-	-
-	-	-	-	-	-
-	-	578	-	-	-
-	-	-	-	-	-
339	6,810	211	30,760	17,093	6,799
8,571	28,604	-	-	-	-
8,910	35,414	789	442,707	17,093	6,799
-	-	-	-	-	-
-	-	-	-	-	-
3,756	-	-	258,285	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,756	-	-	258,285	-	-
5,154	35,414	789	184,422	17,093	6,799
-	-	-	-	-	-
-	-	-	-	-	-
5,154	35,414	789	184,422	17,093	6,799
8,970	217,835	6,139	1,050,461	571,505	227,344
\$ 14,124	\$ 253,249	\$ 6,928	\$ 1,234,883	\$ 588,598	\$ 234,143

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue Funds		Debt Services	Total Nonmajor Governmental Funds
	SB 1383 Implementation Fund	Workforce Housing Fund	Fund Levee Protection Planning & Improvements	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 4,113,334	\$ 4,113,334
Sales and use and sales tax in lieu	-	-	-	1,352,346
Intergovernmental	-	-	11,503	2,179,211
Charges for current services	-	-	-	648,127
Fines and forfeitures	-	-	-	39,826
Investment and rental income	1,273	306,779	91,851	824,926
Other	-	7,940	-	637,497
<b>Total revenues</b>	<b>1,273</b>	<b>314,719</b>	<b>4,216,688</b>	<b>9,795,267</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	551,776
Public safety - Police	-	-	-	174,343
Public works	17,399	-	-	1,409,848
Community development	-	165,081	-	866,516
Parks and recreation	-	-	-	16,768
Capital outlay	-	-	-	1,829,770
Debt service:				
Principal	-	-	3,940,000	3,940,000
Interest	-	-	2,438,388	2,438,388
<b>Total expenditures</b>	<b>17,399</b>	<b>165,081</b>	<b>6,378,388</b>	<b>11,227,409</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(16,126)</b>	<b>149,638</b>	<b>(2,161,700)</b>	<b>(1,432,142)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	(71,287)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,287)</b>
<b>Net change in fund balances</b>	<b>(16,126)</b>	<b>149,638</b>	<b>(2,161,700)</b>	<b>(1,503,429)</b>
<b>FUND BALANCES:</b>				
Beginning of year	47,347	31,132	7,667,622	22,361,941
End of year	\$ 31,221	\$ 180,770	\$ 5,505,922	\$ 20,858,512

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Traffic Safety**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 60,000	\$ 60,000	\$ 39,826	\$ (20,174)
<b>Total revenues</b>	<b>60,000</b>	<b>60,000</b>	<b>39,826</b>	<b>(20,174)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	60,000	60,000	43,633	16,367
<b>Total expenditures</b>	<b>60,000</b>	<b>60,000</b>	<b>43,633</b>	<b>16,367</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(3,807)</b>	<b>(3,807)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,807)</b>	<b>\$ (3,807)</b>
<b>FUND BALANCES:</b>				
Beginning of year			11,303	
End of year			<u>\$ 7,496</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Measure A**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use and sales tax in lieu	\$ 749,800	\$ 749,800	\$ 940,399	\$ 190,599
Investment and rental income	11,600	11,600	124,858	113,258
<b>Total revenues</b>	<b>761,400</b>	<b>761,400</b>	<b>1,065,257</b>	<b>303,857</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	3,170,267	416,679	2,753,588
<b>Total expenditures</b>	<b>-</b>	<b>3,170,267</b>	<b>416,679</b>	<b>2,753,588</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>761,400</b>	<b>(2,408,867)</b>	<b>648,578</b>	<b>3,057,445</b>
<b>Net change in fund balances</b>	<b>\$ 761,400</b>	<b>\$ (2,408,867)</b>	<b>648,578</b>	<b>\$ 3,057,445</b>
<b>FUND BALANCES:</b>				
Beginning of year			4,038,372	
End of year			<u>\$ 4,686,950</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Gas Tax**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 825,100	\$ 825,100	\$ 858,582	\$ 33,482
Investment and rental income	3,000	3,000	19,203	16,203
<b>Total revenues</b>	<b>828,100</b>	<b>828,100</b>	<b>877,785</b>	<b>49,685</b>
<b>EXPENDITURES:</b>				
Current:				
General government	95,112	95,112	95,112	-
Public works	470,388	1,312,166	1,022,165	290,001
<b>Total expenditures</b>	<b>565,500</b>	<b>1,407,278</b>	<b>1,117,277</b>	<b>290,001</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	262,600	(579,178)	(239,492)	339,686
<b>Net change in fund balances</b>	<b>\$ 262,600</b>	<b>\$ (579,178)</b>	<b>(239,492)</b>	<b>\$ 339,686</b>
<b>FUND BALANCES:</b>				
Beginning of year			756,675	
End of year			<b>\$ 517,183</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Park-in-lieu**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 12,400	\$ 12,400	\$ 84,300	\$ 71,900
<b>Total revenues</b>	<b>12,400</b>	<b>12,400</b>	<b>84,300</b>	<b>71,900</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	745,435	-	745,435
<b>Total expenditures</b>	<b>-</b>	<b>745,435</b>	<b>-</b>	<b>745,435</b>
<b>Net change in fund balances</b>	<b>\$ 12,400</b>	<b>\$ (733,035)</b>	<b>84,300</b>	<b>\$ 817,335</b>
<b>FUND BALANCES:</b>				
Beginning of year			2,818,645	
End of year			<u>\$ 2,902,945</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Measure M**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 109,500	\$ 109,500	\$ 119,300	\$ 9,800
<b>Total revenues</b>	<b>109,500</b>	<b>109,500</b>	<b>119,300</b>	<b>9,800</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	219,300	119,300	100,000
<b>Total expenditures</b>	<b>-</b>	<b>219,300</b>	<b>119,300</b>	<b>100,000</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>109,500</b>	<b>(109,800)</b>	<b>-</b>	<b>109,800</b>
<b>Net change in fund balances</b>	<b>\$ 109,500</b>	<b>\$ (109,800)</b>	<b>-</b>	<b>\$ 109,800</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SLESE/COPS Grant**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 165,271	\$ 65,271
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>165,271</b>	<b>65,271</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety - Police	100,000	100,000	165,271	(65,271)
<b>Total expenditures</b>	<b>100,000</b>	<b>100,000</b>	<b>165,271</b>	<b>(65,271)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**California Opportunities**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 2,800	\$ 2,800	\$ 13,138	\$ 10,338
Other	410,800	410,800	549,562	138,762
<b>Total revenues</b>	<b>413,600</b>	<b>413,600</b>	<b>562,700</b>	<b>149,100</b>
<b>EXPENDITURES:</b>				
Current:				
General government	564,135	564,135	456,664	107,471
<b>Total expenditures</b>	<b>564,135</b>	<b>564,135</b>	<b>456,664</b>	<b>107,471</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(150,535)</b>	<b>(150,535)</b>	<b>106,036</b>	<b>256,571</b>
<b>Net change in fund balances</b>	<b>\$ (150,535)</b>	<b>\$ (150,535)</b>	<b>106,036</b>	<b>\$ 256,571</b>
<b>FUND BALANCES:</b>				
Beginning of year			353,300	
End of year			<u>\$ 459,336</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Foster City Foundation**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other	\$ 37,681	\$ 37,681	\$ 42,820	\$ 5,139
<b>Total revenues</b>	<b>37,681</b>	<b>37,681</b>	<b>42,820</b>	<b>5,139</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety - Police	10,000	10,000	9,072	928
Public works	1,250	1,250	980	270
Parks and recreation	22,122	100,000	16,768	83,232
<b>Total expenditures</b>	<b>33,372</b>	<b>111,250</b>	<b>26,820</b>	<b>84,430</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>4,309</b>	<b>(73,569)</b>	<b>16,000</b>	<b>89,569</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(21,287)	(21,287)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(21,287)</b>	<b>(21,287)</b>
<b>Net change in fund balances</b>	<b>\$ 4,309</b>	<b>\$ (73,569)</b>	<b>(5,287)</b>	<b>\$ 68,282</b>
<b>FUND BALANCES:</b>				
Beginning of year			418,500	
End of year			<u>\$ 413,213</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB1 Road Maintenance & Rehabilitation Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 637,100	\$ 637,100	\$ 752,033	\$ 114,933
Investment and rental income	4,800	4,800	30,542	25,742
<b>Total revenues</b>	<b>641,900</b>	<b>641,900</b>	<b>782,575</b>	<b>140,675</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	1,348,850	1,293,791	55,059
<b>Total expenditures</b>	<b>-</b>	<b>1,348,850</b>	<b>1,293,791</b>	<b>55,059</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>641,900</b>	<b>(706,950)</b>	<b>(511,216)</b>	<b>195,734</b>
<b>Net change in fund balances</b>	<b>\$ 641,900</b>	<b>\$ (706,950)</b>	<b>(511,216)</b>	<b>\$ 195,734</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,375,033	
End of year			<u>\$ 863,817</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Plan Maintenance Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 272,522	\$ 272,522
Charges for current services	302,900	302,900	403,593	100,693
Investment and rental income	7,100	7,100	51,688	44,588
<b>Total revenues</b>	<b>310,000</b>	<b>310,000</b>	<b>727,803</b>	<b>417,803</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	842,679	842,679	620,255	222,424
<b>Total expenditures</b>	<b>842,679</b>	<b>842,679</b>	<b>620,255</b>	<b>222,424</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(532,679)</b>	<b>(532,679)</b>	<b>107,548</b>	<b>640,227</b>
<b>Net change in fund balances</b>	<b>\$ (532,679)</b>	<b>\$ (532,679)</b>	<b>107,548</b>	<b>\$ 640,227</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,819,646	
End of year			<u>\$ 1,927,194</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Construction and Demolition Recycling Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 50,000	\$ 50,000	\$ 150,549	\$ 100,549
Investment and rental income	4,200	4,200	31,840	27,640
<b>Total revenues</b>	<b>54,200</b>	<b>54,200</b>	<b>182,389</b>	<b>128,189</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	302,000	317,000	63,630	253,370
<b>Total expenditures</b>	<b>302,000</b>	<b>317,000</b>	<b>63,630</b>	<b>253,370</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(247,800)</b>	<b>(262,800)</b>	<b>118,759</b>	<b>381,559</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (297,800)</b>	<b>\$ (312,800)</b>	<b>68,759</b>	<b>\$ 381,559</b>
<b>FUND BALANCES:</b>				
Beginning of year			690,009	
End of year			<b>\$ 758,768</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Technology Maintenance Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 202,165	\$ 202,165	\$ 86,912	\$ (115,253)
Investment and rental income	900	900	6,202	5,302
<b>Total revenues</b>	<b>203,065</b>	<b>203,065</b>	<b>93,114</b>	<b>(109,951)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	105,485	105,485	81,180	24,305
<b>Total expenditures</b>	<b>105,485</b>	<b>105,485</b>	<b>81,180</b>	<b>24,305</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>97,580</b>	<b>97,580</b>	<b>11,934</b>	<b>(85,646)</b>
<b>Net change in fund balances</b>	<b>\$ 97,580</b>	<b>\$ 97,580</b>	<b>11,934</b>	<b>\$ (85,646)</b>
<b>FUND BALANCES:</b>				
Beginning of year			214,836	
End of year			<b>\$ 226,770</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB 1186 (Disability Access) Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 4,000	\$ 4,000	\$ 6,433	\$ 2,433
Investment and rental income	150	150	1,081	931
<b>Total revenues</b>	<b>4,150</b>	<b>4,150</b>	<b>7,514</b>	<b>3,364</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,300	1,300	-	1,300
<b>Total expenditures</b>	<b>1,300</b>	<b>1,300</b>	<b>-</b>	<b>1,300</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>2,850</b>	<b>2,850</b>	<b>7,514</b>	<b>4,664</b>
<b>Net change in fund balances</b>	<b>\$ 2,850</b>	<b>\$ 2,850</b>	<b>7,514</b>	<b>\$ 4,664</b>
<b>FUND BALANCES:</b>				
Beginning of year			32,104	
End of year			<u>\$ 39,618</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Strong Motion Instrument Program (SMIP) Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 1,090	\$ 1,090	\$ 62	\$ (1,028)
Investment and rental income	40	40	159	119
<b>Total revenues</b>	<b>1,130</b>	<b>1,130</b>	<b>221</b>	<b>(909)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	500	500	-	500
<b>Total expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>630</b>	<b>630</b>	<b>221</b>	<b>(409)</b>
<b>Net change in fund balances</b>	<b>\$ 630</b>	<b>\$ 630</b>	<b>221</b>	<b>\$ (409)</b>
<b>FUND BALANCES:</b>				
Beginning of year			5,163	
End of year			<u>\$ 5,384</u>	



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**CRV Grant Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 60	\$ 60	\$ 339	\$ 279
Other	8,500	8,500	8,571	71
<b>Total revenues</b>	<b>8,560</b>	<b>8,560</b>	<b>8,910</b>	<b>350</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	14,000	14,000	3,756	10,244
<b>Total expenditures</b>	<b>14,000</b>	<b>14,000</b>	<b>3,756</b>	<b>10,244</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(5,440)	(5,440)	5,154	10,594
<b>Net change in fund balances</b>	<b>\$ (5,440)</b>	<b>\$ (5,440)</b>	<b>5,154</b>	<b>\$ 10,594</b>
<b>FUND BALANCES:</b>				
Beginning of year			8,970	
End of year			<u>\$ 14,124</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Curbside Recycling Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 700	\$ 700	\$ 6,810	\$ 6,110
Other	19,800	19,800	28,604	8,804
<b>Total revenues</b>	<b>20,500</b>	<b>20,500</b>	<b>35,414</b>	<b>14,914</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	25,000	25,000	-	25,000
<b>Total expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(4,500)	(4,500)	35,414	39,914
<b>Net change in fund balances</b>	<b>\$ (4,500)</b>	<b>\$ (4,500)</b>	<b>35,414</b>	<b>\$ 39,914</b>
<b>FUND BALANCES:</b>				
Beginning of year			217,835	
End of year			<b>\$ 253,249</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Green Building Fee Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 700	\$ 700	\$ 578	\$ (122)
Investment and rental income	30	30	211	181
<b>Total revenues</b>	<b>730</b>	<b>730</b>	<b>789</b>	<b>59</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	500	500	-	500
<b>Total expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>230</b>	<b>230</b>	<b>789</b>	<b>559</b>
<b>Net change in fund balances</b>	<b>\$ 230</b>	<b>\$ 230</b>	<b>789</b>	<b>\$ 559</b>
<b>FUND BALANCES:</b>				
Beginning of year			6,139	
End of year			<b>\$ 6,928</b>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Measure W**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use and sales tax in lieu	\$ 352,500	\$ 352,500	\$ 411,947	\$ 59,447
Investment and rental income	2,000	2,000	30,760	28,760
<b>Total revenues</b>	<b>354,500</b>	<b>354,500</b>	<b>442,707</b>	<b>88,207</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	973,500	258,285	715,215
<b>Total expenditures</b>	<b>-</b>	<b>973,500</b>	<b>258,285</b>	<b>715,215</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>354,500</b>	<b>(619,000)</b>	<b>184,422</b>	<b>803,422</b>
<b>Net change in fund balances</b>	<b>\$ 354,500</b>	<b>\$ (619,000)</b>	<b>184,422</b>	<b>\$ 803,422</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,050,461	
End of year			<u>\$ 1,234,883</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Commercial Linkage Fee**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 814,569	\$ 814,569	\$ -	\$ (814,569)
Investment and rental income	2,300	2,300	17,093	14,793
<b>Total revenues</b>	<b>816,869</b>	<b>816,869</b>	<b>17,093</b>	<b>(799,776)</b>
<b>Net change in fund balances</b>	<b>\$ 816,869</b>	<b>\$ 816,869</b>	<b>17,093</b>	<b>\$ (799,776)</b>
<b>FUND BALANCES:</b>				
Beginning of year			571,505	
End of year			<u>\$ 588,598</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Tenant Relocation Assistance**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 150	\$ 150	\$ 6,799	\$ 6,649
Other	51,640	51,640	-	(51,640)
<b>Total revenues</b>	<b>51,790</b>	<b>51,790</b>	<b>6,799</b>	<b>(44,991)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	51,640	51,640	-	51,640
<b>Total expenditures</b>	<b>51,640</b>	<b>51,640</b>	<b>-</b>	<b>51,640</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	150	150	6,799	6,649
<b>Net change in fund balances</b>	<b>\$ 150</b>	<b>\$ 150</b>	<b>6,799</b>	<b>\$ 6,649</b>
<b>FUND BALANCES:</b>				
Beginning of year			227,344	
End of year			<u>\$ 234,143</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB 1383 Implementation Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ -	\$ 1,273	\$ 1,273
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,273</b>	<b>1,273</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	47,314	47,314	17,399	29,915
<b>Total expenditures</b>	<b>47,314</b>	<b>47,314</b>	<b>17,399</b>	<b>29,915</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(47,314)</b>	<b>(47,314)</b>	<b>(16,126)</b>	<b>31,188</b>
<b>Net change in fund balances</b>	<b>\$ (47,314)</b>	<b>\$ (47,314)</b>	<b>(16,126)</b>	<b>\$ 31,188</b>
<b>FUND BALANCES:</b>				
Beginning of year			47,347	
End of year			<u>\$ 31,221</u>	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Workforce Housing Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 637,110	\$ 637,110	\$ 306,779	\$ (330,331)
Other	62,348	62,348	7,940	(54,408)
<b>Total revenues</b>	<b>699,458</b>	<b>699,458</b>	<b>314,719</b>	<b>(384,739)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	329,136	329,136	165,081	164,055
<b>Total expenditures</b>	<b>329,136</b>	<b>329,136</b>	<b>165,081</b>	<b>164,055</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>370,322</b>	<b>370,322</b>	<b>149,638</b>	<b>(220,684)</b>
<b>Net change in fund balances</b>	<b>\$ 370,322</b>	<b>\$ 370,322</b>	<b>149,638</b>	<b>\$ (220,684)</b>
<b>FUND BALANCES:</b>				
Beginning of year			31,132	
End of year			<u>\$ 180,770</u>	



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Parks Facilities Impact Fee**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ -	\$ 467,000	\$ -	\$ (467,000)
<b>Total revenues</b>	-	467,000	-	(467,000)
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	467,000	-	467,000
<b>Total expenditures</b>	-	467,000	-	467,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Public Safety Impact Fee**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ -	\$ 72,000	\$ -	\$ (72,000)
<b>Total revenues</b>	-	72,000	-	(72,000)
<b>EXPENDITURES:</b>				
Current:				
Public safety - Police	-	72,000	-	72,000
<b>Total expenditures</b>	-	72,000	-	72,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Transportation Impact Fee**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ -	\$ 230,000	\$ -	\$ (230,000)
<b>Total revenues</b>	-	230,000	-	(230,000)
<b>EXPENDITURES:</b>				
Current:				
Public works	-	230,000	-	230,000
<b>Total expenditures</b>	-	230,000	-	230,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Levee Protection Planning & Improvements**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 3,926,400	\$ 3,926,400	\$ 4,113,334	\$ 186,934
Intergovernmental	-	-	11,503	11,503
Investment and rental income	6,250	6,250	91,851	85,601
<b>Total revenues</b>	<b>3,932,650</b>	<b>3,932,650</b>	<b>4,216,688</b>	<b>284,038</b>
<b>EXPENDITURES:</b>				
Debt service:			-	
Principal	3,940,000	3,940,000	3,940,000	-
Interest	2,438,988	2,438,988	2,438,388	600
<b>Total expenditures</b>	<b>6,378,988</b>	<b>6,378,988</b>	<b>6,378,388</b>	<b>600</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(2,446,338)</b>	<b>(2,446,338)</b>	<b>(2,161,700)</b>	<b>284,638</b>
<b>Net change in fund balances</b>	<b>\$ (2,446,338)</b>	<b>\$ (2,446,338)</b>	<b>(2,161,700)</b>	<b>\$ 284,638</b>
<b>FUND BALANCES:</b>				
Beginning of year			7,667,622	
End of year			<u>\$ 5,505,922</u>	

**City of Foster and Estero Municipal Improvement District**  
**Internal Service Funds**  
**Year Ended June 30, 2023**

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Internal Service Funds used at the City/District are listed below:

The *Vehicle Rental Fund* accounts for vehicle replacement, acquisition and maintenance service charges and the related billings to various departments

The *Equipment Replacement Fund* accounts for equipment replacement, acquisition and the related billings to various departments.

The *Self-Insurance Fund* accounts for charges to the various departments for general liability, litigation and for the related premium billings and administrative costs.

The *Information Technology Fund* accounts for communication and information service acquisitions and maintenance service charges and the related billings to various departments.

The *Building Maintenance Fund* provides management, maintenance and daily inspection of all City/District buildings and equipment.

The *Longevity Recognition Benefits Fund* accounts for post-employment benefit obligations to eligible employees represented by Foster City Police Officer's Association (FCPOA), the San Mateo County Firefighters, local 2400, International Association of Firefighters, and the non-represented Safety Management Employees.

The *PEMHCA Benefits Plan Fund* accounts for retiree medical benefit obligations due to the CalPERS' Public Employees' Medical and Hospital Cared Act medical benefits plan.

The *Compensated Absences Fund* accounts for the payout of compensated absences (vacation and sick leaves) to governmental fund employees upon separation of employment.

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2023**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 6,789,355	\$ 7,117,191	\$ 1,113,000	\$ 7,007,247
Receivables, net of allowance:				
Other	12,941	15,709	-	1,324
Inventory	52,010	42,163	-	-
Total current assets	6,854,306	7,175,063	1,113,000	7,008,571
Noncurrent:				
Capital assets:				
Nondepreciable capital assets	31,523	-	-	-
Depreciable capital assets	4,275,914	8,002,825	-	-
Accumulated depreciation	(2,637,293)	(6,035,747)	-	-
Net capital assets	1,670,144	1,967,078	-	-
Total noncurrent assets	1,670,144	1,967,078	-	-
<b>Total assets</b>	8,524,450	9,142,141	1,113,000	7,008,571
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	172,677	-	-	312,977
Related to OPEB	10,151	-	-	20,303
<b>Total deferred outflows of resources</b>	182,828	-	-	333,280
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	83,767	34,182	-	58,854
Accrued payroll	19,120	-	-	31,974
Claims payable - current portion	-	-	140,000	-
Compensated absences - current portion	11,360	-	-	39,166
Long-term liabilities - current portion	-	-	-	-
Total current liabilities	114,247	34,182	140,000	129,994
Noncurrent liabilities:				
Compensated absences	14,012	-	-	85,466
Total OPEB liability	103,625	-	-	207,251
Net pension liability	499,903	-	-	906,073
Long-term liabilities	-	-	-	-
Total noncurrent liabilities	617,540	-	-	1,198,790
<b>Total liabilities</b>	731,787	34,182	140,000	1,328,784
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB	46,021	-	-	92,043
Related to Pension	11,158	-	-	20,224
<b>Total deferred inflows of resources</b>	57,179	-	-	112,267
<b>NET POSITION</b>				
Net investment in capital assets	1,670,144	1,967,078	-	-
Unrestricted	6,248,168	7,140,881	973,000	5,900,800
<b>Total net position</b>	\$ 7,918,312	\$ 9,107,959	\$ 973,000	\$ 5,900,800

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Totals
\$ 9,115,325	\$ 2,660,354	\$ 6,287,275	\$ 3,464,914	\$ 43,554,661
20,600	-	-	-	50,574
-	-	-	-	94,173
9,135,925	2,660,354	6,287,275	3,464,914	43,699,408
-	-	-	-	31,523
-	-	-	-	12,278,739
-	-	-	-	(8,673,040)
-	-	-	-	3,637,222
-	-	-	-	3,637,222
9,135,925	2,660,354	6,287,275	3,464,914	47,336,630
292,742	-	-	-	778,396
13,506	-	-	-	43,960
306,248	-	-	-	822,356
117,468	-	-	-	294,271
32,965	-	-	-	84,059
-	-	-	-	140,000
40,825	-	-	-	91,351
31,466	-	-	-	31,466
222,724	-	-	-	641,147
48,974	-	-	-	148,452
137,874	-	-	-	448,750
847,491	-	-	-	2,253,467
31,466	-	-	-	31,466
1,065,805	-	-	-	2,882,135
1,288,529	-	-	-	3,523,282
61,232	-	-	-	199,296
18,916	-	-	-	50,298
80,148	-	-	-	249,594
-	-	-	-	3,637,222
8,073,496	2,660,354	6,287,275	3,464,914	40,748,888
\$ 8,073,496	\$ 2,660,354	\$ 6,287,275	\$ 3,464,914	\$ 44,386,110

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>OPERATING REVENUES:</b>				
Charges for services - internal	\$ 2,031,006	\$ 519,118	\$ 1,193,229	\$ 2,489,802
<b>Total operating revenues</b>	<b>2,031,006</b>	<b>519,118</b>	<b>1,193,229</b>	<b>2,489,802</b>
<b>OPERATING EXPENSES:</b>				
Personnel	106,412	-	-	648,583
Repairs and maintenance	398,275	20,421	-	989,841
General and administration	159,254	-	150	256,370
Depreciation and amortization	318,050	288,738	-	-
Contractual services	4,289	-	134,594	4,500
Insurance	155,120	-	1,100,773	-
<b>Total operating expenses</b>	<b>1,141,400</b>	<b>309,159</b>	<b>1,235,517</b>	<b>1,899,294</b>
<b>Operating income (loss)</b>	<b>889,606</b>	<b>209,959</b>	<b>(42,288)</b>	<b>590,508</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of capital assets	-	126	-	-
Investment income	203,338	210,116	30,441	205,017
Miscellaneous	21,612	64,448	-	41,323
<b>Total nonoperating revenues (expenses)</b>	<b>224,950</b>	<b>274,690</b>	<b>30,441</b>	<b>246,340</b>
<b>Income before contributions and transfers</b>	<b>1,114,556</b>	<b>484,649</b>	<b>(11,847)</b>	<b>836,848</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers out	(327,946)	-	-	-
<b>Total contributions and transfers</b>	<b>(327,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>786,610</b>	<b>484,649</b>	<b>(11,847)</b>	<b>836,848</b>
<b>NET POSITION:</b>				
Beginning of year	7,131,702	8,623,310	984,847	5,063,952
End of year	\$ 7,918,312	\$ 9,107,959	\$ 973,000	\$ 5,900,800



Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Totals
\$ 3,405,866	\$ 229,320	\$ 220,706	\$ 562,609	\$ 10,651,656
3,405,866	229,320	220,706	562,609	10,651,656
541,931	188,033	187,840	477,994	2,150,793
315,324	-	-	-	1,723,861
989,620	-	-	-	1,405,394
-	-	-	-	606,788
403,004	2,500	5,406	-	554,293
-	-	-	-	1,255,893
2,249,879	190,533	193,246	477,994	7,697,022
1,155,987	38,787	27,460	84,615	2,954,634
-	-	-	-	126
278,669	76,884	182,318	105,305	1,292,088
82,037	-	-	-	209,420
360,706	76,884	182,318	105,305	1,501,634
1,516,693	115,671	209,778	189,920	4,456,268
(800,000)	-	-	-	(1,127,946)
(800,000)	-	-	-	(1,127,946)
716,693	115,671	209,778	189,920	3,328,322
7,356,803	2,544,683	6,077,497	3,274,994	41,057,788
\$ 8,073,496	\$ 2,660,354	\$ 6,287,275	\$ 3,464,914	\$ 44,386,110

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from interdepartmental charges	\$ 2,031,006	\$ 519,118	\$ 1,193,229	\$ 2,489,802
Cash received from others	132,805	76,392	-	44,199
Cash payments to suppliers for goods and services	(657,058)	13,761	(1,282,050)	(1,235,025)
Cash payments to employees for services	(510,133)	-	40,000	(892,740)
<b>Net cash provided by (used in) operating activities</b>	<b>996,620</b>	<b>609,271</b>	<b>(48,821)</b>	<b>406,236</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers paid	(327,946)	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(327,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on long-term-debt	-	-	-	-
Acquisition and construction of capital assets	(469,487)	(210,984)	-	-
Proceeds from sale of assets	-	126	-	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(469,487)</b>	<b>(210,858)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest expenses	-	-	-	-
Investment income	203,338	210,116	30,441	205,017
<b>Net cash provided by (used in) investing activities</b>	<b>203,338</b>	<b>210,116</b>	<b>30,441</b>	<b>205,017</b>
<b>Net cash flows</b>	<b>402,525</b>	<b>608,529</b>	<b>(18,380)</b>	<b>611,253</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>6,386,830</b>	<b>6,508,662</b>	<b>1,131,380</b>	<b>6,395,994</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 6,789,355</b>	<b>\$ 7,117,191</b>	<b>\$ 1,113,000</b>	<b>\$ 7,007,247</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 889,606	\$ 209,959	\$ (42,288)	\$ 590,508
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	318,050	288,738	-	-
Misellaneous revenues	21,612	64,448	-	41,323
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Other receivables	111,193	11,944	-	2,876
Inventory	(19,717)	-	-	-
Deferred outflows of resources	(15,874)	-	-	(115,371)
Increase (decrease) in:				
Accounts payable	79,597	34,182	(46,533)	15,686
Accrued payroll	1,776	-	-	(466)
Claims liability	(15,785)	-	40,000	-
Compensated absences	5,358	-	-	23,587
Total OPEB liability	(42,528)	-	-	(11,268)
Net pension liability	(47,282)	-	-	205,935
Deferred inflows of resources	(289,386)	-	-	(346,574)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 996,620</b>	<b>\$ 609,271</b>	<b>\$ (48,821)</b>	<b>\$ 406,236</b>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Totals
\$ 3,405,866	\$ 229,320	\$ 220,706	\$ 562,609	\$ 10,651,656
61,437	-	-	-	314,833
(1,702,797)	(2,500)	(5,406)	-	(4,871,075)
(874,654)	(188,033)	(187,840)	(477,994)	(3,091,394)
889,852	38,787	27,460	84,615	3,004,020
(800,000)	-	-	-	(1,127,946)
(800,000)	-	-	-	(1,127,946)
(31,466)	-	-	-	(31,466)
-	-	-	-	(680,471)
-	-	-	-	126
(31,466)	-	-	-	(711,937)
-	-	-	-	-
278,668	76,884	182,318	105,305	1,292,087
278,668	76,884	182,318	105,305	1,292,087
337,054	115,671	209,778	189,920	2,456,224
8,778,271	2,544,683	6,077,497	3,274,994	41,098,311
\$ 9,115,325	\$ 2,660,354	\$ 6,287,275	\$ 3,464,914	\$ 43,554,535
\$ 1,155,987	\$ 38,787	\$ 27,460	\$ 84,615	\$ 2,954,634
-	-	-	-	606,788
82,037	-	-	-	209,420
(20,600)	-	-	-	105,413
-	-	-	-	(19,717)
(93,916)	-	-	-	(225,161)
5,151	-	-	-	88,083
4,850	-	-	-	6,160
-	-	-	-	24,215
(16,000)	-	-	-	12,945
(8,277)	-	-	-	(62,073)
132,272	-	-	-	290,925
(351,652)	-	-	-	(987,612)
\$ 889,852	\$ 38,787	\$ 27,460	\$ 84,615	\$ 3,004,020

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**City of Foster and Estero Municipal Improvement District  
Custodial Funds  
Year Ended June 30, 2023**

Custodial Funds are used to account for report resources, not in a trust, that are held by the City/District for other parties outside of City/District's reporting entity. Custodial Funds recorded by the City/District are listed below:

The *Tourism Assessment Custodial Fund* accounts for tourism assessments collected from three hotels in Foster City that the City is holding for the City of Burlingame.

The *San Mateo Consolidated (SMC) Fire Custodial Fund* accounts for fire plan check fees collected from construction permits that the City is holding for SMC Fire Department.

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**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**For the year ended June 30, 2023**

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	Tourism Assessment	SMC Fire	Total Custodial Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 33,215	\$ 33,215
<b>Total assets</b>	<b>-</b>	<b>33,215</b>	<b>33,215</b>
<b>LIABILITIES</b>			
Accounts payable	-	33,215	33,215
<b>Total liabilities</b>	<b>-</b>	<b>33,215</b>	<b>33,215</b>
<b>NET POSITION</b>			
Unrestricted	-	-	-
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the year ended June 30, 2023**

	Tourism Assessment	SMC Fire	Total Custodial Funds
<b>ADDITIONS:</b>			
Fee collection from other governments	\$ -	\$ 132,919	\$ 132,919
Investment earnings	-	-	-
<b>Total additions</b>	<b>-</b>	<b>132,919</b>	<b>132,919</b>
<b>DEDUCTIONS:</b>			
Administrative expenses	-	-	-
Payment to other governments	-	131,684	131,684
Affordable housing subsidy	-	-	-
<b>Total deductions</b>	<b>-</b>	<b>131,684</b>	<b>131,684</b>
<b>Change in net position</b>	<b>-</b>	<b>1,235</b>	<b>1,235</b>
<b>NET POSITION:</b>			
Beginning of year	-	(1,235)	(1,235)
End of year	\$ -	\$ -	\$ -

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# STATISTICAL SECTION

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Economic Conditions Reporting: The Statistical Section – an amendment of NCGA Statement 1. The statement is intended to improve understanding what the information in the Basic Financial Statements, Notes, and Required Supplementary Information says:

## **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.

## **Revenue Capacity**

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

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City/District's current level of outstanding debt and the ability to issue additional debt in the future.

## **Demographic and Economic Information**

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

## **Operating Information**

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

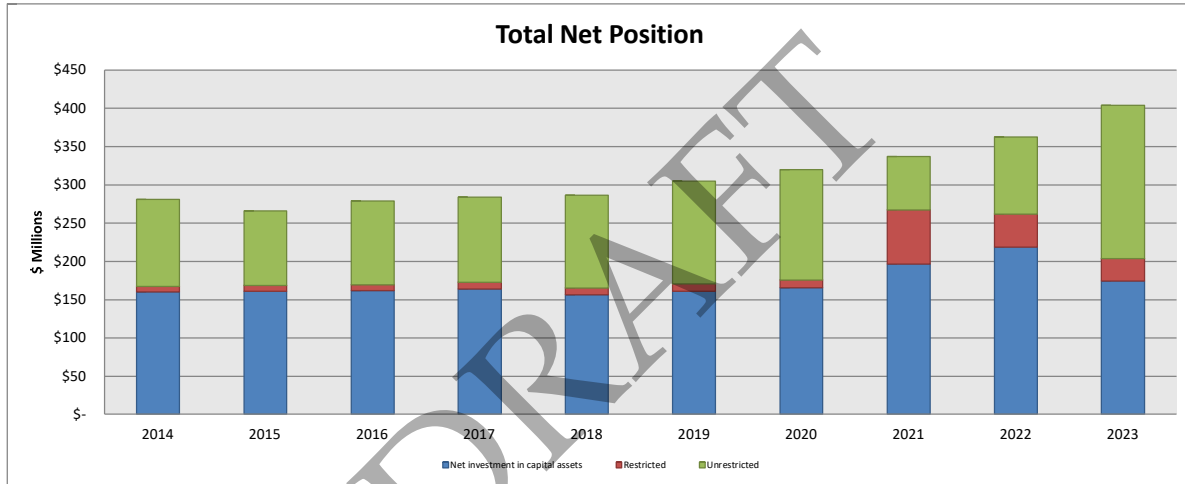
Note: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant years.

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**City of Foster City and Estero Municipal Improvement District**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 102,532,106	\$ 105,458,244	\$ 105,267,654	\$ 104,241,497	\$ 104,366,565	\$ 102,668,101	\$ 102,819,233	\$ 129,905,492	\$ 152,433,223	\$ 100,222,930
Restricted	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	43,350,355	24,219,418
Unrestricted	82,551,190	68,977,993	79,035,368	83,096,489	82,200,472	95,333,932	102,269,338	22,213,233	41,872,624	137,813,276
<b>Total governmental activities net position</b>	<b>\$ 192,611,856</b>	<b>\$ 182,103,160</b>	<b>\$ 192,467,330</b>	<b>\$ 196,213,518</b>	<b>\$ 195,920,784</b>	<b>\$ 208,391,033</b>	<b>\$ 215,690,480</b>	<b>\$ 223,506,081</b>	<b>\$ 237,656,202</b>	<b>\$ 262,255,624</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 57,308,122	\$ 55,371,422	\$ 56,208,645	\$ 59,464,204	\$ 51,691,503	\$ 57,834,914	\$ 62,401,864	\$ 66,148,527	\$ 66,131,749	\$ 73,565,692
Restricted	-	-	-	-	-	-	-	-	-	5,796,138
Unrestricted	31,262,566	28,654,572	30,219,485	28,425,170	39,096,553	38,964,497	41,885,954	47,396,460	58,724,334	62,349,900
<b>Total business-type activities net position</b>	<b>\$ 88,570,688</b>	<b>\$ 84,025,994</b>	<b>\$ 86,428,130</b>	<b>\$ 87,889,374</b>	<b>\$ 90,788,056</b>	<b>\$ 96,799,411</b>	<b>\$ 104,287,818</b>	<b>\$ 113,544,987</b>	<b>\$ 124,856,083</b>	<b>\$ 141,711,730</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 159,840,228	\$ 160,829,666	\$ 161,476,299	\$ 163,705,701	\$ 156,058,068	\$ 160,503,015	\$ 165,221,097	\$ 196,054,019	\$ 218,564,972	\$ 173,788,622
Restricted	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	43,350,355	30,015,556
Unrestricted	113,813,756	97,632,565	109,254,853	111,521,659	121,297,025	134,298,429	144,155,292	69,609,693	100,596,958	200,163,176
<b>Total primary government net position</b>	<b>\$ 281,182,544</b>	<b>\$ 266,129,154</b>	<b>\$ 278,895,460</b>	<b>\$ 284,102,892</b>	<b>\$ 286,708,840</b>	<b>\$ 305,190,444</b>	<b>\$ 319,978,298</b>	<b>\$ 337,051,068</b>	<b>\$ 362,512,285</b>	<b>\$ 403,967,354</b>



**City of Foster City and Estero Municipal Improvement District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,794,112	\$ 3,557,955	\$ 4,308,710	\$ 5,042,007	\$ 5,789,051	\$ 6,060,023	\$ 6,702,456	\$ 6,088,435	\$ 4,977,428	\$ 5,435,528
Police	9,580,196	9,853,153	10,438,938	11,226,563	14,100,954	15,022,253	15,697,931	14,797,439	15,354,015	14,709,027
Fire	7,756,948	8,301,670	7,929,490	8,789,853	10,801,237	11,033,747	11,035,146	11,287,606	12,186,217	11,130,241
Public works	4,353,289	4,650,758	4,335,309	4,760,961	5,707,187	5,430,742	5,376,875	4,575,342	4,913,006	6,225,191
Community development	1,965,069	2,176,539	2,417,650	2,590,742	3,073,843	2,907,622	2,980,907	3,254,326	3,095,744	4,157,767
Parks and recreation	8,516,392	8,808,422	8,750,077	10,085,864	10,777,390	11,096,170	11,256,138	10,678,377	9,342,094	10,851,261
Interest on long-term debt	-	-	-	-	-	-	-	1,516,623	1,939,751	2,293,073
Total governmental activities expenses	35,966,006	37,348,497	38,180,174	42,495,990	50,249,662	51,550,557	53,049,453	52,198,148	51,808,255	54,802,088
Business-type activities:										
Water	9,846,110	10,596,613	11,824,224	13,398,161	14,599,582	14,074,075	14,978,448	14,711,672	13,115,926	13,357,202
Wastewater	6,412,706	7,140,529	6,356,799	7,166,712	7,722,767	8,151,224	7,876,915	8,203,420	7,751,208	8,570,810
Public transportation	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	16,258,816	17,737,142	18,181,023	20,564,873	22,322,349	22,225,299	22,855,363	22,915,092	20,867,134	21,928,012
Total primary government expenses	\$ 52,224,822	\$ 55,085,639	\$ 56,361,197	\$ 63,060,863	\$ 72,572,011	\$ 73,775,856	\$ 75,904,816	\$ 75,113,240	\$ 72,675,389	\$ 76,730,100
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public works	\$ 259,277	\$ 192,974	\$ 264,579	\$ 254,169	\$ 367,879	\$ 213,086	\$ 179,837	\$ 162,108	\$ 28,858	\$ 93,746
Parks and recreation	4,430,943	4,374,455	1,473,738	2,358,600	1,853,153	3,697,450	1,520,574	409,418	959,671	1,393,272
Other activities	3,626,944	4,586,595	4,589,520	5,919,975	6,066,430	4,173,106	3,409,238	4,074,120	4,436,390	4,202,787
Operating grants and contributions	1,471,641	2,655,353	3,137,709	1,262,548	1,236,057	1,136,501	1,302,269	1,572,224	5,237,263	5,639,549
Capital grants and contributions	1,374,066	709,800	290,669	586,884	2,218,653	1,115,882	979,700	1,347,461	1,744,628	1,648,631
Total governmental activities program revenues	11,162,871	12,519,177	9,756,215	10,382,176	11,742,172	10,336,025	7,391,618	7,565,331	12,406,810	12,977,985
Business-type activities:										
Charges for services:										
Water	10,550,591	10,230,148	11,635,584	12,574,363	14,833,965	15,382,698	16,552,780	17,678,897	16,700,178	15,804,702
Wastewater	7,400,022	7,921,198	8,464,663	9,168,192	10,723,302	12,121,747	13,649,963	15,690,009	17,777,050	20,228,535
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	26,991	71,315	32,174	8,741	5,557	21,216	446	28,791	15,187
Total business-type activities program revenues	17,950,613	18,178,337	20,171,562	21,774,729	25,566,008	27,510,002	30,223,959	33,369,352	34,506,019	36,048,424
Total primary government program revenues	\$ 29,113,484	\$ 30,697,514	\$ 29,927,777	\$ 32,156,905	\$ 37,308,180	\$ 37,846,027	\$ 37,615,577	\$ 40,934,683	\$ 46,912,829	\$ 49,026,409
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (24,803,135)	\$ (24,829,320)	\$ (28,423,959)	\$ (32,113,814)	\$ (38,507,490)	\$ (41,214,532)	\$ (45,657,835)	\$ (44,632,817)	\$ (39,401,445)	\$ (41,824,103)
Business-type activities	1,691,797	441,195	1,990,539	1,209,856	3,243,659	5,284,703	7,368,596	10,454,260	13,638,885	14,120,412
Total primary government net expense	\$ (23,111,338)	\$ (24,388,125)	\$ (26,433,420)	\$ (30,903,958)	\$ (35,263,831)	\$ (35,929,829)	\$ (38,289,239)	\$ (34,178,557)	\$ (25,762,560)	\$ (27,703,691)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 22,618,342	\$ 22,824,950	\$ 25,042,950	\$ 27,249,762	\$ 29,697,500	\$ 33,612,508	\$ 35,186,668	\$ 41,633,116	\$ 43,155,803	\$ 46,963,408
Franchise taxes	1,235,085	1,135,666	1,182,060	1,190,454	1,178,643	1,151,822	1,213,162	1,185,308	1,219,963	1,308,136
Sales taxes	3,684,963	3,955,873	3,892,638	3,780,217	4,141,017	4,513,774	4,424,946	4,073,476	5,135,331	5,799,717
Other taxes	3,524,950	4,660,905	4,853,059	5,011,598	5,628,469	6,570,639	5,559,014	2,922,410	4,167,196	5,486,272
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	3,688,849	2,256,791	2,807,314	2,487,713	2,801,998	7,340,714	5,672,389	2,191,807	(1,801,976)	6,516,594
Gain (loss) on JPA investment	-	-	-	-	-	84,643	663,404	(1,549)	773,157	2,617,016
Gain on sale of capital assets	-	-	-	37,071	101,798	(22,309)	-	-	-	-
Miscellaneous	405,586	30,088,299	1,010,108	134,187	316,522	124,124	237,699	443,850	902,092	633,032
Transfers	-	-	-	-	162,674	308,866	-	-	-	(128,887)
Total governmental activities	35,157,775	64,922,484	38,788,129	39,891,002	44,028,621	53,684,781	52,957,282	52,448,418	53,551,566	69,195,288
Business-type activities:										
Property Tax	-	-	-	-	-	-	-	-	-	-
Investment earnings	459,090	319,633	350,091	154,770	277,627	984,386	81,433	(1,247,738)	(2,391,082)	2,500,670
Loss on sales of capital assets	-	-	-	(7,860)	(479)	-	(10,665)	-	-	-
Miscellaneous	87,468	94,246	61,506	104,478	125,512	51,132	49,043	50,647	63,293	105,678
Transfers	-	-	-	-	(162,674)	(308,866)	-	-	-	128,887
Total business-type activities	546,558	413,879	411,597	251,388	239,986	726,652	119,811	(1,197,091)	(2,327,789)	2,735,235
Total primary government	\$ 35,704,333	\$ 65,336,363	\$ 39,199,726	\$ 40,142,390	\$ 44,268,607	\$ 54,411,433	\$ 53,077,093	\$ 51,251,327	\$ 51,223,777	\$ 71,930,523
<b>Extraordinary Items</b>										
Governmental activities:										
Extraordinary items	(1,368,510)	1,131,265	-	-	-	-	-	-	-	-
Total governmental activities	(1,368,510)	1,131,265	-	-	-	-	-	-	-	-
Total primary government	\$ (1,368,510)	\$ 1,131,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 8,986,130	\$ 41,224,429	\$ 10,364,170	\$ 7,777,188	\$ 5,521,131	\$ 12,470,249	\$ 7,299,447	\$ 7,815,601	\$ 14,150,121	\$ 27,371,185
Business-type activities	2,238,355	855,074	2,402,136	1,461,244	3,483,645	6,011,355	7,488,407	9,257,169	11,311,096	16,855,647
Total primary government	\$ 11,224,485	\$ 42,079,503	\$ 12,766,306	\$ 9,238,432	\$ 9,004,776	\$ 18,481,604	\$ 14,787,854	\$ 17,072,770	\$ 25,461,217	\$ 44,226,832

**City of Foster City and Estero Municipal Improvement District**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified accrual basis of accounting)*

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 29,972,228	\$ 30,968,962	\$ 33,196,631	\$ 35,378,834	\$38,848,086	\$43,986,723	\$44,477,091	\$48,326,501	\$51,986,123	\$57,717,652
Licenses, fees and permits	2,676,476	3,954,102	3,399,578	4,564,176	5,066,971	3,687,802	3,399,595	3,472,940	3,976,116	3,757,885
Fines and penalties	197,969	168,838	162,589	187,670	227,271	123,403	90,960	68,347	107,087	75,975
Charges for services	2,621,851	2,510,647	2,671,725	2,940,785	2,757,324	2,302,304	1,807,364	1,841,360	2,044,251	2,739,421
Special assessments	3,289,634	3,288,613	429,000	1,146,000	540,000	2,240,000	480,000	-	-	-
Intergovernmental	2,688,202	1,563,429	1,400,996	1,552,362	1,666,254	2,450,199	1,915,314	2,438,138	5,830,103	6,661,086
Investment earnings	2,252,482	2,273,291	2,345,939	1,978,805	2,330,691	6,489,694	4,719,935	2,052,552	(965,630)	7,995,328
Other revenues	794,640	2,882,967	4,394,357	1,961,964	3,838,427	1,464,509	1,500,190	1,650,893	2,812,482	1,715,379
<b>Total revenues</b>	<b>44,493,482</b>	<b>47,610,849</b>	<b>48,000,815</b>	<b>49,710,596</b>	<b>55,275,024</b>	<b>62,744,634</b>	<b>58,390,449</b>	<b>59,850,731</b>	<b>65,790,532</b>	<b>80,662,726</b>
<b>Expenditures</b>										
General government	3,174,115	3,162,004	3,738,875	4,599,220	4,633,199	4,995,310	5,944,704	6,779,021	5,744,561	6,472,320
Police	9,321,559	9,693,710	10,621,454	11,344,717	12,075,308	14,649,843	14,000,196	16,127,520	15,130,966	15,308,936
Fire	7,705,260	8,028,295	8,243,689	9,189,623	9,221,643	11,280,149	9,389,379	11,931,423	10,861,609	11,352,653
Public works	1,967,187	2,331,632	2,050,278	2,510,297	3,286,106	3,142,559	3,114,099	2,860,679	3,079,049	4,254,570
Community development	1,936,205	6,928,167	2,487,145	2,600,470	2,747,238	2,803,275	2,884,972	3,874,174	3,715,475	4,323,163
Parks and recreation	7,107,443	7,182,946	7,312,735	8,229,008	8,218,254	9,049,950	9,386,057	10,544,668	9,682,608	10,140,942
Capital outlay	4,382,435	6,483,904	3,880,749	3,491,142	3,932,684	5,312,860	4,747,124	32,503,065	27,820,924	34,720,557
Debt service										
Interest	-	-	-	-	-	-	-	1,516,623	2,594,788	2,438,388
Principal	-	-	-	-	-	-	-	-	3,895,000	3,940,000
<b>Total expenditures</b>	<b>35,594,204</b>	<b>43,810,658</b>	<b>38,334,925</b>	<b>41,964,477</b>	<b>44,114,432</b>	<b>51,233,946</b>	<b>49,466,531</b>	<b>86,137,173</b>	<b>82,524,980</b>	<b>92,951,529</b>
Excess of revenues over (under) expenditures	8,899,278	3,800,191	9,665,890	7,746,119	11,160,592	11,510,688	8,923,918	(26,286,442)	(16,734,448)	(12,288,803)
<b>Other Financing Sources (uses)</b>										
Proceeds from sale of capital assets	1,344,924	30,485,503	546,293	564,315	582,930	602,160	622,025	642,545	663,741	685,637
Issuance of long term debt	-	-	-	-	-	-	-	91,835,167	-	-
Transfers in	1,209,449	752,646	1,588,591	3,200,511	2,255,488	4,338,841	5,978,262	8,012,976	56,956,690	9,741,216
Transfers out	(1,209,449)	(630,646)	(1,751,789)	(3,200,511)	(2,255,488)	(7,387,275)	(5,255,112)	(7,412,976)	(56,656,690)	(8,742,157)
<b>Total other financing sources (uses)</b>	<b>1,344,924</b>	<b>30,607,503</b>	<b>383,095</b>	<b>564,315</b>	<b>582,930</b>	<b>(2,446,274)</b>	<b>1,345,175</b>	<b>93,077,712</b>	<b>963,741</b>	<b>1,684,696</b>
<b>Extraordinary Item</b>										
Extraordinary loss	(1,368,510)	-	-	-	-	-	-	-	-	-
<b>Total extraordinary item</b>	<b>(1,368,510)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 8,875,692</b>	<b>\$ 34,407,694</b>	<b>\$ 10,048,985</b>	<b>\$ 8,310,434</b>	<b>\$ 11,743,522</b>	<b>\$ 9,064,414</b>	<b>\$ 10,269,093</b>	<b>\$ 66,791,270</b>	<b>\$ (15,770,707)</b>	<b>\$ (10,604,107)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.91%	11.82%	11.12%

**City of Foster City and Estero Municipal Improvement District**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified accrual basis of accounting)*

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-Spendable	36,126	31,380	39,730	48,595	56,029	48,231	19,415	18,475	64,154	48,397
Restricted	-	-	99,481	5,675	21,252	26,384	15,296	24,823	25,857	66,585
Committed	441,920	1,279,096	1,279,731	2,202,807	2,265,890	3,013,410	7,702,504	4,447,532	4,214,692	4,222,082
Assigned	676,878	619,948	138,174	28,093	125,010	8,240	-	-	-	-
Unassigned	23,746,768	30,303,100	39,628,699	43,397,590	50,980,152	52,180,181	50,858,876	52,979,962	44,019,375	58,622,519
Total general fund	\$ 24,901,692	\$ 32,233,524	\$ 41,185,815	\$ 45,682,760	\$ 53,448,333	\$ 55,276,446	\$ 58,596,091	\$ 57,470,792	\$ 48,324,078	\$ 62,959,583
All Other Governmental Funds										
Non-Spendable	-	683	-	-	75	2,203	-	-	1,750	33,375
Restricted	7,227,787	7,263,706	7,685,968	8,003,371	8,542,352	9,314,094	9,901,721	71,105,763	43,118,940	24,152,232
Committed	15,276,458	42,315,718	42,990,833	46,527,692	49,925,812	56,388,243	62,885,703	69,466,702	90,825,874	89,201,732
Unassigned	-	-	-	(40,773)	-	-	(133,436)	(1,908)	-	-
Total all other governmental funds	\$ 22,504,245	\$ 49,580,107	\$ 50,676,801	\$ 54,490,290	\$ 58,468,239	\$ 65,704,540	\$ 72,653,988	\$ 140,570,557	\$ 133,946,564	\$ 113,387,339

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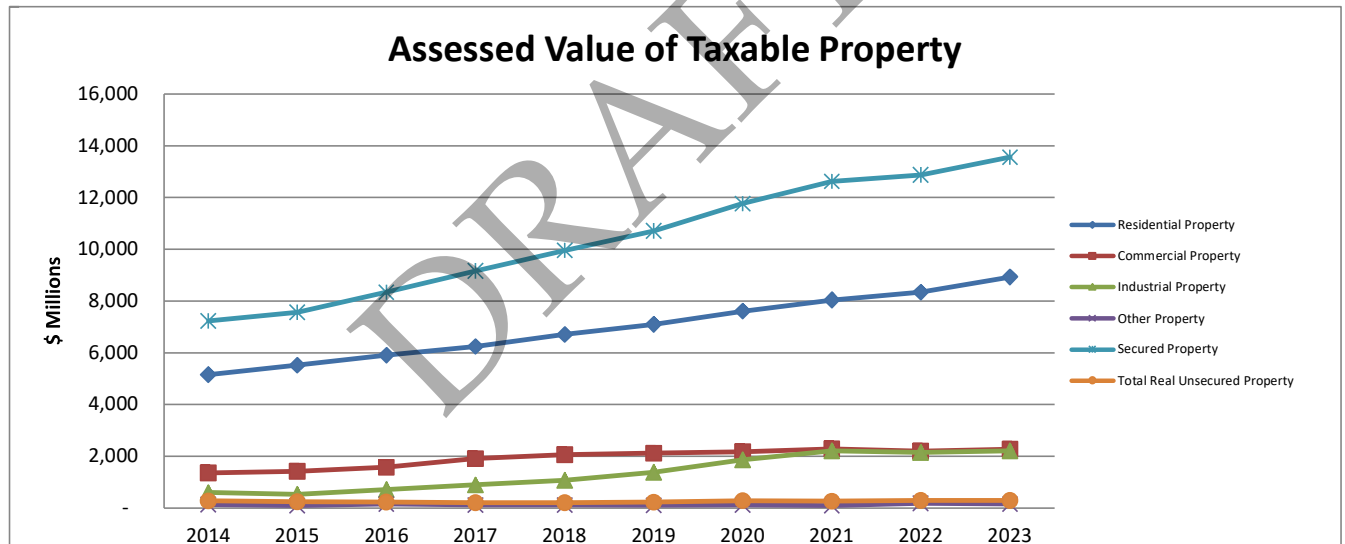
# City of Foster City and Estero Municipal Improvement District

## Assessed Value of Taxable Property

### Last Ten Fiscal Years

*(in thousands of dollars)*

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Total Real Secured Property	Unsecured Property	Total Assessed	Estimated Full Market <sup>1</sup>	Total Direct Tax Rate <sup>2</sup>
2014	5,150,785	1,356,302	600,059	129,427	7,236,573	278,889	7,515,462	7,515,462	0.22518
2015	5,524,789	1,420,944	527,049	92,869	7,565,651	248,396	7,814,047	7,814,047	0.22474
2016	5,909,653	1,573,865	707,140	150,091	8,340,749	237,511	8,578,260	8,578,260	0.22323
2017	6,240,204	1,910,182	898,130	112,187	9,160,703	206,769	9,367,472	9,367,472	0.22231
2018	6,704,861	2,059,294	1,074,561	113,666	9,952,382	200,384	10,152,766	10,152,766	0.22156
2019	7,096,609	2,125,413	1,385,304	105,123	10,712,449	225,163	10,937,612	10,937,612	0.22086
2020	7,613,917	2,168,754	1,872,191	110,446	11,765,308	280,863	12,046,171	12,046,171	0.23441
2021	8,037,085	2,280,491	2,211,821	89,233	12,618,630	265,823	12,884,453	12,884,453	0.23437
2022	8,337,136	2,208,055	2,149,677	182,328	12,877,196	297,110	13,174,306	13,174,306	0.23449
2023	8,929,894	2,277,594	2,209,510	151,792	13,568,790	292,888	13,861,678	13,861,678	0.23449



**Source:** The HdL Company and San Mateo County Assessor 2013/14 - 2022/23 Combined Tax Rolls

**Notes:** <sup>1</sup> Article XIII A, added to California Constitution by Proposition 13 in fiscal year 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1976 assessment roll.

Thereafter, full cash value can be increased/decreased:

- a) to reflect annual inflation up to 2 percent; or
- b) to reflect fair market value at the time of ownership change; or
- c) to reflect fair value for new construction; or
- d) to reflect reassessed fair value after appeal.

<sup>2</sup> 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, by an annual calculation, to all the taxing entities within a tax rate area.

**City of Foster City and Estero Municipal Improvement District**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
*(Per \$100 of Assessed Value)*

Agency	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.01830	0.01820	0.03620	0.03060	0.02780	0.02710	0.02050	0.02040	0.02050	0.00280
Belmont-Redwood Shores	0.00000	0.00000	0.00000	0.00000	0.00520	0.00430	0.00410	0.00390	0.00370	0.01250
Foster City GO Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03600	0.03100	0.02900
Mid-Penninsula Regional Open Space	0.00000	0.00000	0.00080	0.00060	0.00090	0.00180	0.00160	0.00150	0.00150	0.00130
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00350	0.00370	0.00000	0.00000
San Mateo Foster City Elementary	0.04210	0.03880	0.04020	0.05460	0.05420	0.05300	0.04370	0.04620	0.06650	0.06130
San Mateo Junior College	0.01940	0.01900	0.02500	0.02470	0.02350	0.01750	0.02310	0.01760	0.00000	0.00000
San Mateo Junior Comm College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02270	0.01930
San Mateo Union High	0.03550	0.04750	0.04660	0.04150	0.04330	0.04070	0.03850	0.04490	0.04880	0.05040
Sequoia Union High	0.03130	0.04330	0.04340	0.03910	0.03830	0.03650	0.03400	0.03150	0.02900	0.02860
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.14660</b>	<b>1.16680</b>	<b>1.19220</b>	<b>1.19110</b>	<b>1.19320</b>	<b>1.18090</b>	<b>1.16900</b>	<b>1.20570</b>	<b>1.22370</b>	<b>1.20520</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.25974	0.25974	0.25974	0.25974	0.25974	0.21971	0.23365	0.23366	0.23366	0.23367
<b>Voter Approved City Debt Rate</b>	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Redevelopment Rate<sup>4</sup></b>	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate<sup>5</sup></b>	0.22518	0.22474	0.22323	0.22231	0.22156	0.22086	0.23441	0.23437	0.23449	0.23449

## Notes:

<sup>1</sup>In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF portion of the City's Levy has been subtracted where known.

<sup>4</sup>Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

## Source:

The HdL Company, 2013/14 - 2022/23 Direct and Overlapping Property Tax Rates Schedule  
San Mateo County Assessor 2013/14 -2022/23 Tax Rate Table



## City of Foster City and Estero Municipal Improvement District Principal Property Tax Payers Current Year and Ten Years Ago

Taxpayer	FY 2022/2023			FY 2013/2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GILEAD SCIENCES INC	\$ 2,562,194,504	1	18.48%	\$ 736,420,763	1	9.80%
BMR LINCOLN CENTER LP	369,819,236	2	2.67%	108,660,842	5	1.45%
HUDSON METRO CENTER LLC	359,407,669	3	2.59%			
VISA USA INC	270,113,488	4	1.95%	256,573,699	2	3.41%
TRUST PARKSIDE TOWERS CORPORATION	236,807,528	5	1.71%			
BEX FMCA LLC	202,720,103	6	1.46%			
AREOF VI US PILGRIM TRITON LLC	172,131,498	7	1.24%			
SF HILLSDALE 20102012 LLC	160,179,128	8	1.16%	74,991,901	7	1.00%
CV TRITON LLC	119,021,963	9	0.86%			
NORTHWESTERN MUTUAL LIFE	96,099,965	10	0.69%	55,388,517	10	0.74%
SBK-METRO CENTER LLC LESSEE				208,917,504	3	2.78%
PARKSIDE TOWERS LP				191,748,843	4	2.55%
BRE PROPERTIES INC				76,902,371	6	1.02%
BAYSIDE TOWERS INC				72,966,576	8	0.97%
PWM RESIDENTIAL VENTURE LLC				64,464,076	9	0.86%
Top Ten Total	4,548,495,082		32.81%	1,847,035,092		24.58%
City Total	\$ 13,861,677,228			\$ 7,515,462,072		

Source: The HdL Company and San Mateo County Assessor 2022/23 & 2013/14 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

## City of Foster City and Estero Municipal Improvement District Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2014	19,265,347	19,479,141	101.11% <sup>3</sup>	(37,058)	19,442,083	100.92%
2015	20,152,567	20,126,637	99.87%	(11,207)	20,115,431	99.82%
2016	22,149,657	22,043,604	99.52%	(20,905)	22,022,699	99.43%
2017	24,188,847	23,973,655	99.11%	(1,320)	23,972,335	99.10%
2018	26,231,976	26,113,362	99.55%	(39,853)	26,073,509	99.40%
2019	28,275,807	29,782,771	105.33% <sup>4</sup>	(14,773)	29,767,998	105.28%
2020	31,147,215	31,113,654	99.89%	(21,465)	31,092,189	99.82%
2021	33,307,478	34,471,265	103.49%	(15,821)	34,455,444	103.45%
2022	34,101,361	34,738,038	101.87%	2,816	34,740,854	101.88%
2023	35,789,860	37,258,697	104.10%	-	37,258,697	104.10%

**Notes:**

<sup>1</sup> Information from County of San Mateo Controller's Office

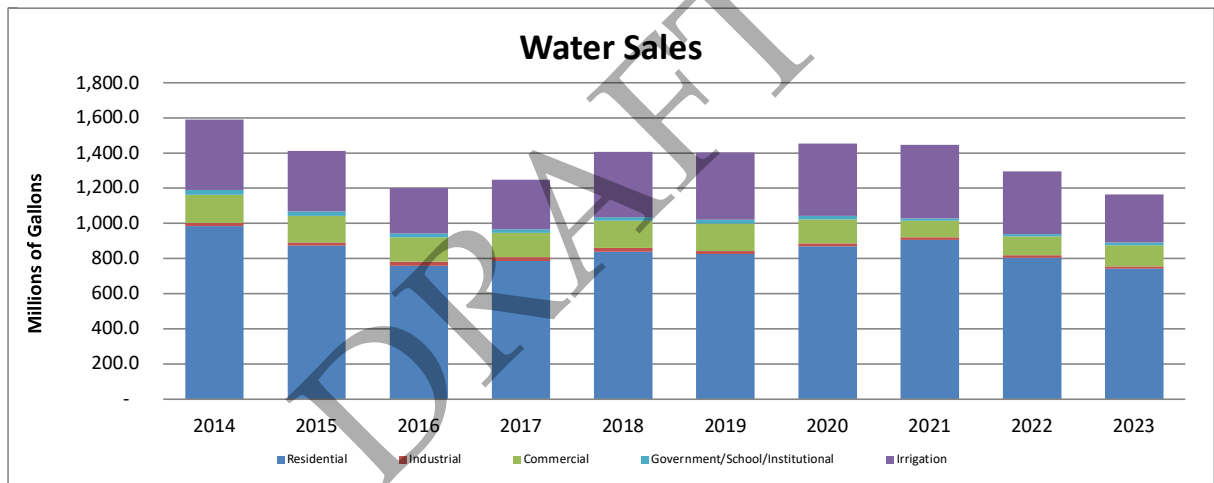
<sup>2</sup> Amount received after ERAF contribution

<sup>3</sup> Include \$350,463 from the dissolution of the Community Development Agency of Foster City as a result of AB1484.

<sup>4</sup> San Mateo County Controller's Office changed the excess ERAF distribution. Included 45% excess ERAF amount distributed in August FY2019/2020.

## City of Foster City and Estero Municipal Improvement District Water Sales by Type of Customer Last Ten Fiscal Years *(in millions of gallons)*

Type of Customer	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	984.3	873.0	758.5	786.8	838.9	825.4	870.0	907.0	804.9	742.6
Industrial	17.2	17.7	23.0	21.1	21.2	16.9	16.0	14.3	14.3	12.8
Commercial	161.2	151.1	140.0	138.9	156.0	157.2	136.7	95.1	105.6	120.6
Government/School/Institutional	27.4	25.9	20.6	20.2	20.6	20.5	20.8	11.3	15.3	15.1
Irrigation	401.4	344.6	258.4	280.4	370.1	384.0	410.1	419.1	355.2	274.5
<b>Total</b>	<b>1,591.5</b>	<b>1,412.3</b>	<b>1,200.5</b>	<b>1,247.4</b>	<b>1,406.8</b>	<b>1,404.0</b>	<b>1,453.6</b>	<b>1,446.8</b>	<b>1,295.3</b>	<b>1,165.6</b>



Source: Utility Billing of Financial Services Department

# City of Foster City and Estero Municipal Improvement District

## Water and Wastewater Rates

### Last Ten Fiscal Years

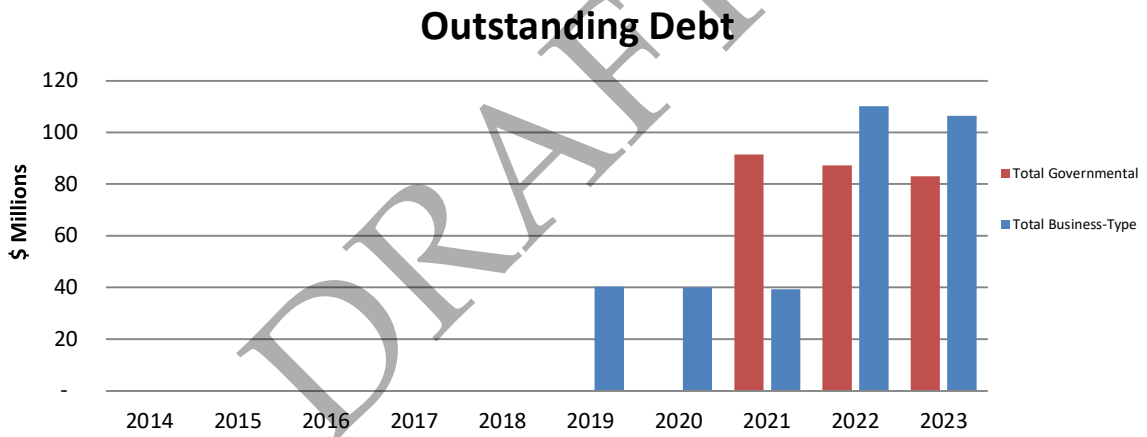
<b>Water</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Availability / Meter Charge (per Month)</b>										
5/8 inch	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80	\$ 26.05
3/4 inch	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80	\$ 26.05
1 inch	\$ 27.65	\$ 28.00	\$ 28.75	\$ 31.50	\$ 33.08	\$ 35.75	\$ 38.58	\$ 39.75	\$ 41.33	\$ 43.42
1&1/2 inch	\$ 79.00	\$ 80.00	\$ 69.00	\$ 75.60	\$ 79.40	\$ 85.80	\$ 92.60	\$ 95.40	\$ 99.20	\$ 104.20
2 inch	\$ 126.40	\$ 128.00	\$ 92.00	\$ 100.80	\$ 105.87	\$ 114.40	\$ 123.47	\$ 127.20	\$ 132.27	\$ 138.93
3 inch	\$ 221.20	\$ 224.00	\$ 201.25	\$ 220.50	\$ 231.58	\$ 250.25	\$ 270.08	\$ 278.25	\$ 289.33	\$ 303.92
4 inch	\$ 347.60	\$ 352.00	\$ 362.25	\$ 396.90	\$ 416.85	\$ 450.45	\$ 486.15	\$ 500.85	\$ 520.80	\$ 547.05
6 inch	\$ 663.60	\$ 672.00	\$ 805.00	\$ 882.00	\$ 926.33	\$ 1,001.00	\$ 1,080.33	\$ 1,113.00	\$ 1,157.33	\$ 1,215.67
8 inch	\$ 1,042.80	\$ 1,056.00	\$ 1,380.00	\$ 1,512.00	\$ 1,588.00	\$ 1,716.00	\$ 1,852.00	\$ 1,908.00	\$ 1,984.00	\$ 2,084.00
<b>Consumption Charge (per Unit*)</b>										
All Classes										
Single Family Residential										
0-10 units	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10
11-20 units	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10
> 20 units	\$ 4.70	\$ 4.98	\$ 4.64	\$ 5.95	\$ 6.06	\$ 6.10	\$ 6.20	\$ 6.41	\$ 6.55	\$ 6.64
Multi Family Residential										
0-5 units	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10
6-10 units	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10
> 10 units	\$ 4.70	\$ 4.98	\$ 4.67	\$ 5.93	\$ 5.62	\$ 6.10	\$ 6.20	\$ 6.46	\$ 6.57	\$ 6.68
Irrigation										
0-100% of annual water budget	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10
> 100% of annual water budget	\$ 4.70	\$ 4.98	\$ 5.65	\$ 7.35	\$ 7.21	\$ 6.47	\$ 6.17	\$ 6.39	\$ 6.51	\$ 6.70
Commercial and Fire Line	\$ 3.13	\$ 3.32	\$ 4.40	\$ 4.97	\$ 5.15	\$ 5.54	\$ 5.70	\$ 5.88	\$ 6.04	\$ 6.21
<b>Private Fire Protection Service</b>										
<b>Availability / Meter Charge (per Month)</b>										
3/4 inch	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47
1 inch	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47
1&1/2 inch	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47
2 inch	\$ 44.25	\$ 44.80	\$ 32.20	\$ 35.34	\$ 37.12	\$ 40.11	\$ 43.29	\$ 44.60	\$ 46.38	\$ 48.71
3 inch	\$ 77.45	\$ 78.40	\$ 70.45	\$ 77.11	\$ 80.99	\$ 87.52	\$ 94.45	\$ 97.31	\$ 101.18	\$ 106.28
4 inch	\$ 121.70	\$ 123.20	\$ 126.80	\$ 138.92	\$ 145.90	\$ 157.66	\$ 170.15	\$ 175.30	\$ 182.28	\$ 191.47
6 inch	\$ 232.30	\$ 235.20	\$ 281.75	\$ 308.64	\$ 324.15	\$ 350.28	\$ 378.04	\$ 389.47	\$ 404.98	\$ 425.40
8 inch	\$ 365.00	\$ 369.60	\$ 483.00	\$ 529.20	\$ 555.80	\$ 600.60	\$ 648.20	\$ 667.80	\$ 694.40	\$ 729.40
<b>Wastewater</b>										
Residential (per Month)										
Single Family	\$ 46.05	\$ 47.00	\$ 51.47	\$ 57.13	\$ 65.27	\$ 74.57	\$ 85.20	\$ 97.34	\$ 111.21	\$ 127.06
Townhouse	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73
Duplex	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73
Apartment / Condominium	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73
Commercial (per Unit* of Water Billed)										
Restaurant	\$ 8.37	\$ 8.54	\$ 9.35	\$ 10.38	\$ 11.86	\$ 13.55	\$ 15.48	\$ 17.69	\$ 20.21	\$ 23.09
Miscellaneous	\$ 2.94	\$ 3.00	\$ 3.29	\$ 3.65	\$ 4.17	\$ 4.76	\$ 5.44	\$ 6.22	\$ 7.11	\$ 8.12
Institutional (per Unit* of Water Billed)										
School	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34
Church	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34
Public Facility	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34

Unit\* = 748 Gallons

Source: City of Foster City Financial Services Department

## City of Foster City and Estero Municipal Improvement District Ratios of Outstanding Debt by Type Last Ten Fiscal Years *(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Total	Wastewater Bonds				
2014	-	-	-	-	-	-	-	n/a	-
2015	-	-	-	-	-	-	-	n/a	-
2016	-	-	-	-	-	-	-	n/a	-
2017	-	-	-	-	-	-	-	n/a	-
2018	-	-	-	-	-	-	-	n/a	-
2019	-	-	-	-	-	40,380	40,380	0.019	1,198
2020	-	-	-	-	-	40,155	40,155	0.017	1,216
2021	91,522	-	-	91,522	-	39,414	130,936	0.054	3,987
2022	87,285	-	-	87,285	-	110,185	197,470	0.080	5,974
2023	83,003	-	-	83,003	-	106,462	189,465	0.070	5,793



**Note:** Details regarding the City/District's outstanding debt can be found in the notes to the financial statements.

# City of Foster City and Estero Municipal Improvement District Direct and Overlapping Governmental Activities Debt As of June 30, 2023

2022-23 Assessed Valuation:

\$13,846,761,791

	<b>Total Debt Outstanding 06/30/23</b>	<b>Percentage Applicable (1)</b>	<b>City's Share of Overlapping Debt 06/30/23</b>
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
San Mateo Community College District	\$708,837,622	4.801%	\$ 34,031,294
San Mateo Union High School District	637,551,532	14.233%	90,742,710
Sequoia Union High School District	440,812,000	0.006%	26,449
San Mateo-Foster City School District	522,453,474	28.077%	146,689,262
Belmont-Redwood Shores School District	71,262,859	0.042%	29,930
Midpeninsula Regional Open Space District	82,680,000	0.003%	2,480
<b>City of Foster City</b>	<b>77,165,000</b>	<b>99.892%</b>	<b>77,081,662 (2)</b>
<b>Estero Municipal Improvement District</b>	<b>0</b>	<b>100.000%</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 348,603,787</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Mateo County General Fund Obligations	\$589,931,687	4.801%	\$ 28,322,620
San Mateo County Board of Education Certificates of Participation	6,120,000	4.801%	293,821
Midpeninsula Regional Park District General Fund Obligations	91,570,600	0.003%	2,747
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,617,831	4.801%	173,692
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 28,792,880</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 77,081,662</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 300,315,005</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 377,396,667 (3)</b>

(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 \$5,000,000 general obligation bonds dated 07/27/23.

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

**Ratios to 2022-23 Assessed Valuation:**

<b>Direct Debt (\$77,081,662)</b> .....	<b>0.56%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.52%
Combined Total Debt .....	2.73%

Source: California Municipal Statistics, Inc.

**City of Foster City and Estero Municipal Improvement District**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

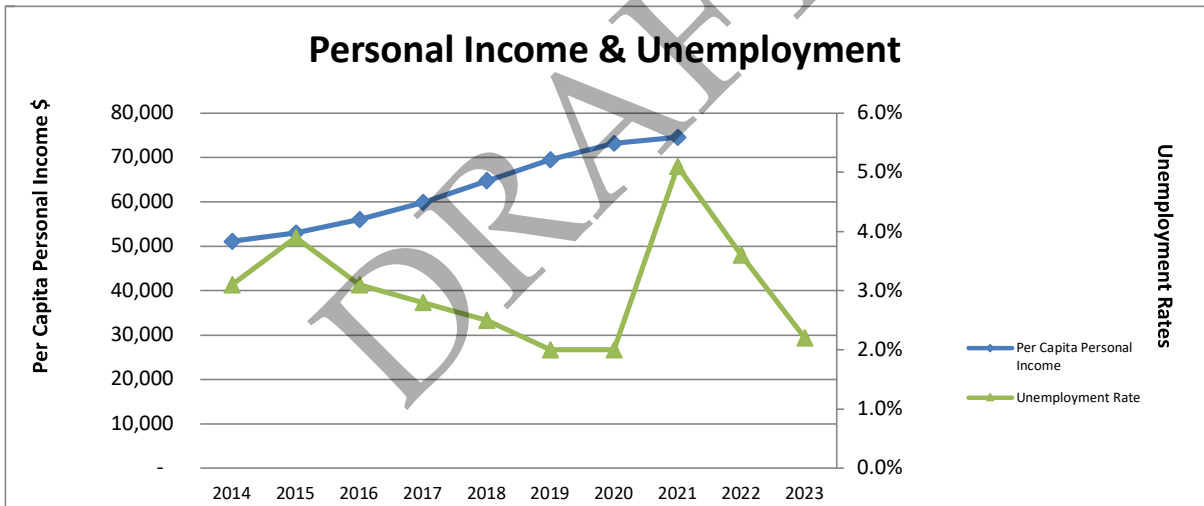
	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260	\$ 1,792,703	\$ 1,917,784	\$ 1,962,173	\$ 2,065,397
Total net debt applicable to limit	-	-	-	-	-	-	-	91,522	87,285	83,003
Legal debt margin	<u>\$ 1,112,856</u>	<u>\$ 1,157,114</u>	<u>\$ 1,271,748</u>	<u>\$ 1,389,831</u>	<u>\$ 1,508,177</u>	<u>\$ 1,626,260</u>	<u>\$ 1,792,703</u>	<u>\$ 1,826,262</u>	<u>\$ 1,874,888</u>	<u>\$ 1,982,394</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.77%	4.45%	4.02%

**Note:** Under state finance law, the city's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

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## City of Foster City and Estero Municipal Improvement District Demographic and Economic Statistics Last Ten Calendar Years

Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
2014	32,168	1,645,399	51,120	3.1%
2015	32,187	1,759,601	52,998	3.9%
2016	33,201	1,862,311	56,051	3.1%
2017	33,225	2,004,795	59,862	2.8%
2018	33,490	2,181,678	64,751	2.5%
2019	33,693	2,296,218	69,512	2.0%
2020	33,033	2,403,747	73,191	2.0%
2021	32,842	2,464,473	74,554	5.1%
2022	33,056	2,699,128	82,534	3.6%
2023	32,703	n/a	n/a	2.2%



**Sources:**

Population: The HdL Company and State Department of Finance  
 Personal income: The HdL Company and State Employment Development Department for County of San Mateo  
 2000-2009 – Census Block Groups that overlap the City’s boundaries  
 2010 and later – US Census Bureau, most recent American Community Survey  
 Unemployment Rate: The HdL Company and California Employment Development Department



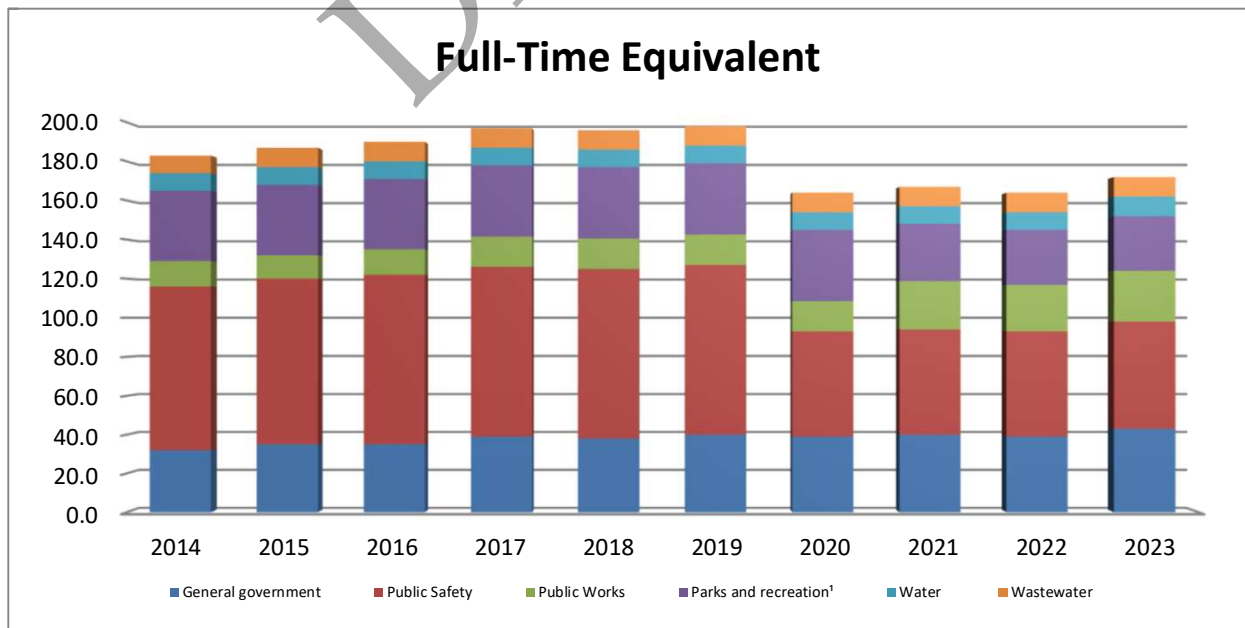
## City of Foster City and Estero Municipal Improvement District Principal Employers Current Year and Ten Years Ago

<u>Employer</u>	2023			2014		
	<u>Employees &amp; Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees &amp; Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
GILEAD SCIENCES, INC.	6,714	1	32.74%	4,577	1	24.69%
VISA U.S.A. INC.	2,879	2	14.04%	3,012	2	16.25%
ZOOX INC	1,401	3				
VISA TECHNOLOGY & OPERATIONS LLC, FKA INOVANT LLC	1,054	4	5.14%	2,103	3	11.34%
CYBERSOURCE CORPORATION	427	5	2.08%			
PENINSULA JEWISH COMMUNITY CENTER	417	6	2.03%			
SLEDGEHAMMER GAMES INC.	321	7	1.57%			
COSTCO WHOLESALE CORPORATION	290	8	1.41%	234	8	1.26%
QUALYS INC	258	9	1.26%			
MID PEN PROPERTY MANAGEMENT CORP	270	10	1.32%			
IBM CORPORATION				493	4	2.66%
GUIDEWIRE SOFTWARE, INC.				415	5	2.24%
APPLIED BIOSYSTEMS, LLC				350	6	1.89%
QUINSTREET, INC.				298	7	1.61%
CROWNE PLAZA FOSTER CITY				200	9	1.08%
SLEDGEHAMMER GAMES, INC.				165	10	0.89%
<b>Top Ten Total</b>	<b>14,031</b>		<b>61.59%</b>	<b>11,847</b>		<b>63.91%</b>
<b>City Total</b>	<b>20,507</b>			<b>18,539</b>		

Source: 2014 and 2023 Business License Database of Financial Services Department

## City of Foster City and Estero Municipal Improvement District Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General government</b>										
Management services	13.0	13.0	13.0	14.0	14.0	15.0	15.0	16.0	16.0	18.0
Finance	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0
Planning	6.0	7.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0	9.0
Building	5.0	6.0	6.0	7.0	7.0	8.0	7.0	7.0	7.0	7.0
<b>Police</b>										
Officers	36.0	37.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
Civilians	13.0	13.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0	17.0
<b>Fire</b>										
Firefighters and officers	33.0	33.0	32.0	32.0	31.0	31.0	0.0	0.0	0.0	0.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
<b>Other public works</b>										
Engineering	4.0	4.0	5.0	6.0	6.0	6.0	6.0	7.0	7.0	8.0
Other <sup>1</sup>	9.0	8.0	8.0	9.5	9.5	9.5	9.5	17.7	16.8	18.0
<b>Parks and recreation<sup>1</sup></b>										
Parks and recreation <sup>1</sup>	36.0	36.0	36.0	36.5	36.5	36.5	36.5	29.3	28.2	28.0
Water	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Wastewater	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>Total</b>	<b>183.0</b>	<b>187.0</b>	<b>190.0</b>	<b>197.0</b>	<b>196.0</b>	<b>198.0</b>	<b>164.0</b>	<b>167.0</b>	<b>164.0</b>	<b>172.0</b>



Source: City Budget

Notes: <sup>1</sup> In January 2020, a reorganization was made whereby the Building Maintenance and Vehicle Replacement Divisions were transferred from Parks and Recreation Department to Public Works Departments.

## City of Foster City and Estero Municipal Improvement District Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police</b>										
Physical arrests	640	572	576	444	489	526	275	226	252	262
Parking violations	654	552	816	972	490	695	250	259	299	457
Traffic violations	3,012	2,078	1,746	1,661	1,757	1,427	710	256	396	629
<b>Fire<sup>1</sup></b>										
Emergency responses	2,336	2,123	1,978	1,944	2,180	1,976	2,155	2,068	2,270	2,373
Fires extinguished	82	24	47	34	45	24	29	36	35	32
Inspections	1,108	1,201	1,102	1,080	1,100	1,040	647	348	333	313
<b>Other public works</b>										
Street resurfacing (miles)	2	2	2	5	5	4	1	4	3	4
Potholes repaired	40	32	35	27	120	105	66	46	97	86
<b>Parks and recreation</b>										
Athletic field permits issued	57	60	86	91	95	115	138	195	181	178
Community center admissions	5,837	3,794	5,611	5,546	5,773	5,912	4,103	2,691	5,171	5,674
<b>Water</b>										
New connections	1	13	26	28	7	39	18	16	23	40
Water mains breaks	11	6	17	4	22	21	15	9	9	10
Average daily consumption (thousands of gallons)	3,980	3,956	3,623	3,810	4,232	4,041	4,100	3,912	4,065	3,820
Peak daily consumption (thousands of gallons)	8,445	6,624	5,047	7,760	7,688	5,577	5,460	7,795	7,802	6,473
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	2,652	2,040	2,350	2,430	2,390	2,457	2,356	1,979	2,483	2,360

**Sources:** Various city departments

**Notes:** <sup>1</sup> Foster City Fire Department was separated from the City on 01/13/2019. Fire Employees were transferred to San Mateo Consolidated Fire Department. However, data presented is for the full fiscal year (services was performed by Foster City Fire Department up to 1/12/2019 and San Mateo Consolidated Fire started from 1/13/2019).

## City of Foster City and Estero Municipal Improvement District Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	10	10	10	10	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Streetlights	2,031	2,031	2,025	2,025	2,022	2,022	2,022	2,022	2,022	1,992
Traffic signals	25	25	25	25	27	27	27	27	27	31
Parks and recreation										
Acreage	213	221	221	221	221	221	221	221	221	221
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3
Soccer/football fields	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	114	114	114	114	114	114	114	114	114	114
Fire hydrants	1,110	1,110	1,110	1,110	1,110	1,109	1,111	1,111	1,111	1,106
Storage capacity (thousands of gallons)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Wastewater										
Sanitary Sewer (miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousands of gallons)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Stormwater (miles)	81	81	81	81	81	81	81	81	81	81
Transit-minibuses	1	1	1	1	1	1	-	-	-	-
<b>Sources:</b> Various city departments										

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**City of  
Foster City and Estero  
Municipal  
Improvement District**

**Measure A Fund  
Foster City, California**

*Independent Accountant's Report on Compliance  
with the Agreement for Distribution of San Mateo  
County Measure A Funds For Local Transportation  
Purposes*

*For the year ended June 30, 2023*

**City of Foster City and Estero Municipal Improvement District  
Measure A Transportation Fund  
For the year ended June 30, 2023**

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## INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We have examined management's assertion, included in the accompanying Management's Report on Compliance with the *Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes in accordance with the Measure A Agreement* (the Agreement) between the City of Foster City and Estero Municipal Improvement District (City/District) and the San Mateo County Transportation Authority entered into on August 18, 1989 and extended on January 1, 2009, and that the City complied with the requirements of the Agreement during the year ended June 30, 2023. The City/District's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion that the City/District complied with the requirements of the Agreement is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the accompanying Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are in compliance with the Agreement, and that the City/District complied with the requirements of the Agreement for the year ended June 30, 2023 is fairly stated in all material respect.

Badawi and Associates, CPAs  
Berkeley, California  
Month XX, 2023



**City of Foster City and Estero Municipal Improvement District**  
**Measure A Transportation Fund**  
**Balance Sheet**  
**June 30, 2023**

---

**Assets**

Cash and investments	\$ 4,615,713
Taxes receivables	<u>71,237</u>
Total Assets	<u><u>\$ 4,686,950</u></u>

**Fund Balance:**

Restricted for Measure A	\$ 4,686,950
Total Fund Balance	<u><u>\$ 4,686,950</u></u>

**City of Foster City and Estero Municipal Improvement District**  
**Measure A Transportation Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance**  
**For the year ended June 30, 2023**

---

**Revenues**

Sales and Use Taxes	\$ 940,399
Interest Income (loss)	124,858
Total Revenues	<u>\$ 1,065,257</u>

**Expenditures**

Capital Improvement	<u>416,679</u>
Total expenditures	<u>416,679</u>

Revenues over (under) expenditures	648,578
------------------------------------	---------

**Fund Balance**

Beginning of the year	<u>4,038,372</u>
End of the year	<u><u>\$ 4,686,950</u></u>

Month XX, 2023

San Mateo County Transportation Authority  
1250 San Carlos Avenue  
San Carlos, California 94070

**Re: Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes**

The City of Foster City and the Estero Municipal Improvement district (City/District) is responsible for complying with the *Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes* (the Agreement) between the City/District and the San Mateo County Transportation Authority entered into on August 18, 1989 and extended on January 1, 2009. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transaction and use tax approved by *Measure A - San Mateo County Transportation Expenditure Plan* (the Measure), the City, in use of these funds, shall "refrain from substituting funds provided to it pursuant to this Agreement for property tax funds which are currently being used to fund existing local transportation programs and limit the use of said funds to the improvement of local transportation, including streets and road improvements."

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2023:

- Management is responsible for establishing and maintaining an effective internal control with respect to compliance with the Agreement.
- Management is responsible for complying with the Agreement.
- Management has evaluated the City/District's compliance with requirements of the Agreement; and
- All Transactions, as summarized in the preceding Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the fiscal year ended June 30, 2023, are in compliance with the Agreement.

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Stefan Chatwin  
City Manager

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Edmund Suen  
Finance Director

**City of  
Foster City and Estero  
Municipal  
Improvement District**

Measure W Fund  
Foster City, California

*Independent Accountant's Report on Compliance  
with the Agreement for Distribution of San Mateo  
County Measure W Funds for Local Transportation  
Purposes*

*For the year ended June 30, 2023*

**City of Foster City and Estero Municipal Improvement District**  
**Measure W Transportation Fund**  
**For the year ended June 30, 2023**

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## INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We have examined management's assertion, included in the accompanying Management's Report on Compliance with the *Agreement for Distribution of San Mateo County Measure W Funds for Local Transportation Purposes in accordance with the Measure W Agreement* (the Agreement) between the City of Foster City and Estero Municipal Improvement District (City/District) and the San Mateo County Transportation Authority entered into on December 2, 2019, that the City complied with the requirements of the Agreement during the year ended June 30, 2023. The City/District's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the assertion based upon our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion that the City/District complied with the requirements of the Agreement is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the accompanying Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance complied with the Agreement, and that the City/District complied with the requirements of the Agreement for the year ended June 30, 2023 is fairly stated in all material respects.

Badawi and Associates, CPAs  
Berkeley, California  
Month XX, 2023

**City of Foster City and Estero Municipal Improvement District**  
**Measure W Transportation Fund**  
**Balance Sheet**  
**June 30, 2023**

---

**Assets:**

Cash and investments	\$ 1,163,560
Taxes receivables	<u>71,324</u>
Total Assets	<u><u>\$ 1,234,884</u></u>

**Fund Balance:**

Restricted for Measure W	<u>1,234,884</u>
Total Fund Balance	<u><u>\$ 1,234,884</u></u>

**City of Foster City and Estero Municipal Improvement District**  
**Measure W Transportation Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2023**

---

**Revenues:**

Sales and Use Taxes	\$ 411,947
Interest Income (loss)	30,761
Total Revenues	<u>442,708</u>

**Expenditures:**

Capital Improvements	<u>258,285</u>
Total expenditures	<u>258,285</u>

Revenues over (under) expenditures	184,423
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**Fund Balance:**

Beginning of the year	<u>1,050,461</u>
End of the year	<u>\$ 1,234,884</u>



Month XX, 2023

San Mateo County Transportation Authority  
1250 San Carlos Avenue  
San Carlos, California 94070

**Re: Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure W Funds for Local Transportation Purposes**

The City of Foster City and the Estero Municipal Improvement District (City/District) is responsible for complying with the *Agreement for Distribution of San Mateo County Measure W Funds for Local Transportation Purposes* (Agreement) between the City/District and the San Mateo County Transportation Authority entered into December 2, 2019. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transaction and use tax approved by *Measure W – San Mateo County Transportation Expenditure Plan* (the Measure), the City/District, in use of these funds, shall “refrain from substituting funds provided to it pursuant to this Agreement for property tax funds which are currently being used to fund existing local transportation programs and limit the use of said funds to the improvement of local transportation, including streets and road improvements.”

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2023:

- Management is responsible for establishing and maintaining an effective internal control with respect to compliance with the Agreement.
- Management is responsible for complying with the Agreement.
- Management has evaluated the City/District's compliance with requirements of the Agreement; and
- All Transactions, as summarized in the preceding Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the fiscal year ended June 30, 2023, are in compliance with the Agreement.

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Stefan Chatwin  
City Manager

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Edmund Suen  
Finance Director

# City of Foster City and Estero Municipal Improvement District

Foster City, California

*Independent Accountants' Report on  
Agreed-Upon Procedures Applied to  
Appropriation Limit Schedule*

*For the year ending June 30, 2024*





## INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Schedule of the City of Foster City and the Estero Municipal Improvement District (City/District), California, for the year ending June 30, 2024. The City/District's management is responsible for the accompanying Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2024, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

*Finding:* No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

*Finding:* No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

*Finding:* No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

*Finding:* No exceptions were noted as a result of our procedures.

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Badawi & Associates, CPAs  
Berkeley, California  
Month XX, 2023

**City of Foster City and Estero Municipal Improvement District**  
**Appropriations Limit Schedule**  
**For the fiscal year ending June 30, 2024**

	City	District	Total	Source
A. Appropriations limit for the year ended June 30, 2023	\$ 83,183,146	\$ 77,912,463	\$ 161,095,609	Prior year schedule
B. Calculation Factors:				
1. Population increase %	0.9957	0.9957	0.9957	State Department Finance
2. Assessment roll due to non-residential construction increase %	1.0965	1.0965	1.0965	County of San Mateo
3. Total adjustment factor %	1.0918	1.0918	1.0918	B3=B1*B2
C. Annual Adjustment Increase	7,636,213	7,152,364	14,786,169	[(B3-1)*A]
D. Other Adjustments	-	-	-	N/A
Loss responsibility (-)	-	-	-	N/A
Transfers to private (-)	-	-	-	N/A
Transfers to fee (-)	-	-	-	N/A
Assumed responsibility (+)	-	-	-	N/A
E. Total Adjustments	7,636,213	7,152,364	14,786,169	(C+D)
F. Appropriations limit for the year ending June 30, 2024	\$ 90,819,359	\$ 85,064,827	\$ 175,881,778	(A+E)

**City of Foster City and Estero Municipal Improvement District**  
**Notes to Appropriations Limit Schedule**  
**For the year ending June 30, 2024**

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**1. PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to this agreed upon procedures engagement.

**2. METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

**3. INFLATION FACTORS**

A California governmental agency may use as its inflation factor either the annual percentage change in the 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City/District for the fiscal year 2023-2024 represents the percentage change in local assessment roll from the preceding year due to the change of local nonresidential construction.

**4. POPULATION FACTORS**

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City/District for fiscal year 2023-2024 represents the population change in the City.

**5. OTHER ADJUSTMENTS**

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. There were no such adjustments for the fiscal year ending June 30, 2024.

**City of  
Foster City and Estero  
Municipal  
Improvement District**

Foster City, California

*Report on Internal Control over Financial  
Reporting and on Compliance and Other  
Matters based on an Audit of Financial  
Statements Performed in Accordance with  
Government Auditing Standards*

*For the year ended June 30, 2023*







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

**Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City/District's basic financial statements and have issued our report thereon dated **MONTH XX, 2023**. Our report includes a reference to other auditor who audited the financial statements of the San Mateo Consolidated Fire Department (SMC Fire) as described in our report on the City/District's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of finding and responses as item 2023-001 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council of the City of Foster City  
And the Board of Directors of the Estero Municipal Improvement District  
Foster City, California  
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### **Report on Compliance and Other Matters**

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

### **City/District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City/District's response to findings identified in our audit and described in the accompanying schedule of findings and responses. The City/District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Badawi & Associates, CPAs  
Berkeley, California  
MONTH XX, 2023

**City of Foster City/Estero Municipal Improvement District**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2023**

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**Current Year Findings**

**2023-001: Restatements of Previously Issued Financial Statements – Significant Deficiency**

Criteria

The City/District is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. This includes having controls in place to detect and address errors, omissions, and misstatements in a timely manner.

Condition

The City/District recorded prior period adjustments to (1) correct loans receivable accounting, which had previously been offset by a corresponding deferred inflow of resources, rather than reporting it as part of the City/District's fund balance, and (2) include pension amounts relating to the Estero Municipal Improvement District's proportionate share.

Cause

The misstatement relating to loans receivable appears to be a misinterpretation of how to apply the accounting standards at the time the loans were given, and the City/District control procedures did not extend to review previously adopted accounting practices. The misstatement relating pension amounts of the Estero Municipal Improvement District was an oversight as the pension amounts relates to an old plan and the City/District has moved to a new plan.

Effect

The City/District's previously issued financial statements were not fairly stated in conformity with accounting principles generally accepted in the United States of America.

Recommendation

We recommend that the City/District expand its year-end closing to include formalized procedures for identifying, investigating, and correcting errors or misstatements in previously issued financial statements such as review of all accounts in the City's general ledger to ensure that amounts can be supported, are complete and are derived by correctly applying accounting standards.

Management Response

1. With reference to correcting the loan receivable accounting, the City staff disagrees with the Badawi and Associates' statement that the City' control procedures did not extend to review previously adopted accounting practices. Staff consulted and were advised by their former auditors of the accuracy of the previous treatment of these transactions. Staff also contacted other cities, and some have taken the approach recommended by Badawi and Associates while others continue to record their loan receivable accounting similar to how Foster City (without objection from their auditors) has done so over the past years. Additionally, the City's financial statements have not received any comments of concern on these transactions from the Governmental Finance Officers Association (GFOA) over the many years that the City has submitted its financial statements for their review. However, Badawi and Associates differed on this and recommended the City make the correcting journal entry. City staff concluded that it would accept Badawi and Associates' recommendation based on their explanation and supporting documents. Considering these details, the staff believes

**City of Foster City/Estero Municipal Improvement District**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2023**

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Management Response, Continued

that the City's internal controls were working properly and our accounting treatment of the loan receivable was based on a good faith interpretation of proper accounting standards in consultation with our former auditors.

2. City Staff concurs with the auditors' comments related to the pension amounts.

# City of Foster City and Estero Municipal Improvement District

Foster City, California

*Auditor's Communication with  
Those Charged with Governance*

*For the year ended June 30, 2023*





MONTH XX, 2023

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California

We have audited the financial statements of the City of Foster City and the Estero Municipal Improvement District (City/District) as of and for the year ended June 30, 2023, and have issued our report thereon dated MONTH XX, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 11, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weakness, and other matters noted during our audit in a separate letter to you dated MONTH XX, 2023.



To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California  
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### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

We have identified the following significant risks:

- *Risk of Management Override of Internal Controls* – A risk of management override of internal controls exists at any entity where management can change or decide not to perform that entity's internal controls.
- *Revenue Recognition Risk* – Errors in revenue recognition can affect bond covenant ratios and the net position of the City/District.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City/District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are capital asset depreciation and useful life, pension plan and other post-employment benefits (OPEB) plan assumptions.

Management's estimate of capital assets depreciation and useful life, and pension and OPEB plan assumptions are based on historical useful lives of such assets, and actuarial assumptions,

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California  
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respectively. We evaluated the key factors and assumptions used to develop the estimate of capital assets depreciation and useful life, and pension and OPEB plan assumptions and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- Summary of Significant Accounting Policies
- Cash and Investments
- Long-term Debt
- Capital Assets
- Employee Retirement Plans
- Other Post-Employment Benefits
- Commitments and Contingencies
- Prior Period Adjustments

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- To reverse deferred inflows of resources (unavailable revenues) relating to loans receivable – principal portion and report it as part of the fund balance:

To the Honorable Mayor and Members of the City Council of the City of Foster City  
and the Board of Directors of the Estero Municipal Improvement District  
Foster City, California  
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- To adjust net pension liability and related accounts because of incorporating CalPERS's proportionate share relating to the Estero Municipal Improvement District

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated **MONTH XX, 2023**.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City/District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City/District's auditors.

### **Required Supplementary Information**

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Supplementary Information**

We were engaged to report on the supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and

To the Honorable Mayor and Members of the City Council of the City of Foster City  
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reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Other Information Included in the Annual Comprehensive financial Reports**

Pursuant to professional standards, our responsibility as auditors for the introductory and the statistical sections, whether financial or nonfinancial, included in the City/District's annual comprehensive financial report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

Badawi & Associates, CPAs  
Berkeley, California  
MONTH XX, 2023

To the Honorable Mayor and Members of the City Council of the City of Foster City  
 and the Board of Directors of the Estero Municipal Improvement District  
 Foster City, California  
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**Uncorrected Misstatements**

<b>1</b>	<i>To record Prior period adjustment for 2nd trunch of ARPA revenues which should have been recognized as receivable and revenues in FY2022 financials</i>				
General Fund	Intergovernmental Receivable - ARPA		4,054,920.00		
General Fund	Fund Balance				4,054,920.00
<b>2</b>	<i>To record ARPA grant funds received on July 2022, which was recognized as FY2023 revenues, where as it should have been a reduction in receivables</i>				
001-0000-335.13-36	ARPA GRANT-COVID19 - Intergovernmental revenues		4,054,920.00		
General fund	Intergovernmental Receivable - ARPA				4,054,920.00