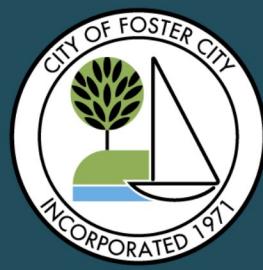


CITY OF FOSTER CITY & ESTERO MUNICIPAL IMPROVEMENT DISTRICT CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2025

Prepared by the Financial Services Department

**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, 2025

Stacy Jimenez, Mayor

Art Kiesel, Vice Mayor

Patrick Sullivan, Councilmember

Suzy Niederhofer, Councilmember

Phoebe Venkat, Councilmember

Stefan Chatwin, City Manager

Marlene Subhashini, Assistant City Manager

Benjamin L. Stock, City Attorney

Priscilla Schaus, Communications Director/City Clerk

Sofia Mangalam, Community
Development Director

Nate Cruz, Finance Director

Diane Pitman, Administrative Services
Director

Cory Call, Police Chief

Andrew Brozyna, Public Works Director

Matt Turturici, Fire Chief
(San Mateo Consolidated Fire Department
Joint Powers Authority)

Derek Schweigart, Parks and Recreation
Director

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City of Foster City and Estero Municipal Improvement District
Annual Comprehensive Financial Report
For the year ended June 30, 2025

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City of Foster City
ESTERO MUNICIPAL IMPROVEMENT DISTRICT

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

December 22, 2025

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

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Foster City and the Estero Municipal Improvement District (City/District) for the fiscal year ended June 30, 2025. 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, is 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 ACFR 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 MD&A and should be read in conjunction with it. The MD&A 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 independent audit (discussed below), 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, 2025.

INDEPENDENT AUDIT

The City/District requires that its financial statements be audited annually by an independent certified public accountant selected by the City Council/District Board. The City/District has contracted with Badawi & Associates to conduct the audit for FY 2024-25 and the independent auditor's opinion is included in this report.

PROFILE OF THE GOVERNMENT

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

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

Located on the San Francisco Peninsula, ten (10) miles south of the San Francisco International Airport, the City/District encompasses a geographic area of 12,345 acres, of which 9,726 acres (15.20 square miles) are part of San Francisco Bay and Belmont Slough, and 2,619 acres (4.09 square miles) are land. The City/District serves a population of 33,805 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 proper control and recording of revenues and expenditures.

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

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

In addition to internal controls, the City/District also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embedded in the annual appropriated budget approved by the City Council/District Board. The City Council and District Board may amend the budget by resolution. FY 2024-25 budgets and prior were adopted at the object level of expenditure within departments; where 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. However, the FY 2025-26 budget was adopted with fund level control which allows the City Manager to transfer appropriations between departments but not funds. Accordingly, the lowest level of budgetary control established by the City Council/District Board is at the fund level beginning in FY 2025-26. 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

While General Fund revenues have rebounded well past their pre-COVID levels, financial headwinds from the pandemic persist with high office vacancy rates. FY 2024-25 results were positive however, largely due to higher than expected interest earnings, a new business license tax structure which increased revenue, and muted expenditure growth due primarily to unfilled positions. The result was a net increase of \$7.4 million to \$75.6 million in the fund balance of the General Fund as of June 30, 2025.

LONG-TERM FINANCIAL PLAN

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

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

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

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

The City/District uses long-term financial planning to ensure stability through the ups-and-downs within economic cycles. It also allows decision makers to better understand the true effects of policy decisions. Through the City/District's long-term financial planning, the City/District has built up a \$75.57 million Unassigned Fund Balance for the General Fund as of June 30, 2025.

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 6.9% thereafter, 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 2024-25 was \$11.54 million. The City/District's mandatory unfunded accrued liability payment increased by \$1.18 million from \$7.37 million to \$8.55 million in FY 2024-25. The UAL payment for FY 2025-26 will increase to \$9.4 million.

The City/District has been closely monitoring employee compensation and benefits costs and has taken measures to address this issue, including funding post-employment medical benefit liabilities. Historically, the City/District has taken a conservative approach in providing reasonable compensation and benefits to the employees, which has kept the City/District's liabilities at a manageable level compared to other local governments. In the years following the Great Recession (December 2007 to June 2009), the City/District took steps in trimming personnel costs by reducing the work force, implementing shared services, shifting some defined benefits to defined contribution, establishing a second-tier public safety retirement plan before the California Public Employees'

Pension Reform Act (PEPRA) went into effect on January 1, 2013, and making additional discretionary payments (ADPs) to pay down the City's unfunded accrued liability (UAL). High economic uncertainty from shifting federal policy, higher employee services costs, and reductions in the State's reimbursement of the shortfall in In-Lieu Vehicle License Tax revenues continue to be ongoing challenges in our fiscal outlook.

The City's five-year financial projections included a cost-of-living adjustment (COLA) increase of 3.0% in FY 2025-26 for the police bargaining unit and the management unit based on their approved labor agreement and compensation and benefits plan. AFSCME received the same 3.0% effective September 2025. AFSCME has negotiated consumer price index-based COLAs effective every September 9th from 2025 through 2029, with a minimum of 3% and a maximum of 5%. Management has COLAs scheduled every July 1st with a minimum of 3% and a maximum of 5%. Future Police labor agreements are expected to provide for similar COLAs.

MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2025:

- Wastewater Treatment Plan Project – The City/District in conjunction with the City of San Mateo has nearly completed the Wastewater Treatment Plant. This \$750 million project provides needed capital improvements to replace aging infrastructure and meet regulatory requirements. The City/Districts share of the total cost is approximately \$170 million.
- Recreation Center Rebuild Project (RCRP) – At the regular City Council meeting on June 3, 2024, the City Council adopted a resolution approving the plans and specifications and authorized a call for construction bids for the RCRP. Construction is now underway on this \$61 million project, with completion estimated for June of 2026.
- Preparation of FY 2025-26 budget and 5-Year Financial Plan – The General Fund's Unassigned Fund Balance of \$75.57 million represents a reserve level at 110% of FY 2024-25 budgeted General Fund operations expenditures. This robust reserve level is the culmination of the City's conservative and prudent financial and budget policies and practices and puts the City in a strong position to weather economic uncertainties without compromising essential services to the Foster City community.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City/District for the prior ACFR (for the year ended June 30, 2024). This was the 32nd 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, Karen Li – Senior Accountant, and Kay Khin – Accountant II. I would also like to thank the Badawi & Associates' audit team for their cooperation and assistance.

I'd also like to express my sincere appreciation to the Mayor/President and the members of the City Council/District Board, the City Manager, 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 transparent manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nate Cruz".

Nate Cruz
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, 2024

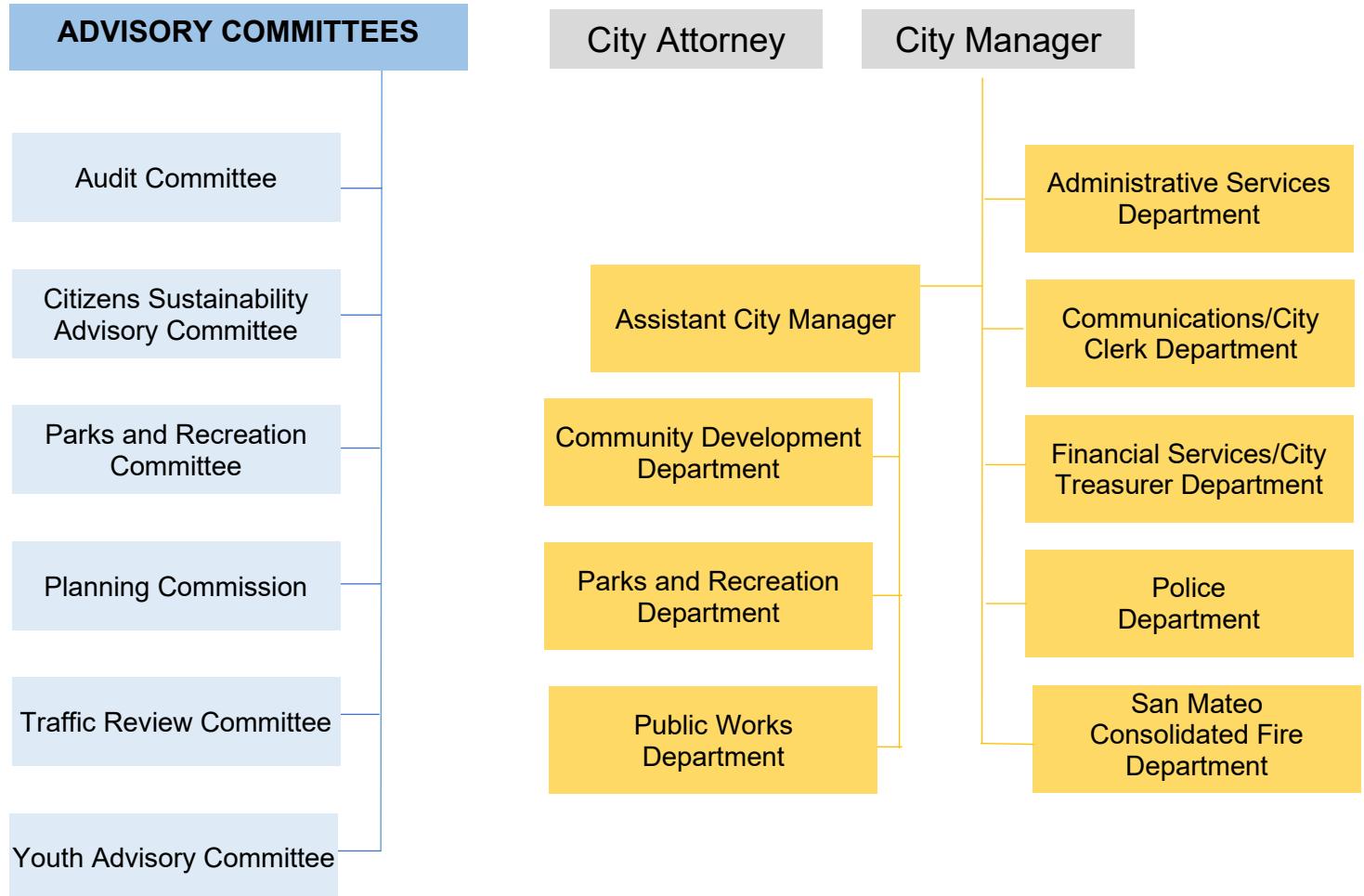
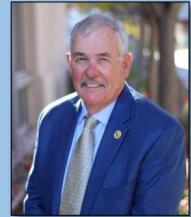
Christopher P. Monell

Executive Director/CEO

City of Foster City/Esterio Municipal Improvement District Organization Chart

FOSTER CITY RESIDENTS

CITY COUNCIL





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City/District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the San Mateo Consolidated Fire Department (SMC Fire), which represent 0.71 percent, 1.33 percent, and 3.79 percent, respectively, of the assets, net position, and revenues of the Governmental Activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City/District's equity in the San Mateo Consolidated Fire Department (SMC Fire), is based solely on the reports of the other auditors.

Basis for Opinions

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

To the Honorable Mayor and Members
of the City Council of the City of Foster City and the
Board of Directors of the Estero Municipal Improvement District
Foster City, California
Page 2

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

To the Honorable Mayor and Members
of the City Council of the City of Foster City and the
Board of Directors of the Estero Municipal Improvement District
Foster City, California
Page 3

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and OPEB schedules on pages 5-19 and 100-117 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

To the Honorable Mayor and Members
of the City Council of the City of Foster City and the
Board of Directors of the Estero Municipal Improvement District
Foster City, California
Page 4

Other Information

Management is responsible for the other information. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the City/District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City/District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with "Badawi" on the top line and "& Associates" on the bottom line, with a small flourish at the end.

Badawi & Associates, CPAs
Emeryville, California
December 22, 2025

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025

This section of the City of Foster City/Esterio 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, 2025. 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, 2025, the City/District's total assets and deferred outflows, increased by \$14.22 million, or 1.77%, to \$819.39 million, of which \$502.62 million represented governmental assets and \$316.77 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, decreased by \$18.68 million, or 5.16%, to \$343.08 million, of which \$201.57 million were governmental liabilities and \$141.51 million were business-type liabilities.
- The City/District's total net position increased by \$32.90 million, or 7.42%, to \$476.31 million. Of this amount, \$159.37 million (unrestricted governmental net position) and \$94.83 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 \$5.01 million, or 3.77%, to \$137.69 million, of which \$89.63 million were generated by governmental activities and \$48.06 million were generated by business-type activities.
- City-wide expenses increased by \$10.96 million, or 11.78%, to \$104.00 million, of which \$73.03 million were incurred by governmental activities and \$30.97 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

Fund Level:

- Governmental Fund balances increased by \$8.17 million, or 4.23 %, to \$201.28 million. Of this amount, \$71.14 million, or 35.3%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$88.02 million, an increase of \$1.54 million or 1.78%, from \$86.48 million in the prior fiscal year.
- Governmental Fund expenditures increased by \$4.93 million, or 6.51%, to \$80.58 million in FY 2024-25 from \$75.65 million in the prior fiscal year.
- Enterprise Fund net position increased by \$15.83 million, or 10.19%, to \$171.12 million. Of this amount, \$90.72 million were in unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$40.06 million in FY 2024-25, an increase of \$1.30 million from \$38.76 million in FY 2023-24.
- Enterprise Fund operating expenses were \$28.87 million in FY 2024-25, an increase of \$2.61 million from \$26.26 million in FY 2023-24.
- 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, 2025

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the assets plus deferred outflows and liabilities plus deferred inflows shown as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City/District is improving or deteriorating.

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

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

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

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OVERVIEW OF THE 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, and Capital Asset Acquisition and Replacement Fund, all of which are considered to be *major funds*. Data from the remaining governmental funds are combined into a single, aggregated column entitled "Non-Major Governmental Funds". Individual and combining fund data for each of these non-major governmental funds is provided as *other supplementary information* in this report.

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

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

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

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

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OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

The **required supplementary information** includes the budgetary comparison schedule for the City/District's General Fund, Low and Moderate Income Housing Assets Fund, Foster City Affordable Housing Fund and the Schedule of Funding Progress for the City/District's pension plans and OPEB obligations. The City/District adopts an annual appropriated budget for its General Fund, Low and Moderate Income Housing Asset Fund, Foster City Affordable Housing 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, 2025 and 2024

	Governmental Activities				Business-Type Activities		Total	Amount Change	Percent Change
	2025	2024	2025	2024	2025	2024			
Assets:									
Current and other assets	\$ 277,864,263	\$ 272,885,025	\$ 108,031,842	\$ 114,545,223	\$ 385,896,105	\$ 387,430,248	\$ (1,534,143)		-0.40%
Capital assets	200,125,522	191,350,013	207,539,127	192,667,673	407,664,649	384,017,686	23,646,963		6.16%
Total assets	<u>477,989,785</u>	<u>464,235,038</u>	<u>315,570,969</u>	<u>307,212,896</u>	<u>793,560,754</u>	<u>771,447,934</u>	<u>22,112,820</u>		2.87%
Deferred outflows of resources	24,627,785	32,368,313	1,201,932	1,356,306	25,829,717	33,724,619	(7,894,902)		-23.41%
Total assets and deferred outflows combined	<u>502,617,570</u>	<u>496,603,351</u>	<u>316,772,901</u>	<u>308,569,202</u>	<u>819,390,471</u>	<u>805,172,553</u>	<u>14,217,918</u>		1.77%
Liabilities:									
Current and other liabilities	15,176,571	20,887,060	9,552,438	39,672,974	24,729,009	60,560,034	(35,831,025)		-59.17%
Long-term liabilities	179,832,601	184,279,150	131,205,598	106,751,589	311,038,199	291,030,739	20,007,460		6.87%
Total Liabilities	<u>195,009,172</u>	<u>205,166,210</u>	<u>140,758,036</u>	<u>146,424,563</u>	<u>335,767,208</u>	<u>351,590,773</u>	<u>(15,823,565)</u>		-4.50%
Deferred inflows of resources	6,562,680	6,997,896	749,268	3,167,898	7,311,948	10,165,794	(2,853,846)		-28.07%
Total liabilities and deferred inflows combined	<u>201,571,852</u>	<u>212,164,106</u>	<u>141,507,304</u>	<u>149,592,461</u>	<u>343,079,156</u>	<u>361,756,567</u>	<u>(18,677,411)</u>		-5.16%
Net position:									
assets	117,096,298	106,361,750	79,747,053	87,688,170	196,843,351	194,049,920	2,793,431		1.44%
Restricted	24,577,030	23,343,401	689,506	1,674,859	25,266,536	25,018,260	248,276		0.99%
Unrestricted	<u>159,372,390</u>	<u>154,734,094</u>	<u>94,829,038</u>	<u>69,613,712</u>	<u>254,201,428</u>	<u>224,347,806</u>	<u>29,853,622</u>		13.31%
Total net position	<u><u>\$ 301,045,718</u></u>	<u><u>\$ 284,439,245</u></u>	<u><u>\$ 175,265,597</u></u>	<u><u>\$ 158,976,741</u></u>	<u><u>\$ 476,311,315</u></u>	<u><u>\$ 443,415,986</u></u>	<u><u>\$ 32,895,329</u></u>		7.42%

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 \$476.31 million, which is an increase of \$32.90 million or 7.42%, from \$443.41 million in the prior fiscal year. Net position represents the difference between the sum of total assets and deferred outflows of resources and the sum of total liabilities and deferred inflows and reflects the overall increase in the Statement of Activities which is explained later in this report. In FY 2014-15, the City/District implemented GASBs 68 and 71, which required the recording of net pension liability and pension related deferred inflows and outflows. In FY 2016-17, the City/District implemented GASB 73, which required the recording of net pension liability for the Longevity Recognition Benefits Program. In FY 2017-18, the City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("OPEB"), for its retiree health benefits. In FY 2021-22, the City implemented GASB 87 for Leases, and in FY 2024-25, City implemented GASB 101, which improved the accounting and financial reporting for compensated absences. See Note 9, 10, 11 and 15 for details on the effects of these accounting standards.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Approximately 41.3% or \$196.84 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 \$25.27 million or 5.3% represents resources that are subject to restrictions, which were placed by outsiders and cannot be changed by the City/District.

The remaining balance of unrestricted net position of \$254.20 million, or 53.4%, 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 2024-25, the City/District had positive balances in all three categories of net positions for the government as a whole.

	Governmental Activities 2025	2024	Amount Change	Percent Change
Assets:				
Current and other assets	\$ 277,864,263	\$ 272,885,025	\$ 4,979,238	1.82%
Capital assets	<u>200,125,522</u>	<u>191,350,013</u>	<u>8,775,509</u>	<u>4.59%</u>
Total assets	<u>477,989,785</u>	<u>464,235,038</u>	<u>13,754,747</u>	<u>2.96%</u>
Deferred outflows of resources	24,627,785	32,368,313	(7,740,528)	-23.91%
Liabilities:				
Current and other liabilities	15,176,571	20,887,060	(5,710,489)	-27.34%
Long-term liabilities	<u>179,832,601</u>	<u>184,279,150</u>	<u>(4,446,549)</u>	<u>-2.41%</u>
Total Liabilities	<u>195,009,172</u>	<u>205,166,210</u>	<u>(10,157,038)</u>	<u>-4.95%</u>
Deferred inflows of resources	6,562,680	6,997,896	(435,216)	-6.22%
Net position:				
Net investment in capital assets	117,096,298	106,361,750	10,734,548	10.09%
Restricted	24,577,030	23,343,401	1,233,629	5.28%
Unrestricted	<u>159,372,390</u>	<u>154,734,094</u>	<u>4,638,296</u>	<u>3.00%</u>
Total net position	<u>\$ 301,045,718</u>	<u>\$ 284,439,245</u>	<u>\$ 16,606,473</u>	<u>5.84%</u>

The net position of the City/District's governmental activities increased by \$16.61 million. This increase consists of three components:

1. **Net investment in capital assets** – The \$117.10 million balance represents capital asset additions (primarily from construction in progress for the Recreation Center Rebuild Project) greater than the sum of capital asset disposals, retirements, and depreciation.
2. **Restricted net position** – The \$1.23 million increase was due primarily to the addition of restricted net positions from the SB1 Road Maintenance & Rehabilitation Special Revenue Fund of \$1.02 million.
3. **Unrestricted net position** – The \$4.64 million increase was due mainly to the \$16.60 million improvement in net position as indicated in the Statement of Activities less the increase in Net Investment in Capital Assets of \$10.73 million and less the increase in the Restricted Net Position of \$1.23 million.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Business-Type Activities		Amount	Percent
	2025	2024	Change	Change
Assets:				
Current and other assets	\$ 108,031,842	\$ 114,545,223	\$ (6,513,381)	-5.69%
Capital assets	<u>207,539,127</u>	<u>192,667,673</u>	<u>14,871,454</u>	<u>7.72%</u>
Total assets	<u>315,570,969</u>	<u>307,212,896</u>	<u>8,358,073</u>	<u>2.72%</u>
Deferred outflows of resources	1,201,932	1,356,306	(154,374)	-11.38%
Liabilities:				
Current and other liabilities	9,552,438	39,672,974	(30,120,536)	-75.92%
Long-term liabilities	<u>131,205,598</u>	<u>106,751,589</u>	<u>24,454,009</u>	<u>22.91%</u>
Total Liabilities	<u>140,758,036</u>	<u>146,424,563</u>	<u>(5,666,527)</u>	<u>-3.87%</u>
Deferred inflows of resources	749,268	3,167,898	(2,418,630)	-76.35%
Net position:				
Net investment in capital assets, net of related debt	79,747,053	87,688,170	(7,941,117)	-9.06%
Restricted	689,506	1,674,859	(985,353)	-58.83%
Unrestricted	<u>94,829,038</u>	<u>69,613,712</u>	<u>25,215,326</u>	<u>36.22%</u>
Total net position	<u>\$ 175,265,597</u>	<u>\$ 158,976,741</u>	<u>\$ 16,288,856</u>	<u>10.25%</u>

The net position of the City/District's business-type activities increased by \$16.29 million. This increase consists of three components.

1. **Net Investment in capital assets, net of related debt** – The \$7.94 million decrease was due to the new long-term debt additions during the year being directly related to the assets added. Most of the new asset increase were from the construction in progress for the District's apportionment of the joint wastewater treatment plant project costs with the City of San Mateo. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Restricted net position** – The \$0.99 million decrease was attributable to the increase in long-term debt for the wastewater treatment plant expenditures.
3. **Unrestricted net position** – The \$25.22 million increase was due mainly to the change in net position as indicated in the Statement of Activities of \$16.29 million plus \$7.94 million decrease in net investment in capital assets and plus the decrease in the Restricted Net Position of \$0.99 million.

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Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2025	2024	2025	2024	2025	2024		
Program Revenues								
Charges for services	\$ 7,626,003	\$ 11,376,129	\$ 40,064,811	\$ 38,757,688	\$ 47,690,814	\$ 50,133,817	\$ (2,443,003)	-4.87%
Operating grants and contributions	1,279,751	1,429,973	-	-	1,279,751	1,429,973	(150,222)	-10.51%
Capital grants and contributions	1,478,390	1,093,382	6,424	11,909	1,484,814	1,105,291	379,523	34.34%
General Revenues								
Taxes	59,188,049	54,898,832	-	-	59,188,049	54,898,832	4,289,217	7.81%
Contributions not restricted to specific programs	5,315,454	5,034,302	-	-	5,315,454	5,034,302	281,152	5.58%
Unrestricted investment and rental income	14,914,797	9,860,991	7,951,202	4,635,257	22,865,999	14,496,248	8,369,751	57.74%
Gain (loss) on JPA Investment	(854,239)	5,129,689	-	-	(854,239)	5,129,689	(5,983,928)	-116.65%
Other	682,538	359,902	37,340	96,744	719,878	456,646	263,232	57.64%
Total Revenues	89,630,743	89,183,200	48,059,777	43,501,598	137,690,520	132,684,798	5,005,722	3.77%
Expenses								
General government	8,941,538	8,056,634	-	-	8,941,538	8,056,634	884,904	10.98%
Public safety	33,429,382	29,647,908	-	-	33,429,382	29,647,908	3,781,474	12.75%
Public works	7,920,166	7,458,051	-	-	7,920,166	7,458,051	462,115	6.20%
Community development	5,102,009	5,088,099	-	-	5,102,009	5,088,099	13,910	0.27%
Parks and recreation	15,471,811	13,541,837	-	-	15,471,811	13,541,837	1,929,974	14.25%
Interest on long term debt	2,167,880	3,014,507	-	-	2,167,880	3,014,507	(846,627)	-28.09%
Water operations	-	-	18,040,358	16,870,635	18,040,358	16,870,635	1,169,723	6.93%
Wastewater operation	-	-	12,927,303	9,365,952	12,927,303	9,365,952	3,561,351	38.02%
Total Expenses	73,032,786	66,807,036	30,967,661	26,236,587	104,000,447	93,043,623	10,956,824	11.78%
Excess (deficiency) of revenues over (under) expenses before transfers	16,597,957	22,376,164	17,092,116	17,265,011	33,690,073	39,641,175	(5,951,102)	-15.01%
Transfers in (out)	634,053	-	(634,053)	-	-	-	-	0.00%
Change in net position	17,232,010	22,376,164	16,458,063	17,265,011	33,690,073	39,641,175	(5,951,102)	-15.01%
Net position, beginning of year	284,439,245	262,063,081	158,976,741	141,711,730	443,415,986	403,774,811	39,641,175	9.82%
Restatements	(625,537)	-	(169,207)	-	(794,744)	-	(794,744)	-
Net position, end of year	\$ 301,045,718	\$ 284,439,245	\$ 175,265,597	\$ 158,976,741	\$ 476,311,315	\$ 443,415,986	\$ 32,895,329	7.42%

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

- **Charges for Services** – The \$3.75 million decrease in Governmental Activities was mainly due to the fact that in the prior fiscal year, the City received additional \$5.25 million gain in impact fees collected as a result of a research center expansion in the City. Revenues for Business-Type activities increased by \$1.31 million as the water enterprise saw a \$1.25 million year-over-year gain from higher rates and increase in consumption as a result of increase in commercial activity due to decreased teleworking conditions; wastewater enterprises revenues also increased by \$0.76 million due to higher rates.
- **Operating Grants and Contributions** – Governmental Activities for operating grants and contributions was in-line with prior fiscal year with a decrease of \$0.15 million to \$1.28 million.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Capital Grants and Contributions – Governmental Activities for capital grants and contributions saw an increase of approximately \$0.39 million to \$1.48 million as the City received slightly more funding for public works capital improvement projects.
- Taxes – The \$4.29 million increase in Governmental Activities included \$2.01 million improvement in Property tax and \$2.33 million improvement in other taxes. Other taxes increased mainly due to increase in business license tax revenue of \$2.17 million in current fiscal year as a result of the rates restructuring in January 2025, which was approved by the voters in November 2024 elections.
- Unrestricted Investment and Rental Income - The \$5.05 million increase in Governmental Activities and \$3.32 million increase in Business Activities is largely due to the interest rates were not lowered by the Federal Reserve in current fiscal year as expected. The City's investment portfolio average yield decreased from 4.71% at 6/30/24 to 4.21% at 6/30/25. Additionally, there was fair market value gain on investments in current fiscal year.

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

- General Government – Expenses increased by \$0.88 million to \$8.94 million, mainly from higher wages and other personnel related costs.
- Public Safety – Expenses increased by \$3.78 million to \$33.43 million in the Public Safety (Police and Fire) departments mainly due to staff vacancies being filled in the current fiscal year.
- Public Works – Expenses increased by \$0.46 million to \$7.92 million as some vacant positions in the prior year were filled and the City incurred higher wage and benefits based on its labor agreements.
- Community Development – Expenses stayed relatively in-line with prior year and increased by \$.01 million to \$5.10 million.
- Parks and Recreation – Expenses increased by \$1.93 million to \$15.47 million as the increase in Recreation programs and classes drove operating costs up as did higher general wage and benefit costs.
- Water Operation – Expenses increased by \$1.17 million or 6.93% to \$18.04 million.
- Wastewater Operation – Expenses increased by \$3.56 million to \$12.93 million as general wages and benefits costs accelerated.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS

Governmental Funds

As of June 30, 2025, the City/District's governmental funds reported combined fund balances of \$201.28 million. Of this total, \$0.07 million are non-spendable, \$30.45 million are considered restricted funds, \$99.62 million are committed by the City Council/District Board for specified projects or uses, and the remaining \$71.14 million are unassigned and available for general use.

Total revenues, expenditures, and changes in fund balances for the fiscal years ended June 30, 2025 and June 30, 2024 are shown below.

	2025		2024		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source						
Taxes	\$ 60,345,734	68.56%	\$ 57,904,090	66.96%	\$ 2,441,644	4.22%
Licenses and permits	7,789,649	8.85%	3,906,418	4.52%	3,883,231	99.41%
Intergovernmental	2,322,256	2.64%	2,284,211	2.64%	38,045	1.67%
Charges for current services	2,938,980	3.34%	8,407,603	9.72%	(5,468,623)	-65.04%
Fines and forfeitures	94,595	0.11%	73,651	0.09%	20,944	28.44%
Investment and rental income	12,646,165	14.37%	12,527,882	14.49%	118,283	0.94%
Other	1,880,084	2.14%	1,377,509	1.59%	502,575	36.48%
Total revenues	88,017,463	100.00%	86,481,364	100.00%	1,536,099	1.78%
Expenditures by Function						
General Government	8,680,274	10.77%	7,205,724	9.53%	1,474,550	20.46%
Public safety	29,304,046	36.37%	28,183,988	37.26%	1,120,058	3.97%
Public works	4,924,881	6.11%	4,248,275	5.62%	676,606	15.93%
Community development	4,904,829	6.09%	4,759,247	6.29%	145,582	3.06%
Parks and recreation	11,951,431	14.83%	11,981,454	15.84%	(30,023)	-0.25%
Capital outlay	16,693,163	20.72%	13,713,243	18.13%	2,979,920	21.73%
Principal	1,700,000	2.11%	3,050,000	4.03%	(1,350,000)	100.00%
Interest on long term debt	2,417,438	3.00%	2,507,463	3.31%	(90,025)	-3.59%
Total expenditures	80,576,062	100.00%	75,649,394	100.00%	4,926,668	6.51%
Revenues over (under) expenditures						
Sale of capital assets	731,619		708,255		23,364	
Issuance of long term debt	-		5,224,971		(5,224,971)	
Transfer in	9,749,611		6,788,261		2,961,350	
Transfer out	(9,749,611)		(6,788,261)		(2,961,350)	
Net change in fund balances	8,173,020		16,765,196		\$ (8,592,176)	
Fund balances, beginning of year	193,112,118		176,346,922			
Restatement	-		-			
Fund balances, beginning of year, as restated	193,112,118		176,346,922			
Fund balances, end of year	\$ 201,285,138		\$ 193,112,118			

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

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

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

- Taxes – The increase of \$2.44 million is mainly due to increase in property tax revenues which increased by \$2.33 million. Sales and use tax increased by \$0.30 million; however, on the other hand, transient occupancy tax declined by \$0.01 million due to a renovation project in current fiscal year at one of the major hotels in the City.
- Licenses and permits – Combined total revenues increased by \$3.88 million from \$3.91 million to \$7.79 million due to increase in business license tax revenue of 2.17 million in current fiscal year as a result of the rates restructuring in January 2025, which was approved by the voters in November 2024 elections. Permits revenue also increased due to expansion of a research facility in the City.
- Intergovernmental – Revenues in this category stayed in-line with prior fiscal year, increasing by \$.04 million to 2.32 million in current fiscal year.
- Charges for current services – The decrease of \$5.47 million is mainly due to the fact that in the prior fiscal year there were impact fees collected as a result of a research center expansion which generated \$5.25 million at that time.
- Investment and rental income – This category stayed in-line with prior fiscal year with an increase of \$0.12 million to \$12.65 million. The City's investment portfolio average yield decreased from 4.71% at 6/30/24 to 4.21% at 6/30/25.

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

- General Government, Public Safety, Public Works, Community Development, and Parks and Recreation – The aggregate expenditures for these five functions increased by \$3.39 million from FY 2023-24 to FY 2024-25. The primary reason for the increase is wage adjustment along with related benefits based on the City's various labor agreements.
- Capital Outlay – Capital outlay increased by \$2.98 million to \$16.69 million as the Recreation Center Rebuild project and multiple other CIP projects accelerated during the year resulting in \$10.54 million increase. On the other hand, Levee project completed resulting a decrease of \$7.08 million..
- Principal and Interest – Principal and interest payments totaled \$4.12 million for the City's 2020 General Obligation (GO) Bonds and 2023 GO Bonds.

The following provides highlights of the five (5) **Major Governmental Funds**.

General Fund – The General Fund represents the single most important governmental fund of the City/District. The governing body and executive staff spend a significant amount of time during the year closely monitoring the financial health and operations of this fund, which provides core municipal services to the public. The total Fund Balance on June 30, 2025 was \$75.57 million, which was \$7.44 million greater than the prior year's mark of \$68.13 million. Unassigned fund balance finished the year at \$71.14 million, increasing by \$7.41 million from the prior year total of 63.73 million.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025

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

General Fund revenues increased by \$5.48 million in FY 2024-25 to \$69.83 million. Total property tax revenues increased by \$1.85 million to \$44.55 million with motor vehicle in-lieu (VLF) increasing by \$0.90 million. Transient occupancy tax (TOT) revenues reduced by \$0.10 million to \$4.18 million as lodging decreased slightly due to a renovation project at one of the hotels in the City. Sales and use tax revenues increased to \$4.00 million compared to \$3.70 million in the prior year, due to the local economy stabilizing due in part to softening inflation. Licenses and permits revenue increased by \$3.88 million to \$7.79 million mainly due to restructuring of the business license tax rates resulting in an increase of \$2.13 million. Permits revenue increased by \$1.09 million due to expansion of a research facility in the City. Charges for Current Services decreased by \$0.73 million as the activities at the City's Recreation Center were significantly impacted due to the rebuild project. Investment and rental income stayed in-line with prior fiscal year slightly decreasing by \$0.20 million to \$5.01 million.

General Fund expenditures, excluding Transfers In/Out increased by \$3.56 million to \$56.65 million in FY 2024-25 as employee services costs rose after taking into account an upward cost of living adjustment. In aggregate, General Fund revenues exceeded expenditures by \$13.17 million. After deducting Net Transfers In/Out of \$5.73 the net increase in the General Fund was \$7.44 million, resulting in a fiscal year ending June 30, 2025 Fund Balance of \$75.57 million, of which \$71.14 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, 2025, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$2.71 million, an increase of \$0.15 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, 2025, the Fund had a Committed Fund Balance of \$4.89 million.

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, 2025, this Fund had a Committed Fund Balance of \$75.20 million which is a decrease of \$6.76 million from the prior fiscal year.

Capital Asset Acquisition and Preservation Fund – The City/District created the Capital Asset Acquisition and Preservation Fund to hold the proceeds from sale of the 11-acre site to North Peninsula Jewish Campus (NPJC) and the proceeds from the sale of the 15-acre site adjacent to the City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5th of the City Council. As of June 30, 2025, this fund had a committed fund balance of \$10.15 million compared to the prior year's balance of \$4.74 million. The increase of \$5.41 million was primarily from the return of funds of \$3.92 million, originally allocated for the Recreation Center Rebuild Project. Revenues totaling \$1.48 million were proceeds from the sale of property to NPJC and investment income of \$0.73 million and \$0.75 million respectively.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

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

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 \$24.49 million as of June 30, 2025, 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 \$66.23 million as of June 30, 2025, 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, 2025 was \$50.05 million, which was a \$4.80 million increase from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council’s amended General Fund budget, excluding transfers out for fiscal year 2024-25 was \$63.13 million. Estimated revenues, excluding transfers-in were \$62.10 million.

Total revenues for the year were \$7.78 million above amended budget estimates. Property tax topped budget by \$1.99 million with gains in assessed values from new development projects and home sales and higher than expected Motor Vehicle in lieu tax. Sales tax came under expectations by \$0.01 million representing a slight decrease in sales due to inflation. Transient Occupancy Tax (TOT) revenues decreased by 2.34% from prior year actuals and fell short of FY 2024-25 budget by \$0.52 million. Business Licenses revenue exceeded budget by \$2.17 million due to restructuring of the rate structure in effective January 2024, as approved by the voters in November 2024 elections. Permits revenue surpassed expectations by \$2.13 million due to increased activity in construction projects. Investment income exceeded budget by \$1.62 million as interest rates stayed at significantly higher than expected rates. Rental income beat budget estimates by \$0.15 million as both City facility rentals and golf course usage exceeded expectations.

Total expenditures for the year were \$6.48 million below the final budget. The City was successful in filling some of the staff positions in the current fiscal year after the “great separation” which left the City with multiple staff vacancies; however, several positions were still vacant because of a very tight labor market. The staff shortage also led to project/program delays which resulted in unspent service and supplies budgets.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025

CAPITAL ASSETS

The City/District's investment in capital assets for its governmental and business-type activities as of June 30, 2025 totaled \$407.66 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
	2025	2024	2025	2024	2025	2024		
Land	\$ 12,224,622	\$ 12,224,622	\$ 3,553,474	\$ 3,553,474	\$ 15,778,096	\$ 15,778,096	\$ -	0.00%
Infrastructure, structures and improvements	164,497,408	170,263,231	29,071,583	30,415,580	193,568,991	200,678,811	(7,109,820)	-3.54%
Equipment, vehicles and software	3,982,645	3,757,944	1,319,605	1,410,109	5,302,250	5,168,053	134,197	2.60%
Sewer Capacity Rights	-	-	14,776,558	15,272,388	14,776,558	15,272,388	(495,830)	-3.25%
Construction in progress	19,420,849	5,059,918	158,817,906	142,016,120	178,238,755	147,076,038	31,162,717	21.19%
Total	\$200,125,524	\$191,305,715	\$207,539,126	\$192,667,671	\$407,664,650	\$383,973,386	\$ 23,691,264	6.17%

Capital assets for Governmental activities increased by \$8.82 million with additions of new assets (primarily from the Recreation Center Rebuild project) exceeding depreciation, disposals, and retirements of assets. Capital assets for business-type activities increased by \$14.80 million as construction of the District's joint wastewater treatment plant project with the City of San Mateo continued.

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

LONG TERM OBLIGATIONS

As of June 30, 2025, the City/District had total long-term obligations of \$316.98 million, which comprised of compensated absences of \$4.17 million, unsettled claims of \$0.19 million, 2020 levee general obligation bonds including unamortized bond premium of \$77.82 million, 2023 levee general obligation bonds including unamortized bond premium of \$5.21 million, 2019 wastewater revenue bonds including unamortized bond premium of \$36.17 million, WIFIA loan of \$66.86 million, State Revolving Fund (SRF) loan of \$25.24 million, other post-employment benefits (OPEB) liability of \$6.23 million and Net Pension Liability of \$95.09 million (\$92.27 million for CalPERS and \$2.82 million for the Longevity Recognition Benefits Program). Additional information about the City/District's long-term obligations can be found in Note 7 and 9 to the financial statements.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Key indicators that are being watched closely are as follows:

- Property Taxes – The County Assessor's office projected an approximate 2.81% increase in assessed values in FY 2025-26- for Foster City. The assumptions for property taxes revenues, including approved development projects have been included in the City's five-year financial projections based on anticipated completion schedules.
- Transient Occupancy Tax (TOT) –Projected revenues for FY 2025-26 are \$4.60 million. Based on the results in FY 2024-25, these revenues will likely be revised upwards during the course of FY 2025-26.
- Sales & Use Tax – General Fund sales tax revenues are budgeted at \$3.99 million. However, actual results for FY 2024-25 suggest a downward revision.
- Investment Income – Although General Fund investment income was recalibrated at \$1.71 million compared to the FY 2024-25 budget, the expected downward adjustments in the Federal Funds rate are expected to yield lower amount of revenues for FY 2025-26.
- CalPERS Pension Rates – In December 2016, CalPERS reduced its investment return assumption from 7.5% to 7%. The lower rate of investment return combined with changes in assumptions has resulted in a significant increase in the employer contribution rates for the City's Miscellaneous and Public Safety retirement plans. The provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) continue to have a slow but gradual impact on the City's pension costs as the most significant cost-savings provisions of PEPRA apply primarily to new employees hired after December 31, 2012. The City's FY 2025-26 employer *normal* contribution rates to CalPERS for its Miscellaneous Plan and Public Safety "Classic" plans are 10.89% and 20.15% respectively. The required FY 2025-26 payment obligation for the City's unfunded accrued liability (UAL) is \$9.74 million. In addition, CalPERS reported a 11.6% investment return in FY 2024-25 which is 4.8% higher than its 6.8% actuarial assumption. This favorable result is expected to soften of the City's UAL when next CalPERS valuation report for June 30, 2025 valuation report is produced in July/August 2026.
- 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.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025

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

- Capital Improvement Project Funds – The City/District used a 15-year funding model for capital improvement projects for its 2025-26 budget. As a result, 1/15th 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 2025-26 is \$5.00 million. Notwithstanding, the City budgeted \$31.85 million in CIP projects (excluding unspent carryover encumbrances) in FY 2025-26, of which \$20.36 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). There is one new project in the amount of \$0.30 budgeted for the Water Enterprise Fund for the permanent emergency bypass transmission line.
- Water Supply Assurance / Water Costs – The City/District currently serves approximately 8,300 utility customers. Under the District's 10-Year Rate Smoothing policy, water rates for FY 2025-26 will increase the standard 5/8" and 3/4" fixed meter charges by 8.5% and the base consumption rate also by 3.0%.
- Wastewater Rates – The wastewater rates will not increase in FY 2025-26 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 \$172.48 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. In February 2024, the agreement was amended and the District has drawn on the WIFIA loan in FY 2025 as it issued 2021 wastewater revenue notes in July 2021 with a 2025 maturity, at which time the WIFIA loan was used to repay the maturing notes. This financing plan yielded a cost savings of approximately \$1.1 million because of a lower interest rate. In May 2022, the District received a \$33.58 million (including \$0.43 million of capitalized interest) California Water Resources Board State Revolving Fund (SRF) loan with an interest rate of 0.8%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Foster City and Estero Municipal Improvement District

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 253,698,931	\$ 96,184,171	\$ 349,883,102
Receivables, net	6,818,382	6,725,769	13,544,151
Internal balances	(4,108,824)	4,108,824	-
Inventory	86,246	323,572	409,818
Prepays and deposits	79,320	-	79,320
Restricted cash and investments	309,088	-	309,088
Loans receivable (net)	194,543	-	194,543
Leases receivable	528,028	-	528,028
Total current assets	<u>257,605,714</u>	<u>107,342,336</u>	<u>364,948,050</u>
Noncurrent assets:			
Loans receivable (net)	16,414,214	-	16,414,214
Equity interest in JPA	3,392,555	-	3,392,555
Leases receivable	451,780	-	451,780
Receivable from JPFA	-	689,506	689,506
Capital assets:			
Nondepreciable	31,645,471	162,371,380	194,016,851
Depreciable	294,352,814	114,355,058	408,707,872
Less accumulated depreciation	(125,872,763)	(69,187,311)	(195,060,074)
Total capital assets	<u>200,125,522</u>	<u>207,539,127</u>	<u>407,664,649</u>
Total noncurrent assets	<u>220,384,071</u>	<u>208,228,633</u>	<u>428,612,704</u>
Total assets	<u>477,989,785</u>	<u>315,570,969</u>	<u>793,560,754</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	24,308,839	1,157,820	25,466,659
Related to OPEB	318,946	44,112	363,058
Total deferred outflows of resources	<u>24,627,785</u>	<u>1,201,932</u>	<u>25,829,717</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,845,283	5,660,180	9,505,463
Accrued interest	903,047	916,863	1,819,910
Accrued payroll	1,373,272	183,929	1,557,201
Refundable deposits	5,420,708	39,140	5,459,848
Unearned revenue	445,476	-	445,476
Long-term liabilities - current portion	3,188,785	2,752,326	5,941,111
Total current liabilities	<u>15,176,571</u>	<u>9,552,438</u>	<u>24,729,009</u>
Noncurrent liabilities:			
Long-term liabilities - noncurrent portion	83,662,227	126,055,694	209,717,921
Net pension liability	90,695,738	4,392,740	95,088,478
Net OPEB liability	5,474,636	757,164	6,231,800
Total noncurrent liabilities	<u>179,832,601</u>	<u>131,205,598</u>	<u>311,038,199</u>
Total liabilities	<u>195,009,172</u>	<u>140,758,036</u>	<u>335,767,208</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	-	213,136	213,136
Related to leases	888,002	-	888,002
Related to pension	1,790,259	-	1,790,259
Related to OPEB	3,884,419	536,132	4,420,551
Total deferred inflows of resources	<u>6,562,680</u>	<u>749,268</u>	<u>7,311,948</u>
NET POSITION			
Net investment in capital assets	117,096,298	79,747,053	196,843,351
Restricted for:			
Housing	2,782,179	-	2,782,179
Roads	10,515,499	-	10,515,499
Parks	2,410,283	-	2,410,283
Local programs and events	871,918	-	871,918
Levee	2,831,803	-	2,831,803
Watewater treatment program	-	689,506	689,506
Debt services	5,165,348	-	5,165,348
Total restricted	<u>24,577,030</u>	<u>689,506</u>	<u>25,266,536</u>
Unrestricted	159,372,390	94,829,038	254,201,428
Total net position	<u>\$ 301,045,718</u>	<u>\$ 175,265,597</u>	<u>\$ 476,311,315</u>

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Statement of Activities
For the year ended June 30, 2025

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating	Capital	Total
			Grants and Contributions	Grants and Contributions	
Governmental activities:					
General government	\$ 8,941,538	\$ 592,185	\$ 2,500	\$ -	\$ 594,685
Public safety - Police	19,510,045	103,287	220,025	-	323,312
Public safety - Fire	13,919,337	50,538	-	-	50,538
Public works	7,920,166	171,548	975,812	1,478,390	2,625,750
Community development	5,102,009	5,138,160	35,000	-	5,173,160
Parks and recreation	15,471,811	1,570,285	46,414	-	1,616,699
Interest on long-term debt	2,167,880	-	-	-	-
Total governmental activities	73,032,786	7,626,003	1,279,751	1,478,390	10,384,144
Business-type Activities:					
Water	18,040,358	18,379,395	-	6,424	18,385,819
Wastewater	12,927,303	21,685,416	-	-	21,685,416
Total business-type activities	30,967,661	40,064,811	-	6,424	40,071,235
Total primary government	\$ 104,000,447	\$ 47,690,814	\$ 1,279,751	\$ 1,484,814	\$ 50,455,379
General Revenues:					
Taxes:					
Property taxes					
Transient occupancy taxes					
Franchise tax					
Other taxes					
Sales and use tax and sales tax in lieu					
Contributions not restricted to specific programs:					
Unrestricted investment and rental income					
Gain (loss) on JPA equity interest					
Other					
Total general revenues					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning of year, as previously presented					
Restatements					
Net position - beginning of year, as restated					
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
\$ (8,346,853)	\$ -	\$ (8,346,853)
(19,186,733)	-	(19,186,733)
(13,868,799)	-	(13,868,799)
(5,294,416)	-	(5,294,416)
71,151	-	71,151
(13,855,112)	-	(13,855,112)
(2,167,880)	-	(2,167,880)
<u>(62,648,642)</u>	<u>-</u>	<u>(62,648,642)</u>
-	345,461	345,461
-	8,758,113	8,758,113
<u>-</u>	<u>9,103,574</u>	<u>9,103,574</u>
<u>(62,648,642)</u>	<u>9,103,574</u>	<u>(53,545,068)</u>
48,989,173	-	48,989,173
4,178,480	-	4,178,480
1,421,690	-	1,421,690
4,598,706	-	4,598,706
5,315,454	-	5,315,454
14,914,797	7,951,202	22,865,999
(854,239)	-	(854,239)
<u>682,538</u>	<u>37,340</u>	<u>719,878</u>
<u>79,246,599</u>	<u>7,988,542</u>	<u>87,235,141</u>
<u>634,053</u>	<u>(634,053)</u>	<u>-</u>
<u>79,880,652</u>	<u>7,354,489</u>	<u>87,235,141</u>
<u>17,232,010</u>	<u>16,458,063</u>	<u>33,690,073</u>
<u>284,439,245</u>	<u>158,976,741</u>	<u>443,415,986</u>
<u>(625,537)</u>	<u>(169,207)</u>	<u>(794,744)</u>
<u>283,813,708</u>	<u>158,807,534</u>	<u>442,621,242</u>
<u>\$ 301,045,718</u>	<u>\$ 175,265,597</u>	<u>\$ 477,106,059</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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City of Foster City and Estero Municipal Improvement District
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue Funds			Capital Project Funds	
	Low and Moderate Income Housing Assets Fund		Foster City Affordable Housing	City Capital Projects	
	General Fund				
ASSETS					
Cash and investments	\$ 74,481,164	\$ 2,650,144	\$ 722,329	\$ 80,007,255	
Receivables, net of allowance:					
Accrued interest	2,125,862	-	-	-	-
Intergovernmental	93,904	-	35,000	-	-
Taxes	3,694,530	-	-	-	-
Other	195,299	-	112,596	37,438	
Prepays and deposits	40,688	-	-	-	-
Inventory	17,575	-	-	-	-
Restricted cash and investments	309,088	-	-	-	-
Loans receivable, net of allowance	275,714	71,997	4,983,562	-	-
Leases receivable	979,808	-	-	-	-
Total assets	\$ 82,213,632	\$ 2,722,141	\$ 5,853,487	\$ 80,044,693	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 757,920	\$ 4,497	\$ 5,882	\$ 2,667,368	
Accrued payroll	1,277,608	-	-	-	-
Refundable deposits	2,870,946	6,062	-	2,178,092	
Unearned revenue	445,476	-	-	-	-
Total liabilities	5,351,950	10,559	5,882	4,845,460	
Deferred Inflows of Resources					
Unavailable-interest receivable	404,233	-	959,985	-	-
Related to leases	888,002	-	-	-	-
Total deferred inflows of resources	1,292,235	-	959,985	-	
Fund Balances:					
Nonspendable	58,263	-	-	-	-
Restricted	51,683	2,711,582	-	-	-
Committed	4,316,134	-	4,887,620	75,199,233	
Unassigned	71,143,367	-	-	-	-
Total fund balances	75,569,447	2,711,582	4,887,620	75,199,233	
Total liabilities, deferred inflows of resources and fund balances	\$ 82,213,632	\$ 2,722,141	\$ 5,853,487	\$ 80,044,693	

See accompanying Notes to Basic Financial Statements.

Capital Project Funds		Capital Asset Acquisition & Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds	
\$	10,146,732	\$	32,847,790	\$	200,855,414
	-		-	2,125,862	
	-		248,195	377,099	
	-		218,302	3,912,832	
	-		8,866	354,199	
	-		11,128	51,816	
	-		-	17,575	
	-		-	309,088	
	-		-	5,331,273	
	-		-	979,808	
\$	10,146,732	\$	33,334,281	\$	214,314,966
\$	-	\$	185,169	\$	3,620,836
	-		12,980	1,290,588	
	-		365,608	5,420,708	
	-		-	445,476	
	-		563,757	10,777,608	
	-		-	1,364,218	
	-		-	888,002	
	-		-	2,252,220	
	-		11,128	69,391	
	-		27,687,965	30,451,230	
10,146,732			5,071,431	99,621,150	
	-		-	71,143,367	
10,146,732			32,770,524	201,285,138	
\$	10,146,732	\$	33,334,281	\$	214,314,966

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 201,285,138

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

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

Nondepreciable
 Depreciable, net
 Total capital assets

	Government-Wide Statement of Net Position	Internal Service Funds	Total
\$ 31,645,471	\$ -	31,645,471	
168,480,051	(3,982,643)	164,497,408	
\$ 200,125,522	\$ (3,982,643)	196,142,879	

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (903,047)

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 1,364,218

North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds. 11,277,484

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 49,919,304

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

Deferred outflows of resources related to pension
 Deferred outflows of resources related to OPEB
 Deferred inflows of resources related to pension
 Deferred inflows of resources related to OPEB

	Government-Wide Statement of Net Position	Internal Service Funds	
\$ 24,308,839	\$ (602,196)	23,706,643	
318,946	(16,918)	302,028	
(1,790,259)	-	(1,790,259)	
(3,884,419)	205,627	(3,678,792)	

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

Equity interest in JPA
 Long-term debt
 Total OPEB liability
 Net pension liability
 Total long-term liabilities

	Government-Wide Statement of Net Position	Internal Service Funds	Total
\$ 3,392,555	\$ -	\$ 3,392,555	
(86,851,012)	473,834	(86,377,178)	
(5,474,636)	290,402	(5,184,234)	
(90,695,738)	2,284,717	(88,411,021)	
\$ (179,628,831)	\$ 3,048,953	(176,579,878)	
		\$ 301,045,718	

Net Position of Governmental Activities

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City of Foster City and Estero Municipal Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2025

	Special Revenue Funds			City Capital Project Funds
	General Fund	Low and Moderate Income Housing Assets Fund	Foster City Affordable Housing	City Capital Projects
	\$	\$	\$	\$
REVENUES:				
Property taxes	\$ 44,552,026	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	4,000,826	-	-	-
Transient occupancy tax	4,178,480	-	-	-
Franchise tax	1,421,690	-	-	-
Property transfer tax	441,504	-	-	-
Licenses and permits	7,789,649	-	-	-
Intergovernmental	208,855	-	35,000	-
Charges for current services	1,570,285	-	-	-
Fines and forfeitures	34,505	-	-	-
Investment and rental income	5,011,672	176,080	148,978	4,651,562
Other	616,469	854	-	559,129
Total revenues	69,825,961	176,934	183,978	5,210,691
EXPENDITURES:				
Current:				
General government	8,005,476	-	-	-
Public safety - Police	16,678,994	-	-	-
Public safety - Fire	12,429,939	-	-	-
Public works	4,247,212	-	-	-
Community development	4,119,767	60,979	30,009	-
Parks and recreation	11,170,509	-	-	714,237
Capital outlay	-	-	-	13,519,950
Debt service:				
Principal	-	-	-	-
Interest and other issuance cost	-	-	-	-
Total expenditures	56,651,897	60,979	30,009	14,234,187
REVENUES OVER (UNDER)				
EXPENDITURES	13,174,064	115,955	153,969	(9,023,496)
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	34,111	-	5,750,000
Transfers out	(5,784,111)	-	-	(3,490,558)
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	(5,734,111)	34,111	-	2,259,442
Net change in fund balances	7,439,953	150,066	153,969	(6,764,054)
FUND BALANCES:				
Beginning of year, as previously presented	68,129,494	2,561,516	4,733,651	81,963,287
Restatement	-	-	-	-
Beginning of year, as restated	68,129,494	2,561,516	4,733,651	81,963,287
End of year	\$ 75,569,447	\$ 2,711,582	\$ 4,887,620	\$ 75,199,233

See accompanying Notes to Basic Financial Statements.

City Capital Project Funds

Capital Asset Acquisition & Replacement Fund	Levee Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
-	-	4,436,580	48,988,606
-	-	1,314,628	5,315,454
-	-	-	4,178,480
-	-	-	1,421,690
-	-	-	441,504
-	-	-	7,789,649
-	-	2,078,401	2,322,256
-	-	1,368,695	2,938,980
-	-	60,090	94,595
764,177	-	1,893,696	12,646,165
-	-	703,632	1,880,084
764,177	-	11,855,722	88,017,463
-	-	674,798	8,680,274
-	-	195,113	16,874,107
-	-	-	12,429,939
-	-	677,669	4,924,881
-	-	694,074	4,904,829
-	-	66,685	11,951,431
-	-	3,173,213	16,693,163
-	-	-	
-	-	1,700,000	1,700,000
-	-	2,417,438	2,417,438
-	-	9,598,990	80,576,062
764,177	-	2,256,732	7,441,401
3,915,500	-	-	9,749,611
-	-	(474,942)	(9,749,611)
731,619	-	-	731,619
4,647,119	-	(474,942)	731,619
5,411,296	-	1,781,790	8,173,020
4,735,436	2,916,284	28,072,450	193,112,118
-	(2,916,284)	2,916,284	-
4,735,436	-	30,988,734	193,112,118
\$ 10,146,732	\$ -	\$ 32,770,524	\$ 201,285,138

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 8,173,020

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense (Total capital assets additions for the City were \$18,461,666, which consisted of \$17,347,861 in additions attributable to governmental funds and \$1,113,805 in additions attributable to internal service fund activity)	17,347,861
Disposal of capital assets	(2,471,118)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(6,281,635)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	(277,347)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	1,700,000
Amortization of bonds premium (discount), net	224,950
Gain/(loss) on equity interest in JPA reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds.	(854,239)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds.	24,608
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.	(731,619)
OPEB (expense)/income is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	785,083
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	11,544,772
Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	(16,574,919)
Interest that will not be collected for several years are not considered "available" and are not reported in the governmental fund.	9,372
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	4,613,221
Change in Net Position of Governmental Activities	\$ 17,232,010

City of Foster City and Estero Municipal Improvement District
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds	
	Water	Wastewater	Totals		
	ASSETS				
Current Assets:					
Cash and investments	\$ 26,059,506	\$ 70,124,665	\$ 96,184,171	\$ 52,843,517	
Receivables, net of allowance:					
Billed utility, net of allowance for uncollectible	1,052,062	1,514,481	2,566,543	-	
Unbilled utility	1,971,623	2,021,726	3,993,349	-	
Accrued interest	-	2,063	2,063	35,730	
Other	160,807	3,007	163,814	12,660	
Prepays and deposits					27,504
Inventory	68,241	255,331	323,572	68,671	
Total current assets	29,312,239	73,921,273	103,233,512	52,988,082	
Noncurrent:					
Receivable from JPFA	-	689,506	689,506	-	
Capital assets:					
Nondepreciable capital assets	9,390,892	152,980,488	162,371,380	-	
Depreciable capital assets	51,968,887	62,386,171	114,355,058	12,815,637	
Accumulated depreciation	(38,397,429)	(30,789,882)	(69,187,311)	(8,832,994)	
Net capital assets	22,962,350	184,576,777	207,539,127	3,982,643	
Total noncurrent assets	22,962,350	185,266,283	208,228,633	3,982,643	
Total assets	52,274,589	259,187,556	311,462,145	56,970,725	
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	581,618	576,202	1,157,820	602,196	
Related to OPEB	27,157	16,955	44,112	16,918	
Total deferred outflows of resources	608,775	593,157	1,201,932	619,114	
LIABILITIES					
Current liabilities:					
Accounts payable	2,024,714	3,635,466	5,660,180	224,447	
Accrued interest	-	916,863	916,863	-	
Accrued payroll	95,426	88,503	183,929	82,684	
Refundable deposits	39,140	-	39,140	-	
Claims payable - current portion	-	-	-	190,000	
Compensated absences - current portion	90,063	95,754	185,817	91,428	
Long-term debt - current portion	-	2,566,509	2,566,509	-	
Total current liabilities	2,249,343	7,303,095	9,552,438	588,559	
Noncurrent liabilities:					
Compensated absences	175,753	178,006	353,759	192,406	
Net OPEB liability	466,139	291,025	757,164	290,402	
Net pension liability	2,206,643	2,186,097	4,392,740	2,284,717	
Long-term debt	-	125,701,935	125,701,935	-	
Total noncurrent liabilities	2,848,535	128,357,063	131,205,598	2,767,525	
Total liabilities	5,097,878	135,660,158	140,758,036	3,356,084	
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	330,063	206,069	536,132	205,627	
Gain on refunding	-	213,136	213,136	-	
Total deferred inflows of resources	330,063	419,205	749,268	205,627	
NET POSITION					
Net investment in capital assets	22,962,350	56,784,703	79,747,053	3,982,643	
Restricted for wastewater treatment plant	-	689,506	689,506	-	
Unrestricted	24,493,073	66,227,141	90,720,214	50,045,485	
Total net position	\$ 47,455,423	\$ 123,701,350	\$ 171,156,773	\$ 54,028,128	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
			4,108,824		
			\$ 175,265,597		

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
OPERATING REVENUES:				
Sales and service charges	\$ 18,379,395	\$ 21,685,416	\$ 40,064,811	\$ -
Charges for services - internal	-	-	-	11,415,518
Total operating revenues	18,379,395	21,685,416	40,064,811	11,415,518
OPERATING EXPENSES:				
Personnel	2,552,460	2,761,617	5,314,077	3,346,522
Utilities	11,331,448	322,429	11,653,877	-
Program supplies	124,470	125,872	250,342	-
Repairs and maintenance	23,996	115,471	139,467	2,034,922
General and administration	2,493,296	2,120,166	4,613,462	958,489
Depreciation and amortization	898,679	1,316,716	2,215,395	661,535
Contractual services	393,483	3,416,818	3,810,301	534,156
Insurance	437,162	437,162	874,324	1,900,871
Total operating expenses	18,254,994	10,616,251	28,871,245	9,436,495
Operating income (loss)	124,401	11,069,165	11,193,566	1,979,023
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of capital assets	-	-	-	(202,538)
Investment income	1,411,239	6,539,963	7,951,202	2,461,802
Interest expenses	-	(2,554,418)	(2,554,418)	-
Miscellaneous	29,744	7,596	37,340	198,883
Total nonoperating revenues (expenses)	1,440,983	3,993,141	5,434,124	2,458,147
Income before contributions and transfers	1,565,384	15,062,306	16,627,690	4,437,170
CONTRIBUTIONS AND TRANSFERS:				
Transfers in	-	4,124	4,124	941,343
Transfers out	(638,177)	-	(638,177)	(307,290)
Capital contributions	6,424	-	6,424	-
Total contributions and transfers	(631,753)	4,124	(627,629)	634,053
Change in net position	933,631	15,066,430	16,000,061	5,071,223
NET POSITION:				
Beginning of year, as previously presented	46,608,641	108,717,278		49,052,024
Restatements	(86,849)	(82,358)	(169,207)	(95,119)
Beginning of year, as restated	46,521,792	108,634,920		48,956,905
End of year	\$ 47,455,423	\$ 123,701,350		\$ 54,028,128
	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		\$ 458,002	
	Change in net position of business- type activities		\$ 16,288,856	

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds	
	Water	Wastewater	Totals		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,432,658	\$ 21,739,140	\$ 40,171,798	\$ -	\$ -
Cash received from interdepartmental charges & others					11,660,284
Cash payments to suppliers for goods and services	(14,493,561)	(37,027,319)	(51,520,880)		(5,456,609)
Cash payments to employees for services	(2,543,103)	(2,554,755)	(5,097,858)		(3,476,520)
Net cash provided by (used in) operating activities	1,395,994	(17,842,934)	(16,446,940)		2,727,155
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers received	-	4,124	4,124		941,343
Transfers paid	(638,177)	-	(638,177)		(307,290)
Net cash provided by (used in) noncapital financing activities	(638,177)	4,124	(634,053)		634,053
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
JPFA receipt/payment	-	985,353	985,353		-
Proceeds from others	29,744	7,596	37,340		-
Principal paid on long-term debt	-	(855,509)	(855,509)		(34,088)
Interest paid on long-term debt	-	(5,098,814)	(5,098,814)		-
Proceeds from issuing WIFIA loan	-	25,240,364	25,240,364		-
Capital contributions received	6,424	-	6,424		-
Acquisition and construction of capital assets	(3,978,205)	(13,108,644)	(17,086,849)		(1,082,626)
Proceeds from sale of assets	-	-	-		38,152
Net cash provided by (used in) capital and related financing activities	(3,942,037)	7,170,346	3,228,309		(1,078,562)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,411,239	6,544,069	7,955,308		2,426,072
Net cash provided by (used in) investing activities	1,411,239	6,544,069	7,955,308		2,426,072
Net cash flows	(1,772,981)	(4,124,395)	(5,897,376)		4,708,718
CASH AND INVESTMENTS - Beginning of year	27,832,487	74,249,060	102,081,547		48,134,799
CASH AND INVESTMENTS - End of year	\$ 26,059,506	\$ 70,124,665	\$ 96,184,171		\$ 52,843,517
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 124,401	\$ 11,069,165	\$ 11,193,566	\$ 1,979,023	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	898,679	1,316,716	2,215,395		661,535
Misellaneous revenues	-	-	-		198,883
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Billed receivables	(36,127)	9,742	(26,385)		-
Unbilled receivables	(23,935)	15,631	(8,304)		-
Other receivables	113,325	28,351	141,676		45,883
Deposit and prepaid items	-	-	-		(24,528)
Inventory	-	(22,439)	(22,439)		34,327
Deferred outflows of resources	59,734	94,640	154,374		141,768
Increase (decrease) in:					
Accounts payable and claims liability	308,658	(30,466,962)	(30,158,304)		-
Accrued interest	-	-	-		(37,970)
Accrued payroll	10,406	12,138	22,544		-
Refundable deposits	1,636	-	1,636		(696)
Compensated absences	(48,709)	28,305	(20,404)		40,000
Net OPEB liability	(289,084)	(44,829)	(333,913)		(56,888)
Net pension liability	214,813	39,798	254,611		(212,482)
Other liability	-	-	-		(60,765)
Deferred inflows of resources	62,197	76,810	139,007		19,065
Net cash provided by (used in) operating activities	\$ 1,395,994	\$ (17,842,934)	\$ (16,446,940)		\$ 2,727,155
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:					
Amortization of gain on refunding	\$ -	\$ (2,557,637)	\$ (2,557,637)	\$ -	
Total noncash capital and related financing activities	\$ -	\$ (2,557,637)	\$ (2,557,637)		\$ -

See accompanying Notes to Basic Financial Statements.

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City of Foster City and Estero Municipal Improvement District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trust Fund	Custodial Funds
	Successor Agency of the Former RDA	SMC Fire
ASSETS		
Cash and investments	\$ 76,109	\$ 9,323
Total assets	76,109	9,323
LIABILITIES		
Accounts payable	-	9,323
Long-term liabilities:		
Loan payable to the City	275,714	-
Total liabilities	275,714	9,323
NET POSITION		
Unrestricted	(199,605)	-
Total Net Position	\$ (199,605)	\$ -

See accompanying Notes to Basic Financial Statements.

City of Foster City and Estero Municipal Improvement District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2025

	Private Purpose	
	Trust Fund	
	Successor	Custodial
	Agency of the	Funds
	Former RDA	SMC Fire
ADDITIONS:		
Property taxes	\$ 464,386	\$ -
Fee collection from other governments	-	99,432
Investment earnings	9,547	-
Total additions	473,933	99,432
DEDUCTIONS:		
Administrative expenses	23,955	-
Payment to other governments	-	99,432
Affordable housing subsidy	264,525	-
Total deductions	288,480	99,432
Change in net position	185,453	-
NET POSITION:		
Beginning of year	(385,058)	-
End of year	\$ (199,605)	\$ -

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

1. DESCRIPTION OF THE REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

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

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

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Basis of Accounting and Measurement Focus, Continued

Fund Financial Statements

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

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

Under the terms of various grant agreements, the City/District funds certain programs by a combination of specific 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 grant total. The General fund is always a major fund. The City/District may also select other funds it believes should be presented as major funds.

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

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

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

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

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Basis of Accounting and Measurement Focus, Continued

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

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

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

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

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

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

The City/District also reports the following fund types:

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

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. The City/District reports the San Mateo Consolidated (SMC) Fire Fund as a Custodial Fund to account for fire plan check fees collected from construction permits that the City is holding for SMC Fire Department. Fiduciary Funds are accounted for on the full accrual basis of accounting.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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 Basic Financial Statements
For the Year Ended June 30, 2025

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 system. The City/District has a policy whereby assets with an initial, individual cost of more than \$5,000 and \$100,000 for its non-infrastructure and infrastructure assets, respectively, and an estimated useful life in excess of three years will be capitalized. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide and proprietary funds statements.

The estimated useful lives are as follows:

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

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets, 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 12). All capital facilities costs are capitalized in the Wastewater Enterprise Fund and once placed in service, these costs are amortized using the straight-line method over 50 years.

G. Compensated Absences (Vacation and Sick Pay)

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

Liabilities for leave are assumed to be accrued using the first in, first out method, meaning the leave is earned first is used first. The City has recorded a liability only when it is more likely than not that the leave will be taken or paid for.

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 follows:

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

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

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."

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

K. Estimates and Assumptions

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

L. 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 and OPEB.

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, leases, OPEB and gain on refunding.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. New Pronouncements

In 2025, 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. 101, Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City implemented the requirement of this statement during the current fiscal year.

GASB Statement No. 102, Certain Risk Disclosures

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The City implemented the requirement of this statement during the current fiscal year. It resulted in no disclosure.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS

Policies

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

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

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

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

Classification

Cash and investments as of June 30, 2025, 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	\$ 349,883,102
Restricted cash and investments	309,088
Total Primary Government cash and investments	350,192,190

Statement of Fiduciary Net Position:

Cash and investments	85,432
Total Fiduciary Funds cash and investments	85,432
Total cash and investments	\$ 350,277,622

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

Cash and investments as of June 30, 2025, consist of the following:

Cash on hand	\$ 3,400
Deposits with financial institutions	627,254
California Asset Management Program (CAMP)	161,650,591
Local Agency Investment Funds (LAIF)	57,081,852
Money Market	30,707,722
Securities of U.S. Government	100,206,803
	<hr/>
	\$ 350,277,622

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

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

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

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

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).

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum	Minimum Credit
U.S. Agency Securities	N/A	N/A
Money Market Mutual Funds	N/A	AAm-G or Aam
Short-Term Certificate of Deposit	1	A-1+
Certificates of Deposit, saving account, deposit accounts or money market deposits, trust funds, trust accounts, overnight bank deposits, other bankers acceptances	1 year 30 days	25% 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.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

Investments held in City Treasury grouped by maturity date at June 30, 2025, are shown below:

Investment Type	Total	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)	\$ 5,009,310	\$ -	\$ -	\$ -	\$ 5,009,310	\$ -
Federal Home Loan Bank Bonds (FHLB)	80,266,746	18,521,235	14,616,210	2,995,860	2,009,190	42,124,251
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	8,008,240	-	-	-	2,004,980	6,003,260
Federal National Mortgage Association Bonds (FNMA)	6,922,507	-	-	-	-	6,922,507
U.S. Treasury	-					
California Asset Management Program (CAMP)	161,650,591	161,650,591	-	-	-	-
Local Agency Investment Funds (LAIF)	57,081,852	57,081,852	-	-	-	-
Money Market	30,707,722	30,707,722	-	-	-	-
Total Investments	349,646,968	\$ 267,961,400	\$ 14,616,210	\$ 2,995,860	\$ 9,023,480	\$ 55,050,018
Cash on hand and in bank	630,654					
Total Cash and Investments	\$350,277,622					

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, 2025, the City's deposits and investments subject to credit quality ratings were as follows:

	Credit Quality Ratings	
	Moody's	S&P
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	Aa1	AA+
Federal Home Loan Bank Bonds (FHLB)	Aa1	AA+
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	Aa1	AA+
Federal National Mortgage Association Bonds (FNMA)	Aa1	AA+
Not rated:		
California Asset Management Program (CAMP)	N/A	N/A
Money Market	N/A	N/A
Local Agency Investment Funds (LAIF)	N/A	N/A

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

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

	Amount	% of Portfolio
Federal Farm Credit Bank Bonds (FFCB)	\$ 5,009,310	1.43%
Federal Home Loan Bank Bonds (FHLB)	80,266,746	22.96%
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	8,008,240	2.29%
Federal National Mortgage Association Bonds (FNMA)	6,922,507	1.98%
Total Securities of U.S. Government Agencies	100,206,803	28.66%
California Asset Management Program (CAMP)	161,650,591	46.23%
Local Agency Investment Fund Pool	57,081,852	16.33%
Money Market	30,707,722	8.78%
Total Investment Portfolio	\$ 349,646,968	100%

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.

As of June 30, 2025, the carrying amount of the City/District's deposits was \$640,654 and the bank balance was \$4,109,011. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution as required by the California Government Code Section 53652.

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

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, 2025, by multiplying its account balance with LAIF (\$57,013,533) times a fair value factor (1.00119831) 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, 2025, the City/District's investments in LAIF, stated at fair value, equaled \$57,081,852.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the "Trust"). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the amortized cost provided by CAMP, which is the same as the value of the pool share, in accordance with GASB 79 requirements. June 30, 2025, the fair value was approximate to the City's cost.

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

Fair Value Measurements

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

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

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

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

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

The City's fair value measurements are as follows at June 30, 2025:

<u>Investment Type</u>	Fair Value Measurement Using		
	Level 1 Inputs	Level 2 Inputs	Total
Federal Farm Credit Bank Bonds (FFCB)	\$ -	\$ 5,009,310	\$ 5,009,310
Federal Home Loan Bank Bonds (FHLB)	-	80,266,746	80,266,746
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	-	8,008,240	8,008,240
Federal National Mortgage Association Bonds (FNMA)	-	6,922,507	6,922,507
Total Investment Portfolio	\$ -	\$ 100,206,803	100,206,803
Investments not subject to leveling disclosure:			
Local Agency Investment Funds (LAIF)			57,081,852
Money Market			30,707,722
California Asset Management Program (CAMP)			161,650,591
Total Investments			\$ 349,646,968

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS, Continued

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

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

4. LOANS RECEIVABLE

At June 30, 2025, Loans Receivable amounted to:

	Amount	Allowance	Net Amount
Metro Center Senior Homes Project	\$ 7,656,401	\$ (7,656,401)	\$ -
First Time Home Buyer Program	71,997	-	71,997
North Peninsula Jewish Campus Land	11,277,484	-	11,277,484
MP Foster Square Associates, L.P.	4,983,562	-	4,983,562
Successor Agency	275,714	-	275,714
Total	\$ 24,265,158	\$ (7,656,401)	\$ 16,608,757

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.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

4. LOANS RECEIVABLE, Continued

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, 2025, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,656,401 which includes principal of \$5,854,194 and accumulated interest in the amount of \$1,802,207.

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 \$71,997 at June 30, 2025.

North Peninsula Jewish Campus Land, LLC

On September 20, 2012, the City sold 11 acre site bounded by Foster City Boulevard, Balclutha Drive, Shell Boulevard and south drive to the North Peninsula Jewish Campus Land, LLC for \$20,000,000. According to the business term of the sale and purchase agreement, \$1,000,000 of the purchase price was paid in cash at closing, the balance of the purchase price in the amount of \$19,000,000 is financed by the City via a seller carry-back financing loan. The loan terms are 25-year at a fixed rate of 3.25%, secured by a first position deed of trust. The monthly loan payment is in the amount of \$92,590.08 beginning on November 1, 2012 and ending on October 1, 2037. The outstanding balance of this loan which is reported in the statement of net position is \$11,277,484 as of June 30, 2025.

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.

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

4. LOANS RECEIVABLE, Continued

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, 2025, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,983,562 which includes principal of \$4,023,577 and accrued interest of \$959,985.

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, 2025 is \$275,714. Payments will be made by the Successor Agency using available future funds from the County's Reserve for Property Tax Trust Fund (RPTTF).

5. INTERFUND TRANSACTIONS

Transfers

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

Transfers Out	Transfers In							Total Transfers Out	
	Governmental Funds				Proprietary Funds				
	General Fund	Assets Fund	City Capital Projects Fund	Capital Asset Acquisition & Replacement Fund	Wastewater Fund	Internal Service Funds			
Governmental Funds:									
General Fund	\$ -	\$ 34,111	\$ 5,750,000	\$ -	\$ -	\$ -	\$ -	\$ 5,784,111	
City Capital Projects Fund	-	-	-	3,490,558	-	-	-	3,490,558	
Non-Major Governmental Funds	50,000	-	-	424,942	-	-	-	474,942	
Proprietary Funds:									
Water Fund	-	-	-	-	4,124	634,053	638,177		
Internal Service Funds	-	-	-	-	-	307,290	307,290		
Total Transfers In	\$ 50,000	\$ 34,111	\$ 5,750,000	\$ 3,915,500	\$ 4,124	\$ 941,343	\$ 10,695,078		

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

5. INTERFUND TRANSACTIONS, Continued

Transfers between funds were made during the fiscal year to fund capital improvement projects, sustainable Foster City Programs, and for Low and Moderate-Income Housing Assets. Details of major transfers were as follows:

- \$3,490,558 transfer from city's capital project fund to capital assets acquisition and replacement fund is to reduce a CIP funding and return to CAAFR.
- \$429,942 transfer from non-major funds to capital assets acquisition and replacement fund is to repay capital asset and acquisition replacement fund (CAARF).
- \$307,290 transfer within internal service funds to fund capital replacement fund
- \$4,124 transfer from water fund to wastewater fund for air compressor used by both funds.

6. CAPITAL ASSETS

Governmental capital assets activity for the year ended June 30, 2025 were as follows:

	July 1, 2024	Additions	Retirements	Transfers	June 30, 2025
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,224,622	\$ -	\$ -	\$ -	\$ 12,224,622
Construction in progress	5,104,217	17,411,741	-	(3,095,109)	19,420,849
Total capital assets, not being depreciated	17,328,839	17,411,741	-	(3,095,109)	31,645,471
Capital assets, being depreciated:					
Infrastructure	221,997,585	-	-	2,986,930	224,984,515
Buildings	55,904,095	-	(5,815,498)	-	50,088,597
Improvements	6,493,629	-	(29,564)	-	6,464,065
Equipment	7,208,180	415,871	(1,124,890)	108,179	6,607,340
Vehicles	4,966,718	634,053	(252,950)	-	5,347,821
Software	860,476	-	-	-	860,476
Total capital assets, being depreciated	297,430,683	1,049,924	(7,222,902)	3,095,109	294,352,814
Less accumulated depreciation for:					
Infrastructure	(84,553,227)	(4,943,537)	-	-	(89,496,764)
Buildings	(25,734,488)	(1,189,247)	3,344,380	-	(23,579,355)
Improvements	(3,844,364)	(148,850)	29,563	-	(3,963,651)
Equipment	(5,537,288)	(247,948)	853,022	-	(4,932,214)
Vehicles	(2,986,182)	(381,008)	252,950	-	(3,114,240)
Software	(753,960)	(32,579)	-	-	(786,539)
Total accumulated depreciation	(123,409,509)	(6,943,169)	4,479,915	-	(125,872,763)
Total capital assets, being depreciated, net	174,021,174	(5,893,245)	(2,742,987)	3,095,109	168,480,051
Governmental activities capital assets, net	\$ 191,350,013	\$ 11,518,496	\$ (2,742,987)	\$ -	\$ 200,125,522

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$18,461,665 which consisted of \$1,113,804 in additions attributable to internal service fund activity.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. CAPITAL ASSETS, Continued

Business-type capital assets activity for the year ended June 30, 2025 were as follows:

	July 1, 2024	Additions	Retirements	Transfers	June 30, 2025
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 3,553,474	\$ -	\$ -	\$ -	\$ 3,553,474
Construction in progress	142,016,120	16,801,786	-	-	158,817,906
Total capital assets, not being depreciated	145,569,594	16,801,786	-	-	162,371,380
Capital assets, being depreciated:					
Infrastructure	85,972,792	206,722	-	-	86,179,514
Sewer capacity rights	24,791,531	-	-	-	24,791,531
Equipment	3,305,672	78,341	-	-	3,384,013
Total capital assets, being depreciated	114,069,995	285,063	-	-	114,355,058
Less accumulated depreciation for:					
Infrastructure	(55,557,211)	(1,550,718)	-	-	(57,107,929)
Sewer capacity rights	(9,519,143)	(495,831)	-	-	(10,014,974)
Equipment	(1,895,562)	(168,846)	-	-	(2,064,408)
Total accumulated depreciation	(66,971,916)	(2,215,395)	-	-	(69,187,311)
Total capital assets, being depreciated, net	47,098,079	(1,930,332)	-	-	45,167,747
Business-type activities capital assets, net	\$ 192,667,673	\$ 14,871,454	\$ -	\$ -	\$ 207,539,127

Depreciation

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

	Governmental Activities	Business-Type Activities
Governmental Activities		
General government	\$ 569,451	\$ -
Public safety - Police	133,027	-
Public safety - Fire	5,740	-
Public works	3,732,162	-
Community development	184,870	-
Parks and recreation	1,656,384	-
Internal Service Fund	661,535	-
Business-Type Activities		
Water	-	898,679
Wastewater	-	1,316,716
Total depreciation expense	\$ 6,943,169	\$ 2,215,395

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

7. LONG TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2025:

	July 1, 2024 (restated)	Additions	Retirements	June 30, 2025	Due Within One Year	Due in More Than One Year
Governmental activities:						
Claim liability	\$ 150,000	\$ 121,405	\$ (81,405)	\$ 190,000	\$ 190,000	\$ -
Compensated absences	3,411,329	1,470,999	(1,250,541)	3,631,787	1,228,785	2,403,002
2020 GO Bonds	74,115,000	-	(1,700,000)	72,415,000	1,770,000	70,645,000
Plus: bond premium	5,622,800	-	(215,571)	5,407,229	-	5,407,229
2023 GO Bonds	5,000,000	-	-	5,000,000	-	5,000,000
Plus: bond premium	216,374	-	(9,378)	206,996	-	206,996
Direct placement:						
PG&E On-Bill Financing	34,088	-	(34,088)	-	-	-
Total governmental activities	<u>\$ 88,549,591</u>	<u>\$ 1,592,404</u>	<u>\$ (3,290,983)</u>	<u>\$ 86,851,012</u>	<u>\$ 3,188,785</u>	<u>\$ 83,662,227</u>
Business-type activities:						
Compensated absences	\$ 559,980	\$ 139,408	\$ (159,812)	\$ 539,576	\$ 185,817	\$ 353,759
2019 Wastewater Revenue Bonds	31,590,000	-	(630,000)	30,960,000	665,000	30,295,000
Plus: Unamortized bond premium	5,432,949	-	(225,509)	5,207,440	-	5,207,440
WIFIA Loan	66,860,640	-	-	66,860,640	1,901,509	64,959,131
State Revolving Loan	-	25,240,364	-	25,240,364	-	25,240,364
Total business-type activities	<u>\$ 104,443,569</u>	<u>\$ 25,379,772</u>	<u>\$ (1,015,321)</u>	<u>\$ 128,808,020</u>	<u>\$ 2,752,326</u>	<u>\$ 126,055,694</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$283,834 of compensated absences and \$190,000 of claims liability from the internal service funds are included in the above amounts.

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

Series 2020 General Obligation Bonds

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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 \$36,167,440 at June 30, 2025. Total principal and interest payments on the District Bonds until final maturity is \$52,130,500.

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

7. LONG TERM OBLIGATIONS, Continued

Water Infrastructure Finance and Innovation Act (WIFIA) Loan

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

On February 9, 2024 the agreement was amended to "the District to deliver evidence to the WIFIA that any interim financing, the proceeds of which were applied to pay Eligible project Costs that are the subject of the relevant disbursement of the WIFIA Loan, have been fully paid, redeemed, defeased, and/or discharged (or shall be fully paid, redeemed, defeased and/or discharged within five (5) business days after such WIFIA Loan disbursement)". Accordingly, on February 15, 2024 the entire Loan amount of \$66,860,640 was disbursed to the City. \$63,128,092 of the proceeds was used to defease outstanding balance of the 2021 Revenue Notes by placing in an irrevocable trust.

The loan bears 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 August 1, 2024.

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. According to the terms of the agreement, the Authority is not expected to start repayment until the completion of the construction. As of June 30, 2025, the City has drawn down a total of \$25,240,364.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

7. LONG TERM OBLIGATIONS, Continued

Debt Service Requirements

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

Governmental Activities:

For the Year Ending June 30	Governmental-Type Activities		
	Principal	Interest	Total
2026	\$ 1,770,000	\$ 2,343,413	\$ 4,113,413
2027	1,945,000	2,271,213	4,216,213
2028	2,025,000	2,190,863	4,215,863
2029	2,105,000	2,107,263	4,212,263
2030	2,190,000	2,020,313	4,210,313
2031 - 2035	12,345,000	8,717,013	21,062,013
2036 - 2040	14,575,000	6,528,163	21,103,163
2041 - 2045	16,815,000	4,290,438	21,105,438
2046 - 2050	19,455,000	1,725,894	21,180,894
2051 - 2051	4,190,000	56,913	4,246,913
	<u>\$ 77,415,000</u>	<u>\$ 32,251,486</u>	<u>\$ 109,666,486</u>
Plus: Unamortized Premium			
	<u>5,614,225</u>		
	<u><u>\$ 83,029,225</u></u>		

Business-Type Activities:

For the Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2026	\$ 2,566,509	\$ 2,173,248	\$ 4,739,757
2027	2,623,311	2,117,321	4,740,632
2028	2,680,362	2,059,395	4,739,757
2029	2,737,666	1,989,466	4,727,132
2030	2,800,226	1,937,406	4,737,632
2031 - 2035	15,018,689	8,671,470	23,690,159
2036 - 2040	16,872,774	6,819,961	23,692,735
2041 - 2045	18,907,294	4,788,668	23,695,962
2046 - 2050	21,444,324	2,244,462	23,688,786
2051 - 2055	9,289,530	383,330	9,672,860
2056 - 2056	2,879,955	16,416	2,896,371
Total	<u>97,820,640</u>	<u>\$ 33,201,143</u>	<u>\$ 131,021,783</u>
Plus: Unamortized Premium			
	<u>5,207,440</u>		
	<u><u>\$ 103,028,080</u></u>		

Note: the debt service table above does not include amounts related to the State Revolving Loan, as no payments are required until construction is complete.

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

8. NET POSITION AND FUND BALANCES

Net Position

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

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

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

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

Fund Balances

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

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

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

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

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 Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025, are below:

	General Fund	Low and Moderate Income Assets Fund	Foster City Affordable Housing Fund	City Capital Projects	Capital Asset Acquisition & Replacement Fund		Non-Major Governmental Funds	Total
Nonspendable								
Prepays and deposits	\$ 40,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,128	\$ 51,816
Inventory	17,575	-	-	-	-	-	-	17,575
Total Nonspendable	58,263	-	-	-	-	-	11,128	69,391
Restricted								
Affordable housing	-	2,711,582	-	-	-	-	70,597	2,782,179
Parks	-	-	-	-	-	-	2,410,283	2,410,283
Public safety program	51,683	-	-	-	-	-	64,363	116,046
Levee improvement costs	-	-	-	-	-	-	2,831,803	2,831,803
Roadway capital project and maintenance	-	-	-	-	-	-	16,273,453	16,273,453
Recreation programs and community events	-	-	-	-	-	-	871,918	871,918
General Obligation Bonds debt services	-	-	-	-	-	-	5,165,548	5,165,548
Total Restricted	51,683	2,711,582	-	-	-	-	27,687,965	30,451,230
Committed								
Solid waste reduction	-	-	-	-	-	-	781,761	781,761
Garbage rate stabilization fund	102,838	-	-	-	-	-	-	102,838
Capital projects	-	-	-	75,199,233	10,146,732	-	-	85,345,965
Affordable housing	-	-	4,887,620	-	-	-	256,006	5,143,626
CalOpps online requirement program	-	-	-	-	-	-	552,654	552,654
Sustainable Foster City	325,025	-	-	-	-	-	-	325,025
General plan, building and zoning	-	-	-	-	-	-	3,159,946	3,159,946
Technology fee program	-	-	-	-	-	-	321,064	321,064
Community benefit	964,520	-	-	-	-	-	-	964,520
Solar rebate	46,814	-	-	-	-	-	-	46,814
Facility maintenance	2,705,962	-	-	-	-	-	-	2,705,962
Employee home loan program	67,636	-	-	-	-	-	-	67,636
Pension	103,339	-	-	-	-	-	-	103,339
Total Committed	4,316,134	-	4,887,620	75,199,233	10,146,732	-	5,071,431	99,621,150
Unassigned								
	71,143,367	-	-	-	-	-	-	71,143,367
Total Fund Balances	\$ 75,569,447	\$ 2,711,582	\$ 4,887,620	\$ 75,199,233	\$ 10,146,732	\$ 32,770,524	\$ 201,285,138	

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, 2025, there were no encumbered fund balances.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	\$ 200,125,522	\$ 207,539,127	\$ 407,664,649
Less: Capital debt:	(83,029,225)	(128,268,444)	(211,297,669)
Less: Gain on debt refunding	-	(213,136)	(213,136)
Plus: Unspent bond proceeds	-	689,506	689,506.00
	<u>\$ 117,096,297</u>	<u>\$ 79,747,053</u>	<u>\$ 196,843,350</u>

9. EMPLOYEE'S RETIREMENT PLAN

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

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

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

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

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

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2025:

	Deferred Outflows of Resources	Total/Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
CalPERS Plans:				
Agent Multiple Employer Miscellaneous Plan	\$ 10,830,868	\$ 41,092,044	\$ -	\$ 7,898,606
Cost Sharing Plan	14,635,791	51,173,543	1,790,259	10,742,581
Sub-total	<u>25,466,659</u>	<u>92,265,587</u>	<u>1,790,259</u>	<u>18,641,187</u>
Longevity Recognition Benefits	-	2,822,891	-	(28,094)
Total	<u>\$ 25,466,659</u>	<u>\$ 95,088,478</u>	<u>\$ 1,790,259</u>	<u>\$ 18,613,093</u>

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

A. CalPERS Plans

General Information about the Pension Plans

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

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

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

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment, age and the average of the final 3 years' compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Agent-Multiple		Cost Sharing		
	Miscellaneous Plan		Miscellaneous & Safety Plan		
	Classic	PEPRA	Classic	Classic (Police)	PEPRA
Hire date	Prior to 1/1/2013	On or after 1/1/2013	Prior to 1/1/2012	On or after 1/1/2012	On or after 1/1/2013
Benefit formula	2.7% @ 55	2% @ 62	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50	57
Final compensation period	Three Year	Three Year	Three Year	Three Year	Three Year
Monthly benefits, as a % of annual salary	2% to 2.7%	1% to 2.5%	9%	9%	13% (Police)
Required employee contribution rate	8.00%	6.25%	8.99%	8.95%	13.00%
Required employer contribution rate *	43.35%	43.35%	93.45%	93.45%	93.45%
Total employee contribution FY 24/25	\$ 526,529	\$ 738,129	\$ 206,516	\$ 18,180	\$ 458,714
Total employer contribution FY 24/25	\$ 4,861,986	\$ 1,158,733	\$ 4,991,733	\$ 44,126	\$ 488,194

* including Unfunded Actuarial Liability (UAL) contribution rate

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

A. CalPERS Plans, Continued

Employees Covered – The following employees were covered by the benefit terms of the Miscellaneous Plan as of the most recent actuarial valuation date of June 30, 2023, however, information for the Cost sharing Plans was not provided from CalPERS for cost-sharing multiple-employer defined benefit pension plans.

	Miscellaneous *
Inactive employees or beneficiaries currently receiving benefits	246
Inactive employees entitled to but not yet receiving benefits	190
Active employees	123
Total	<u>559</u>

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

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

For the year ended June 30, 2025, the contributions for the Plans were as follows:

	Employer	Cost-Sharing		Total
	Miscellaneous *	Plans *		
Contribution - employer	\$ 6,020,719	\$ 5,524,053	\$ 11,544,772	
Contribution - employee	\$ 1,264,658	\$ 683,410	\$ 1,948,068	

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

B. Net Pension Liability

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

The Net pension liability of each of the Plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability (Cost-Sharing Plan) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

The City's proportionate share of the net pension liability for the Cost-Sharing Plan as of measurement dates June 30, 2023 and 2024 were as follows:

	<u>Cost Sharing Plan</u>
Proportion - June 30, 2023	0.41912%
Proportion - June 30, 2024	0.42196%
Change-Increase (Decrease)	<u>0.00285%</u>

As of measurement date June 30, 2024, the City's reported net pension liabilities for its proportionate shares of the net pension liability of the Cost Sharing Plan as follow:

	<u>Cost Sharing Plan</u>
Proportionate Share of Net Pension Liability	<u>\$ 51,173,543</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions for both Plans:

	<u>All Plans</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds

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

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.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

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 next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed	
	Asset Allocation	Real Return ^(1,2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity-Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	-0.59
Total Fund	100.00%	28.93%

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

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

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 Pension Liability/(Asset)
		Net Position	
Balance at June 30, 2024 Measurement Date:	\$ 147,738,438	\$ 107,088,845	\$ 40,649,593
Changes in the year:			
Service cost	2,471,142	-	2,471,142
Interest on the total pension liability	10,286,680	-	10,286,680
Difference between expected and actual experience	4,330,984		4,330,984
Net Plan to plan resource movement	-	(2,829)	2,829
Contributions - employer	-	5,445,603	(5,445,603)
Contributions - employees	-	1,159,737	(1,159,737)
Net investment income	-	10,130,983	(10,130,983)
Benefit payments, including refunds of employee contributions	(8,445,328)	(8,445,328)	-
Administrative expenses	-	(87,139)	87,139
Net changes	8,643,478	8,201,027	442,451
Balance at June 30, 2025 Measurement Date:	\$ 156,381,916	\$ 115,289,872	\$ 41,092,044

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Agent-Multiple Employer Miscellaneous Plan*	Cost-Sharing Plan*
Discount Rate 1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 61,095,945	\$ 75,011,483
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 41,092,044	\$ 51,173,543
Discount Rate 1% Increase	7.90%	7.90%
Net Pension Liability	\$ 24,574,816	\$ 31,677,090

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

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

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

For the year ended June 30, 2025, the City recognized pension expense of \$7,898,606 for the Miscellaneous Agent Multiple Employer Plan and \$10,742,581 for the Cost Sharing Plan.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source for the Miscellaneous Agent Multiple Employer Plan, and the Cost-Sharing Plan:

	Agent-Multiple Employer		Cost Sharing		Total	
	Miscellaneous Plan		Plan		Deferred Outflows of Resources	Deferred Inflows of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Pension contributions subsequent to measurement date	\$ 6,020,719	\$ -	\$ 5,524,053	\$ -	\$ 11,544,772	\$ -
Changes of Assumptions	-	-	1,260,982	-	1,260,982	-
Differences between actual and expected experience	2,967,180	-	4,176,994	135,902	7,144,174	135,902
Net difference between projected and actual earnings on pension plan investments	1,842,969	-	2,474,973	-	4,317,942	-
Changes in employer's proportion	-	-	918,022	985,943	918,022	985,943
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	280,767	668,414	280,767	668,414
Total	\$ 10,830,868	\$ -	\$ 14,635,791	\$ 1,790,259	\$ 25,466,659	\$ 1,790,259

\$11,544,772 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Agent Multiple Employer		Cost Sharing	Total
	Miscellaneous Plan	Plan		
2026	\$ 2,134,850	\$ 2,949,030	\$ 5,083,880	
2027	3,674,915	5,401,239	9,076,154	
2028	(437,897)	(181,961)	(619,858)	
2029	(561,719)	(846,829)	(1,408,548)	
	\$ 4,810,149	\$ 7,321,479	\$ 12,131,628	

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, 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, 2025, the reporting date, the following numbers of employees were covered by the benefit terms:

	Numbers of Covered Employees
Inactives currently receiving benefits	64
Inactives entitled to benefit payments	-
Active employees	9
Total	<u><u>73</u></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	Active Fire, Police and Safety Management employees hired before 1/1/12 (Plan is closed to new entrants) Age 50 & 10 years of City services Retire from the City & CalPERS (service or disability) Miscellaneous Management and AFSCME members who retired before 9/30/07																														
Retiree Benefits	Monthly benefit varies by City service: <table><thead><tr><th style="text-align: center;">Years of City Service</th><th style="text-align: center;">AFSCME</th><th style="text-align: center;">Mgmt.</th><th style="text-align: center;">Police</th><th style="text-align: center;">Fire</th></tr></thead><tbody><tr><td style="text-align: center;"><10</td><td style="text-align: center;">0</td><td style="text-align: center;">0</td><td style="text-align: center;">0</td><td style="text-align: center;">0</td></tr><tr><td style="text-align: center;">10-14</td><td style="text-align: center;">125</td><td style="text-align: center;">125</td><td style="text-align: center;">140</td><td style="text-align: center;">125</td></tr><tr><td style="text-align: center;">15-19</td><td style="text-align: center;">200</td><td style="text-align: center;">200</td><td style="text-align: center;">210</td><td style="text-align: center;">200</td></tr><tr><td style="text-align: center;">20-24</td><td style="text-align: center;">275</td><td style="text-align: center;">275</td><td style="text-align: center;">275</td><td style="text-align: center;">275</td></tr><tr><td style="text-align: center;">≥25</td><td style="text-align: center;">350</td><td style="text-align: center;">350</td><td style="text-align: center;">345</td><td style="text-align: center;">350</td></tr></tbody></table>	Years of City Service	AFSCME	Mgmt.	Police	Fire	<10	0	0	0	0	10-14	125	125	140	125	15-19	200	200	210	200	20-24	275	275	275	275	≥25	350	350	345	350
Years of City Service	AFSCME	Mgmt.	Police	Fire																											
<10	0	0	0	0																											
10-14	125	125	140	125																											
15-19	200	200	210	200																											
20-24	275	275	275	275																											
≥25	350	350	345	350																											
Withdrawal Benefit & Pre-retirement Death Benefit	None, unless eligible for service or industrial disability retirement benefit																														

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

Total pension liabilities for the plan were as follows:

	Total Pension Liability	
	June 30, 2025 6/30/2025	June 30, 2024 6/30/2024
Measurement Date		
Total Pension Liability (TPL)	\$ 2,822,891	\$ 3,059,419

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 (3.71%)	Current Rate (4.71%)	1% Increase (5.71%)
Total pension liability	\$ 3,113,930	\$ 2,822,891	\$ 2,576,116

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

Changes in the Total Pension Liability for Longevity Plan

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

	Total Pension Liability (a)
Balance as of Fiscal Year 6/30/2024:	<u>\$ 3,059,419</u>
Service cost	17,468
Interest cost	117,914
Changes of Benefit Terms	-
Actual vs. expected experience	52,140
Changes of assumptions	(210,555)
Benefit payments	(213,495)
Net Changes during Fiscal Year 2025	<u>(236,528)</u>
Balance as of Fiscal Year 6/30/2025:	<u>\$ 2,822,891</u>

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. EMPLOYEE'S RETIREMENT PLAN, Continued

B. Net Pension Liability, Continued

Balances of Deferred Outflows/Inflows of Resources:

There were no amounts to report as deferred outflows of resources or deferred inflows of resources for the current fiscal year.

Significant Actuarial Assumptions:

Actuarial Assumption	Used in Calculating the total Pension Liability
	June 30, 2023 Measurement Date
Actuarial Valuation Date	June 30, 2025
Discount Rate	3.97% at June 30, 2025
General Inflation	4.71% at June 30, 2024
Salary Increases	2.30% per annum
Mortality, Retirement, Disability, Termination	2.80% per annum Based on CalPERS Tables

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

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the City's OPEB Plan

All City/District employees, their surviving spouses, and eligible dependents can continue to participate in the health care program under the provisions of the formal City-sponsored single employer plan at their own cost. The City/District will only contribute the minimum amount provided under Government Code Section 22825 of the Public Employee Medical and Hospital Care Act by which, the City/District paid \$151 and \$157 per month per family for the period from July 1, 2023, to December 31, 2023 and January 1, 2024 to June 30, 2024, respectively. The City/District's contribution for fiscal year 2025 amounted to \$778,102 which included \$293,206 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, 2025:

Active employees	172
Inactive employees receiving benefit payments	106
Inactive employees entitled to but not yet receiving benefit payments	87
Total	365

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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

For the June 30, 2025, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.86% discount rate and a 2.30% general inflation assumption. The healthcare cost trend rate minimum was assumed to annually increase by 2.75%. The valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6. The UAAL is amortized as a level percentage of projected payrolls over 14 years on a closed basis commencing in 2014.

Actuarial Assumption	June 30, 2025 Measurement Date
Actuarial Valuation Date	June 30, 2025
20-Year Municipal Bond Rate	5.10% at June 30, 2025 (Bond Buyer 20 Index)
Discount Rate	3.97% at June 30, 2024 (Bond Buyer 20 Index)
General Inflation	5.10% at June 30, 2025 (Bond Buyer 20 Index)
Aggregate Payroll Increase	3.97% at June 30, 2024 (Bond Buyer 20 Index)
Mortality, Retirement, Disability, Termination	2.30% per annum
	2.80% per annum
	Same as CalPERS
Mortality Improvement	Pre-Retirement and Post-Retirement mortality rates include generational mortality improvement at 80% of the MP 2020 table published by the Society of Actuaries.

Change of Assumption – For the measurement date of June 30, 2025, the discount rate increased from 3.97% to 5.10%.

Changes in Net OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024 Measurement Date:	\$ 8,980,061	\$ -	\$ 8,980,061
Changes in the year:			
Service cost	438,017	-	438,017
Interest	364,135	-	364,135
Difference between expected and actual experience	(915,099)	-	(915,099)
Changes of Assumptions	(1,840,369)	-	(1,840,369)
Contributions - employer	-	778,102	(778,102)
Net investment income	-	17,225	(17,225)
Benefit payments	(198,602)	(198,602)	-
Implicit Subsidy	(293,206)	(293,206)	-
Administrative expenses	-	(382)	382
Net changes	(2,445,124)	303,137	(2,748,261)
Balance at June 30, 2025 Measurement Date:	\$ 6,534,937	\$ 303,137	\$ 6,231,800

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), 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 (2.97%) or 1-percentage-point higher (4.97%) than the current discount rates:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(4.10%)	(5.10%)	(6.10%)
\$ 6,893,592	\$ 6,231,800	\$ 5,663,261

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:

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
6.90%	7.90%	8.90%
\$ 5,981,596	\$ 6,231,800	\$ 6,524,563

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

For the year ended June 30, 2025, the City recognized OPEB expense/(income) of (\$295,622). At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ 1,511,258
Changes of assumptions	363,058	2,901,345
Net difference between projected and actual earnings on OPEB plan investments	-	7,948
	<u>\$ 363,058</u>	<u>\$ 4,420,551</u>

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

Year Ended June 30	Annual Amortization
2026	\$ (730,013)
2027	(841,826)
2028	(741,970)
2029	(463,257)
2030	(435,946)
Thereafter	(844,481)
Total	<u>\$ (4,057,493)</u>

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

11. LEASES

Policies

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

Lessor

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

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

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

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

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

Lessee

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

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

11. LEASES, Continued

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

- The City/District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City/District generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancelable 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, 2025, the City/District has no leases over the threshold subject to GASB 87 as a lessee.

Leases Receivable (City/District as Lessor)

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

The terms and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2025 were:

Lessee	Property Description	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years
VB Golf	2401 East 3rd Avenue, Foster City CA 94404	7/1/1996	12/31/2026	30.5	2.5	12
Vintage Park Associates	The property comprises of five parcels within the Vintage Park neighborhood in the City premises	3/1/1994	12/1/2044	51	21	-
Lessee	Expiration Date Including Options	Interest Revenue	Lease Revenue	Monthly payment as of 6/30/2025	Lease Receivable balance at 6/30/2025	Deferred Inflow of Resources at 6/30/2025
VB Golf	10/31/2042	\$ 19,936	\$ 387,323	\$ 33,334	\$ 663,073	\$ 589,440
Vintage Park Associates	12/1/2044	\$ 9,470	\$ 16,139	\$ 1,779	\$ 316,735	\$ 298,562
		\$ 29,406	\$ 403,462	\$ 35,113	\$ 979,808	\$ 888,002

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

11. LEASES, Continued

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

For the Year Ended June 30	Principal	Interest	Total
2026	\$ 528,028	\$ 19,568	\$ 547,596
2027	159,871	10,229	170,100
2028	12,968	8,380	21,348
2029	13,353	7,995	21,348
2030	13,750	7,598	21,348
2031 - 2035	75,664	31,616	107,280
2036 - 2040	98,661	18,879	117,540
2041 - 2044	77,513	4,104	81,617
Totals	<u>\$ 979,808</u>	<u>\$ 108,369</u>	<u>\$ 1,088,177</u>

12. INVESTMENT IN JOINT VENTURE AND MEMBERSHIP IN INSURANCE POOLS

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

A. Wastewater Treatment Facility

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

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

For the year ended June 30, 2025, the District's share of the operating and maintenance costs was \$2,974,132 which is included in the Wastewater Enterprise Fund's accompanying financial statements as contractual services.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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

A. *Wastewater Treatment Facility, Continued*

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 20th Avenue, San Mateo, CA 94403.

The condensed financial information of the PFA as of June 30, 2025 is as follows (in millions):

Total Assets	\$ 828,737,765
Total Liabilities	(880,450,121)
Total Deferred Inflows of Resources	(20,490,106)
Net Position	<u>\$ (72,202,462)</u>

B. *Equity Interest in Fire Joint Power Authority*

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

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

As of June 30, 2025, the City recorded an equity interest in JPA of \$3,392,555 based on the audited financial statements of the JPA for fiscal year 2025. Every year the City adjusts the investment based on the City's proportion of financial activity at SMC Fire (20%).

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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

B. Equity Interest in Fire Joint Power Authority, Continued

The condensed audited financial information of the JPA as of June 30, 2025, is as follows (in millions):

Total Assets	\$ 25.50
Deferred Outflows	14.40
Total Liabilities	(20.02)
Deferred Inflows	(2.92)
Net Position	<u><u>\$ 16.96</u></u>

C. South Bayside Waste Management Authority (SBWMA)

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

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

D. The Cities Group

The City/District, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to the Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to the Cities Group the funds paid out on its behalf as paid losses. In the opinion of City/District management, premiums paid represent the best available estimate of the ultimate cost of the City/District's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City/District includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2025, the City/District paid premiums to The Cities Group of \$1,675,388 which is then allocated to all funds as insurance expenditures.

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

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

E. PLAN JPA

The City/District, along with 28 other Bay Area governments, is a member of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority consists of 28 member cities in the San Francisco Bay Area, a public-entity risk pool. PLAN JPA provides liability insurance coverage, claims management, risk management services and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by PLAN JPA's Board of Directors. In the option of the City/District management, premiums made represent the best available estimate of the ultimate cost of the City/District's participation in PLAN JPA and, accordingly, the accompanying basic financial statements of the City/District include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City/District's basic financial statements in the year they become known. For the year ended June 30, 2025, the City/District's paid premiums of \$1,529,322 to PLAN JPA.

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

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

13. RISK MANAGEMENT

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

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. As of June 30, 2025, the liability for general liability self-insurance claims was \$190,000. The liability is the City/District's best estimate based on available information.

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

13. RISK MANAGEMENT, Continued

Changes in the reported liability resulted from the following:

Liability at June 30, 2023	\$ 140,000
Current year claim deductibles and changes in estimates	121,176
Net payments	(111,176)
Liability at June 30, 2024	150,000
Current year claim deductibles and changes in estimates	121,405
Net payments	(81,405)
Liability at June 30, 2025	<u>\$ 190,000</u>

14. COMMITMENTS AND CONTINGENCIES

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

Marlin Cove Disposition and the Development Agreement

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

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

(ii) **Utility Subsidy** – The Agency pledged to the developer a utility allowance subside 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, 2025, the Successor Agency paid the developer the Utility Subside in the amount of \$56,767

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

14. 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, 2025, the Successor Agency paid the developer a tax increment subsidy in the amount of \$207,758

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

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

City of Foster City and Estero Municipal Improvement District
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

14. COMMITMENTS AND CONTINGENCIES, Continued

Capital Project Commitments

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

Project	Project Authorization	Expended Through June 30, 2024	Committed
Median Modifications-Foster City Blvd At Chess Drive-Mp#3 (2013-2014)	\$ 919,169	\$ 40,116	\$ 879,053
Road Widening-Foster City Blvd At Chess Drive-Mp#4, #7 & #8 (2013-2014)	2,690,000	217,052	2,472,948
Wastewater Treatment Plant Master Plan Improvements (2015-2016)	154,294,219	139,863,479	14,430,740
Water Tank Improvements Project (2016-2017 & 2019-2020)	5,800,000	2,032,269	3,767,731
Library Exterior Improvements And Re-Landscaping (2017-2018)	120,000	-	120,000
Recreation Center Rebuild Project (2017-2018)	55,432,578	4,434,742	50,997,836
Parks Master Plan (2018-2019)	579,803	117,859	461,944
Hvac Improvements In City Buildings (2018-2019)	2,040,000	-	2,040,000
Seismic Improvements At Lagoon Pump Station (2019-2020)	550,000	73,580	476,420
Lift Station 59 Effluent Line Improvements (2020-2021)	1,800,000	127,761	1,672,239
Sanitary Sewer System Improvements (2020-2021)	900,000	56,362	843,638
Traffic Signal System Upgrades (2020-2021)	625,000	-	625,000
Corporation Yard Workshops Exterior Paint (2020-2021)	200,000	-	200,000
Fuel Systems Improvements (2021-2022)	3,077,946	213,836	2,864,110
Water Transmission And Distribution Systems Improvements (2021-2022)	1,250,000	33,665	1,216,335
Emergency Generator Replacements (2021-2022)	2,300,000	191,672	2,108,328
Install Rear Security Gates (2022-2023)	500,000	-	500,000
Renovate Elevators In City Buildings (2022-2023)	800,000	-	800,000
Shell Bridge Sanitary Sewer Force Main Rehabilitation (2022-2023)	500,000	40,877	459,124
Police Station Kitchen Remodel (2023-2024)	130,000	-	130,000
Edgewater Park Softball And Soccer Synthetic Resurfacing (2023-2024)	900,000	42,792	857,208
Light Installation At Boothbay Park (2023-2024)	250,000	-	250,000
Sea Cloud Maintenance Shed (2023-2024)	300,000	-	300,000
Substructure And Superstructure Bridge Improvements (2023-2024)	400,000	-	400,000
Street Rehabilitation And Park Pathway Restoration (2023-2024)	2,478,247	135,525	2,342,722
Add Third Lagoon Pump And Related Infrastructure (2023-2024)	2,000,000	21,760	1,978,241
Lagoon Intake Structure And Pump Station Building Rehabilitation (2023-2024)	200,000	21,760	178,241
Sanitary Sewer Lift Station Improvements - Phase 6 (2023-2024)	600,000	-	600,000
Projects completed but not closed	241,636,962	147,665,106	93,971,856
Levee Protection Planning and Improvements Project (2015-2016)	94,900,137	92,781,558	2,118,579
Park Pathway Restoration (2021-2022)	300,000	300,000	-
Street Rehabilitation (2021-2022)	3,200,000	1,547,846	1,652,154
	<u>\$ 340,037,099</u>	<u>\$ 242,294,510</u>	<u>\$ 97,742,589</u>

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

City of Foster City and Estero Municipal Improvement District

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

14. COMMITMENTS AND CONTINGENCIES, Continued

Lawsuit

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

The City is vigorously defending the case. On September 30, 2024, the trial court granted in part and denied in part the City's Motion for Summary Adjudication. There, the trial court held that the City was entitled to summary adjudication on its declaratory relief claim to establish an easement on earthen levee that was used to construct the sea wall. However, the trial court denied the City's motion for summary adjudication on the City's quiet title claim and Plaintiff's third cause of action for interference with access.

The City filed amended complaints earlier in the year. On August 19, 2025, the City filed a demurrer to Plaintiff's third cause of action for interference with access. The hearing is scheduled for January 22, 2026. After that, the City intends to file a motion for summary adjudication on (1) the City's quiet title claim, and (2) if it services the City's demurrer, Plaintiff's third cause of action for interference with access.

15. RESTATEMENTS

The City's restatements for the fiscal year 2024-2025 were as follows:

- **Change in Accounting Estimates** – As a result of implementing the requirements of GASB Statement No. 101, the City restated the beginning net positions of the Water Fund, Wastewater fund, and the Internal Service Funds. In addition, the beginning net positions of both Governmental Activities and Business-Type Activities were also restated accordingly
- **Change within Financial Reporting Entity** – The Levee Capital Project Fund no longer meets the criteria to be reported as a major fund and is now presented as a non-major fund.

Summary of the restatements were as follows:

	Reporting Units Affected by Restatements of Beginning Balances							Government-Wide	
	Funds				Nonmajor Governmental Funds				
	Water Fund	Wastewater Fund	Internal Service Funds	Levee Capital Project Fund	Governmental Funds	Governmental Activities	Business-Type Activities		
Fund balance/net position as previously reported at June 30, 2024	\$ 46,608,641	\$ 108,717,278	\$ 49,052,024	\$ 2,916,284	\$ 28,072,450	\$ 284,439,245	\$ 158,976,741		
Change within financial reporting entity (major fund to nonmajor)	-	-	-	(2,916,284)	2,916,284	-	-	-	
Restatement due to the implementation of GASB 101 - Compensated absences	(86,849)	(82,358)	(95,119)	-	-	(625,537)	(169,207)		
Total restatements	(86,849)	(82,358)	(95,119)	(2,916,284)	2,916,284	(625,537)	(169,207)		
Fund balance/net position as restated at June 30, 2024	\$ 46,521,792	\$ 108,634,920	\$ 48,956,905	\$ -	\$ 30,988,734	\$ 283,813,708	\$ 158,807,534		

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Fund Balance June 30, 2024	\$ 54,546,387	\$ 44,526,268	\$ 68,129,494	\$ 23,603,226
Resources (inflows):				
Property taxes:				
Secured	36,935,160	36,935,160	38,458,632	1,523,472
Unsecured	1,341,300	1,341,300	1,408,441	67,141
Motor vehicle in lieu	4,288,848	4,288,848	4,684,953	396,105
Subtotal	<u>42,565,308</u>	<u>42,565,308</u>	<u>44,552,026</u>	<u>1,986,718</u>
Other taxes:				
Sales and use and sales tax in lieu	4,099,600	4,099,600	4,000,826	(98,774)
Transient occupancy	4,698,500	4,698,500	4,178,480	(520,020)
Franchise	1,377,700	1,377,700	1,421,690	43,990
Real property transfer	268,600	268,600	441,504	172,904
Subtotal	<u>10,444,400</u>	<u>10,444,400</u>	<u>10,042,500</u>	<u>(401,900)</u>
Licenses and permits:				
Business licenses	1,890,000	1,890,000	4,059,057	2,169,057
Permits	1,604,506	1,604,506	3,730,592	2,126,086
Subtotal	<u>3,494,506</u>	<u>3,494,506</u>	<u>7,789,649</u>	<u>4,295,143</u>
Intergovernmental:				
Homeowner property tax relief	98,000	98,000	87,829	(10,171)
Reimbursements and grants	42,000	42,000	121,026	79,026
Subtotal	<u>140,000</u>	<u>140,000</u>	<u>208,855</u>	<u>68,855</u>
Charges for current services:				
Recreation and leisure	1,640,589	1,640,589	1,570,285	(70,304)
Subtotal	<u>1,640,589</u>	<u>1,640,589</u>	<u>1,570,285</u>	<u>(70,304)</u>
Fines and forfeitures:				
Traffic fines and court fines	11,400	11,400	28,284	16,884
False alarm fines	13,700	13,700	6,221	(7,479)
Subtotal	<u>25,100</u>	<u>25,100</u>	<u>34,505</u>	<u>9,405</u>
Investment income and rentals:				
Investment income	1,672,550	1,672,550	3,297,549	1,624,999
Rent	1,563,700	1,563,700	1,714,123	150,423
Subtotal	<u>3,236,250</u>	<u>3,236,250</u>	<u>5,011,672</u>	<u>1,775,422</u>
Other revenues	500,885	500,885	616,469	115,584
Total revenues	62,047,038	62,047,038	69,825,961	7,778,923
Transfers in	50,000	50,000	50,000	-
Amounts available for appropriation	<u>62,097,038</u>	<u>62,097,038</u>	<u>69,875,961</u>	<u>7,778,923</u>

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
General government:				
Council/Board	501,844	501,844	440,278	61,566
City/District Manager	2,973,656	3,128,925	2,479,636	649,289
City Clerk	1,355,948	1,431,091	1,342,073	89,018
City/District Attorney	677,968	677,968	465,236	212,732
Human Resources	1,360,961	1,366,640	1,205,584	161,056
Financial Services	2,222,699	2,380,252	2,072,669	307,583
Subtotal	9,093,076	9,486,720	8,005,476	1,481,244
Public safety - Police	18,768,530	18,910,586	16,678,994	2,231,592
Public safety - Fire	12,531,604	12,531,604	12,429,939	101,665
Public works	5,259,983	5,341,133	4,247,212	1,093,921
Community development	4,443,754	4,895,611	4,119,767	775,844
Parks and recreation	11,786,794	11,968,421	11,170,509	797,912
Subtotal	52,790,665	53,647,355	48,646,421	5,000,934
Total expenditures	61,883,741	63,134,075	56,651,897	6,482,178
Transfers out	6,757,192	6,757,192	5,784,111	973,081
Total charges to appropriations	68,640,933	69,891,267	62,436,008	7,455,259
Fund balance, June 30, 2025	\$ 48,002,492	\$ 36,732,039	\$ 75,569,447	\$ 38,837,408

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Low and Moderate Income Housing Assets Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 142,600	\$ 142,600	\$ 176,080	\$ 33,480
Other	-	-	854	854
Total revenues	142,600	142,600	176,934	34,334
EXPENDITURES:				
Current:				
Community development	156,384	173,884	60,979	112,905
Total expenditures	156,384	173,884	60,979	112,905
REVENUES OVER (UNDER)				
EXPENDITURES	(13,784)	(31,284)	115,955	147,239
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	34,111	34,111
Total other financing sources (uses)	-	-	34,111	34,111
Net change in fund balances	\$ (13,784)	\$ (31,284)	\$ 150,066	\$ 181,350
FUND BALANCES:				
Beginning of year			2,561,516	
End of year			\$ 2,711,582	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Foster City Affordable Housing
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 35,000	\$ 35,000
Investment and rental income	30,450	30,450	148,978	118,528
Total revenues	30,450	30,450	183,978	153,528
EXPENDITURES:				
Current:				
Community development	-	35,000	30,009	4,991
Total expenditures	-	35,000	30,009	4,991
Net change in fund balances	\$ 30,450	\$ (4,550)	\$ 153,969	\$ 158,519
FUND BALANCES:				
Beginning of year			4,733,651	
End of year			\$ 4,887,620	

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Miscellaneous Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years

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

Notes to the Schedule:

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

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

Changes of assumptions: None in 2023 - 2024. In 2022 measurement date, the accounting discount rate was reduced from 7.15% to 6.90%. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions in December 2018. In 2017 the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, 2018, 2019, 2020 and 2021 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Key Financial Data (in thousands of dollars)									
6/30/2018		6/30/2019		6/30/2020		6/30/2021		6/30/2022	
\$ 2,119,859	\$ 2,181,880	\$ 2,183,734	\$ 2,148,578	\$ 2,347,769	\$ 2,344,180	\$ 2,471,142			
7,831,249	8,207,764	8,686,727	-	9,283,071	9,710,745	10,286,680			
-	-	-	9,092,791	-	157,544	-			
(784,284)	-	-	-	4,290,983	-	-			
(344,105)	894,495	2,024,793	977,950	(1,416,522)	1,842,954	4,330,984			
(5,494,351)	(5,726,960)	(5,706,217)	(6,597,018)	(7,103,116)	(7,759,645)	(8,445,328)			
3,328,368	5,557,179	7,189,037	5,622,301	7,402,185	6,295,778	8,643,478			
112,343,590	115,671,958	121,229,137	128,418,174	134,040,475	141,442,660	147,738,438			
\$ 115,671,958	\$ 121,229,137	\$ 128,418,174	\$ 134,040,475	\$ 141,442,660	\$ 147,738,438	\$ 156,381,916			
\$ 3,099,413	\$ 3,537,734	\$ 4,031,414	\$ 8,488,123	\$ 4,665,333	\$ 5,135,888	\$ 5,445,603			
909,578	930,863	938,355	909,044	899,564	1,013,709	1,159,737			
6,586,940	5,480,856	4,284,251	20,362,415	(8,527,494)	6,386,414	10,130,983			
(5,494,351)	(5,726,960)	(5,706,217)	(6,597,018)	(7,103,116)	(7,759,645)	(8,445,328)			
(191)	(315,016)	-	-	25,805	-	(2,829)			
(120,606)	(58,380)	(121,236)	(89,330)	(70,079)	(75,291)	(87,139)			
(229,033)	-	-	-	-	-	-			
4,751,750	3,849,097	3,426,567	23,073,234	(10,109,987)	4,701,075	8,201,027			
77,397,109	82,148,859	85,997,956	89,424,523	112,497,757	102,387,770	107,088,845			
\$ 82,148,859	\$ 85,997,956	\$ 89,424,523	\$ 112,497,757	\$ 102,387,770	\$ 107,088,845	\$ 115,289,872			
\$ 33,523,099	\$ 35,231,181	\$ 38,993,651	\$ 21,542,718	\$ 39,054,890	\$ 40,649,593	\$ 41,092,044			
71.02%	70.94%	69.64%	83.93%	72.39%	72.49%	73.72%			
\$12,029,880	\$12,358,999	\$12,505,794	\$12,296,821	\$ 12,328,792	\$ 13,548,517	\$ 12,582,822			
278.67%	285.07%	311.80%	175.19%	316.78%	300.03%	326.57%			

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Safety Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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

Miscellaneous

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

Notes to the Schedule:

Changes in assumptions: The CalPERS discount rate was increased from 7.5% to 7.65 in fiscal year 2016, and then decreased from 7.65 to 7.15 in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023. The Calpers mortality assumption were also adjusted in fiscal year 2019.

<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
0.74362%	0.65115%	0.66254%	0.72725%	0.40479%	0.41912%	0.42196%
\$ 43,632,371	\$ 40,648,037	\$ 44,140,957	\$ 25,522,590	\$ 49,387,563	\$ 52,286,631	\$ 51,173,543
\$ 8,829,101	\$ 7,369,584	\$ 5,257,579	\$ 5,318,114	\$ 5,449,463	\$ 5,283,902	\$ 5,804,065
494.19%	551.56%	839.57%	479.92%	906.28%	989.55%	881.68%
75.26%	75.26%	75.10%	82.66%	76.68%	76.21%	78.08%

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Miscellaneous Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions - Last 10 Years

Fiscal Year Ended	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,471,831	\$ 2,639,360	\$ 3,096,377	\$ 3,548,365
Contributions in relation to actuarially determined contributions	<u>(2,471,831)</u>	<u>(2,639,360)</u>	<u>(3,096,377)</u>	<u>(3,548,365)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 10,547,034	 \$ 11,417,868	 \$ 12,029,880	 \$ 12,358,999
Contributions as a percentage of covered payroll	23.44%	23.12%	25.74%	28.71%

Notes to Schedule

Valuation date: 6/30/2014 6/30/2015 6/30/2016 6/30/2017

The actuarial methods and assumptions used to determine contributions were:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%
Salary increases	Depending on age, service, and type of employment
Payroll growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

2020	2021	2022	2023	2024	2025
\$ 4,053,672	\$ 8,510,508	\$ 4,690,944	\$ 5,163,358	\$ 5,445,603	\$ 6,020,719
(4,053,672)	(8,510,508)	(4,690,944)	(5,163,358)	(5,445,603)	(6,020,719)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 12,505,794	\$ 12,296,821	\$ 12,328,792	\$ 13,548,517	\$ 12,582,822	\$ 17,103,557
32.41%	69.21%	38.05%	38.11%	43.28%	35.20%

6/30/2018 6/30/2019 6/30/2020 6/30/2021 6/30/2022 6/30/2023

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Safety Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Schedule of Pension Plan Contributions - Last 10 Years

Safety

Fiscal Year Ended	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,822,183	4,569,536	\$ 3,409,946	\$ 3,574,289
Contributions in relation to actuarially deemed contributions	<u>(2,822,183)</u>	<u>(4,569,536)</u>	<u>(3,409,946)</u>	<u>(7,055,629)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,481,340)</u>
 Covered payroll	 \$ 8,149,496	 \$ 8,456,759	 \$ 8,829,101	 \$ 7,369,584
Contributions as a percentage of covered payroll	34.63%	54.03%	38.62%	95.74%

Methods and assumptions used to determine contribution rates:

Valuation date	6/30/2022
Actuarial cost method	Entry Age
Amortization method	Level of percentage of payroll
Asset valuation method	Market Value
Inflation	2.30%
Salary Increase	Depending on age, service, and type of employment
Investment rate of return	6.80%
Mortality Assumptions	Are based on mortality rates resulting from the most recent CalPERS Experience Study

2020	2021	2022	2023	2024	2025
\$ 3,769,133	\$ 7,563,848	\$ 4,394,334	\$ 4,686,318	\$ 4,798,851	\$ 5,524,053
(3,769,133)	(7,563,848)	(4,394,334)	(4,686,318)	(4,798,851)	(5,524,053)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,257,579	\$ 5,318,114	\$ 5,449,463	\$ 5,283,902	\$ 5,804,065	\$ 5,841,879
71.69%	142.23%	80.64%	88.69%	82.68%	94.56%

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Longevity Recognition Benefits Plan

Agent Multiple-Employer Defined Benefit Pension Plan

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

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

Notes to Schedule:

Benefit changes:

None

Changes of assumptions:

For 2025, the discount rate was increased from 3.97% to 4.71%

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

<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
\$ 32,921	\$ 32,429	\$ 21,424	\$ 17,274	\$ 17,468
86,231	74,588	113,561	118,630	117,914
251,401	(718,876)	132,914	(34,448)	(210,555)
177,222	814	(71,758)	4,081	52,140
(181,865)	(182,378)	(188,033)	(204,343)	(213,495)
365,910	(793,423)	8,108	(98,806)	(236,528)
3,577,630	3,943,540	3,150,117	3,158,225	3,059,419
<u>\$ 3,943,540</u>	<u>\$ 3,150,117</u>	<u>\$ 3,158,225</u>	<u>\$ 3,059,419</u>	<u>\$ 2,822,891</u>
N/A	N/A	N/A	N/A	N/A
\$ 2,640,807	\$ 2,584,600	\$ 2,310,330	\$ 2,158,339	\$ 1,842,905
149.33%	121.88%	136.70%	141.75%	153.18%

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Other Post Employment Benefits Plan

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

Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Net OPEB Liability				
Service cost	\$ 575,000	\$ 646,076	\$ 539,303	\$ 632,514
Interest	432,000	473,515	321,329	283,575
Differences between expected and actual experience	-	(1,981,229)	(13,845)	(1,405,505)
Changes of assumptions	(519,000)	(544,791)	850,106	877,461
Benefit payments	(141,000)	(150,401)	(155,100)	(162,313)
Implicit subsidy credit	(184,000)	(294,668)	(312,348)	(333,722)
Net change in the total OPEB liability	163,000	(1,851,498)	1,229,445	(107,990)
Total OPEB liability - beginning	<u>11,649,000</u>	<u>11,812,000</u>	<u>9,960,502</u>	<u>11,189,947</u>
Total OPEB liability - ending	<u>\$ 11,812,000</u>	<u>\$ 9,960,502</u>	<u>\$ 11,189,947</u>	<u>\$ 11,081,957</u>
Fiduciary Net Position				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Implicit subsidy credit	-	-	-	-
Administrative expense	-	-	-	-
Net change in the Fiduciary Net Position	-	-	-	-
Fiduciary Net Position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - ending	<u>\$ 11,812,000</u>	<u>\$ 9,960,502</u>	<u>\$ 11,189,947</u>	<u>\$ 11,081,957</u>
Covered-employee payroll	<u>\$ 23,289,000</u>	<u>\$ 18,820,890</u>	<u>\$ 19,338,464</u>	<u>\$ 17,214,320</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability as a percentage of covered-employee payroll	50.72%	52.92%	57.86%	64.38%

Notes to Schedule:

Changes in assumptions: The discount rate was increased from 3.97% in 2024 to 5.10% in fiscal year 2025.

Changes in benefit terms: None

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

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
\$	655,321	\$ 474,791	\$ 435,107	\$ 438,017
	221,344	355,931	346,665	364,135
	(1,567)	(500,285)	(6,791)	(915,099)
	(2,135,304)	(486,847)	(104,809)	(1,840,369)
	(174,974)	(187,840)	(196,075)	(198,602)
	(242,899)	(277,822)	(275,842)	(293,206)
	(1,678,079)	(622,072)	198,255	(2,445,124)
	11,081,957	9,403,878	8,781,806	8,980,061
\$	<u>9,403,878</u>	<u>\$ 8,781,806</u>	<u>\$ 8,980,061</u>	<u>\$ 6,534,937</u>
\$	-	\$ -	\$ -	\$ 778,102
	-	-	-	17,225
	-	-	-	(198,602)
	-	-	-	(293,206)
	-	-	-	(382)
	-	-	-	303,137
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,137</u>
\$	<u>9,403,878</u>	<u>\$ 8,781,806</u>	<u>\$ 8,980,061</u>	<u>\$ 6,231,800</u>
\$	<u>17,687,714</u>	<u>\$ 19,720,120</u>	<u>\$ 20,272,283</u>	<u>\$ 24,620,433</u>
	0.00%	0.00%	0.00%	4.64%
	53.17%	44.53%	44.30%	25.31%

City of Foster City and Estero Municipal Improvement District
Required Supplementary Information
For the year ended June 30, 2025

Other Post Employment Benefits Plan
*Schedule of Contributions - Last 10 Years**

Fiscal Year Ended	2018	2019	2020	2021
Actuarially determined contribution (ADC)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the ADC	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,289,000	\$ 18,820,890	\$ 19,338,464	\$ 17,214,320
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, level percentage of pay
Amortization method	Closed period, level percent of pay
Amortization period	10 years
Inflation	2.30%
Assumed payroll growth	2.80%
Healthcare trend rate	7.90%, trending down to 4.04%
Investment rate of return	5.10%
Mortality rate	Based on CalPERS rates
Retirement rate	Based on CalPERS rates

2022	2023	2024	2025
\$ -	\$ -	\$ -	\$ 778,102
-	-	-	(778,102)
<hr/>	<hr/>	<hr/>	<hr/>
\$ 17,687,714	\$ 19,720,120	\$ 20,272,283	\$ 24,620,433

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SUPPLEMENTARY INFORMATION

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City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Capital Projects
For the year ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Final Budget
	Original	Final	Positive (Negative)
REVENUES:			
Investment and rental income	\$ 2,877,400	\$ 2,877,400	\$ 4,651,562
Other	15,250	15,250	559,129
Total revenues	2,892,650	2,892,650	5,210,691
			1,774,162
			543,879
			2,318,041
EXPENDITURES:			
Current:			
Parks and recreation	350,000	1,507,207	714,237
Capital outlay	14,464,804	66,670,375	13,519,950
Total expenditures	14,814,804	68,177,582	14,234,187
			792,970
			53,150,425
			53,943,395
REVENUES OVER (UNDER)			
EXPENDITURES	(11,922,154)	(65,284,932)	(9,023,496)
			56,261,436
OTHER FINANCING SOURCES (USES):			
Transfers in	5,750,000	5,750,000	5,750,000
Transfers out	-	(3,490,558)	(3,490,558)
Total other financing sources (uses)	5,750,000	2,259,442	2,259,442
Net change in fund balances	\$ (6,172,154)	\$ (63,025,490)	\$ (6,764,054)
			56,261,436
FUND BALANCES:			
Beginning of year			81,963,287
End of year			\$ 75,199,233

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Asset Acquisition & Replacement Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 267,000	\$ 267,000	\$ 764,177	\$ 497,177
Total revenues	267,000	267,000	764,177	497,177
REVENUES OVER (UNDER)				
EXPENDITURES	267,000	267,000	764,177	497,177
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,490,558	3,915,500	424,942
Proceeds from sale of property	708,255	708,255	731,619	23,364
Total other financing sources (uses)	708,255	4,198,813	4,647,119	448,306
Net change in fund balances	\$ 975,255	\$ 4,465,813	\$ 5,411,296	\$ 945,483
FUND BALANCES:				
Beginning of year			4,735,436	
End of year			\$ 10,146,732	

City of Foster and Estero Municipal Improvement District
Nonmajor Governmental Funds
Year Ended June 30, 2025

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 ***SB1 Road Maintenance & Rehabilitation Fund*** accounts for the revenues collected from the State and apportioned to the City for the increase in gasoline and diesel excise tax and a new vehicle registration tax. These funds are earmarked for local streets and roads maintenance and rehabilitation and other eligible uses, including road maintenance and rehabilitation, traffic control devices, street component projects, and drainage improvements.

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

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

City of Foster and Estero Municipal Improvement District
Nonmajor Governmental Funds
Year Ended June 30, 2025

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 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.

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.

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City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

Special Revenue Funds

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu
ASSETS				
Cash and investments	\$ -	\$ 4,832,156	\$ 675,758	\$ 2,410,283
Receivables, net of allowance:				
Intergovernmental	5,137	-	81,065	-
Taxes	-	73,212	-	-
Other	-	-	-	-
Prepays and deposits	-	-	-	-
Total assets	\$ 5,137	\$ 4,905,368	\$ 756,823	\$ 2,410,283
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Refundable deposits	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	5,137	4,905,368	756,823	2,410,283
Committed	-	-	-	-
Total fund balances	5,137	4,905,368	756,823	2,410,283
Total liabilities, deferred inflows of resources and fund balances	\$ 5,137	\$ 4,905,368	\$ 756,823	\$ 2,410,283

Special Revenue Funds

Measure M	SLESF/COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	General Plan Maintenance Fund
\$ - \$	- \$	559,976	\$ 359,803	\$ 2,653,708	\$ 3,243,085
-	-	-	-	161,993	-
-	-	-	-	-	-
-	-	7,566	-	-	-
-	-	-	10,970	-	-
\$ - \$	- \$	567,542	\$ 370,773	\$ 2,815,701	\$ 3,243,085
<hr/>					
\$ - \$	- \$	8,841	\$ 2,506	- \$	77,077
-	-	6,047	-	-	6,062
-	-	-	750	-	-
-	-	14,888	3,256	-	83,139
-	-	-	10,970	-	-
-	-	-	356,547	2,815,701	-
-	-	552,654	-	-	3,159,946
-	-	552,654	367,517	2,815,701	3,159,946
\$ - \$	- \$	567,542	\$ 370,773	\$ 2,815,701	\$ 3,243,085

City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund	
ASSETS					
Cash and investments	\$ 1,093,519	\$ 321,064	\$ 55,542	\$	14,792
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Other	-	-	-	-	-
Prepaids and deposits	-	-	-	-	135
Total assets	\$ 1,093,519	\$ 321,064	\$ 55,542	\$	14,927
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	5,544
Accrued payroll	-	-	-	-	-
Refundable deposits	311,758	-	-	-	-
Total liabilities	311,758	-	-	-	5,544
Fund Balances:					
Nonspendable	-	-	-	-	135
Restricted	-	-	55,542	-	9,248
Committed	781,761	321,064	-	-	-
Total fund balances	781,761	321,064	55,542	\$	9,383
Total liabilities, deferred inflows of resources and fund balances	\$ 1,093,519	\$ 321,064	\$ 55,542	\$	14,927

Special Revenue Funds

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ 14,867	\$ 304,397	\$ 9,100	\$ 1,887,352	\$ 5,714,221	\$ 256,006
-	-	-	-	-	-
-	-	-	67,470	-	-
-	-	-	-	-	-
-	-	23	-	-	-
\$ 14,867	\$ 304,397	\$ 9,123	\$ 1,954,822	\$ 5,714,221	\$ 256,006
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,867	304,397	9,100	1,954,822	5,714,221	-
-	-	-	-	-	256,006
14,867	304,397	9,123	1,954,822	5,714,221	256,006
\$ 14,867	\$ 304,397	\$ 9,123	\$ 1,954,822	\$ 5,714,221	\$ 256,006

City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

Special Revenue Funds					
	SB 1383 Implementation Fund	Workforce Housing Fund	Parks Facilities Impact Fee	Public Safety Impact Fee	
ASSETS					
Cash and investments	\$ 39,801	\$ 147,037	\$ 20,134	\$ 64,363	
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	
Taxes	-	-	-	-	
Other	-	1,300	-	-	
Prepaids and deposits	-	-	-	-	
Total assets	\$ 39,801	\$ 148,337	\$ 20,134	\$ 64,363	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 17,695	\$ 23,769	\$ -	\$ -	
Accrued payroll	-	871	-	-	
Refundable deposits	-	53,100	-	-	
Total liabilities	17,695	77,740	-	-	
Fund Balances:					
Nonspendable	-	-	-	-	
Restricted	22,106	70,597	20,134	64,363	
Committed	-	-	-	-	
Total fund balances	22,106	70,597	20,134	64,363	
Total liabilities, deferred inflows of resources and fund balances					
	\$ 39,801	\$ 148,337	\$ 20,134	\$ 64,363	

Special Revenue Fund	Capital Project Fund	Debt Services Fund	
Transportation Impact Fee	Levee Capital Project Fund	Levee Protection Planning & Improvements	Total Nonmajor Governmental Funds
\$ 201,558	\$ 2,881,540	\$ 5,087,728	\$ 32,847,790
-	-	-	248,195
-	-	77,620	218,302
-	-	-	8,866
-	-	-	11,128
\$ 201,558	\$ 2,881,540	\$ 5,165,348	\$ 33,334,281
\$ -	\$ 49,737	\$ -	\$ 185,169
-	-	-	12,980
-	-	-	365,608
-	49,737	-	563,757
201,558	2,831,803	5,165,348	11,128 27,687,965
-	-	-	5,071,431
201,558	2,831,803	5,165,348	32,770,524
\$ 201,558	\$ 2,881,540	\$ 5,165,348	\$ 33,334,281

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2025

	Special Revenue Funds			
	Traffic Safety	Measure A	Gas Tax	Park-in-lieu
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	- -	912,691	- -	- -
Intergovernmental	- -	- -	953,594	- -
Charges for current services	- -	- -	- -	- -
Fines and forfeitures	60,090	- -	- -	- -
Investment and rental income	- -	255,725	31,458	118,568
Other	- -	- -	- -	- -
Total revenues	60,090	1,168,416	985,052	118,568
EXPENDITURES:				
Current:				
General government	- -	- -	111,539	- -
Public safety - Police	- -	- -	- -	- -
Public works	61,232	- -	497,461	- -
Community development	- -	- -	- -	- -
Parks and recreation	- -	- -	- -	- -
Capital outlay	- -	1,475,663	152,602	745,000
Debt service:				
Principal	- -	- -	- -	- -
Interest	- -	- -	- -	- -
Total expenditures	61,232	1,475,663	761,602	745,000
REVENUES OVER (UNDER) EXPENDITURES				
	(1,142)	(307,247)	223,450	(626,432)
OTHER FINANCING SOURCES (USES):				
Transfers out	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Net change in fund balances	(1,142)	(307,247)	223,450	(626,432)
FUND BALANCES:				
Beginning of year	6,279	5,212,615	533,373	3,036,715
Restatement	- -	- -	- -	- -
Beginning of year	6,279	5,212,615	533,373	3,036,715
End of year	\$ 5,137	\$ 4,905,368	\$ 756,823	\$ 2,410,283

Special Revenue Funds

Measure M	SLESF/COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	General Plan Maintenance Fund
\$ - \$ - \$	- \$ - \$	- \$ - \$	- \$ - \$	- \$ - \$	- \$ - \$
- - -	- - -	- - -	- - -	- - -	- - -
- 194,663	- - -	- - -	- - -	919,261	- - -
- - -	- - -	- - -	- - -	- - -	1,106,443
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	38,803	- - -	102,861	120,937
- - -	- - -	420,401	46,415	- - -	- - -
- 194,663	459,204	46,415	1,022,122	1,227,380	
- - -	- - -	563,259	- - -	- - -	- - -
- 194,663	- - -	- - -	450	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	354,605
- - -	- - -	- - -	66,685	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -
- 194,663	563,259	67,135	- - -	354,605	
- - -	- - -	(104,055)	(20,720)	1,022,122	872,775
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	(104,055)	(20,720)	1,022,122	872,775
- - -	- - -	656,709	388,237	1,793,579	2,287,171
- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	656,709	388,237	1,793,579	2,287,171
\$ - \$ - \$	552,654	\$ 367,517	\$ 2,815,701	\$ 3,159,946	

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2025

Special Revenue Funds					
	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund	
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	- -	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -	- -
Charges for current services	62,974	187,755	7,628	2,872	
Fines and forfeitures	- -	- -	- -	- -	- -
Investment and rental income	45,428	10,971	2,278	710	
Other	- -	- -	- -	- -	- -
Total revenues	108,402	198,726	9,906	3,582	
EXPENDITURES:					
Current:					
General government	- -	- -	- -	- -	- -
Public safety - Police	- -	- -	- -	- -	- -
Public works	49,358	- -	- -	- -	- -
Community development	- -	87,589	1,613	- -	- -
Parks and recreation	- -	- -	- -	- -	- -
Capital outlay	- -	- -	- -	- -	- -
Debt service:					
Principal	- -	- -	- -	- -	- -
Interest	- -	- -	- -	- -	- -
Total expenditures	49,358	87,589	1,613	- -	- -
REVENUES OVER (UNDER)					
EXPENDITURES	59,044	111,137	8,293	3,582	
OTHER FINANCING SOURCES (USES):					
Transfers out	(50,000)	- -	- -	- -	- -
Total other financing sources (uses)	(50,000)	- -	- -	- -	- -
Net change in fund balances	9,044	111,137	8,293	3,582	
FUND BALANCES:					
Beginning of year	772,717	209,927	47,249	5,801	
Restatement	- -	- -	- -	- -	- -
Beginning of year	772,717	209,927	47,249	5,801	
End of year	\$ 781,761	\$ 321,064	\$ 55,542	\$ 9,383	

Special Revenue Funds

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Measure W	Commercial Linkage Fee	Tenant Relocation Assistance
\$ -	\$ -	\$ -	\$ 401,937	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,023	-	-	-
-	-	-	-	-	-
533	12,619	426	81,336	247,049	11,073
8,464	13,754	-	-	-	-
8,997	26,373	1,449	483,273	247,049	11,073
 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -
5,245	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
 5,245	 -	 -	 -	 -	 -
 3,752	 26,373	 1,449	 483,273	 247,049	 11,073
 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -
 3,752	 26,373	 1,449	 483,273	 247,049	 11,073
 11,115	 278,024	 7,674	 1,471,549	 5,467,172	 244,933
 -	 -	 -	 -	 -	 -
 11,115	 278,024	 7,674	 1,471,549	 5,467,172	 244,933
 \$ 14,867	 \$ 304,397	 \$ 9,123	 \$ 1,954,822	 \$ 5,714,221	 \$ 256,006

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2025

Special Revenue Funds					
	SB 1383 Implementation Fund	Workforce Housing Fund	Parks Facilities Impact Fee	Public Safety Impact Fee	
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use and sales tax in lieu	- -	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -	- -
Charges for current services	- -	- -	- -	- -	- -
Fines and forfeitures	- -	- -	- -	- -	- -
Investment and rental income	3,125	640,379	11,636	2,784	
Other	- -	59,431	- -	- -	- -
Total revenues	3,125	699,810	11,636	2,784	
EXPENDITURES:					
Current:					
General government	- -	- -	- -	- -	- -
Public safety - Police	- -	- -	- -	- -	- -
Public works	64,373	- -	- -	- -	- -
Community development	- -	250,267	- -	- -	- -
Parks and recreation	- -	- -	- -	- -	- -
Capital outlay	- -	- -	560,300	- -	- -
Debt service:					
Principal	- -	- -	- -	- -	- -
Interest	- -	- -	- -	- -	- -
Total expenditures	64,373	250,267	560,300	- -	
REVENUES OVER (UNDER)					
EXPENDITURES	(61,248)	449,543	(548,664)	2,784	
OTHER FINANCING SOURCES (USES):					
Transfers out	- -	(424,942)	- -	- -	- -
Total other financing sources (uses)	- -	(424,942)	- -	- -	
Net change in fund balances	(61,248)	24,601	(548,664)	2,784	
FUND BALANCES:					
Beginning of year	83,354	45,996	568,798	61,579	
Restatement	- -	- -	- -	- -	- -
Beginning of year, as restated	83,354	45,996	568,798	61,579	
End of year	\$ 22,106	\$ 70,597	\$ 20,134	\$ 64,363	

Special Revenue Fund	Capital Project Fund	Debt Services Fund	
Transportation Impact Fee	Levee Capital Project Fund	Levee Protection Planning & Improvements	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 4,436,580	\$ 4,436,580
-	-	-	1,314,628
-	-	10,883	2,078,401
-	-	-	1,368,695
-	-	-	60,090
8,718	-	146,279	1,893,696
-	155,167	-	703,632
8,718	155,167	4,593,742	11,855,722
-	-	-	674,798
-	-	-	195,113
-	-	-	677,669
-	-	-	694,074
-	-	-	66,685
-	239,648	-	3,173,213
-	-	1,700,000	1,700,000
-	-	2,417,438	2,417,438
-	239,648	4,117,438	9,598,990
8,718	(84,481)	476,304	2,256,732
-	-	-	(474,942)
-	-	-	(474,942)
8,718	(84,481)	476,304	1,781,790
192,840	-	4,689,044	28,072,450
-	2,916,284	-	2,916,284
192,840	2,916,284	4,689,044	30,988,734
\$ 201,558	\$ 2,831,803	\$ 5,165,348	\$ 32,770,524

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Safety
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES:					
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 60,090	\$ 20,090	
Total revenues	40,000	40,000	60,090	20,090	
EXPENDITURES:					
Current:					
Public works	40,000	61,232	61,232		-
Total expenditures	40,000	61,232	61,232	-	
REVENUES OVER (UNDER)					
EXPENDITURES	-	(21,232)	(1,142)	20,090	
Net change in fund balances	\$ -	\$ (21,232)	(1,142)	\$ 20,090	
FUND BALANCES:					
Beginning of year			6,279		
End of year			\$ 5,137		

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure A
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Sales and use and sales tax in lieu	\$ 936,400	\$ 936,400	\$ 912,691	\$ (23,709)
Investment and rental income	125,600	125,600	255,725	130,125
Total revenues	1,062,000	1,062,000	1,168,416	106,416
EXPENDITURES:				
Capital outlay	-	4,652,153	1,475,663	3,176,490
Total expenditures	-	4,652,153	1,475,663	3,176,490
REVENUES OVER (UNDER) EXPENDITURES				
	1,062,000	(3,590,153)	(307,247)	3,282,906
Net change in fund balances	\$ 1,062,000	\$ (3,590,153)	\$ (307,247)	\$ 3,282,906
FUND BALANCES:				
Beginning of year			5,212,615	
End of year			\$ 4,905,368	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Gas Tax
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 908,229	\$ 908,229	\$ 953,594	\$ 45,365
Investment and rental income	13,900	13,900	31,458	17,558
Total revenues	922,129	922,129	985,052	62,923
EXPENDITURES:				
Current:				
General government	111,539	111,539	111,539	-
Public works	497,461	497,461	497,461	-
Capital outlay	-	500,000	152,602	347,398
Total expenditures	609,000	1,109,000	761,602	347,398
REVENUES OVER (UNDER)				
EXPENDITURES	313,129	(186,871)	223,450	410,321
Net change in fund balances	\$ 313,129	\$ (186,871)	\$ 223,450	\$ 410,321
FUND BALANCES:				
Beginning of year			533,373	
End of year			\$ 756,823	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park-in-lieu
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 100,000	\$ 100,000	\$ 118,568	\$ 18,568
Total revenues	100,000	100,000	118,568	18,568
EXPENDITURES:				
Capital outlay	-	745,000	745,000	-
Total expenditures	-	745,000	745,000	-
REVENUES OVER (UNDER) EXPENDITURES				
	100,000	(645,000)	(626,432)	18,568
Net change in fund balances	\$ 100,000	\$ (645,000)	\$ (626,432)	\$ 18,568
FUND BALANCES:				
Beginning of year			3,036,715	
End of year			\$ 2,410,283	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure M
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 124,100	\$ 124,100	\$ -	\$ (124,100)
Total revenues	124,100	124,100	-	(124,100)
Net change in fund balances	\$ 124,100	\$ 124,100	-	\$ (124,100)
FUND BALANCES:				
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
SLESF/COPS Grant
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 165,000	\$ 165,000	\$ 194,663	\$ 29,663
Total revenues	165,000	165,000	194,663	29,663
EXPENDITURES:				
Current:				
Public safety - Police	100,000	194,663	194,663	-
Total expenditures	100,000	194,663	194,663	-
REVENUES OVER (UNDER)				
EXPENDITURES	65,000	(29,663)	-	29,663
Net change in fund balances	\$ 65,000	\$ (29,663)	-	\$ 29,663
FUND BALANCES:				
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
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 19,400	\$ 19,400	\$ 38,803	\$ 19,403
Other	545,000	545,000	420,401	(124,599)
Total revenues	564,400	564,400	459,204	(105,196)
EXPENDITURES:				
Current:				
General government	466,040	716,349	563,259	153,090
Total expenditures	466,040	716,349	563,259	153,090
REVENUES OVER (UNDER)				
EXPENDITURES	98,360	(151,949)	(104,055)	47,894
Net change in fund balances	\$ 98,360	\$ (151,949)	\$ (104,055)	\$ 47,894
FUND BALANCES:				
Beginning of year			656,709	
End of year			\$ 552,654	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Foster City Foundation
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Other	\$ 40,200	\$ 40,200	\$ 46,415	\$ 6,215
Total revenues	40,200	40,200	46,415	6,215
EXPENDITURES:				
Current:				
Public safety - Police	10,000	10,000	450	9,550
Parks and recreation	75,000	75,000	66,685	8,315
Total expenditures	85,000	85,000	67,135	17,865
REVENUES OVER (UNDER)				
EXPENDITURES	(44,800)	(44,800)	(20,720)	24,080
Net change in fund balances	\$ (44,800)	\$ (44,800)	\$ (20,720)	\$ 24,080
FUND BALANCES:				
Beginning of year			388,237	
End of year			\$ 367,517	

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 Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 874,600	\$ 874,600	\$ 919,261	\$ 44,661
Investment and rental income	28,800	28,800	102,861	74,061
Total revenues	903,400	903,400	1,022,122	118,722
EXPENDITURES:				
Capital outlay	-	1,200,000	-	1,200,000
Total expenditures	-	1,200,000	-	1,200,000
REVENUES OVER (UNDER)				
EXPENDITURES	903,400	(296,600)	1,022,122	1,318,722
Net change in fund balances	\$ 903,400	\$ (296,600)	1,022,122	\$ 1,318,722
FUND BALANCES:				
Beginning of year			1,793,579	
End of year			\$ 2,815,701	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Plan Maintenance Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 130,000	\$ 130,000	\$ 1,106,443	\$ 976,443
Investment and rental income	59,850	59,850	120,937	61,087
Total revenues	189,850	189,850	1,227,380	1,037,530
EXPENDITURES:				
Current:				
Community development	595,350	876,162	354,605	521,557
Total expenditures	595,350	876,162	354,605	521,557
REVENUES OVER (UNDER)				
EXPENDITURES	(405,500)	(686,312)	872,775	1,559,087
Net change in fund balances	\$ (405,500)	\$ (686,312)	\$ 872,775	\$ 1,559,087
FUND BALANCES:				
Beginning of year			2,287,171	
End of year			\$ 3,159,946	

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 Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Charges for current services	\$ 37,900	\$ 37,900	\$ 62,974	\$ 25,074
Investment and rental income	35,900	35,900	45,428	9,528
Total revenues	73,800	73,800	108,402	34,602
EXPENDITURES:				
Current:				
Public works	101,500	104,500	49,358	55,142
Total expenditures	101,500	104,500	49,358	55,142
REVENUES OVER (UNDER) EXPENDITURES				
	(27,700)	(30,700)	59,044	89,744
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(50,000)	(50,000)	(50,000)	-
Net change in fund balances	\$ (77,700)	\$ (80,700)	\$ 9,044	\$ 89,744
FUND BALANCES:				
Beginning of year			772,717	
End of year			\$ 781,761	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Technology Maintenance Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 31,940	\$ 31,940	\$ 187,755	\$ 155,815
Investment and rental income	7,000	7,000	10,971	3,971
Total revenues	38,940	38,940	198,726	159,786
EXPENDITURES:				
Current:				
Community development	105,485	105,485	87,589	17,896
Total expenditures	105,485	105,485	87,589	17,896
REVENUES OVER (UNDER)				
EXPENDITURES	(66,545)	(66,545)	111,137	177,682
Net change in fund balances	\$ (66,545)	\$ (66,545)	\$ 111,137	\$ 177,682
FUND BALANCES:				
Beginning of year			209,927	
End of year			\$ 321,064	

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) Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts		Variance with Final Budget
	Original	Final			Positive (Negative)
REVENUES:					
Charges for current services	\$ 5,500	\$ 5,500	\$ 7,628	\$ 2,128	
Investment and rental income	1,350	1,350	2,278	928	
Total revenues	6,850	6,850	9,906	3,056	
EXPENDITURES:					
Current:					
Community development	2,300	2,300	1,613	687	
Total expenditures	2,300	2,300	1,613	687	
REVENUES OVER (UNDER) EXPENDITURES					
	4,550	4,550	8,293	3,743	
Net change in fund balances	\$ 4,550	\$ 4,550	\$ 8,293	\$ 3,743	
FUND BALANCES:					
Beginning of year			47,249		
End of year			\$ 55,542		

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) Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual		Variance with Final Budget
	Original	Final	Amounts		Positive (Negative)
REVENUES:					
Charges for current services	\$ 420	\$ 420	\$ 2,872	\$ 2,452	
Investment and rental income	200	200	710	510	
Total revenues	620	620	3,582	2,962	
EXPENDITURES:					
Current:					
Community development	500	500	-	500	
Total expenditures	500	500	-	500	
REVENUES OVER (UNDER)					
EXPENDITURES	120	120	3,582	3,462	
Net change in fund balances	\$ 120	\$ 120	\$ 3,582	\$ 3,462	
FUND BALANCES:					
Beginning of year			5,801		
End of year			\$ 9,383		

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
CRV Grant Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 240	\$ 240	\$ 533	293
Other	8,500	8,500	8,464	(36)
Total revenues	8,740	8,740	8,997	257
EXPENDITURES:				
Current:				
Public works	14,000	14,000	5,245	8,755
Total expenditures	14,000	14,000	5,245	8,755
REVENUES OVER (UNDER)				
EXPENDITURES	(5,260)	(5,260)	3,752	9,012
Net change in fund balances	\$ (5,260)	\$ (5,260)	3,752	\$ 9,012
FUND BALANCES:				
Beginning of year			11,115	
End of year			\$ 14,867	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Curbside Recycling Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 8,550	\$ 8,550	\$ 12,619	\$ 4,069
Other	15,000	15,000	13,754	(1,246)
Total revenues	23,550	23,550	26,373	2,823
EXPENDITURES:				
Current:				
Public works	25,000	25,000	-	25,000
Total expenditures	25,000	25,000	-	25,000
REVENUES OVER (UNDER)				
EXPENDITURES	(1,450)	(1,450)	26,373	27,823
Net change in fund balances	\$ (1,450)	\$ (1,450)	\$ 26,373	\$ 27,823
FUND BALANCES:				
Beginning of year			278,024	
End of year			\$ 304,397	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Green Building Fee Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	Positive (Negative)
REVENUES:					
Charges for current services	\$ 700	\$ 700	\$ 1,023	\$ 323	
Investment and rental income	200	200	426		226
Total revenues	900	900	1,449		549
EXPENDITURES:					
Current:					
Community development	500	500	-		500
Total expenditures	500	500			500
REVENUES OVER (UNDER)					
EXPENDITURES	400	400	1,449		1,049
Net change in fund balances	\$ 400	\$ 400	\$ 1,449	\$ 1,049	
FUND BALANCES:					
Beginning of year			7,674		
End of year			\$ 9,123		

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure W
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Sales and use and sales tax in lieu	\$ 454,100	\$ 454,100	\$ 401,937	\$ (52,163)
Investment and rental income	32,400	32,400	81,336	48,936
Total revenues	486,500	486,500	483,273	(3,227)
EXPENDITURES:				
Capital outlay	-	1,575,000	-	1,575,000
Total expenditures	-	1,575,000	-	1,575,000
REVENUES OVER (UNDER)				
EXPENDITURES	486,500	(1,088,500)	483,273	1,571,773
Net change in fund balances	\$ 486,500	\$ (1,088,500)	\$ 483,273	\$ 1,571,773
FUND BALANCES:				
Beginning of year			1,471,549	
End of year			\$ 1,954,822	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Commercial Linkage Fee
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 16,400	\$ 16,400	\$ 247,049	\$ 230,649
Total revenues	16,400	16,400	247,049	230,649
EXPENDITURES:				
Current:				
Community development	619,860	619,860	-	619,860
Total expenditures	619,860	619,860	-	619,860
REVENUES OVER (UNDER) EXPENDITURES	(603,460)	(603,460)	247,049	850,509
Net change in fund balances	\$ (603,460)	\$ (603,460)	\$ 247,049	\$ 850,509
FUND BALANCES:				
Beginning of year			5,467,172	
End of year			\$ 5,714,221	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tenant Relocation Assistance
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts		Variance with Final Budget
	Original	Final			Positive (Negative)
REVENUES:					
Investment and rental income	\$ 3,600	\$ 3,600	\$ 11,073	\$ 7,473	
Total revenues	3,600	3,600	11,073	7,473	
Net change in fund balances	\$ 3,600	\$ 3,600	\$ 11,073	\$ 7,473	
FUND BALANCES:					
Beginning of year				244,933	
End of year			\$ 256,006		

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
SB 1383 Implementation Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 500	\$ 500	\$ 3,125	\$ 2,625
Total revenues	500	500	3,125	2,625
EXPENDITURES:				
Current:				
Public works	92,779	92,779	64,373	28,406
Total expenditures	92,779	92,779	64,373	28,406
REVENUES OVER (UNDER)				
EXPENDITURES	(92,279)	(92,279)	(61,248)	31,031
Net change in fund balances	\$ (92,279)	\$ (92,279)	\$ (61,248)	\$ 31,031
FUND BALANCES:				
Beginning of year			83,354	
End of year			\$ 22,106	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Workforce Housing Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ 666,351	\$ 666,351	\$ 640,379	\$(25,972)
Other	38,811	38,811	59,431	20,620
Total revenues	705,162	705,162	699,810	(5,352)
EXPENDITURES:				
Current:				
Community development	341,161	357,208	250,267	106,941
Total expenditures	341,161	357,208	250,267	106,941
REVENUES OVER (UNDER)				
EXPENDITURES	364,001	347,954	449,543	101,589
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(424,942)	(424,942)	-
Total other financing sources (uses)	-	(424,942)	(424,942)	-
Net change in fund balances	\$ 364,001	\$ (76,988)	\$ 24,601	\$ 101,589
FUND BALANCES:				
Beginning of year			45,996	
End of year			\$ 70,597	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks Facilities Impact Fee
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 11,636	\$ 11,636
Total revenues	-	-	11,636	11,636
EXPENDITURES:				
Capital outlay	-	560,300	560,300	-
Total expenditures	-	560,300	560,300	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	(560,300)	(548,664)	11,636
Net change in fund balances	\$ -	\$ (560,300)	(548,664)	\$ 11,636
FUND BALANCES:				
Beginning of year			568,798	
End of year			\$ 20,134	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Safety Impact Fee
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 2,784	\$ 2,784
Total revenues	-	-	2,784	2,784
Net change in fund balances	\$ -	\$ -	2,784	\$ 2,784
FUND BALANCES:				
Beginning of year			61,579	
End of year			\$ 64,363	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Transportation Impact Fee
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 8,718	\$ 8,718
Total revenues	-	-	8,718	8,718
Net change in fund balances	\$ -	\$ -	8,718	\$ 8,718
FUND BALANCES:				
Beginning of year			192,840	
End of year			\$ 201,558	

City of Foster City and Estero Municipal Improvement District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Levee Capital Project Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other	\$ -	\$ -	\$ 155,167	\$ 155,167
Total revenues	-	-	155,167	155,167
EXPENDITURES:				
Capital outlay	-	2,118,579	239,648	1,878,931
Total expenditures	-	2,118,579	239,648	1,878,931
REVENUES OVER (UNDER) EXPENDITURES				
	-	(2,118,579)	(84,481)	2,034,098
Net change in fund balances	\$ -	\$ (2,118,579)	(84,481)	\$ 2,034,098
FUND BALANCES:				
Beginning of year				-
Restatement			2,916,284	
Beginning of year, as restated			2,916,284	
End of year			\$ 2,831,803	

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
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Property taxes	\$ 4,325,294	\$ 4,325,294	\$ 4,436,580	\$ 111,286
Intergovernmental	-	-	10,883	10,883
Investment and rental income	5,000	5,000	146,279	141,279
Total revenues	4,330,294	4,330,294	4,593,742	263,448
EXPENDITURES:				
Debt service:				
Principal	1,700,000	1,700,000	1,700,000	-
Interest	2,418,288	2,418,288	2,417,438	850
Total expenditures	4,118,288	4,118,288	4,117,438	850
REVENUES OVER (UNDER)				
EXPENDITURES	212,006	212,006	476,304	264,298
Net change in fund balances	\$ 212,006	\$ 212,006	\$ 476,304	\$ 264,298
FUND BALANCES:				
Beginning of year			4,689,044	
End of year			\$ 5,165,348	

City of Foster and Estero Municipal Improvement District
Internal Service Funds
Year Ended June 30, 2025

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

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

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

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

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

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

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

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

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

City of Foster City and Estero Municipal Improvement District
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
ASSETS				
Current Assets:				
Cash and investments	\$ 8,514,714	\$ 8,326,410	\$ 1,650,899	\$ 8,539,190
Receivables, net of allowance:				
Accrued interest	-	-	-	-
Other	-	12,660	-	-
Prepays and deposits	754	-	-	26,750
Inventory	26,508	42,163	-	-
Total current assets	<u>8,541,976</u>	<u>8,381,233</u>	<u>1,650,899</u>	<u>8,565,940</u>
Noncurrent:				
Capital assets:				
Depreciable capital assets	5,347,820	7,467,817	-	-
Accumulated depreciation	(3,114,240)	(5,718,754)	-	-
Net capital assets	2,233,580	1,749,063	-	-
Total noncurrent assets	<u>2,233,580</u>	<u>1,749,063</u>	-	-
Total assets	<u>10,775,556</u>	<u>10,130,296</u>	<u>1,650,899</u>	<u>8,565,940</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	119,140	-	-	253,442
Related to OPEB	3,376	-	-	10,166
Total deferred outflows of resources	<u>122,516</u>	<u>-</u>	<u>-</u>	<u>263,608</u>
LIABILITIES				
Current liabilities:				
Accounts payable	24,697	-	65	79,621
Accrued payroll	17,018	-	-	35,439
Claims payable - current portion	-	-	190,000	-
Compensated absences - current portion	13,898	-	-	39,472
Total current liabilities	<u>55,613</u>	<u>-</u>	<u>190,065</u>	<u>154,532</u>
Noncurrent liabilities:				
Compensated absences	17,371	-	-	117,763
Net OPEB liability	57,956	-	-	174,490
Net pension liability	452,012	-	-	961,554
Total noncurrent liabilities	<u>527,339</u>	<u>-</u>	<u>-</u>	<u>1,253,807</u>
Total liabilities	<u>582,952</u>	<u>-</u>	<u>190,065</u>	<u>1,408,339</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	41,037	-	-	123,553
Total deferred inflows of resources	<u>41,037</u>	<u>-</u>	<u>-</u>	<u>123,553</u>
NET POSITION				
Net investment in capital assets	2,233,580	1,749,063	-	-
Unrestricted	8,040,503	8,381,233	1,460,834	7,297,656
Total net position	<u>\$ 10,274,083</u>	<u>\$ 10,130,296</u>	<u>\$ 1,460,834</u>	<u>\$ 7,297,656</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Totals
\$ 12,143,709	\$ 2,948,106	\$ 6,705,905	\$ 4,014,584	\$ 52,843,517
-	10,631	25,099	-	35,730
-	-	-	-	12,660
-	-	-	-	27,504
-	-	-	-	68,671
12,143,709	2,958,737	6,731,004	4,014,584	52,988,082
-	-	-	-	12,815,637
-	-	-	-	(8,832,994)
-	-	-	-	3,982,643
-	-	-	-	3,982,643
12,143,709	2,958,737	6,731,004	4,014,584	56,970,725
229,614	-	-	-	602,196
3,376	-	-	-	16,918
232,990	-	-	-	619,114
120,064	-	-	-	224,447
30,227	-	-	-	82,684
-	-	-	-	190,000
38,058	-	-	-	91,428
188,349	-	-	-	588,559
57,272	-	-	-	192,406
57,956	-	-	-	290,402
871,151	-	-	-	2,284,717
986,379	-	-	-	2,767,525
1,174,728	-	-	-	3,356,084
41,037	-	-	-	205,627
41,037	-	-	-	205,627
-	-	-	-	3,982,643
11,160,934	2,958,737	6,731,004	4,014,584	50,045,485
\$ 11,160,934	\$ 2,958,737	\$ 6,731,004	\$ 4,014,584	\$ 54,028,128

City of Foster City and Estero Municipal Improvement District
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2025

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
OPERATING REVENUES:				
Charges for services - internal	\$ 2,028,234	\$ 616,362	\$ 2,081,723	\$ 2,697,950
Total operating revenues	2,028,234	616,362	2,081,723	2,697,950
OPERATING EXPENSES:				
Personnel	436,554	-	-	1,082,753
Repairs and maintenance	497,765	162,466	-	942,788
General and administration	20,481	-	300	153,656
Depreciation and amortization	381,007	280,528	-	-
Contractual services	3,296	-	81,405	62,372
Insurance	270,624	-	1,630,247	-
Total operating expenses	1,609,727	442,994	1,711,952	2,241,569
Operating income (loss)	418,507	173,368	369,771	456,381
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of capital assets	38,152	(240,690)	-	-
Investment income	399,111	401,304	35,059	415,682
Miscellaneous	122,507	52,608	-	20,251
Total nonoperating revenues (expenses)	559,770	213,222	35,059	435,933
Income before contributions and transfers	978,277	386,590	404,830	892,314
CONTRIBUTIONS AND TRANSFERS:				
Transfers in	634,053	307,290	-	-
Transfers out	-	-	-	(307,290)
Total contributions and transfers	634,053	307,290	-	(307,290)
Change in net position	1,612,330	693,880	404,830	585,024
NET POSITION:				
Beginning of year, as previously presented	8,706,835	9,436,416	1,056,004	6,714,192
Restatements	(45,082)	-	-	(1,560)
Beginning of year, as restated	8,661,753	9,436,416	1,056,004	6,712,632
End of year	\$ 10,274,083	\$ 10,130,296	\$ 1,460,834	\$ 7,297,656

Building Maintenance	Longevity Recognition Benefits	PEMHICA	Compensated Absences	Totals
\$ 3,510,769	\$ 222,720	\$ 257,760	\$ -	\$ 11,415,518
<u>3,510,769</u>	<u>222,720</u>	<u>257,760</u>	<u>-</u>	<u>11,415,518</u>
861,638	213,495	484,896	267,186	3,346,522
431,903	-	-	-	2,034,922
784,052	-	-	-	958,489
-	-	-	-	661,535
378,539	2,625	5,919	-	534,156
-	-	-	-	1,900,871
<u>2,456,132</u>	<u>216,120</u>	<u>490,815</u>	<u>267,186</u>	<u>9,436,495</u>
1,054,637	6,600	(233,055)	(267,186)	1,979,023
-	-	-	-	(202,538)
575,071	127,646	301,376	206,553	2,461,802
3,517	-	-	-	198,883
<u>578,588</u>	<u>127,646</u>	<u>301,376</u>	<u>206,553</u>	<u>2,458,147</u>
1,633,225	134,246	68,321	(60,633)	4,437,170
-	-	-	-	941,343
-	-	-	-	(307,290)
-	-	-	-	634,053
<u>1,633,225</u>	<u>134,246</u>	<u>68,321</u>	<u>(60,633)</u>	<u>5,071,223</u>
9,576,186	2,824,491	6,662,683	4,075,217	49,052,024
(48,477)	-	-	-	(95,119)
<u>9,527,709</u>	<u>2,824,491</u>	<u>6,662,683</u>	<u>4,075,217</u>	<u>48,956,905</u>
<u>\$ 11,160,934</u>	<u>\$ 2,958,737</u>	<u>\$ 6,731,004</u>	<u>\$ 4,014,584</u>	<u>\$ 54,028,128</u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2025

	Vehicle Rental	Equipment Replacement	Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interdepartmental charges	\$ 2,028,234	\$ 616,362	\$ 2,081,723
Cash received from others	125,007	54,151	-
Cash payments to suppliers for goods and services	(765,755)	(162,466)	(1,711,887)
Cash payments to employees for services	<u>(523,763)</u>	<u>-</u>	<u>40,000</u>
Net cash provided by (used in) operating activities	<u>863,723</u>	<u>508,047</u>	<u>409,836</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received	634,053	307,290	-
Transfers paid	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>634,053</u>	<u>307,290</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term-debt	-	-	-
Acquisition and construction of capital assets	(634,052)	(448,574)	-
Proceeds from sale of assets	<u>38,152</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(595,900)</u>	<u>(448,574)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	399,111	401,304	35,059
Net cash provided by (used in) investing activities	<u>399,111</u>	<u>401,304</u>	<u>35,059</u>
Net cash flows	<u>1,300,987</u>	<u>768,067</u>	<u>444,895</u>
CASH AND INVESTMENTS - Beginning of year	<u>7,213,727</u>	<u>7,558,343</u>	<u>1,206,004</u>
CASH AND INVESTMENTS - End of year	<u>\$ 8,514,714</u>	<u>\$ 8,326,410</u>	<u>\$ 1,650,899</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 418,507	\$ 173,368	\$ 369,771
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	381,007	280,528	-
Miscellaneous revenues	122,507	52,608	-
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Other receivables	2,500	1,543	-
Deposit and prepaid items	(23)	-	-
Inventory	34,327	-	-
Deferred outflows of resources	44,366	-	-
Increase (decrease) in:			
Accounts payable	(7,893)	-	65
Accrued payroll	(3,365)	-	-
Claims liability	-	-	40,000
Compensated absences	(43,351)	-	-
Total OPEB liability	(25,559)	-	-
Net pension liability	(68,303)	-	-
Deferred inflows of resources	9,003	-	-
Net cash provided by (used in) operating activities	<u>\$ 863,723</u>	<u>\$ 508,047</u>	<u>\$ 409,836</u>

Information Technology	Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Totals
\$ 2,697,950	\$ 3,510,769	\$ 222,720	\$ 257,760	\$ -	\$ 11,415,518
20,251	3,517	12,449	29,391	-	244,766
(1,156,903)	(1,651,054)	(2,625)	(5,919)	-	(5,456,609)
<u>(1,042,884)</u>	<u>(984,296)</u>	<u>(213,495)</u>	<u>(484,896)</u>	<u>(267,186)</u>	<u>(3,476,520)</u>
<u>518,414</u>	<u>878,936</u>	<u>19,049</u>	<u>(203,664)</u>	<u>(267,186)</u>	<u>2,727,155</u>
 (307,290)	 -	 -	 -	 -	 941,343 (307,290)
 (307,290)	 -	 -	 -	 -	 634,053
 -	 (34,088)	 -	 -	 -	 (34,088)
 -	 -	 -	 -	 -	 (1,082,626)
 -	 -	 -	 -	 -	 38,152
 -	 (34,088)	 -	 -	 -	 (1,078,562)
 415,682	 575,071	 117,015	 276,277	 206,553	 2,426,072
 415,682	 575,071	 117,015	 276,277	 206,553	 2,426,072
 626,806	 1,419,919	 136,064	 72,613	 (60,633)	 4,708,718
 7,912,384	 10,723,790	 2,812,042	 6,633,292	 4,075,217	 48,134,799
 \$ 8,539,190	 \$ 12,143,709	 \$ 2,948,106	 \$ 6,705,905	 \$ 4,014,584	 \$ 52,843,517
 \$ 456,381	 \$ 1,054,637	 \$ 6,600	 \$ (233,055)	 \$ (267,186)	 \$ 1,979,023
 20,251	 3,517	 -	 -	 -	 661,535 198,883
 -	 -	 12,449	 29,391	 -	 45,883
 (26,360)	 1,855	 -	 -	 -	 (24,528)
 45,681	 51,721	 -	 -	 -	 34,327 141,768
 28,273	 (58,415)	 -	 -	 -	 (37,970)
 1,426	 1,243	 -	 -	 -	 (696)
 -	 -	 -	 -	 -	 40,000
 19,112	 (32,649)	 -	 -	 -	 (56,888)
 (76,952)	 (109,971)	 -	 -	 -	 (212,482)
 18,483	 (10,945)	 -	 -	 -	 (60,765)
 32,119	 (22,057)	 -	 -	 -	 19,065
 \$ 518,414	 \$ 878,936	 \$ 19,049	 \$ (203,664)	 \$ (267,186)	 \$ 2,727,155

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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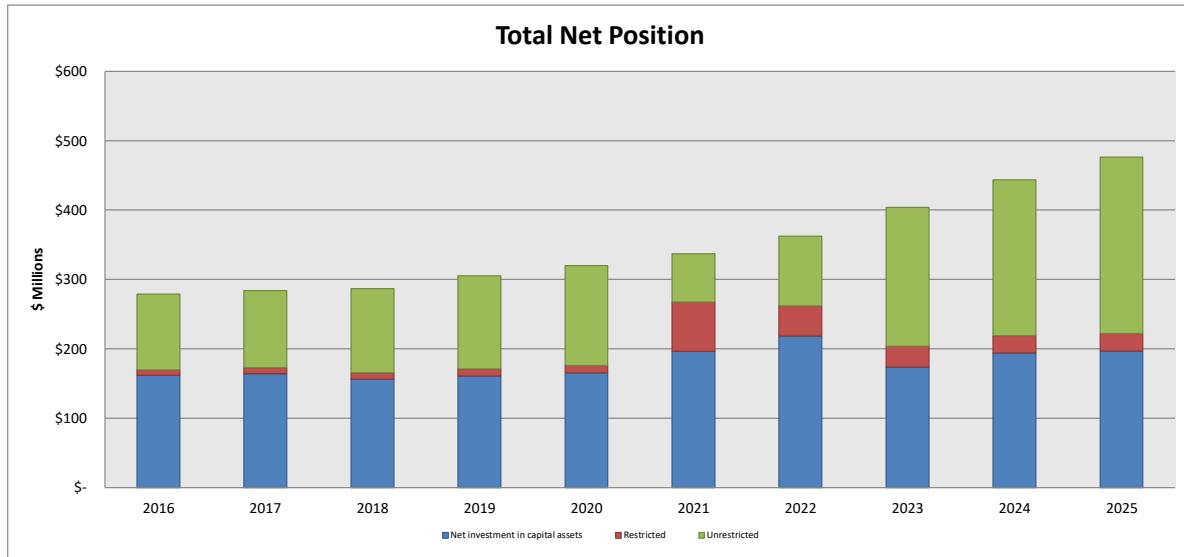
City of Foster City and Estero Municipal Improvement District

Net Position by Component

Last Ten Fiscal Years

(Accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 105,267,654	\$ 104,241,497	\$ 104,366,565	\$ 102,668,101	\$ 102,819,233	\$ 129,905,492	\$ 152,433,223	\$ 100,222,930	\$ 106,361,750	\$ 117,096,298
Restricted	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	43,350,355	24,219,418	23,343,401	24,577,030
Unrestricted	79,035,368	83,096,489	82,200,472	95,333,932	102,269,338	22,213,233	41,872,624	137,620,733	154,686,183	159,372,390
Total governmental activities net position	\$ 192,467,330	\$ 196,213,518	\$ 195,920,784	\$ 208,391,033	\$ 215,690,480	\$ 223,506,081	\$ 237,656,202	\$ 262,063,081	\$ 284,391,334	\$ 301,045,718
Business-type activities										
Net Investment in capital assets	\$ 56,208,645	\$ 59,464,204	\$ 51,691,503	\$ 57,834,914	\$ 62,401,864	\$ 66,148,527	\$ 66,131,749	\$ 73,565,692	\$ 87,688,170	\$ 79,747,053
Restricted	-	-	-	-	-	-	-	5,796,138	1,674,859	689,506
Unrestricted	30,219,485	28,425,170	39,096,553	38,964,497	41,885,954	47,396,460	58,724,334	62,349,900	69,613,712	94,829,038
Total business-type activities net position	\$ 86,428,130	\$ 87,889,374	\$ 90,788,056	\$ 96,799,411	\$ 104,287,818	\$ 113,544,987	\$ 124,856,083	\$ 141,711,730	\$ 158,976,741	\$ 175,265,597
Primary government										
Net Investment in capital assets	\$ 161,476,299	\$ 163,705,701	\$ 156,058,068	\$ 160,503,015	\$ 165,221,097	\$ 196,054,019	\$ 218,564,972	\$ 173,788,622	\$ 194,049,920	\$ 196,843,351
Restricted	8,164,308	8,875,532	9,353,747	10,389,000	10,601,909	71,387,356	43,350,355	30,015,556	25,018,260	25,266,536
Unrestricted	109,254,853	111,521,659	121,297,025	134,298,429	144,155,292	69,609,693	100,596,958	199,970,633	224,299,895	254,201,428
Total primary government net position	\$ 278,895,460	\$ 284,102,892	\$ 286,708,840	\$ 305,190,444	\$ 319,978,298	\$ 337,051,068	\$ 362,512,285	\$ 403,774,811	\$ 443,368,075	\$ 476,311,315



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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 4,308,710	\$ 5,042,007	\$ 5,789,051	\$ 6,060,023	\$ 6,702,456	\$ 6,088,435	\$ 4,977,428	\$ 5,435,528	\$ 8,056,634	\$ 8,941,538
Police	10,438,938	11,226,563	14,100,954	15,022,253	15,697,931	14,797,439	15,354,015	14,709,027	17,049,525	19,510,046
Fire	7,929,490	8,789,853	10,801,237	11,033,747	11,035,146	11,287,606	12,186,217	11,130,241	12,598,383	13,919,336
Public works	4,335,309	4,760,961	5,707,187	5,430,742	5,376,875	4,575,342	4,913,006	6,225,191	7,458,051	7,920,166
Community development	2,417,650	2,590,742	3,073,843	2,907,622	2,980,907	3,254,326	3,095,744	4,157,767	5,088,099	5,102,009
Parks and recreation	8,750,077	10,085,864	10,777,390	11,096,170	11,256,138	10,678,377	9,342,094	10,851,261	13,541,837	15,471,811
Interest on long-term debt	-	-	-	-	-	1,516,623	1,939,751	2,293,073	3,014,507	2,167,880
Total governmental activities expense	38,180,174	42,495,990	50,249,662	51,550,557	53,049,453	52,198,148	51,808,255	54,802,088	66,807,036	73,032,786
Business-type activities:										
Water	11,824,224	13,398,161	14,599,582	14,074,075	14,978,448	14,711,672	13,115,926	13,357,202	16,870,635	18,040,358
Wastewater	6,356,799	7,166,712	7,722,767	8,151,224	7,876,915	8,203,420	7,751,208	8,570,810	9,365,952	12,927,303
Total business-type activities expense	18,181,023	20,564,873	22,322,349	22,225,299	22,855,363	22,915,092	20,867,134	21,928,012	26,236,587	30,967,661
Total primary government expense	\$ 56,361,197	\$ 63,060,863	\$ 72,572,011	\$ 73,775,856	\$ 75,904,816	\$ 75,113,240	\$ 72,675,389	\$ 76,730,100	\$ 93,043,623	\$ 104,000,447
Program Revenues										
Governmental activities:										
Charges for services:										
Public works	\$ 264,579	\$ 254,169	\$ 367,879	\$ 213,086	\$ 179,837	\$ 162,108	\$ 28,858	\$ 93,746	\$ 113,523	\$ 171,548
Parks and recreation	1,473,738	2,358,600	1,853,153	3,697,450	1,520,574	409,418	959,671	1,393,272	1,710,319	1,570,285
Other activities	4,589,520	5,919,975	6,066,430	4,173,106	3,409,238	4,074,120	4,436,390	4,202,787	9,552,287	5,884,170
Operating grants and contributions	3,137,709	1,262,548	1,236,057	1,136,501	1,302,269	1,572,224	5,237,263	5,639,549	1,429,973	1,279,751
Capital grants and contribution	290,669	586,884	2,218,653	1,115,882	979,700	1,347,461	1,744,628	1,648,631	1,093,382	1,478,390
Total governmental activities program revenue	9,756,215	10,382,176	11,742,172	10,336,025	7,391,618	7,565,331	12,406,810	12,977,985	13,899,484	10,384,144
Business-type activities:										
Charges for services:										
Water	11,635,584	12,574,363	14,833,965	15,382,698	16,552,780	17,678,897	16,700,178	15,804,702	17,638,042	18,379,395
Wastewater	8,464,663	9,168,192	10,723,302	12,121,747	13,649,963	15,690,009	17,777,050	20,228,535	21,119,646	21,685,416
Capital grants and contribution	71,315	32,174	8,741	5,557	21,216	446	28,791	15,187	11,909	6,424
Total business-type activities program revenue	20,171,562	21,774,729	25,566,008	27,510,002	30,223,959	33,369,352	34,506,019	36,048,424	38,769,597	40,071,235
Total primary government program revenue	\$ 29,927,777	\$ 32,156,905	\$ 37,308,180	\$ 37,846,027	\$ 37,615,577	\$ 40,934,683	\$ 46,912,829	\$ 49,026,409	\$ 52,669,081	\$ 50,455,379
Net (Expense)/Revenue										
Governmental activities	\$ (28,423,959)	\$ (32,113,814)	\$ (38,507,490)	\$ (41,214,532)	\$ (45,657,835)	\$ (44,632,817)	\$ (39,401,445)	\$ (41,824,103)	\$ (52,907,552)	\$ (62,648,642)
Business-type activities	1,990,539	1,209,856	3,243,659	5,284,703	7,368,596	10,454,260	13,638,885	14,120,412	12,533,010	9,103,574
Total primary government net expens	\$ (26,433,420)	\$ (30,903,958)	\$ (35,263,831)	\$ (35,929,829)	\$ (38,289,239)	\$ (34,178,557)	\$ (25,762,560)	\$ (27,703,691)	\$ (40,374,542)	\$ (53,545,068)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 25,042,950	\$ 27,249,762	\$ 29,697,500	\$ 33,612,508	\$ 35,186,668	\$ 41,633,116	\$ 43,155,803	\$ 46,963,408	\$ 46,979,414	\$ 48,999,173
Franchise taxes	1,182,060	1,190,454	1,178,643	1,151,822	1,213,162	1,185,308	1,219,963	1,308,136	1,367,718	1,421,690
Sales taxes	3,892,638	3,780,217	4,141,017	4,513,774	4,424,946	4,073,476	5,135,331	5,799,717	5,034,302	5,315,454
Other taxes	4,853,059	5,011,598	5,628,469	6,570,639	5,559,014	2,922,410	4,167,196	5,486,272	6,551,700	8,777,186
Investment earnings	2,807,314	2,487,713	2,801,998	7,340,714	5,672,389	2,191,807	(1,801,976)	6,516,594	9,860,991	14,914,797
Gain (loss) on JPA equity interest	-	-	-	84,643	663,404	(1,549)	773,157	2,424,473	5,129,689	(854,239)
Gain on sale of capital assets	-	37,071	101,798	(22,309)	-	-	-	-	-	-
Miscellaneous	1,010,108	134,187	316,522	124,124	237,699	443,850	902,092	633,032	359,902	682,538
Transfers	-	-	162,674	308,866	-	-	-	(128,887)	-	634,053
Total governmental activitie	38,788,129	39,891,002	44,028,621	53,684,781	52,957,282	52,448,418	53,551,566	69,002,745	75,283,716	79,880,652
Business-type activities:										
Investment earnings	350,091	154,770	277,627	984,386	81,433	(1,247,738)	(2,391,082)	2,500,670	4,635,257	7,951,202
Loss on sales of capital assets	-	(7,860)	(479)	-	(10,665)	-	-	-	-	-
Miscellaneous	61,506	104,478	125,512	51,132	49,043	50,647	63,293	105,678	96,744	37,340
Transfers	-	-	(162,674)	(308,866)	-	-	-	128,887	-	(634,053)
Total business-type activitie	411,597	251,388	239,986	726,652	119,811	(1,197,091)	(2,327,789)	2,735,235	4,732,001	7,354,489
Total primary governmen	\$ 39,199,726	\$ 40,142,390	\$ 44,268,607	\$ 54,411,433	\$ 53,077,093	\$ 51,251,327	\$ 51,223,777	\$ 71,737,980	\$ 80,015,717	\$ 87,235,141
Change in Net Position										
Governmental activities	\$ 10,364,170	\$ 7,777,188	\$ 5,521,131	\$ 12,470,249	\$ 7,299,447	\$ 7,815,601	\$ 14,150,121	\$ 27,178,642	\$ 22,376,164	\$ 17,232,010
Business-type activities	2,402,136	1,461,244	3,483,645	6,011,355	7,488,407	9,257,169	11,311,096	16,855,647	17,265,011	16,458,063
Total primary governmen	\$ 12,766,306	\$ 9,238,432	\$ 9,004,776	\$ 18,481,604	\$ 14,787,854	\$ 17,072,770	\$ 25,461,217	\$ 44,034,289	\$ 39,641,175	\$ 33,690,073

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 33,196,631	\$ 35,378,834	\$ 38,848,086	\$ 43,986,723	\$ 44,477,091	\$ 48,326,501	\$ 51,986,123	\$ 57,717,652	\$ 57,904,090	\$ 60,345,734
Licenses, fees and permits	3,399,578	4,564,176	5,066,971	3,687,802	3,399,595	3,472,940	3,976,116	3,757,885	3,906,418	7,789,649
Fines and penalties	162,589	187,670	227,271	123,403	90,960	68,347	107,087	75,975	73,651	94,595
Charges for services	2,671,725	2,940,785	2,757,324	2,302,304	1,807,364	1,841,360	2,044,251	2,739,421	8,407,603	2,938,980
Special assessments	429,000	1,146,000	540,000	2,240,000	480,000	-	-	-	-	-
Intergovernmental	1,400,996	1,552,362	1,666,254	2,450,199	1,915,314	2,438,138	5,830,103	6,661,086	2,284,211	2,322,256
Investment earnings	2,345,939	1,978,805	2,330,691	6,489,694	4,719,935	2,052,552	(965,630)	7,995,328	12,527,882	12,646,165
Other revenues	4,394,357	1,961,964	3,838,427	1,464,509	1,500,190	1,650,893	2,812,482	1,715,379	1,377,509	1,880,084
Total revenues	48,000,815	49,710,596	55,275,024	62,744,634	58,390,449	59,850,731	65,790,532	80,662,726	86,481,364	88,017,463
Expenditures										
General government	3,738,875	4,599,220	4,633,199	4,995,310	5,944,704	6,779,021	5,744,561	6,472,320	7,205,724	8,680,274
Police	10,621,454	11,344,717	12,075,308	14,649,843	14,000,196	16,127,520	15,130,966	15,308,936	16,385,543	16,874,107
Fire	8,243,689	9,189,623	9,221,643	11,280,149	9,389,379	11,931,423	10,861,609	11,352,653	11,798,445	12,429,939
Public works	2,050,278	2,510,297	3,286,106	3,142,559	3,114,099	2,860,679	3,079,049	4,254,570	4,248,275	4,924,881
Community development	2,487,145	2,600,470	2,747,238	2,803,275	2,884,972	3,874,174	3,715,475	4,323,163	4,759,247	4,904,829
Parks and recreation	7,312,735	8,229,008	8,218,254	9,049,950	9,386,057	10,544,668	9,682,608	10,140,942	11,981,454	11,951,431
Capital outlay	3,880,749	3,491,142	3,932,684	5,312,860	4,747,124	32,503,065	27,820,924	34,720,557	13,713,243	16,693,163
Debt service	-	-	-	-	-	1,516,623	2,594,788	2,438,388	3,050,000	1,700,000
Interest	-	-	-	-	-	-	3,895,000	3,940,000	2,507,463	2,417,438
Principal	-	-	-	-	-	-	-	-	-	-
Total expenditures	38,334,925	41,964,477	44,114,432	51,233,946	49,466,531	86,137,173	82,524,980	92,951,529	75,649,394	80,576,062
Excess of revenues over (under) expenditures	9,665,890	7,746,119	11,160,592	11,510,688	8,923,918	(26,286,442)	(16,734,448)	(12,288,803)	10,831,970	7,441,401
Other Financing Sources (uses)										
Proceeds from sale of capital assets	546,293	564,315	582,930	602,160	622,025	642,545	663,741	685,637	708,255	731,619
Issuance of long term debt	-	-	-	-	-	91,835,167	-	-	5,224,971	-
Transfers in	1,588,591	3,200,511	2,255,488	4,338,841	5,978,262	8,012,976	56,956,690	9,741,216	6,788,261	9,749,611
Transfers out	(1,751,789)	(3,200,511)	(2,255,488)	(7,387,275)	(5,255,112)	(7,412,976)	(56,656,690)	(8,742,157)	(6,788,261)	(9,749,611)
Total other financing sources (uses)	383,095	564,315	582,930	(2,446,274)	1,345,175	93,077,712	963,741	1,684,696	5,933,226	731,619
Net change in fund balances	\$ 10,048,985	\$ 8,310,434	\$ 11,743,522	\$ 9,064,414	\$ 10,269,093	\$ 66,791,270	\$ (15,770,707)	\$ (10,604,107)	\$ 16,765,196	\$ 8,173,020
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	2.91%	11.82%	11.12%	8.97%	6.51%

City of Foster City and Estero Municipal Improvement District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-Spendable	39,730	48,595	56,029	48,231	19,415	18,475	64,154	48,397	37,081	58,263
Restricted	99,481	5,675	21,252	26,384	15,296	24,823	25,857	66,585	69,654	51,683
Committed	1,279,731	2,202,807	2,265,890	3,013,410	7,702,504	4,447,532	4,214,692	4,222,082	4,288,523	4,316,134
Assigned	138,174	28,093	125,010	8,240	-	-	-	-	-	-
Unassigned	39,628,699	43,397,590	50,980,152	52,180,181	50,858,876	52,979,962	44,019,375	58,622,519	63,734,236	71,143,367
Total general fund	<u>\$ 41,185,815</u>	<u>\$ 45,682,760</u>	<u>\$ 53,448,333</u>	<u>\$ 55,276,446</u>	<u>\$ 58,596,091</u>	<u>\$ 57,470,792</u>	<u>\$ 48,324,078</u>	<u>\$ 62,959,583</u>	<u>\$ 68,129,494</u>	<u>\$ 75,569,447</u>
All Other Governmental Funds										
Non-Spendable	-	-	75	2,203	-	-	1,750	33,375	20,103	11,128
Restricted	7,685,968	8,003,371	8,542,352	9,314,094	9,901,721	71,105,763	43,118,940	24,152,232	29,358,690	30,399,547
Committed	42,990,833	46,527,692	49,925,812	56,388,243	62,885,703	69,466,702	90,825,874	89,201,732	95,603,831	95,305,016
Unassigned	-	(40,773)	-	-	(133,436)	(1,908)	-	-	-	-
Total all other governmental funds	<u>\$ 50,676,801</u>	<u>\$ 54,490,290</u>	<u>\$ 58,468,239</u>	<u>\$ 65,704,540</u>	<u>\$ 72,653,988</u>	<u>\$ 140,570,557</u>	<u>\$ 133,946,564</u>	<u>\$ 113,387,339</u>	<u>\$ 124,982,624</u>	<u>\$ 125,715,691</u>

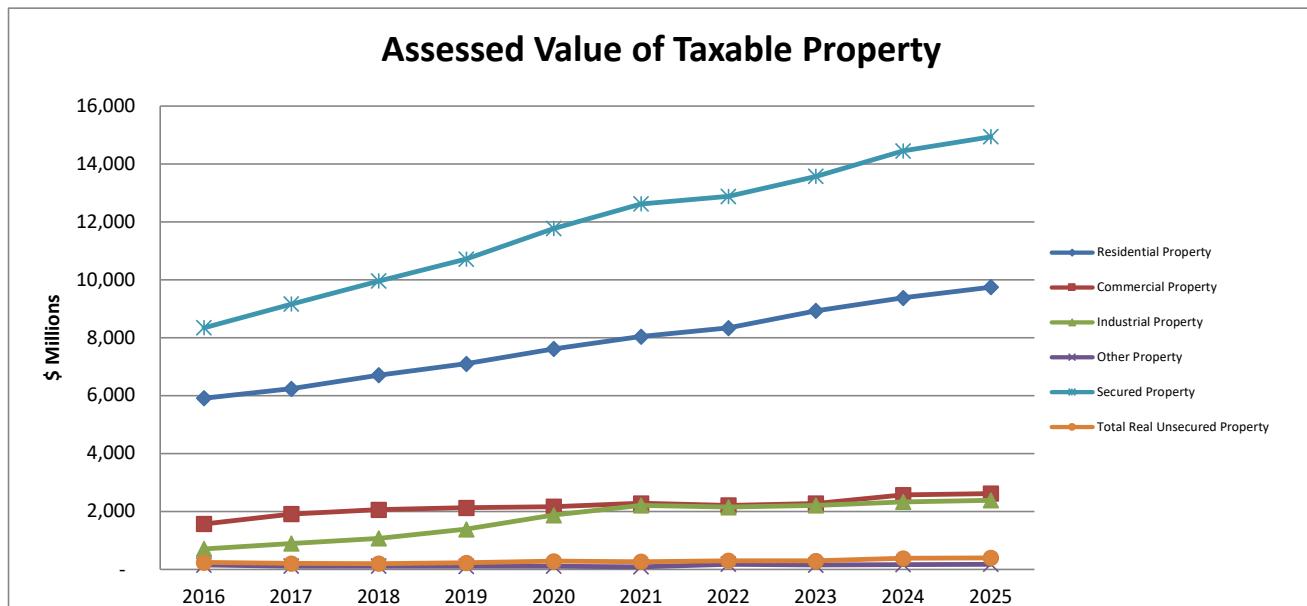
City of Foster City and Estero Municipal Improvement District

Assessed Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Total Real						Total Estimated Full Market ¹	Total Direct Tax Rate ² %
	Residential Property	Commercial Property	Industrial Property	Other Property	Secured Property	Unsecured Property		
2016	5,909,653	1,573,865	707,140	150,091	8,340,749	237,511	8,578,260	8,578,260 0.22323
2017	6,240,204	1,910,182	898,130	112,187	9,160,703	206,769	9,367,472	9,367,472 0.22231
2018	6,704,861	2,059,294	1,074,561	113,666	9,952,382	200,384	10,152,766	10,152,766 0.22156
2019	7,096,609	2,125,413	1,385,304	105,123	10,712,449	225,163	10,937,612	10,937,612 0.22086
2020	7,613,917	2,168,754	1,872,191	110,446	11,765,308	280,863	12,046,171	12,046,171 0.23441
2021	8,037,085	2,280,491	2,211,821	89,233	12,618,630	265,823	12,884,453	12,884,453 0.23437
2022	8,337,136	2,208,055	2,149,677	182,328	12,877,196	297,110	13,174,306	13,174,306 0.23449
2023	8,929,894	2,277,594	2,209,510	151,792	13,568,790	292,888	13,861,678	13,861,678 0.23449
2024	9,376,064	2,569,960	2,330,368	168,100	14,444,492	380,381	14,824,873	14,824,873 0.23467
2025	9,752,087	2,620,956	2,392,733	178,005	14,943,781	402,925	15,346,706	15,346,706 0.23461



Source: The HdL Company and San Mateo County Assessor 2015/16 - 2024/25 Combined Tax Rolls

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

Thereafter, full cash value can be increased/decreased:

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

² California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

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

Agency	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.03620	0.03060	0.02780	0.02710	0.02050	0.02040	0.02050	0.00280	0.00530	0.00440
Belmont-Redwood Shores	0.00000	0.00000	0.00520	0.00430	0.00410	0.00390	0.00370	0.01250	0.03840	0.03550
Foster City GO Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.03600	0.03100	0.02900	0.02790	0.02880
Mid-Peninsula Regional Open Space	0.00080	0.00060	0.00090	0.00180	0.00160	0.00150	0.00150	0.00130	0.00120	0.00130
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00350	0.00370	0.00000	0.00000	0.00000	0.00000
San Mateo Foster City Elementary	0.04020	0.05460	0.05420	0.05300	0.04370	0.04620	0.06650	0.06130	0.05650	0.06100
San Mateo High	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.04760	0.04450
San Mateo Junior College	0.02500	0.02470	0.02350	0.01750	0.02310	0.01760	0.00000	0.00000	0.00000	0.00000
San Mateo Junior Comm College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02270	0.01930	0.01900	0.01780
San Mateo Union High	0.04660	0.04150	0.04330	0.04070	0.03850	0.04490	0.04880	0.05040	0.00000	0.00000
Sequoia Union High	0.04340	0.03910	0.03830	0.03650	0.03400	0.03150	0.02900	0.02860	0.03910	0.03880
Total Direct & Overlapping² Tax Rates	1.19220	1.19110	1.19320	1.18090	1.16900	1.20570	1.22370	1.20520	1.23500	1.23210
City's Share of 1% Levy Per Prop 13³	0.25974	0.25974	0.25974	0.21971	0.23365	0.23366	0.23366	0.23367	0.23375	0.23368
Voter Approved City Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate⁴	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate⁵	0.22323	0.22231	0.22156	0.22086	0.23441	0.23437	0.23449	0.23449	0.23467	0.23461

Notes:

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

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

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

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

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

Source:

The HdL Company, 2015/16 - 2024/25 Direct and Overlapping Property Tax Rates Schedule
 San Mateo County Assessor 2015/16 -2024/25 Tax Rate Table

City of Foster City and Estero Municipal Improvement District

Principal Property Tax Payers

Current Year and Ten Years Ago

Taxpayer	FY 2024/2025			FY 2015/2016		
	Taxable Assessed Value	Rank	Percentage of Total City	Taxable Assessed Value	Rank	Percentage of Total City
			Taxable Assessed Value			Taxable Assessed Value
GILEAD SCIENCES INC	\$ 2,899,408,924	1	18.89%	\$ 1,109,699,727	1	12.94%
BMR LINCOLN CENTER LP	380,297,853	2	2.48%			
HUDSON METRO CENTER LLC	373,866,035	3	2.44%	261,102,585	2	3.04%
VISA USA INC	288,855,862	4	1.88%	259,941,815	3	3.03%
TRUST PARKSIDE TOWERS CORPORATION	246,374,549	5	1.61%	209,111,688	4	2.44%
BRE-BMR 4000 AND 4100 EAST 3RD LLC	239,766,300	6	1.56%			
BEX FMCA LLC	211,118,849	7	1.38%	178,838,800	5	2.08%
CP IX TRITON LLC	178,944,329	8	1.17%			
SF HILLSDALE 20102012 LLC	166,946,630	9	1.09%	141,152,318	6	1.65%
CV TRITON LLC	123,746,335	10	0.81%			
NORTHWESTERN MUTUAL LIFE				84,854,186	7	0.99%
BAYSIDE TOWERS INC				74,762,331	8	0.87%
LENNAR HOMES OF CALIFORNIA				66,500,000	9	0.78%
PWM RESIDENTIAL VENTURE LLC				66,133,489	10	0.77%
Top Ten Total	5,109,325,666		33.31%	2,452,096,939		28.59%
City Total	\$ 15,346,705,781			\$ 8,578,259,707		

Source: The HdL Company and San Mateo County Assessor 2024/25 & 2015/16 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,	Estimated Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy ³		Amount	Percentage of Levy
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%	(14,773)	29,767,998	105.28%
2020	31,147,215	31,113,654	99.89%	(21,465)	31,092,189	99.82%
2021	33,307,478	34,471,265	103.49%	(15,821)	34,455,444	103.45%
2022	34,101,361	34,738,038	101.87%	2,816	34,740,854	101.88%
2023	35,789,860	37,258,697	104.10%	(22,128)	37,236,569	104.04%
2024	38,195,012	39,030,260	102.19%	(62,135)	38,968,125	102.02%
2025	39,669,016	40,017,037	100.88%	-	40,017,037	100.88%

Notes:

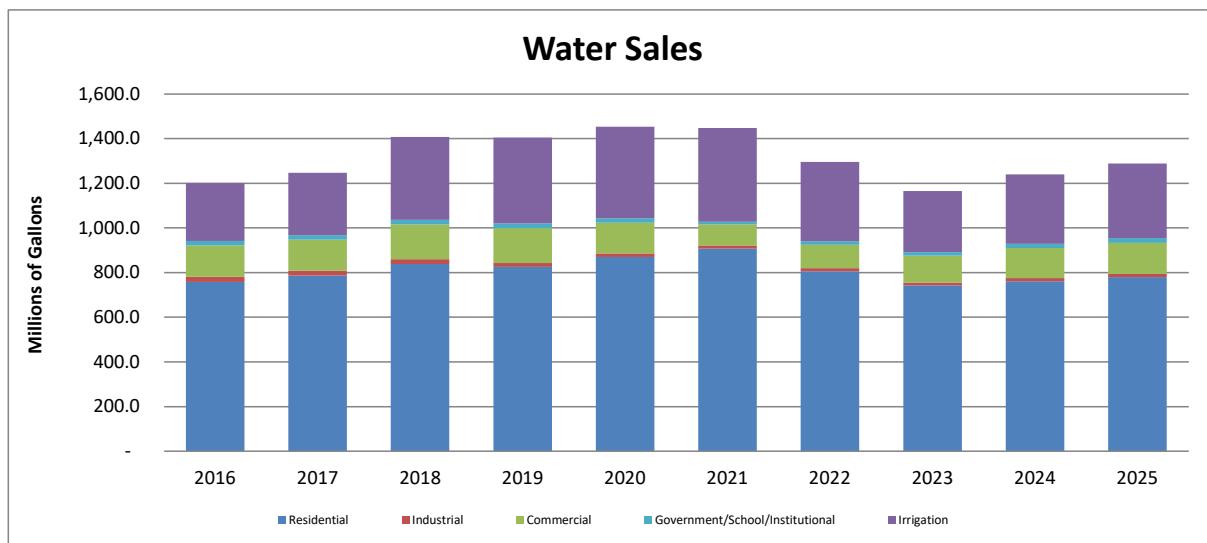
¹ Information from County of San Mateo Controller's Office based on estimated tax levy

² Actual amount received after ERAF contribution

³ Percentages may end up more than 100% due to the inclusion of ERAF in the actual amounts collected.

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential	758.5	786.8	838.9	825.4	870.0	907.0	804.9	742.6	761.1	779.3
Industrial	23.0	21.1	21.2	16.9	16.0	14.3	14.3	12.8	14.8	15.4
Commercial	140.0	138.9	156.0	157.2	136.7	95.1	105.6	120.6	134.8	138.6
Government/School/Institutional	20.6	20.2	20.6	20.5	20.8	11.3	15.3	15.1	17.3	21.8
Irrigation	258.4	280.4	370.1	384.0	410.1	419.1	355.2	274.5	311.5	333.7
Total	1,200.5	1,247.4	1,406.8	1,404.0	1,453.6	1,446.8	1,295.3	1,165.6	1,239.5	1,288.8



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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<i>Availability / Meter Charge (per Month)</i>										
5/8 inch	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80	\$ 26.05	\$ 27.60	\$ 28.85
3/4 inch	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45	\$ 23.15	\$ 23.85	\$ 24.80	\$ 26.05	\$ 27.60	\$ 28.85
1 inch	\$ 28.75	\$ 31.50	\$ 33.08	\$ 35.75	\$ 38.58	\$ 39.75	\$ 41.33	\$ 43.42	\$ 46.00	\$ 48.08
1&1/2 inch	\$ 69.00	\$ 75.60	\$ 79.40	\$ 85.80	\$ 92.60	\$ 95.40	\$ 99.20	\$ 104.20	\$ 110.40	\$ 115.40
2 inch	\$ 92.00	\$ 100.80	\$ 105.87	\$ 114.40	\$ 123.47	\$ 127.20	\$ 132.27	\$ 138.93	\$ 147.20	\$ 153.87
3 inch	\$ 201.25	\$ 220.50	\$ 231.58	\$ 250.25	\$ 270.08	\$ 278.25	\$ 289.33	\$ 303.92	\$ 322.00	\$ 336.58
4 inch	\$ 362.25	\$ 396.90	\$ 416.85	\$ 450.45	\$ 486.15	\$ 500.85	\$ 520.80	\$ 547.05	\$ 579.60	\$ 605.85
6 inch	\$ 805.00	\$ 882.00	\$ 926.33	\$ 1,001.00	\$ 1,080.33	\$ 1,113.00	\$ 1,157.33	\$ 1,215.67	\$ 1,288.00	\$ 1,346.33
8 inch	\$ 1,380.00	\$ 1,512.00	\$ 1,588.00	\$ 1,716.00	\$ 1,852.00	\$ 1,908.00	\$ 1,984.00	\$ 2,084.00	\$ 2,208.00	\$ 2,308.00
<i>Consumption Charge (per Unit*)</i>										
All Classes										
Single Family Residential										
0-10 units	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10	\$ 6.36	\$ 6.60
11-20 units	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10	\$ 6.36	\$ 6.60
> 20 units	\$ 4.64	\$ 5.95	\$ 6.06	\$ 6.10	\$ 6.20	\$ 6.41	\$ 6.55	\$ 6.64	\$ 7.01	\$ 7.33
Multi Family Residential										
0-5 units	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10	\$ 6.36	\$ 6.60
6-10 units	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10	\$ 6.36	\$ 6.60
> 10 units	\$ 4.67	\$ 5.93	\$ 5.62	\$ 6.10	\$ 6.20	\$ 6.46	\$ 6.57	\$ 6.68	\$ 7.09	\$ 7.36
Irrigation										
0-100% of annual water budget	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	\$ 5.59	\$ 5.76	\$ 5.92	\$ 6.10	\$ 6.36	\$ 6.60
> 100% of annual water budget	\$ 5.65	\$ 7.35	\$ 7.21	\$ 6.47	\$ 6.17	\$ 6.39	\$ 6.51	\$ 6.70	\$ 7.22	\$ 7.80
Commercial and Fire Line	\$ 4.40	\$ 4.97	\$ 5.15	\$ 5.54	\$ 5.70	\$ 5.88	\$ 6.04	\$ 6.21	\$ 6.47	\$ 6.72
<i>Private Fire Protection Service</i>										
<i>Availability / Meter Charge (per Month)</i>										
3/4 inch	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47	\$ 38.64	\$ 40.39
1 inch	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47	\$ 38.64	\$ 40.39
1&1/2 inch	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03	\$ 32.41	\$ 33.39	\$ 34.72	\$ 36.47	\$ 38.64	\$ 40.39
2 inch	\$ 32.20	\$ 35.34	\$ 37.12	\$ 40.11	\$ 43.29	\$ 44.60	\$ 46.38	\$ 48.71	\$ 51.61	\$ 53.95
3 inch	\$ 70.45	\$ 77.11	\$ 80.99	\$ 87.52	\$ 94.45	\$ 97.31	\$ 101.18	\$ 106.28	\$ 112.61	\$ 117.71
4 inch	\$ 126.80	\$ 138.92	\$ 145.90	\$ 157.66	\$ 170.15	\$ 175.30	\$ 182.28	\$ 191.47	\$ 202.86	\$ 212.05
6 inch	\$ 281.75	\$ 308.64	\$ 324.15	\$ 350.28	\$ 378.04	\$ 389.47	\$ 404.98	\$ 425.40	\$ 450.71	\$ 471.12
8 inch	\$ 483.00	\$ 529.20	\$ 555.80	\$ 600.60	\$ 648.20	\$ 667.80	\$ 694.40	\$ 729.40	\$ 772.80	\$ 807.80
<u>Wastewater</u>										
Residential (per Month)										
Single Family	\$ 51.47	\$ 57.13	\$ 65.27	\$ 74.57	\$ 85.20	\$ 97.34	\$ 111.21	\$ 127.06	\$ 130.87	\$ 133.49
Townhouse	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73	\$ 109.93	\$ 112.13
Duplex	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73	\$ 109.93	\$ 112.13
Apartment / Condominium	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64	\$ 71.57	\$ 81.77	\$ 93.42	\$ 106.73	\$ 109.93	\$ 112.13
Commercial (per Unit* of Water Billed)										
Restaurant	\$ 9.35	\$ 10.38	\$ 11.86	\$ 13.55	\$ 15.48	\$ 17.69	\$ 20.21	\$ 23.09	\$ 23.78	\$ 23.78
Miscellaneous	\$ 3.29	\$ 3.65	\$ 4.17	\$ 4.76	\$ 5.44	\$ 6.22	\$ 7.11	\$ 8.12	\$ 8.36	\$ 8.53
Institutional (per Unit* of Water Billed)										
School	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34	\$ 5.50	\$ 5.61
Church	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34	\$ 5.50	\$ 5.61
Public Facility	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13	\$ 3.58	\$ 4.09	\$ 4.67	\$ 5.34	\$ 5.50	\$ 5.61

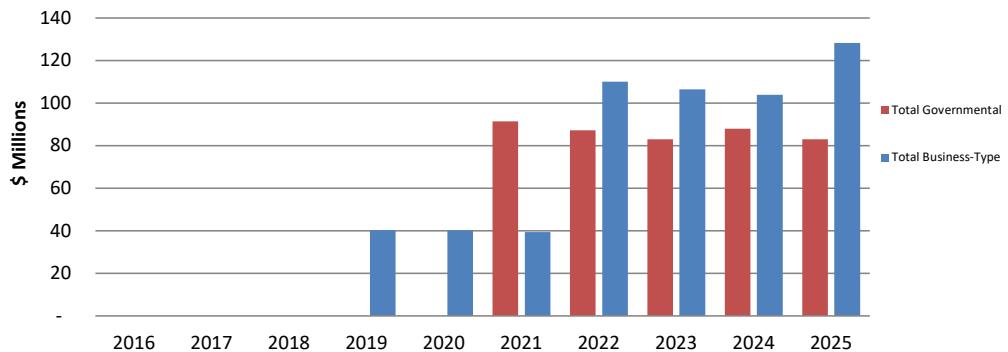
Unit* = 748 Gallons

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				Percentage of Personal Income	Net Bonded Debt	Per Capita
	General Obligation Bonds	Redevelopment Bonds	PG&E on Bill Financing	Total	Wastewater Bonds	Total Primary Government					
2016	-	-	-	-	-	-	-	-	n/a	n/a	-
2017	-	-	-	-	-	-	-	-	n/a	n/a	-
2018	-	-	-	-	-	-	-	-	n/a	n/a	-
2019	-	-	-	-	40,380	40,380	0.019	-	-	-	-
2020	-	-	-	-	40,155	40,155	0.017	-	-	-	-
2021	91,522	-	-	91,522	39,414	130,936	0.054	91,522	3,987	-	-
2022	87,285	-	-	87,285	110,185	197,470	0.080	87,285	5,974	-	-
2023	83,003	-	-	83,003	106,462	189,465	0.070	83,003	5,793	-	-
2024	87,954	-	34	87,988	103,884	191,872	0.063	87,988	5,889	-	-
2025	83,029	-	-	83,029	128,268	211,297	0.067	83,029	6,470	-	-

Outstanding Debt

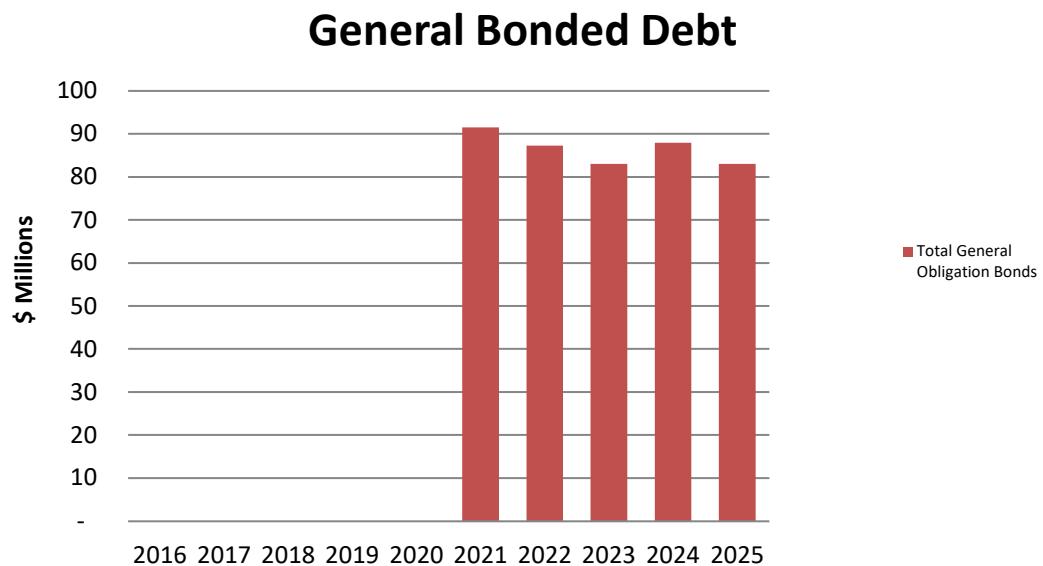


Note: Details regarding the City/District's outstanding debt can be found in the notes to the financial statements.

City of Foster City and Estero Municipal Improvement District Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Total General Bonded Debt Outstanding			Percentage of Estimated Annual Taxable Property Value	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total			
2016	-	-	-	-	n/a	-
2017	-	-	-	-	n/a	-
2018	-	-	-	-	n/a	-
2019	-	-	-	-	0.000	-
2020	-	-	-	-	0.000	-
2021	91,522	-	91,522	0.71%	0.038	2,787
2022	87,285	-	87,285	0.66%	0.035	2,641
2023	83,003	-	83,003	0.60%	0.031	2,538
2024	87,954	-	87,954	0.59%	0.029	2,700
2025	83,029	-	83,029	0.54%	0.026	2,542



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, 2025

2024-25 Assessed Valuation: \$15,333,435,374

	Total Debt Outstanding 06/30/25	Percentage Applicable (1)	City's Share of Overlapping Debt 06/30/25
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$655,171,697	4.709%	\$ 30,852,035
San Mateo Union High School District	668,248,421	13.867%	92,666,009
Sequoia Union High School District	449,512,000	0.014%	62,932
San Mateo-Foster City School District	508,668,474	28.123%	143,052,835
Midpeninsula Regional Open Space District	114,920,000	0.003%	3,448
City of Foster City	77,415,000	99.920%	77,353,068
Estero Municipal Improvement District	0	100.000%	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 343,990,327
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$530,970,772	4.709%	\$ 25,003,414
San Mateo County Board of Education Certificates of Participation	5,330,000	4.709%	250,990
Midpeninsula Regional Park District General Fund Obligations	74,065,600	0.003%	2,222
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,185,295	4.709%	149,996
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 25,406,622
TOTAL DIRECT DEBT			\$ 83,029,225
TOTAL OVERLAPPING DEBT			\$ 292,043,881
COMBINED TOTAL DEBT			\$ 369,396,949 (2)

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

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

Ratios to 2024-25 Assessed Valuation:

Direct Debt (\$83,029,225)	0.54%
Total Direct and Overlapping Tax and Assessment Debt	2.24%
Combined Total Debt	2.41%

Source: California Municipal Statistics, Inc.

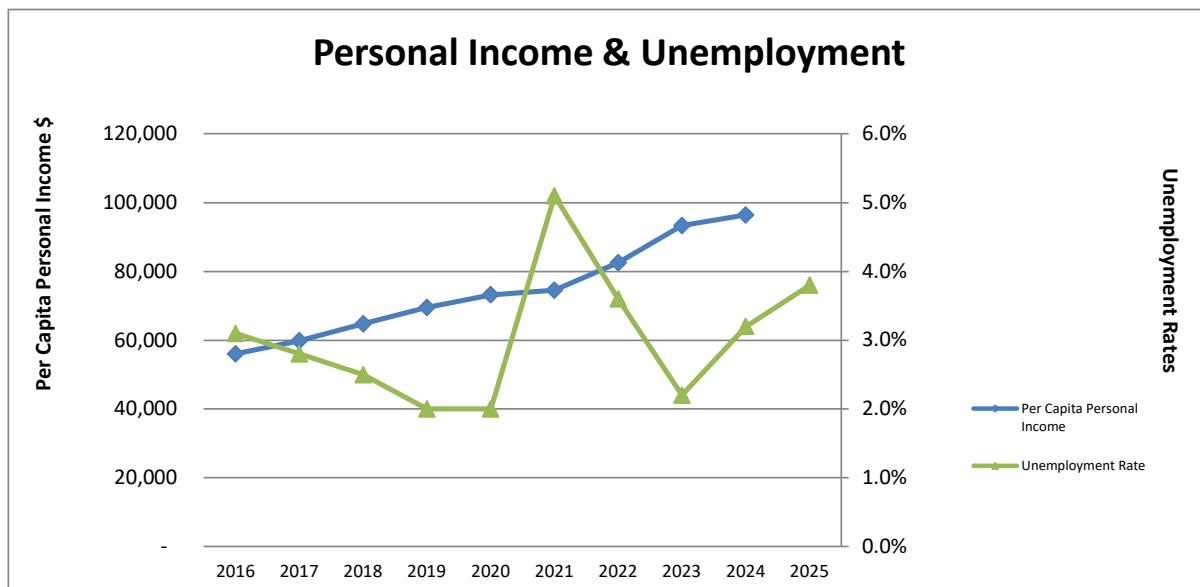
City of Foster City and Estero Municipal Improvement District
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260	\$ 1,792,703	\$ 1,917,784	\$ 1,962,173	\$ 2,065,397	\$ 2,204,019	\$ 2,288,738
Total net debt applicable to limit	_____ -	_____ -	_____ -	_____ -	_____ -	91,522	87,285	83,003	87,983	83,029
Legal debt margin	<u>\$ 1,271,748</u>	<u>\$ 1,389,831</u>	<u>\$ 1,508,177</u>	<u>\$ 1,626,260</u>	<u>\$ 1,792,703</u>	<u>\$ 1,826,262</u>	<u>\$ 1,874,888</u>	<u>\$ 1,982,394</u>	<u>\$ 2,116,036</u>	<u>\$ 2,205,709</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	4.77%	4.45%	4.02%	3.99%	3.63%

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
2016	33,201	1,862,311	56,051	3.1%
2017	33,225	2,004,795	59,862	2.8%
2018	33,490	2,181,678	64,751	2.5%
2019	33,693	2,296,218	69,512	2.0%
2020	33,033	2,403,747	73,191	2.0%
2021	32,842	2,464,473	74,554	5.1%
2022	33,056	2,699,128	82,534	3.6%
2023	32,703	3,040,898	93,333	2.2%
2024	32,581	3,148,357	96,403	3.2%
2025	32,658	n/a	n/a	3.8%



Sources:

Population: The HdL Company and State Department of Finance
 Personal income: The HdL Company and State Employment Development Department for County of San Mateo
 2000-2009 – Census Block Groups that overlap the City's boundaries
 2010 and later – US Census Bureau, most recent American Community Survey
 Unemployment Rate: The HdL Company and California Employment Development Department

City of Foster City and Estero Municipal Improvement District Principal Employers Current Year and Ten Years Ago

<u>Employer</u>	2025			2016		
	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
GILEAD SCIENCES, INC.	6,865	1	39.02%	6,949	1	32.76%
VISA TECHNOLOGY & OPERATIONS LLC, FKA INOVANT LLC	2,785	2	15.83%	2,094	3	9.87%
VISA U.S.A. INC.	890	3	5.06%	2,443	2	11.52%
ZOOX INC	573	4	3.26%			
CYBERSOURCE CORPORATION	398	5	2.26%	416	6	1.96%
PENINSULA JEWISH COMMUNITY CENTER	390	6	2.22%	270	8	1.27%
COSTCO WHOLESALE CORPORATION	296	7	1.68%	233	10	1.10%
CITY OF FOSTER CITY	274	8	1.56%	296	7	1.40%
QUALYS INC	272	9	1.55%			
RANDSTAD PROFESSIONALS US LLC	209	10	1.19%			
GUIDEWIRE SOFTWARE, INC.				769	4	3.63%
IBM CORPORATION				444	5	2.09%
QUINSTREET, INC.				255	9	1.20%
Top Ten Total	<u>12,952</u>		<u>73.63%</u>	<u>14,169</u>		<u>66.80%</u>
City Total	<u>17,594</u>			<u>21,211</u>		

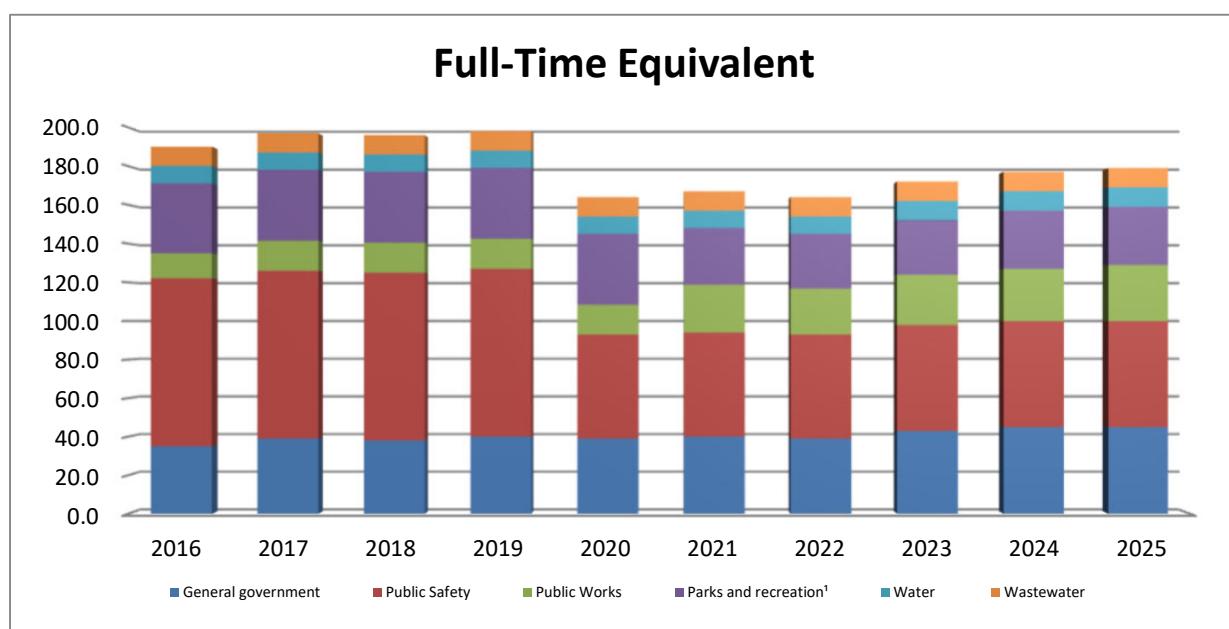
Source: 2016 and 2025 Business License Database of Financial Services Department

City of Foster City and Estero Municipal Improvement District

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Management services	13.0	14.0	14.0	15.0	15.0	16.0	16.0	18.0	18.0	19.0
Finance	9.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0	9.0	9.0
Planning	7.0	8.0	7.0	7.0	7.0	7.0	9.0	11.0	11.0	10.0
Building	6.0	7.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
Police										
Officers	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
Civilians	15.0	15.0	16.0	16.0	16.0	16.0	16.0	17.0	17.0	17.0
Fire										
Firefighters and officers	32.0	32.0	31.0	31.0	0.0	0.0	0.0	0.0	0.0	0.0
Civilians	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Other public works										
Engineering	5.0	6.0	6.0	6.0	6.0	7.0	7.0	8.0	8.0	8.0
Other ¹	8.0	9.5	9.5	9.5	9.5	17.7	16.8	18.0	19.0	21.0
Parks and recreation ¹	36.0	36.5	36.5	36.5	36.5	29.3	28.2	28.0	30.0	30.0
Water	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0
Wastewater	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	190.0	197.0	196.0	198.0	164.0	167.0	164.0	172.0	177.0	179.0



Source: City Budget

Notes: ¹ 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

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Police										
Physical arrests	576	444	489	526	275	226	252	262	409	387
Parking violations	816	972	490	695	250	259	299	457	735	743
Traffic violations	1,746	1,661	1,757	1,427	710	256	396	629	979	832
Fire ¹										
Emergency responses	1,978	1,944	2,180	1,976	2,155	2,068	2,270	2,373	2,436	1,916
Fires extinguished	47	34	45	24	29	36	35	32	30	30
Inspections	1,102	1,080	1,100	1,040	647	348	333	313	281	405
Other public works										
Street resurfacing (miles)	2	5	5	4	1	4	3	4	5	1
Potholes repaired	35	27	120	105	66	46	97	86	75	105
Parks and recreation										
Athletic field permits issued	86	91	95	115	138	195	181	178	197	191
Community center admissions	5,611	5,546	5,773	5,912	4,103	2,691	5,171	5,674	4,856	3,099
Water										
New connections	26	28	7	39	18	16	23	40	20	3
Water mains breaks	17	4	22	21	15	9	9	10	9	7
Average daily consumption (thousands of gallons)	3,623	3,810	4,232	4,041	4,100	3,912	4,065	3,820	3,715	3,792
Peak daily consumption (thousands of gallons)	5,047	7,760	7,688	5,577	5,460	7,795	7,802	6,473	6,482	6,142
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,350	2,430	2,390	2,457	2,356	1,979	2,483	2,360	1,962	1,917

Sources: Various city departments

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

City of Foster City and Estero Municipal Improvement District
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	10	10	10	10	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Streetlights	2,025	2,025	2,022	2,022	2,022	2,022	2,022	1,992	1,992	1,992
Traffic signals	25	25	27	27	27	27	27	31	31	31
Parks and recreation										
Acreage	221	221	221	221	221	221	221	221	221	221
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3
Soccer/football fields	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	114	114	114	114	114	114	114	114	114	114
Fire hydrants	1,110	1,110	1,110	1,109	1,111	1,111	1,111	1,106	1,106	1,106
Storage capacity (thousands of gallons)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Wastewater										
Sanitary Sewer (miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousands of gallons)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Stormwater (miles)	81	81	81	81	81	81	81	81	81	81
Transit-minibuses	1	1	1	1	-	-	-	-	-	-

Sources: Various city departments

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