

City of Foster City and Estero Municipal Improvement District California



**Comprehensive Annual Financial Report
Prepared by the Department of Financial Services
Fiscal Year Ended June 30, 2020**

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

Comprehensive Annual Financial Report

Prepared by the Department of Financial Services

For the Fiscal Year Ended June 30, 2020

Catherine Mahanpour, Mayor

Sanjay Gehani, Vice Mayor

Sam Hindi, Councilmember

Jon Froomin, Councilmember

Richa Awasthi, Councilmember

Dante Hall, Interim City Manager

Jean B. Savaree, City Attorney

Edmund Suen, Finance Director

Marlene Subhashini, Community
Development Director

Maria Saguisag-Sid, Human Resources Director

Tracy Avelar, Police Chief

Jennifer Liu, Parks & Recreation Director

Norman Dorais, Public Works Director

Priscilla Schaus, Communications Director/City Clerk

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**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2020**

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INTRODUCTORY SECTION



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 16, 2020

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of the City of Foster City (City) and the Estero Municipal Improvement District (District) for the fiscal year ended June 30, 2020 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 Comprehensive Annual 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 Comprehensive Annual 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 Comprehensive Annual 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, 2020.

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 Maze & Associates to conduct the audit for FY 2019-20 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 appoint 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 Comprehensive Annual 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 33,033 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 on 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 with the exception of the Capital Improvement Projects funds.

LOCAL ECONOMY

Much of the local and national economy was rocked by the COVID-19 induced recession of 2020. Although the City's largest revenue source, property taxes wasn't impacted mainly because of its lagging characteristics (most assessed values are determined based on a January 1 lien date, which is 6 months ahead of the beginning of each fiscal year), transient occupancy tax (TOT), the City's 2nd largest General Fund revenues category, plunged 92% in the final quarter of the fiscal year compared to the same period a year ago. Sales tax revenues and the City's Recreation Center based revenues also suffered significant declines. Fortunately, strong property tax revenues, better than expected development permits fees and charges, and higher investment income were sufficient to overcome the shortfall in the adversely impacted categories (i.e. TOT, sales tax, recreation center based revenues) resulting in an overall \$991,000 favorable General Fund actual to budget revenue outcome for the full fiscal year. The revenue gains along with City's expenditure reduction strategy (e.g. a citywide hiring freeze, reduction and/or elimination of contractual services and discretionary travel and conferences) implemented to address the revenue shortfall resulted in a General Fund operating surplus of \$3.32 million in FY 2019-20.

LONG-TERM FINANCIAL PLAN

The City/District fiscal policies establish the framework upon which short and long-term financial decisions are made. In particular, 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 established 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 a catastrophic occurrence. Moreover, since fiscal year 2011-2012, the City/District has provided long-term funding of capital improvement projects over a 10-year horizon.

The City/District has also established internal services funds 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. This is another layer 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 \$50.86 million Unassigned Fund Balance and a \$3.51 million Pension Stabilization reserve within the Committed Fund Balance of the General Fund as of June 30, 2020.

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 assumption for CalPERS investment rate of return from 7.50% to 7% and the demographic assumption changes have contributed to an increase in the City/District's employer contribution costs. The City/District's annual unfunded accrued liability payment increased by \$920,000 from \$4.67 million to \$5.59 million in FY 2019-20 and will expand by another \$620,000 to \$6.21 million in FY 2020-21. Total employer pension contributions (normal cost plus required unfunded accrued liability payment) for FY 2019-20 amounted to \$7.82 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, and establishing a second tier retirement plan before the California Public Employees' Pension Reform Act (PEPRA) went into effect on January, 2013. Even as the economy has since recovered and is now

contending with the COVID-19 crisis, the City/District will continue to carefully consider the long-term implications of its decisions regarding personnel-related spending and liabilities.

The City's five-year financial projections include 2% annual wage increases for the entire period. The modest 2% annual increases is reflective of the uncertainty surrounding the voracity of economic recovery from COVID-19, a slowdown in one-time building and plan check fees, and additional funding needs for the City's Capital Projects Fund for repairing and/or replacing the City's aging infrastructure. 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. The Subcommittee recommended making a discretionary payment to pay down the City's unfunded accrued liability which was unanimously endorsed by the City Council. As a result, the City Council authorized a partial use of the City's FY 2017-18 General Fund operating surplus and approved a \$3.48 million payment to reduce the unfunded accrued liability of the City's CalPERS safety plan. Similarly, the City Council utilized \$3.5 million of the FY 2018-19 General Fund Operating Surplus and committed it to a Pension Sustainability reserve as an available tool for mitigating future pension cost escalation.

MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2020:

- General Fund Financial results – The City/District's fund balance increased by \$3.32 million to \$58.60 million in FY 2019-20. Unassigned Fund Balance decreased by \$1.32 million to \$50.86 million. During the year, the City Council authorized using \$6.77 million of FY 2018-19 operating surplus for 1) \$3.5 million for a Pension Stabilization reserve; and 2) \$1.64 million each for the City's Capital Improvements Projects Fund and Facilities Replacement reserve. The additions to the Pension Stabilization and Facilities Replacement reserve less a \$500,000 expenditure for COVID-19 relief for local businesses (see discussion under "COVID-19 assistance" below) are the primary reasons that the Committed Fund Balance increased by \$4.69 million to \$7.70 million in FY 2019-20.
- Public Safety – The City continues to be among the safest; the FBI & Unified Crime Reporting (UCR) crime statistics ranked Foster City as the 11th safest city in California. The Department handled 28,254 incidents, including responding to 18,123 calls for service. It also hosted a virtual town hall meeting to listen to community concerns about police accountability and transparency in order to better understand how it may improve its policies, processes, and practices to improve its services to its constituents.
- COVID-19 assistance – The City provided \$500,000 of small business grants, \$10,000 each to 50 local businesses to provide immediate relief to the COVID-19 health emergency.
- COVID-19 workplace modifications – The City utilized technology to help streamline operations, including appointment scheduling, online request for proposal (RFP)/bid submissions, and building permit submittals.
- Levee Improvements project – In January 2020, the City obtained all regulatory permits necessary for the City to start construction. Construction bids were received and awarded to a contractor within the original \$90 million project budget.
- Preparation of FY 2020-21 budget and 5-Year Financial Plan in a COVID-19 public health crisis – Financial Services Department staff successfully implemented OpenGov's budgeting software, replacing the City's legacy product during the year. As indicated in the previously discussed General Fund financial results, the City managed to strengthen its Fund Balance by \$3.32 million in FY 2019-20. Although the FY 2020-21 adopted General Fund operations budget included a \$644,000 shortfall, the

\$50.86 million of Unassigned General Fund Balance represents a reserve level of well over 100% FY 2020-21 General Fund operations expenditures. This healthy reserve level is the culmination of the City's prudent financial and budgeting policies and puts the City in a better position to weather the fiscal impacts of this terrible and heart-wrenching pandemic without drastic compromise to providing 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, 2019. This was the 27th 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 Comprehensive Annual 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. I believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and City staff will be submitting it to the GFOA for eligibility for another certificate.

The preparation of this Comprehensive Annual 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: Fiti Rusli, Assistant Finance Director and Karen Li, Senior Accountant.

I also like to thank the Maze & 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Foster City Organization Chart



FINANCIAL SECTION

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City/District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City/District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/District as of June 30, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, 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.

Other 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 Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2020 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 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 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.

Maze & Associates

Pleasant Hill, California
November 1, 2020

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**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

This section of the City of Foster City/Estero Municipal Improvement District's (City/District) Comprehensive Annual Financial Report presents a narrative overview and analysis of the City/District's financial activities for the fiscal year ended June 30, 2020. 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, 2020, the City/District's total assets and deferred outflows, increased by \$20.47 million, or 4.4%, to \$481.84 million, of which \$320.66 million represented governmental assets and \$161.18 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, increased by \$5.68 million, or 3.6%, to \$161.86 million, of which \$104.97 million were governmental liabilities and \$56.89 million were business-type liabilities.
- The City/District's total net position increased by \$14.79 million, or 4.9%, to \$319.98 million. Of this amount, \$102.27 million (unrestricted governmental net position) and \$41.89 million (unrestricted business-type net position) may be used to meet the government's ongoing obligations to citizens/customers, and creditors.
- City-wide revenues decreased by \$1.56 million, or 1.7%, to \$90.69 million, of which \$60.35 million were generated by governmental activities and \$30.34 million were generated by business-type activities.
- City-wide expenses increased by \$2.13 million, or 2.9%, to \$75.9 million, of which \$53.05 million were incurred by governmental activities and \$22.85 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

Fund Level:

- Governmental Fund balances increased \$10.27 million, or 8.5%, to \$131.25 million. Of this amount, \$50.73 million, or 38.6%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$58.39 million, a decrease of \$4.35 million or 6.9%, from \$62.74 million in the prior fiscal year.
- Governmental Fund expenditures decreased by \$1.77 million, or 3.4%, to \$49.47 million in FY 2019-20, from \$51.23 million in the prior fiscal year.
- Enterprise Fund net position increased by \$7.27 million, or 7.7 %, to \$102.06 million. Of this amount, \$39.66 million were unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$30.2 million in FY 2019-20, an increase of \$2.7 million from \$27.5 million in FY 2018-19.
- Enterprise Fund operating expenses were \$23.07 million in FY 2019-20, an increase of \$804,000 from \$22.27 million in FY 2018-19.
- 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, 2020**

OVERVIEW OF THE COMPREHENSIVE ANNUAL 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*.

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OVERVIEW OF THE COMPREHENSIVE ANNUAL 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, and Capital Asset Preservation 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 are essential to a full understanding of the data provided in the government-wide and fund financial statements.

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OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONTINUED)

The *required supplementary information* includes the City/District's General Fund, Low and Moderate Income Housing Assets Fund, and budgetary comparison schedule 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, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2020	2019	2020	2019	2020	2019		
Assets:								
Current and other assets	\$ 202,497,904	\$ 189,823,415	\$ 74,035,501	\$ 78,971,882	\$ 276,533,405	\$ 268,795,297	\$ 7,738,108	2.88%
Capital assets	102,819,233	102,668,101	86,222,517	71,504,705	189,041,750	174,172,806	14,868,944	8.54%
Total assets	305,317,137	292,491,516	160,258,018	150,476,587	465,575,155	442,968,103	22,607,052	5.10%
Deferred outflows of resources related to pension	15,340,131	17,526,048	923,685	872,009	16,263,816	18,398,057	(2,134,241)	-11.60%
Total assets and deferred outflows combined	320,657,268	310,017,564	161,181,703	151,348,596	481,838,971	461,366,160	20,472,811	4.44%
Liabilities:								
Current and other liabilities	13,149,347	12,529,779	7,865,329	5,365,187	21,014,676	17,894,966	3,119,710	17.43%
Long-term liabilities	83,671,304	83,869,957	48,607,606	48,731,473	132,278,910	132,601,430	(322,520)	-0.24%
Total Liabilities	96,820,651	96,399,736	56,472,935	54,096,660	153,293,586	150,496,396	2,797,190	1.86%
Deferred inflows of resources related to pension	8,146,137	5,226,795	420,950	452,525	8,567,087	5,679,320	2,887,767	50.85%
Total liabilities and deferred inflows combined	104,966,788	101,626,531	56,893,885	54,549,185	161,860,673	156,175,716	5,684,957	3.64%
Net position:								
Net investment in capital assets	102,819,233	102,668,101	62,401,864	57,834,914	165,221,097	160,503,015	4,718,082	2.94%
Restricted	10,601,909	10,389,000	-	-	10,601,909	10,389,000	212,909	2.05%
Unrestricted	102,269,338	95,333,932	41,885,954	38,964,497	144,155,292	134,298,429	9,856,863	7.34%
Total net position	\$ 215,690,480	\$ 208,391,033	\$ 104,287,818	\$ 96,799,411	\$ 319,978,298	\$ 305,190,444	\$ 14,787,854	4.85%

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 \$320 million. This represents the difference between the sum of total assets and deferred outflows of resources related to pension and the sum of total liabilities and deferred inflows related to pension. The overall net position increased by \$14.79 million to \$319.98 million, or 4.8%, from \$305.19 million in the prior fiscal year. This change in net position reflects an increase in the Statement of Activities and 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. See Note 9 and 13 for details on the effects of these accounting standards.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion, approximately 51.6% or \$165.22 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 \$10.6 million or 3.3% 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 \$144.16 million, or 45.1%, 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 2019-20, 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
	2020	2019		
Assets:				
Current and other assets	\$ 202,497,904	\$ 189,823,415	\$ 12,674,489	6.68%
Capital assets	102,819,233	102,668,101	151,132	0.15%
Total assets	<u>305,317,137</u>	<u>292,491,516</u>	<u>12,825,621</u>	<u>4.38%</u>
Deferred outflows of resources related to pension	15,340,131	17,526,048	\$ (2,185,917)	-12.47%
Liabilities:				
Current and other liabilities	13,149,347	12,529,779	619,568	4.94%
Long-term liabilities	83,671,304	83,869,957	(198,653)	-0.24%
Total Liabilities	<u>96,820,651</u>	<u>96,399,736</u>	<u>420,915</u>	<u>0.44%</u>
Deferred inflows of resources related to pension	8,146,137	5,226,795	2,919,342	55.85%
Net position:				
Net investment in capital assets	102,819,233	102,668,101	151,132	0.15%
Restricted	10,601,909	10,389,000	212,909	2.05%
Unrestricted	102,269,338	95,333,932	6,935,406	7.27%
Total net position	<u>\$ 215,690,480</u>	<u>\$ 208,391,033</u>	<u>\$ 7,299,447</u>	<u>3.50%</u>

The net position of the City/District's governmental activities increased by \$7.3 million. This increase consists of three components:

1. **Net investment in capital assets** – The \$151,000 increase was due to capital asset disposals, retirements, and depreciation greater than capital asset additions.
2. **Restricted net position** – The \$213,000 increase was due primarily to higher net positions in the Measure A Fund, General Plan Maintenance Fund, and Measure W Fund of \$693,000, \$146,000 and \$338,000 respectively and a lower net positions in the Park-In-Lieu Fund and Measure M Fund of \$633,000 and \$133,000 respectively.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

3. **Unrestricted net position** – The \$6.94 million increase was due mainly to the \$7.3 million improvement in net position as indicated in the Statement of Activities less the increases in Net Investment in Capital Assets and Restricted Net Position of \$151,000 and \$213,000 respectively.

	Business-Type Activities		Amount Change	Percent Change
	2020	2019		
Assets:				
Current and other assets	\$ 74,035,501	\$ 78,971,882	\$ (4,936,381)	-6.25%
Capital assets	86,222,517	71,504,705	14,717,812	20.58%
Total assets	<u>160,258,018</u>	<u>150,476,587</u>	<u>9,781,431</u>	<u>6.50%</u>
Deferred outflows of resources related to pension	923,685	872,009	51,676	5.93%
Liabilities:				
Current and other liabilities	7,865,329	5,365,187	2,500,142	46.60%
Long-term liabilities	48,607,606	48,731,473	(123,867)	-0.25%
Total Liabilities	<u>56,472,935</u>	<u>54,096,660</u>	<u>2,376,275</u>	<u>4.39%</u>
Deferred inflows of resources related to pension	420,950	452,525	(31,575)	-6.98%
Net position:				
Net investment in capital assets, net of related debt	62,401,864	57,834,914	4,566,950	7.90%
Unrestricted	41,885,954	38,964,497	2,921,457	7.50%
Total net position	<u>\$ 104,287,818</u>	<u>\$ 96,799,411</u>	<u>\$ 7,488,407</u>	<u>7.74%</u>

The net position of the City/District's business-type activities increased by \$7.49 million. This increase consists of two components.

1. **Net Investment in capital assets, net of related debt** – The \$4.57 million increase was due to new asset additions during the year greater than depreciation charges. Most of the new asset increases were from construction in progress for the City/District apportionment of the joint wastewater treatment plant project with the City of San Mateo. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Unrestricted net position** – The \$2.92 million increase was due mainly to the change in net position as indicated in the Statement of Activities of \$7.49 million less the \$4.57 million for the net increase in capital assets.

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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
	2020	2019	2020	2019	2020	2019		
Program Revenues								
Charges for services	\$ 5,109,649	\$ 8,083,642	\$ 30,202,743	\$ 27,504,445	\$ 35,312,392	\$ 35,588,087	\$ (275,695)	-0.77%
Operating grants and contributions	1,302,269	1,136,501	-	-	1,302,269	1,136,501	165,768	14.59%
Capital grants and contributions	979,700	1,115,882	21,216	5,557	1,000,916	1,121,439	(120,523)	-10.75%
General Revenues								
Taxes	41,958,844	41,334,969	-	-	41,958,844	41,334,969	623,875	1.51%
Contributions not restricted to specific programs	4,424,946	4,513,774	-	-	4,424,946	4,513,774	(88,828)	-1.97%
Unrestricted investment and rental income	5,672,389	7,340,714	81,433	984,386	5,753,822	8,325,100	(2,571,278)	-30.89%
Gain on JPA Investment	663,404	84,643	-	-	663,404	84,643	578,761	683.77%
Gain (loss) on Sale of Capital Asset	-	(22,309)	(10,665)	-	(10,665)	(22,309)	11,644	-52.19%
Other	237,699	124,124	49,043	51,132	286,742	175,256	111,486	63.61%
Total Revenues	60,348,900	63,711,940	30,343,770	28,545,520	90,692,670	92,257,460	(1,564,790)	-1.70%
Expenses								
General government	6,702,456	6,060,023	-	-	6,702,456	6,060,023	642,433	10.60%
Public safety	26,733,077	26,056,000	-	-	26,733,077	26,056,000	677,077	2.60%
Public works	5,376,875	5,430,742	-	-	5,376,875	5,430,742	(53,867)	-0.99%
Community development	2,980,907	2,907,622	-	-	2,980,907	2,907,622	73,285	2.52%
Parks and recreation	11,256,138	11,096,170	-	-	11,256,138	11,096,170	159,968	1.44%
Water operations	-	-	14,978,448	14,074,075	14,978,448	14,074,075	904,373	6.43%
Wastewater operation	-	-	7,876,915	8,151,224	7,876,915	8,151,224	(274,309)	-3.37%
Total Expenses	53,049,453	51,550,557	22,855,363	22,225,299	75,904,816	73,775,856	2,128,960	2.89%
Excess (deficiency) of revenues over (under) expenses before transfers	7,299,447	12,161,383	7,488,407	6,320,221	14,787,854	18,481,604	(3,693,750)	-19.99%
Transfers in (out)	-	308,866	-	(308,866)	-	-	-	0.00%
Change in net position	7,299,447	12,470,249	7,488,407	6,011,355	14,787,854	18,481,604	(3,693,750)	-19.99%
Net position, beginning of year	208,391,033	195,920,784	96,799,411	90,788,056	305,190,444	286,708,840	18,481,604	6.45%
Prior period adjustment	-	-	-	-	-	-	-	-
Net position, end of year	\$ 215,690,480	\$ 208,391,033	\$ 104,287,818	\$ 96,799,411	\$ 319,978,298	\$ 305,190,444	\$ 14,787,854	4.85%

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

- **Charges for Services** – The \$2.97 million decrease in Governmental Activities was primarily from declines in 1) recreation program fees due to the COVID-19 pandemic, 2) park-in-lieu fees; 3) community development fees, including the elimination of fire inspection/plan check fees from the transfer of all fire services to the new Fire JPA, San Mateo Consolidated Fire Department in January 2019. These revenue reductions amounted to \$2.18 million, \$361,000, and \$221,000 respectively. Revenues for Business-Type activities increased by \$2.7 million as water rates, fixed meter charges and wastewater rates were all raised in FY 2019-20 to pay for anticipated increases in water purchases, operating costs, and the wastewater treatment plant project costs and debt service costs.
- **Operating Grants and Contributions** – Governmental Activities for operating grants and contributions increased slightly by \$166,000 to \$1.3 million.
- **Capital Grants and Contributions** – Governmental Activities for capital grants and contributions saw a \$136,000 decline to \$980,000.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Taxes – The \$624,000 increase in Governmental Activities included higher property tax revenues of \$1.57 million primarily from new development and sales of existing homes reassessed at higher values, but an \$884,000 decrease in transient occupancy tax from the impacts of the COVID-19 induced recession.
- Unrestricted Investment and Rental Income - The \$1.67 million decrease in Governmental Activities is largely due to steep declines in investment yields as the Federal Reserve lowered the Discount Rate to near zero with the goal of stimulating the nation's economy in the wake of the COVID-19 pandemic. The \$903,000 decrease in Business-Type Activities was also impacted by the Federal Reserve action as well as the 2019 Wastewater Revenue Bond interest expense which is netted against investment income.

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

- General Government – Expenses increased by \$642,000 to \$6.7 million, mainly from an increase in labor costs (wages and employee benefits).
- Public Safety – Expenses increased by \$677,000 to \$26.7 million in the Public Safety (Police and Fire) departments. Police department general wage increases of 2% were made during the year based on the Police Officer Association's labor agreement. The City/District also recorded a \$3.27 million increase in GASB 68 pension expenses in FY 2019-20, but this was offset by the one-time \$3.48 million additional discretionary payment made in FY 2018-19.
- Public Works and Community Development – Expenses decreased by \$54,000 to \$5.4 million and \$73,000 to \$2.98 million as a citywide hiring freeze aided in the reduction of salary and wage expenses.
- Parks and Recreation – Expenses increased only by 1.5% or \$160,000 to \$11.26 million as operating expenses decreased with the cancellation of programs in the City's recreation center.
- Water Operation – Expenses increased by \$904,000 to \$14.98 million with utility expenses (primarily water purchases) climbing from \$9.11 million to \$9.73 million.
- Wastewater Operation – Expenses decreased by \$274,000 to \$7.9 million. Cost allocation charges declined by \$70,000 and contract services, including the maintenance of the wastewater treatment plant decreased \$50,000 to \$2.62 million. As of June 30, 2020, total 2019 wastewater revenue bond debt totaled \$40.15 million, inclusive of \$6.33 million of unamortized bond premium.

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FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS

Governmental Funds

As of June 30, 2020, the City/District's governmental funds reported combined fund balances of \$131.25 million. Of this total, \$19,000 are non-spendable, \$9.92 million are considered restricted funds, \$70.59 million are committed by the City Council/District Board for specified projects or uses, and the remaining \$50.72 million are unassigned and available for general use.

Total revenues, expenditures, and changes in fund balances for the fiscal years ended June 30, 2020 and June 30, 2019 are shown below.

	2020		2019		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source						
Taxes	\$ 44,477,091	76.17%	\$ 43,986,723	70.10%	\$ 490,368	1.11%
Licenses and permits	3,399,595	5.82%	3,687,802	5.88%	(288,207)	-7.82%
Intergovernmental	1,915,314	3.28%	2,450,199	3.91%	(534,885)	-21.83%
Charges for current services	1,807,364	3.10%	2,302,304	3.67%	(494,940)	-21.50%
Fines and forfeitures	90,960	0.16%	123,403	0.20%	(32,443)	-26.29%
Park-in-lieu	480,000	0.82%	2,240,000	3.57%	(1,760,000)	-78.57%
Investment and rental income	4,719,935	8.08%	6,489,694	10.34%	(1,769,759)	-27.27%
Other	1,500,190	2.57%	1,464,509	2.33%	35,681	2.44%
Total revenues	58,390,449	100.00%	62,744,634	100.00%	(4,354,185)	-6.94%
Expenditures by Function						
General Government	5,944,704	12.02%	4,995,310	9.75%	949,394	19.01%
Public safety	23,389,575	47.28%	25,929,992	50.61%	(2,540,417)	-9.80%
Public works	3,114,099	6.30%	3,142,559	6.13%	(28,460)	-0.91%
Community development	2,884,972	5.83%	2,803,275	5.47%	81,697	2.91%
Parks and recreation	9,386,057	18.97%	9,049,950	17.66%	336,107	3.71%
Capital outlay	4,747,124	9.60%	5,312,860	10.37%	(565,736)	-10.65%
Total expenditures	49,466,531	100.00%	51,233,946	100.00%	(1,767,415)	-3.45%
Revenues over (under) expenditures	8,923,918		11,510,688		(2,586,770)	
Sale of capital assets	622,025		602,160		19,865	
Transfer in	5,978,262		4,338,841		1,639,421	
Transfer out	(5,255,112)		(7,387,275)		2,132,163	
Net change in fund balances	10,269,093		9,064,414		\$ 1,204,679	
Fund balances, beginning of year	120,980,986		111,916,572			
Fund balances, end of year	<u>\$ 131,250,079</u>		<u>\$ 120,980,986</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 \$490,000 is due to gains in property tax revenues and property tax in lieu of vehicle license fees (VLF) but diluted by declines in transient occupancy tax and sales tax. Property tax revenues, including VLF climbed by \$1.57 million as new development and higher assessed values from sales of existing home were primary contributors. However, COVID-19 adversely impacted transient occupancy tax (TOT) revenues and sales tax revenues by \$884,000 and \$222,000 respectively.
- Licenses and permits – The \$288,000 decline is primarily due to a reduction of development related one-time permit fees in FY 2019-20.
- Intergovernmental – The \$535,000 decrease is substantially from a non-recurring FY 2018-19 Transit Development Act (TDA) grant of \$400,000 for its Bicycle and Pedestrian Improvement CIP project.
- Charges for Current Services – The decrease of \$495,000 is primarily due to a large decline in recreation program revenues from the closure of the City's recreation center as a result of the COVID-19 health orders to shelter in place.
- Park in-lieu – The decrease of \$1.76 million is largely from the \$1.50 million one-time fees collected for the Pilgrim Triton Waverly project in the prior year.
- Investment and rental income – The decrease of \$1.77 million is primarily from lower investment income driven by the Federal Reserve's monetary actions to reduce interest rates to near zero so as to stimulate the U.S. economy in light of the COVID-19. In addition, the City received a non-recurring one-time interest payment of \$517,000 in FY 2018-19 from Gilead Sciences for its share of the multi-traffic improvement project.

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

- General Government – The \$949,000 increase to \$5.94 million in General Government expenditures was attributed to an increase in labor costs (wages and benefits) and pandemic relief in the form of Foster City small business grants for \$500,000.
- Public Safety – The decrease of \$2.5 million to \$23.39 million in Public Safety Department was primarily due to a non-recurring \$3.48 million additional payment made in FY 2018-19 to CalPERS towards its unfunded pension liability. Increases include a 2% general wage adjustment for Police personnel.
- Public Works – There was just a slight \$28,000 decrease to \$3.11 million in Public Works expenditures in FY 2019-20.
- Community Development – The \$82,000 increase to \$2.88 million was primarily from the escalation of wages and employee benefits.
- Parks and Recreations – Total expenditures increased by \$336,000 to \$9.39 million as building maintenance internal service charges rose by \$374,000.
- Capital Outlay – Capital outlay was lower by \$566,000 to \$4.75 million.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

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

The following provides highlights of the five (5) *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 at June 30, 2020 was \$58.60 million, which was a \$3.32 million higher than the prior year's mark of \$55.28 million. Unassigned fund balance finished the year at \$50.86 million, decreasing by \$1.32 million from the prior year total of 52.18 million.

General Fund revenues decreased \$1.61 million in FY 2019-20 to \$51.43 million. Property tax revenues, excluding Motor Vehicle License In-Lieu climbed by \$1.35 million to \$31.0 million as new development and reassessment of homes sold contributed to the gains. Motor Vehicle License In-Lieu revenues increased by \$220,000 to \$4.19 million as these revenues generally increase annually in proportion to the growth in countywide assessed values. Transient Occupancy Tax revenues fell by \$884,000 to \$3.51 million as the COVID-19 pandemic decimated business travel and lodging. Sales and use tax revenues slid by \$524,000 to \$3.15 million as shelter in place health orders ravaged the restaurant and service station segments. Investment income fell by \$613,000 as interest rates dove after the Federal Reserve's reduction of the discount rate to near zero in hopes of stimulating a recovery from the COVID-19 induced recession. Other significant revenue reductions included charges for services (program fees) and facility rentals in the Parks and Recreation Department.

General Fund expenditures, excluding Transfers In/Out declined by \$921,000 to \$42.94 million in FY 2019-20 as the City implemented a hiring freeze and eliminated or deferred discretionary expenditures, including contractual services and travel and training. There was also a non-recurring \$3.48 million payment to CalPERS made in FY 2018-19 to pay down the unfunded liability of its safety plan. Cost increases during the year included wage adjustments and increases in benefit costs as authorized in labor agreements and higher employer pension contribution rates.

In aggregate, General Fund revenues exceeded expenditures by \$8.49 million. After deducting \$5.17 million of Net Transfers In/Out (\$18,535 Transfers In from the Foster City Foundation Fund, \$5.14 million of Transfers Out to the City CIP Fund, and \$50,000 of Transfers Out to the Foster City Sustainability Fund), the net increase in the General Fund was \$3.32 million, resulting in a fiscal year ending June 30, 2020 Fund Balance of \$58.60 million, of which \$50.86 million was 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, 2020, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$2.0 million, an increase of \$116,000 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, 2020, the Fund had a Committed Fund Balance of \$921,000, and increase of \$47,000 from the prior year.

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, or Measure M funds, etc.) do not pay. As of June 30, 2020, this Fund had a Committed Fund Balance of \$15.71 million which is an increase of \$4.2 million from the prior fiscal year. The \$4.2 million increase included a \$5.14 million transfer in from the General Fund to fund CIP projects.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

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

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 and the proceeds from the sale of the 15 acre site adjacent City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5th of the City Council. As of June 30, 2020, this fund had a committed fund balance of \$42.42 million.

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 \$15.61 million as of June 30, 2020, 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 \$24.05 million as of June 30, 2020, 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 allow the operating departments within the City/District to provide 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, 2020 was \$32.67 million, which was a \$1.14 million increase from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council adopted General Fund budget for fiscal year 2019-20 included \$50.39 million in appropriations and transfers out to other funds, with estimated revenues and transfers in from other funds totaling \$50.45 million.

Total revenues for the year were \$991,000 above budgeted estimates. Secured and Unsecured property taxes topped estimates by \$1.72 million to hit \$28 million and included a \$2.18 million in ERAF refunds as new development and reassessment of homes sold contributed to the favorable results. Motor Vehicle License In-Lieu revenues were \$16,000 below budget as these revenues generally increase annually in proportion to the growth in countywide assessed valuations. Transient Occupancy Tax (TOT) revenues under performed by \$1.19 million due primarily to the adverse effects of COVID-19 on business travel. Sales and use taxes and recreation and leisure fees and charges were \$242,000 and \$605,000 below estimates and were also casualties of COVID-19. Investment income was \$604,000 higher than estimates, aided by an unrealized mark-to-market gain of \$352,000 in the current fiscal year. Building permits and planning services fees also bested estimated by \$462,000 with better than expected prior to the onset of COVID-19.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Total expenditures for the year were \$4.32 million below the final budget. As the COVID-19 pandemic ravaged local revenues, the City implemented various cost savings measures, including a hiring freeze, reducing contractual services, and deferring or cancelling non-essential travel and training. In addition, unspent appropriations in the Community Benefits Program, Solar Incentive Grant Program, and Employee Rental Assistance Program were \$709,000, \$30,000, and \$56,000 respectively.

CAPITAL ASSETS

The City/District's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$189.5 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
	2020	2019	2020	2019	2020	2019		
Land	\$ 11,102,221	\$ 11,102,221	\$ 3,553,474	\$ 3,553,474	\$ 14,655,695	\$ 14,655,695	\$ -	0.00%
Infrastructure, structures and improvements	80,206,499	81,080,404	25,484,078	25,726,473	105,690,577	106,806,877	(1,116,300)	-1.05%
Equipment, vehicles and software	4,078,414	4,247,253	1,633,351	1,778,512	5,711,765	6,025,765	(314,000)	-5.21%
Sewer Capacity Rights			17,255,711	17,751,542	17,255,711	17,751,542	(495,831)	-2.79%
Construction in progress	7,432,099	6,238,223	38,295,903	22,694,704	45,728,002	28,932,927	16,795,075	58.05%
Total	\$ 102,819,233	\$ 102,668,101	\$ 86,222,517	\$ 71,504,705	\$ 189,041,750	\$ 174,172,806	\$ 14,868,944	8.54%

Capital assets for Governmental activities increased by \$151,000 the addition of new assets exceeded depreciation, disposals, and retirements of assets. Infrastructure assets, equipment and software, and construction in progress for business-type activities increased by \$14.72 million as work on the District's wastewater treatment plant project 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.

DEBT ADMINISTRATION

As of June 30, 2020, the City/District had total long-term outstanding obligations of \$52.8 million, which comprised of compensated absences of \$1.9 million, other post-employment benefits (OPEB) liability of \$11.2 million, PG&E On-Bill Loan of \$126,000, 2019 wastewater revenue bonds, including unamortized bond premium of \$39.6 million and Net Pension Liability of approximately \$79.5 million (\$75.9 million for CalPERS and \$3.6 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.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

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 five years, economic expansion in the region has enhanced the net position of the City/District. 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 safety plan. Similarly in March 2020, during the onset of the COVID-19 pandemic, the City Council authorized designating \$3.5 million of the FY 2018-19 General Fund surplus to a Pension Stabilization Fund (shown as part of the overall committed General Fund's Fund Balance). They will have another opportunity in FY 2020-21 to have a public discussion on the use of the FY 2019-20 General Fund surplus to further address various City needs, including its unfunded pension liability.

Key economic indicators that are being watched closely are as follows:

- Property Taxes – Assessed values on secured properties are continuing its upward trend with the County Assessor's office projecting an approximate 5.4% increase in FY 2020-21 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. In addition, the State has challenged various Counties, including San Mateo County regarding their calculation of Educational Revenue Augmentation Fund (ERAF) refunds. As a result, the City reduced its FY 2020-21 forecasted ERAF refund to \$1.035 million compared to the FY 2019-20 actual refund of \$2.184 million.
- Transient Occupancy Tax (TOT) – TOT revenues are forecasted to decline by \$1.08 million in FY 2020-21 to \$2.42 million due to the great uncertainty surrounding the level of recovery in business travel and hotel occupancy and pricing in Foster City in the new fiscal year. In the three-month period from April 1 to June 30, 2020, the City's TOT revenue plummeted by 92% compared to the same period of the prior year.
- Sales & Use Tax – General Fund sales tax revenues are projected to fall by \$352,000 to \$2.80 million in FY 2020-21 from prior year's levels as COVID-19 highly impacted segments in Foster City included restaurants and gas stations.
- Investment Income – As short-term Treasury yields (within 5 year maturity) have fallen below 50 basis points, General Fund investment income is projected to decline by \$429,000 to 434,000 in FY 2020-21.
- 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) will 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 January 1, 2013. The City's FY 2020-21 employer *normal* contribution rates to CalPERS for its Miscellaneous Plan and Public Safety "Classic" plans will rise to 11.345% and 22.437% from 10.570% and 20.707% respectively. The required unfunded accrued liability (UAL) obligation will also rise from \$5.79 million to \$6.43 million. As discussed earlier, the City Council authorized a \$3.5 million contribution to a Pension Stabilization Fund in March 2020. These monies provide the City the flexibility to potentially pay down the City's total unfunded pension liability of \$85.9 million as measured in the latest Actuarial Valuation Reports as of June 30, 2019 and to improve the City's funded status (68.6% for the both the Miscellaneous Plan and Safety Classic Plan).

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020**

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

- 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.
- Capital Improvement Project Funds – The funding model for capital improvement projects implemented in FY 2010-11 whereby 1/10th of the 10 year CIP cash needs are funded annually by the City's General Fund and the Water and Wastewater Enterprise Funds with the exception that \$2.15 million of the \$3.5 million funding scheduled for City CIP projects was deferred to FY 2021-22 to minimize the FY 2020-21 General Fund expenditures in light of forecasted revenue shortfalls from the COVID-19 pandemic. Notwithstanding, the City budgeted \$31.4 million in CIP projects in FY 2020-21, of which \$9.4 are Wastewater Enterprise Fund projects (primarily the District's proportionate share of the Wastewater Treatment Plant Master Improvement Project). Of the remaining \$22 million, the Levee project accounts for \$20 million which is funded by General Obligation bonds issued in August 2020.
- 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 2020-21 will increase the standard 5/8" and 3/4" fixed meter charges by 3% and the base consumption rate also by 3%.
- Wastewater Rates – The wastewater rates assume a 14.25% increase in FY 2020-21 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 \$154.0 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. A portion of the bond proceeds was used to repay a \$13.4 million short-term loan from the General Fund.

As of June 30, 2020, the General Fund had a Fund Balance of \$58.60 million, of which \$50.86 million was unassigned and \$7.70 million was committed, of which \$3.51 million was for pension stabilization, \$2.38 million for facilities replacement, and \$1.50 million for community benefits.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual 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

City of Foster City and Estero Municipal Improvement District
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 175,789,446	\$ 49,639,171	\$ 225,428,617
Receivable, net	4,049,742	21,885,280	25,935,022
Internal balances	(2,225,776)	2,225,776	-
Inventory	105,020	285,274	390,294
Prepays and deposits	53,172	-	53,172
Restricted cash and investments	236,274	-	236,274
Loans receivable (net)	20,870,208	-	20,870,208
Investment in JPA Equity	3,619,818	-	3,619,818
Capital assets:			
Nondepreciable	18,534,320	41,849,377	60,383,697
Depreciable, net of accumulated depreciation	84,284,913	44,373,140	128,658,053
Total assets	<u>305,317,137</u>	<u>160,258,018</u>	<u>465,575,155</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension and OPEB	<u>15,340,131</u>	<u>923,685</u>	<u>16,263,816</u>
LIABILITIES			
Accounts payable	2,015,897	6,369,840	8,385,737
Accrued interest	-	658,958	658,958
Accrued payroll	990,266	137,926	1,128,192
Refundable deposits	9,110,508	52,920	9,163,428
Unearned revenue	92,334	-	92,334
Long-term liabilities:			
Due within one year	940,342	645,685	1,586,027
Due in more than one year	11,842,240	40,979,822	52,822,062
Net Pension Liability:			
Due in more than one year	<u>71,829,064</u>	<u>7,627,784</u>	<u>79,456,848</u>
Total liabilities	<u>96,820,651</u>	<u>56,472,935</u>	<u>153,293,586</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pension and OPEB	<u>8,146,137</u>	<u>420,950</u>	<u>8,567,087</u>
NET POSITION			
Net investment in capital assets	102,819,233	62,401,864	165,221,097
Restricted for:			
Housing	2,003,145	-	2,003,145
Roads	4,143,917	-	4,143,917
Parks	2,787,789	-	2,787,789
Local programs and events	1,667,058	-	1,667,058
Unrestricted	<u>102,269,338</u>	<u>41,885,954</u>	<u>144,155,292</u>
Total net position	<u>\$ 215,690,480</u>	<u>\$ 104,287,818</u>	<u>\$ 319,978,298</u>

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Statement of Activities
For the fiscal year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,702,456	\$ 702,859	\$ 162,453	\$ -
Public safety - Police	15,697,931	98,398	210,760	-
Public safety - Fire	11,035,146	70,709	2,601	-
Public works	5,376,875	179,837	872,370	979,700
Community development	2,980,907	2,537,272	-	-
Parks and recreation	11,256,138	1,520,574	54,085	-
Total governmental activities	53,049,453	5,109,649	1,302,269	979,700
Business-type activities:				
Water	14,978,448	16,552,780	-	-
Wastewater	7,876,915	13,649,963	-	21,216
Total business-type activities	22,855,363	30,202,743	-	21,216
Total primary government	\$ 75,904,816	\$ 35,312,392	\$ 1,302,269	\$ 1,000,916

General revenues:

Taxes:

- Property taxes
- Transient occupancy tax
- 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 on JPA investment
- Gain (Loss) on sale of capital assets
- Other

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,837,144)	\$ -	\$ (5,837,144)
(15,388,773)	-	(15,388,773)
(10,961,836)	-	(10,961,836)
(3,344,968)	-	(3,344,968)
(443,635)	-	(443,635)
(9,681,479)	-	(9,681,479)
(45,657,835)	-	(45,657,835)
-	1,574,332	1,574,332
-	5,794,264	5,794,264
-	7,368,596	7,368,596
(45,657,835)	7,368,596	(38,289,239)
35,186,668	-	35,186,668
3,506,101	-	3,506,101
1,213,162	-	1,213,162
2,052,913	-	2,052,913
4,424,946	-	4,424,946
5,672,389	81,433	5,753,822
663,404	-	663,404
	(10,665)	(10,665)
237,699	49,043	286,742
52,957,282	119,811	53,077,093
7,299,447	7,488,407	14,787,854
208,391,033	96,799,411	305,190,444
\$ 215,690,480	\$ 104,287,818	\$ 319,978,298

City of Foster City and Estero Municipal Improvement District

Balance Sheet

Governmental Funds

June 30, 2020

	Major Funds						Total
	Special revenue			Capital Projects		Non-Major Governmental Funds	
	General Fund	Low and Moderate		City Capital Projects	Capital Asset Preservation		
		Income Housing Assets Fund	Foster City Affordable Housing				
ASSETS							
Cash and investments	\$ 59,048,052	\$ 2,025,149	\$ 921,383	\$ 22,513,499	\$ 42,370,105	\$ 12,129,306	\$ 139,007,494
Receivables, net of allowance:							
Accrued interest	772,445	-	-	-	-	-	772,445
Intergovernmental	35,501	-	-	-	-	225,073	260,574
Taxes	2,815,977	-	-	-	-	107,510	2,923,487
Other	52,943	1,527	-	-	-	32,590	87,060
Due from other funds	-	-	-	133,436	-	-	133,436
Prepays and deposits	2,515	-	-	-	50,000	-	52,515
Inventory	16,900	-	-	-	-	-	16,900
Restricted cash and investments	236,274	-	-	-	-	-	236,274
Loans receivables, net of allowance	1,284,468	230,085	4,645,028	-	-	1,346	6,160,927
Total assets	\$ 64,265,075	\$ 2,256,761	\$ 5,566,411	\$ 22,646,935	\$ 42,420,105	\$ 12,495,825	\$ 149,651,112
LIABILITIES							
Accounts payable	\$ 691,887	\$ 17,469	\$ -	\$ 1,111,198	\$ -	\$ 27,962	\$ 1,848,516
Accrued payroll	911,554	-	-	-	-	11,668	923,222
Refundable deposits	2,688,741	6,062	-	5,830,130	-	585,575	9,110,508
Due to other funds	-	-	-	-	-	133,436	133,436
Unearned revenue	92,334	-	-	-	-	-	92,334
Total liabilities	4,384,516	23,531	-	6,941,328	-	758,641	12,108,016
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Measure M funding	-	-	-	-	-	133,436	133,436
Unavailable-loan receivable	1,284,468	230,085	4,645,028	-	-	-	6,159,581
Total liabilities	1,284,468	230,085	4,645,028	-	-	133,436	6,293,017
FUND BALANCES							
Non-Spendable	19,415	-	-	-	-	-	19,415
Restricted	15,296	2,003,145	-	-	-	7,898,576	9,917,017
Committed	7,702,504	-	921,383	15,705,607	42,420,105	3,838,608	70,588,207
Unassigned	50,858,876	-	-	-	-	(133,436)	50,725,440
Total fund balances	58,596,091	2,003,145	921,383	15,705,607	42,420,105	11,603,748	131,250,079
Total liabilities, deferred inflows of resources, and fund balances	\$ 64,265,075	\$ 2,256,761	\$ 5,566,411	\$ 22,646,935	\$ 42,420,105	\$ 12,495,825	\$ 149,651,112

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 Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 131,250,079

Amounts reported for governmental activities in the Statement of Net Position were reported differently 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	
Non-depreciable	\$ 18,534,320	\$ -	
Depreciable, net	84,284,913	(4,078,411)	
Total capital assets	102,819,233	(4,078,411)	98,740,822
First time homebuyer loans receivable are not available to pay current-period expenditures and, therefore, are deferred inflows in the governmental funds.			230,085
The New Home Company loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds.			4,645,028
The Successor Agency loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds.			1,284,468
North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds.			14,709,281
Revenues from Measure M funding not expected to received with the accrual period are classified as unavailable revenue in governmental funds			133,436
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position			34,525,308
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			
Investment in JPA Equity			3,619,818
Compensated absences			(2,310,714)
Net OPEB Liability			(9,471,856)
Net pension liability			(68,609,224)
Deferred outflows due to pension liabilities			14,285,804
Deferred outflows due to OPEB liabilities			599,320
Deferred inflows due to pension liabilities			(6,231,849)
Deferred inflows due to OPEB liabilities			(1,709,326)

Net Position of Governmental Activities \$ 215,690,480

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2020

	Major Funds						Total
	Special Revenue			Capital Projects		Non-Major Governmental Funds	
	General Fund	Low & Moderate		City Capital Projects	Capital Asset Preservation		
		Income Housing Assets Fund	Foster City Affordable Housing				
REVENUES:							
Property taxes	\$ 35,186,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,186,668
Sales and use and sales tax in lieu	3,149,274	-	-	-	-	1,142,236	4,291,510
Transient occupancy tax	3,506,101	-	-	-	-	-	3,506,101
Franchise tax	1,213,162	-	-	-	-	-	1,213,162
Property transfer tax	279,650	-	-	-	-	-	279,650
Licenses and permits	3,399,595	-	-	-	-	-	3,399,595
Intergovernmental	349,953	-	-	-	-	1,565,361	1,915,314
Charges for current services	1,578,848	-	-	-	-	228,516	1,807,364
Fines and forfeitures	30,935	-	-	-	-	60,025	90,960
Park-in-lieu	-	-	-	-	-	480,000	480,000
Investment and rental income	2,272,144	115,175	47,290	540,710	1,494,139	250,477	4,719,935
Other	463,996	74,397	-	221,953	-	739,844	1,500,190
Total revenues	51,430,326	189,572	47,290	762,663	1,494,139	4,466,459	58,390,449
EXPENDITURES:							
Current:							
General government	5,097,645	-	-	-	-	847,059	5,944,704
Public safety - Police	13,842,519	-	-	-	-	157,677	14,000,196
Public safety - Fire	9,389,379	-	-	-	-	-	9,389,379
Public works	2,551,159	-	-	-	-	562,940	3,114,099
Community development	2,708,698	73,531	-	-	-	102,743	2,884,972
Parks and recreation	9,353,239	-	-	29,935	-	2,883	9,386,057
Capital outlay	-	-	-	2,397,737	-	2,349,387	4,747,124
Total expenditures	42,942,639	73,531	-	2,427,672	-	4,022,689	49,466,531
REVENUES OVER (UNDER) EXPENDITURES	8,487,687	116,041	47,290	(1,665,009)	1,494,139	443,770	8,923,918
OTHER FINANCING SOURCES (USES):							
Proceeds from sales of capital assets	-	-	-	-	622,025	-	622,025
Transfers in	18,535	-	-	5,859,727	-	100,000	5,978,262
Transfers out	(5,186,577)	-	-	-	-	(68,535)	(5,255,112)
Total other financing sources (uses)	(5,168,042)	-	-	5,859,727	622,025	31,465	1,345,175
NET CHANGE IN FUND BALANCES	3,319,645	116,041	47,290	4,194,718	2,116,164	475,235	10,269,093
FUND BALANCES:							
Beginning of year	55,276,446	1,887,104	874,093	11,510,889	40,303,941	11,128,513	120,980,986
End of year	\$ 58,596,091	\$ 2,003,145	\$ 921,383	\$ 15,705,607	\$ 42,420,105	\$ 11,603,748	\$ 131,250,079

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 Statement of Activities
For the fiscal year ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds **\$ 10,269,093**

Governmental activities in the Statement of Activities were reported differently because:

Governmental funds report capital outlay as expenditures. In the Statement of Activities and Changes in Net Position, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets additions (Total capital asset additions for the City for the fiscal year ended for governmental activities were \$5,949,732, which consisted of \$510,588 in additions attributable to internal service fund activity and \$5,439,144 in additions attributable to governmental funds).	5,439,144
Capital assets disposal	(73,336)
Less current year depreciation. This amount is net of depreciation expense of the internal service funds in the amount of \$732,754.	(5,045,837)

Revenues from new loans that are funded in this fiscal year that will not be collected for several months after the City/District's fiscal year ends are not considered "available" revenue and are classified as unavailable revenue in the governmental funds.	(12,445)
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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.	(622,024)
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Revenues from Measure M funding not expected to received with the accrual period are classified as unavailable revenue in governmental funds.	133,436
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Interest that will not be collected for several years are not considered "available" and are not reported in the governmental fund.	129,540
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Capital contributions to other agency	388,489
Gain on JPA investment	663,404
Compensated absences	(240,240)
OPEB expenses	(50,468)
Pension expenses	(4,431,561)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.	752,252
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Change in Net Position of Governmental Activities	\$ 7,299,447
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See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 18,021,843	\$ 31,617,328	\$ 49,639,171	\$ 36,781,952
Receivables, net of allowance:				
Billed utility, net of allowance for uncollectibles	1,036,388	934,314	1,970,702	-
Unbilled utility	2,028,253	1,459,745	3,487,998	-
Interest	-	143	143	-
JPFA	-	16,334,332	16,334,332	-
Other	86,240	5,865	92,105	6,176
Deposits and prepaid items	-	-	-	657
Inventory	65,436	219,838	285,274	88,120
Total current assets	21,238,160	50,571,565	71,809,725	36,876,905
Noncurrent assets:				
Capital assets:				
Nondepreciable	4,118,184	37,731,193	41,849,377	-
Depreciable, net of accumulated depreciation	15,566,770	28,806,370	44,373,140	4,078,411
Total noncurrent assets	19,684,954	66,537,563	86,222,517	4,078,411
Total assets	40,923,114	117,109,128	158,032,242	40,955,316
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension and OPEB	466,392	457,293	923,685	455,007
LIABILITIES				
Current liabilities:				
Accounts payable	1,264,743	5,105,097	6,369,840	167,381
Accrued interest	-	658,958	658,958	-
Accrued payroll	67,907	70,019	137,926	67,044
Refundable deposits	52,920	-	52,920	-
Claims liability	-	-	-	36,000
Compensated absences - current portion	65,047	65,638	130,685	72,423
Other liability	-	-	-	31,466
Bonds payable - current portion	-	515,000	515,000	-
Total current liabilities	1,450,617	6,414,712	7,865,329	374,314
Noncurrent liabilities:				
Compensated absences - noncurrent portion	125,282	115,523	240,805	115,199
Net OPEB liability	619,051	479,981	1,099,032	619,059
Net pension liability	3,689,040	3,938,744	7,627,784	3,219,840
Other liability-noncurrent portion	-	-	-	125,865
Bonds payable - noncurrent portion	-	39,639,985	39,639,985	-
Total noncurrent liabilities	4,433,373	44,174,233	48,607,606	4,079,963
Total liabilities	5,883,990	50,588,945	56,472,935	4,454,277
DEFERRED INFLOWS OF RESOURCES				
Related to Pension and OPEB	213,651	207,299	420,950	204,962
NET POSITION				
Net investment in capital assets	19,684,954	42,716,910	62,401,864	4,078,411
Unrestricted	15,606,911	24,053,267	39,660,178	32,672,673
Total net position	\$ 35,291,865	\$ 66,770,177	102,062,042	\$ 36,751,084
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			2,225,776	
Net position of business-type activities			\$ 104,287,818	

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 fiscal year ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
OPERATING REVENUES:				
Sales and service charges	\$ 16,552,780	\$ 13,649,963	\$ 30,202,743	\$ -
Charges for services - Internal	-	-	-	8,786,939
Total operating revenues	16,552,780	13,649,963	30,202,743	8,786,939
OPERATING EXPENSES:				
Personnel	2,179,378	2,136,819	4,316,197	2,559,881
Utilities	9,734,099	213,079	9,947,178	-
Program supplies	114,795	103,617	218,412	-
Repairs and maintenance	24,870	83,137	108,007	1,399,549
General and administration	1,854,384	1,496,392	3,350,776	1,445,052
Depreciation and amortization	843,591	1,248,855	2,092,446	633,697
Contractual service	234,111	2,615,193	2,849,304	582,885
Insurance	96,169	96,169	192,338	430,131
Total operating expenses	15,081,397	7,993,261	23,074,658	7,051,195
OPERATING INCOME (LOSS)	1,471,383	5,656,702	7,128,085	1,735,744
NONOPERATING REVENUES (EXPENSES):				
Gain(Loss) on disposal of capital assets	(1,463)	(9,202)	(10,665)	(5,054)
Investment income	419,613	1,018,266	1,437,879	822,914
Interest expenses	-	(1,356,446)	(1,356,446)	-
Miscellaneous	22,074	26,969	49,043	47,413
Total nonoperating revenues (expenses)	440,224	(320,413)	119,811	865,273
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,911,607	5,336,289	7,247,896	2,601,017
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions to other agency	-	-	-	(388,489)
Capital contributions	21,216	-	21,216	-
Transfers in	-	-	-	299,573
Transfers out	-	-	-	(1,540,554)
Total contributions and transfers	21,216	-	21,216	(1,629,470)
Change in net position	1,932,823	5,336,289	7,269,112	971,547
NET POSITION:				
Beginning of the year	33,359,042	61,433,888		35,779,537
End of the year	<u>\$ 35,291,865</u>	<u>\$ 66,770,177</u>		<u>\$ 36,751,084</u>

Adjustment to reflect the consolidation
of internal service fund activities related
to enterprise funds 219,295
Change in net position of business-
type activities \$ 7,488,407

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 16,470,195	\$ 13,492,923	\$ 29,963,118	\$ -
Cash received from inter-departmental charges	-	-	-	8,784,353
Cash received from others	22,074	10,448,021	10,470,095	47,413
Cash payments to suppliers for goods and services	(11,823,435)	(2,881,813)	(14,705,248)	(4,301,459)
Cash payments to employees for services	(1,942,065)	(1,839,742)	(3,781,807)	(2,383,837)
Net cash provided (used) by operating activities	2,726,769	19,219,389	21,946,158	2,146,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	-	-	299,573
Transfer paid	-	-	-	(1,540,554)
Net cash provided (used) by noncapital financing activities	-	-	-	(1,240,981)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on bonds	-	(225,054)	(225,054)	-
Capital contributions received	21,216	-	21,216	-
Acquisition and construction of capital assets	(504,887)	(16,316,036)	(16,820,923)	(858,401)
Net cash provided (used) by capital and related financing activities	(483,671)	(16,541,090)	(17,024,761)	(858,401)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest expenses	-	(1,356,446)	(1,356,446)	-
Investment income	419,613	1,018,266	1,437,879	822,914
Net cash provided (used) by investing activities	419,613	(338,180)	81,433	822,914
Net increase (decrease) in cash and cash equivalents	2,662,711	2,340,119	5,002,830	870,002
CASH AND CASH EQUIVALENTS:				
Beginning of year	15,359,132	29,277,209	44,636,341	35,911,950
End of year	<u>\$ 18,021,843</u>	<u>\$ 31,617,328</u>	<u>\$ 49,639,171</u>	<u>\$ 36,781,952</u>

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Statement of Cash Flows, Continued
Proprietary Funds
For the fiscal year ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,471,383	\$ 5,656,702	\$ 7,128,085	\$ 1,735,744
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	843,591	1,248,855	2,092,446	633,697
Miscellaneous revenues	22,074	26,969	49,043	47,413
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Billed receivables	3,147	11,569	14,716	-
Unbilled receivables	(137,737)	(165,494)	(303,231)	-
Other receivables	52,005	10,372,801	10,424,806	(2,586)
Interest receivables	-	45,136	45,136	-
Deposit and prepaid items	299	299	598	(657)
Inventory	1,463	(24,982)	(23,519)	10,143
Deferred outflow of resources	(8,271)	(43,405)	(51,676)	(14,614)
Increase (decrease) in:				
Accounts payable and claims liability	244,444	1,210,112	1,454,556	(426,328)
Accrued interest	-	540,345	540,345	-
Due to other funds	-	-	-	-
Accrued payroll	723	12,193	12,916	1,015
Refundable deposits	(11,213)	-	(11,213)	-
Claims liability	-	-	-	(27,000)
Compensated absences	(13,585)	(5,423)	(19,008)	9,825
Net OPEB liability	74,507	69,219	143,726	74,513
Net pension liability	201,225	278,782	480,007	154,911
Other liability	-	-	-	(31,467)
Deferred inflow of resources	(17,286)	(14,289)	(31,575)	(18,139)
Total adjustments	1,255,386	13,562,687	14,818,073	410,726
Net cash provided (used) by operating activities	\$ 2,726,769	\$ 19,219,389	\$ 21,946,158	\$ 2,146,470
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:				
Capital contributions to other agency	\$ -	\$ -	\$ -	\$ (388,489)
Loss on disposal of capital assets	(1,463)	(9,202)	(10,665)	-
Total noncash capital and related financing transaction	\$ (1,463)	\$ (9,202)	\$ (10,665)	\$ (388,489)

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2020

	Successor Agency of Community Development Agency
ASSETS	
Cash and investments	\$ 482,505
Total assets	\$ 482,505
LIABILITIES	
Loan payable to City	\$ 1,284,468
Total liabilities	1,284,468
NET POSITION	
Unrestricted	(801,963)
Total Net Position	\$ (801,963)

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For fiscal year ended June 30, 2020

	Successor Agency of Community Development Agency
Additions	
Property taxes	\$ 269,966
Investment earnings	12,329
Total additions	282,295
Deductions	
Administrative expenses	55,234
Affordable housing subsidy	250,951
Total deductions	306,185
Change in net position	(23,890)
Net position-Beginning of the year	(778,073)
Net position-End of the year	<u>\$ (801,963)</u>

See accompanying Notes to Basic Financial Statements

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NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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.

NOTE 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 and Changes in Net Position 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 and Changes in Net Position 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 THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 accrual 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 cost-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) to 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 grand 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 San 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 Capital Projects Fund – Accounts for development, construction or acquisition of approved capital projects funded by general fund, special revenues fund, state and federal grants.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 4/5th vote of the City Council.

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 revenues 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, result 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 cared Act medical benefits plan, and compensated absences; all of which are provided to other departments of the City/District on a cost-reimbursement basis.

Fiduciary Funds – Private purpose trust fund is used to account for assets held by the City/District as fiduciary for Foster City Successor Agency. The 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 financial activities of the funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Fiduciary funds (private-purpose trust fund) are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues (additions) are recorded when earned and expenses (deductions) are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one 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.

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 systems. The City/District has a policy whereby assets with an initial, individual cost of more than \$5,000 and \$100,000 for its noninfrastructure 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 10). 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 years without forfeiture. For AFSCME employees, vacation pay may be accrued up to two years. 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.

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 as follows:

	<u>Secured</u>	<u>Unsecured</u>
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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.”

Services 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.

K. Estimated 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.

L. New Funds and Closed Funds

The City established the following in fiscal year 2019/2020:

Measure W Special Revenue 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 July 1, 2019. These funds are earmarked to improve transit and relieve traffic congestion including roads maintenances, promote alternative modes of transportation, implement advanced technologies on roadway system, and planning/implementing traffic operations and safety projects.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position 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 position 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.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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 2020, 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. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* – This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City/District has not determined its effect on the financial statements.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 87 – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City/District has not determined its effect on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement is effective for reporting periods beginning after December 15, 2018. The City/District has not yet determined its effect on the financial statements.

GASB Statement No. 91 – In May 2019, GASB Issued 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 obligations, 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. This Statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City/District has not yet determined its effect on the financial statements.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 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.

Classification

Cash and investments as of June 30, 2020 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	\$ 225,428,617
Restricted cash and investments	236,274
Total Primary Government cash and investments	<u>225,664,891</u>

Statement of Fiduciary Net Position:

Cash and investments	482,505
Total Fiduciary Trust cash and investments	<u>482,505</u>
Total cash and investments	<u><u>\$ 226,147,396</u></u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 3,400
Deposits with financial institutions	1,294,532
Certificates of Deposit (non-negotiable)	236,274
Negotiable Certificates of Deposit	2,756,135
Local Agency Investment Funds (LAIF)	183,396,585
Securities of U.S. Government	38,460,470
	<u><u>\$ 226,147,396</u></u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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.

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	Maximum Percentage of Portfolio	Maximum 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). As of June 30, 2020, all of these funds were held in LAIF.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by 2019 Wastewater Revenue Bond 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	Maturity	Quality
U.S. Agency Securities	N/A	N/A
Money Market Mutual Funds	N/A	AAm-G or Aam
Short-Term Certificates of Deposit	1 year	A-1+
Certificates of deposit, saving accounts, deposit accounts or money market deposits, trust funds, trust accounts, overnight bank deposits, other bankers acceptances	30 days	A-1
Commercial Paper	27 days	A-1 +
Direct State general obligations, Unsecured general obligations	N/A	A-
Direct State general short-term obligations	N/A	A-1 +
Federal funds or bankers' acceptances	1 year	A-1 +
Repurchase Agreements	N/A	A
California Local Agency Investment Fund	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, 2020, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Securities of U.S. Government						
Treasury and Agencies:						
Federal National Mortg. Assn. Bonds (FNMA)	\$ 8,078,280	\$ 2,021,790	\$ 4,054,600	\$ -	\$ 1,000,450	\$ 1,001,440
Federal Farm Credit Bank Bonds (FFCB)	2,001,540	-	-	1,000,410	1,001,130	-
Federal Home Loan Bank Bonds (FHLB)	11,791,670	4,774,100	2,000,740	-	-	5,016,830
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	16,588,980	7,555,390	1,019,930	2,000,240	-	6,013,420
Negotiable Certificates of Deposit	2,756,135	1,250,502	1,505,633	-	-	-
Certificates of Deposit (non-negotiable)	236,274	236,274	-	-	-	-
Local Agency Investment Funds (LAIF)	183,396,585	183,396,585	-	-	-	-
Total	\$ 224,849,464	\$ 199,234,641	\$ 8,580,903	\$ 3,000,650	\$ 2,001,580	\$ 12,031,690

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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, 2020, 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+
Federal National Mortg. Assn. Bonds (FNMA)	Aaa	AA+

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
Negotiable Certificates of Deposit	\$ 2,756,135	1.23%
Certificates of Deposit (non-negotiable)	236,274	0.11%
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	2,001,540	0.89%
Federal Home Loan Bank Bonds (FHLB)	11,791,670	5.24%
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	16,588,980	7.38%
Federal National Mortg. Assn. Bonds (FNMA)	8,078,280	3.59%
Total Securities of U.S. Government Agencies	38,460,470	17.10%
Local Agency Investment Fund Pool	183,396,585	81.56%
Total Investment Portfolio	\$ 224,849,464	100.00%

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 THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – CASH AND INVESTMENTS (Continued)

As of June 30, 2020, the carrying amount of the City/District's deposits was \$1,294,532 and the bank balance was \$3,826,099. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,576,099 was collateralized by the pledging financial institutions 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, 2020, by multiplying its account balance with LAIF (\$182,500,000) times a fair value factor (1.004912795) 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, 2020, the City/District's investments in LAIF, stated at fair value, equaled \$183,396,585.

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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.

The City's fair value measurements are as follows at June 30, 2020:

<u>Investment Type</u>	<u>Fair Value Measurement Using</u>	
	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
Federal National Mortg. Assn. Bonds (FNMA)	\$ 8,078,280	\$ -
Federal Farm Credit Bank Bonds (FFCB)	2,001,540	-
Federal Home Loan Bank Bonds (FHLB)	11,791,670	-
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	16,588,980	-
Local Agency Investment Funds (LAIF)	-	183,396,585
Negotiable Certificates of Deposit	2,756,135	-
Certificates of Deposit (non-negotiable)	-	236,274
Total Investment Portfolio	<u>\$ 41,216,605</u>	<u>\$ 183,632,859</u>

Federal agency securities and Negotiable Certificates of Deposit 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 classified as exempt in the fair value hierarchy, as it is valued at amortized cost, which is exempt from being classified under GASB 72. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – LOANS RECEIVABLE

At June 30, 2020, Loans Receivable amounted to:

	<u>Amount</u>	<u>Allowance</u>	<u>Net Amount</u>
Metro Center Senior Homes Project	\$ 7,147,252	\$ (7,147,252)	\$ -
First Time Home Buyer Program	230,085	-	230,085
North Peninsula Jewish Campus Land	14,709,281	-	14,709,281
MP Foster Square Associates, L.P.	4,645,028	-	4,645,028
KIVA	1,346	-	1,346
Successor Agency	1,284,468	-	1,284,468
Total	<u>\$ 28,017,460</u>	<u>\$ (7,147,252)</u>	<u>\$ 20,870,208</u>

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, 2020, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,147,252 which includes principal of \$5,855,998 and accumulated interest in the amount of \$1,291,254.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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 \$230,085 at June 30, 2020.

North Peninsula Jewish Campus Land, LLC

On September 28, 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 \$14,709,281 as of June 30, 2020.

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, 2020, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,645,028 which includes principal of \$4,023,577 and accrued interest of \$621,451.

KIVA

On November 21, 2016, the City Council approved an agreement with KIVA Microlending (KIVA) creating a loan matching supporter account in the amount of \$90,000 for Foster City businesses. Kiva Microloans is the world's first and largest micro-lending website offering 0% micro business loans directly to small businesses who would otherwise have difficulty qualifying for traditional small business bank loans. Small businesses with an economic need are eligible to raise up to \$10,000 in crowdfunded capital with 0% interest. As of June 30, 2020, the outstanding balance of this loan is \$1,346.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 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, 2020 is \$1,284,468. Payments will be made by the Successor Agency using available future funds from the County’s Reserve for Property Tax Trust Fund (RPTTF).

NOTE 5 – INTERFUND TRANSACTIONS

Due To and From Other Funds

Amounts due to or due from other funds reflect inter-fund balances of services rendered or short-term loans expected to be repaid in the next fiscal year.

Due From Other Funds	Due To Other Funds	Amount
City Capital Projects Fund	Non-Major Governmental Funds	\$ 133,436
Total		\$ 133,436

Transfers

Resources may be transferred from one City/District fund to another. Transfers are made for the purposes of funding capital projects, capital outlays, or reimburse a fund that has incurred expenditures on behalf of another fund. Expenditures reimbursed were for capital projects, maintenance and operation expenses, and contributions for post-employment benefits or other employment liabilities. The following schedule summarizes the City/District’s transfer activity:

Transfers In	Transfers Out	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 18,535
City Capital Projects Fund	General Fund	5,136,577
City Capital Projects Fund	Internal Service Funds	723,150
Internal Service Funds	Internal Service Funds	299,573
Non-Major Governmental Funds	General Fund	50,000
Non-Major Governmental Funds	Non-Major Governmental Funds	50,000
Total Interfund Transfers		\$ 6,277,835

Transfers between funds were made during the fiscal year to fund capital improvement projects, summer concerts, Sustainable Foster City Program, and to fund building maintenance expenses.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

In fiscal year 2020, the Equipment Replacement Internal Service Fund recorded a transfer out in the amount of \$517,831 to transfer capital assets to the governmental activities for the purchase of playground equipment. The transfer in to the governmental activities is only recorded in the governmentwide financial statements and therefore, transfers in and out do not reconcile on the fund statements.

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,102,221	\$ -	\$ -	\$ -	\$ 11,102,221
Construction in progress	<u>6,238,223</u>	<u>4,921,314</u>	<u>-</u>	<u>(3,727,438)</u>	<u>7,432,099</u>
Total capital assets, not being depreciated	<u>17,340,444</u>	<u>4,921,314</u>	<u>-</u>	<u>(3,727,438)</u>	<u>18,534,320</u>
Capital assets, being depreciated:					
Infrastructure	117,032,379	517,830	(407,131)	3,727,438	120,870,516
Buildings	50,011,488	-	-	-	50,011,488
Improvements	5,898,096	-	-	-	5,898,096
Equipment	7,061,054	103,225	(225,672)	-	6,938,607
Vehicles	4,211,627	407,363	(346,169)	-	4,272,821
Software	<u>844,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844,096</u>
Total capital assets, being depreciated	<u>185,058,740</u>	<u>1,028,418</u>	<u>(978,972)</u>	<u>3,727,438</u>	<u>188,835,624</u>
Less accumulated depreciation for:					
Infrastructure	(69,137,883)	(3,719,659)	333,795	-	(72,523,747)
Buildings	(19,803,170)	(1,146,390)	-	-	(20,949,560)
Improvements	(2,920,506)	(179,788)	-	-	(3,100,294)
Equipment	(4,691,642)	(298,573)	225,672	-	(4,764,543)
Vehicles	(2,558,442)	(305,820)	300,438	-	(2,563,824)
Software	<u>(619,440)</u>	<u>(29,303)</u>	<u>-</u>	<u>-</u>	<u>(648,743)</u>
Total accumulated depreciation	<u>(99,731,083)</u>	<u>(5,679,533)</u>	<u>859,905</u>	<u>-</u>	<u>(104,550,711)</u>
Total capital assets, being depreciated, net	<u>85,327,657</u>	<u>(4,651,115)</u>	<u>(119,067)</u>	<u>3,727,438</u>	<u>84,284,913</u>
Governmental activities capital assets, net	<u>\$ 102,668,101</u>	<u>\$ 270,199</u>	<u>\$ (119,067)</u>	<u>\$ -</u>	<u>\$ 102,819,233</u>

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$5,949,732 which consisted of \$510,588 in additions attributable to internal service fund activity.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – CAPITAL ASSETS (Continued)

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 3,553,474	\$ -	\$ -	\$ -	\$ 3,553,474
Construction in progress	22,694,704	16,751,750	-	(1,150,551)	38,295,903
Total capital assets, not being depreciated	26,248,178	16,751,750	-	(1,150,551)	41,849,377
Capital assets, being depreciated:					
Infrastructure	73,782,150	58,720	(56,731)	1,150,551	74,934,690
Sewer capacity rights	24,791,531	-	-	-	24,791,531
Equipment	3,118,286	6,590	(76,231)	-	3,048,645
Total capital assets, being depreciated	101,691,967	65,310	(132,962)	1,150,551	102,774,866
Less accumulated depreciation for:					
Infrastructure	(48,055,677)	(1,444,864)	49,929	-	(49,450,612)
Sewer capacity rights	(7,039,989)	(495,831)	-	-	(7,535,820)
Equipment	(1,339,774)	(151,751)	76,231	-	(1,415,294)
Total accumulated depreciation	(56,435,440)	(2,092,446)	126,160	-	(58,401,726)
Total capital assets, being depreciated, net	45,256,527	(2,027,136)	(6,802)	1,150,551	44,373,140
Business-type activities capital assets, net	\$ 71,504,705	\$ 14,724,614	\$ (6,802)	\$ -	\$ 86,222,517

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 649,751
Public safety - Police	271,260
Public safety - Fire	20,003
Public works	2,437,896
Community development	46,521
Parks and recreation	2,254,103
Total depreciation expense	\$ 5,679,534

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 843,591
Wastewater	1,248,855
Total depreciation expense	\$ 2,092,446

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	July 1, 2019	Additions	Retirements	June 30, 2020	Due Within One Year	Due in More Than One Year
Governmental activities:						
Claim liability	\$ 63,000	\$ -	\$ (27,000)	\$ 36,000	\$ 36,000	\$ -
Compensated absences	2,248,271	1,135,848	(885,783)	2,498,336	872,876	1,625,460
Net OPEB liability	9,005,196	1,711,780	(626,061)	10,090,915	-	10,090,915
Direct placement: PG&E On-Bill Financing	188,798	-	(31,467)	157,331	31,466	125,865
Total governmental activities	\$ 11,505,265	\$ 2,847,628	\$ (1,570,311)	\$ 12,782,582	\$ 940,342	\$ 11,842,240
Business-type activities:						
Compensated absences	\$ 390,498	\$ 144,776	\$ (163,784)	\$ 371,490	\$ 130,685	\$ 240,805
Net OPEB liability	955,306	212,671	(68,945)	1,099,032	-	1,099,032
2019 Wastewater Revenue Bonds	33,820,000	-	-	33,820,000	515,000	33,305,000
Plus: Unamortized bond premium	6,560,039	-	(225,054)	6,334,985	-	6,334,985
Total business-type activities	\$ 41,725,843	\$ 357,447	\$ (457,783)	\$ 41,625,507	\$ 645,685	\$ 40,979,822

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, \$187,622 of compensated absences, \$36,000 of claims liability, \$157,331 of PG&E On-Bill Financing, \$3,219,840 of net pension liability and \$619,059 net OPEB liability 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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 \$40,154,985 at June 30, 2020. Total principal and interest payments on the District Bonds until final maturity is \$62,564,750.

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.

Debt Service Requirements

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

For the Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 515,000	\$ 1,568,625	\$ 2,083,625
2022	545,000	1,542,125	2,087,125
2023	570,000	1,514,250	2,084,250
2024	600,000	1,485,000	2,085,000
2025	630,000	1,454,250	2,084,250
2026 - 2030	3,680,000	6,750,500	10,430,500
2031 - 2035	4,720,000	5,705,750	10,425,750
2036 - 2040	5,970,000	4,458,325	10,428,325
2041 - 2045	7,365,000	3,066,550	10,431,550
2046 - 2050	9,225,000	1,199,375	10,424,375
Total	<u>\$ 33,820,000</u>	<u>\$ 28,744,750</u>	<u>\$ 62,564,750</u>
Plus: Unamortized Premium	<u>\$ 6,334,985</u>		
	<u>\$ 40,154,985</u>		

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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 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 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.

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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, 2020, are below:

	Major Funds					Non-Major	Total
	General Fund	Low and Moderate Income Housing Assets Fund	Foster City Affordable Housing Fund	City Capital Projects	Capital Asset Preservation	Governmental Funds	
Nonspendable							
Prepays and deposits	\$ 2,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,515
Inventory	16,900	-	-	-	-	-	16,900
Total Nonspendable	19,415	-	-	-	-	-	19,415
Restricted							
Affordable housing	-	2,003,145	-	-	-	-	2,003,145
Parks	-	-	-	-	-	2,787,789	2,787,789
Public safety program	15,296	-	-	-	-	-	15,296
Roadway capital project and maintenance	-	-	-	-	-	4,143,917	4,143,917
Recreation programs and community events	-	-	-	-	-	966,870	966,870
Total Restricted	15,296	2,003,145	-	-	-	7,898,576	9,917,017
Committed							
Solid waste reduction	-	-	-	-	-	749,382	749,382
Garbage rate stabilization fund	153,337	-	-	-	-	-	153,337
Capital projects	-	-	-	15,705,607	42,420,105	-	58,125,712
Affordable housing	-	-	921,383	-	-	-	921,383
CalOpps online recruitment program	-	-	-	-	-	392,674	392,674
Sustainable Foster City program	-	-	-	-	-	181,599	181,599
BAERS program	-	-	-	-	-	673,503	673,503
General plan, building and zoning	-	-	-	-	-	1,661,815	1,661,815
Technology fee program	-	-	-	-	-	179,635	179,635
Community benefit	1,503,339	-	-	-	-	-	1,503,339
Solar rebate	96,854	-	-	-	-	-	96,854
Facility maintenance	2,376,699	-	-	-	-	-	2,376,699
Employee homeloan program	59,406	-	-	-	-	-	59,406
Pension	3,512,869	-	-	-	-	-	3,512,869
Total Committed	7,702,504	-	921,383	15,705,607	42,420,105	3,838,608	70,588,207
Unassigned	50,858,876	-	-	-	-	(133,436)	50,725,440
Total Fund Balances	\$ 58,596,091	\$ 2,003,145	\$ 921,383	\$ 15,705,607	\$ 42,420,105	\$ 11,603,748	\$ 131,250,079

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, 2020, there were no encumbered fund balances.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN

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

1. **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.

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

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) cost-sharing Plans and Miscellaneous (all other) agent multiple employer 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 provisions, assumptions and membership information that can be found on the CalPERS website.

The City’s Safety Plan is a cost-sharing multiple-employer defined benefit pension plan 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

The plans’ provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Agent-Multiple		Cost Sharing		
	Miscellaneous Plan		Safety (Police and Fire) Plan		
	Classic	PEPRA	Classic	Classic (Police)	PEPRA
	Prior to	On or after	Prior to	On or after	On or after
Hire date	1/1/2013	1/1/2013	1/1/2012	1/1/2012	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%	3%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rate	8.00%	6.25%	9.00%	9.00%	12.00%
Required employer contribution rate *	33.652%	33.652%	64.666%	17.948%	13.601% (Police) 13.617% (Fire)
Total employee contribution FY 19/20	\$ 693,529	\$ 238,761	\$ 266,156	\$ 15,306	\$ 251,073
Total employer contribution FY 19/20	\$ 3,649,887	\$ 403,785	\$ 3,452,760	\$ 31,435	\$ 284,938

* including Unfunded Actuarial Liability (UAL) contribution rate

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, 2018, however, information for the Safety Plans was not provided from CalPERS for cost-sharing multiple-employer defined benefit pension plans.

	Miscellaneous *
Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	173
Active employees	129
Total	<u>519</u>

* 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

For the year ended June 30, 2020, the contributions for the Plans were as follows:

	<u>Miscellaneous *</u>	<u>Safety Plans *</u>	<u>Total</u>
Contributions - employer	\$ 4,053,672	\$ 3,769,133	\$ 7,822,805
Contributions - employee	932,290	532,535	1,464,825

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

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. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 using standard update procedures. As of June 30, 2020, the City reported net pension liabilities of \$35,231,181.

As of June 30, 2020, the City’s reported net pension liabilities for its proportionate shares of the net pension liability of Safety Plan as follow:

	<u>Cost Sharing Safety Plan</u>
Proportionate Share of Net Pension Liability	\$ 40,648,037

The total net pension liability for the Miscellaneous and Safety Plans at June 30, 2020 was \$75,879,218.

The City’s net pension liability for Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2018 and 2019 is as follows:

	<u>Cost Sharing Safety (Police and Fire) Plan</u>
Proportion - June 30, 2018	0.74%
Proportion - June 30, 2019	0.65%
Change-Increase (Decrease)	<u>-0.09%</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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

At June 30, 2020, the City recognized pension expense of \$6,058,217 for the Miscellaneous Plan and pension expense of \$7,093,605 for the Safety Plan, with a total pension expense of \$13,151,822.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for Miscellaneous and Safety Plans:

	Agent-Multiple		Cost-Sharing		Total	
	Miscellaneous Plan		Safety Plan		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	\$ 4,053,672	\$ -	\$ 3,769,133	\$ -	\$ 7,822,805	\$ -
Differences between actual and expected experience	563,201	(79,409)	2,653,950	-	3,217,151	(79,409)
Changes in assumptions	-	(180,988)	1,666,092	(325,136)	1,666,092	(506,124)
Net difference between projected and actual earnings on pension plan investments	-	(625,738)	-	(559,183)	-	(1,184,921)
Changes in employer's proportion	-	-	-	(3,895,496)	-	(3,895,496)
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	2,350,659	(274,905)	2,350,659	(274,905)
Total	<u>\$ 4,616,873</u>	<u>\$ (886,135)</u>	<u>\$ 10,439,834</u>	<u>\$ (5,054,720)</u>	<u>\$ 15,056,707</u>	<u>\$ (5,940,855)</u>

The \$7,822,805 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 ended June 30, 2020. 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	Miscellaneous	Safety	Total
	Plan	Plan	
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
2021	\$ 306,511	\$ 2,353,381	\$ 2,659,892
2022	(537,791)	(880,587)	(1,418,378)
2023	(158,192)	34,387	(123,805)
2024	66,538	108,800	175,338
	<u>\$ (322,934)</u>	<u>\$ 1,615,981</u>	<u>\$ 1,293,047</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions for Miscellaneous and Safety Plans:

	All Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.35% (1)
Mortality (2)	Derived using CalPERS' membership for data for all funds (2)

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

The table below reflects long-term expected real rate of return by asset class for Miscellaneous and Safety 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.

(A)	(B)	(C)
Asset Class	Market value (\$ Billion)	Policy Target Allocation
Public Equity	171.8	49.0%
Private Equity	27.2	8.0%
Global Fixed Income	79.1	22.0%
Liquidity	11.8	3.0%
Real Assets	38.1	12.0%
Inflation Sensitive Assets	20.8	6.0%
Other	3.1	0.0%
Total Fund	351.9	100.0%

Sensitivity of the Net Pension Liability for Miscellaneous Plans and Sensitivity of the Proportionate Share of the Net Pension Liability for Safety Plans to changes in the Discount rate – The following presents the net pension liability of the City for Miscellaneous and the City’s proportionate share of the net pension liability for Safety Plans, calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	Agent-Multiple Miscellaneous * Plan	Cost-Sharing Safety * Plan
Discount Rate 1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 50,896,181	\$ 59,652,216
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 35,231,181	\$ 40,648,037
Discount Rate 1% Increase	8.15%	8.15%
Net Pension Liability	\$ 22,267,967	\$ 25,067,587

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 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)
Balance at June 30, 2018	\$ 115,671,958	\$ 82,148,859	\$ 33,523,099
Changes in the year:			
Service cost	2,181,880	-	2,181,880
Interest on the total pension liability	8,207,764	-	8,207,764
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	894,495	-	894,495
Net Plan to plan resource movement	-	(315,016)	315,016
Contributions - employer	-	3,537,734	(3,537,734)
Contributions - employees	-	930,863	(930,863)
Net investment income	-	5,480,856	(5,480,856)
Benefit payments, including refunds of employee contributions	(5,726,960)	(5,726,960)	-
Administrative expenses	-	(58,380)	58,380
Other miscellaneous income	-	-	-
Net changes	<u>5,557,179</u>	<u>3,849,097</u>	<u>1,708,082</u>
Balance at June 30, 2019	<u>\$ 121,229,137</u>	<u>\$ 85,997,956</u>	<u>\$ 35,231,181</u>

* All Tiers of the Miscellaneous plan 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.

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Longevity Recognition Benefits

The Longevity Recognition defined benefits plan offered by City is a 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, 2020, the reporting date, the following numbers of employees were covered by the benefit terms:

	Numbers of Covered Employees
Inactives currently receiving benefits	52
Inactives entitled to benefit payments	6
Active employees	34
Total	92

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):</p> <p style="padding-left: 40px;">Age 50 & 10 years of City service</p> <p style="padding-left: 40px;">Retire from the City & CalPERS (service or disability)</p> <p>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;">< 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																														

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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.

Total pension liabilities for the plan:

	Total Pension Liability	
	June 30, 2020	June 30, 2019
Measurement Date	6/30/20	6/30/19
Total Pension Liability (TPL)	\$ 3,577,630	\$ 3,333,649

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 (1.45%)	Current Rate (2.45%)	1% Increase (3.45%)
Total pension liability	\$ 4,071,655	\$ 3,577,630	\$ 3,172,917

Balances of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 5,277	\$ (495,067)
Changes of assumptions	473,170	(60,000)
Total	<u>\$ 478,447</u>	<u>\$ (555,067)</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Significant Actuarial Assumptions:

Significant Actuarial Assumptions Used in Calculating the Total Pension Liability	
Significant Actuarial Assumptions	June 30, 2019 Measurement Date
Actuarial Valuation Date	March 1, 2019
Contribution Policy	Pay-as-you-go
Discount Rate	2.45% at June 30, 2020 (Bond Buyer 20 Index)
	3.13% at June 30, 2019 (Bond Buyer 20 Index)
General Inflation	2.50% per annum
Mortality, Retirement, Disability, Termination	Same as CalPERS
Mortality Improvement	15 years of projected on-going mortality improvement using MP 2016 published by the Society of Actuaries
Expected Long-Term Rate of Return on Investments	N/A
Payroll Increases	Aggregate: 2.75%
	Merit: CalPERS 1997-2011 Experience Study

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 \$136 and \$139 per month per family for the period from July 1, 2019 to December 31, 2019 and January 1, 2020 to June 30, 2020, respectively. The City/District’s contribution for fiscal year 2020 amounted to \$467,448 which included \$312,348 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, 2020:

Active employees	169
Inactive employees receiving benefit payments	138
Inactive employees entitled to but not yet receiving benefit payments	62
Total	<u>369</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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.

For the March 1, 2019 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 2.45% 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 for measurement after March 31, 2015. The UAAL is amortized as a level percentage of projected payrolls over 15 years on a closed basis commencing in 2014.

<u>Actuarial Assumption</u>	<u>June 30, 2020 Measurement Date</u>
<u>Actuarial Valuation Date</u>	<u>March 01, 2019</u>
	*2.45% at June 30, 2020
	*3.13% at June 30, 2019
<u>20-Year Municipal Bond Rate</u>	<u>*Bond Buyer 20-Bond GO Index</u>
	*2.45% at June 30, 2020
	*3.13% at June 30, 2019
<u>Discount Rate</u>	
<u>General Inflation</u>	<u>2.5% per annum</u>
<u>Aggregate Payroll Increase</u>	<u>2.75% per annum</u>
<u>Mortality, Retirement, Disability, Termination</u>	<u>Same as CalPERS</u>
<u>Mortality Improvement</u>	<u>Post-retirement mortality projected fully generational with modified Scale MP-2016</u>

Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance as of June 30, 2019	<u>\$ 9,960,502</u>
Changes Recognized for the Measurement Period:	
Service cost	539,303
Interest on the total OPEB liability	321,329
Differences between expected and actual experience	(13,845)
Changes of assumptions	850,106
Benefit Payments	(155,100)
Implicit Rate Subsidy Fulfilled	(312,348)
Net changes	<u>1,229,445</u>
Balance as of June 30, 2020	<u>\$ 11,189,947</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – 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 (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1% (1.45%)	Discount Rate (2.45%)	Discount Rate +1% (3.45%)
\$ 12,638,789	\$ 11,189,947	\$ 9,990,282

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 4.50% Decreasing to 2.84%	Healthcare Cost Trend Rates 5.5% Decreasing to 3.84%	1% Increase 6.50% Decreasing to 4.84%
\$ 10,649,185	\$ 11,189,947	\$ 11,827,570

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$63,789. At June 30, 2020, 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	\$ -	\$ (1,427,030)
Changes of assumptions	728,662	(644,135)
	<u>\$ 728,662</u>	<u>\$ (2,071,165)</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
2021	\$ (329,395)
2022	(329,395)
2023	(320,395)
2024	(241,395)
2025	(241,388)
2026	119,465
Total	<u>\$ (1,342,503)</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 THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 – 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:

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 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 20th 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.

For the year ended June 30, 2020, the District's share of the operating and maintenance costs was \$2,477,426 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).

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 20th Avenue, San Mateo, CA 94403.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

**NOTE 10 – INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS
 (Continued)**

The condensed financial information of the PFA as of June 30, 2020 is as follows:

Total Assets	\$571,653,738
Total Liabilities	\$630,743,822
Net Position	\$(59,090,084)

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 is 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%).

As of June 30, 2020, the City recorded an investment in JPA equity of \$3,619,818 based on the audited financial statements of the JPA for fiscal year 2020. 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 20th Avenue, San Mateo, CA 94403.

The condensed audited financial information of the JPA as of June 30, 2020 is as follows (in millions):

Total Assets	\$17.1
Deferred outflows-related to pension	\$ 5.9
Total Liabilities	\$ 4.9
Net Position	\$18.1

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 10 – INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS
(Continued)**

Financial statements may be obtained by mailing a request to the City of Redwood City, 1017 Middlefield Road, Redwood City, California 94063.

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, 2020, the City/District paid premiums to The Cities Group of \$1,525,582 which are included in the General Fund as insurance expenditures.

PLAN JPA

The City/District, along with 28 other Bay Area governments, is a member of the 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 opinion 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, 2020, the City/District's paid premiums of \$386,425 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 11 – 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 \$2,500,000 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.

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. At June 30, 2020, the liability for general liability self-insurance claims was \$36,000. This 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, 2018	\$ 92,000
Current year claim deductibles and changes in estimates	(17,967)
Net payments	<u>(11,033)</u>
Liability at June 30, 2019	63,000
Current year claim deductibles and changes in estimates	13,956
Net payments	<u>(40,956)</u>
Liability at June 30, 2020	<u><u>\$ 36,000</u></u>

NOTE 12 – 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 participation as summarized below:

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

(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.

(iii) 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, 2020, the Successor Agency paid the developer the Utility Subsidy in the amount of \$51,416.

(ii) 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, 2020, the Successor Agency paid the developer a tax increment subsidy in the amount of \$199,545.

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 THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 – 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, 2020	Committed
Sewer System Rehabilitation-Force Mains, Gravity Mains and Manholes	\$ 1,450,000	\$ 1,052,581	\$ 397,419
Sanitary Sewer Lift Station Improvements Project-Phase 5	8,075,000	7,586,001	488,999
Median Modifications-Foster City Blvd at Chess Dr-MP#3	345,540	38,430	307,110
Water System Improvements and Valve Replacements	1,265,000	390,279	874,721
Road Widening-Foster City Blvd at Chess Dr-MP#7	1,141,000	182,476	958,524
Wastewater Treatment Plant Master Plan Improvements	42,505,235	29,341,491	13,163,744
Park Infrastructure Improvements-Leo Ryan Park Lawn Conversion and Bocce Courts	925,000	29,565	895,435
Levee Protection Planning and Improvement Project	62,867,795	5,188,457	57,679,338
Water Tank Improvements	3,200,000	174,431	3,025,569
Street Rehabilitation	2,500,000	69,750	2,430,250
Seismic Improvements at Lagoon Pump Station	150,000	9,008	140,992
Synthetic Surface replacements	725,000	181,182	543,818
Park Infrastructure Projects	1,175,000	34,400	1,140,600
Corporation Yard Facility Improvements	566,002	254,090	311,912
Playground ADA Compliance Projects-Gull Park	550,000	-	550,000
Playground ADA Compliance Projects-Marlin Park	550,000	77,574	472,426
Library Exterior Wall Sealing and Tile Installation	120,000	-	120,000
Recreation Center Master Plan	300,000	242,172	57,828
Street Rehabilitation	1,917,000	1,451,622	465,378
Roof Replacement	635,000	-	635,000
Dynamic Signage for Traffic Relief Pilot Program	225,000	31,963	193,037
New Traffic Signals at Various Locations	2,882,500	75,982	2,806,518
Park System Master Plan Study	257,500	108,909	148,591
Corporation Yard HVAC Replacement	380,000	-	380,000
Civic Center Rear Security Gate Installation	250,000	-	250,000
	<u>\$ 134,957,572</u>	<u>\$ 46,520,363</u>	<u>\$ 88,437,209</u>

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.

NOTE 13 – SUBSEQUENT EVENTS

General Obligation Bonds Series 2020 – Original issue \$85,000,000

On August 5, 2020, the City issued \$85,000,000 of General Obligation Bonds Series 2020 to finance the improvement of the City’s levee system. The Bonds bear interest rates of 2% to 4%. Principal payments are due annually on August 1 and semi-annual interest payments are due each February 1 and August 1 commencing on February 1, 2021.

Water Infrastructure Finance and Innovation Act (WIFIA) Loan – \$66,860,640

On November 5, 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 (aka 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 1 and semi-annual interest payments are due each February 1 and August 1 commencing on February 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET AND BUDGETARY ACCOUNTING

The following procedures are performed by the City/District in establishing the budgetary data reflected in the basic financial statements:

The City Manager submits to the City Council and the District's Board members a proposed budget for the coming fiscal year. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayers' comments.

The budget is legally adopted through the passage of a resolution.

The transfer of budget amounts between funds or departments are approved by the City Council and the District's Board. Transfer of budget amounts within one fund or one department are approved by the City Manager.

Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.

Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) using the cash and encumbrance basis of accounting. Encumbrances lapse at year-end with the exception of Capital Improvement Projects Funds,

Total expenditures of each governmental fund may not exceed fund appropriations at the department level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process.

Fund appropriations lapse at the end of each year. The City/District closes out all purchase orders, contracts and other commitments at year-end. As such, no encumbrances were outstanding at June 30, 2020. Encumbrances are expected to be reappropriated in the following fiscal year.

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City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Budgetary Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, June 30, 2019	\$ 55,276,446	\$ 55,276,446	\$ 55,276,446	\$ -
Resources (inflows):				
Property taxes:				
Secured	27,802,400	27,802,400	29,677,247	1,874,847
Unsecured	1,472,000	1,472,000	1,323,151	(148,849)
Motor vehicle in lieu	4,202,000	4,202,000	4,186,270	(15,730)
Total	33,476,400	33,476,400	35,186,668	1,710,268
Other taxes:				
Sales and use and sales tax in lieu	3,391,100	3,391,100	3,149,274	(241,826)
Transient occupancy	4,697,200	4,697,200	3,506,101	(1,191,099)
Franchise	1,195,600	1,195,600	1,213,162	17,562
Real property transfer	304,900	304,900	279,650	(25,250)
Total	9,588,800	9,588,800	8,148,187	(1,440,613)
Licenses and permits:				
Business licenses	1,768,100	1,768,100	1,674,780	(93,320)
Permits	1,384,900	1,384,900	1,724,815	339,915
Total	3,153,000	3,153,000	3,399,595	246,595
Intergovernmental:				
Homeowner property tax relief	100,000	100,000	98,483	(1,517)
Reimbursements and grants	30,000	30,000	251,470	221,470
Total	130,000	130,000	349,953	219,953
Charges for current services:				
Service fees	415,700	415,700	538,273	122,573
Recreation and leisure	1,645,800	1,645,800	1,040,575	(605,225)
Total	2,061,500	2,061,500	1,578,848	(482,652)
Fines and forfeitures:				
Traffic fines and court fees	15,000	15,000	14,923	(77)
False alarm fines	38,100	38,100	16,012	(22,088)
Total	53,100	53,100	30,935	(22,165)
Investment income and rentals:				
Investment income	682,850	682,850	1,286,461	603,611
Rent	978,000	978,000	985,683	7,683
Total	1,660,850	1,660,850	2,272,144	611,294
Other revenues	315,900	315,900	463,996	148,096
Total revenues	50,439,550	50,439,550	51,430,326	990,776
Transfers in	\$18,000	\$18,000	18,535	535
Amounts available for appropriation	105,733,996	105,733,996	106,725,307	991,311

(Continued)

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2019

Budgetary Comparison Schedule - General Fund, Concluded

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges to appropriations (outflows):				
General government:				
Council/Board	\$ 380,847	\$ 380,847	\$ 373,189	\$ 7,658
City/District Manager	2,698,208	2,698,208	1,809,590	888,618
City Clerk	840,863	935,863	779,950	155,913
City/District Attorney	535,842	635,842	521,884	113,958
Human Resources	611,149	651,149	499,001	152,148
Financial Services	1,339,724	1,339,724	1,114,031	225,693
Subtotal	6,406,633	6,641,633	5,097,645	1,543,988
Public safety - Police	14,616,811	14,616,811	13,842,519	774,292
Public safety - Fire	9,369,254	9,544,254	9,389,379	154,875
Public works	2,969,534	2,969,534	2,551,159	418,375
Community development	3,116,423	3,116,423	2,708,698	407,725
Parks and recreation	\$10,365,961	\$10,374,201	9,353,239	1,020,962
Subtotal	40,437,983	40,621,223	37,844,994	2,776,229
Total expenditures	46,844,616	47,262,856	42,942,639	4,320,217
Transfers out	3,550,000	\$5,186,577	5,186,577	-
Total charges to appropriations	50,394,616	52,449,433	48,129,216	4,320,217
Fund balance, June 30, 2020	\$ 55,339,380	\$ 53,284,563	\$58,596,091	\$ 5,311,528

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2020

Budgetary Comparison Schedule - Low and Moderate Income Housing Assets Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment and rental income	\$ 89,060	\$ 89,060	\$ 115,175	\$ 26,115
Other	15,000	15,000	74,397	59,397
Total revenues	104,060	104,060	189,572	85,512
EXPENDITURES:				
Community development	153,200	153,200	73,531	79,669
Total Expenditures	153,200	153,200	73,531	79,669
NET CHANGE IN FUND BALANCE	(49,140)	(49,140)	116,041	165,181
FUND BALANCE:				
Beginning of year	1,887,104	1,887,104	1,887,104	-
End of year	\$ 1,837,964	\$ 1,837,964	\$ 2,003,145	\$ 165,181

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Budgetary Comparison Schedule - Foster City Affordable Housing Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 12,300	\$ 12,300	\$ 47,290	\$ 34,990
Other revenues	5,200	5,200	-	(5,200)
Total revenues	17,500	17,500	47,290	29,790
NET CHANGE IN FUND BALANCE	17,500	17,500	47,290	29,790
FUND BALANCE:				
Beginning of year	874,093	874,093	874,093	-
End of year	\$ 891,593	\$ 891,593	\$ 921,383	\$ 29,790

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Miscellaneous Plan¹
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years²**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Measurement period ended June 30,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 2,181,880	\$ 2,119,859	\$ 2,054,671	\$ 1,748,222	\$ 1,653,700	\$ 1,711,380
Interest on total pension liability	8,207,764	7,831,249	7,592,791	7,349,248	6,975,642	6,664,608
Changes in benefits	-	-	-	-	-	-
Changes in assumptions	-	(784,284)	6,213,113	-	(1,685,658)	-
Differences between expected and actual experience	894,495	(344,105)	(524,787)	679,084	(332,183)	-
Benefit payments, including refunds of employee contributions	(5,726,960)	(5,494,351)	(4,938,810)	(4,690,682)	(4,253,245)	(3,758,521)
Net change in total pension liability	5,557,179	3,328,368	10,396,978	5,085,872	2,358,256	4,617,467
Total pension liability - beginning	115,671,958	112,343,590	101,946,612	96,860,740	94,502,484	89,885,017
Total pension liability - ending (a)	\$ 121,229,137	\$ 115,671,958	\$ 112,343,590	\$ 101,946,612	\$ 96,860,740	\$ 94,502,484
Plan fiduciary net position						
Contributions - employer	\$ 3,537,734	\$ 3,099,413	\$ 2,641,720	\$ 2,471,456	\$ 2,086,023	\$ 1,820,484
Contributions - employee	930,863	909,578	876,497	834,277	775,427	915,734
Net investment income	5,480,856	6,586,940	8,063,603	410,582	1,630,597	10,775,194
Benefit payments	(5,726,960)	(5,494,351)	(4,938,810)	(4,690,682)	(4,253,245)	(3,758,521)
Net Plan to Plan Resource Movement	(315,016)	(191)	-	-	-	-
Administrative expense	(58,380)	(120,606)	(104,618)	(43,805)	(80,893)	-
Other Miscellaneous Income/(Expense)	-	(229,033)	-	-	-	-
Net change in plan fiduciary net position	3,849,097	4,751,750	6,538,392	(1,018,172)	157,909	9,752,891
Total fiduciary net position - beginning	82,148,859	77,397,109	70,858,717	71,876,889	71,718,980	61,966,089
Total fiduciary net position - ending (b)	\$ 85,997,956	\$ 82,148,859	\$ 77,397,109	\$ 70,858,717	\$ 71,876,889	\$ 71,718,980
Net pension liability - ending (a) - (b)	\$ 35,231,181	\$ 33,523,099	\$ 34,946,481	\$ 31,087,895	\$ 24,983,851	\$ 22,783,504
Plan fiduciary net position as a percentage of the total pension liability	70.94%	71.02%	68.89%	69.51%	74.21%	75.89%
Covered payroll	\$ 12,358,999	\$ 12,029,880	\$ 11,417,868	\$ 10,547,034	\$ 9,721,261	\$ 9,595,746
Net pension liability as percentage of covered payroll	285.07%	278.67%	306.07%	294.75%	257.00%	237.43%

¹ All Tiers of the Miscellaneous plan were combined on GASB 68 report by CalPERS.

² Fiscal year 2015 was the 1st year of GASB 68 implementation

Notes to Schedule

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the 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: In 2017 the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Safety Plan
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years¹
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

Measurement period ended June 30,	Plan's proportion of the net pension liability (assets)	Plan's proportionate share of the net pension liability (assets)	Plan's Covered Payroll	Plan's proportionate share of the net pension Liability/(assets) as a percentage of its Covered payroll	Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability
2014	0.44475%	\$ 27,674,101	\$ 7,910,256	349.85%	79.82%
2015	0.45755%	31,406,035	7,974,455	393.83%	78.40%
2016	0.73601%	38,119,564	8,149,496	467.75%	68.04%
2017	0.72156%	43,114,785	8,456,759	509.83%	67.23%
2018	0.74362%	43,632,371	8,829,101	494.19%	68.43%
2019	0.65115%	40,648,037	7,369,584	551.56%	70.69%

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Miscellaneous Plan
 Agent Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years²
 SCHEDULE OF CONTRIBUTIONS**

Fiscal year ended June 30,	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of Covered payroll
2015	\$ 2,085,988	\$ (2,085,988)	\$ -	\$ 9,721,261	21.46%
2016	2,471,831	(2,471,831)	-	10,547,034	23.44%
2017	2,639,360	(2,639,360)	-	11,417,868	23.12%
2018	3,096,377	(3,096,377)	-	12,029,880	25.74%
2019	3,548,365	(3,548,365)	-	12,358,999	28.71%
2020	4,053,672	(4,053,672)	-	12,505,794	32.41%

Notes to Schedule

Valuation date: June 30, 2018

Methods and assumptions used to determine

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997-2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB published by the Society of Actuaries.

Benefit changes: None

Changes in assumptions: None

¹ All Tiers of the Miscellaneous plan were combined on GASB 68 report by CalPERS.

² Fiscal year 2015 was the 1st year of GASB 68 implementation

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Safety Plan
 Cost Sharing Defined Benefit Pension Plan
 Last 10 Years¹
 SCHEDULE OF CONTRIBUTIONS**

Fiscal year ended June 30,	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	\$ 2,466,232	\$ (2,466,232)	\$ -	\$ 7,974,455	30.93%
2016	2,822,183	(2,822,183)	-	8,149,496	34.63%
2017	4,569,536	(4,569,536)	-	8,456,759	54.03%
2018	3,409,946	(3,409,946)	-	8,829,101	38.62%
2019	3,574,289	(7,055,629)	(3,481,340)	7,369,584	95.74%
2020	3,769,133	(3,769,133)	-	5,257,579	71.69%

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Longevity Recognition Benefits Plan
 Agent Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years¹**

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS

	Measurement period ended June 30,			
	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 27,073	\$ 54,416	\$ 89,000	\$ 109,000
Interest on total pension liability	102,446	140,452	134,000	116,000
Changes in benefits	-	-	-	-
Changes in assumptions	283,853	282,626	(134,000)	(376,000)
Differences between expected and actual experience	5,929	(634,525)	-	-
Benefit payments, including refunds of employee contributions	(175,320)	(168,320)	(166,000)	(144,000)
Net change in total pension liability	243,981	(325,351)	(77,000)	(295,000)
Total pension liability - beginning	3,333,649	3,659,000	3,736,000	4,031,000
Total pension liability - ending	<u>\$ 3,577,630</u>	<u>\$ 3,333,649</u>	<u>\$ 3,659,000</u>	<u>\$ 3,736,000</u>
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 4,215,446	\$ 4,102,624	\$ 6,773,000	\$ 7,937,000
Total pension liability as percentage of covered-employee payroll	84.87%	81.26%	54.02%	47.07%

¹ Fiscal year 2017 was the 1st year of GASB 73 implementation

Notes to Schedule

Benefit changes: None

Changes of assumptions: None

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Other Post Employment Benefits Plan
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 Last 10 fiscal years***

Measurement Date	6/30/2020	6/30/19	6/30/18
Total OPEB Liability (1)			
Service Cost	\$ 539,303	\$ 646,076	\$ 575,000
Interest	321,329	473,515	432,000
Differences between expected and actual experience	(13,845)	(1,981,229)	
Changes of assumptions	850,106	(544,791)	(519,000)
Benefit payments	(155,100)	(150,401)	(141,000)
Implicit Subsidy Credit	(312,348)	(294,668)	(184,000)
Net change in total OPEB liability	1,229,445	(1,851,498)	163,000
Total OPEB liability - beginning	9,960,502	11,812,000	11,649,000
Total OPEB liability - ending	\$ 11,189,947	\$ 9,960,502	\$ 11,812,000
Covered-employee payroll	\$ 19,338,464	\$ 18,820,890	\$ 23,289,000
Total OPEB liability as a percentage of covered-employee payroll	57.86%	52.92%	50.72%

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 first year of implementation.

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NON-MAJOR GOVERNMENTAL FUNDS

City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	<u>Non-Major Special Revenue Funds</u>
ASSETS	
Cash and investments	\$ 12,129,306
Receivables, net of allowance:	
Intergovernmental	225,073
Taxes	107,510
Other	32,590
Loans receivable	<u>1,346</u>
Total assets	<u><u>\$ 12,495,825</u></u>
LIABILITIES	
Accounts payable	\$ 27,962
Accrued payroll	11,668
Refundable deposits	585,575
Due to other funds	<u>133,436</u>
Total liabilities	<u>758,641</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Measure M funding	<u>133,436</u>
Total liabilities	<u>133,436</u>
FUND BALANCES	
Restricted	7,898,576
Committed	3,838,608
Unassigned	<u>(133,436)</u>
Total fund balances	<u>11,603,748</u>
Total liabilities, deferred inflow of resources and fund balances	<u><u>\$ 12,495,825</u></u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the fiscal year ended June 30, 2020

	Non-Major Special Revenue Funds
REVENUES:	
Sales and use tax	\$ 1,142,236
Intergovernmental	1,565,361
Charges for services	228,516
Fines and forfeitures	60,025
Park-in-lieu	480,000
Investment income	250,477
Other	739,844
Total revenues	4,466,459
EXPENDITURES:	
Current:	
General government	847,059
Public safety - police	157,677
Public works	562,940
Community development	102,743
Parks and recreation	2,883
Capital outlay	2,349,387
Total expenditures	4,022,689
REVENUES OVER(UNDER) EXPENDITURES	443,770
OTHER FINANCING SOURCES (USES):	
Transfers in	100,000
Transfers out	(68,535)
Total other financing sources (uses)	31,465
NET CHANGES IN FUND BALANCES	475,235
FUND BALANCES:	
Beginning of year	11,128,513
End of year	\$ 11,603,748

NON-MAJOR SPECIAL REVENUE FUNDS

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 the 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 *SLESF/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 this 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 *SB1 Road Maintenance and 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 *Sustainable Foster City Special Fund* accounts for the proceeds from the San Mateo County redistribution of the unencumbered general tax increments from the former Foster City Community Development Agency to develop a sustainable economic development strategy for the City.

The *Bay Area Employee Relations Services Fund* accounts for revenues received from other local government agencies to access labor negotiations, position/classification studies and compensation analysis database.

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

The *Construction and Demolition Fund* accounts for refundable deposits collected from building permits. Forfeited deposit not meeting the requirement of maximizing recycling of debris and other waste generated from the project shall be used to promote the development and expansion of recycling and waste reduction programs.

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

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.

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City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2020

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
ASSETS					
Cash and investments	\$ -	\$ 2,656,995	\$ 767,924	\$ 2,787,789	\$ -
Receivables, net of allowance:					
Intergovernmental	2,524	-	-	-	133,436
Taxes	-	56,256	-	-	-
Other	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total assets	\$ 2,524	\$ 2,713,251	\$ 767,924	\$ 2,787,789	\$ 133,436
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Due to other funds	-	-	-	-	133,436
Total liabilities	-	-	-	-	133,436
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Measure M funding	-	-	-	-	133,436
Total deferred inflow of resources	-	-	-	-	133,436
FUND BALANCES					
Restricted	2,524	2,713,251	767,924	2,787,789	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	(133,436)
Total fund balances	2,524	2,713,251	767,924	2,787,789	(133,436)
Total liabilities, deferred inflow of resources and fund balances	\$ 2,524	\$ 2,713,251	\$ 767,924	\$ 2,787,789	\$ 133,436

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	Sustainable Foster City Special Fund	Bay Area Employee Relations Services Fund
\$ -	\$ 394,134	\$ 365,762	\$ 571,105	\$ 197,877	\$ 677,091
-	-	-	89,113	-	-
-	-	-	-	-	-
-	10,500	22,090	-	-	-
-	-	-	-	1,346	-
<u>\$ -</u>	<u>\$ 404,634</u>	<u>\$ 387,852</u>	<u>\$ 660,218</u>	<u>\$ 199,223</u>	<u>\$ 677,091</u>
\$ -	\$ 6,645	\$ 469	\$ -	\$ 17,624	\$ -
-	5,315	-	-	-	3,588
-	-	-	-	-	-
-	-	-	-	-	-
-	11,960	469	-	17,624	3,588
-	-	-	-	-	-
-	-	-	-	-	-
-	-	387,383	660,218	-	-
-	392,674	-	-	181,599	673,503
-	-	-	-	-	-
-	392,674	387,383	660,218	181,599	673,503
<u>\$ -</u>	<u>\$ 404,634</u>	<u>\$ 387,852</u>	<u>\$ 660,218</u>	<u>\$ 199,223</u>	<u>\$ 677,091</u>

(Continued)

City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
June 30, 2020

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
ASSETS					
Cash and investments	\$ 1,666,310	\$ 1,335,065	\$ 179,635	\$ 20,364	\$ 3,373
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Other	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total assets	\$ 1,666,310	\$ 1,335,065	\$ 179,635	\$ 20,364	\$ 3,373
LIABILITIES					
Accounts payable	\$ 1,730	\$ 108	\$ -	\$ 369	\$ 88
Accrued payroll	2,765	-	-	-	-
Refundable deposits	-	585,575	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	4,495	585,683	-	369	88
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Measure M funding	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	-	19,995	3,285
Committed	1,661,815	749,382	179,635	-	-
Unassigned	-	-	-	-	-
Total fund balances	1,661,815	749,382	179,635	19,995	3,285
Total liabilities, deferred inflow of resources and fund balances	\$ 1,666,310	\$ 1,335,065	\$ 179,635	\$ 20,364	\$ 3,373

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Total
\$ 12,425	\$ 201,073	\$ 5,446	\$ 286,938	\$ 12,129,306
-	-	-	-	225,073
-	-	-	51,254	107,510
-	-	-	-	32,590
-	-	-	-	1,346
<u>\$ 12,425</u>	<u>\$ 201,073</u>	<u>\$ 5,446</u>	<u>\$ 338,192</u>	<u>\$ 12,495,825</u>
\$ -	\$ -	\$ 929	\$ -	\$ 27,962
-	-	-	-	11,668
-	-	-	-	585,575
-	-	-	-	133,436
-	-	929	-	758,641
-	-	-	-	133,436
-	-	-	-	133,436
12,425	201,073	4,517	338,192	7,898,576
-	-	-	-	3,838,608
-	-	-	-	(133,436)
<u>12,425</u>	<u>201,073</u>	<u>4,517</u>	<u>338,192</u>	<u>11,603,748</u>
<u>\$ 12,425</u>	<u>\$ 201,073</u>	<u>\$ 5,446</u>	<u>\$ 338,192</u>	<u>\$ 12,495,825</u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the fiscal year ended June 30, 2020

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
REVENUES:					
Sales and use tax	\$ -	\$ 806,687	\$ -	\$ -	\$ -
Intergovernmental	-	-	787,300	-	38,555
Charges for services	-	-	-	-	-
Fines and forfeitures	60,025	-	-	-	-
Park-in-lieu	-	-	-	480,000	-
Investment income	-	58,404	21,646	54,676	-
Other	-	-	-	-	-
Total revenues	<u>60,025</u>	<u>865,091</u>	<u>808,946</u>	<u>534,676</u>	<u>38,555</u>
EXPENDITURES:					
Current:					
General government	-	-	94,690	-	-
Public safety - police	-	-	-	-	-
Public works	72,253	-	479,011	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	172,165	266,140	1,167,232	171,991
Total expenditures	<u>72,253</u>	<u>172,165</u>	<u>839,841</u>	<u>1,167,232</u>	<u>171,991</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(12,228)</u>	<u>692,926</u>	<u>(30,895)</u>	<u>(632,556)</u>	<u>(133,436)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(12,228)</u>	<u>692,926</u>	<u>(30,895)</u>	<u>(632,556)</u>	<u>(133,436)</u>
FUND BALANCES:					
Beginning of year	14,752	2,020,325	798,819	3,420,345	-
End of year	<u>\$ 2,524</u>	<u>\$ 2,713,251</u>	<u>\$ 767,924</u>	<u>\$ 2,787,789</u>	<u>\$ (133,436)</u>

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation	Sustainable Foster City Special Fund	Bay Area Employee Relations Services Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
155,948	-	-	583,558	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	12,373	-	18,973	3,053	18,402
-	431,352	59,686	-	-	202,291
<u>155,948</u>	<u>443,725</u>	<u>59,686</u>	<u>602,531</u>	<u>3,053</u>	<u>220,693</u>
-	454,061	-	-	58,426	239,882
155,948	-	1,729	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,883	-	-	-
-	-	-	571,859	-	-
<u>155,948</u>	<u>454,061</u>	<u>4,612</u>	<u>571,859</u>	<u>58,426</u>	<u>239,882</u>
-	(10,336)	55,074	30,672	(55,373)	(19,189)
-	-	-	-	100,000	-
-	-	(18,535)	-	-	-
-	-	(18,535)	-	100,000	-
-	(10,336)	36,539	30,672	44,627	(19,189)
-	403,010	350,844	629,546	136,972	692,692
<u>\$ -</u>	<u>\$ 392,674</u>	<u>\$ 387,383</u>	<u>\$ 660,218</u>	<u>\$ 181,599</u>	<u>\$ 673,503</u>

(Continued)

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
For the fiscal year ended June 30, 2020

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
REVENUES:					
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	146,386	35,495	39,610	6,498	65
Fines and forfeitures	-	-	-	-	-
Park-in-lieu	-	-	-	-	-
Investment income	30,164	22,484	3,762	318	64
Other	-	-	-	-	-
Total revenues	176,550	57,979	43,372	6,816	129
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety - police	-	-	-	-	-
Public works	-	3,675	-	-	-
Community development	30,104	-	72,139	500	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	30,104	3,675	72,139	500	-
REVENUES OVER (UNDER) EXPENDITURES	146,446	54,304	(28,767)	6,316	129
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(50,000)	-	-	-
Total other financing sources (uses)	-	(50,000)	-	-	-
NET CHANGES IN FUND BALANCES	146,446	4,304	(28,767)	6,316	129
FUND BALANCES:					
Beginning of year	1,515,369	745,078	208,402	13,679	3,156
End of year	\$ 1,661,815	\$ 749,382	\$ 179,635	\$ 19,995	\$ 3,285

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Total
\$ -	\$ -	\$ -	\$ 335,549	\$ 1,142,236
-	-	-	-	1,565,361
-	-	462	-	228,516
-	-	-	-	60,025
-	-	-	-	480,000
156	3,265	94	2,643	250,477
<u>8,574</u>	<u>37,941</u>	<u>-</u>	<u>-</u>	<u>739,844</u>
<u>8,730</u>	<u>41,206</u>	<u>556</u>	<u>338,192</u>	<u>4,466,459</u>
-	-	-	-	847,059
-	-	-	-	157,677
8,001	-	-	-	562,940
-	-	-	-	102,743
-	-	-	-	2,883
-	-	-	-	<u>2,349,387</u>
<u>8,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,022,689</u>
<u>729</u>	<u>41,206</u>	<u>556</u>	<u>338,192</u>	<u>443,770</u>
-	-	-	-	100,000
-	-	-	-	(68,535)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,465</u>
<u>729</u>	<u>41,206</u>	<u>556</u>	<u>338,192</u>	<u>475,235</u>
<u>11,696</u>	<u>159,867</u>	<u>3,961</u>	<u>-</u>	<u>11,128,513</u>
<u>\$ 12,425</u>	<u>\$ 201,073</u>	<u>\$ 4,517</u>	<u>\$ 338,192</u>	<u>\$ 11,603,748</u>

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Safety Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 83,000	\$ 83,000	\$ 60,025	\$ (22,975)
Total revenues	83,000	83,000	60,025	(22,975)
EXPENDITURES:				
Public works	98,691	98,691	72,253	26,438
Total expenditures	98,691	98,691	72,253	26,438
NET CHANGE IN FUND BALANCE	(15,691)	(15,691)	(12,228)	3,463
FUND BALANCE:				
Beginning of year	14,752	14,752	14,752	-
End of year	\$ (939)	\$ (939)	\$ 2,524	\$ 3,463

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure A Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ 640,600	\$ 640,600	\$ 806,687	\$ 166,087
Investment income	28,000	28,000	58,404	30,404
Total revenues	668,600	668,600	865,091	196,491
EXPENDITURES:				
Capital outlay	1,401,788	1,401,788	172,165	1,229,623
Total expenditures	1,401,788	1,401,788	172,165	1,229,623
NET CHANGE IN FUND BALANCE	(733,188)	(733,188)	692,926	1,426,114
FUND BALANCE:				
Beginning of year	2,020,325	2,020,325	2,020,325	-
End of year	\$ 1,287,137	\$ 1,287,137	\$ 2,713,251	\$ 1,426,114

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Gas Tax Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 859,300	\$ 859,300	\$ 787,300	\$ (72,000)
Investment income	21,700	21,700	21,646	(54)
Total revenues	881,000	881,000	808,946	(72,054)
EXPENDITURES:				
General government	94,689	94,689	94,690	(1)
Public works	479,011	479,011	479,011	-
Capital outlay	1,058,130	1,058,130	266,140	791,990
Total expenditures	1,631,830	1,631,830	839,841	791,989
NET CHANGE IN FUND BALANCE	(750,830)	(750,830)	(30,895)	719,935
FUND BALANCE:				
Beginning of year	798,819	798,819	798,819	-
End of year	\$ 47,989	\$ 47,989	\$ 767,924	\$ 719,935

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park-in-lieu Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Park-in-lieu	\$ 480,000	\$ 480,000	\$ 480,000	\$ -
Investment income	30,000	30,000	54,676	24,676
Total revenues	510,000	510,000	534,676	24,676
EXPENDITURES:				
Capital outlay	1,912,667	1,912,667	1,167,232	745,435
Total Expenditures	1,912,667	1,912,667	1,167,232	745,435
NET CHANGE IN FUND BALANCE	(1,402,667)	(1,402,667)	(632,556)	770,111
FUND BALANCE:				
Beginning of year	3,420,345	3,420,345	3,420,345	-
End of year	\$ 2,017,678	\$ 2,017,678	\$ 2,787,789	\$ 770,111

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure M Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 114,600	\$ 114,600	\$ 38,555	\$ (76,045)
Total revenues	114,600	114,600	38,555	(76,045)
EXPENDITURES:				
Capital outlay	226,000	226,000	171,991	54,009
Total Expenditures	226,000	226,000	171,991	54,009
NET CHANGE IN FUND BALANCE	(111,400)	(111,400)	(133,436)	(22,036)
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ (111,400)	\$ (111,400)	\$ (133,436)	\$ (22,036)

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
SLESF/COPS Grant Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 155,948	\$ 55,948
Total revenues	100,000	100,000	155,948	55,948
EXPENDITURES:				
Public safety - police	100,000	100,000	155,948	(55,948)
Total expenditures	100,000	100,000	155,948	(55,948)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
California Opportunities Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 5,200	\$ 5,200	\$ 12,373	\$ 7,173
Other	439,600	439,600	431,352	(8,248)
Total revenues	444,800	444,800	443,725	(1,075)
EXPENDITURES:				
General government	476,380	499,380	454,061	45,319
Total expenditures	476,380	499,380	454,061	45,319
NET CHANGE IN FUND BALANCE	(31,580)	(54,580)	(10,336)	44,244
FUND BALANCE:				
Beginning of year	403,010	403,010	403,010	-
End of year	\$ 371,430	\$ 348,430	\$ 392,674	\$ 44,244

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Foster City Foundation Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other	\$ 148,000	\$ 148,000	\$ 59,686	\$ (88,314)
Total revenues	<u>148,000</u>	<u>148,000</u>	<u>59,686</u>	<u>(88,314)</u>
EXPENDITURES:				
General government	777	777	-	777
Public Safety- Police	8,500	8,500	1,729	6,771
Public works	1,250	1,250	-	1,250
Parks and recreation	100,000	100,000	2,883	97,117
Total Expenditures	<u>110,527</u>	<u>110,527</u>	<u>4,612</u>	<u>105,915</u>
OTHER FINANCING SOURCES:				
Transfer out	(18,000)	(18,000)	(18,535)	(535)
NET CHANGE IN FUND BALANCE	<u>19,473</u>	<u>19,473</u>	<u>36,539</u>	<u>17,066</u>
FUND BALANCE:				
Beginning of year	350,844	350,844	350,844	-
End of year	<u>\$ 370,317</u>	<u>\$ 370,317</u>	<u>\$ 387,383</u>	<u>\$ 17,066</u>

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
SB1 Road Maintenance & Rehabilitation Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 567,000	\$ 567,000	\$ 583,558	\$ 16,558
Investment income	-	-	18,973	18,973
Total revenues	567,000	567,000	602,531	35,531
EXPENDITURES:				
Capital outlay	871,900	871,900	571,859	300,041
Total Expenditures	871,900	871,900	571,859	300,041
NET CHANGE IN FUND BALANCE	(304,900)	(304,900)	30,672	335,572
FUND BALANCE:				
Beginning of year	629,546	629,546	629,546	-
End of year	\$ 324,646	\$ 324,646	\$ 660,218	\$ 335,572

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Sustainable Foster City Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 3,053	\$ 3,053
Other revenue	25,600	25,600	-	(25,600)
Total revenues	25,600	25,600	3,053	(22,547)
EXPENDITURES:				
General Government	240,350	240,350	58,426	181,924
Total Expenditures	240,350	240,350	58,426	181,924
OTHER FINANCING SOURCES:				
Transfer in	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(114,750)	(114,750)	44,627	159,377
FUND BALANCE:				
Beginning of year	136,972	136,972	136,972	-
End of year	\$ 22,222	\$ 22,222	\$ 181,599	\$ 159,377

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bay Area Employee Relations Services Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 10,200	\$ 10,200	\$ 18,402	\$ 8,202
Other	257,500	257,500	202,291	(55,209)
Total revenues	267,700	267,700	220,693	(47,007)
EXPENDITURES:				
General Government	302,878	302,878	239,882	62,996
Total Expenditures	302,878	302,878	239,882	62,996
NET CHANGE IN FUND BALANCE	(35,178)	(35,178)	(19,189)	15,989
FUND BALANCE:				
Beginning of year	692,692	692,692	692,692	-
End of year	\$ 657,514	\$ 657,514	\$ 673,503	\$ 15,989

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Plan Maintenance Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 209,800	\$ 209,800	\$ 146,386	\$ (63,414)
Investment income	21,200	21,200	30,164	8,964
Total revenues	231,000	231,000	176,550	(54,450)
EXPENDITURES:				
Community development	61,800	221,800	30,104	191,696
Total Expenditures	61,800	221,800	30,104	191,696
NET CHANGE IN FUND BALANCE	169,200	9,200	146,446	137,246
FUND BALANCE:				
Beginning of year	1,515,369	1,515,369	1,515,369	-
End of year	\$ 1,684,569	\$ 1,524,569	\$ 1,661,815	\$ 137,246

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Construction and Demolition Recycling Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 160,000	\$ 160,000	\$ 35,495	\$ (124,505)
Investment income	20,500	20,500	22,484	1,984
Total revenues	180,500	180,500	57,979	(122,521)
EXPENDITURES:				
Public works	279,750	279,750	3,675	276,075
Total Expenditures	279,750	279,750	3,675	276,075
OTHER FINANCING SOURCES:				
Transfer out	(50,000)	(50,000)	(50,000)	-
Total other financing sources	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	(149,250)	(149,250)	4,304	153,554
FUND BALANCE:				
Beginning of year	745,078	745,078	745,078	-
End of year	\$ 595,828	\$ 595,828	\$ 749,382	\$ 153,554

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Technology Maintenance Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 72,400	\$ 72,400	\$ 39,610	\$ (32,790)
Investment income	3,100	3,100	3,762	662
Total revenues	75,500	75,500	43,372	(32,128)
EXPENDITURES:				
Community development	78,618	78,618	72,139	6,479
Total Expenditures	78,618	78,618	72,139	6,479
NET CHANGE IN FUND BALANCE	(3,118)	(3,118)	(28,767)	(25,649)
FUND BALANCE:				
Beginning of year	208,402	208,402	208,402	-
End of year	\$ 205,284	\$ 205,284	\$ 179,635	\$ (25,649)

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
SB 1186 Disability Access Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,000	\$ 2,000	\$ 6,498	\$ 4,498
Investment income	100	100	318	218
Total revenues	2,100	2,100	6,816	4,716
EXPENDITURES:				
Community development	1,300	1,300	500	800
Total Expenditures	1,300	1,300	500	800
NET CHANGE IN FUND BALANCE	800	800	6,316	5,516
FUND BALANCE:				
Beginning of year	13,679	13,679	13,679	-
End of year	\$ 14,479	\$ 14,479	\$ 19,995	\$ 5,516

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Strong Motion Instrument Program (SMIP) Fee Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 9,900	\$ 9,900	\$ 65	\$ (9,835)
Investment income	110	110	64	(46)
Total revenues	10,010	10,010	129	(9,881)
EXPENDITURES:				
Community development	500	500	-	500
Total Expenditures	500	500	-	500
NET CHANGE IN FUND BALANCE	9,510	9,510	129	(9,381)
FUND BALANCE:				
Beginning of year	3,156	3,156	3,156	-
End of year	\$ 12,666	\$ 12,666	\$ 3,285	\$ (9,381)

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
CRV Grant Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 150	\$ 150	\$ 156	\$ 6
Other	8,500	8,500	8,574	74
Total revenues	8,650	8,650	8,730	80
EXPENDITURES:				
Public works	13,200	13,200	8,001	5,199
Total Expenditures	13,200	13,200	8,001	5,199
NET CHANGE IN FUND BALANCE	(4,550)	(4,550)	729	5,279
FUND BALANCE:				
Beginning of year	11,696	11,696	11,696	-
End of year	\$ 7,146	\$ 7,146	\$ 12,425	\$ 5,279

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Curbside Recycling Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,200	\$ 2,200	\$ 3,265	\$ 1,065
Other	19,800	19,800	37,941	18,141
Total revenues	22,000	22,000	41,206	19,206
EXPENDITURES:				
Public works	25,000	25,000	-	25,000
Total Expenditures	25,000	25,000	-	25,000
NET CHANGE IN FUND BALANCE	(3,000)	(3,000)	41,206	44,206
FUND BALANCE:				
Beginning of year	159,867	159,867	159,867	-
End of year	\$ 156,867	\$ 156,867	\$ 201,073	\$ 44,206

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Green Building Fee Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 3,500	\$ 3,500	\$ 462	\$ (3,038)
Investment income	60	60	94	34
Total revenues	3,560	3,560	556	(3,004)
EXPENDITURES:				
Community development	500	500	-	500
Total Expenditures	500	500	-	500
NET CHANGE IN FUND BALANCE	3,060	3,060	556	(2,504)
FUND BALANCE:				
Beginning of year	3,961	3,961	3,961	-
End of year	\$ 7,021	\$ 7,021	\$ 4,517	\$ (2,504)

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure W Special Revenue Fund
For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ -	\$ -	\$ 335,549	\$ 335,549
Investment income	-	-	2,643	2,643
Total revenues	-	-	338,192	338,192
NET CHANGE IN FUND BALANCE	-	-	338,192	338,192
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 338,192	\$ 338,192

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INTERNAL SERVICE FUNDS

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-retirement benefit obligation 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.

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City of Foster City and Estero Municipal Improvement District
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2020

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
ASSETS				
Current assets:				
Cash and investments	\$ 5,447,890	\$ 6,108,870	\$ 1,398,714	\$ 5,312,180
Accounts receivable	-	-	-	-
Deposit and prepaid items	657	-	-	-
Inventory	45,957	42,163	-	-
Total current assets	<u>5,494,504</u>	<u>6,151,033</u>	<u>1,398,714</u>	<u>5,312,180</u>
Noncurrent assets:				
Capital assets:				
Depreciable	1,708,996	2,174,058	-	-
Depreciable - Intangible	-	195,357	-	-
Total noncurrent assets	<u>1,708,996</u>	<u>2,369,415</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,203,500</u>	<u>8,520,448</u>	<u>1,398,714</u>	<u>5,312,180</u>
DEFERRED OUTFLOW OF RESOURCES				
Related to Pension and OPEB	<u>97,181</u>	<u>-</u>	<u>-</u>	<u>191,886</u>
LIABILITIES				
Current liabilities:				
Accounts payable	28,601	-	-	11,604
Accrued payroll	14,657	-	-	27,005
Claims liability	-	-	36,000	-
Compensated absences - current portion	10,533	-	-	30,402
Other liability - current portion	-	-	-	-
Total current liabilities	<u>53,791</u>	<u>-</u>	<u>36,000</u>	<u>69,011</u>
Noncurrent liabilities:				
Compensated absences	9,581	-	-	59,933
Net OPEB liability	177,052	-	-	264,957
Net pension liability	938,382	-	-	1,085,122
Other liability-noncurrent portion	-	-	-	-
Total noncurrent liabilities	<u>1,125,015</u>	<u>-</u>	<u>-</u>	<u>1,410,012</u>
Total liabilities	<u>1,178,806</u>	<u>-</u>	<u>36,000</u>	<u>1,479,023</u>
DEFERRED INFLOW OF RESOURCES				
Related to Pension and OPEB	<u>57,982</u>	<u>-</u>	<u>-</u>	<u>82,088</u>
NET POSITION				
Net investment in capital assets	1,708,996	2,369,415	-	-
Unrestricted	4,354,897	6,151,033	1,362,714	3,942,955
Total net position	<u>\$ 6,063,893</u>	<u>\$ 8,520,448</u>	<u>\$ 1,362,714</u>	<u>\$ 3,942,955</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 7,327,184	\$ 2,436,926	\$ 5,960,929	\$ 2,789,259	\$ 36,781,952
6,176	-	-	-	6,176
-	-	-	-	657
-	-	-	-	88,120
<u>7,333,360</u>	<u>2,436,926</u>	<u>5,960,929</u>	<u>2,789,259</u>	<u>36,876,905</u>
-	-	-	-	3,883,054
-	-	-	-	195,357
-	-	-	-	4,078,411
<u>7,333,360</u>	<u>2,436,926</u>	<u>5,960,929</u>	<u>2,789,259</u>	<u>40,955,316</u>
<u>165,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,007</u>
127,176	-	-	-	167,381
25,382	-	-	-	67,044
-	-	-	-	36,000
31,488	-	-	-	72,423
<u>31,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,466</u>
<u>215,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,314</u>
45,685	-	-	-	115,199
177,050	-	-	-	619,059
1,196,336	-	-	-	3,219,840
<u>125,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,865</u>
<u>1,544,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,079,963</u>
<u>1,760,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,454,277</u>
<u>64,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,962</u>
-	-	-	-	4,078,411
<u>5,673,960</u>	<u>2,436,926</u>	<u>5,960,929</u>	<u>2,789,259</u>	<u>32,672,673</u>
<u>\$ 5,673,960</u>	<u>\$ 2,436,926</u>	<u>\$ 5,960,929</u>	<u>\$ 2,789,259</u>	<u>\$ 36,751,084</u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2020

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
OPERATING REVENUES:				
Charges for services	\$ 1,598,989	\$ 649,912	\$ 457,947	\$ 1,912,780
Total operating revenues	1,598,989	649,912	457,947	1,912,780
OPERATING EXPENSES:				
Personnel	451,521	-	-	827,289
Repairs and maintenance	319,190	116,037	-	571,903
General and administration	264,113	-	-	238,249
Depreciation	305,821	327,876	-	-
Contractual services	3,173	-	40,956	7,792
Insurance	59,533	-	370,598	-
Total operating expenses	1,403,351	443,913	411,554	1,645,233
OPERATING INCOME (LOSS)	195,638	205,999	46,393	267,547
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of capital assets	(6,554)	1,500	-	-
Investment income (expense)	129,691	155,941	28,608	125,908
Miscellaneous	44,926	-	-	-
Total nonoperating revenues (expenses)	168,063	157,441	28,608	125,908
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	363,701	363,440	75,001	393,455
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions to other agency	(229,104)	(150,285)	-	(9,100)
Transfers in	-	49,573	-	-
Transfers out	-	(767,831)	-	(42,655)
Total contributions and transfers	(229,104)	(868,543)	-	(51,755)
Changes in Net Position	134,597	(505,103)	75,001	341,700
NET POSITION:				
Beginning of the year	5,929,296	9,025,551	1,287,713	3,601,255
End of the year	<u>\$ 6,063,893</u>	<u>\$ 8,520,448</u>	<u>\$ 1,362,714</u>	<u>\$ 3,942,955</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 3,390,856	\$ 224,160	\$ 177,192	\$ 375,103	\$ 8,786,939
<u>3,390,856</u>	<u>224,160</u>	<u>177,192</u>	<u>375,103</u>	<u>8,786,939</u>
764,889	175,320	155,099	185,763	2,559,881
392,419	-	-	-	1,399,549
942,690	-	-	-	1,445,052
-	-	-	-	633,697
518,201	5,575	7,188	-	582,885
-	-	-	-	430,131
<u>2,618,199</u>	<u>180,895</u>	<u>162,287</u>	<u>185,763</u>	<u>7,051,195</u>
<u>772,657</u>	<u>43,265</u>	<u>14,905</u>	<u>189,340</u>	<u>1,735,744</u>
-	-	-	-	(5,054)
161,034	45,190	111,398	65,144	822,914
2,487	-	-	-	47,413
<u>163,521</u>	<u>45,190</u>	<u>111,398</u>	<u>65,144</u>	<u>865,273</u>
<u>936,178</u>	<u>88,455</u>	<u>126,303</u>	<u>254,484</u>	<u>2,601,017</u>
-	-	-	-	(388,489)
250,000	-	-	-	299,573
(730,068)	-	-	-	(1,540,554)
<u>(480,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,629,470)</u>
456,110	88,455	126,303	254,484	971,547
<u>5,217,850</u>	<u>2,348,471</u>	<u>5,834,626</u>	<u>2,534,775</u>	<u>35,779,537</u>
<u>\$ 5,673,960</u>	<u>\$ 2,436,926</u>	<u>\$ 5,960,929</u>	<u>\$ 2,789,259</u>	<u>\$ 36,751,084</u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2020

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from inter-departmental charges	\$ 1,598,989	\$ 649,912	\$ 457,947	\$ 1,916,370
Cash payments to suppliers for goods and services	(615,933)	(116,037)	(439,003)	(946,101)
Cash payments to employees for services	(385,121)	-	-	(764,749)
Cash received from others	44,926	-	-	-
Net cash provided (used) by operating activities	642,861	533,875	18,944	205,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	49,573	-	-
Transfer paid	-	(767,831)	-	(42,655)
Net cash provided (used) by noncapital financing activities	-	(718,258)	-	(42,655)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(597,291)	(252,010)	-	(9,100)
Net cash provided (used) by capital and related financing activities	(597,291)	(252,010)	-	(9,100)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	129,691	155,941	28,608	125,908
Net cash provided (used) by investing activities	129,691	155,941	28,608	125,908
Net increase (decrease) in cash and cash equivalents	175,261	(280,452)	47,552	279,673
CASH AND CASH EQUIVALENTS:				
Beginning of year	5,272,629	6,389,322	1,351,162	5,032,507
End of year	<u>\$ 5,447,890</u>	<u>\$ 6,108,870</u>	<u>\$ 1,398,714</u>	<u>\$ 5,312,180</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 195,638	\$ 205,999	\$ 46,393	\$ 267,547
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	305,821	327,876	-	-
Miscellaneous revenues	44,926	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	-	-	-	3,590
Deposit and prepaid items	(657)	-	-	-
Inventory	10,143	-	-	-
Deferred outflow of resources	9,504	-	-	(18,164)
Increase (decrease) in:				
Accounts payable	20,590	-	(449)	(128,157)
Accrued payroll	(348)	-	-	860
Claims liability	-	-	(27,000)	-
Compensated absences	(18,088)	-	-	17,568
Net OPEB liability	21,271	-	-	31,971
Net pension liability	59,294	-	-	38,655
Other liability	-	-	-	-
Deferred inflow of resources	(5,233)	-	-	(8,350)
Total adjustments	447,223	327,876	(27,449)	(62,027)
Net cash provided (used) by operating activities	\$ 642,861	\$ 533,875	\$ 18,944	\$ 205,520
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:				
Capital contributions to other agency	\$ (229,104)	\$ (150,285)	\$ -	\$ (9,100)
Total noncash capital and related financing transaction	\$ (229,104)	\$ (150,285)	\$ -	\$ (9,100)

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 3,384,680	\$ 224,160	\$ 177,192	\$ 375,103	\$ 8,784,353
(2,171,622)	(5,575)	(7,188)	-	(4,301,459)
(717,785)	(175,320)	(155,099)	(185,763)	(2,383,837)
2,487	-	-	-	47,413
<u>497,760</u>	<u>43,265</u>	<u>14,905</u>	<u>189,340</u>	<u>2,146,470</u>
250,000	-	-	-	299,573
(730,068)	-	-	-	(1,540,554)
(480,068)	-	-	-	(1,240,981)
-	-	-	-	(858,401)
-	-	-	-	(858,401)
161,034	45,190	111,398	65,144	822,914
161,034	45,190	111,398	65,144	822,914
178,726	88,455	126,303	254,484	870,002
7,148,458	2,348,471	5,834,626	2,534,775	35,911,950
<u>\$ 7,327,184</u>	<u>\$ 2,436,926</u>	<u>\$ 5,960,929</u>	<u>\$ 2,789,259</u>	<u>\$ 36,781,952</u>
\$ 772,657	\$ 43,265	\$ 14,905	\$ 189,340	\$ 1,735,744
-	-	-	-	633,697
2,487	-	-	-	47,413
(6,176)	-	-	-	(2,586)
-	-	-	-	(657)
-	-	-	-	10,143
(5,954)	-	-	-	(14,614)
(318,312)	-	-	-	(426,328)
503	-	-	-	1,015
-	-	-	-	(27,000)
10,345	-	-	-	9,825
21,271	-	-	-	74,513
56,962	-	-	-	154,911
(31,467)	-	-	-	(31,467)
(4,556)	-	-	-	(18,139)
(274,897)	-	-	-	410,726
<u>\$ 497,760</u>	<u>\$ 43,265</u>	<u>\$ 14,905</u>	<u>\$ 189,340</u>	<u>\$ 2,146,470</u>
\$ -	\$ -	\$ -	\$ -	\$ (388,489)
\$ -	\$ -	\$ -	\$ -	\$ (388,489)

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STATISTICAL SECTION

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/District'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 sources.

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.

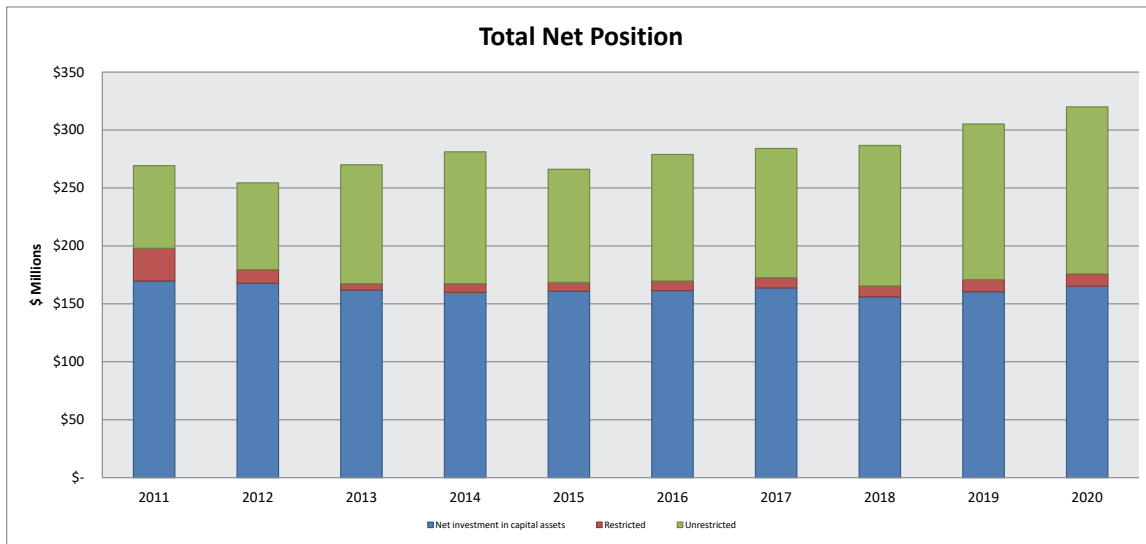
Operating Information

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 Comprehensive Annual Financial Reports for the relevant years.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 108,007,645	\$ 106,295,814	\$ 102,503,211	\$ 102,532,106	\$ 105,458,244	\$ 105,267,654	\$ 104,241,497	\$ 104,366,565	\$ 102,668,101	\$ 102,819,233
Restricted	28,263,106	11,760,967	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909
Unrestricted	49,579,722	50,530,026	75,633,529	82,551,190	68,977,993	79,035,368	83,096,489	82,200,472	95,333,932	102,269,338
Total governmental activities net position	\$ 185,850,473	\$ 168,586,807	\$ 183,625,726	\$ 192,611,856	\$ 182,103,160	\$ 192,467,330	\$ 196,213,518	\$ 195,920,784	\$ 208,391,033	\$ 215,690,480
Business-type activities										
Net Investment in capital assets	\$ 61,718,653	\$ 61,458,480	\$ 59,384,377	\$ 57,308,122	\$ 55,371,422	\$ 56,208,645	\$ 59,464,204	\$ 51,691,503	\$ 57,834,914	\$ 62,401,864
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	21,659,733	24,362,221	26,947,956	31,262,566	28,654,572	30,219,485	28,425,170	39,096,553	38,964,497	41,885,954
Total business-type activities net position	\$ 83,378,386	\$ 85,820,701	\$ 86,332,333	\$ 88,570,688	\$ 84,025,994	\$ 86,428,130	\$ 87,889,374	\$ 90,788,056	\$ 96,799,411	\$ 104,287,818
Primary government										
Net Investment in capital assets	\$ 169,726,298	\$ 167,754,294	\$ 161,887,588	\$ 159,840,228	\$ 160,829,666	\$ 161,476,299	\$ 163,705,701	\$ 156,058,068	\$ 160,503,015	\$ 165,221,097
Restricted	28,263,106	11,760,967	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909
Unrestricted	71,239,455	74,892,247	102,581,485	113,813,756	97,632,565	109,254,853	111,521,659	121,297,025	134,298,429	144,155,292
Total primary government net position	\$ 269,228,859	\$ 254,407,508	\$ 269,958,059	\$ 281,182,544	\$ 266,129,154	\$ 278,895,460	\$ 284,102,892	\$ 286,708,840	\$ 305,190,444	\$ 319,978,298



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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 3,135,273	\$ 3,596,590	\$ 3,514,037	\$ 3,794,112	\$ 3,557,955	\$ 4,308,710	\$ 5,042,007	\$ 5,789,051	\$ 6,060,023	\$ 6,702,456
Police	9,635,944	9,393,100	9,316,093	9,580,196	9,853,153	10,438,938	11,226,563	14,100,954	15,022,253	15,697,931
Fire	8,011,016	8,222,350	7,685,722	7,756,948	8,301,670	7,929,490	8,789,853	10,801,237	11,033,747	11,035,146
Public works	4,924,309	5,253,074	5,718,340	4,353,289	4,650,758	4,335,309	4,760,961	5,707,187	5,430,742	5,376,875
Community development	5,904,547	2,215,164	2,078,968	1,965,069	2,176,539	2,417,650	2,590,742	3,073,843	2,907,622	2,980,907
Parks and recreation	7,889,206	7,978,548	8,387,726	8,516,392	8,808,422	8,750,077	10,085,864	10,777,390	11,096,170	11,256,138
Total governmental activities expenses	39,500,295	36,658,826	36,700,886	35,966,006	37,348,497	38,180,174	42,495,990	50,249,662	51,550,557	53,049,453
Business-type activities:										
Water	8,690,887	9,782,394	10,336,188	9,846,110	10,596,613	11,824,224	13,398,161	14,599,582	14,074,075	14,978,448
Wastewater	5,334,103	5,909,150	6,554,771	6,412,706	7,140,529	6,356,799	7,166,712	7,722,767	8,151,224	7,876,915
Public transportation	204,321	201,696	-	-	-	-	-	-	-	-
Total business-type activities expenses	14,229,311	15,893,240	16,890,959	16,258,816	17,737,142	18,181,023	20,564,873	22,322,349	22,225,299	22,855,363
Total primary government expenses	\$ 53,729,606	\$ 52,552,066	\$ 53,591,845	\$ 52,224,822	\$ 55,085,639	\$ 56,361,197	\$ 63,060,863	\$ 72,572,011	\$ 73,775,856	\$ 75,904,816
Program Revenues										
Governmental activities:										
Charges for services:										
Public works	\$ 150,183	\$ 115,060	\$ 185,606	\$ 259,277	\$ 192,974	\$ 264,579	\$ 254,169	\$ 367,879	\$ 213,086	\$ 179,837
Parks and recreation	1,264,706	1,082,263	1,065,366	4,430,943	4,374,455	1,473,738	2,358,600	1,853,153	3,697,450	1,520,574
Other activities	1,641,925	2,420,613	1,755,523	3,626,944	4,586,595	4,589,520	5,919,975	6,066,430	4,173,106	3,409,238
Operating grants and contributions	1,374,103	1,483,915	1,479,057	1,471,641	2,655,353	3,137,709	1,262,548	1,236,057	1,136,501	1,302,269
Capital grants and contributions	4,157,426	449,989	938,348	1,374,066	709,800	290,669	586,884	2,218,653	1,115,882	979,700
Total governmental activities program revenues	8,588,343	5,551,840	5,423,900	11,162,871	12,519,177	9,756,215	10,382,176	11,742,172	10,336,025	7,391,618
Business-type activities:										
Charges for services:										
Water	9,166,844	10,328,467	10,495,752	10,550,591	10,230,148	11,635,584	12,574,363	14,833,965	15,382,698	16,552,780
Wastewater	6,862,627	7,509,281	6,970,730	7,400,022	7,921,198	8,464,663	9,168,192	10,723,302	12,121,747	13,649,963
Other activities	-	7,317	-	-	-	-	-	-	-	-
Operating grants and contributions	140,709	100,756	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	19,305	-	26,991	71,315	32,174	8,741	5,557	21,216
Total business-type activities program revenues	16,170,180	17,945,821	17,485,787	17,950,613	18,178,337	20,171,562	21,774,729	25,566,008	27,510,002	30,223,959
Total primary government program revenues	\$ 24,758,523	\$ 23,497,661	\$ 22,909,687	\$ 29,113,484	\$ 30,697,514	\$ 29,927,777	\$ 32,156,905	\$ 37,308,180	\$ 37,846,027	\$ 37,615,577
Net (Expense)/Revenue										
Governmental activities	\$ (30,911,952)	\$ (31,106,986)	\$ (31,276,986)	\$ (24,803,135)	\$ (24,829,320)	\$ (28,423,959)	\$ (32,113,814)	\$ (38,507,490)	\$ (41,214,532)	\$ (45,657,835)
Business-type activities	1,940,869	2,052,581	594,828	1,691,797	441,195	1,990,539	1,209,856	3,243,659	5,284,703	7,368,596
Total primary government net expense	\$ (28,971,083)	\$ (29,054,405)	\$ (30,682,158)	\$ (23,111,338)	\$ (24,388,125)	\$ (26,433,420)	\$ (30,903,958)	\$ (35,263,831)	\$ (35,929,829)	\$ (38,289,239)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 26,225,287	\$ 19,140,435	\$ 22,850,306	\$ 22,618,342	\$ 22,824,950	\$ 25,042,950	\$ 27,249,762	\$ 29,697,500	\$ 33,612,508	\$ 35,186,668
Franchise taxes	1,088,266	1,122,847	1,227,976	1,235,085	1,135,666	1,182,060	1,190,454	1,178,643	1,151,822	1,213,162
Sales taxes	4,225,824	4,853,339	4,413,470	3,684,963	3,955,873	3,892,638	3,780,217	4,141,017	4,513,774	4,424,946
Other taxes	2,165,353	2,596,057	3,090,178	3,524,950	4,660,905	4,853,059	5,011,598	5,628,469	6,570,639	5,559,014
Investment earnings	2,409,846	2,331,007	1,539,026	3,688,849	2,256,791	2,807,314	2,487,713	2,801,998	7,340,714	5,672,389
Gain on JPA investment	-	-	-	-	-	-	-	-	84,643	663,404
Gain on sale of capital assets	-	-	-	-	-	-	37,071	101,798	(22,309)	-
Miscellaneous	117,764	210,189	19,494,949	405,586	30,088,299	1,010,108	134,187	316,522	124,124	237,699
Transfers	(108,000)	(60,501)	-	-	-	-	162,674	308,866	-	-
Total governmental activities	36,124,340	30,193,373	52,615,905	35,157,775	64,922,484	38,788,129	39,891,002	44,028,621	53,684,781	52,957,282
Business-type activities:										
Investment earnings	256,984	292,258	(141,502)	459,090	319,633	350,091	154,770	277,627	984,386	81,433
Loss on sales of capital assets	-	-	-	-	-	-	(7,860)	(479)	-	(10,665)
Miscellaneous	140,335	36,975	58,306	87,468	94,246	61,506	104,478	125,512	51,132	49,043
Transfers	108,000	60,501	-	-	-	-	-	(162,674)	(308,866)	-
Total business-type activities	505,319	389,734	(83,196)	546,558	413,879	411,597	251,388	239,986	726,652	119,811
Total primary government	\$ 36,629,659	\$ 30,583,107	\$ 52,532,709	\$ 35,704,333	\$ 65,336,363	\$ 39,199,726	\$ 40,142,390	\$ 44,268,607	\$ 54,411,433	\$ 53,077,093
Extraordinary Items										
Governmental activities:										
Extraordinary items										
Total governmental activities	\$ -	\$ (16,350,052)	\$ (6,300,000)	\$ (1,368,510)	\$ 1,131,265	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ -	\$ (16,350,052)	\$ (6,300,000)	\$ (1,368,510)	\$ 1,131,265	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 5,212,388	\$ (17,263,665)	\$ 15,038,919	\$ 8,986,130	\$ 41,224,429	\$ 10,364,170	\$ 7,777,188	\$ 5,521,131	\$ 12,470,249	\$ 7,299,447
Business-type activities	2,446,188	2,442,315	511,632	2,238,355	855,074	2,402,136	1,461,244	3,483,645	6,011,355	7,488,407
Total primary government	\$ 7,658,576	\$ (14,821,350)	\$ 15,550,551	\$ 11,224,485	\$ 42,079,503	\$ 12,766,306	\$ 9,238,432	\$ 9,004,776	\$ 18,481,604	\$ 14,787,854

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 32,846,406	\$ 27,014,176	\$ 30,807,783	\$ 29,972,228	\$ 30,968,962	\$ 33,196,631	\$ 35,378,834	\$38,848,086	\$43,986,723	\$44,477,091
Licenses, fees and permits	1,289,106	2,200,437	1,354,501	2,676,476	3,954,102	3,399,578	4,564,176	5,066,971	3,687,802	3,399,595
Fines and penalties	159,303	179,717	193,654	197,969	168,838	162,589	187,670	227,271	123,403	90,960
Charges for services	1,659,773	1,640,114	1,637,289	2,621,851	2,510,647	2,671,725	2,940,785	2,757,324	2,302,304	1,807,364
Special assessments	4,000,000	-	-	3,289,634	3,288,613	429,000	1,146,000	540,000	2,240,000	480,000
Intergovernmental	1,522,599	1,994,051	2,010,089	2,688,202	1,563,429	1,400,996	1,552,362	1,666,254	2,450,199	1,915,314
Investment earnings	1,796,472	1,814,301	907,101	2,252,482	2,273,291	2,345,939	1,978,805	2,330,691	6,489,694	4,719,935
Other revenues	559,764	436,977	1,178,203	794,640	2,882,967	4,394,357	1,961,964	3,838,427	1,464,509	1,500,190
Total revenues	43,833,423	35,279,773	38,088,620	44,493,482	47,610,849	48,000,815	49,710,596	55,275,024	62,744,634	58,390,449
Expenditures										
General government	2,689,200	2,980,808	2,980,817	3,174,115	3,162,004	3,738,875	4,599,220	4,633,199	4,995,310	5,944,704
Police	9,362,853	9,171,064	9,078,222	9,321,559	9,693,710	10,621,454	11,344,717	12,075,308	14,649,843	14,000,196
Fire	7,917,966	8,148,675	7,689,490	7,705,260	8,028,295	8,243,689	9,189,623	9,221,643	11,280,149	9,389,379
Public works	2,603,647	2,876,718	3,343,143	1,967,187	2,331,632	2,050,278	2,510,297	3,286,106	3,142,559	3,114,099
Community development	5,825,075	2,229,747	1,967,382	1,936,205	6,928,167	2,487,145	2,600,470	2,747,238	2,803,275	2,884,972
Parks and recreation	6,780,921	6,780,597	6,879,810	7,107,443	7,182,946	7,312,735	8,229,008	8,218,254	9,049,950	9,386,057
Capital outlay	970,235	3,384,339	1,201,432	4,382,435	6,483,904	3,880,749	3,491,142	3,932,684	5,312,860	4,747,124
Debt service										
Interest	156,685	-	-	-	-	-	-	-	-	-
Total expenditures	36,306,582	35,571,948	33,140,296	35,594,204	43,810,658	38,334,925	41,964,477	44,114,432	51,233,946	49,466,531
Excess of revenues over (under) expenditures	7,526,841	(292,175)	4,948,324	8,899,278	3,800,191	9,665,890	7,746,119	11,160,592	11,510,688	8,923,918
Other Financing Sources (uses)										
Proceeds from sale of capital assets	-	-	1,332,190	1,344,924	30,485,503	546,293	564,315	582,930	602,160	622,025
Transfers in	25,391,490	7,729,944	958,867	1,209,449	752,646	1,588,591	3,200,511	2,255,488	4,338,841	5,978,262
Transfers out	(25,499,490)	(7,799,024)	(3,608,867)	(1,209,449)	(630,646)	(1,751,789)	(3,200,511)	(2,255,488)	(7,387,275)	(5,255,112)
Total other financing sources (uses)	(108,000)	(69,080)	(1,317,810)	1,344,924	30,607,503	383,095	564,315	582,930	(2,446,274)	1,345,175
Extraordinary Item										
Extraordinary loss	-	(16,350,052)	(6,300,000)	(1,368,510)	-	-	-	-	-	-
Total extraordinary item	-	(16,350,052)	(6,300,000)	(1,368,510)	-	-	-	-	-	-
Net change in fund balances	\$ 7,418,841	\$ (16,711,307)	\$ (2,669,486)	\$ 8,875,692	\$ 34,407,694	\$ 10,048,985	\$ 8,310,434	\$ 11,743,522	\$ 9,064,414	\$ 10,269,093
Debt service as a percentage of noncapital expenditures	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-Spendable	\$ 33,527	\$ 32,448	\$ 34,769	\$ 36,126	\$ 31,380	\$ 39,730	\$ 48,595	\$ 56,029	\$ 48,231	\$ 19,415
Restricted	-	-	-	-	-	99,481	5,675	21,252	26,384	15,296
Committed	812,807	466,016	405,949	441,920	1,279,096	1,279,731	2,202,807	2,265,890	3,013,410	7,702,504
Assigned	1,052,366	964,536	510,417	676,878	619,948	138,174	28,093	125,010	8,240	-
Unassigned	<u>19,304,982</u>	<u>20,272,893</u>	<u>19,025,588</u>	<u>23,746,768</u>	<u>30,303,100</u>	<u>39,628,699</u>	<u>43,397,590</u>	<u>50,980,152</u>	<u>52,180,181</u>	<u>50,858,876</u>
Total general fund	<u>\$ 21,203,682</u>	<u>\$ 21,735,893</u>	<u>\$ 19,976,723</u>	<u>\$ 24,901,692</u>	<u>\$ 32,233,524</u>	<u>\$ 41,185,815</u>	<u>\$ 45,682,760</u>	<u>\$ 53,448,333</u>	<u>\$ 55,276,446</u>	<u>\$ 58,596,091</u>
All Other Governmental Funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ 683	\$ -	\$ -	\$ 75	\$ 2,203	\$ -
Restricted	28,608,240	10,357,852	4,546,308	7,227,787	7,263,706	7,685,968	8,003,371	8,542,352	9,314,094	9,901,721
Committed	8,099,116	9,105,986	14,007,214	15,276,458	42,315,718	42,990,833	46,527,692	49,925,812	56,388,243	62,885,703
Unassigned	-	-	-	-	-	-	(40,773)	-	-	(133,436)
Total all other governmental funds	<u>\$ 36,707,356</u>	<u>\$ 19,463,838</u>	<u>\$ 18,553,522</u>	<u>\$ 22,504,245</u>	<u>\$ 49,580,107</u>	<u>\$ 50,676,801</u>	<u>\$ 54,490,290</u>	<u>\$ 58,468,239</u>	<u>\$ 65,704,540</u>	<u>\$ 72,653,988</u>

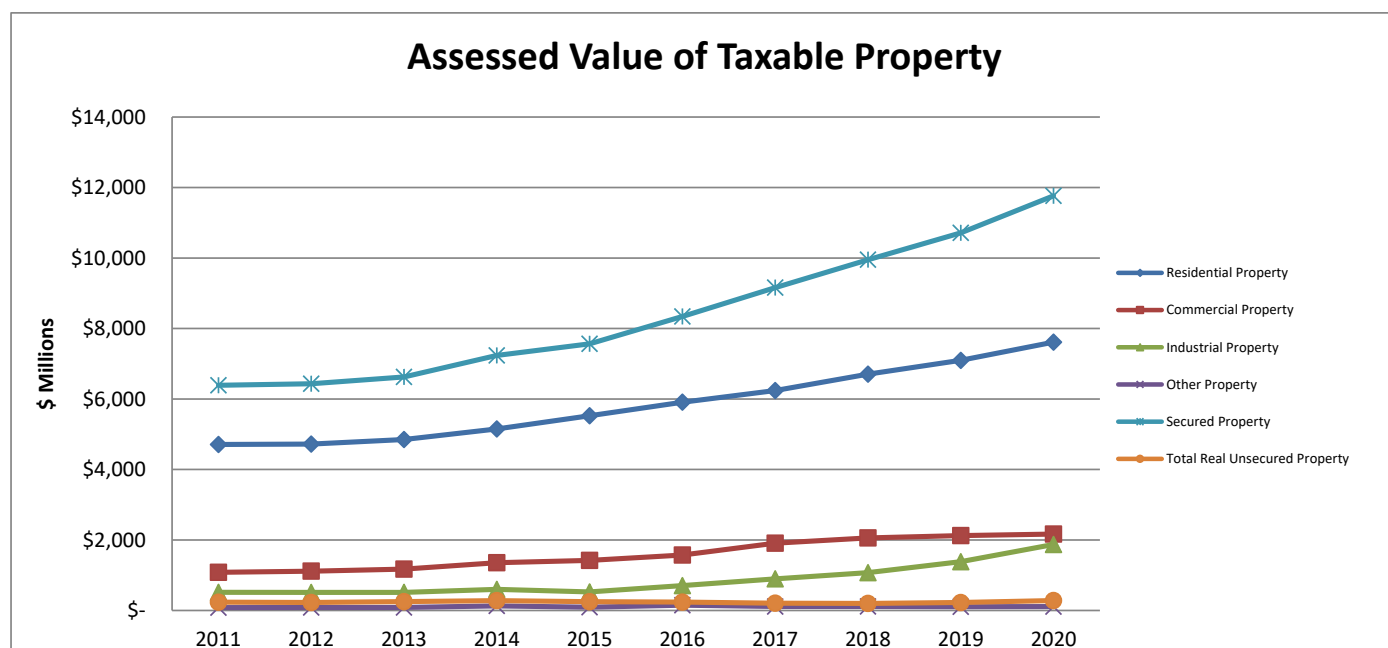
City of Foster City and Estero Municipal Improvement District

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 ¹	Total Direct Tax Rate ²
2011	\$ 4,709,407	\$ 1,083,260	\$ 516,044	\$ 80,957	\$ 6,389,668	\$ 234,475	\$ 6,624,143	\$ 6,624,143	0.29192
2012	4,721,378	1,116,185	512,381	83,466	6,433,410	226,067	6,659,477	6,659,477	0.28770
2013	4,851,575	1,174,781	514,770	84,880	6,626,006	250,130	6,876,136	6,876,136	0.28889
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



Source: The HdL Company and San Mateo County Assessor 2010/11 - 2019/20 Combined Tax Rolls

Notes: ¹ 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.

² 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.00920	0.01970	0.01970	0.01830	0.01820	0.03620	0.03060	0.02780	0.02710	0.02050
Belmont-Redwood Shores	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00520	0.00430	0.00410
Mid-Peninsula Regional Open Space	0.00000	0.00000	0.00000	0.00000	0.00000	0.00080	0.00060	0.00090	0.00180	0.00160
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00350
San Mateo Foster City Elementary	0.03410	0.03470	0.03380	0.04210	0.03880	0.04020	0.05460	0.05420	0.05300	0.04370
San Mateo Junior College	0.01930	0.01990	0.01940	0.01940	0.01900	0.02500	0.02470	0.02350	0.01750	0.02310
San Mateo Union High	0.03220	0.03830	0.03810	0.03550	0.04750	0.04660	0.04150	0.04330	0.04070	0.03850
Sequoia Union High	0.03110	0.03580	0.03560	0.03130	0.04330	0.04340	0.03910	0.03830	0.03650	0.03400
Total Direct & Overlapping² Tax Rates	1.12590	1.14840	1.14660	1.14660	1.16680	1.19220	1.19110	1.19320	1.18090	1.16900
City's Share of 1% Levy Per Prop 13³	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.21971	0.23365
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate⁴	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate⁵	0.45653	0.44624	0.44902	0.22518	0.22474	0.22323	0.22231	0.22156	0.22086	0.23441

Notes:

¹In 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.

²Overlapping 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.

³City'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.

⁴Redevelopment 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.

⁵Total 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, 2010/11 - 2019/20 Direct and Overlapping Property Tax Rates Schedule
San Mateo County Assessor 2010/11 - 2019/20 Tax Rate Table

City of Foster City and Estero Municipal Improvement District

Principal Property Tax Payers

Current Year and Ten Years Ago

<u>Taxpayer</u>	FY 2019/2020			FY 2010/2011		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		
GILEAD SCIENCES INC	\$ 2,205,502,171	1	18.31%	\$ 420,048,179	1	6.34%
BMR LINCOLN CENTER LP	351,813,918	2	2.92%			
HUDSON METRO CENTER LLC	342,151,356	3	2.84%			
VISA USA INC	271,533,138	4	2.25%			
TRUST PARKSIDE TOWERS CORPORATION	225,289,700	5	1.87%			
BEX FMCA LLC	192,752,647	6	1.60%			
SF HILLSDALE 20102012 LLC	152,958,838	7	1.27%			
AREOF VI US PILGRIM TRITON LLC	147,103,256	8	1.22%			
CV TRITON LLC	113,732,805	9	0.94%			
NORTHWESTERN MUTUAL LIFE	91,421,166	10	0.76%			
BAYSIDE TOWERS INC						
SPK-METRO CENTER LLC LESSEE				212,102,624	2	3.20%
VISA INTERNATIONAL SERVICE ASSOCIATION				160,033,267	3	2.42%
APPLERA CORPORATION				147,237,561	4	2.22%
PARKSIDE TOWERS				91,600,000	5	1.38%
VISA LAND DEVELOPMENT II LP				88,554,835	6	1.34%
GRUPE REAL ESTATE INVESTMENT				88,543,781	7	1.34%
ELECTRONICS FOR IMAGING INC				76,872,214	8	1.16%
BRE PROPERTIES INC				73,338,853	9	1.11%
ESSEX HARBOR COVE APARTMENTS LP				71,706,153	10	1.08%
Top Ten Total	\$ 4,094,258,995		33.99%	\$ 1,430,037,467		21.59%
City Total	\$ 12,046,171,424			\$ 6,624,142,909		

Source: The HdL Company and San Mateo County Assessor 2019/20 & 2010/11 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 ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 12,267,181	\$ 12,696,154	103.50% ³	\$ 31,783	\$ 12,727,937	103.76%
2012	17,066,910	15,111,377	88.54%	(7,011)	15,104,366	88.50%
2013	17,614,023	17,312,886	98.29%	(45,095)	17,267,791	98.03%
2014	19,265,347	19,479,141	101.11% ⁴	(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% ⁵	(14,773)	29,767,998	105.28%
2020	31,147,215	31,113,654	99.89%	-	31,113,654	99.89%

Notes:

- ¹ Information from County of San Mateo Controller's Office
- ² Amount received after ERAF contribution
- ³ One of the City's redevelopment project areas reached its TI (tax increment) limit during the fiscal year 2011, the residual tax increment was redistributed among all taxing agencies and the City was one of the recipients. Thus, the total amount of property taxes received during the fiscal year exceeded the taxes levied for the fiscal year.
- ⁴ Include \$350,463 from the dissolution of the Community Development Agency of Foster City as a result of AB1484.
- ⁵ San Mateo County Controller's Office changed the excess ERAF distribution. Included 45% excess ERAF amount distributed in August FY2019/2020.

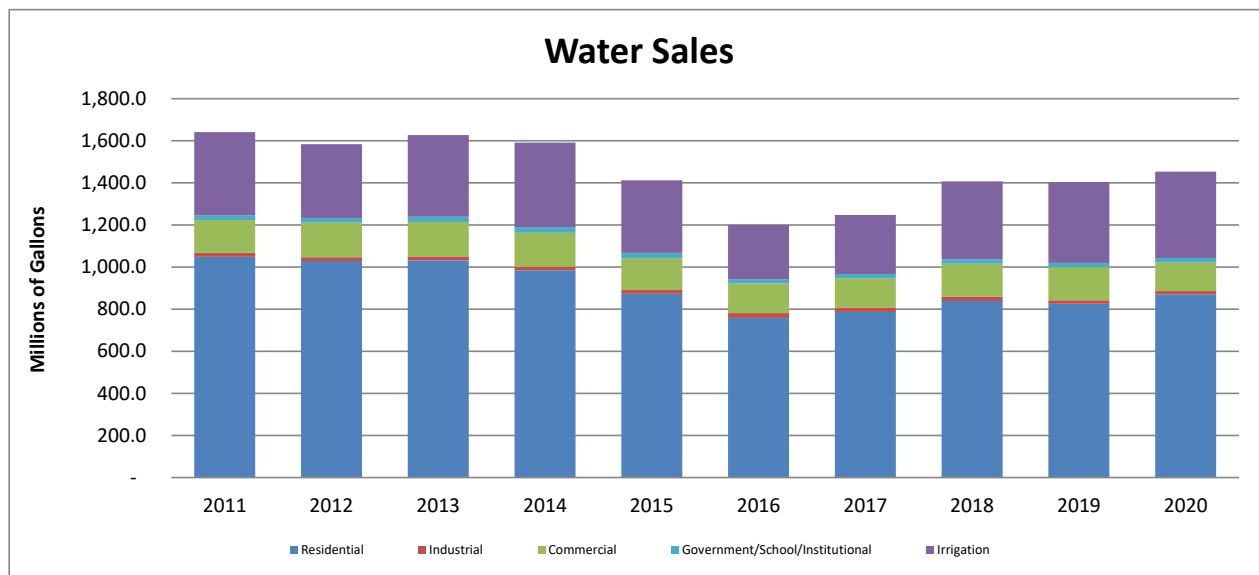
City of Foster City and Estero Municipal Improvement District

Water Sales by Type of Customer

Last Ten Fiscal Years

(in millions of gallons)

Type of Customer	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	1,048.9	1,029.2	1,032.1	984.3	873.0	758.5	786.8	838.9	825.4	870.0
Industrial	18.8	17.8	18.4	17.2	17.7	23.0	21.1	21.2	16.9	16.0
Commercial	155.3	164.3	163.8	161.2	151.1	140.0	138.9	156.0	157.2	136.7
Government/School/Institutional	23.0	21.3	24.9	27.4	25.9	20.6	20.2	20.6	20.5	20.8
Irrigation	395.0	351.1	388.0	401.4	344.6	258.4	280.4	370.1	384.0	410.1
Total	1,641.0	1,583.7	1,627.2	1,591.5	1,412.3	1,200.5	1,247.4	1,406.8	1,404.0	1,453.6



Source: Utility Billing of Financial Services Department

City of Foster City and Estero Municipal Improvement District

Water and Wastewater Rates

Last Ten Fiscal Years

<u>Water</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Availability / Meter Charge (per Month)										
5/8 inch	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15
3/4 inch	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15
1 inch	\$ 43.90	\$ 43.90	\$ 39.50	\$ 27.65	\$ 28.00	\$ 28.75	\$ 31.50	\$ 33.08	\$ 35.75	\$ 38.58
1&1/2 inch	\$ 87.75	\$ 87.75	\$ 79.00	\$ 79.00	\$ 80.00	\$ 69.00	\$ 75.60	\$ 79.40	\$ 85.80	\$ 92.60
2 inch	\$ 140.40	\$ 140.40	\$ 126.40	\$ 126.40	\$ 128.00	\$ 92.00	\$ 100.80	\$ 105.87	\$ 114.40	\$ 123.47
3 inch	\$ 245.70	\$ 245.70	\$ 221.20	\$ 221.20	\$ 224.00	\$ 201.25	\$ 220.50	\$ 231.58	\$ 250.25	\$ 270.08
4 inch	\$ 386.10	\$ 386.10	\$ 347.60	\$ 347.60	\$ 352.00	\$ 362.25	\$ 396.90	\$ 416.85	\$ 450.45	\$ 486.15
6 inch	\$ 737.10	\$ 737.10	\$ 663.60	\$ 663.60	\$ 672.00	\$ 805.00	\$ 882.00	\$ 926.33	\$ 1,001.00	\$ 1,080.33
8 inch	\$ 1,158.30	\$ 1,158.30	\$ 1,042.80	\$ 1,042.80	\$ 1,056.00	\$ 1,380.00	\$ 1,512.00	\$ 1,588.00	\$ 1,716.00	\$ 1,852.00
Consumption Charge (per Unit*)										
All Classes										
Single Family Residential										
0-10 units	\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59
11-20 units	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59
> 20 units	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.64	\$ 5.95	\$ 6.06	\$ 6.10	\$ 6.20
Multi Family Residential										
0-5 units	\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59
6-10 units	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59
> 10 units	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.67	\$ 5.93	\$ 5.62	\$ 6.10	\$ 6.20
Irrigation										
0-100% of annual water budget	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59
> 100% of annual water budget	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 5.65	\$ 7.35	\$ 7.21	\$ 6.47	\$ 6.17
Commercial and Fire Line	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.40	\$ 4.97	\$ 5.15	\$ 5.54	\$ 5.70
Private Fire Protection Service										
Availability / Meter Charge (per Month)										
3/4 inch	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41
1 inch	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41
1&1/2 inch	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41
2 inch	\$ 49.15	\$ 49.15	\$ 44.25	\$ 44.25	\$ 44.80	\$ 32.20	\$ 35.34	\$ 37.12	\$ 40.11	\$ 43.29
3 inch	\$ 86.00	\$ 86.00	\$ 77.45	\$ 77.45	\$ 78.40	\$ 70.45	\$ 77.11	\$ 80.99	\$ 87.52	\$ 94.45
4 inch	\$ 135.15	\$ 135.15	\$ 121.70	\$ 121.70	\$ 123.20	\$ 126.80	\$ 138.92	\$ 145.90	\$ 157.66	\$ 170.15
6 inch	\$ 258.00	\$ 258.00	\$ 232.30	\$ 232.30	\$ 235.20	\$ 281.75	\$ 308.64	\$ 324.15	\$ 350.28	\$ 378.04
8 inch	\$ 405.45	\$ 405.45	\$ 365.00	\$ 365.00	\$ 369.60	\$ 483.00	\$ 529.20	\$ 555.80	\$ 600.60	\$ 648.20
Wastewater										
Residential (per Month)										
Single Family	\$ 46.05	\$ 46.05	\$ 46.05	\$ 46.05	\$ 47.00	\$ 51.47	\$ 57.13	\$ 65.27	\$ 74.57	\$ 85.20
Townhouse	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57
Duplex	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57
Apartment / Condominium	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57
Commercial (per Unit* of Water Billed)										
Restaurant	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.54	\$ 9.35	\$ 10.38	\$ 11.86	\$ 13.55	\$ 15.48
Miscellaneous	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.00	\$ 3.29	\$ 3.65	\$ 4.17	\$ 4.76	\$ 5.44
Institutional (per Unit* of Water Billed)										
School	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58
Church	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58
Public Facility	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58

Unit* = 748 Gallons

Source: City of Foster City Financial Services Department

City of Foster City and Estero Municipal Improvement District

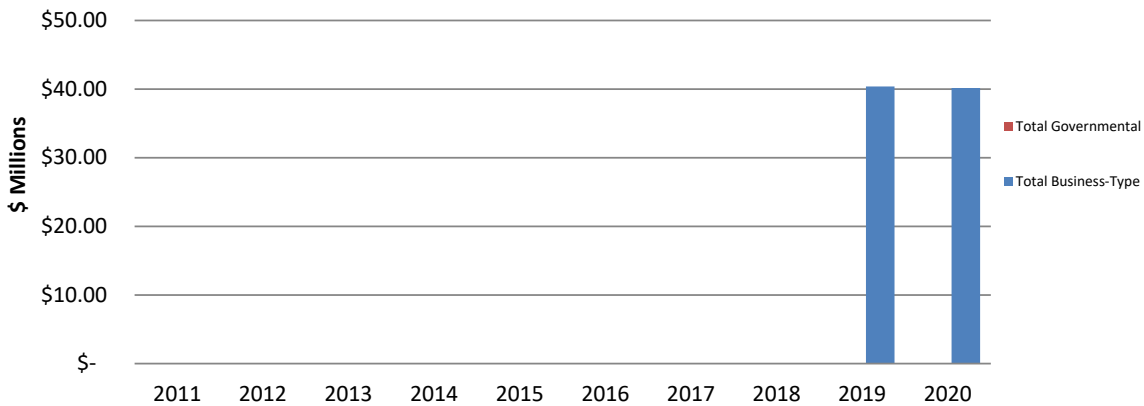
Ratios of Outstanding Debt by Type

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				
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	
2012	-	-	-	-	-	-	n/a	-	
2013	-	-	-	-	-	-	n/a	-	
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	

Outstanding Debt



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, 2020

2019-20 Assessed Valuation:

\$12,030,110,970

	Total Debt Outstanding 06/30/20	Percentage Applicable (1)	City's Share of Overlapping Debt 06/30/20
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$ 766,683,503	5.027%	\$ 38,541,180
San Mateo Union High School District	623,906,623	14.397%	89,823,837
Sequoia Union High School District	510,715,000	0.005%	25,536
San Mateo-Foster City School District	282,726,833	28.994%	81,973,818
Belmont-Redwood Shores School District	60,077,715	0.031%	18,624
Midpeninsula Regional Open Space District	88,810,000	0.004%	3,552
Estero Municipal Improvement District	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 210,386,547
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$ 515,920,256	5.027%	\$ 25,935,311
San Mateo County Board of Education Certificates of Participation	7,505,000	5.027%	377,276
Midpeninsula Regional Park District General Fund Obligations	111,985,600	0.004%	4,479
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 26,317,066
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 236,703,613
COMBINED TOTAL DEBT			\$ 236,703,613 (2)

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

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

Ratios to 2019-20 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.75%
Combined Total Debt	1.97%

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)

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 11,951,356
Debt limit (15% of assessed value)	1,792,703
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 1,792,703

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 985,253	\$ 984,013	\$ 1,016,775	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260	\$ 1,792,703
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 985,253	\$ 984,013	\$ 1,016,775	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260	\$ 1,792,703
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%	0.00%	0.00%	0.00%

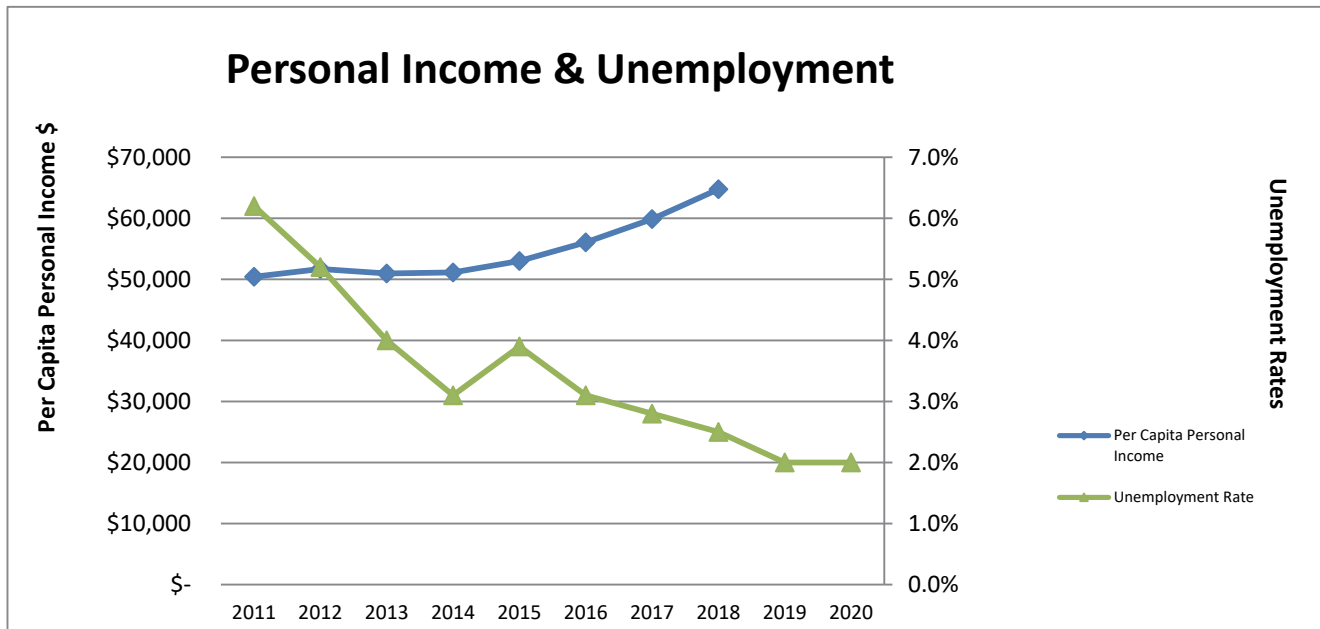
Note: Under state finance law, the city's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

City of Foster City and Estero Municipal Improvement District

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2011	30,790	\$ 1,557,571	\$ 50,415	6.2%
2012	30,895	1,608,593	51,690	5.2%
2013	31,120	1,638,863	50,947	4.0%
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	n/a	n/a	2.0%



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

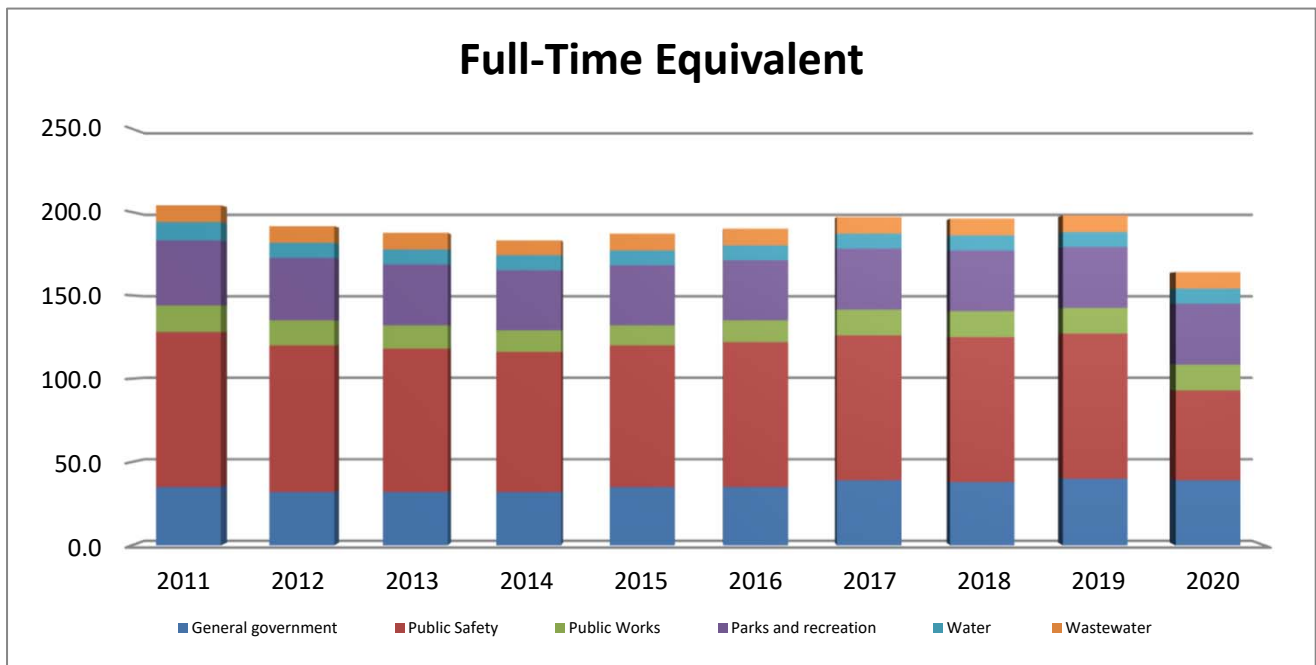
Current Year and Ten Years Ago

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
GILEAD SCIENCES, INC.	8,268	1	38.66%	2,231	1	13.55%
VISA U.S.A. INC.	2,263	2	10.58%	1,435	2	8.71%
VISA TECHNOLOGY & OPERATIONS LLC, FKA INOVANT LLC	1,006	3	4.70%	964	5	5.85%
ZOOX INC	530	4	2.48%			
CYBERSOURCE CORPORATION	435	5	2.03%			
ILLUMINA INC	389	6	1.82%			
IBM CORPORATION	367	7	1.72%	390	7	2.37%
CITY OF FOSTER CITY	313	8	1.46%			
CSG CONSULTANTS, INC.	289	9	1.35%			
EXABEAM INC	269	10	1.26%			
APPLIED BIOSYSTEMS, LLC				1,328	3	8.06%
ELECTRONICS FOR IMAGING, INC.				1,219	4	7.40%
SONY COMPUTER ENTERTAINMENT, LLC				742	6	4.51%
QUINSTREET, INC.				376	8	2.28%
MID-PENINSULA HOUSING				264	9	1.60%
REARDEN COMMERCE, INC.				254	10	1.54%
Top Ten Total	14,129		66.06%	9,203		55.87%
City Total	21,388			16,467		

Source: 2011 and 2020 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Management services	16.0	14.0	13.0	13.0	13.0	13.0	14.0	14.0	15.0	15.0
Finance	8.0	8.0	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0
Planning	5.5	5.0	6.0	6.0	7.0	7.0	8.0	7.0	7.0	7.0
Building	5.5	5.0	5.0	5.0	6.0	6.0	7.0	7.0	8.0	7.0
Police										
Officers	39.0	36.0	36.0	36.0	37.0	38.0	38.0	38.0	38.0	38.0
Civilians	17.0	15.0	13.0	13.0	13.0	15.0	15.0	16.0	16.0	16.0
Fire										
Firefighters and officers	35.0	35.0	35.0	33.0	33.0	32.0	32.0	31.0	31.0	0.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0
Other public works										
Engineering	7.0	6.0	5.0	4.0	4.0	5.0	6.0	6.0	6.0	6.0
Other	9.0	9.0	9.0	9.0	8.0	8.0	9.5	9.5	9.5	9.5
Parks and recreation										
Water	11.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Wastewater	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	204.0	191.5	187.5	183.0	187.0	190.0	197.0	196.0	198.0	164.0



Source: City Budget

City of Foster City and Estero Municipal Improvement District

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Physical arrests	728	650	520	640	572	576	444	489	526	275
Parking violations	624	673	673	654	552	816	972	490	695	250
Traffic violations	2,317	2,693	2,774	3,012	2,078	1,746	1,661	1,757	1,427	710
Fire¹										
Emergency responses	1,873	1,946	2,012	2,336	2,123	1,978	1,944	2,180	1,976	2,155
Fires extinguished	73	88	61	82	24	47	34	45	24	29
Inspections	1,231	1,143	1,029	1,108	1,201	1,102	1,080	1,100	1,040	647
Other public works										
Street resurfacing (miles)	5	1	1	2	2	2	5	5	4	1
Potholes repaired	40	45	36	40	32	35	27	120	105	66
Parks and recreation										
Athletic field permits issued	57	64	66	57	60	86	91	95	115	138
Community center admissions	8,123	7,582	7,580	5,837	3,794	5,611	5,546	5,773	5,912	4,103
Water										
New connections	-	7	1	1	13	26	28	7	39	18
Water mains breaks	6	6	3	11	6	17	4	22	21	15
Average daily consumption (thousands of gallons)	4,822	4,660	4,100	3,980	3,956	3,623	3,810	4,232	4,041	4,100
Peak daily consumption (thousands of gallons)	9,750	9,165	8,890	8,445	6,624	5,047	7,760	7,688	5,577	5,460
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,340	2,267	2,200	2,652	2,040	2,350	2,430	2,390	2,457	2,356

Sources: Various city departments

Notes: ¹ 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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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	12	12	11	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	2,063	2,062	2,031	2,031	2,031	2,025	2,025	2,022	2,022	2,022
Traffic signals	25	25	25	25	25	25	25	27	27	27
Parks and recreation										
Acreage	210	210	213	213	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)	110	110	107	107	107	107	107	107	107	107
Fire hydrants	1,153	1,153	1,109	1,110	1,110	1,110	1,110	1,110	1,109	1,111
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)	66	66	65	65	65	65	65	65	65	65
Treatment capacity (thousands of gallons)	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130
Stormwater (miles)	83	83	81	81	81	81	81	81	81	81
Transit--minibuses	1	1	1	1	1	1	1	1	1	-

Sources: Various city departments

