

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



**Annual Comprehensive Financial Report  
Prepared by the Financial Services Department  
Fiscal Year Ended June 30, 2022**



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

**Annual Comprehensive Financial Report**

**Prepared by the Financial Services Department**

**For the Fiscal Year Ended June 30, 2022**

Richa Awasthi, Mayor

Jon Froomin, Vice Mayor

Sam Hindi, Councilmember

Sanjay Gehani, Councilmember

Patrick Sullivan, Councilmember

Stefan Chatwin, City Manager

Benjamin L. Stock, City Attorney

Priscilla Schaus, Communications Director/City Clerk

Marlene Subhashini, Community  
Development Director

Edmund Suen, Finance Director

Maria Saguisag-Sid, Human Resources  
Director

Tracy Avelar, Police Chief

Louis Sun, Public Works Director

This Page Intentionally Left Blank

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
JUNE 30, 2022**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Finance Director’s Letter of Transmittal .....	i
Certificate of Achievement – Government Finance Officers Association .....	vii
City of Foster City Organizational Chart .....	viii
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis</b> .....	5
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	21
Statement of Activities .....	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	27
Statement of Net Position – Proprietary Funds .....	28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	29
Statement of Cash Flows – Proprietary Funds .....	30
Statement of Fiduciary Net Position – Fiduciary Fund .....	32
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	33
<b>Notes to the Basic Financial Statements</b> .....	35
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedules:	
General Fund .....	86
Low and Moderate Income Housing Assets Fund .....	88
Foster City Affordable Housing Fund .....	89
Schedule of Changes in the Net Pension Liability and Related Ratios – Agent Multiple-Employer Defined Benefit Pension Plan .....	90

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
JUNE 30, 2022**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>FINANCIAL SECTION (Continued):</b>	
Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of The Measurement Date – Cost-Sharing Multiple-Employer Defined Benefit Pension Plan .....	91
Schedule of Contributions:	
Agent Multiple-Employer Defined Benefit Pension Plan.....	92
Cost-Sharing Defined Benefit Pension Plan .....	93
Schedule of Changes in the Total Pension Liability and Related Ratios – Longevity	
Recognition Benefits Plan.....	94
Schedule of Changes in the Total OPEB Liability and Related Ratios	
Other Post Employment Benefits Plan.....	95
<b>Supplementary Information:</b>	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	108
Budgetary Comparison Schedules:	
Traffic Safety.....	113
Measure A .....	114
Gas Tax.....	115
Park-in-lieu .....	116
Measure M.....	117
SLESF/COPS Grant .....	118
California Opportunities.....	119
Foster City Foundation.....	120
SB1 Road Maintenance & Rehabilitation .....	121
General Plan Maintenance.....	122
Construction and Demolition Recycling .....	123
Technology Maintenance .....	124
SB 1186 (Disability Access) .....	125
Strong Motion Instrument Program (SMIP) Fee.....	126
CRV Grant.....	127
Curbside Recycling .....	128
Green Building Fee .....	129
Measure W.....	130
Commercial Linkage Fee.....	131
Tenant Relocation Assistance.....	132
SB 1383 Implementation .....	133
Workforce Housing .....	134
Levee Protection Planning & Improvements.....	135

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
JUNE 30, 2022**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Supplementary Information (Continued):</b>	
<i>Internal Service Funds:</i>	
Combining Statement of Net Position .....	138
Combining Statement of Revenues, Expenses and Changes in Net Position .....	140
Combining Statement of Cash Flows .....	142
<i>Custodial Funds:</i>	
Combining Statement of Net Position .....	146
Combining Statement of Changes in Net Position .....	147
<b>STATISTICAL SECTION</b>	
Description of Statistical Section	
Financial Trends:	
Government-wide:	
Net Position by Component .....	151
Changes in Net Position .....	152
Governmental Funds:	
Changes in Fund Balances of Governmental Funds .....	153
Fund Balances of Governmental Funds .....	154
Revenue Capacity:	
Assessed Value of Taxable Property .....	155
Property Tax Rates – Direct and Overlapping Governments.....	156
Principal Property Taxpayers.....	157
Property Tax Levies and Collections .....	158
Water Sales by Type of Customer .....	159
Water and Wastewater Rates .....	160
Debt Capacity:	
Ratios of Outstanding Debt by Type .....	161
Direct and Overlapping Governmental Activities Debt.....	162
Legal Debt Margin Information .....	163
Demographic and Economic Information:	
Demographic and Economic Statistics .....	164
Principal Employers.....	165
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program .....	166
Operating Indicators by Function/Program.....	167
Capital Asset Statistics by Function/Program.....	168

This Page Intentionally Left Blank



# **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 18, 2022

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

City of Foster City, California

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The Annual Comprehensive Financial Report (ACFR) of the City of Foster City (City) and the Estero Municipal Improvement District (District) for the fiscal year ended June 30, 2022 is hereby submitted. This report was prepared by the Financial Services Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation of this report, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City/District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the City/District's financial affairs have been included.

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

The Annual Comprehensive Financial Report is organized into three sections:

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

The City/District's Annual Comprehensive Financial Report includes the funds of the primary government and enterprise activities that are not considered separate legal entities. Currently, there are no component units for which the primary government is financially accountable. Therefore, no financial balances or activities are reported as component units as of and for the fiscal year ended June 30, 2022.

## **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 2021-22 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 Annual Comprehensive Financial Report includes all funds of the City/District, and the Successor Agency's activities are reported under fiduciary fund type as private purpose trust fund.

Located on the San Francisco Peninsula, ten (10) miles south of the San Francisco International Airport, the City/District encompasses a geographic area of 12,345 acres, of which 9,726 acres (15.20 square miles) are part of San Francisco Bay and Belmont Slough, and 2,619 acres (4.09 square miles) are land. The City/District serves a population of 33,056 residents and provides a full range of municipal services, including police protection; water and wastewater services; construction and maintenance of streets, storm drains, lagoons, levees, bridges, and infrastructure; community development and redevelopment; maintenance and protection of the physical environment; construction and maintenance of parks and recreational amenities; leisure, entertainment and educational programs; and general government operations and services. The City/District receives fire suppression, prevention, and advanced life support programs/services through its member agency status with the San Mateo Consolidated Fire Department, a Joint Powers Authority between Foster City, the Belmont Fire Protection District, and the City of San Mateo

## **ACCOUNTING AND BUDGETING SYSTEMS**

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

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

The City/District's budget is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues. The budget includes: 1) the programs, projects, services and activities to be carried 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 except for the Capital Improvement Projects funds.

## **LOCAL ECONOMY**

Fiscal year (FY) 2021-22 marked the 2<sup>nd</sup> full fiscal year of economic impacts from the COVID-19 public health emergency. Although the City's largest revenue source, property taxes was largely insulated 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 2<sup>nd</sup> largest General Fund revenues category, plunged 77.4% in FY 2020-21 to \$0.99 million before recovering to \$1.98 million in FY 2021-22 compared to pre-pandemic level of \$4.39 million in FY 2018-19. The City's Recreation Center based revenues also suffered significant declines but has recovered to \$1.36 million compared to the pre-pandemic level of \$1.86 million. Fortunately, strong property tax revenues, better than expected building permits fees, and \$4.05 million of American Rescue Plan Act (ARPA) assistance for the COVID-19 public health emergency were to overcome those shortfalls, resulting in an overall \$6.04 million favorable General Fund actual to budget outcome for the full fiscal year. The overall actual to budget revenue gains along with the City's reduced expenditures level, due primarily to unfilled positions because of an extremely unfavorable labor supply market resulted in a preliminary General Fund surplus of \$9.85 million. During the year, the City Council authorized a \$19 million General Fund along with a \$36 million Capital Asset Preservation Fund transfer to the City's Capital Projects Fund for a Recreation Center Replacement project. The net effect was a \$9.15 million net reduction Fund Balance at 6/30/2022 and an ending Fund Balance in the General Fund from \$57.47 million to \$48.32 million.

## 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 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 generally provided long-term funding of capital improvement projects over a 10-year horizon.

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

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

The City/District uses long-term financial planning to ensure stability through the ups-and-downs within economic cycles. It also allows decision makers to better understand the true effects of policy decisions. Through the City/District's long-term financial planning, the City/District has built up a \$44.02 million Unassigned Fund Balance for the General Fund as of June 30, 2022.

CalPERS pension reform continues to have a significant impact on the City's long-term financial plan. In addition to the current unfunded liability, the decrease in the actuarial assumption for CalPERS investment rate of return from 7.50% to 7% over a three-year period from FY 2018-19 to FY 2020-21, then to 6.80% for FY 2021-22, and changes in demographic assumption have contributed to an increase in the City/District's employer contribution costs. Total employer pension contributions (the aggregate of normal cost and required unfunded accrued liability payment) for FY 2021-22 was \$10.05 million. The City/District's mandatory unfunded accrued liability payment increased by \$0.58 million from \$6.21 million to \$6.79 million in FY 2021-22 and will expand by another \$0.72 million to \$7.51 million (lump sum payment due in July 2022) in FY 2022-23.

The City/District has been closely monitoring employee compensation and benefits costs and has taken measures to address this issue, including funding post-employment medical benefit liabilities. Historically, the City/District has taken a conservative approach in providing reasonable compensation and benefits to the employees, which has kept the City/District's liabilities at a manageable level compared to other local governments. In the years following the Great Recession (December 2007 to June 2009), the City/District took steps in trimming personnel costs by reducing the work force, implementing shared services, shifting some defined benefits to defined contribution, establishing a second-tier retirement plan before the California Public Employees' Pension Reform Act (PEPRA) went into effect on January 1, 2013, and making additional discretionary payments (ADPs) to pay down the City's UAL. Even as the economy has recovered, high inflation, escalation of interest rates, supply chain disruptions, with while continues to contend 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 includes a 5% cost of living (COLA) increase in FY 2022-23 based on approved labor agreements, followed by 2% annual wage increases for the remaining period. The modest 2% annual increases are reflective of the continued uncertainty surrounding the voracity of economic recovery from COVID-19 and expiring labor agreements at the end of FY 2022-23. As customary, the City/District took a conservative approach in its revenue forecasts by excluding entitled projects such as the Gilead Sciences' Chess-Hatch development site until such time Gilead secures approved plans and permits to develop that site. In November 2018, the City Council formed a Pension Subcommittee to identify options to address the City/District's unfunded CalPERS pension liability. Since its formation, the Subcommittee recommended, and the City Council authorized two ADPs of \$3.48 million and \$7.5 million respectively in FY 2018-19 and FY 2020-21 to pay down the City's UAL and help soften future pension cost escalation.

## MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2022:

- Public Safety – The City remains a highly attractive place to live, work and play as we ranked as the 32<sup>nd</sup> safest city in California.
- Community Events -- For the first time in two years, the City hosted a full slate of in-person events and programs throughout the summer which gave the Foster City community a chance to again join together and celebrate. Events such as the Summer Concert Series and Summer Days Festival brought thousands of friends, family members, and neighbors to Leo Ryan Park to enjoy food, music, and more.
- Workforce Housing – The City celebrated the grand opening of the 22 workforce housing apartments at 'The Pilgrim' in the Pilgrim Triton neighborhood. The units, built as part of a public-private partnership are reserved for the workforce community in Foster City including teachers and residents who are income qualified.
- Levee Project – The City made considerable progress on its levee Improvements Project, which is designed to provide protection to the Foster City community from flooding and sea level rise.
- Recreation Center Replacement Project – The City Council funded a \$55 million "build-to-budget" Recreation Center project using a combination of \$19 million of General Fund reserves and \$36 million of Capital Asset Preservation Fund reserves.
- New Development Impact Fees – The City adopted new development impact fees effective FY 2022-23. They will help generate revenues that can be used to mitigate the impacts of new development by funding a range of capital programs, public safety, and capital facilities that will help improve the quality of life for the City's residents.

- General Fund Financial results – The City/District’s Total and Unassigned Fund Balance totaled \$48.32 million and \$44.02 respectively.
- 2021 Revenue Notes – In July 2021, the San Mateo-Foster City Public Financing Authority issued \$62.76 million of 2021 Series A Wastewater Revenue Notes (District’s portion) for the District’s share of the joint wastewater treatment plant project with the City of San Mateo. The notes mature on August 1, 2025 and has a true interest cost 1.16% per annum.
- SRF Loan – In May 2022, the San Mateo-Foster City Public Financing Authority executed a Loan Agreement with the CA Water Resources Control Board for a State Revolving Fund (SRF) loan for construction costs for the joint wastewater treatment plant project. The District’s share of the loan is \$33.58 million and matures on August 31, 2054, with an interest rate of 0.80% per annum.
- Aaa Credit Rating – The City maintained its Aaa credit rating from Moody’s Investor Services on its \$85 million (par value) 2020 Levee Improvement project General Obligation bonds.
- Preparation of FY 2022-23 budget and 5-Year Financial Plan in a COVID-19 environment – The FY 2022-23 adopted General Fund budget included \$4.05 million (2<sup>nd</sup> tranche) of American Rescue Plan Act (ARPA) funding for the recovery of loss revenues from the pandemic. The General Fund’s Unassigned Fund Balance as of June 30, 2022 stood at \$44.02 million and represents a reserve level of over 82.2% of FY 2022-23 budgeted General Fund operations expenditures of \$53.52 million. This healthy reserve level is the culmination of the City’s prudent financial and budget policies and practices and puts the City in a strong position to weather economic uncertainties without compromising essential services to the Foster City community.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City/District for the year ended June 30, 2021. This was the 29<sup>th</sup> consecutive year that the City/District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City/District published an easily readable and efficiently organized Annual Comprehensive Financial Report, which satisfied both accounting principles accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. City staff believes our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we will be submitting it to the GFOA for eligibility for another certificate.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the Financial Services Department staff. In particular, I would like to express my appreciation to the following members who contributed to the development of this report: Waqas Hassan, Assistant Finance Director, Mimi Lam, Financial Services Manager, and Karen Li, Senior Accountant. I 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# City of Foster City/Estero Municipal Improvement District 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 the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City/District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibility of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Change in Accounting Principles***

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 87 – *Leases*, which became effective during the year ended June 30, 2022.

The implementation of GASB 87 had material effects on the financial statements. As discussed in Note 10 to the financial statements, the beginning balances of General Fund leases receivable and deferred inflows of resources related to leases were restated and increased by \$1,369,651 as of July 1, 2021, as a result, and the net effect on beginning fund balance was zero.

The emphasis of this matter does not constitute a modification to our opinions.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City/District's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2022 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 the effectiveness of the City/District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City/District's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
November 18, 2022



**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

This section of the City of Foster City/Estero Municipal Improvement District's (City/District) Annual Comprehensive Financial Report presents a narrative overview and analysis of the City/District's financial activities for the fiscal year ended June 30, 2022. 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, 2022, the City/District's total assets and deferred outflows, increased by \$82.85 million, or 13.8%, to \$684.23 million, of which \$429.43 million represented governmental assets and \$254.80 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, increased by \$57.39 million, or 21.7%, to \$321.72 million, of which \$191.77 million were governmental liabilities and \$129.95 million were business-type liabilities.
- The City/District's total net position increased by \$25.46 million, or 7.6%, to \$362.51 million. Of this amount, \$41.87 million (unrestricted governmental net position) and \$58.72 million (unrestricted business-type net position) may be used to meet the government's ongoing obligations to citizens/customers, and creditors.
- City-wide revenues increased by \$5.95 million, or 6.5%, to \$98.14 million, of which \$65.96 million were generated by governmental activities and \$32.18 million were generated by business-type activities.
- City-wide expenses decreased by \$2.44 million, or 3.3%, to \$72.68 million, of which \$51.81 million were incurred by governmental activities and \$20.87 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

Fund Level:

- Governmental Fund balances decreased \$15.77 million, or 8.0%, to \$182.27 million. Of this amount, \$44.02 million, or 24.2%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$65.79 million, an increase of \$5.94 million or 9.9%, from \$59.85 million in the prior fiscal year.
- Governmental Fund expenditures decreased by \$3.61 million, or 4.2%, to \$82.52 million in FY 2021-22 from \$86.14 million in the prior fiscal year.
- Enterprise Fund net position increased by \$11.31 million, or 10%, to \$124.86 million. Of this amount, \$58.72 million were in unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$32.18 million in FY 2021-22, an increase of \$10,000 from \$32.17 million in FY 2020-21.
- Enterprise Fund operating expenses were \$20.87 million in FY 2021-22, a decrease of \$2.05 million from \$22.92 million in FY 2020-21.
- 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, 2022**

---

**OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

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

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

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

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

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

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

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

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

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

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

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

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

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

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

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

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

**OVERVIEW OF THE ANNUAL COMPREHENSIVE 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, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2022	2021	2022	2021	2022	2021		
<b>Assets:</b>								
Current and other assets	\$ 260,945,070	\$ 273,368,998	\$ 117,071,378	\$ 68,819,317	\$ 378,016,448	\$ 342,188,315	\$ 35,828,133	10.47%
Capital assets	152,433,223	129,905,492	136,398,770	103,360,569	288,831,993	233,266,061	55,565,932	23.82%
Total assets	413,378,293	403,274,490	253,470,148	172,179,886	666,848,441	575,454,376	91,394,065	15.88%
Deferred outflows of resources	16,046,093	24,535,715	1,333,314	1,383,793	17,379,407	25,919,508	(8,540,101)	-32.95%
Total assets and deferred outflows combined	429,424,386	427,810,205	254,803,462	173,563,679	684,227,848	601,373,884	82,853,964	13.78%
<b>Liabilities:</b>								
Current and other liabilities	20,710,985	19,625,939	12,197,012	10,964,010	32,907,997	30,589,949	2,318,048	7.58%
Long-term liabilities	139,366,010	178,491,448	115,196,622	48,727,733	254,562,632	227,219,181	27,343,451	12.03%
Total Liabilities	160,076,995	198,117,387	127,393,634	59,691,743	287,470,629	257,809,130	29,661,499	11.51%
Deferred inflows of resources	31,691,189	6,186,737	2,553,745	326,949	34,244,934	6,513,686	27,731,248	425.74%
deferred inflows combined	19,176,814	204,304,124	129,947,379	60,018,692	321,715,563	264,322,816	57,392,747	217.1%
<b>Net position:</b>								
Net investment in capital	152,433,223	129,905,492	66,131,749	66,448,527	218,564,972	196,054,019	22,510,953	11.48%
Restricted	43,350,355	71,387,356	-	-	43,350,355	71,387,356	(28,037,001)	-39.27%
Unrestricted	41,872,624	22,213,233	58,724,334	47,396,460	100,596,958	69,609,693	30,987,265	44.52%
Total net position	\$ 237,656,202	\$ 223,506,081	\$ 124,856,083	\$ 113,544,987	\$ 362,512,285	\$ 337,051,068	\$ 25,461,217	7.55%

**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 \$362.51 million, which is an increase of \$25.46 million or 7.6%, from \$337.05 million in the prior fiscal year. Net position represents the difference between the sum of total assets and deferred outflows of resources and the sum of total liabilities and deferred inflows and reflects the overall increase in the Statement of Activities which is explained later in this report. In FY 2014-15, the City/District implemented GASBs 68 and 71, which required the recording of net pension liability and pension related deferred inflows and outflows. In FY 2016-17, the City/District implemented GASB 73, which required the recording of net pension liability for the Longevity Recognition Benefits Program. In FY 2017-18, the City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("OPEB"), for its retiree health benefits. See Note 9 and 13 for details on the effects of these accounting standards.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

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

The largest portion, approximately 60.3% or \$218.56 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 \$43.35 million or 12.0% 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 \$100.60 million, or 27.7%, 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 2021-22, 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
	2022	2021		
<b>Assets:</b>				
Current and other assets	\$ 260,945,070	\$ 273,368,998	\$ (12,423,928)	-4.54%
Capital assets	152,433,223	129,905,492	22,527,731	17.34%
Total assets	413,378,293	403,274,490	10,103,803	2.51%
Deferred outflows of resources	16,046,093	24,535,715	(8,489,622)	-34.60%
<b>Liabilities:</b>				
Current and other liabilities	20,710,985	19,625,939	1,085,046	5.53%
Long-term liabilities	139,366,010	178,491,448	(39,125,438)	-21.92%
Total Liabilities	160,076,995	198,117,387	(38,040,392)	-19.20%
Deferred inflows of resources	31,691,189	6,186,737	25,504,452	412.24%
<b>Net position:</b>				
Net investment in capital assets	152,433,223	129,905,492	22,527,731	17.34%
Restricted	43,350,355	71,387,356	(28,037,001)	-39.27%
Unrestricted	41,872,624	22,213,233	19,659,391	88.50%
Total net position	<u>\$ 237,656,202</u>	<u>\$ 223,506,081</u>	<u>\$ 14,150,121</u>	<u>6.33%</u>

The net position of the City/District's governmental activities increased by \$14.15 million. This increase consists of three components:

1. **Net investment in capital assets** – The \$22.53 million increase was due to capital asset additions (primarily from construction in progress for the Levee project) greater than the sum of capital asset disposals, retirements, and depreciation.
2. **Restricted net position** – The \$28.04 million decrease was due primarily to the reduction of restricted net positions from the Levee Capital Project Fund (for the City's Levee project) of \$27.78 million.
3. **Unrestricted net position** – The \$19.66 million increase was due mainly to the \$14.15 million improvement in net position as indicated in the Statement of Activities less the increase in Net Investment in Capital Assets of \$22.53 million and plus the decrease in the Restricted Net Position of \$28.04 million.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

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

	Business-Type Activities		Amount Change	Percent Change
	2022	2021		
<b>Assets:</b>				
Current and other assets	\$ 117,071,378	\$ 68,819,317	\$ 48,252,061	70.11%
Capital assets	136,398,770	103,360,569	33,038,201	31.96%
Total assets	<u>253,470,148</u>	<u>172,179,886</u>	<u>81,290,262</u>	<u>47.21%</u>
Deferred outflows of resources	1,333,314	1,383,793	(50,479)	-3.65%
<b>Liabilities:</b>				
Current and other liabilities	12,197,012	10,964,010	1,233,002	11.25%
Long-term liabilities	115,196,622	48,727,733	66,468,889	136.41%
Total Liabilities	<u>127,393,634</u>	<u>59,691,743</u>	<u>67,701,891</u>	<u>113.42%</u>
Deferred inflows of resources	2,553,745	326,949	2,226,796	681.08%
<b>Net position:</b>				
Net investment in capital assets, net of related debt	66,131,749	66,148,527	(16,778)	-0.03%
Unrestricted	58,724,334	47,396,460	11,327,874	23.90%
Total net position	<u>\$ 124,856,083</u>	<u>\$ 113,544,987</u>	<u>\$ 11,311,096</u>	<u>9.96%</u>

The net position of the City/District's business-type activities increased by \$11.31 million. This increase consists of two components.

1. **Net Investment in capital assets, net of related debt** – The \$16,778 decrease was due to the sum of capital asset disposals, retirements, and depreciation exceeding new asset acquisitions (net of related debt) during the year. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Unrestricted net position** – The \$11.33 million increase was due mainly to the change in net position as indicated in the Statement of Activities of \$11.31 million plus the \$16,778 net increase in capital assets.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

**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
	2022	2021	2022	2021	2022	2021		
<b>Program Revenues</b>								
Charges for services	\$ 5,424,919	\$ 4,645,646	\$ 34,477,228	\$ 33,368,906	\$ 39,902,147	\$ 38,014,552	\$ 1,887,595	4.97%
Operating grants and contributions	5,237,263	1,572,224	-	-	5,237,263	1,572,224	3,665,039	233.11%
Capital grants and contributions	1,744,628	1,347,461	28,791	446	1,773,419	1,347,907	425,512	31.57%
<b>General Revenues</b>								
Taxes	48,542,962	45,740,834	-	-	48,542,962	45,740,834	2,802,128	6.13%
Contributions not restricted to specific programs	5,135,331	4,073,476	-	-	5,135,331	4,073,476	1,061,855	26.07%
Unrestricted investment and rental income	(1,801,976)	2,191,807	(2,391,082)	(1,247,738)	(4,193,058)	944,069	(5,137,127)	-544.15%
Gain (loss) on JPA Investment	773,157	(1,549)	-	-	773,157	(1,549)	774,706	-50013.30%
Other	902,089	443,850	63,293	50,647	965,382	494,497	470,885	95.23%
<b>Total Revenues</b>	<b>65,958,373</b>	<b>60,013,749</b>	<b>32,178,230</b>	<b>32,172,261</b>	<b>98,136,603</b>	<b>92,186,010</b>	<b>5,950,593</b>	<b>6.45%</b>
<b>Expenses</b>								
General government	4,977,428	6,088,435	-	-	4,977,428	6,088,435	(1,111,007)	-18.25%
Public safety	27,540,232	26,085,045	-	-	27,540,232	26,085,045	1,455,187	5.58%
Public works	4,913,006	4,575,342	-	-	4,913,006	4,575,342	337,664	7.38%
Community development	3,095,744	3,254,326	-	-	3,095,744	3,254,326	(158,582)	-4.87%
Parks and recreation	9,342,091	10,678,377	-	-	9,342,091	10,678,377	(1,336,286)	-12.51%
Interest on long term debt	1,939,751	1,516,623	-	-	1,939,751	1,516,623	423,128	27.90%
Water operations	-	-	13,115,926	14,711,672	13,115,926	14,711,672	(1,595,746)	-10.85%
Wastewater operation	-	-	7,751,208	8,203,420	7,751,208	8,203,420	(452,212)	-5.51%
<b>Total Expenses</b>	<b>51,808,252</b>	<b>52,198,148</b>	<b>20,867,134</b>	<b>22,915,092</b>	<b>72,675,386</b>	<b>75,113,240</b>	<b>(2,437,854)</b>	<b>-3.25%</b>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>	<b>14,150,121</b>	<b>7,815,601</b>	<b>11,311,096</b>	<b>9,257,169</b>	<b>25,461,217</b>	<b>17,072,770</b>	<b>8,388,447</b>	<b>49.13%</b>
Transfers in (out)	-	-	-	-	-	-	-	0.00%
<b>Change in net position</b>	<b>14,150,121</b>	<b>7,815,601</b>	<b>11,311,096</b>	<b>9,257,169</b>	<b>25,461,217</b>	<b>17,072,770</b>	<b>8,388,447</b>	<b>49.13%</b>
Net position, beginning of year	223,506,081	215,690,480	113,544,987	104,287,818	337,051,068	319,978,298	17,072,770	5.34%
Net position, end of year	\$ 237,656,202	\$ 223,506,081	\$ 124,856,083	\$ 113,544,987	\$ 362,512,285	\$ 337,051,068	\$ 25,461,217	7.55%

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

- **Charges for Services** – The \$0.8 million increase in Governmental Activities included a \$0.6 million gain in recreation program fees as many programs/classes that were cancelled during the height of COVID-19 resumed in FY 2021-22. Revenues for Business-Type activities increased by \$1.11 million as the wastewater enterprise saw a \$2.09 million year-over-year gain from higher rates, but water enterprises revenues declined by \$0.98 million due to strong customer conservation as a result of renewed drought conditions.
- **Operating Grants and Contributions** – Governmental Activities for operating grants and contributions increased by \$3.67 million to \$5.24 million as the City received federal ARPA funds of \$4.05 million in FY 2021-22 which was partially offset by one-time federal CARES Act assistance of \$0.41 million in FY 2020-21.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

- Capital Grants and Contributions – Governmental Activities for capital grants and contributions saw a \$0.40 million increase to \$1.77 million as the City received greater funding for public works capital improvement projects.
- Taxes – The \$2.80 million increase in Governmental Activities included \$1.64 million improvement in Motor Vehicle In-lieu tax and \$0.99 million improvement in transient occupancy tax.
- Unrestricted Investment and Rental Income - The \$3.99 million decrease in Governmental Activities is largely due to the Federal Reserve’s precipitous increase in the discount rate by 150 basis points through June 30, 2022 (and another 225 basis points from July through November 2022) as inflation climbed from the 5% range in the 1<sup>st</sup> quarter of FY 2021-22 to the 8% range by the 4<sup>th</sup> quarter of the fiscal year. This very sharp increase in interest rates caused a massive unrealized mark-to-market loss of \$5.45 million in the City/Districts investment portfolio. This is in comparison to FY 2020-21 when the Federal Reserve kept the discount rate to near zero as the COVID-19 health emergency persisted over the course of that entire fiscal year.

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

- General Government – Expenses decreased by \$1.11 million to \$4.98 million, mainly from savings due to staff separations and unfilled vacancies as well as postponement of various programs/projects.
- Public Safety – Expenses increased by \$1.46 million to \$27.54 million in the Public Safety (Police and Fire) departments from wage and benefit increases as a result of new bargaining agreements that took effect in FY 2021-22.
- Public Works – Expenses increased by \$0.38 million to \$4.91 million also because of higher wage and benefits for city staff.
- Community Development – Expenses decreased by \$0.16 million to \$3.10 million mainly due to staff vacancies.
- Parks and Recreation – Expenses declined by \$1.34 million to \$9.34 million because of staff vacancies.
- Water Operation – Expenses decreased by \$1.60 million to \$13.12 million as water demand and corresponding water purchases diminished with strong customer conservation. Staff vacancies and lower benefit costs also contributed to the overall expense reduction.
- Wastewater Operation – Expenses decreased by \$0.45 million to \$7.75 million as lower personnel costs attributed to staff vacancies and lower employee benefit costs.



**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

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

**Governmental Funds**

As of June 30, 2022, the City/District's governmental funds reported combined fund balances of \$182.27 million. Of this total, \$0.07 million are non-spendable, \$43.14 million are considered restricted funds, \$95.04 million are committed by the City Council/District Board for specified projects or uses, and the remaining \$44.02 million are unassigned and available for general use.

Total revenues, expenditures, and changes in fund balances for the fiscal years ended June 30, 2022 and June 30, 2021 are shown below.

	2022		2021		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<b>Revenues by Source</b>						
Taxes	\$ 51,986,123	79.02%	\$ 48,326,501	80.75%	\$ 3,659,622	7.57%
Licenses and permits	3,976,116	6.04%	3,472,940	5.80%	503,176	14.49%
Intergovernmental	5,830,103	8.86%	2,438,138	4.07%	3,391,965	139.12%
Charges for current services	2,044,251	3.11%	1,841,360	3.08%	202,891	11.02%
Fines and forfeitures	107,087	0.16%	68,347	0.11%	38,740	56.68%
Investment and rental income	(965,630)	-1.47%	2,052,552	3.43%	(3,018,182)	-147.05%
Other	2,812,482	4.27%	1,650,893	2.76%	1,161,589	70.36%
<b>Total revenues</b>	<b>65,790,532</b>	<b>100.00%</b>	<b>59,850,731</b>	<b>100.00%</b>	<b>5,939,801</b>	<b>9.92%</b>
<b>Expenditures by Function</b>						
General Government	5,744,561	6.96%	6,779,021	7.87%	(1,034,460)	-15.26%
Public safety	25,992,575	31.50%	28,058,943	32.57%	(2,066,368)	-7.36%
Public works	3,079,049	3.73%	2,860,679	3.32%	218,370	7.63%
Community development	3,715,475	4.50%	3,874,174	4.50%	(158,699)	-4.10%
Parks and recreation	9,682,608	11.73%	10,544,668	12.24%	(862,060)	-8.18%
Capital outlay	27,820,924	33.71%	32,503,065	37.73%	(4,682,141)	-14.41%
Principal	3,895,000	4.72%	-	0.00%	3,895,000	100.00%
Interest on long term debt	2,594,788	3.14%	1,516,623	1.76%	1,078,165	71.09%
<b>Total expenditures</b>	<b>82,524,980</b>	<b>100.00%</b>	<b>86,137,173</b>	<b>100.00%</b>	<b>(3,612,193)</b>	<b>-4.19%</b>
<b>Revenues over (under) expenditures</b>	<b>(16,734,448)</b>		<b>(26,286,442)</b>		<b>9,551,994</b>	
Sale of capital assets	663,741		642,545		21,196	
Issuance of long term debt	-		91,835,167		(91,835,167)	
Transfer in	56,956,690		8,012,976		48,943,714	
Transfer out	(56,656,690)		(7,412,976)		(49,243,714)	
<b>Net change in fund balances</b>	<b>(15,770,707)</b>		<b>66,791,270</b>		<b>\$ (82,561,977)</b>	
Fund balances, beginning of year	198,041,349		131,250,079			
Fund balances, end of year	<u>\$ 182,270,642</u>		<u>\$ 198,041,349</u>			

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

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

- Taxes – The increase of \$3.66 million is due to gains in several categories including motor vehicle in lieu tax of \$1.64 million, transient occupancy tax of \$0.99 million, and sales and use tax of \$0.77 million.
- Licenses and permits – Combined total revenues improved by 0.51 million from \$3.98 million to \$3.47 million.
- Intergovernmental – The \$3.39 million increase is substantially from the receipt of \$4.05 million of ARPA monies, but absent the one-time federal CARES Act assistance of \$0.41 million received in FY 2020-21.
- Investment and rental income – The decrease of \$3.02 million is primarily from the mark-to-market loss in the City’s investment portfolio due to the rapid ascension of interest rates spurred by the Federal Reserve’s discount rate hikes.

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

- General Government, Public Safety, Public Works, Community Development, and Parks and Recreation – The aggregate expenditures for these five functions decreased by \$3.9 million from FY 2020-21 to FY 2021-22. The primary reason for the decline is the proliferation of staff vacancy and resulting wage and benefits savings due to the “great separation” and the extremely difficult recruitment conditions due to the lack of both quality and quantity of talent in the marketplace. Work on various projects/programs were also hindered by the lack of staff.
- Capital Outlay – Capital outlay decelerated by \$4.68 million to \$27.85 million as the lack of staff resulted in delays on the work of multiple CIP projects.
- Principal and Interest – Principal and 2 interest payments totaling \$6.49 million for the City’s 2020 General Obligation Bonds occurred in FY 2021-22 compared to only 1 interest payment in FY 2020-21.

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

**General Fund** – The General Fund represents the single most important governmental fund of the City/District. The governing body and executive staff spend a significant amount of time during the year closely monitoring the financial health and operations of this fund, which provides core municipal services to the public. The total Fund Balance on June 30, 2022 was \$48.32 million, which was a \$9.15 million lower than the prior year’s mark of \$57.47 million. Unassigned fund balance finished the year at \$44.02 million, decreasing by \$8.96 million from the prior year total of 52.98 million. This decrease would have otherwise been an increase of \$10.04 million as they City Council authorized a \$19 million transfer from the General Fund (along with \$36 million from the Capital Asset Preservation Fund) to the City Capital Projects Fund for the \$55 million build-to-budget Recreation Center replacement CIP project.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

General Fund revenues increased \$8.24 million in FY 2021-22 to \$57.38 million. Total property tax revenues climbed by \$1.91 million to \$38.97 million as motor vehicle in-lieu (VLF) gained \$1.64 million. Transient occupancy tax (TOT) revenues improved by \$0.99 million to \$1.98 million as FY 2020-21 business travel and lodging were decimated by the COVID-19 public health emergency. Despite the improvement, FY 2021-22 TOT was still less than 60% of pre-pandemic levels. Sales and use tax revenues accelerated to \$3.90 million compared to \$3.13 million in the prior year, benefitting from the local economic recovery and one-time use tax gains from taxable equipment purchases made by local businesses. Charges for Current Services increased by \$0.69 million as the City's Recreation Center reopened with many of its programming restored. Investment and rental income plummeted by \$0.77 million to \$0.19 million as unrealized mark-to-market losses decimated overall income. Intergovernmental revenues rose by \$3.49 million to \$4.20 million as the City received the 1st tranche of ARPA monies. This compares favorably to the \$0.41 million federal CARES Act assistance the City received in FY 2020-21.

General Fund expenditures, excluding Transfers In/Out decreased by \$4.14 million to \$46.02 million in FY 2021-22 as the staff vacancies were pervasive throughout the year and unlike the prior year when the City made a one-time \$7.5 million additional discretionary payment to CalPERS, there was not additional ADP made in FY 2021-22. In aggregate, General Fund revenues exceeded expenditures by \$11.36 million. After deducting Net Transfers In/Out of \$20.51 million which included \$19 million to the City Capital Projects Fund for the Recreation Center CIP project, the net decrease in the General Fund was \$9.15 million, resulting in a fiscal year ending June 30, 2022 Fund Balance of \$48.32 million, of which \$44.02 million were Unassigned.

**Low and Moderate Income Housing Assets Fund** – This fund was established for the Housing Successor to continue the existing Low and Moderate Income Housing program. As of June 30, 2022, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$2.25 million, an increase of \$0.21 million from the prior year. The fund's revenues sources are the rental income from the existing six affordable housing units and repayments from the first-time home buyers' loans.

**Foster City Affordable Housing Fund** – This fund was established to utilize the proceeds from the San Mateo County redistribution of unencumbered housing tax increments from the former Foster City Community Development Agency for future affordable housing projects in the City. As of June 30, 2022, the Fund had a Committed Fund Balance of \$0.53 million, a decrease of \$0.30 million 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, Measure M, SB1 funds, etc.) do not pay. As of June 30, 2022, this Fund had a Committed Fund Balance of \$78.36 million which is an increase of \$57.0 million from the prior fiscal year. The increase came primarily from \$55 million of Transfers In (\$19 million from the General Fund and \$36 million from the Capital Asset Preservation Fund) for the build-to-budget Recreation Center CIP project.

**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 to the City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5<sup>th</sup> of the City Council. As of June 30, 2022, this fund had a committed fund balance of \$8.06 million compared to the prior year's balance of \$43.58 million. The decline of \$35.52 million was from the transfer of \$36 million to the Recreation Center CIP budget.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

**Levee Capital Project Fund** – In FY 2020-21, the City added a new Levee Capital Project fund for the construction of an upgraded levee system that meets FEMA accreditation for flood protection. The City issued \$85 million (par value) of general obligation bonds in August 2020 for the financing of this project. As of June 30, 2022 this fund had a restricted fund balance of \$22.39 million compared to \$50.17 million as of June 30, 2021.

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 \$21.91 million as of June 30, 2022, meeting the Governing Board’s policy of holding a minimum operating reserve level of 25% of annual operating expenses plus a \$2 million reserve level for capital improvement projects.

**Wastewater** – The District provides wastewater collection services to customers in Foster City and partners with the City of San Mateo in a joint powers agreement for a Wastewater Treatment Plant (WWTP). Unrestricted net position totaled \$33.96 million as of June 30, 2022, meeting the District Board’s reserve policy requirement of holding a minimum operating reserve level of 25% of annual operating expenses and a \$2 million reserve for capital improvement projects. The total also includes \$2 million for wastewater rate stabilization.

**Internal Service Funds** – These funds provide services and funding mechanisms to facilitate the operating departments within the City/District in providing services to the community. These services include vehicle / fleet rental, equipment replacement, self-insurance risk management, information technology, building maintenance, and funding for the Longevity Recognition Benefits Program, Public Employees’ Medical and Hospital Care Act (PEMHCA) post-retirement medical programs, and compensated absences liabilities. Total unrestricted net position as of June 30, 2022 was \$37.49 million, which was a \$2.31 million increase from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City Council’s amended General Fund budget for fiscal year 2021-22 included \$71.4 million in appropriations and transfers out to other funds, with estimated revenues and transfers in from other funds totaling \$51.15 million.

Total revenues for the year were \$6.29 million above amended budget estimates. Property tax topped budget by \$3.4 million with gains in assessed values from new development projects and home sales and higher than expected Motor Vehicle in lieu tax. Sales tax exceeded expectations by \$0.82 million as the local economy improved and one-time use tax expanded. While transient Occupancy Tax (TOT) revenues almost double from the previous year to \$1.98 million, it still underperformed the budget by \$0.38 million. Building Permit revenues bested estimated by \$1.55 million as development activity and leasehold and home improvements contributed to the stronger results. Intergovernmental revenues had a favorable \$0.88 million outcome as actual monies received were higher than initial federal estimates. Investment income and rent missed budget by \$0.98 million as the combination of depressed investment earnings combined with a \$1.43 million unrealized mark-to-market loss from a surge in interest rates at the end of the fiscal year battered results.

Total expenditures for the year were \$5.24 million below the final budget. The “great separation” left the City with multiple staff vacancies, many of which did not get filled because of a very tight labor market. The staff shortage also led to project/program delays which resulted in unspent budgets.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

**CAPITAL ASSETS**

The City/District’s investment in capital assets for its governmental and business-type activities as of June 30, 2022 totaled \$288.83 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
	2022	2021	2022	2021	2022	2021		
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	74,275,857	76,957,732	23,971,926	25,245,692	98,247,783	102,203,424	(3,955,641)	-3.87%
Equipment, vehicles and software	3,532,016	3,664,290	1,498,093	1,518,913	5,030,109	5,183,203	(153,094)	-2.95%
Sewer Capacity Rights	-	-	16,264,049	16,759,880	16,264,049	16,759,880	(495,831)	-2.96%
Construction in progress	63,523,129	38,181,249	91,111,228	56,282,610	154,634,357	94,463,859	60,170,498	63.70%
<b>Total</b>	<b>\$ 152,433,223</b>	<b>\$ 129,905,492</b>	<b>\$ 136,398,770</b>	<b>\$ 103,360,569</b>	<b>\$ 288,831,993</b>	<b>\$ 233,266,061</b>	<b>\$ 55,565,932</b>	<b>23.82%</b>

Capital assets for Governmental activities increased by \$22.53 million with additions of new assets (primarily from the Levee Protection Planning and Improvements project) exceeding depreciation, disposals, and retirements of assets. Infrastructure assets, equipment and software, and construction in progress for business-type activities increased by \$33.04 million as construction of the District’s joint wastewater treatment plant project with the City of San Mateo continued.

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

**DEBT ADMINISTRATION**

As of June 30, 2022, the City/District had total long-term obligations of \$260.32 million, which comprised of compensated absences of \$3.04 million, unsettled claims of \$0.1 million, PG&E On-Bill Loan of \$0.09 million, 2020 levee general obligation bonds including unamortized bond premium of \$87.29 million, 2019 wastewater revenue bonds including unamortized bond premium of \$38.64 million, 2021 wastewater revenue notes including unamortized bond premium of \$71.54 million, other post-employment benefits (OPEB) liability of \$9.40 million and Net Pension Liability of \$50.22 million (\$47.07 million for CalPERS and \$3.15 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.

**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 seven years, City Council and City staff have together strengthen the City/District’s Net Position so that it may have financial resources to address its unmet needs and unfunded liabilities. In June 2019, the City Council authorized using the FY 2017-18 General Fund surplus to address various needs, including authorizing a \$3.48 million payment to CalPERS to reduce the unfunded pension liability of the City’s safety plan. Similarly in March 2020, during the onset of the COVID-19 public health emergency, the City Council authorized designating \$3.5 million of the FY 2018-19 General Fund surplus to the Pension Stabilization Fund. In 2021, the City Council designated the entire \$4.05 million of FY 2019-20 General

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management’s Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

Fund surplus on top of the \$3.5 million to the Pension Stabilization Fund. A combined \$7.5 million was then remitted to CalPERS in June 2021 to further reduce the City’s unfunded pension liability.

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

- Property Taxes – The County Assessor’s office projected an approximate 4.6% increase in assessed values in FY 2022-23 for Foster City. The assumptions for property taxes revenues, including approved development projects have been included in the City’s five-year financial projections based on anticipated completion schedules.
- Transient Occupancy Tax (TOT) – The City is forecasting that it will take several more years before a full TOT recovery to pre-pandemic levels. As a result, projected revenues for FY 2022-23 are \$2.46 million which is still less than a 60% recovery from pre-COVID levels.
- Sales & Use Tax – General Fund sales tax revenues are budgeted to be \$3.17 million which excluded strong FY 2021-22 fourth quarter results from better-than-expected local recovery and strong one-time use tax receipts.
- Investment Income – Investment income was recalibrated higher as investment returns began to improve as the Federal Reserve increased its discount rate.
- CalPERS Pension Rates – In December 2016, CalPERS reduced its investment return assumption from 7.5% to 7%. The lower rate of investment return combined with changes in assumptions has resulted in a significant increase in the employer contribution rates for the City’s Miscellaneous and Public Safety retirement plans. The provisions of the Public Employees’ Pension Reform Act of 2013 (PEPRA) continue to have a slow but gradual impact on the City’s pension costs as the most significant cost-savings provisions of PEPRA apply primarily to new employees hired after January 1, 2013. The City’s FY 2021-22 employer *normal* contribution rates to CalPERS for its Miscellaneous Plan and Public Safety “Classic” plans are 10.730% and 22.48% respectively. The required FY 2021-22 payment obligation for the City’s unfunded accrued liability (UAL) is \$7.02 million. In addition, CalPERS reported a 6.1% investment loss in FY 2021-22 which is 12.9% below its 6.8% actuarial assumption. This adverse result will result in widening of the City’s UAL when next CalPERS valuation report for June 30, 2022 valuation report is produced in July/August 2023.
- 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 City/District extended its funding model for capital improvement projects from 10 years to 15 years for its 2022-23 budget. As a result, 1/15<sup>th</sup> of the 15-year CIP cash needs is funded annually by the City’s General Fund and the Water and Wastewater Enterprise Funds. Funding from the General Fund for FY 2022-23 is \$3.5 million. Notwithstanding, the City budgeted \$51.47 million in CIP projects (excluding unspent carryover encumbrances) in FY 2022-23, of which \$39.78 million are Wastewater Enterprise Fund projects (primarily the District’s proportionate share of the Wastewater Treatment Plant Master Improvement Project that is financed by debt) and \$2.6 million are Water Enterprise Fund infrastructure projects.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022**

---

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

- 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 2022-23 will increase the standard 5/8" and 3/4" fixed meter charges by 5% and the base consumption rate also by 3%.
- Wastewater Rates – The wastewater rates will increase 14.25% in FY 2022-23 based on currently known operating and capital improvements projects (CIP), including the joint Wastewater Treatment Plant Master Plan Improvement (WWTP) Project with the City of San Mateo. The estimated share of the City/District's project costs is \$153 million. In FY 2018-19, the District issued 2019 wastewater revenue bonds with a par value of \$33.8 million and a bond premium of \$6.6 million. In November 2020, the District received approval for a \$66.86 million Water Infrastructure Finance and Innovation Act (WIFIA) loan at 1.16% for its WWTP project. WIFIA is a federal loan program administered by the Environmental Protection Agency (EPA) for eligible water or wastewater projects. The District does not plan to draw on the WIFIA loan until 2025 as it issued 2021 wastewater revenue notes in July 2021 with a 2025 maturity, at which time the WIFIA loan will be used to repay the maturing notes. This financing plan yielded a cost savings of approximately \$1.1 million because of a lower interest rate. In May 2022, the District received approval for a \$33.58 million (including \$0.43 million of capitalized interest) California Water Resources Board State Revolving Fund (SRF) loan with an interest rate of 0.8%.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

This Page Intentionally Left Blank



# **BASIC FINANCIAL STATEMENTS**



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 233,031,369	\$ 68,381,104	\$ 301,412,473
Receivable, net	5,273,901	5,689,301	10,963,202
Internal balances	(2,855,996)	2,855,996	-
Inventory	91,356	226,651	318,007
Prepays and deposits	99,004	-	99,004
Restricted cash and investments	470,349	-	470,349
Loans receivable (net)	19,249,502	-	19,249,502
Leases receivable	1,194,159	-	1,194,159
Investment in JPA Equity	4,391,426	-	4,391,426
Receivable from JPFA (SMC Fire)	-	39,918,326	39,918,326
Capital assets:			
Nondepreciable	74,625,350	94,664,702	169,290,052
Depreciable, net of accumulated depreciation	77,807,873	41,734,068	119,541,941
<b>Total assets</b>	<b>413,378,293</b>	<b>253,470,148</b>	<b>666,848,441</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Pension	15,066,827	1,203,683	16,270,510
Related to OPEB	979,266	129,631	1,108,897
<b>Total deferred outflows of resources</b>	<b>16,046,093</b>	<b>1,333,314</b>	<b>17,379,407</b>
<b>LIABILITIES</b>			
Accounts payable	5,699,869	9,355,976	15,055,845
Accrued interest	-	1,944,375	1,944,375
Accrued payroll	1,117,701	127,141	1,244,842
Refundable deposits	8,528,494	68,480	8,596,974
Unearned revenue	304,606	-	304,606
Long-term liabilities:			
Due within one year	5,060,315	701,040	5,761,355
Due in more than one year	85,094,134	109,849,195	194,943,329
Net Pension Liability:			
Due in more than one year	45,758,237	4,457,188	50,215,425
Total OPEB Liability:			
Due in more than one year	8,513,639	890,239	9,403,878
<b>Total liabilities</b>	<b>160,076,995</b>	<b>127,393,634</b>	<b>287,470,629</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Leases	1,194,159	-	1,194,159
Related to Pension	26,967,842	2,088,157	29,055,999
Related to OPEB	3,529,188	465,588	3,994,776
<b>Total deferred inflows of resources</b>	<b>31,691,189</b>	<b>2,553,745</b>	<b>34,244,934</b>
<b>NET POSITION</b>			
Net investment in capital assets	152,433,223	66,131,749	218,564,972
Restricted for:			
Housing	2,245,719	-	2,245,719
Roads	7,231,844	-	7,231,844
Parks	2,818,645	-	2,818,645
Local programs and events	998,605	-	998,605
Levee	22,387,920	-	22,387,920
Debt services	7,667,622	-	7,667,622
Unrestricted	41,872,624	58,724,334	100,596,958
<b>Total net position</b>	<b>\$ 237,656,202</b>	<b>\$ 124,856,083</b>	<b>\$ 362,512,285</b>

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 4,977,428	\$ 614,826	\$ 4,164,360	\$ -
Public safety - Police	15,354,015	111,476	189,363	-
Public safety - Fire	12,186,217	48,732	-	-
Public works	4,913,006	28,858	809,901	1,744,628
Community development	3,095,744	3,661,356	14,383	-
Parks and recreation	9,342,094	959,671	59,256	-
Interest on long term debt	1,939,751	-	-	-
Total governmental activities	51,808,255	5,424,919	5,237,263	1,744,628
<b>Business-type activities:</b>				
Water	13,115,926	16,700,178	-	28,791
Wastewater	7,751,208	17,777,050	-	-
Total business-type activities	20,867,134	34,477,228	-	28,791
<b>Total primary government</b>	<b>\$ 72,675,389</b>	<b>\$ 39,902,147</b>	<b>\$ 5,237,263</b>	<b>\$ 1,773,419</b>

### 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 (Loss) on JPA investment
- 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
\$ (198,242)	\$ -	\$ (198,242)
(15,053,176)	-	(15,053,176)
(12,137,485)	-	(12,137,485)
(2,329,619)	-	(2,329,619)
579,995	-	579,995
(8,323,167)	-	(8,323,167)
(1,939,751)	-	(1,939,751)
(39,401,445)	-	(39,401,445)
-	3,613,043	3,613,043
-	10,025,842	10,025,842
-	13,638,885	13,638,885
(39,401,445)	13,638,885	(25,762,560)
43,155,803	-	43,155,803
1,982,779	-	1,982,779
1,219,963	-	1,219,963
2,184,417	-	2,184,417
5,135,331	-	5,135,331
(1,801,976)	(2,391,082)	(4,193,058)
773,157	-	773,157
902,092	63,293	965,385
53,551,566	(2,327,789)	51,223,777
14,150,121	11,311,096	25,461,217
223,506,081	113,544,987	337,051,068
\$ 237,656,202	\$ 124,856,083	\$ 362,512,285

**City of Foster City and Estero Municipal Improvement District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	Major Funds								Total
	General Fund	Special revenue		Capital Projects			Non-Major Governmental Funds		
		Low and Moderate Housing Assets Fund	Foster City Affordable Housing	City Capital Projects	Capital Asset Preservation	Levee Capital Project Fund			
<b>ASSETS</b>									
Cash and investments	\$ 47,580,214	\$ 2,238,239	\$ 536,732	\$ 84,179,393	\$ 8,006,572	\$ 27,002,682	\$ 22,389,226	\$ 191,933,058	
Receivables, net of allowance:									
Accrued interest	573,369	-	-	-	-	59,039	-	632,408	
Intergovernmental	54,200	-	-	-	-	-	191,966	246,166	
Taxes	3,901,456	-	-	-	-	-	188,001	4,089,457	
Other	44,418	18,011	-	-	-	-	87,454	149,883	
Due from other funds	-	-	-	-	-	-	-	-	
Prepays and deposits	47,254	-	-	-	50,000	-	1,750	99,004	
Inventory	16,900	-	-	-	-	-	-	16,900	
Restricted cash and investments	470,349	-	-	-	-	-	-	470,349	
Loans receivables, net of allowance	944,850	87,044	4,814,613	-	-	-	-	5,846,507	
Leases receivable	1,194,159	-	-	-	-	-	-	1,194,159	
<b>Total assets</b>	<u>\$ 54,827,169</u>	<u>\$ 2,343,294</u>	<u>\$ 5,351,345</u>	<u>\$ 84,179,393</u>	<u>\$ 8,056,572</u>	<u>\$ 27,061,721</u>	<u>\$ 22,858,397</u>	<u>\$ 204,677,891</u>	
<b>LIABILITIES</b>									
Accounts payable	\$ 746,908	\$ 4,469	\$ 5,414	\$ 20,661	\$ -	\$ 4,673,801	\$ 42,428	\$ 5,493,681	
Accrued payroll	1,034,823	-	-	-	-	-	4,979	1,039,802	
Refundable deposits	2,277,745	6,062	-	5,795,638	-	-	449,049	8,528,494	
Due to other funds	-	-	-	-	-	-	-	-	
Unearned revenue	304,606	-	-	-	-	-	-	304,606	
<b>Total liabilities</b>	<u>4,364,082</u>	<u>10,531</u>	<u>5,414</u>	<u>5,816,299</u>	<u>-</u>	<u>4,673,801</u>	<u>496,456</u>	<u>15,366,583</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable-loan receivable	944,850	87,044	4,814,613	-	-	-	-	5,846,507	
Leases related	1,194,159	-	-	-	-	-	-	1,194,159	
<b>Total deferred inflows of resources</b>	<u>2,139,009</u>	<u>87,044</u>	<u>4,814,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,040,666</u>	
<b>FUND BALANCES</b>									
Non-Spendable	64,154	-	-	-	-	-	1,750	65,904	
Restricted	25,857	2,245,719	-	-	-	22,387,920	18,485,301	43,144,797	
Committed	4,214,692	-	531,318	78,363,094	8,056,572	-	3,874,890	95,040,566	
Unassigned	44,019,375	-	-	-	-	-	-	44,019,375	
<b>Total fund balances</b>	<u>48,324,078</u>	<u>2,245,719</u>	<u>531,318</u>	<u>78,363,094</u>	<u>8,056,572</u>	<u>22,387,920</u>	<u>22,361,941</u>	<u>182,270,642</u>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 54,827,169</u>	<u>\$ 2,343,294</u>	<u>\$ 5,351,345</u>	<u>\$ 84,179,393</u>	<u>\$ 8,056,572</u>	<u>\$ 27,061,721</u>	<u>\$ 22,858,397</u>	<u>\$ 204,677,891</u>	

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

**Total Fund Balances - Total Governmental Funds** \$ 182,270,642

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	\$ 74,625,350	\$ (31,523)	
Depreciable, net	77,807,873	(3,532,016)	
Total capital assets	152,433,223	(3,563,539)	148,869,684
First time homebuyer loans receivable are not available to pay current-period expenditures and, therefore, are deferred inflows in the governmental funds.			87,044
The New Home Company loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds.			4,814,613
The Successor Agency loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds.			944,850
North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds.			13,402,995
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.			38,201,792
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			4,391,426
Long-term debt			(87,285,130)
Compensated absences			(2,432,277)
Total OPEB liability			(8,002,816)
Net pension liability			(40,645,578)
Total pension liability			(3,150,117)
Deferred outflows due to pension liabilities			14,536,834
Deferred outflows due to OPEB liabilities			912,064
Deferred inflows due to pension liabilities			(26,048,407)
Deferred inflows due to OPEB liabilities			(3,211,417)

**Net Position of Governmental Activities** \$ 237,656,202

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, 2022**

	<b>Major Funds</b>							Total
	<b>Special Revenue Funds</b>			<b>Capital Projects Funds</b>				
	General Fund	Low & Moderate Income		City Capital Projects	Capital Asset Preservation	Levee Capital Project Fund	Non-Major Governmental Funds	
		Housing Assets Fund	Foster City Affordable Housing					
<b>REVENUES:</b>								
Property taxes	\$ 38,971,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,184,071	\$ 43,155,803
Sales and use and sales tax in lieu	3,899,280	-	-	-	-	-	1,236,051	5,135,331
Transient occupancy tax	1,982,779	-	-	-	-	-	-	1,982,779
Franchise tax	1,219,963	-	-	-	-	-	-	1,219,963
Property transfer tax	492,247	-	-	-	-	-	-	492,247
Licenses and permits	3,976,116	-	-	-	-	-	-	3,976,116
Intergovernmental	4,203,575	-	-	-	-	-	1,626,528	5,830,103
Charges for current services	1,607,283	-	-	-	-	-	436,968	2,044,251
Fines and forfeitures	30,318	-	-	-	-	-	76,769	107,087
Investment and rental income	191,671	77,712	38,425	(835,011)	(140,788)	(236,947)	(60,692)	(965,630)
Other	813,661	150,644	-	1,078,638	-	-	769,539	2,812,482
<b>Total revenues</b>	<b>57,388,625</b>	<b>228,356</b>	<b>38,425</b>	<b>243,627</b>	<b>(140,788)</b>	<b>(236,947)</b>	<b>8,269,234</b>	<b>65,790,532</b>
<b>EXPENDITURES:</b>								
Current:								
General government	5,184,094	-	-	-	-	-	560,467	5,744,561
Public safety - Police	14,969,118	-	-	-	-	-	161,848	15,130,966
Public safety - Fire	10,861,609	-	-	-	-	-	-	10,861,609
Public works	2,407,202	-	-	-	-	-	671,847	3,079,049
Community development	2,947,704	76,525	335,365	-	-	-	355,881	3,715,475
Parks and recreation	9,653,922	-	-	6,700	-	-	21,986	9,682,608
Capital outlay	-	-	-	35,215	-	27,541,707	244,002	27,820,924
Debt service:								
Principal	-	-	-	-	-	-	3,895,000	3,895,000
Interest	-	-	-	-	-	-	2,594,788	2,594,788
<b>Total expenditures</b>	<b>46,023,649</b>	<b>76,525</b>	<b>335,365</b>	<b>41,915</b>	<b>-</b>	<b>27,541,707</b>	<b>8,505,819</b>	<b>82,524,980</b>
<b>REVENUES OVER (UNDER) EXPENDITURE</b>	<b>11,364,976</b>	<b>151,831</b>	<b>(296,940)</b>	<b>201,712</b>	<b>(140,788)</b>	<b>(27,778,654)</b>	<b>(236,585)</b>	<b>(16,734,448)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from sales of capital assets	-	-	-	-	663,741	-	-	663,741
Transfers in	50,000	61,690	-	56,800,000	-	-	45,000	56,956,690
Transfers out	(20,561,690)	-	-	-	(36,045,000)	-	(50,000)	(56,656,690)
<b>Total other financing sources (uses)</b>	<b>(20,511,690)</b>	<b>61,690</b>	<b>-</b>	<b>56,800,000</b>	<b>(35,381,259)</b>	<b>-</b>	<b>(5,000)</b>	<b>963,741</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,146,714)</b>	<b>213,521</b>	<b>(296,940)</b>	<b>57,001,712</b>	<b>(35,522,047)</b>	<b>(27,778,654)</b>	<b>(241,585)</b>	<b>(15,770,707)</b>
<b>FUND BALANCES:</b>								
Beginning of year	57,470,792	2,032,198	828,258	21,361,382	43,578,619	50,166,574	22,603,526	198,041,349
End of year	<u>\$ 48,324,078</u>	<u>\$ 2,245,719</u>	<u>\$ 531,318</u>	<u>\$ 78,363,094</u>	<u>\$ 8,056,572</u>	<u>\$ 22,387,920</u>	<u>\$ 22,361,941</u>	<u>\$ 182,270,642</u>

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, 2022**

---

**Net Change in Fund Balances - Total Governmental Funds** **\$ (15,770,707)**

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 \$28,073,793, which consisted of \$459,876 in additions attributable to internal service fund activity and \$27,613,917 in additions attributable to governmental funds).	27,613,917
Capital assets disposal	(461)
Less: current year depreciation	(4,952,655)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	3,895,000
---	-----------

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.	(415,835)
--	-----------

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.	(663,741)
--	-----------

Interest that will not be collected for several years are not considered "available" and are not reported in the governmental fund.	88,507
---	--------

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.

Accrued interest on long-term debt	655,037
Loss on JPA investment	773,157
Compensated absences	136,865
OPEB expenses	289,319
Pension expenses	658,469

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.	1,843,249
---	-----------

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 14,150,121</b>
--	----------------------

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 23,829,496	\$ 44,551,608	\$ 68,381,104	\$ 41,098,311
Receivables, net of allowance:				
Billed utility, net of allowance for uncollectibles	801,211	1,032,907	1,834,118	-
Unbilled utility	1,817,955	1,823,740	3,641,695	-
Interest	-	87,217	87,217	-
Other	126,271	-	126,271	155,987
Inventory	66,548	160,103	226,651	74,456
Total current assets	<u>26,641,481</u>	<u>47,655,575</u>	<u>74,297,056</u>	<u>41,328,754</u>
Noncurrent assets:				
Receivable from JPFA	-	39,918,326	39,918,326	-
Capital assets:				
Nondepreciable	5,203,963	89,460,739	94,664,702	31,523
Depreciable, net of accumulated depreciation	<u>14,143,580</u>	<u>27,590,488</u>	<u>41,734,068</u>	<u>3,532,016</u>
Total noncurrent assets	<u>19,347,543</u>	<u>156,969,553</u>	<u>176,317,096</u>	<u>3,563,539</u>
<b>Total assets</b>	<u>45,989,024</u>	<u>204,625,128</u>	<u>250,614,152</u>	<u>44,892,293</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	587,006	616,677	1,203,683	529,993
Related to OPEB	67,202	62,429	129,631	67,202
<b>Total deferred outflows of resources</b>	<u>654,208</u>	<u>679,106</u>	<u>1,333,314</u>	<u>597,195</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,109,115	8,246,861	9,355,976	206,188
Accrued interest	-	1,944,375	1,944,375	-
Accrued payroll	64,043	63,098	127,141	77,899
Refundable deposits	68,480	-	68,480	-
Claims liability	-	-	-	100,000
Compensated absences - current portion	69,324	61,716	131,040	83,868
Other liability	-	-	-	31,466
Bonds payable - current portion	-	570,000	570,000	-
Total current liabilities	<u>1,310,962</u>	<u>10,886,050</u>	<u>12,197,012</u>	<u>499,421</u>
Noncurrent liabilities:				
Compensated absences - noncurrent portion	130,670	103,178	233,848	158,775
Total OPEB liability	510,815	379,424	890,239	510,823
Net pension liability	2,173,660	2,283,528	4,457,188	1,962,542
Other liability-noncurrent portion	-	-	-	62,933
Bonds payable - noncurrent portion	-	109,615,347	109,615,347	-
Total noncurrent liabilities	<u>2,815,145</u>	<u>112,381,477</u>	<u>115,196,622</u>	<u>2,695,073</u>
<b>Total liabilities</b>	<u>4,126,107</u>	<u>123,267,527</u>	<u>127,393,634</u>	<u>3,194,494</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	1,018,342	1,069,815	2,088,157	919,435
Related to OPEB	241,690	223,898	465,588	317,771
<b>Total deferred inflows of resources</b>	<u>1,260,032</u>	<u>1,293,713</u>	<u>2,553,745</u>	<u>1,237,206</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,347,543	46,784,206	66,131,749	3,563,539
Unrestricted	<u>21,909,550</u>	<u>33,958,788</u>	<u>55,868,338</u>	<u>37,494,249</u>
<b>Total net position</b>	<u>\$ 41,257,093</u>	<u>\$ 80,742,994</u>	<u>122,000,087</u>	<u>\$ 41,057,788</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>2,855,996</u>	
Net position of business-type activities			<u>\$ 124,856,083</u>	

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, 2022**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>OPERATING REVENUES:</b>				
Sales and service charges	\$ 16,700,178	\$ 17,777,050	\$ 34,477,228	\$ -
Charges for services - Internal	-	-	-	9,657,766
<b>Total operating revenues</b>	<b>16,700,178</b>	<b>17,777,050</b>	<b>34,477,228</b>	<b>9,657,766</b>
<b>OPERATING EXPENSES:</b>				
Personnel	1,113,238	952,870	2,066,108	2,292,895
Utilities	8,727,846	229,361	8,957,207	-
Program supplies	105,910	89,769	195,679	-
Repairs and maintenance	26,947	70,092	97,039	1,343,952
General and administration	2,138,106	1,673,380	3,811,486	1,288,464
Depreciation and amortization	836,905	1,285,957	2,122,862	592,946
Contractual service	197,506	3,519,280	3,716,786	558,813
Insurance	121,786	121,786	243,572	819,982
<b>Total operating expenses</b>	<b>13,268,244</b>	<b>7,942,495</b>	<b>21,210,739</b>	<b>6,897,052</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,431,934</b>	<b>9,834,555</b>	<b>13,266,489</b>	<b>2,760,714</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain(Loss) on disposal of capital assets	300	3,825	4,125	132,052
Investment income	(401,737)	(473,209)	(874,946)	(509,018)
Interest expenses	-	(1,516,136)	(1,516,136)	-
Miscellaneous	21,297	41,996	63,293	98,981
<b>Total nonoperating revenues (expenses)</b>	<b>(380,140)</b>	<b>(1,943,524)</b>	<b>(2,323,664)</b>	<b>(277,985)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>3,051,794</b>	<b>7,891,031</b>	<b>10,942,825</b>	<b>2,482,729</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions	28,791	-	28,791	-
Transfers in	-	-	-	164,018
Transfers out	-	-	-	(464,018)
<b>Total contributions and transfers</b>	<b>28,791</b>	<b>-</b>	<b>28,791</b>	<b>(300,000)</b>
<b>Change in net position</b>	<b>3,080,585</b>	<b>7,891,031</b>	<b>10,971,616</b>	<b>2,182,729</b>
<b>NET POSITION:</b>				
Beginning of the year	38,176,508	72,851,963		38,875,059
End of the year	\$ 41,257,093	\$ 80,742,994		\$ 41,057,788
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			339,480	
Change in net position of business- type activities			\$ 11,311,096	

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, 2022**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 16,797,171	\$ 17,489,849	\$ 34,287,020	\$ -
Cash received from inter-departmental charges	-	-	-	9,610,268
Cash received from others	21,297	2,157,488	2,178,785	98,981
Cash payments to suppliers for goods and services	(10,673,354)	(5,127,077)	(15,800,431)	(3,881,440)
Cash payments to employees for services	(1,984,113)	(2,083,709)	(4,067,822)	(2,842,451)
<b>Net cash provided (used) by operating activities</b>	<b>4,161,001</b>	<b>12,436,551</b>	<b>16,597,552</b>	<b>2,985,358</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers received	-	-	-	164,018
Transfer paid	-	-	-	(464,018)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from bond notes	-	34,550,180	34,550,180	-
Principal paid on bonds	-	(545,000)	(545,000)	-
Interest paid on bonds	-	(3,152,635)	(3,152,635)	-
Capital contributions received	28,791	-	28,791	-
Acquisition and construction of capital assets	(993,966)	(34,167,097)	(35,161,063)	(459,876)
Proceeds from the sale of assets	300	3,825	4,125	132,052
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(964,875)</b>	<b>(3,310,727)</b>	<b>(4,275,602)</b>	<b>(327,824)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest expenses	-	(1,516,136)	(1,516,136)	-
Investment income	(401,737)	(473,209)	(874,946)	(509,018)
<b>Net cash provided (used) by investing activities</b>	<b>(401,737)</b>	<b>(1,989,345)</b>	<b>(2,391,082)</b>	<b>(509,018)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,794,389</b>	<b>7,136,479</b>	<b>9,930,868</b>	<b>1,848,516</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	21,035,107	37,415,129	58,450,236	39,249,795
End of year	<u>\$ 23,829,496</u>	<u>\$ 44,551,608</u>	<u>\$ 68,381,104</u>	<u>\$ 41,098,311</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, 2022**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 3,431,934	\$ 9,834,555	\$ 13,266,489	\$ 2,760,714
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	836,905	1,285,957	2,122,862	592,946
Miscellaneous revenues	21,297	41,996	63,293	98,981
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Billed receivables	55,808	(99,287)	(43,479)	-
Unbilled receivables	53,932	(190,329)	(136,397)	-
Other receivables	(12,747)	2,204,849	2,192,102	(47,498)
Interest receivables	-	(86,942)	(86,942)	-
Deposit and prepaid items	-	-	-	-
Inventory	-	11,329	11,329	34,594
Deferred outflow of resources	31,111	19,368	50,479	113,326
Increase (decrease) in:				
Accounts payable and claims liability	665,406	(730,884)	(65,478)	81,177
Accrued interest	-	1,296,146	1,296,146	-
Accrued payroll	3,826	(15,559)	(11,733)	8,288
Refundable deposits	(20,659)	-	(20,659)	-
Claims liability	-	-	-	14,000
Compensated absences	44,658	(49,963)	(5,305)	7,392
Total OPEB liability	(101,691)	(94,477)	(196,168)	(101,692)
Net pension liability	(1,938,622)	(2,127,161)	(4,065,783)	(690,369)
Other liability	-	-	-	(34,088)
Deferred inflow of resources	1,089,843	1,136,953	2,226,796	147,587
Total adjustments	729,067	2,601,996	3,331,063	224,644
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,161,001</b>	<b>\$ 12,436,551</b>	<b>\$ 16,597,552</b>	<b>\$ 2,985,358</b>
<b>NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:</b>				
Capital contributions	\$ -	\$ -	\$ -	\$ -
Loss on disposal of capital assets	-	-	-	-
<b>Total noncash capital and related financing transaction</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Successor Agency of Community Development Agency	Custodial Funds
<b>ASSETS</b>		
Cash	\$ 154,120	\$ 15,588
<b>Total assets</b>	<b>\$ 154,120</b>	<b>\$ 15,588</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 735	\$ 16,823
Non-current liabilities:		
Loan payable to City	944,850	-
<b>Total liabilities</b>	<b>945,585</b>	<b>16,823</b>
<b>NET POSITION</b>		
Unrestricted	(791,465)	(1,235)
<b>Total Net Position</b>	<b>\$ (791,465)</b>	<b>\$ (1,235)</b>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Successor Agency of Community Development Agency	Custodial Funds
<b>Additions</b>		
Property taxes	\$ 317,561	\$ -
Fee collection from other governments	-	178,761
Investment earnings	1,238	-
<b>Total additions</b>	<b>\$ 318,799</b>	<b>\$ 178,761</b>
<b>Deductions</b>		
Administrative expenses	\$ 39,456	\$ -
Payment to other governments	-	179,996
Affordable housing subsidy	255,026	-
<b>Total deductions</b>	<b>294,482</b>	<b>179,996</b>
<b>Change in net position</b>	<b>24,317</b>	<b>(1,235)</b>
Net position-Beginning the year	(815,782)	-
Net position-End of the year	<b>\$ (791,465)</b>	<b>\$ (1,235)</b>

See accompanying Notes to Basic Financial Statements

This Page Intentionally Left Blank



# **NOTES TO BASIC FINANCIAL STATEMENTS**



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022**

**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 OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022**

**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 non-infrastructure and infrastructure assets, respectively, and an estimated useful life in excess of three years will be capitalized. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide and proprietary funds statements.

The estimated useful lives are as follows:

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**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 times of their annual accrued rate without forfeiture. For AFSCME employees, vacation pay may be accrued up to two times of their annual accrued rate. The vested portion is available for current use or, if unused, is payable upon termination. After six months of employment, 25% to 30% of an employee’s accrued sick leave vests at the current rate of pay.

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

**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, 2022**

**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***

The City established the following new funds in the fiscal year 2022:

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 asset that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City/District reports deferred outflows related to pensions.

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

***N. Pensions***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to 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 2022, 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. 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, 2020. The City/District implemented GASB 87 in this fiscal year 2022.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Governmental Accounting Standards Board (GASB) Pronouncements**

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

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt 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, 2021. The City/District has not yet determined its effect on the financial statements.

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

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

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement is effective for reporting periods beginning after June 15, 2022. 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, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

This Statement is effective for reporting periods beginning after June 15, 2022. The City/District has not yet determined its effect on the financial statements.

**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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

*Classification*

Cash and investments as of June 30, 2022, 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	\$ 301,412,473
Restricted cash and investments	470,349
Total Primary Government cash and investments	<u>301,882,822</u>

Statement of Fiduciary Net Position:

Cash and investments	169,708
Total Fiduciary Trust cash and investments	<u>169,708</u>
<b>Total cash and investments</b>	<u><u>\$ 302,052,530</u></u>

Cash and investments as of June 30, 2022, consist of the following:

Cash on hand	\$ 3,150
Deposits with financial institutions	1,266,282
Certificates of Deposit (non-negotiable)	470,349
Negotiable Certificates of Deposit	1,453,753
Local Agency Investment Funds (LAIF)	226,550,800
U.S. Treasury Notes	2,976,830
Securities of U.S. Government	69,331,366
	<u><u>\$ 302,052,530</u></u>

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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

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

Authorized Investment Type	Maximum Maturity	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, 2022, 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, 2022**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***Investments Authorized by Debt Agreements***

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

Authorized Investment Type	Maximum	Minimum Credit
U.S. Agency Securities	N/A	N/A
Money Market Mutual Funds	N/A	AAm-G or Aam
Short-Term 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, 2022, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)				
		Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Securities of U.S. Government						
Treasury and Agencies:						
Federal Farm Credit Bank Bonds (FFCB)	\$ 3,874,000	\$ -	\$ 2,005,080	\$ 1,868,920	\$ -	\$ -
Federal Home Loan Bank Bonds (FHLB)	58,500,206	1,992,140	7,946,570	16,830,507	17,601,499	14,129,490
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	6,957,160	-	3,978,610	2,978,550	-	-
U.S Treasury	2,976,830	-	992,110	1,984,720	-	-
Negotiable Certificates of Deposit	1,453,753	-	-	1,453,753	-	-
Certificates of Deposit (non-negotiable)	470,349	470,349	-	-	-	-
Local Agency Investment Funds (LAIF)	226,550,800	226,550,800	-	-	-	-
<b>Total</b>	<b>\$ 300,783,098</b>	<b>\$ 229,013,289</b>	<b>\$ 14,922,370</b>	<b>\$ 25,116,450</b>	<b>\$ 17,601,499</b>	<b>\$ 14,129,490</b>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022, the City’s deposits and investments subject to credit quality ratings were as follows:

	<u>Credit Quality Ratings</u>	
	<u>Moody's</u>	<u>S&amp;P</u>
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+

**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.

	<u>Amount</u>	<u>% of Portfolio</u>
Negotiable Certificates of Deposit	\$ 1,453,753	0.48%
Certificates of Deposit (non-negotiable)	470,349	0.16%
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	3,874,000	1.29%
Federal Home Loan Bank Bonds (FHLB)	58,500,206	19.45%
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	6,957,160	2.31%
U.S. Treasury	2,976,830	0.99%
<b>Total Securities of U.S. Government Agencies</b>	<u>72,308,196</u>	<u>24.04%</u>
Local Agency Investment Fund Pool	226,550,800	75.32%
<b>Total Investment Portfolio</b>	<u><b>\$ 300,783,098</b></u>	<u><b>100.00%</b></u>

**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, 2022**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

As of June 30, 2022, the carrying amount of the City/District's deposits was \$1,266,282 and the bank balance was \$1,981,759. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,731,759 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, 2022, by multiplying its account balance with LAIF (\$229,452,605) times a fair value factor (0.987125414) 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, 2022, the City/District's investments in LAIF, stated at fair value, equaled \$226,550,800.

***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, 2022**

**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, 2022:

<u>Investment Type</u>	Fair Value Measurement Using		
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
Federal Farm Credit Bank Bonds (FFCB)	\$ -	\$ 3,874,000	\$ -
Federal Home Loan Bank Bonds (FHLB) (FHLMC)	-	58,500,206 6,957,160	-
U.S. Treasury	2,976,830	-	-
Local Agency Investment Funds (LAIF)	-	-	226,550,800
Negotiable Certificates of Deposit	-	1,453,753	-
Certificates of Deposit (non-negotiable)	-	-	470,349
<b>Total Investment Portfolio</b>	<b>\$ 2,976,830</b>	<b>\$ 70,785,119</b>	<b>\$ 227,021,149</b>

Treasury securities categorized as Level 1 are valued based on prices inactive markets for these securities. 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, 2022**

**NOTE 4 – LOANS RECEIVABLE**

At June 30, 2022, Loans Receivable amounted to:

	Amount	Allowance	Net Amount
Metro Center Senior Homes Project	\$ 7,348,484	\$ (7,348,484)	\$ -
First Time Home Buyer Program	87,044	-	87,044
North Peninsula Jewish Campus Land	13,402,995	-	13,402,995
MP Foster Square Associates, L.P.	4,814,613	-	4,814,613
Successor Agency	944,850	-	944,850
<b>Total</b>	<u>\$ 26,597,986</u>	<u>\$ (7,348,484)</u>	<u>\$ 19,249,502</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, 2022, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,348,484 which includes principal of \$5,854,194 and accumulated interest in the amount of \$1,494,290.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 \$87,044 at June 30, 2022.

***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 \$13,402,995 as of June 30, 2022.

***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, 2022, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,814,613 which includes principal of \$4,023,577 and accrued interest of \$791,036.

***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. During fiscal year 2022 the loan was paid off in full.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**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, 2022 is \$944,850. 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**

*Transfers*

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

Transfers In	Transfers Out	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 50,000
Low and Moderate Income Housing Assets Fund	General Fund	61,690
City Capital Projects Fund	General Fund	20,500,000
City Capital Projects Fund	Capital Asset Preservation Fund	36,000,000
City Capital Projects Fund	Internal Service Funds	300,000
Non-Major Governmental Funds	Capital Asset Preservation Fund	45,000
Internal Service Funds	Internal Service Funds	164,018
Total Interfund Transfers		<u>\$ 57,120,708</u>

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, 2022**

**NOTE 6 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022 follows:

	July 1, 2021	Additions	Retirements	Transfers	June 30, 2022
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,102,221	\$ -	\$ -	\$ -	\$ 11,102,221
Construction in progress	38,181,249	27,613,450		(2,271,570)	63,523,129
Total capital assets, not being depreciated	49,283,470	27,613,450	-	(2,271,570)	74,625,350
Capital assets, being depreciated:					
Infrastructure	121,654,506	-	(379,856)	2,270,774	123,545,424
Buildings	50,011,488	-	-	-	50,011,488
Improvements	5,898,096	-	-	-	5,898,096
Equipment	7,065,272	51,207	(86,367)	796	7,030,908
Vehicles	3,985,211	377,156	(536,973)	-	3,825,394
Software	844,096	31,980	-	-	876,076
Total capital assets, being depreciated	189,458,669	460,343	(1,003,196)	2,271,570	191,187,386
Less accumulated depreciation for:					
Infrastructure	(75,244,273)	(3,641,793)	379,857	-	(78,506,209)
Buildings	(22,082,003)	(1,131,069)	-	-	(23,213,072)
Improvements	(3,280,082)	(179,788)	-	-	(3,459,870)
Equipment	(4,974,709)	(295,302)	85,905	-	(5,184,106)
Vehicles	(2,577,534)	(297,649)	536,973	-	(2,338,210)
Software	(678,046)	-	-	-	(678,046)
Total accumulated depreciation	(108,836,647)	(5,545,601)	1,002,735	-	(113,379,513)
Total capital assets, being depreciated, net	80,622,022	(5,085,258)	(461)	2,271,570	77,807,873
<b>Governmental activities capital assets, net</b>	<b>\$ 129,905,492</b>	<b>\$ 22,528,192</b>	<b>\$ (461)</b>	<b>\$ -</b>	<b>\$ 152,433,223</b>

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$28,073,793 which consisted of \$459,876 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, 2022**

**NOTE 6 – CAPITAL ASSETS (Continued)**

	July 1, 2021	Additions	Retirements	Transfers	June 30, 2022
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,553,474	\$ -	\$ -	\$ -	\$ 3,553,474
Construction in progress	56,282,610	34,957,505	-	(128,887)	91,111,228
Total capital assets, not being depreciated	<u>59,836,084</u>	<u>34,957,505</u>	<u>-</u>	<u>(128,887)</u>	<u>94,664,702</u>
Capital assets, being depreciated:					
Infrastructure	76,177,792	70,704	-	128,887	76,377,383
Sewer capacity rights	24,791,531	-	-	-	24,791,531
Equipment	2,959,909	132,854	(5,208)	-	3,087,555
Total capital assets, being depreciated	<u>103,929,232</u>	<u>203,558</u>	<u>(5,208)</u>	<u>128,887</u>	<u>104,256,469</u>
Less accumulated depreciation for:					
Infrastructure	(50,932,100)	(1,473,357)	-	-	(52,405,457)
Sewer capacity rights	(8,031,651)	(495,831)	-	-	(8,527,482)
Equipment	(1,440,996)	(153,674)	5,208	-	(1,589,462)
Total accumulated depreciation	<u>(60,404,747)</u>	<u>(2,122,862)</u>	<u>5,208</u>	<u>-</u>	<u>(62,522,401)</u>
Total capital assets, being depreciated, net	<u>43,524,485</u>	<u>(1,919,304)</u>	<u>-</u>	<u>128,887</u>	<u>41,734,068</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 103,360,569</u>	<u>\$ 33,038,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,398,770</u>

***Depreciation***

Depreciation expense was charged to governmental functions as follows:

General government	\$ 569,452
Public safety - Police	136,745
Public safety - Fire	5,741
Public works	2,317,111
Community development	37,555
Parks and recreation	1,886,051
Internal Services Funds	592,946
<b>Total depreciation expense</b>	<u>\$ 5,545,601</u>

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

Water	\$ 836,905
Wastewater	1,285,957
<b>Total depreciation expense</b>	<u>\$ 2,122,862</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 – LONG TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 2022:

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year	Due in More Than One Year
<b>Governmental activities:</b>						
Claim liability	\$ 86,000	\$ 140,953	\$ (126,953)	\$ 100,000	\$ 100,000	\$ -
Compensated absences	2,804,393	1,067,509	(1,196,982)	2,674,920	988,849	1,686,071
2020 GO Bonds	85,000,000	-	(3,895,000)	81,105,000	3,940,000	77,165,000
Plus: bond premium	6,835,167	-	(655,037)	6,180,130	-	6,180,130
<b>Direct placement:</b>						
PG&E On-Bill Financing	128,487	-	(34,088)	94,399	31,466	62,933
<b>Total governmental activities</b>	<b>\$ 94,854,047</b>	<b>\$ 1,208,462</b>	<b>\$ (5,908,060)</b>	<b>\$ 90,154,449</b>	<b>\$ 5,060,315</b>	<b>\$ 85,094,134</b>
<b>Business-type activities:</b>						
Compensated absences	\$ 370,193	\$ 142,741	\$ (148,046)	\$ 364,888	\$ 131,040	\$ 233,848
2019 Wastewater Revenue Bonds	33,305,000	-	(545,000)	32,760,000	570,000	32,190,000
Plus: Unamortized bond premium	6,109,476	-	(225,509)	5,883,967	-	5,883,967
2021 Wastewater Revenue Notes, Series A	-	62,760,000	-	62,760,000	-	62,760,000
Plus: Unamortized bond premium	-	11,708,506	(2,927,126)	8,781,380	-	8,781,380
<b>Total business-type activities</b>	<b>\$ 39,784,669</b>	<b>\$ 74,611,247</b>	<b>\$ (3,845,681)</b>	<b>\$ 110,550,235</b>	<b>\$ 701,040</b>	<b>\$ 109,849,195</b>

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, \$242,643 of compensated absences, \$100,000 of claims liability and \$94,399 of PG&E On-Bill Financing from the internal service funds are included in the above amounts.

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

***Series 2020 General Obligation Bonds***

On August 5, 2020, the City issued General Obligation Bonds (2020 GO Bonds) in the amount of \$85,000,000, bearing interest at the rate of 2% to 4%. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2021. The bonds are being issued to finance the improvement of the City's levee system and payable solely from ad valorem property taxes levied by the City and collected by San Mateo County. Principal payable on the bonds will be paid on August 1 starting on August 1, 2021. The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2028 are subject, at the option of the City, to redemption prior to their stated maturities in whole or in part on any date commencing August 1, 2027, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. If the City fails to comply with any provision of the Disclosure Certificate, the participating underwriter or owners of the bonds may take actions as deemed necessary and appropriate. However, a default under the disclosure Certificate should not be deemed an Event or Default.



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 \$32,760,000 at June 30, 2022. Total principal and interest payments on the District Bonds until final maturity is \$58,394,000.

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

***2021 Wastewater Revenue Notes Series A***

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

The 2021 Revenue Notes are payable from the net revenues received from the operations of EMID's Wastewater Enterprise Fund. The outstanding balance, net of notes premium was \$71,541,380 on June 30, 2022.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 – LONG TERM OBLIGATIONS (Continued)**

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

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

On November 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 (a.k.a. the District's Wastewater Treatment Plant Master Plan Improvement project, CIP 455-652).

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 – LONG TERM OBLIGATIONS (Continued)**

***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	Governmental-Type Activities		
	Principal	Interest	Total
2023	\$ 3,940,000	\$ 2,436,112	\$ 6,376,112
2024	3,050,000	2,296,312	5,346,312
2025	1,700,000	2,201,312	3,901,312
2026	1,770,000	2,131,912	3,901,912
2027	1,840,000	2,059,712	3,899,712
2028 - 2032	10,370,000	9,110,160	19,480,160
2033 - 2037	12,465,000	7,010,860	19,475,860
2038 - 2042	14,450,000	5,055,960	19,505,960
2043 - 2047	16,620,000	2,833,329	19,453,329
2048 - 2051	14,900,000	679,850	15,579,850
	81,105,000	\$ 35,815,519	\$ 116,920,519
Plus: Unamortized Premium	6,180,130		
	<u>\$ 87,285,130</u>		
For the Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 570,000	\$ 4,652,250	\$ 5,222,250
2024	600,000	4,623,000	5,223,000
2025	630,000	4,592,250	5,222,250
2026	63,425,000	2,990,875	66,415,875
2027	700,000	1,387,750	2,087,750
2028 - 2032	4,065,000	6,363,375	10,428,375
2033 - 2037	5,200,000	5,226,350	10,426,350
2038 - 2042	6,510,000	3,917,325	10,427,325
2043 - 2047	8,010,000	2,418,325	10,428,325
2048 - 2050	5,810,000	445,500	6,255,500
Total	95,520,000	\$ 36,617,000	\$ 132,137,000
Plus: Unamortized Premium	14,665,347		
	<u>\$ 110,185,347</u>		

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022**

**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, 2022, 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	Levee Project Fund	Governmental Funds	
<b>Nonspendable</b>								
Prepays and deposits	\$ 47,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,750	\$ 49,004
Inventory	16,900	-	-	-	-	-	-	16,900
<b>Total Nonspendable</b>	<b>64,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,750</b>	<b>65,904</b>
<b>Restricted</b>								
Affordable housing	-	2,245,719	-	-	-	-	-	2,245,719
Parks	-	-	-	-	-	-	2,818,645	2,818,645
Public safety program	25,857	-	-	-	-	-	-	25,857
Levee improvement costs	-	-	-	-	-	22,387,920	-	22,387,920
Roadway capital project and maintenance	-	-	-	-	-	-	6,181,383	6,181,383
Recreation programs and community events	-	-	-	-	-	-	1,817,651	1,817,651
General Obligation Bonds debt services	-	-	-	-	-	-	7,667,622	7,667,622
<b>Total Restricted</b>	<b>25,857</b>	<b>2,245,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,387,920</b>	<b>18,485,301</b>	<b>43,144,797</b>
<b>Committed</b>								
Solid waste reduction	-	-	-	-	-	-	690,009	690,009
Garbage rate stabilization fund	158,487	-	-	-	-	-	-	158,487
Capital projects	-	-	-	78,363,094	8,056,572	-	-	86,419,666
Affordable housing	-	-	531,318	-	-	-	227,344	758,662
CalOpps online recruitment program	-	-	-	-	-	-	351,550	351,550
Sustainable Foster City	165,474	-	-	-	-	-	-	165,474
General plan, building and zoning	-	-	-	-	-	-	1,819,646	1,819,646
Commercial linkage fee	-	-	-	-	-	-	571,505	571,505
Technology fee program	-	-	-	-	-	-	214,836	214,836
Community benefit	1,260,075	-	-	-	-	-	-	1,260,075
Solar rebate	75,818	-	-	-	-	-	-	75,818
Facility maintenance	2,403,005	-	-	-	-	-	-	2,403,005
Employee homeloan program	60,063	-	-	-	-	-	-	60,063
Pension	91,770	-	-	-	-	-	-	91,770
<b>Total Committed</b>	<b>4,214,692</b>	<b>-</b>	<b>531,318</b>	<b>78,363,094</b>	<b>8,056,572</b>	<b>-</b>	<b>3,874,890</b>	<b>95,040,566</b>
<b>Unassigned</b>	<b>44,019,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,019,375</b>
<b>Total Fund Balances</b>	<b>\$ 48,324,078</b>	<b>\$ 2,245,719</b>	<b>\$ 531,318</b>	<b>\$ 78,363,094</b>	<b>\$ 8,056,572</b>	<b>\$ 22,387,920</b>	<b>\$ 22,361,941</b>	<b>\$ 182,270,642</b>

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, 2022, there were no encumbered fund balances.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

*Net Investment in Capital Assets*

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 152,433,223	\$ 136,398,770	\$ 288,831,993
Less: Capital debt:	-	(110,185,347)	(110,185,347)
Plus: Unspent bond proceeds	-	39,918,326	39,918,326
	<u>\$ 152,433,223</u>	<u>\$ 66,131,749</u>	<u>\$ 218,564,972</u>

**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 employers defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS).

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

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.

The plans’ provisions and benefits in effect at June 30, 2022, 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%	9%	9%	13% (Police)
Required employee contribution rate	8.00%	6.25%	8.99%	8.95%	13.00% 13.13% (Police)
Required employer contribution rate *	38.840%	38.840%	22.480%	18.190%	0.00% (Fire)
Total employee contribution FY 21/22	\$ 607,548	\$ 289,705	\$ 255,827	\$ 23,273	\$ 296,293
Total employer contribution FY 21/22	\$ 4,193,547	\$ 497,397	\$ 4,012,998	\$ 54,356	\$ 326,980

\* 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, 2020, 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	220
Inactive employees entitled to but not yet receiving benefits	164
Active employees	126
<b>Total</b>	<b>510</b>

\* All Tiers of the Miscellaneous plan 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, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

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

For the year ended June 30, 2022, the contributions for the Plans were as follows:

	<u>Miscellaneous *</u>	<u>Safety Plans *</u>	<u>Total</u>
Contributions - employer	\$ 4,690,944	\$ 4,394,334	\$ 9,085,278
Contributions - employee	897,253	575,393	1,472,646

\* 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, 2021, using an annual actuarial valuation as of June 30, 2020 using standard update procedures. As of June 30, 2022, the City reported net pension liabilities of \$21,542,718

As of June 30, 2022, 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	\$ 25,522,590

The total net pension liability for the Miscellaneous and Safety plans at June 30, 2022 was \$47,065,308.

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, 2021 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, 2020. 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, 2020 and 2021 is as follows:

	<u>Cost Sharing Safety (Police and Fire) Plan</u>
Proportion - June 30, 2020	0.66%
Proportion - June 30, 2021	0.73%
Change-Increase (Decrease)	<u>0.07%</u>



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

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

At June 30, 2022, the City recognized pension expense of (\$1,470,128) for the Miscellaneous Plan and pension expense of (\$287,886) for the Safety Plan, with a total pension expense of (\$1,758,014).

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

	<u>Agent-Multiple</u>		<u>Cost-Sharing</u>		<u>Total</u>	
	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>			
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,690,944	\$ -	\$ 4,394,334	\$ -	\$ 9,085,278	\$ -
Differences between actual and expected experience	1,126,762	-	4,360,513	-	5,487,275	-
Net difference between projected and actual earnings on pension plan investments	-	(10,092,590)	-	(15,190,848)	-	(25,283,438)
Changes in employer's proportion	-	-	339,913	(2,839,472)	339,913	(2,839,472)
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	1,357,739	(663,511)	1,357,739	(663,511)
<b>Total</b>	<b>\$ 5,817,706</b>	<b>\$(10,092,590)</b>	<b>\$ 10,452,499</b>	<b>\$(18,693,831)</b>	<b>\$ 16,270,205</b>	<b>\$(28,786,421)</b>

The contributions made after the measurement date of the net pension liability but before the end of the reporting period of June 30, 2022 will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Therefore, the \$9,085,278 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
	<u>Plan</u>	<u>Plan</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows/</u>	<u>Outflows/</u>	<u>Outflows/</u>
	<u>(Inflows)</u>	<u>(Inflows)</u>	<u>(Inflows)</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
2023	\$ (1,665,804)	\$ (2,534,932)	\$ (4,200,736)
2024	(2,116,476)	(2,610,225)	(4,726,701)
2025	(2,408,695)	(3,310,200)	(5,718,895)
2026	(2,774,853)	(4,180,309)	(6,955,162)
	<u>\$ (8,965,828)</u>	<u>\$ (12,635,666)</u>	<u>\$ (21,601,494)</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions for Miscellaneous and Safety Plans:

	All Plans
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Payroll Growth	2.750%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00% (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 the 2017 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension cash flows. Using historical of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term 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, 2022**

**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.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
<b>Total Fund</b>	<b>100.0%</b>	<b>16.6%</b>	<b>21.7%</b>

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

***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:

	<u>Agent-Multiple Miscellaneous * Plan</u>	<u>Cost-Sharing Safety * Plan</u>
Discount Rate 1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 38,658,841	\$ 45,331,679
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 21,542,718	\$ 25,522,590
Discount Rate 1% Increase	8.15%	8.15%
Net Pension Liability	\$ 7,370,877	\$ 9,251,870

\* 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, 2022**

**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)
<b>Balance at June 30, 2020 Measurement Date:</b>	\$ 128,418,174	\$ 89,424,523	\$ 38,993,651
<b>Changes in the year:</b>			
Service cost	2,148,578	-	2,148,578
Interest on the total pension liability	9,092,791	-	9,092,791
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	977,950	-	977,950
Net Plan to plan resource movement	-	-	-
Contributions - employer	-	8,488,123	(8,488,123)
Contributions - employees	-	909,044	(909,044)
Net investment income	-	20,362,415	(20,362,415)
Benefit payments, including refunds of employee contributions	(6,597,018)	(6,597,018)	-
Administrative expenses	-	(89,330)	89,330
Other miscellaneous income	-	-	-
<b>Net changes</b>	<b>5,622,301</b>	<b>23,073,234</b>	<b>(17,450,933)</b>
<b>Balance at June 30, 2021 Measurement Date:</b>	<b>\$ 134,040,475</b>	<b>\$ 112,497,757</b>	<b>\$ 21,542,718</b>

\* 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, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

***Longevity Recognition Benefits***

The Longevity Recognition defined benefits plan offered by City is a single-employer plan for post-employment obligation, with no associated trust, established for the benefit of the classifications of Police Officer, Police Corporal, Police Sergeant, Police Lieutenant, Police Captain, Police Chief, Firefighter, Fire Captain, Battalion Chief and Fire Chief. It was also afforded to the members of the AFSCME bargaining unit who retired after July 1, 2001 and before October 1, 2007. At June 30, 2022, the reporting date, the following numbers of employees were covered by the benefit terms:

	Numbers of Covered Employees
Inactives currently receiving benefits	56
Inactives entitled to benefit payments	5
Active employees	17
Total	<u>78</u>

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

Eligibilities	<p>Active Fire , Police and Safety Management employees hired before 1/1/12 (Plan is closed to new entrants):</p> <p style="padding-left: 40px;">Age 50 &amp; 10 years of City service</p> <p style="padding-left: 40px;">Retire from the City &amp; 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;">&lt; 10</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> </tr> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">125</td> <td style="text-align: center;">125</td> <td style="text-align: center;">140</td> <td style="text-align: center;">125</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">200</td> <td style="text-align: center;">200</td> <td style="text-align: center;">210</td> <td style="text-align: center;">200</td> </tr> <tr> <td style="text-align: center;">20-24</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> </tr> <tr> <td style="text-align: center;">≥ 25</td> <td style="text-align: center;">350</td> <td style="text-align: center;">350</td> <td style="text-align: center;">345</td> <td style="text-align: center;">350</td> </tr> </tbody> </table>	Years of City Service	AFSCME	Mgmt	Police	Fire	< 10	\$ 0	\$ 0	\$ 0	\$ 0	10-14	125	125	140	125	15-19	200	200	210	200	20-24	275	275	275	275	≥ 25	350	350	345	350
Years of City Service	AFSCME	Mgmt	Police	Fire																											
< 10	\$ 0	\$ 0	\$ 0	\$ 0																											
10-14	125	125	140	125																											
15-19	200	200	210	200																											
20-24	275	275	275	275																											
≥ 25	350	350	345	350																											
Withdrawal Benefit & Pre-retirement Death Benefit	None, unless eligible for service or industrial disability retirement benefit																														

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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:

Measurement Date	Total Pension Liability	
	June 30, 2022 6/30/22	June 30, 2021 6/30/21
Total Pension Liability (TPL)	\$ 3,150,117	\$ 3,943,540

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

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

	Sensitivity of Total Pension Liability to Changes in the Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
Total pension liability	\$ 3,526,417	\$ 3,150,117	\$ 2,836,157

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

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

	Total Pension Liability (a)
<b>Balance as of Fiscal Year 6/30/2021:</b>	<u>\$ 3,943,540</u>
Service cost	32,429
Interest cost	74,588
Change in Discount Rate from 1.92% to 3.69%	(718,876)
Actual vs. expected experience	814
Changes of assumptions	-
Benefit payments	(182,378)
<b>Net Changes during Fiscal Year 2022</b>	<u>(793,423)</u>
<b>Balance as of Fiscal Year 6/30/2021:</b>	<u>\$ 3,150,117</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

Balances of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 305	\$ -
Changes of assumptions	-	(269,578)
Total	<u>\$ 305</u>	<u>\$ (269,578)</u>

Significant Actuarial Assumptions:

Significant Actuarial Assumptions Used in Calculating the Total Pension Liability	
Significant Actuarial Assumptions	June 30, 2021 Measurement Date
Actuarial Valuation Date	June 30, 2021
Contribution Policy	Pay-as-you-go
Discount Rate	3.69% at June 30, 2022 (Bond Buyer 20 Index)
	1.92% at June 30, 2021 (Bond Buyer 20 Index)
General Inflation	2.50% per annum
Mortality, Retirement, Disability, Termination	Same as CalPERS
Mortality Improvement	20 years (Miscellaneous) and 15 years (Police) 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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)**

**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 \$143 and \$149 per month per family for the period from July 1, 2021, to December 31, 2021 and January 1, 2022 to June 30, 2022, respectively. The City/District’s contribution for fiscal year 2022 amounted to \$417,873 which included \$242,899 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, 2022:

Active employees	159
Inactive employees receiving benefit payments	132
Inactive employees entitled to but not yet receiving benefit payments	67
Total	358



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 June 30, 2022, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.69% discount rate and a 2.50% general inflation assumption. The healthcare cost trend rate minimum was assumed to annually increase by 2.75%. The valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6. The UAAL is amortized as a level percentage of projected payrolls over 14 years on a closed basis commencing in 2014.

<u>Actuarial Assumption</u>	<u>June 30, 2022 Measurement Date</u>
<u>Actuarial Valuation Date</u>	<u>June 30, 2021</u>
	*3.69% at June 30, 2022 1.92% at June 30, 2021
<u>20-Year Municipal Bond Rate</u>	<u>*Bond Buyer 20-Bond GO Index</u>
	*3.69% at June 30, 2022 1.92% at June 30, 2021
<u>Discount Rate</u>	<u>2.50% per annum</u>
<u>General Inflation</u>	<u>2.75% per annum</u>
<u>Aggregate Payroll Increase</u>	<u>Same as CalPERS</u>
<u>Mortality, Retirement, Disability, Termination</u>	<u>Post-retirement mortality projected fully generational with modified Scale MP-2016</u>
<u>Mortality Improvement</u>	

*Change of Assumption* - For the measurement date of June 30, 2022, the discount rate increased from 1.92% to 3.69%.

***Changes in Total OPEB Liability***

The changes in the total OPEB liability follows:

	<b>Total OPEB Liability</b>
Balance as of June 30, 2021	<u>\$ 11,081,957</u>
Changes Recognized for the Measurement Period:	
Service cost	655,321
Interest on the total OPEB liability	221,344
Differences between expected and actual experience	(1,567)
Changes of assumptions	(2,135,304)
Benefit Payments	(174,974)
Implicit Rate Subsidy Fulfilled	(242,899)
Net changes	<u>(1,678,079)</u>
Balance as of June 30, 2022	<u><u>\$ 9,403,878</u></u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

<b>Total OPEB Liability/(Asset)</b>		
<u>Discount Rate -1%</u>	<u>Discount Rate</u>	<u>Discount Rate +1%</u>
<u>(2.69%)</u>	<u>(3.69%)</u>	<u>(4.69%)</u>
\$ 10,524,937	\$ 9,403,878	\$ 8,461,323

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:

<b>Total OPEB Liability/(Asset)</b>		
<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
<u>5.50%</u>	<u>Trend Rates</u>	<u>7.50%</u>
\$ 8,949,306	\$ 9,403,878	\$ 9,937,873

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

For the year ended June 30, 2022, the City recognized OPEB expense of (\$289,319). At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences Between Actual and Expected Experience	\$ -	\$ (1,856,458)
Changes of assumptions	1,108,897	(2,138,318)
	<u>\$ 1,108,897</u>	<u>\$ (3,994,776)</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:

<u>Year</u>	<u>Annual</u>
<u>Ended June 30</u>	<u>Amortization</u>
2023	\$ (706,616)
2024	(627,616)
2025	(627,609)
2026	(266,756)
2027	(378,569)
2028	(278,713)
Total	<u>\$ (2,885,879)</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, 2022**

**NOTE 10 – LEASES**

*Policies*

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City/District recognizes lease receivable or liabilities with an initial, individual value of \$500,000 or more, based on the future lease payments remaining at the start of the lease.

*Lessor*

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

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

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

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

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

*Lessee*

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – LEASES (Continued)**

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

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

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

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

As of June 30, 2022, the City/District has no leases over the threshold subject to GASB 87 as a lessee.

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

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

The terms and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2022 were:

Lessee	Property Description	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years
VB Golf	2401 East 3rd Avenue, Foster City CA 94404	7/1/1996	12/1/2024	28	2	13.00
Vintage Park Associates	The property comprises of five parcels within the Vintage Park neighborhood in the City premises	3/1/1994	12/1/2044	51	22	-
Lessee	Expiration Date Including Options	Interest Revenue	Lease Revenue	Monthly revenue as of June 30, 2022	Lease Receivable balance at June 30, 2022	Deferred Inflow of Resources at June 30, 2022
VB Golf	10/31/2042	\$ 11,276	\$ 163,724	\$ 29,167	\$ 842,731	\$ 842,731
Vintage Park Associates	10/31/2042	9,585	11,768	1,779	351,428	351,428
		<u>\$ 20,861</u>	<u>\$ 175,492</u>	<u>\$ 30,946</u>	<u>\$ 1,194,159</u>	<u>\$ 1,194,159</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 10 – LEASES (Continued)**

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

For the Year Ended June 30	Principal	Interest	Total
2023	\$ 340,918	\$ 30,435	\$ 371,353
2024	379,785	20,735	400,520
2025	156,654	10,534	167,188
2026	12,233	9,120	21,353
2027	12,597	8,756	21,353
2028-2032	68,823	37,942	106,765
2033-2037	84,686	26,939	111,625
2038-2042	104,631	12,934	117,565
2043-2044	33,832	34,609	68,441
Totals	<u>\$ 1,194,159</u>	<u>\$ 192,004</u>	<u>\$ 1,386,163</u>

**NOTE 11 – 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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 11 – INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS  
 (Continued)**

For the year ended June 30, 2022, the District’s share of the operating and maintenance costs was \$3,519,280 which is included in the Wastewater Enterprise Fund’s accompanying financial statements as contractual services.

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

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

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

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

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

The condensed financial information of the PFA as of June 30, 2022 is as follows (in millions):

Total Assets	\$ 450.2
Total Liabilities	<u>\$(507.7)</u>
Net Position	<u>\$ (57.5)</u>

***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%).

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 11 – INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS  
 (Continued)**

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

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

The condensed audited financial information of the JPA as of June 30, 2022, is as follows (in millions):

Total Assets	\$ 21.3
Deferred Outflows	\$ 11.1
Total Liabilities	\$( 7.6)
Deferred Inflows	<u>\$( 2.9)</u>
Net Position	<u>\$ 21.9</u>

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

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

Financial statements may be obtained by mailing a request to the City of Redwood City, 1017 Middlefield Road, Redwood City, CA 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, 2022, the City/District paid premiums to The Cities Group of \$1,788,817 which are included in the General Fund as insurance expenditures.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 – INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS  
(Continued)**

***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, 2022, the City/District's paid premiums of \$707,592 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.

**NOTE 12 – RISK MANAGEMENT**

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

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, 2022, the liability for general liability self-insurance claims was \$100,000. This liability is the City/District's best estimate based on available information.



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2022**

**NOTE 12 – RISK MANAGEMENT (Continued)**

Changes in the reported liability resulted from the following:

Liability at June 30, 2020	\$ 36,000
Current year claim deductibles and changes in estimates	101,852
Net payments	<u>(51,852)</u>
Liability at June 30, 2021	86,000
Current year claim deductibles and changes in estimates	140,953
Net payments	<u>(126,953)</u>
Liability at June 30, 2022	<u>\$ 100,000</u>

**NOTE 13 – 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:

(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.

(ii) Utility Subsidy — The Agency pledged to the developer a utility allowance subsidy in the amount of \$36,000 annually for affordable housing units. The Utility Subsidy will be paid annually through the life of the Marlin Cove project (estimated to be 2029) following the issuance of the Final Certificate of Completion for the residential portion of the site and will be increased annually by 2% to adjust for inflation. The balance of the amount will be due to the developer, provided the developer has provided the Agency by April 15 of each year written evidence documenting payment of all property taxes and assessments due on the site. For the fiscal year ended June 30, 2022, the Successor Agency paid the developer the Utility Subsidy in the amount of \$53,493.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

(iii) Tax Increment Subsidy - The Agency agreed to provide rental subsidies pursuant to the California Health and Safety Code to ensure the affordability of at least 30% of the units in the residential portion of the site to persons and households of very low, low, and moderate income. The Agency pledged to the developer annually 30% of the net tax increment generated from the site (Tax Increment Subsidy). The Tax Increment Subsidy will be paid to the developer on an annual basis on May 1 of each year in an amount equal to the difference between the fair market rents of the affordable units and the affordable rent but not more than the Tax Increment Subsidy. For the fiscal year ended June 30, 2022, the Successor Agency paid the developer a tax increment subsidy in the amount of \$200,798.

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.

**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, 2022	Committed
Sanitary Sewer Lift Station Improvements-Phase 5	\$ 8,075,000	\$ 7,673,868	\$ 401,132
Median Modifications-Foster City Blvd at Chess Dr-MP#3	345,540	40,116	305,424
Water System Improvements and Valve Replacements	1,550,000	1,398,126	151,874
Road Widening-Foster City Blvd at Chess Dr-MP#7	1,141,000	215,282	925,718
Wastewater Treatment Plant Master Plan Improvements	103,379,766	81,967,224	21,412,542
Park Infrastructure Improvements-Leo Ryan Park Lawn Conversion and Bocce Courts	925,000	29,565	895,435
Levee Protection Planning and Improvement	85,000,000	62,488,728	22,511,272
Water Tank Improvements	4,100,000	370,400	3,729,600
Library Exterior Wall Sealing and Tile Installation	120,000	-	120,000
Recreation Center Replacement	55,300,000	247,172	55,052,828
New Traffic Signals at Various Locations	3,882,500	176,535	3,705,965
Park System Improvement	484,500	117,859	366,641
Corporation Yard HVAC Replacement	380,000	-	380,000
Seismic Improvements at Lagoon Pump Station	400,000	53,447	346,553
Roof Replacement	1,235,000	1,700	1,233,300
Dynamic Signage for Traffic Relief Pilot Program	475,000	268,513	206,487
Lift Station 59 Effluent Line Improvements	1,800,000	75,805	1,724,195
Sanitary Sewer System Improvements	900,000	56,362	843,638
Street Rehabilitation (2020-2021)	1,560,000	7,501	1,552,499
Traffic Signal System Upgrades	50,000	-	50,000
Corporation Yard Workshops Exterior Paint	200,000	-	200,000
Fuel System Improvement	250,000	5,655	244,345
Sport Court Resurfacing	200,000	2,485	197,515
Park Pathway Restoration	300,000	-	300,000
Street Rehabilitation (2021-2022)	1,700,000	1,500	1,698,500
Water Transmission and Distribution system Improvements	250,000	10,850	239,150
Emergency Generator Replacements	2,300,000	-	2,300,000
	\$ 276,303,306	\$ 155,208,693	\$ 121,094,613

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – SUBSEQUENT EVENTS**

***Reduction of CalPERS Discount Rate***

For fiscal year ended June 30, 2021, CalPERS reported a 21.3% net return on investments. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded.

On November 17, 2021, the CalPERS board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

***Lawsuit***

The City was sued by Foster City Marina, LLC in August 2022, who seeks \$50 million from the City and its contractors relating to the design and construction of the City's Levee improvement project. The City denies any liability, and has tendered its claims to the City's contractor and its insurer to defend and indemnify the City.

This Page Intentionally Left Blank

## **REQUIRED SUPPLEMENTARY INFORMATION**



This Page Intentionally Left Blank

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2022**

**Budgetary Comparison Schedule - General Fund**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, June 30, 2021</b>	\$ 56,852,913	\$ 49,272,585	\$ 57,470,792	\$ 8,198,207
Resources (inflows):				
Property taxes:				
Secured	31,093,100	31,093,100	33,469,930	2,376,830
Unsecured	1,537,000	1,537,000	1,156,206	(380,794)
Motor vehicle in lieu	2,943,400	2,943,400	4,345,596	1,402,196
Total	35,573,500	35,573,500	38,971,732	3,398,232
Other taxes:				
Sales and use and sales tax in lieu	3,079,800	3,079,800	3,899,280	819,480
Transient occupancy	2,361,000	2,361,000	1,982,779	(378,221)
Franchise	1,135,820	1,135,820	1,219,963	84,143
Real property transfer	279,890	279,890	492,247	212,357
Total	6,856,510	6,856,510	7,594,269	737,759
Licenses and permits:				
Business licenses	1,452,100	1,452,100	1,583,789	131,689
Permits	845,802	845,802	2,392,327	1,546,525
Total	2,297,902	2,297,902	3,976,116	1,678,214
Intergovernmental:				
Homeowner property tax relief	100,000	100,000	96,081	(3,919)
Reimbursements and grants	3,220,000	3,220,000	4,107,494	887,494
Total	3,320,000	3,320,000	4,203,575	883,575
Charges for current services:				
Recreation and leisure	1,420,467	1,420,467	1,607,283	186,816
Total	1,420,467	1,420,467	1,607,283	186,816
Fines and forfeitures:				
Traffic fines and court fees	36,100	36,100	13,265	(22,835)
False alarm fines	-	-	17,053	17,053
Total	36,100	36,100	30,318	(5,782)
Investment income and rentals:				
Investment income	292,360	292,360	(1,185,722)	(1,478,082)
Rent	884,190	884,190	1,377,393	493,203
Total	1,176,550	1,176,550	191,671	(984,879)
Other revenues	417,350	417,350	813,661	396,311
Total revenues	51,098,379	51,098,379	57,388,625	6,290,246
Transfers in	50,000	50,000	50,000	-
Amounts available for appropriation	108,001,292	100,420,964	114,909,417	14,488,453

(Continued)



**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information, Continued**  
**For the Fiscal Year Ended June 30, 2022**

*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	\$ 373,882	\$ 373,882	\$ 333,434	\$ 40,448
City/District Manager	2,535,255	2,535,255	1,591,831	943,424
City Clerk	849,051	849,051	746,518	102,533
City/District Attorney	618,767	618,767	615,479	3,288
Human Resources	834,185	834,185	708,315	125,870
Financial Services	1,358,583	1,358,583	1,188,517	170,066
Subtotal	<u>6,569,723</u>	<u>6,569,723</u>	<u>5,184,094</u>	<u>1,385,629</u>
Public safety - Police	15,968,097	15,968,097	14,969,118	998,979
Public safety - Fire	11,247,899	11,247,899	10,861,609	386,290
Public works	3,083,686	3,182,623	2,407,202	775,421
Community development	3,232,865	3,461,064	2,947,704	513,360
Parks and recreation	10,585,176	10,836,254	9,653,922	1,182,332
Subtotal	<u>44,117,723</u>	<u>44,695,937</u>	<u>40,839,555</u>	<u>3,856,382</u>
Capital Outlay	-	-	-	-
Total expenditures	<u>50,687,446</u>	<u>51,265,660</u>	<u>46,023,649</u>	<u>5,242,011</u>
Transfers out	<u>20,113,719</u>	<u>20,113,719</u>	<u>20,561,690</u>	<u>(447,971)</u>
Total charges to appropriations	<u>70,801,165</u>	<u>71,379,379</u>	<u>66,585,339</u>	<u>4,794,040</u>
<b>Fund balance, June 30, 2022</b>	<u>\$ 37,200,127</u>	<u>\$ 29,041,585</u>	<u>\$48,324,078</u>	<u>\$ 19,282,493</u>

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information, Continued**  
**For the Fiscal Year Ended June 30, 2022**

*Budgetary Comparison Schedule - Low and Moderate Income Housing Assets Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Investment and rental income	\$ 70,180	\$ 70,180	\$ 77,712	\$ 7,532
Other	15,000	15,000	150,644	135,644
<b>Total revenues</b>	<b>85,180</b>	<b>85,180</b>	<b>228,356</b>	<b>143,176</b>
<b>EXPENDITURES:</b>				
Community development	134,760	134,760	76,525	58,235
<b>Total Expenditures</b>	<b>134,760</b>	<b>134,760</b>	<b>76,525</b>	<b>58,235</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	61,690	61,690
<b>NET CHANGE IN FUND BALANCE</b>	<b>(49,580)</b>	<b>(49,580)</b>	<b>213,521</b>	<b>263,101</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,032,198	2,032,198	2,032,198	-
End of year	\$ 1,982,618	\$ 1,982,618	\$ 2,245,719	\$ 263,101

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2022**

*Budgetary Comparison Schedule - Foster City Affordable Housing Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Investment income	\$ 29,000	\$ 29,000	\$ 38,425	\$ 9,425
Other revenues	5,200	5,200	-	(5,200)
<b>Total revenues</b>	<b>34,200</b>	<b>34,200</b>	<b>38,425</b>	<b>4,225</b>
<b>EXPENDITURES:</b>				
Community development	76,525	1,043,636	335,365	708,271
<b>Total expenditures</b>	<b>76,525</b>	<b>1,043,636</b>	<b>335,365</b>	<b>708,271</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(42,325)</b>	<b>(1,009,436)</b>	<b>(296,940)</b>	<b>712,496</b>
<b>FUND BALANCE:</b>				
Beginning of year	828,258	828,258	828,258	-
End of year	\$ 785,933	\$ (181,178)	\$ 531,318	\$ 712,496

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Miscellaneous Plan<sup>1</sup>  
Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years<sup>2</sup>**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

	Measurement period ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service Cost	\$ 2,148,578	\$ 2,183,734	\$ 2,181,880	\$ 2,119,859	\$ 2,054,671	\$ 1,748,222	\$ 1,653,700	\$ 1,711,380
Interest on total pension liability	-	8,686,727	8,207,764	7,831,249	7,592,791	7,349,248	6,975,642	6,664,608
Changes in benefits	9,092,791	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	(784,284)	6,213,113	-	(1,685,658)	-
Differences between expected and actual experience	977,950	2,024,793	894,495	(344,105)	(524,787)	679,084	(332,183)	-
Benefit payments, including refunds of employee contributions	(6,597,018)	(5,706,217)	(5,726,960)	(5,494,351)	(4,938,810)	(4,690,682)	(4,253,245)	(3,758,521)
<b>Net change in total pension liability</b>	<b>5,622,301</b>	<b>7,189,037</b>	<b>5,557,179</b>	<b>3,328,368</b>	<b>10,396,978</b>	<b>5,085,872</b>	<b>2,358,256</b>	<b>4,617,467</b>
<b>Total pension liability - beginning</b>	<b>128,418,174</b>	<b>121,229,137</b>	<b>115,671,958</b>	<b>112,343,590</b>	<b>101,946,612</b>	<b>96,860,740</b>	<b>94,502,484</b>	<b>89,885,017</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 134,040,475</b>	<b>\$ 128,418,174</b>	<b>\$ 121,229,137</b>	<b>\$ 115,671,958</b>	<b>\$ 112,343,590</b>	<b>\$ 101,946,612</b>	<b>\$ 96,860,740</b>	<b>\$ 94,502,484</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 8,488,123	\$ 4,031,414	\$ 3,537,734	\$ 3,099,413	\$ 2,641,720	\$ 2,471,456	\$ 2,086,023	\$ 1,820,484
Contributions - employee	909,044	938,355	930,863	909,578	876,497	834,277	775,427	915,734
Net investment income	20,362,415	4,284,251	5,480,856	6,586,940	8,063,603	410,582	1,630,597	10,775,194
Benefit payments	(6,597,018)	(5,706,217)	(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	(89,330)	(121,236)	(58,380)	(120,606)	(104,618)	(43,805)	(80,893)	-
Other Miscellaneous Income/(Expense)	-	-	-	(229,033)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>23,073,234</b>	<b>3,426,567</b>	<b>3,849,097</b>	<b>4,751,750</b>	<b>6,538,392</b>	<b>(1,018,172)</b>	<b>157,909</b>	<b>9,752,891</b>
<b>Total fiduciary net position - beginning</b>	<b>89,424,523</b>	<b>85,997,956</b>	<b>82,148,859</b>	<b>77,397,109</b>	<b>70,858,717</b>	<b>71,876,889</b>	<b>71,718,980</b>	<b>61,966,089</b>
<b>Total fiduciary net position - ending (b)</b>	<b>\$ 112,497,757</b>	<b>\$ 89,424,523</b>	<b>\$ 85,997,956</b>	<b>\$ 82,148,859</b>	<b>\$ 77,397,109</b>	<b>\$ 70,858,717</b>	<b>\$ 71,876,889</b>	<b>\$ 71,718,980</b>
Net pension liability - ending (a) - (b)	\$ 21,542,718	\$ 38,993,651	\$ 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	83.93%	69.64%	70.94%	71.02%	68.89%	69.51%	74.21%	75.89%
Covered payroll	\$ 12,296,821	\$ 12,505,794	\$ 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	175.19%	311.80%	285.07%	278.67%	306.07%	294.75%	257.00%	237.43%

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

<sup>2</sup> 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 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, 2018, 2019, 2020 and 2021 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Safety Plan  
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
 Last 10 Years<sup>1</sup>  
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

<b>Measurement period ended June 30,</b>	<b>Plan's proportion of the net pension liability (assets)</b>	<b>Plan's proportionate share of the net pension liability (assets)</b>	<b>Plan's Covered Payroll</b>	<b>Plan's proportionate share of the net pension Liability/(assets) as a percentage of its Covered payroll</b>	<b>Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability</b>
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%	74.06%
2017	0.72156%	43,114,785	8,456,759	509.83%	73.31%
2018	0.74362%	43,632,371	8,829,101	494.19%	75.26%
2019	0.65115%	40,648,037	7,369,584	551.56%	75.26%
2020	0.66254%	44,140,957	5,257,579	839.57%	75.10%
2021	0.72725%	25,522,590	5,318,114	479.92%	82.66%

<sup>1</sup> 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, 2022**

**Miscellaneous Plan<sup>1</sup>  
Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years<sup>2</sup>  
SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal year ended June 30,</b>	<b>Actuarially determined contributions</b>	<b>Contributions in relation to the actuarially determined contributions</b>	<b>Contributions deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of Covered payroll</b>
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%
2021	8,510,508	(8,510,508)	-	12,296,821	69.21%
2022	4,690,944	(4,690,944)	-	12,328,792	38.05%

**Notes to Schedule**

Valuation date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market Value of Assets
Inflation	2.5%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries from 2015 to 2018. For 2019, 2020, 2021 and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

<sup>2</sup> 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, 2022**

**Safety Plan  
 Cost Sharing Defined Benefit Pension Plan  
 Last 10 Years<sup>1</sup>  
 SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal year ended June 30,</b>	<b>Actuarially determined contributions</b>	<b>Contributions in relation to the actuarially determined contributions</b>	<b>Contributions deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
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%
2021	7,563,848	(7,563,848)	-	5,318,114	142.23%
2022	4,394,334	(4,394,334)	-	5,449,463	80.64%

<sup>1</sup> 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, 2022**

**Longevity Recognition Benefits Plan  
Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years<sup>1</sup>**

**SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS**

	Measurement period ended June 30,					
	2022	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>						
Service Cost	\$ 32,429	\$ 32,921	\$ 27,073	\$ 54,416	\$ 89,000	\$ 109,000
Interest on total pension liability	74,588	86,231	102,446	140,452	134,000	116,000
Changes in benefits	-	-	-	-	-	-
Changes in assumptions	(718,876)	251,401	283,853	282,626	(134,000)	(376,000)
Differences between expected and actual experience	814	177,222	5,929	(634,525)	-	-
Benefit payments, including refunds of employee contributions	(182,378)	(181,865)	(175,320)	(168,320)	(166,000)	(144,000)
<b>Net change in total pension liability</b>	<b>(793,423)</b>	<b>365,910</b>	<b>243,981</b>	<b>(325,351)</b>	<b>(77,000)</b>	<b>(295,000)</b>
<b>Total pension liability - beginning</b>	<b>3,943,540</b>	<b>3,577,630</b>	<b>3,333,649</b>	<b>3,659,000</b>	<b>3,736,000</b>	<b>4,031,000</b>
<b>Total pension liability - ending</b>	<b>\$ 3,150,117</b>	<b>\$ 3,943,540</b>	<b>\$ 3,577,630</b>	<b>\$ 3,333,649</b>	<b>\$ 3,659,000</b>	<b>\$ 3,736,000</b>
Plan fiduciary net position as a percentage of the total pension liability		N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 2,584,600	\$ 2,640,807	\$ 4,215,446	\$ 4,102,624	\$ 6,773,000	\$ 7,937,000
Total pension liability as percentage of covered-employee payroll	121.88%	149.33%	84.87%	81.26%	54.02%	47.07%

<sup>1</sup> 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, 2022**

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

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/19	6/30/18
<b>Total OPEB Liability (1)</b>					
Service Cost	\$ 655,321	\$ 632,514	\$ 539,303	\$ 646,076	\$ 575,000
Interest	221,344	283,575	321,329	473,515	432,000
Differences between expected and actual experience	(1,567)	(1,405,505)	(13,845)	(1,981,229)	-
Changes of assumptions	(2,135,304)	877,461	850,106	(544,791)	(519,000)
Benefit payments	(174,974)	(162,313)	(155,100)	(150,401)	(141,000)
Implicit Subsidy Credit	(242,899)	(333,722)	(312,348)	(294,668)	(184,000)
<b>Net change in total OPEB liability</b>	<b>(1,678,079)</b>	<b>(107,990)</b>	<b>1,229,445</b>	<b>(1,851,498)</b>	<b>163,000</b>
<b>Total OPEB liability - beginning</b>	<b>11,081,957</b>	<b>11,189,947</b>	<b>9,960,502</b>	<b>11,812,000</b>	<b>11,649,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 9,403,878</b>	<b>\$ 11,081,957</b>	<b>\$ 11,189,947</b>	<b>\$ 9,960,502</b>	<b>\$ 11,812,000</b>
Covered-employee payroll	\$ 17,687,714	\$ 17,214,320	\$ 19,338,464	\$ 18,820,890	\$ 23,289,000
Total OPEB liability as a percentage of covered-employee payroll	53.17%	64.38%	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.

This Page Intentionally Left Blank

## **SUPPLEMENTARY INFORMATION**

This Page Intentionally Left Blank

## **NON-MAJOR GOVERNMENTAL FUNDS**



## ***NONMAJOR GOVERNMENTAL 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 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 the Foster City managed recruitment website for public sector employment opportunities.

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

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

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

The ***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.

## ***NONMAJOR GOVERNMENTAL FUNDS (Continued)***

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

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

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

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

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

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

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

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

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

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

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

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

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



This Page Intentionally Left Blank

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>				
	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 3,973,512	\$ 693,278	\$ 2,818,645	\$ -
Receivables, net of allowance:					
Intergovernmental	11,303	-	63,397	-	-
Taxes	-	64,860	-	-	-
Other	-	-	-	-	-
Prepays and deposits	-	-	-	-	-
Loans receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 11,303</b>	<b>\$ 4,038,372</b>	<b>\$ 756,675</b>	<b>\$ 2,818,645</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Non-Spendable	-	-	-	-	-
Restricted	11,303	4,038,372	756,675	2,818,645	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>11,303</b>	<b>4,038,372</b>	<b>756,675</b>	<b>2,818,645</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,303</b>	<b>\$ 4,038,372</b>	<b>\$ 756,675</b>	<b>\$ 2,818,645</b>	<b>\$ -</b>

**SPECIAL REVENUE FUNDS**

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SBI Road Maintenance & Rehabilitation Fund
\$ -	\$ 282,601	\$ 413,231	\$ 1,257,767
-	-	-	117,266
-	-	-	-
-	77,887	9,567	-
-	1,750	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 362,238</u>	<u>\$ 422,798</u>	<u>\$ 1,375,033</u>
\$ -	\$ 3,959	\$ 4,298	\$ -
-	4,979	-	-
-	-	-	-
-	-	-	-
-	8,938	4,298	-
-	1,750	-	-
-	-	418,500	1,375,033
-	351,550	-	-
-	-	-	-
-	353,300	418,500	1,375,033
<u>\$ -</u>	<u>\$ 362,238</u>	<u>\$ 422,798</u>	<u>\$ 1,375,033</u>

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>				
	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
<b>ASSETS</b>					
Cash and investments	\$ 1,843,101	\$ 1,145,957	\$ 214,836	\$ 32,189	\$ 8,895
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,843,101</b>	<b>\$ 1,145,957</b>	<b>\$ 214,836</b>	<b>\$ 32,189</b>	<b>\$ 8,895</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 23,455	\$ 6,899	\$ -	\$ 85	\$ 3,732
Accrued payroll	-	-	-	-	-
Refundable deposits	-	449,049	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>23,455</b>	<b>455,948</b>	<b>-</b>	<b>85</b>	<b>3,732</b>
<b>FUND BALANCES</b>					
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	32,104	5,163
Committed	1,819,646	690,009	214,836	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,819,646</b>	<b>690,009</b>	<b>214,836</b>	<b>32,104</b>	<b>5,163</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,843,101</b>	<b>\$ 1,145,957</b>	<b>\$ 214,836</b>	<b>\$ 32,189</b>	<b>\$ 8,895</b>

**SPECIAL REVENUE FUNDS**

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ 8,970	\$ 217,835	\$ 6,139	\$ 975,023	\$ 571,505	\$ 227,344
-	-	-	-	-	-
-	-	-	75,438	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,970</u>	<u>\$ 217,835</u>	<u>\$ 6,139</u>	<u>\$ 1,050,461</u>	<u>\$ 571,505</u>	<u>\$ 227,344</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,970	217,835	6,139	1,050,461	-	-
-	-	-	-	571,505	227,344
-	-	-	-	-	-
<u>8,970</u>	<u>217,835</u>	<u>6,139</u>	<u>1,050,461</u>	<u>571,505</u>	<u>227,344</u>
<u>\$ 8,970</u>	<u>\$ 217,835</u>	<u>\$ 6,139</u>	<u>\$ 1,050,461</u>	<u>\$ 571,505</u>	<u>\$ 227,344</u>

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>		<b>DEBT SERVICES FUND</b>	
	SB1383	Workforce	Levee	Total
	Implementation	Housing	Protection Planning	
	Fund	Fund	& Improvements	
<b>ASSETS</b>				
Cash and investments	\$ 47,347	\$ 31,132	\$ 7,619,919	\$ 22,389,226
Receivables, net of allowance:				
Intergovernmental	-	-	-	191,966
Taxes	-	-	47,703	188,001
Other	-	-	-	87,454
Prepays and deposits	-	-	-	1,750
<b>Total assets</b>	<b>\$ 47,347</b>	<b>\$ 31,132</b>	<b>\$ 7,667,622</b>	<b>\$ 22,858,397</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 42,428
Accrued payroll	-	-	-	4,979
Refundable deposits	-	-	-	449,049
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>496,456</b>
<b>FUND BALANCES</b>				
Non-Spendable	-	-	-	1,750
Restricted	47,347	31,132	7,667,622	18,485,301
Committed	-	-	-	3,874,890
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>47,347</b>	<b>31,132</b>	<b>7,667,622</b>	<b>22,361,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 47,347</b>	<b>\$ 31,132</b>	<b>\$ 7,667,622</b>	<b>\$ 22,858,397</b>

This Page Intentionally Left Blank

**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, 2022**

	<b>SPECIAL REVENUE FUNDS</b>				
	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
<b>REVENUES:</b>					
Sales and use tax	\$ -	\$ 849,319	\$ -	\$ -	\$ -
Intergovernmental	-	-	785,045	-	1,908
Charges for services	-	-	-	-	-
Fines and forfeitures	76,769	-	-	-	-
Investment income	-	(63,103)	(12,116)	12,779	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>76,769</b>	<b>786,216</b>	<b>772,929</b>	<b>12,779</b>	<b>1,908</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	93,969	-	-
Public safety - police	-	-	-	-	-
Public works	77,042	-	537,820	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>77,042</b>	<b>-</b>	<b>631,789</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(273)</b>	<b>786,216</b>	<b>141,140</b>	<b>12,779</b>	<b>1,908</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(273)</b>	<b>786,216</b>	<b>141,140</b>	<b>12,779</b>	<b>1,908</b>
<b>FUND BALANCES:</b>					
Beginning of year	11,576	3,252,156	615,535	2,805,866	(1,908)
End of year	\$ 11,303	\$ 4,038,372	\$ 756,675	\$ 2,818,645	\$ -



**SPECIAL REVENUE FUNDS**

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation
\$ -	\$ -	\$ -	\$ -
161,285	-	-	665,990
-	-	-	-
-	-	-	-
-	(6,940)	-	(19,621)
-	508,794	59,775	-
161,285	501,854	59,775	646,369
-	465,721	777	-
161,285	-	563	-
-	-	-	-
-	-	-	-
-	-	21,986	-
-	-	-	244,002
161,285	465,721	23,326	244,002
-	36,133	36,449	402,367
-	-	-	-
-	-	-	-
-	36,133	36,449	402,367
-	317,167	382,051	972,666
\$ -	\$ 353,300	\$ 418,500	\$ 1,375,033

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the fiscal year ended June 30, 2022**

	SPECIAL REVENUE FUNDS				
	General Plan	Construction	Technology	SB 1186	Strong Motion
	Maintenance	and Demolition	Maintenance	(Disability	Instrument
	Fund	Recycling	Fund	Access)	Program (SMIP)
	Fund	Fund	Fund	Fund	Fund
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	254,228	36,420	138,682	6,358	417
Fines and forfeitures	-	-	-	-	-
Investment income	8,331	5,076	910	134	30
Other	-	-	-	-	-
<b>Total revenues</b>	<b>262,559</b>	<b>41,496</b>	<b>139,592</b>	<b>6,492</b>	<b>447</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety - police	-	-	-	-	-
Public works	-	43,704	-	-	-
Community development	233,673	-	108,228	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt services:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>233,673</b>	<b>43,704</b>	<b>108,228</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER</b>					
<b>(UNDER) EXPENDITURES</b>	<b>28,886</b>	<b>(2,208)</b>	<b>31,364</b>	<b>6,492</b>	<b>447</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(50,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>28,886</b>	<b>(52,208)</b>	<b>31,364</b>	<b>6,492</b>	<b>447</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,790,760	742,217	183,472	25,612	4,716
End of year	\$ 1,819,646	\$ 690,009	\$ 214,836	\$ 32,104	\$ 5,163

**SPECIAL REVENUE FUNDS**

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	386,732	-	-
-	-	-	-	-	-
-	-	863	-	-	-
-	-	-	-	-	-
42	969	30	(13,862)	2,591	723
8,458	14,490	-	-	-	130,708
<u>8,500</u>	<u>15,459</u>	<u>893</u>	<u>372,870</u>	<u>2,591</u>	<u>131,431</u>
-	-	-	-	-	-
-	-	-	-	-	-
11,781	-	-	1,500	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,781</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>
<u>(3,281)</u>	<u>15,459</u>	<u>893</u>	<u>371,370</u>	<u>2,591</u>	<u>131,431</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(3,281)</u>	<u>15,459</u>	<u>893</u>	<u>371,370</u>	<u>2,591</u>	<u>131,431</u>
12,251	202,376	5,246	679,091	568,914	95,913
<u>\$ 8,970</u>	<u>\$ 217,835</u>	<u>\$ 6,139</u>	<u>\$ 1,050,461</u>	<u>\$ 571,505</u>	<u>\$ 227,344</u>

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the fiscal year ended June 30, 2022**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICES FUND</u>	
	SB1383	Workforce	Levee	
	Implementation Fund	Housing Fund	Protection Planning & Improvements	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 4,184,071	\$ 4,184,071
Sales and use tax	-	-	-	1,236,051
Intergovernmental	-	-	12,300	1,626,528
Charges for services	-	-	-	436,968
Fines and forfeitures	-	-	-	76,769
Investment income	33	112	23,190	(60,692)
Other	47,314	-	-	769,539
<b>Total revenues</b>	<u>47,347</u>	<u>112</u>	<u>4,219,561</u>	<u>8,269,234</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	560,467
Public safety - police	-	-	-	161,848
Public works	-	-	-	671,847
Community development	-	13,980	-	355,881
Parks and recreation	-	-	-	21,986
Capital outlay	-	-	-	244,002
Debt services:				
Principal	-	-	3,895,000	3,895,000
Interest	-	-	2,594,788	2,594,788
<b>Total expenditures</b>	<u>-</u>	<u>13,980</u>	<u>6,489,788</u>	<u>8,505,819</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>47,347</u>	<u>(13,868)</u>	<u>(2,270,227)</u>	<u>(236,585)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	45,000	-	45,000
Transfers out	-	-	-	(50,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>(5,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>47,347</u>	<u>31,132</u>	<u>(2,270,227)</u>	<u>(241,585)</u>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	9,937,849	22,603,526
End of year	<u>\$ 47,347</u>	<u>\$ 31,132</u>	<u>\$ 7,667,622</u>	<u>\$ 22,361,941</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 60,000	\$ 60,000	\$ 76,769	\$ 16,769
<b>Total revenues</b>	<b>60,000</b>	<b>60,000</b>	<b>76,769</b>	<b>16,769</b>
<b>EXPENDITURES:</b>				
Public works	60,000	60,000	77,042	(17,042)
<b>Total expenditures</b>	<b>60,000</b>	<b>60,000</b>	<b>77,042</b>	<b>(17,042)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(273)</b>	<b>(273)</b>
<b>FUND BALANCE:</b>				
Beginning of year	11,576	11,576	11,576	-
End of year	\$ 11,576	\$ 11,576	\$ 11,303	\$ (273)

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 714,240	\$ 714,240	\$ 849,319	\$ 135,079
Investment income	5,800	5,800	(63,103)	(68,903)
<b>Total revenues</b>	<b>720,040</b>	<b>720,040</b>	<b>786,216</b>	<b>66,176</b>
<b>EXPENDITURES:</b>				
Capital outlay	2,113,596	2,113,596	-	2,113,596
<b>Total expenditures</b>	<b>2,113,596</b>	<b>2,113,596</b>	<b>-</b>	<b>2,113,596</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,393,556)</b>	<b>(1,393,556)</b>	<b>786,216</b>	<b>2,179,772</b>
<b>FUND BALANCE:</b>				
Beginning of year	3,252,156	3,252,156	3,252,156	-
End of year	\$ 1,858,600	\$ 1,858,600	\$ 4,038,372	\$ 2,179,772

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 852,100	\$ 852,100	\$ 785,045	\$ (67,055)
Investment income	4,500	4,500	(12,116)	(16,616)
<b>Total revenues</b>	<b>856,600</b>	<b>856,600</b>	<b>772,929</b>	<b>(83,671)</b>
<b>EXPENDITURES:</b>				
General government	93,969	93,969	93,969	-
Public works	1,379,597	1,379,597	537,820	841,777
<b>Total expenditures</b>	<b>1,473,566</b>	<b>1,473,566</b>	<b>631,789</b>	<b>841,777</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(616,966)</b>	<b>(616,966)</b>	<b>141,140</b>	<b>758,106</b>
<b>FUND BALANCE:</b>				
Beginning of year	615,535	615,535	615,535	-
End of year	\$ (1,431)	\$ (1,431)	\$ 756,675	\$ 758,106

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 11,200	\$ 11,200	\$ 12,779	\$ 1,579
<b>Total revenues</b>	<b>11,200</b>	<b>11,200</b>	<b>12,779</b>	<b>1,579</b>
<b>EXPENDITURES:</b>				
Capital outlay	745,435	745,435	-	745,435
<b>Total Expenditures</b>	<b>745,435</b>	<b>745,435</b>	<b>-</b>	<b>745,435</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(734,235)</b>	<b>(734,235)</b>	<b>12,779</b>	<b>747,014</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,805,866	2,805,866	2,805,866	-
End of year	\$ 2,071,631	\$ 2,071,631	\$ 2,818,645	\$ 747,014



**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 107,370	\$ 107,370	\$ 1,908	\$ (105,462)
<b>Total revenues</b>	<b>107,370</b>	<b>107,370</b>	<b>1,908</b>	<b>(105,462)</b>
<b>EXPENDITURES:</b>				
Capital outlay	219,300	219,300	-	219,300
<b>Total Expenditures</b>	<b>219,300</b>	<b>219,300</b>	<b>-</b>	<b>219,300</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(111,930)</b>	<b>(111,930)</b>	<b>1,908</b>	<b>113,838</b>
<b>FUND BALANCE:</b>				
Beginning of year	(1,908)	(1,908)	(1,908)	-
End of year	\$ (113,838)	\$ (113,838)	\$ -	\$ 113,838

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 161,285	\$ 61,285
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>161,285</b>	<b>61,285</b>
<b>EXPENDITURES:</b>				
Public safety - police	100,000	100,000	161,285	(61,285)
<b>Total expenditures</b>	<b>100,000</b>	<b>100,000</b>	<b>161,285</b>	<b>(61,285)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE:</b>				
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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 1,400	\$ 1,400	\$ (6,940)	\$ (8,340)
Other	440,000	440,000	508,794	68,794
<b>Total revenues</b>	<b>441,400</b>	<b>441,400</b>	<b>501,854</b>	<b>60,454</b>
<b>EXPENDITURES:</b>				
General government	534,467	534,467	465,721	68,746
<b>Total expenditures</b>	<b>534,467</b>	<b>534,467</b>	<b>465,721</b>	<b>68,746</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(93,067)</b>	<b>(93,067)</b>	<b>36,133</b>	<b>129,200</b>
<b>FUND BALANCE:</b>				
Beginning of year	317,167	317,167	317,167	-
End of year	\$ 224,100	\$ 224,100	\$ 353,300	\$ 129,200

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other	\$ 14,163	\$ 14,163	\$ 59,775	\$ 45,612
<b>Total revenues</b>	<b>14,163</b>	<b>14,163</b>	<b>59,775</b>	<b>45,612</b>
<b>EXPENDITURES:</b>				
General government	777	777	777	-
Public Safety- Police	10,000	10,000	563	9,437
Public works	1,250	1,250	-	1,250
Parks and recreation	100,000	100,000	21,986	78,014
<b>Total Expenditures</b>	<b>112,027</b>	<b>112,027</b>	<b>23,326</b>	<b>88,701</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(97,864)</b>	<b>(97,864)</b>	<b>36,449</b>	<b>134,313</b>
<b>FUND BALANCE:</b>				
Beginning of year	382,051	382,051	382,051	-
End of year	\$ 284,187	\$ 284,187	\$ 418,500	\$ 134,313

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 658,500	\$ 658,500	\$ 665,990	\$ 7,490
Investment income	2,400	2,400	(19,621)	(22,021)
<b>Total revenues</b>	<b>660,900</b>	<b>660,900</b>	<b>646,369</b>	<b>(14,531)</b>
<b>EXPENDITURES:</b>				
Capital outlay	1,592,850	1,592,850	244,002	1,348,848
<b>Total Expenditures</b>	<b>1,592,850</b>	<b>1,592,850</b>	<b>244,002</b>	<b>1,348,848</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(931,950)</b>	<b>(931,950)</b>	<b>402,367</b>	<b>1,334,317</b>
<b>FUND BALANCE:</b>				
Beginning of year	972,666	972,666	972,666	-
End of year	\$ 40,716	\$ 40,716	\$ 1,375,033	\$ 1,334,317

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 144,041	\$ 144,041	\$ 254,228	\$ 110,187
Investment income	7,100	7,100	8,331	1,231
<b>Total revenues</b>	<b>151,141</b>	<b>151,141</b>	<b>262,559</b>	<b>111,418</b>
<b>EXPENDITURES:</b>				
Community development	915,763	915,763	233,673	682,090
<b>Total Expenditures</b>	<b>915,763</b>	<b>915,763</b>	<b>233,673</b>	<b>682,090</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(764,622)</b>	<b>(764,622)</b>	<b>28,886</b>	<b>793,508</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,790,760	1,790,760	1,790,760	-
End of year	\$ 1,026,138	\$ 1,026,138	\$ 1,819,646	\$ 793,508

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 36,420	\$ (13,580)
Investment income	4,200	4,200	5,076	876
<b>Total revenues</b>	<u>54,200</u>	<u>54,200</u>	<u>41,496</u>	<u>(12,704)</u>
<b>EXPENDITURES:</b>				
Public works	331,750	331,750	43,704	288,046
<b>Total Expenditures</b>	<u>331,750</u>	<u>331,750</u>	<u>43,704</u>	<u>288,046</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer out	(50,000)	(50,000)	(50,000)	-
<b>Total other financing sources</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(327,550)</u>	<u>(327,550)</u>	<u>(52,208)</u>	<u>275,342</u>
<b>FUND BALANCE:</b>				
Beginning of year	742,217	742,217	742,217	-
End of year	<u>\$ 414,667</u>	<u>\$ 414,667</u>	<u>\$ 690,009</u>	<u>\$ 275,342</u>

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 48,078	\$ 48,078	\$ 138,682	\$ 90,604
Investment income	600	600	910	310
<b>Total revenues</b>	<b>48,678</b>	<b>48,678</b>	<b>139,592</b>	<b>90,914</b>
<b>EXPENDITURES:</b>				
Community development	124,418	124,418	108,228	16,190
<b>Total Expenditures</b>	<b>124,418</b>	<b>124,418</b>	<b>108,228</b>	<b>16,190</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(75,740)</b>	<b>(75,740)</b>	<b>31,364</b>	<b>107,104</b>
<b>FUND BALANCE:</b>				
Beginning of year	183,472	183,472	183,472	-
End of year	\$ 107,732	\$ 107,732	\$ 214,836	\$ 107,104



**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 4,000	\$ 4,000	\$ 6,358	\$ 2,358
Investment income	100	100	134	34
<b>Total revenues</b>	<b>4,100</b>	<b>4,100</b>	<b>6,492</b>	<b>2,392</b>
<b>EXPENDITURES:</b>				
Community development	1,300	1,300	-	1,300
<b>Total Expenditures</b>	<b>1,300</b>	<b>1,300</b>	<b>-</b>	<b>1,300</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,800</b>	<b>2,800</b>	<b>6,492</b>	<b>3,692</b>
<b>FUND BALANCE:</b>				
Beginning of year	25,612	25,612	25,612	-
End of year	\$ 28,412	\$ 28,412	\$ 32,104	\$ 3,692

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,090	\$ 1,090	\$ 417	\$ (673)
Investment income	30	30	30	-
<b>Total revenues</b>	<b>1,120</b>	<b>1,120</b>	<b>447</b>	<b>(673)</b>
<b>EXPENDITURES:</b>				
Community development	500	500	-	500
<b>Total Expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>620</b>	<b>620</b>	<b>447</b>	<b>(173)</b>
<b>FUND BALANCE:</b>				
Beginning of year	4,716	4,716	4,716	-
End of year	\$ 5,336	\$ 5,336	\$ 5,163	\$ (173)

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 40	\$ 40	\$ 42	\$ 2
Other	8,500	8,500	8,458	(42)
<b>Total revenues</b>	<b>8,540</b>	<b>8,540</b>	<b>8,500</b>	<b>(40)</b>
<b>EXPENDITURES:</b>				
Public works	13,000	13,000	11,781	1,219
<b>Total Expenditures</b>	<b>13,000</b>	<b>13,000</b>	<b>11,781</b>	<b>1,219</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,460)</b>	<b>(4,460)</b>	<b>(3,281)</b>	<b>1,179</b>
<b>FUND BALANCE:</b>				
Beginning of year	12,251	12,251	12,251	-
End of year	\$ 7,791	\$ 7,791	\$ 8,970	\$ 1,179

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 700	\$ 700	\$ 969	\$ 269
Other	19,800	19,800	14,490	(5,310)
<b>Total revenues</b>	<b>20,500</b>	<b>20,500</b>	<b>15,459</b>	<b>(5,041)</b>
<b>EXPENDITURES:</b>				
Public works	25,000	25,000	-	25,000
<b>Total Expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,500)</b>	<b>(4,500)</b>	<b>15,459</b>	<b>19,959</b>
<b>FUND BALANCE:</b>				
Beginning of year	202,376	202,376	202,376	-
End of year	\$ 197,876	\$ 197,876	\$ 217,835	\$ 19,959

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,800	\$ 1,800	\$ 863	\$ (937)
Investment income	20	20	30	10
<b>Total revenues</b>	<b>1,820</b>	<b>1,820</b>	<b>893</b>	<b>(927)</b>
<b>EXPENDITURES:</b>				
Community development	500	500	-	500
<b>Total Expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,320</b>	<b>1,320</b>	<b>893</b>	<b>(427)</b>
<b>FUND BALANCE:</b>				
Beginning of year	5,246	5,246	5,246	-
End of year	\$ 6,566	\$ 6,566	\$ 6,139	\$ (427)

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 316,710	\$ 316,710	\$ 386,732	\$ 70,022
Investment income	1,300	1,300	(13,862)	(15,162)
<b>Total revenues</b>	<b>318,010</b>	<b>318,010</b>	<b>372,870</b>	<b>54,860</b>
<b>EXPENDITURES:</b>				
Public works	500,000	500,000	1,500	498,500
<b>Total Expenditures</b>	<b>500,000</b>	<b>500,000</b>	<b>1,500</b>	<b>498,500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(181,990)</b>	<b>(181,990)</b>	<b>371,370</b>	<b>54,860</b>
<b>FUND BALANCE:</b>				
Beginning of year	679,091	679,091	679,091	-
End of year	\$ 497,101	\$ 497,101	\$ 1,050,461	\$ 54,860

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Commercial Linkage Fee Special Revenue Fund**  
**For the fiscal year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 1,500	\$ 1,500	\$ 2,591	\$ 1,091
<b>Total revenues</b>	<b>1,500</b>	<b>1,500</b>	<b>2,591</b>	<b>1,091</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,500</b>	<b>1,500</b>	<b>2,591</b>	<b>1,091</b>
<b>FUND BALANCE:</b>				
Beginning of year	568,914	568,914	568,914	-
End of year	\$ 570,414	\$ 570,414	\$ 571,505	\$ 1,091

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Tenant Relocation Assistance Special Revenue Fund**  
**For the fiscal year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 40	\$ 40	\$ 723	\$ 683
Other	120,500	120,500	130,708	10,208
<b>Total revenues</b>	<b>120,540</b>	<b>120,540</b>	<b>131,431</b>	<b>10,891</b>
<b>EXPENDITURES:</b>				
Community development	164,000	164,000	-	164,000
<b>Total Expenditures</b>	<b>164,000</b>	<b>164,000</b>	<b>-</b>	<b>164,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(43,460)</b>	<b>(43,460)</b>	<b>131,431</b>	<b>(153,109)</b>
<b>FUND BALANCE:</b>				
Beginning of year	95,913	95,913	95,913	-
End of year	\$ 52,453	\$ 52,453	\$ 227,344	\$ (153,109)



**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB 1383 Implementation Special Revenue Fund**  
**For the fiscal year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 33	\$ 33
Other	47,314	47,314	47,314	-
<b>Total revenues</b>	<b>47,314</b>	<b>47,314</b>	<b>47,347</b>	<b>33</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>47,314</b>	<b>47,314</b>	<b>47,347</b>	<b>33</b>
<b>FUND BALANCE:</b>				
Beginning of year	-	-	-	-
End of year	\$ 47,314	\$ 47,314	\$ 47,347	\$ 33

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Workforce Housing Special Revenue Fund**  
**For the fiscal year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Investment income	\$ 100,639	\$ 100,639	\$ 112	\$ (100,527)
Other revenue	17,244	17,244	-	(17,244)
<b>Total revenues</b>	<b>117,883</b>	<b>117,883</b>	<b>112</b>	<b>(117,771)</b>
<b>EXPENDITURES:</b>				
Community development	108,656	108,656	13,980	94,676
<b>Total Expenditures</b>	<b>108,656</b>	<b>108,656</b>	<b>13,980</b>	<b>94,676</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	45,000	45,000	45,000	-
<b>Total other financing sources</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>54,227</b>	<b>54,227</b>	<b>31,132</b>	<b>(23,095)</b>
<b>FUND BALANCE:</b>				
Beginning of year	-	-	-	-
End of year	\$ 54,227	\$ 54,227	\$ 31,132	\$ (23,095)

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Levee Protection Planning & Improvements Debt Service Fund**  
**For the fiscal year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 8,681,023	\$ 8,681,023	\$ 4,184,071	\$ (4,496,952)
Intergovernmental	-	-	12,300	12,300
Investment income	12,500	12,500	23,190	10,690
<b>Total revenues</b>	<b>8,693,523</b>	<b>8,693,523</b>	<b>4,219,561</b>	<b>(4,473,962)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	3,895,000	3,895,000	3,895,000	-
Interest	2,597,688	2,597,688	2,594,788	(2,900)
<b>Total Expenditures</b>	<b>6,492,688</b>	<b>6,492,688</b>	<b>6,489,788</b>	<b>(2,900)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,200,835</b>	<b>2,200,835</b>	<b>(2,270,227)</b>	<b>(4,471,062)</b>
<b>FUND BALANCE:</b>				
Beginning of year	9,937,849	9,937,849	9,937,849	-
End of year	\$ 12,138,684	\$ 12,138,684	\$ 7,667,622	\$ (4,471,062)

This Page Intentionally Left Blank

# **INTERNAL SERVICE FUNDS**



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

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

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

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 6,386,830	\$ 6,508,662	\$ 1,131,380	\$ 6,395,994
Accounts receivable	124,134	27,653	-	4,200
Inventory	32,293	42,163	-	-
<b>Total current assets</b>	<b>6,543,257</b>	<b>6,578,478</b>	<b>1,131,380</b>	<b>6,400,194</b>
Noncurrent assets:				
Capital assets:				
Non-depreciable	31,523	-	-	-
Depreciable	1,487,184	1,846,802	-	-
Depreciable - Intangible	-	198,030	-	-
<b>Total noncurrent assets</b>	<b>1,518,707</b>	<b>2,044,832</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>8,061,964</b>	<b>8,623,310</b>	<b>1,131,380</b>	<b>6,400,194</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Related to Pension	147,770	-	-	189,075
Related to OPEB	19,184	-	-	28,834
<b>Total deferred outflows of resources</b>	<b>166,954</b>	<b>-</b>	<b>-</b>	<b>217,909</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	4,170	-	46,533	43,168
Accrued payroll	17,344	-	-	32,440
Claims liability	-	-	100,000	-
Compensated absences - current portion	15,785	-	-	29,206
Other liability - current portion	-	-	-	-
<b>Total current liabilities</b>	<b>37,299</b>	<b>-</b>	<b>146,533</b>	<b>104,814</b>
Noncurrent liabilities:				
Compensated absences	20,014	-	-	71,839
Total OPEB liability	146,153	-	-	218,519
Net Pension Liability	547,185	-	-	700,138
Other liability-noncurrent portion	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>713,352</b>	<b>-</b>	<b>-</b>	<b>990,496</b>
<b>Total liabilities</b>	<b>750,651</b>	<b>-</b>	<b>146,533</b>	<b>1,095,310</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Related to Pension	256,352	-	-	328,009
Related to OPEB	90,213	-	-	130,832
<b>Total deferred inflows of resources</b>	<b>346,565</b>	<b>-</b>	<b>-</b>	<b>458,841</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,518,707	2,044,832	-	-
Unrestricted	5,612,995	6,578,478	984,847	5,063,952
<b>Total net position</b>	<b>\$ 7,131,702</b>	<b>\$ 8,623,310</b>	<b>\$ 984,847</b>	<b>\$ 5,063,952</b>



Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 8,778,271	\$ 2,544,683	\$ 6,077,497	\$ 3,274,994	\$ 41,098,311
-	-	-	-	155,987
-	-	-	-	74,456
<u>8,778,271</u>	<u>2,544,683</u>	<u>6,077,497</u>	<u>3,274,994</u>	<u>41,328,754</u>
-	-	-	-	31,523
-	-	-	-	3,333,986
-	-	-	-	198,030
-	-	-	-	3,563,539
<u>8,778,271</u>	<u>2,544,683</u>	<u>6,077,497</u>	<u>3,274,994</u>	<u>44,892,293</u>
193,148	-	-	-	529,993
19,184	-	-	-	67,202
<u>212,332</u>	-	-	-	<u>597,195</u>
112,317	-	-	-	206,188
28,115	-	-	-	77,899
-	-	-	-	100,000
38,877	-	-	-	83,868
31,466	-	-	-	31,466
<u>210,775</u>	-	-	-	<u>499,421</u>
66,922	-	-	-	158,775
146,151	-	-	-	510,823
715,219	-	-	-	1,962,542
62,933	-	-	-	62,933
<u>991,225</u>	-	-	-	<u>2,695,073</u>
<u>1,202,000</u>	-	-	-	<u>3,194,494</u>
335,074	-	-	-	919,435
96,726	-	-	-	317,771
<u>431,800</u>	-	-	-	<u>1,237,206</u>
-	-	-	-	3,563,539
<u>7,356,803</u>	<u>2,544,683</u>	<u>6,077,497</u>	<u>3,274,994</u>	<u>37,494,249</u>
<u>\$ 7,356,803</u>	<u>\$ 2,544,683</u>	<u>\$ 6,077,497</u>	<u>\$ 3,274,994</u>	<u>\$ 41,057,788</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, 2022**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,758,482	\$ 670,719	\$ 579,932	\$ 2,338,448
<b>Total operating revenues</b>	<b>1,758,482</b>	<b>670,719</b>	<b>579,932</b>	<b>2,338,448</b>
<b>OPERATING EXPENSES:</b>				
Personnel	252,119	-	-	747,256
Repairs and maintenance	352,537	36,957	-	655,560
General and administration	172,085	-	150	238,465
Depreciation	297,647	295,299	-	-
Contractual services	3,987	-	126,953	5,100
Insurance	75,391	-	744,591	-
<b>Total operating expenses</b>	<b>1,153,766</b>	<b>332,256</b>	<b>871,694</b>	<b>1,646,381</b>
<b>OPERATING INCOME (LOSS)</b>	<b>604,716</b>	<b>338,463</b>	<b>(291,762)</b>	<b>692,067</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of capital assets	121,185	10,867	-	-
Investment income (expense)	(108,272)	(110,275)	(16,593)	(107,419)
Miscellaneous	4,759	67,415	-	26,807
<b>Total nonoperating revenues (expenses)</b>	<b>17,672</b>	<b>(31,993)</b>	<b>(16,593)</b>	<b>(80,612)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>622,388</b>	<b>306,470</b>	<b>(308,355)</b>	<b>611,455</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers in	132,038	31,980	-	-
Transfers out	-	(132,038)	-	(31,980)
<b>Total contributions and transfers</b>	<b>132,038</b>	<b>(100,058)</b>	<b>-</b>	<b>(31,980)</b>
<b>Changes in Net Position</b>	<b>754,426</b>	<b>206,412</b>	<b>(308,355)</b>	<b>579,475</b>
<b>NET POSITION:</b>				
Beginning of the year	6,377,276	8,416,898	1,293,202	4,484,477
End of the year	<b>\$ 7,131,702</b>	<b>\$ 8,623,310</b>	<b>\$ 984,847</b>	<b>\$ 5,063,952</b>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 3,381,177	\$ 229,320	\$ 205,320	\$ 494,368	\$ 9,657,766
3,381,177	229,320	205,320	494,368	9,657,766
623,452	182,378	174,974	312,716	2,292,895
298,898	-	-	-	1,343,952
877,764	-	-	-	1,288,464
-	-	-	-	592,946
409,017	6,070	7,686	-	558,813
-	-	-	-	819,982
2,209,131	188,448	182,660	312,716	6,897,052
1,172,046	40,872	22,660	181,652	2,760,714
-	-	-	-	132,052
(149,395)	11,460	27,520	(56,044)	(509,018)
-	-	-	-	98,981
(149,395)	11,460	27,520	(56,044)	(277,985)
1,022,651	52,332	50,180	125,608	2,482,729
-	-	-	-	164,018
(300,000)	-	-	-	(464,018)
(300,000)	-	-	-	(300,000)
722,651	52,332	50,180	125,608	2,182,729
6,634,152	2,492,351	6,027,317	3,149,386	38,875,059
\$ 7,356,803	\$ 2,544,683	\$ 6,077,497	\$ 3,274,994	\$ 41,057,788

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2022**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from inter-departmental charges	\$ 1,634,348	\$ 659,444	\$ 579,932	\$ 2,334,948
Cash payments to suppliers for goods and services	(570,716)	(39,286)	(829,448)	(870,422)
Cash payments to employees for services	(493,872)	-	-	(825,201)
Cash received from others	4,759	67,415	-	26,807
<b>Net cash provided (used) by operating activities</b>	<u>574,519</u>	<u>687,573</u>	<u>(249,516)</u>	<u>666,132</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers received	132,038	31,980	-	-
Transfer paid	-	(132,038)	-	(31,980)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>132,038</u>	<u>(100,058)</u>	<u>-</u>	<u>(31,980)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(377,151)	(82,725)	-	-
Proceeds from the sale of assets	121,185	10,867	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(255,966)</u>	<u>(71,858)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	(108,272)	(110,275)	(16,593)	(107,419)
<b>Net cash provided (used) by investing activities</b>	<u>(108,272)</u>	<u>(110,275)</u>	<u>(16,593)</u>	<u>(107,419)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	342,319	405,382	(266,109)	526,733
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	6,044,511	6,103,280	1,397,489	5,869,261
End of year	<u>\$ 6,386,830</u>	<u>\$ 6,508,662</u>	<u>\$ 1,131,380</u>	<u>\$ 6,395,994</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 604,716	\$ 338,463	\$ (291,762)	\$ 692,067
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	297,647	295,299	-	-
Miscellaneous revenues	4,759	67,415	-	26,807
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(124,134)	(11,275)	-	(3,500)
Inventory	34,594	-	-	-
Deferred outflow of resources	6,659	-	-	64,730
Increase (decrease) in:				
Accounts payable	(1,310)	(2,329)	28,246	28,703
Accrued payroll	1,431	-	-	4,601
Claims liability	-	-	14,000	-
Compensated absences	668	-	-	(5,108)
Total OPEB liability	(29,031)	-	-	(43,630)
Net pension liability	(263,103)	-	-	(156,365)
Other liability	-	-	-	-
Deferred inflow of resources	41,623	-	-	57,827
Total adjustments	<u>(30,197)</u>	<u>349,110</u>	<u>42,246</u>	<u>(25,935)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 574,519</u>	<u>\$ 687,573</u>	<u>\$ (249,516)</u>	<u>\$ 666,132</u>
<b>NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:</b>				
Capital contributions	\$ -	\$ -	\$ -	\$ -
<b>Total noncash capital and related financing transaction</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 3,472,588	\$ 229,320	\$ 205,320	\$ 494,368	\$ 9,610,268
(1,557,812)	(6,070)	(7,686)	-	(3,881,440)
(853,310)	(182,378)	(174,974)	(312,716)	(2,842,451)
-	-	-	-	98,981
<u>1,061,466</u>	<u>40,872</u>	<u>22,660</u>	<u>181,652</u>	<u>2,985,358</u>
-	-	-	-	164,018
(300,000)	-	-	-	(464,018)
<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
-	-	-	-	(459,876)
-	-	-	-	132,052
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,824)</u>
(149,395)	11,460	27,520	(56,044)	(509,018)
<u>(149,395)</u>	<u>11,460</u>	<u>27,520</u>	<u>(56,044)</u>	<u>(509,018)</u>
612,071	52,332	50,180	125,608	1,848,516
8,166,200	2,492,351	6,027,317	3,149,386	39,249,795
<u>\$ 8,778,271</u>	<u>\$ 2,544,683</u>	<u>\$ 6,077,497</u>	<u>\$ 3,274,994</u>	<u>\$ 41,098,311</u>
\$ 1,172,046	\$ 40,872	\$ 22,660	\$ 181,652	\$ 2,760,714
-	-	-	-	592,946
-	-	-	-	98,981
91,411	-	-	-	(47,498)
-	-	-	-	34,594
41,937	-	-	-	113,326
27,867	-	-	-	81,177
2,256	-	-	-	8,288
-	-	-	-	14,000
11,832	-	-	-	7,392
(29,031)	-	-	-	(101,692)
(270,901)	-	-	-	(690,369)
(34,088)	-	-	-	(34,088)
48,137	-	-	-	147,587
<u>(110,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,644</u>
<u>\$ 1,061,466</u>	<u>\$ 40,872</u>	<u>\$ 22,660</u>	<u>\$ 181,652</u>	<u>\$ 2,985,358</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This Page Intentionally Left Blank

# **CUSTODIAL FUNDS**





## ***CUSTODIAL FUNDS***

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

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

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

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Net Position**  
**Custodial Funds**  
**June 30, 2022**

---

	Custodial Funds	
	Tourism Assessment	SMC Fire
<b>ASSETS</b>		
Cash	\$ -	\$ 15,588
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 15,588</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 16,823
<b>Total liabilities</b>	<u>-</u>	<u>16,823</u>
<b>NET POSITION</b>		
Unrestricted	<u>-</u>	<u>(1,235)</u>
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ (1,235)</u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Changes in Net Position**  
**Custodial Funds**  
**For fiscal year ended June 30, 2022**

---

	Custodial Funds	
	Tourism Assessment	SMC Fire
<b>Additions</b>		
Fee collection from other governments	\$ 31,430	\$ 147,331
<b>Total additions</b>	<u>31,430</u>	<u>147,331</u>
<b>Deductions</b>		
Payment to other government	<u>31,430</u>	<u>148,566</u>
<b>Total deductions</b>	<u>31,430</u>	<u>148,566</u>
<b>Change in net position</b>	-	(1,235)
Net position-Beginning of the year	<u>-</u>	<u>-</u>
Net position-End of the year	<u>\$ -</u>	<u>\$ (1,235)</u>

This Page Intentionally Left Blank

# STATISTICAL SECTION



## ***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.

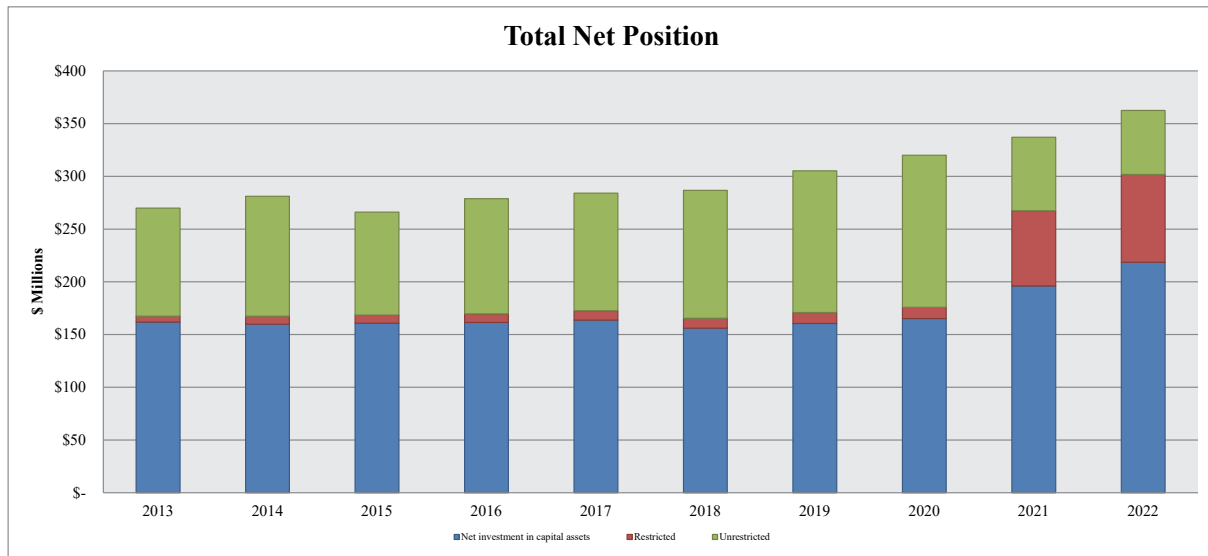
Note: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant years.

This Page Intentionally Left Blank



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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 102,503,211	\$ 102,532,106	\$ 105,458,244	\$ 105,267,654	\$ 104,241,497	\$ 104,366,565	\$ 102,668,101	\$ 102,819,233	\$ 129,905,492	\$ 152,433,223
Restricted	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	43,350,355
Unrestricted	75,633,529	82,551,190	68,977,993	79,035,368	83,096,489	82,200,472	95,333,932	102,269,338	22,213,233	41,872,624
<b>Total governmental activities net position</b>	<b>\$ 183,625,726</b>	<b>\$ 192,611,856</b>	<b>\$ 182,103,160</b>	<b>\$ 192,467,330</b>	<b>\$ 196,213,518</b>	<b>\$ 195,920,784</b>	<b>\$ 208,391,033</b>	<b>\$ 215,690,480</b>	<b>\$ 223,506,081</b>	<b>\$ 237,656,202</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 59,384,377	\$ 57,308,122	\$ 55,371,422	\$ 56,208,645	\$ 59,464,204	\$ 51,691,503	\$ 57,834,914	\$ 62,401,864	\$ 66,148,527	\$ 66,131,749
Restricted	-	-	-	-	-	-	-	-	-	39,918,326
Unrestricted	26,947,956	31,262,566	28,654,572	30,219,485	28,425,170	39,096,553	38,964,497	41,885,954	47,396,460	18,806,008
<b>Total business-type activities net position</b>	<b>\$ 86,332,333</b>	<b>\$ 88,570,688</b>	<b>\$ 84,025,994</b>	<b>\$ 86,428,130</b>	<b>\$ 87,889,374</b>	<b>\$ 90,788,056</b>	<b>\$ 96,799,411</b>	<b>\$ 104,287,818</b>	<b>\$ 113,544,987</b>	<b>\$ 124,856,083</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 161,887,588	\$ 159,840,228	\$ 160,829,666	\$ 161,476,299	\$ 163,705,701	\$ 156,058,068	\$ 160,503,015	\$ 165,221,097	\$ 196,054,019	\$ 218,564,972
Restricted	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	83,268,681
Unrestricted	102,581,485	113,813,756	97,632,565	109,254,853	111,521,659	121,297,025	134,298,429	144,155,292	69,609,693	60,678,632
<b>Total primary government net position</b>	<b>\$ 269,958,059</b>	<b>\$ 281,182,544</b>	<b>\$ 266,129,154</b>	<b>\$ 278,895,460</b>	<b>\$ 284,102,892</b>	<b>\$ 286,708,840</b>	<b>\$ 305,190,444</b>	<b>\$ 319,978,298</b>	<b>\$ 337,051,068</b>	<b>\$ 362,512,285</b>



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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,514,037	\$ 3,794,112	\$ 3,557,955	\$ 4,308,710	\$ 5,042,007	\$ 5,789,051	\$ 6,060,023	\$ 6,702,456	\$ 6,088,435	\$ 4,977,428
Police	9,316,093	9,580,196	9,853,153	10,438,938	11,226,563	14,100,954	15,022,253	15,697,931	14,797,439	15,354,015
Fire	7,685,722	7,756,948	8,301,670	7,929,490	8,789,853	10,801,237	11,033,747	11,035,146	11,287,606	12,186,217
Public works	5,718,340	4,353,289	4,650,758	4,335,309	4,760,961	5,707,187	5,430,742	5,376,875	4,575,342	4,913,006
Community development	2,078,968	1,965,069	2,176,539	2,417,650	2,590,742	3,073,843	2,907,622	2,980,907	3,254,326	3,095,744
Parks and recreation	8,387,726	8,516,392	8,808,422	8,750,077	10,085,864	10,777,390	11,096,170	11,256,138	10,678,377	9,342,094
Interest on long-term debt	-	-	-	-	-	-	-	-	-	1,939,751
Total governmental activities expenses	36,700,886	35,966,006	37,348,497	38,180,174	42,495,990	50,249,662	51,550,557	53,049,453	52,198,148	51,808,255
Business-type activities:										
Water	10,336,188	9,846,110	10,596,613	11,824,224	13,398,161	14,599,582	14,074,075	14,978,448	14,711,672	13,115,926
Wastewater	6,554,771	6,412,706	7,140,529	6,356,799	7,166,712	7,722,767	8,151,224	7,876,915	8,203,420	7,751,208
Public transportation	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	16,890,959	16,258,816	17,737,142	18,181,023	20,564,873	22,322,349	22,225,299	22,855,363	22,915,092	20,867,134
Total primary government expenses	\$ 53,591,845	\$ 52,224,822	\$ 55,085,639	\$ 56,361,197	\$ 63,060,863	\$ 72,572,011	\$ 73,775,856	\$ 75,904,816	\$ 75,113,240	\$ 72,675,389
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public works	\$ 185,606	\$ 259,277	\$ 192,974	\$ 264,579	\$ 254,169	\$ 367,879	\$ 213,086	\$ 179,837	\$ 162,108	\$ 28,858
Parks and recreation	1,065,366	4,430,943	4,374,455	1,473,738	2,358,600	1,853,153	3,697,450	1,520,574	409,418	959,671
Other activities	1,755,523	3,626,944	4,586,595	4,589,520	5,919,975	6,066,430	4,173,106	3,409,238	4,074,120	4,436,390
Operating grants and contributions	1,479,057	1,471,641	2,655,353	3,137,709	1,262,548	1,236,057	1,136,501	1,302,269	1,572,224	5,237,263
Capital grants and contributions	938,348	1,374,066	709,800	290,669	586,884	2,218,653	1,115,882	979,700	1,347,461	1,744,628
Total governmental activities program revenues	5,423,900	11,162,871	12,519,177	9,756,215	10,382,176	11,742,172	10,336,025	7,391,618	7,565,331	12,406,810
Business-type activities:										
Charges for services:										
Water	10,495,752	10,550,591	10,230,148	11,635,584	12,574,363	14,833,965	15,382,698	16,552,780	17,678,897	16,700,178
Wastewater	6,970,730	7,400,022	7,921,198	8,464,663	9,168,192	10,723,302	12,121,747	13,649,963	15,690,009	17,777,050
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	19,305	-	26,991	71,315	32,174	8,741	5,557	21,216	446	28,791
Total business-type activities program revenues	17,485,787	17,950,613	18,178,337	20,171,562	21,774,729	25,566,008	27,510,002	30,223,959	33,369,352	34,506,019
Total primary government program revenues	\$ 22,909,687	\$ 29,113,484	\$ 30,697,514	\$ 29,927,777	\$ 32,156,905	\$ 37,308,180	\$ 37,846,027	\$ 37,615,577	\$ 40,934,683	\$ 46,912,829
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (31,276,986)	\$ (24,803,135)	\$ (24,829,320)	\$ (28,423,959)	\$ (32,113,814)	\$ (38,507,490)	\$ (41,214,532)	\$ (45,657,835)	\$ (44,632,817)	\$ (39,401,445)
Business-type activities	594,828	1,691,797	441,195	1,990,539	1,209,856	3,243,659	5,284,703	7,368,596	10,454,260	13,638,885
Total primary government net expense	\$ (30,682,158)	\$ (23,111,338)	\$ (24,388,125)	\$ (26,433,420)	\$ (30,903,958)	\$ (35,263,831)	\$ (35,929,829)	\$ (38,289,239)	\$ (34,178,557)	\$ (25,762,560)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 22,850,306	\$ 22,618,342	\$ 22,824,950	\$ 25,042,950	\$ 27,249,762	\$ 29,697,500	\$ 33,612,508	\$ 35,186,668	\$ 41,633,116	\$ 43,155,803
Franchise taxes	1,227,976	1,235,085	1,135,666	1,182,060	1,190,454	1,178,643	1,151,822	1,213,162	1,185,308	1,219,963
Sales taxes	4,413,470	3,684,963	3,955,873	3,892,638	3,780,217	4,141,017	4,513,774	4,424,946	4,073,476	5,135,331
Other taxes	3,090,178	3,524,950	4,660,905	4,853,059	5,011,598	5,628,469	6,570,639	5,559,014	2,922,410	4,167,196
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	1,539,026	3,688,849	2,256,791	2,807,314	2,487,713	2,801,998	7,340,714	5,672,389	2,191,807	(1,801,976)
Gain (loss) on JPA investment	-	-	-	-	-	-	84,643	663,404	(1,549)	773,157
Gain on sale of capital assets	-	-	-	-	37,071	101,798	(22,309)	-	-	-
Miscellaneous	19,494,949	405,586	30,088,299	1,010,108	134,187	316,522	124,124	237,699	443,850	902,092
Transfers	-	-	-	-	-	162,674	308,866	-	-	-
Total governmental activities	52,615,905	35,157,775	64,922,484	38,788,129	39,891,002	44,028,621	53,684,781	52,957,282	52,448,418	53,551,566
Business-type activities:										
Property Tax	-	-	-	-	-	-	-	-	-	-
Investment earnings	(141,502)	459,090	319,633	350,091	154,770	277,627	984,386	81,433	(1,247,738)	(2,391,082)
Loss on sales of capital assets	-	-	-	-	(7,860)	(479)	-	(10,665)	-	-
Miscellaneous	58,306	87,468	94,246	61,506	104,478	125,512	51,132	49,043	50,647	63,293
Transfers	-	-	-	-	-	(162,674)	(308,866)	-	-	-
Total business-type activities	(83,196)	546,558	413,879	411,597	251,388	239,886	726,652	119,811	(1,197,091)	(2,327,789)
Total primary government	\$ 52,532,709	\$ 35,704,333	\$ 65,336,363	\$ 39,199,726	\$ 40,142,390	\$ 44,268,607	\$ 54,411,433	\$ 53,077,093	\$ 51,251,327	\$ 51,223,777
<b>Extraordinary Items</b>										
Governmental activities:										
Extraordinary items	\$ (6,300,000)	\$ (1,368,510)	\$ 1,131,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total governmental activities	(6,300,000)	(1,368,510)	1,131,265	-	-	-	-	-	-	-
Total primary government	\$ (6,300,000)	\$ (1,368,510)	\$ 1,131,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 15,038,919	\$ 8,986,130	\$ 41,224,429	\$ 10,364,170	\$ 7,777,188	\$ 5,521,131	\$ 12,470,249	\$ 7,299,447	\$ 7,815,601	\$ 14,150,121
Business-type activities	511,632	2,238,355	855,074	2,402,136	1,461,244	3,483,645	6,011,355	7,488,407	9,257,169	11,311,096
Total primary government	\$ 15,550,551	\$ 11,224,485	\$ 42,079,503	\$ 12,766,306	\$ 9,238,432	\$ 9,004,776	\$ 18,481,604	\$ 14,787,854	\$ 17,072,770	\$ 25,461,217

**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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 30,807,783	\$ 29,972,228	\$ 30,968,962	\$ 33,196,631	\$ 35,378,834	\$ 38,848,086	\$43,986,723	\$44,477,091	\$48,326,501	51,986,123
Licenses, fees and permits	1,354,501	2,676,476	3,954,102	3,399,578	4,564,176	5,066,971	3,687,802	3,399,595	3,472,940	3,976,116
Fines and penalties	193,654	197,969	168,838	162,589	187,670	227,271	123,403	90,960	68,347	107,087
Charges for services	1,637,289	2,621,851	2,510,647	2,671,725	2,940,785	2,757,324	2,302,304	1,807,364	1,841,360	2,044,251
Special assessments	-	3,289,634	3,288,613	429,000	1,146,000	540,000	2,240,000	480,000	-	-
Intergovernmental	2,010,089	2,688,202	1,563,429	1,400,996	1,552,362	1,666,254	2,450,199	1,915,314	2,438,138	5,830,103
Investment earnings	907,101	2,252,482	2,273,291	2,345,939	1,978,805	2,330,691	6,489,694	4,719,935	2,052,552	(965,630)
Other revenues	1,178,203	794,640	2,882,967	4,394,357	1,961,964	3,838,427	1,464,509	1,500,190	1,650,893	2,812,482
<b>Total revenues</b>	<b>38,088,620</b>	<b>44,493,482</b>	<b>47,610,849</b>	<b>48,000,815</b>	<b>49,710,596</b>	<b>55,275,024</b>	<b>62,744,634</b>	<b>58,390,449</b>	<b>59,850,731</b>	<b>65,790,532</b>
<b>Expenditures</b>										
General government	2,980,817	3,174,115	3,162,004	3,738,875	4,599,220	4,633,199	4,995,310	5,944,704	6,779,021	5,744,561
Police	9,078,222	9,321,559	9,693,710	10,621,454	11,344,717	12,075,308	14,649,843	14,000,196	16,127,520	15,130,966
Fire	7,689,490	7,705,260	8,028,295	8,243,689	9,189,623	9,221,643	11,280,149	9,389,379	11,931,423	10,861,609
Public works	3,343,143	1,967,187	2,331,632	2,050,278	2,510,297	3,286,106	3,142,559	3,114,099	2,860,679	3,079,049
Community development	1,967,382	1,936,205	6,928,167	2,487,145	2,600,470	2,747,238	2,803,275	2,884,972	3,874,174	3,715,475
Parks and recreation	6,879,810	7,107,443	7,182,946	7,312,735	8,229,008	8,218,254	9,049,950	9,386,057	10,544,668	9,682,608
Capital outlay	1,201,432	4,382,435	6,483,904	3,880,749	3,491,142	3,932,684	5,312,860	4,747,124	32,503,065	27,820,924
Debt service										
Interest	-	-	-	-	-	-	-	-	1,516,623	2,594,788
Principal	-	-	-	-	-	-	-	-	-	3,895,000
<b>Total expenditures</b>	<b>33,140,296</b>	<b>35,594,204</b>	<b>43,810,658</b>	<b>38,334,925</b>	<b>41,964,477</b>	<b>44,114,432</b>	<b>51,233,946</b>	<b>49,466,531</b>	<b>86,137,173</b>	<b>82,524,980</b>
Excess of revenues over (under) expenditures	4,948,324	8,899,278	3,800,191	9,665,890	7,746,119	11,160,592	11,510,688	8,923,918	(26,286,442)	(16,734,448)
<b>Other Financing Sources (uses)</b>										
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	642,545	663,741
Issuance of long term debt	-	-	-	-	-	-	-	-	91,835,167	-
Transfers in	958,867	1,209,449	752,646	1,588,591	3,200,511	2,255,488	4,338,841	5,978,262	8,012,976	56,956,690
Transfers out	(3,608,867)	(1,209,449)	(630,646)	(1,751,789)	(3,200,511)	(2,255,488)	(7,387,275)	(5,255,112)	(7,412,976)	(56,656,690)
<b>Total other financing sources (uses)</b>	<b>(1,317,810)</b>	<b>1,344,924</b>	<b>30,607,503</b>	<b>383,095</b>	<b>564,315</b>	<b>582,930</b>	<b>(2,446,274)</b>	<b>1,345,175</b>	<b>93,077,712</b>	<b>963,741</b>
<b>Extraordinary Item</b>										
Extraordinary loss	(6,300,000)	(1,368,510)	-	-	-	-	-	-	-	-
<b>Total extraordinary item</b>	<b>(6,300,000)</b>	<b>(1,368,510)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,669,486)</b>	<b>\$ 8,875,692</b>	<b>\$ 34,407,694</b>	<b>\$ 10,048,985</b>	<b>\$ 8,310,434</b>	<b>\$ 11,743,522</b>	<b>\$ 9,064,414</b>	<b>\$ 10,269,093</b>	<b>\$ 66,791,270</b>	<b>\$ (15,770,707)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.91%	13.40%

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-Spendable	\$ 34,769	\$ 36,126	\$ 31,380	\$ 39,730	\$ 48,595	\$ 56,029	\$ 48,231	\$ 19,415	\$ 18,475	\$ 64,154
Restricted	-	-	-	99,481	5,675	21,252	26,384	15,296	24,823	25,857
Committed	405,949	441,920	1,279,096	1,279,731	2,202,807	2,265,890	3,013,410	7,702,504	4,447,532	4,214,692
Assigned	510,417	676,878	619,948	138,174	28,093	125,010	8,240	-	-	-
Unassigned	19,025,588	23,746,768	30,303,100	39,628,699	43,397,590	50,980,152	52,180,181	50,858,876	52,979,962	44,019,375
<b>Total general fund</b>	<b>\$ 19,976,723</b>	<b>\$ 24,901,692</b>	<b>\$ 32,233,524</b>	<b>\$ 41,185,815</b>	<b>\$ 45,682,760</b>	<b>\$ 53,448,333</b>	<b>\$ 55,276,446</b>	<b>\$ 58,596,091</b>	<b>\$ 57,470,792</b>	<b>\$ 48,324,078</b>
All Other Governmental Funds										
Non-Spendable	\$ -	\$ -	\$ 683	\$ -	\$ -	\$ 75	\$ 2,203	\$ -	\$ -	\$ 1,750
Restricted	4,546,308	7,227,787	7,263,706	7,685,968	8,003,371	8,542,352	9,314,094	9,901,721	71,105,763	43,118,940
Committed	14,007,214	15,276,458	42,315,718	42,990,833	46,527,692	49,925,812	56,388,243	62,885,703	69,466,702	90,825,874
Unassigned	-	-	-	-	(40,773)	-	-	(133,436)	(1,908)	-
<b>Total All Other Governmental Funds</b>	<b>\$ 18,553,522</b>	<b>\$ 22,504,245</b>	<b>\$ 49,580,107</b>	<b>\$ 50,676,801</b>	<b>\$ 54,490,290</b>	<b>\$ 58,468,239</b>	<b>\$ 65,704,540</b>	<b>\$ 72,653,988</b>	<b>\$ 140,570,557</b>	<b>\$ 133,946,564</b>

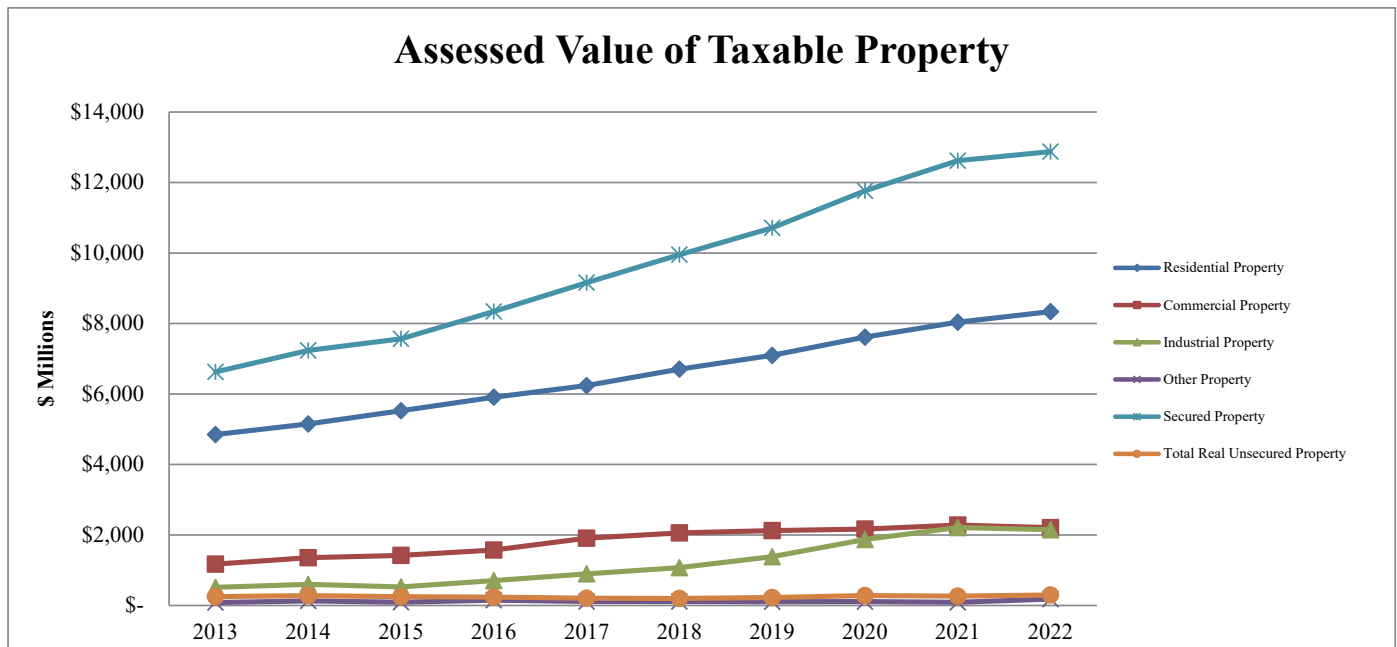
# City of Foster City and Estero Municipal Improvement District

## 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	Total Direct Tax Rate
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
2021	8,037,085	2,280,491	2,211,821	89,233	12,618,630	265,823	12,884,453	12,884,453	0.23437
2022	8,337,136	2,208,055	2,149,677	182,328	12,877,196	297,110	13,174,306	13,174,306	0.23449



**Source:** The HdL Company and San Mateo County Assessor 2012/13 - 2021/22 Combined Tax Rolls

**Notes:** Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.01970	0.01830	0.01820	0.03620	0.03060	0.02780	0.02710	0.02050	0.02040	0.02050
Belmont-Redwood Shores	0.00000	0.00000	0.00000	0.00000	0.00000	0.00520	0.00430	0.00410	0.00390	0.00370
Foster City GO Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03600	0.03100
Mid-Peninsula Regional Open Space	0.00000	0.00000	0.00000	0.00080	0.00060	0.00090	0.00180	0.00160	0.00150	0.00150
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00350	0.00370	0.00000
San Mateo Foster City Elementary	0.03380	0.04210	0.03880	0.04020	0.05460	0.05420	0.05300	0.04370	0.04620	0.06650
San Mateo Junior College	0.01940	0.01940	0.01900	0.02500	0.02470	0.02350	0.01750	0.02310	0.01760	0.00000
San Mateo Junior Comm College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02270
San Mateo Union High	0.03810	0.03550	0.04750	0.04660	0.04150	0.04330	0.04070	0.03850	0.04490	0.04880
Sequoia Union High	0.03560	0.03130	0.04330	0.04340	0.03910	0.03830	0.03650	0.03400	0.03150	0.02900
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.14660</b>	<b>1.14660</b>	<b>1.16680</b>	<b>1.19220</b>	<b>1.19110</b>	<b>1.19320</b>	<b>1.18090</b>	<b>1.16900</b>	<b>1.20570</b>	<b>1.22370</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.21971	0.23365	0.23366	0.23366
<b>Voter Approved City Debt Rate</b>	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Redevelopment Rate<sup>4</sup></b>	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate<sup>5</sup></b>	0.44902	0.22518	0.22474	0.22323	0.22231	0.22156	0.22086	0.23441	0.23437	0.23449

Notes:

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

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

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

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

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

Source:

The HdL Company, 2012/13 - 2021/22 Direct and Overlapping Property Tax Rates Schedule  
 San Mateo County Assessor 2012/13 -2021/22 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>	<u>FY 2021/2022</u>			<u>FY 2012/2013</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
	GILEAD SCIENCES INC	\$ 2,497,036,566	1	18.95%	\$ 507,642,133	1
BMR LINCOLN CENTER LP	362,567,881	2	2.75%	112,789,476	5	1.64%
HUDSON METRO CENTER LLC	352,415,108	3	2.68%			
VISA USA INC	267,967,226	4	2.03%	240,018,894	2	3.49%
TRUST PARKSIDE TOWERS CORPORATION	232,164,244	5	1.76%			
BEX FMCA LLC	199,276,674	6	1.51%			
AREOF VI US PILGRIM TRITON LLC	173,404,321	7	1.32%			
SF HILLSDALE 20102012 LLC	157,179,471	8	1.19%			
CV TRITON LLC	116,872,015	9	0.89%			
NORTHWESTERN MUTUAL LIFE	94,215,653	10	0.72%			
SPK-METRO CENTER LLC LESSEE				196,287,827	3	2.85%
PARKSIDE TOWERS LP				156,014,681	4	2.27%
BRE PROPERTIES INC				75,414,223	6	1.10%
ESSEX HARBOR COVE APARTMENTS LP				73,787,818	7	1.07%
HINES VAF NO CALIFORNIA PROPERTIES LP				72,704,922	8	1.06%
BAYSIDE TOWERS INC				71,535,864	9	1.04%
PWM RESIDENTIAL VENTURE LLC				63,192,637	10	0.92%
Top Ten Total	<u>\$ 4,453,099,159</u>		<u>33.80%</u>	<u>\$ 1,569,388,475</u>		<u>22.82%</u>
City Total	<u>\$ 13,174,306,249</u>			<u>\$ 6,876,136,315</u>		

Source: The HdL Company and San Mateo County Assessor 2021/22 & 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

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

---

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
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% <sup>3</sup>	(37,058)	19,442,083	100.92%
2015	20,152,567	20,126,637	99.87%	(11,207)	20,115,431	99.82%
2016	22,149,657	22,043,604	99.52%	(20,905)	22,022,699	99.43%
2017	24,188,847	23,973,655	99.11%	(1,320)	23,972,335	99.10%
2018	26,231,976	26,113,362	99.55%	(39,853)	26,073,509	99.40%
2019	28,275,807	29,782,771	105.33% <sup>4</sup>	(14,773)	29,767,998	105.28%
2020	31,147,215	31,113,654	99.89%	(21,465)	31,092,189	99.82%
2021	33,307,478	34,471,265	103.49%	(15,821)	34,455,444	103.45%
2022	34,101,361	34,738,038	101.87%	-	34,738,038	101.87%

**Notes:**

<sup>1</sup> Information from County of San Mateo Controller's Office

<sup>2</sup> Amount received after ERAF contribution

<sup>3</sup> Include \$350,463 from the dissolution of the Community Development Agency of Foster City as a result of AB1484.

<sup>4</sup> San Mateo County Controller's Office changed the excess ERAF distribution. Included 45% excess ERAF amount distributed in August FY2019/2020.



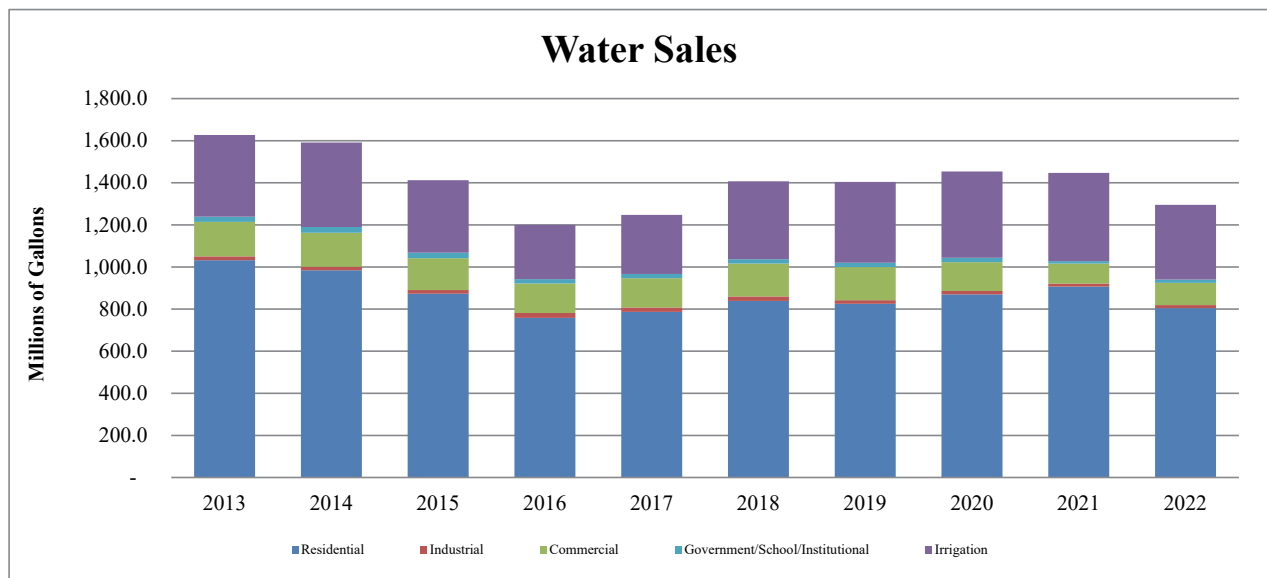
# City of Foster City and Estero Municipal Improvement District

## Water Sales by Type of Customer

### Last Ten Fiscal Years

*(in millions of gallons)*

Type of Customer	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential	1,032.1	984.3	873.0	758.5	786.8	838.9	825.4	870.0	907.0	804.9
Industrial	18.4	17.2	17.7	23.0	21.1	21.2	16.9	16.0	14.3	14.3
Commercial	163.8	161.2	151.1	140.0	138.9	156.0	157.2	136.7	95.1	105.6
Government/School/Institutional	24.9	27.4	25.9	20.6	20.2	20.6	20.5	20.8	11.3	15.3
Irrigation	388.0	401.4	344.6	258.4	280.4	370.1	384.0	410.1	419.1	355.2
<b>Total</b>	<b>1,627.2</b>	<b>1,591.5</b>	<b>1,412.3</b>	<b>1,200.5</b>	<b>1,247.4</b>	<b>1,406.8</b>	<b>1,404.0</b>	<b>1,453.6</b>	<b>1,446.8</b>	<b>1,295.3</b>



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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Availability / Meter Charge (per Month)</b>										
5/8 inch	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80
3/4 inch	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80
1 inch	\$ 39.50	\$ 27.65	\$ 28.00	\$ 28.75	\$ 31.50	\$ 33.08	\$ 35.75	\$ 38.58	\$ 39.75	\$ 41.33
1&1/2 inch	\$ 79.00	\$ 79.00	\$ 80.00	\$ 69.00	\$ 75.60	\$ 79.40	\$ 85.80	\$ 92.60	\$ 95.40	\$ 99.20
2 inch	\$ 126.40	\$ 126.40	\$ 128.00	\$ 92.00	\$ 100.80	\$ 105.87	\$ 114.40	\$ 123.47	\$ 127.20	\$ 132.27
3 inch	\$ 221.20	\$ 221.20	\$ 224.00	\$ 201.25	\$ 220.50	\$ 231.58	\$ 250.25	\$ 270.08	\$ 278.25	\$ 289.33
4 inch	\$ 347.60	\$ 347.60	\$ 352.00	\$ 362.25	\$ 396.90	\$ 416.85	\$ 450.45	\$ 486.15	\$ 500.85	\$ 520.80
6 inch	\$ 663.60	\$ 663.60	\$ 672.00	\$ 805.00	\$ 882.00	\$ 926.33	\$ 1,001.00	\$ 1,080.33	\$ 1,113.00	\$ 1,157.33
8 inch	\$ 1,042.80	\$ 1,042.80	\$ 1,056.00	\$ 1,380.00	\$ 1,512.00	\$ 1,588.00	\$ 1,716.00	\$ 1,852.00	\$ 1,908.00	\$ 1,984.00
<b>Consumption Charge (per Unit*)</b>										
All Classes										
Single Family Residential										
0-10 units	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92
11-20 units	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92
> 20 units	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.64	\$ 5.95	\$ 6.06	\$ 6.10	\$ 6.20	\$ 6.41	\$ 6.55
Multi Family Residential										
0-5 units	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92
6-10 units	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92
> 10 units	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.67	\$ 5.93	\$ 5.62	\$ 6.10	\$ 6.20	\$ 6.46	\$ 6.57
Irrigation										
0-100% of annual water budget	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92
> 100% of annual water budget	\$ 4.70	\$ 4.70	\$ 4.98	\$ 5.65	\$ 7.35	\$ 7.21	\$ 6.47	\$ 6.17	\$ 6.39	\$ 6.51
Commercial and Fire Line	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.40	\$ 4.97	\$ 5.15	\$ 5.54	\$ 5.70	\$ 5.88	\$ 6.04
<b>Private Fire Protection Service</b>										
<b>Availability / Meter Charge (per Month)</b>										
3/4 inch	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72
1 inch	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72
1&1/2 inch	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72
2 inch	\$ 44.25	\$ 44.25	\$ 44.80	\$ 32.20	\$ 35.34	\$ 37.12	\$ 40.11	\$ 43.29	\$ 44.60	\$ 46.38
3 inch	\$ 77.45	\$ 77.45	\$ 78.40	\$ 70.45	\$ 77.11	\$ 80.99	\$ 87.52	\$ 94.45	\$ 97.31	\$ 101.18
4 inch	\$ 121.70	\$ 121.70	\$ 123.20	\$ 126.80	\$ 138.92	\$ 145.90	\$ 157.66	\$ 170.15	\$ 175.30	\$ 182.28
6 inch	\$ 232.30	\$ 232.30	\$ 235.20	\$ 281.75	\$ 308.64	\$ 324.15	\$ 350.28	\$ 378.04	\$ 389.47	\$ 404.98
8 inch	\$ 365.00	\$ 365.00	\$ 369.60	\$ 483.00	\$ 529.20	\$ 555.80	\$ 600.60	\$ 648.20	\$ 667.80	\$ 694.40
<b>Wastewater</b>										
Residential (per Month)										
Single Family	\$ 46.05	\$ 46.05	\$ 47.00	\$ 51.47	\$ 57.13	\$ 65.27	\$ 74.57	\$ 85.20	\$ 97.34	\$ 111.21
Townhouse	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42
Duplex	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42
Apartment / Condominium	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42
Commercial (per Unit* of Water Billed)										
Restaurant	\$ 8.37	\$ 8.37	\$ 8.54	\$ 9.35	\$ 10.38	\$ 11.86	\$ 13.55	\$ 15.48	\$ 17.69	\$ 20.21
Miscellaneous	\$ 2.94	\$ 2.94	\$ 3.00	\$ 3.29	\$ 3.65	\$ 4.17	\$ 4.76	\$ 5.44	\$ 6.22	\$ 7.11
Institutional (per Unit* of Water Billed)										
School	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67
Church	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67
Public Facility	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67

Unit\* = 748 Gallons

Source: City of Foster City Financial Services Department

# City of Foster City and Estero Municipal Improvement District

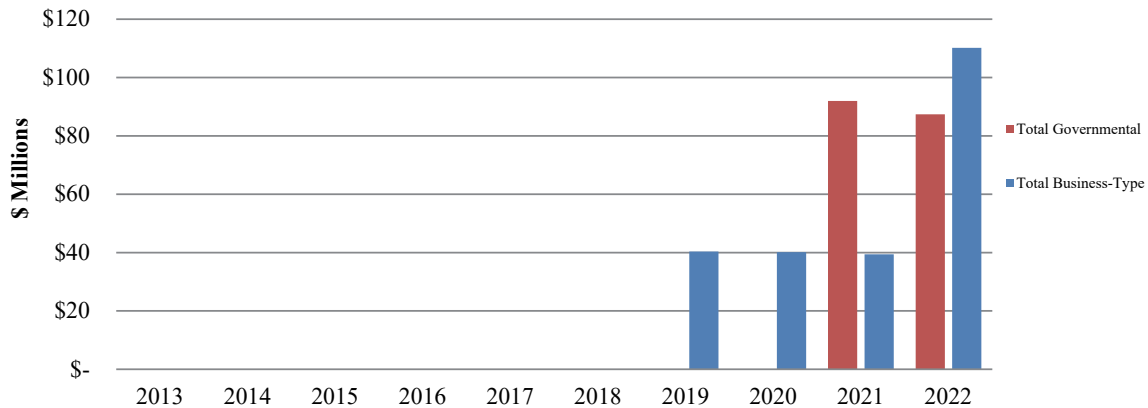
## Ratios of Outstanding Debt by Type

### 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				
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ -
2014	-	-	-	-	-	-	-	n/a	-
2015	-	-	-	-	-	-	-	n/a	-
2016	-	-	-	-	-	-	-	n/a	-
2017	-	-	-	-	-	-	-	n/a	-
2018	-	-	-	-	-	-	-	n/a	-
2019	-	-	-	-	40,380	40,380	40,380	0.019	1,198
2020	-	-	-	-	40,155	40,155	40,155	0.017	1,216
2021	91,964	-	-	91,964	39,414	131,378	131,378	0.055	4,000
2022	87,380	-	-	87,380	110,185	197,565	197,565	0.080	5,977

## 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, 2022

2021-22 Assessed Valuation: \$13,159,194,331

	<b>Total Debt Outstanding 06/30/22</b>	<b>Percentage Applicable (1)</b>	<b>City's Share of Overlapping Debt 06/30/22</b>
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
San Mateo Community College District	\$ 733,897,184	4.940%	\$ 36,254,521
San Mateo Union High School District	665,230,852	14.535%	96,691,304
Sequoia Union High School District	475,140,000	0.006%	28,508
San Mateo-Foster City School District	398,028,474	28.605%	113,856,045
Belmont-Redwood Shores School District	63,777,230	0.042%	26,786
Midpeninsula Regional Open Space District	84,575,000	0.004%	3,383
<b>Estero Municipal Improvement District</b>	<b>81,105,000</b>	<b>99.885%</b>	<b>87,379,529</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 334,240,076</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Mateo County General Fund Obligations	\$ 612,605,687	4.940%	\$ 30,262,721
San Mateo County Board of Education Certificates of Participation	6,490,000	4.940%	320,606
Midpeninsula Regional Park District General Fund Obligations	99,705,600	0.004%	3,988
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,825,000	4.940%	188,955
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 30,776,270</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 87,379,529</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 277,636,817</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 365,016,346 (2)</b>

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

**Ratios to 2021-22 Assessed Valuation:**

Direct Debt (\$87,379,529) .....	0.66%
Total Direct and Overlapping Tax and Assessment Debt .....	2.54%
Combined Total Debt .....	2.77%

Source: California Municipal Statistics, Inc.

**City of Foster City and Estero Municipal Improvement District**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$ 1,016,775	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260	\$ 1,792,703	\$ 1,917,784	\$ 1,962,173
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,016,775</u>	<u>\$ 1,112,856</u>	<u>\$ 1,157,114</u>	<u>\$ 1,271,748</u>	<u>\$ 1,389,831</u>	<u>\$ 1,508,177</u>	<u>\$ 1,626,260</u>	<u>\$ 1,792,703</u>	<u>\$ 1,917,784</u>	<u>\$ 1,962,173</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

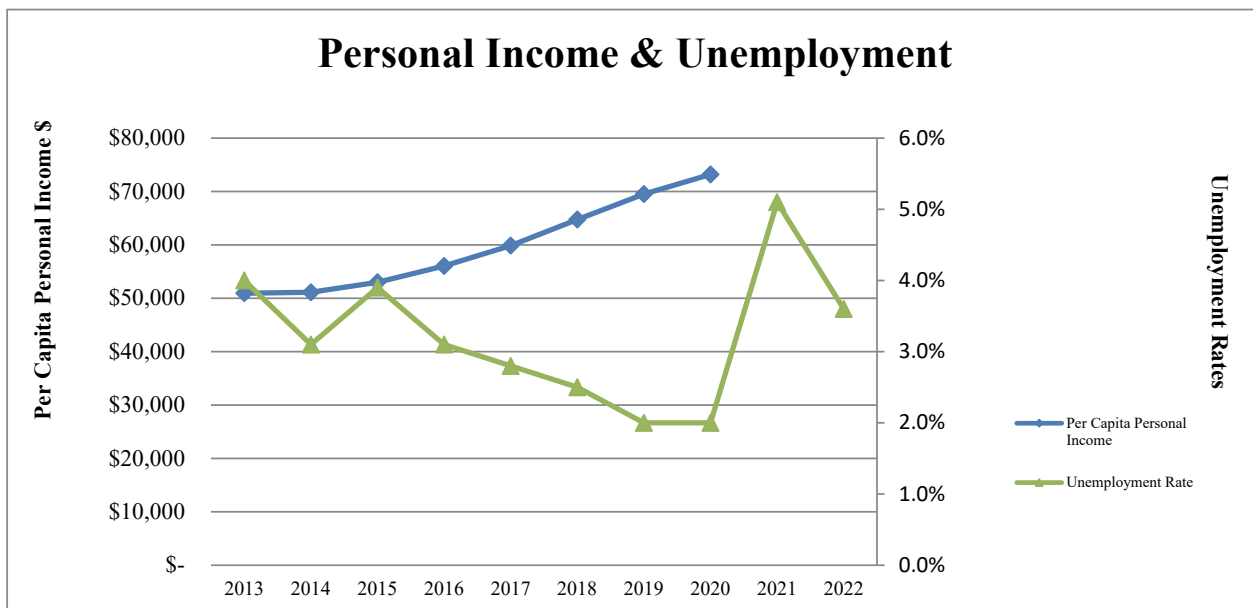
**Note:** Under state finance law, the city's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

# 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
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	2,403,747	73,191	2.0%
2021	32,842	2,464,473	74,554	5.1%
2022	33,056	n/a	n/a	3.6%



**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

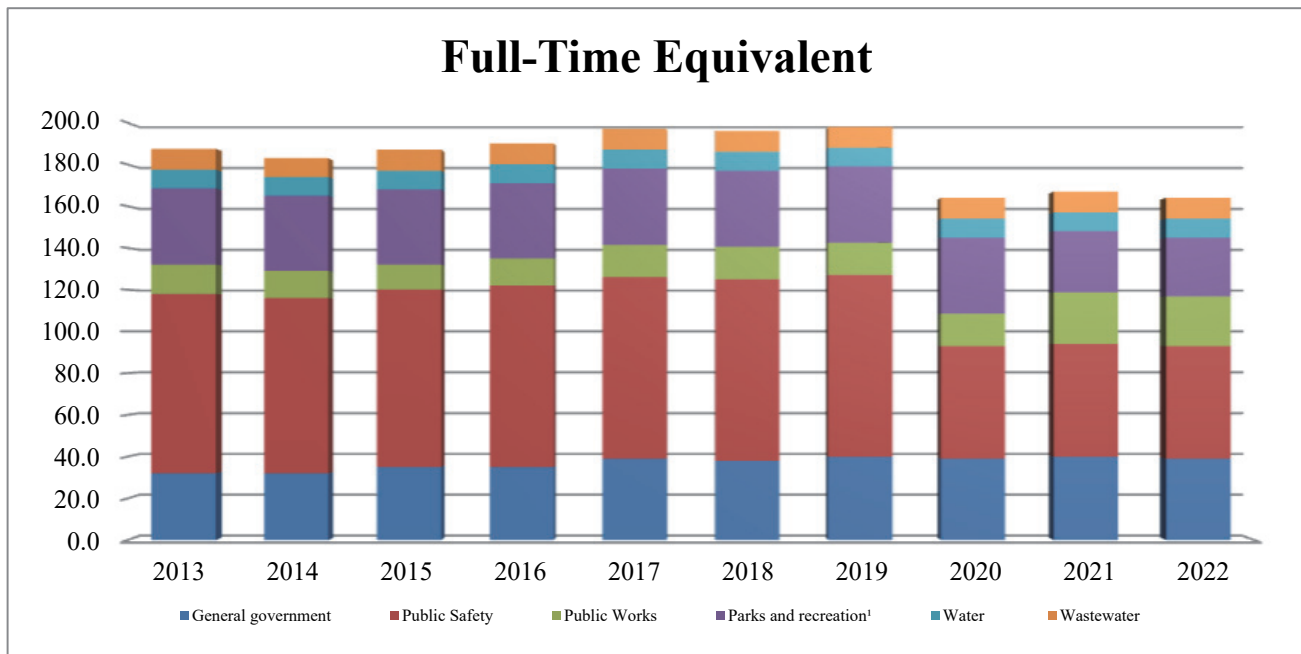
### Current Year and Ten Years Ago

<b>Employer</b>	<b>2022</b>			<b>2013</b>		
	<b>Employees &amp; Contractors</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees &amp; Contractors</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
GILEAD SCIENCES, INC.	5,747	1	33.19%	2,156	2	15.31%
VISA U.S.A. INC.	2,863	2	16.53%	2,895	1	20.56%
VISA TECHNOLOGY & OPERATIONS LLC, FKA INOVANT LLC	1,094	3	6.32%	1,872	3	13.30%
CYBERSOURCE CORPORATION	427	4	2.47%			
CSG CONSULTANTS, INC.	329	5	1.90%			
SLEDGEHAMMER GAMES INC.	304	6	1.76%			
COSTCO WHOLESALE CORPORATION	276	7	1.59%			
IBM CORPORATION	248	8	1.43%	530	8	3.76%
QUALYS INC	240	9	1.39%			
PENINSULA JEWISH COMMUNITY CENTER	231	10	1.33%			
SONY COMPUTER ENTERTAINMENT, LLC				1,350	4	9.59%
ELECTRONICS FOR IMAGING, INC.				1,255	5	8.91%
APPLIED BIOSYSTEMS, LLC				689	6	4.89%
GUIDEWIRE SOFTWARE, INC.				682	7	4.84%
REARDEN COMMERCE, INC.				483	9	3.43%
QUINSTREET, INC.				286	10	2.03%
<b>Top Ten Total</b>	<b>11,759</b>		<b>67.91%</b>	<b>12,198</b>		<b>86.62%</b>
<b>City Total</b>	<b>17,317</b>			<b>14,080</b>		

Source: 2013 and 2022 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Management services	13.0	13.0	13.0	13.0	14.0	14.0	15.0	15.0	16.0	16.0
Finance	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	9.0
Planning	6.0	6.0	7.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0
Building	5.0	5.0	6.0	6.0	7.0	7.0	8.0	7.0	7.0	7.0
Police										
Officers	36.0	36.0	37.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
Civilians	13.0	13.0	13.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0
Fire										
Firefighters and officers	35.0	33.0	33.0	32.0	32.0	31.0	31.0	0.0	0.0	0.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0
Other public works										
Engineering	5.0	4.0	4.0	5.0	6.0	6.0	6.0	6.0	7.0	7.0
Other <sup>1</sup>	9.0	9.0	8.0	8.0	9.5	9.5	9.5	9.5	17.7	16.8
Parks and recreation <sup>1</sup>	36.5	36.0	36.0	36.0	36.5	36.5	36.5	36.5	29.3	28.2
Water	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Wastewater	10.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>Total</b>	<b>187.5</b>	<b>183.0</b>	<b>187.0</b>	<b>190.0</b>	<b>197.0</b>	<b>196.0</b>	<b>198.0</b>	<b>164.0</b>	<b>167.0</b>	<b>164.0</b>



Source: City Budget

Notes: <sup>1</sup> In January 2020, a reorganization was made whereby the Building Maintenance and Vehicle Replacement Divisions were transferred from Parks and Recreation Department to Public Works Departments.



# City of Foster City and Estero Municipal Improvement District

## Operating Indicators by Function/Program

### Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	520	640	572	576	444	489	526	275	226	252
Parking violations	673	654	552	816	972	490	695	250	259	299
Traffic violations	2,774	3,012	2,078	1,746	1,661	1,757	1,427	710	256	396
Fire <sup>1</sup>										
Emergency responses	2,012	2,336	2,123	1,978	1,944	2,180	1,976	2,155	2,068	2,270
Fires extinguished	61	82	24	47	34	45	24	29	36	35
Inspections	1,029	1,108	1,201	1,102	1,080	1,100	1,040	647	348	333
Other public works										
Street resurfacing (miles)	1	2	2	2	5	5	4	1	4	3
Potholes repaired	36	40	32	35	27	120	105	66	46	97
Parks and recreation										
Athletic field permits issued	66	57	60	86	91	95	115	138	195	181
Community center admissions	7,580	5,837	3,794	5,611	5,546	5,773	5,912	4,103	2,691	5,171
Water										
New connections	1	1	13	26	28	7	39	18	16	23
Water mains breaks	3	11	6	17	4	22	21	15	9	9
Average daily consumption (thousands of gallons)	4,100	3,980	3,956	3,623	3,810	4,232	4,041	4,100	3,912	4,065
Peak daily consumption (thousands of gallons)	8,890	8,445	6,624	5,047	7,760	7,688	5,577	5,460	7,795	7,802
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,200	2,652	2,040	2,350	2,430	2,390	2,457	2,356	1,979	2,483

Sources: Various city departments

Notes: <sup>1</sup> Foster City Fire Department was separated from the City on 01/13/2019. Fire Employees were transferred to San Mateo Consolidated Fire Department. However, data presented is for the full fiscal year (services was performed by Foster City Fire Department up to 1/12/2019 and San Mateo Consolidated Fire started from 1/13/2019).

# City of Foster City and Estero Municipal Improvement District

## Capital Asset Statistics by Function/Program

### Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	11	10	10	10	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Streetlights	2,031	2,031	2,031	2,025	2,025	2,022	2,022	2,022	2,022	2,022
Traffic signals	25	25	25	25	25	27	27	27	27	27
Parks and recreation										
Acreage	213	213	221	221	221	221	221	221	221	221
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3
Soccer/football fields	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	107	107	107	107	107	107	107	107	107	107
Fire hydrants	1,109	1,110	1,110	1,110	1,110	1,110	1,109	1,111	1,111	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)	65	65	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)	81	81	81	81	81	81	81	81	81	81
Transit--minibuses	1	1	1	1	1	1	1	-	-	-

Sources: Various city departments



