

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



**Comprehensive Annual Financial Report  
Prepared by the Department of Financial Services  
Fiscal Year Ended June 30, 2018**

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

**Comprehensive Annual Financial Report**

**Prepared by the Department of Financial Services**

**For the Fiscal Year Ended June 30, 2018**

Sam Hindi, Mayor

Gary Pollard, Vice Mayor

Charlie Bronitsky, Councilmember

Herb Perez, Councilmember

Catherine Mahanpour, Councilmember

Kevin M. Miller, City Manager

Jean B. Savaree, City Attorney

Dante Hall, Assistant City Manager

Priscilla Tam, Communications Director/  
City Clerk

Curtis Banks, Community Development Director

Edmund Suen, Finance Director

John Healy, Fire Chief

Ann Ritzma, Human Resources Director

Jennifer Liu, Parks & Recreation Director

Joe Pierucci, Police Chief

Jeff Moneda, Public Works Director

Cover page photo courtesy of: Leonard Matchniff, Building Inspector

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**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2018**

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# INTRODUCTORY SECTION





*City of Foster City*

**ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

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

October 26, 2018

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

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report (CAFR) of the City of Foster City (City) and the Estero Municipal Improvement District (District) for the fiscal year ended June 30, 2018 is hereby submitted. This report was prepared by the Financial Services Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation of this report, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City/District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the City/District's financial affairs have been included.

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

The Comprehensive Annual Financial Report is organized into three sections:

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

The City/District's Comprehensive Annual Financial Report includes the funds of the primary government and enterprise activities that are not considered separate legal entities. Currently, there are no component units for which the primary government is financially accountable. Therefore, no financial balances or activities are reported as component units as of and for the fiscal year ended June 30, 2018.

## **INDEPENDENT AUDIT**

The City/District requires that its financial statements be audited annually by an independent certified public accountant selected by the City Council/District Board. The City/District has contracted with Maze & Associates to conduct the audit for FY 2017-2018 and the independent auditor's opinion is included in this report.

## **PROFILE OF THE GOVERNMENT**

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

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

Located on the San Francisco Peninsula, ten (10) miles south of the San Francisco International Airport, the City/District encompasses a geographic area of 12,345 acres, of which 9,726 acres (15.20 square miles) are part of San Francisco Bay and Belmont Slough, and 2,619 acres (4.09 square miles) are land. The City/District serves a population of 33,490 and provides a full range of municipal services, including police protection; fire suppression, prevention and advanced life support programs; 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.

## **ACCOUNTING AND BUDGETING SYSTEMS**

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

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

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

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

## **LOCAL ECONOMY**

The local economy experienced continued expansion and prosperity during FY 2017-2018. Development and tenant improvements activity was robust with permit and plan check fees contributing over \$4 million to the City/District's total General Fund revenues. As developments are completed and added to the County property tax roll, the City will realize additional property tax revenues. A newly completed TownePlace Suites hotel helped in an expansion of transient occupancy tax revenues during FY 2017-2018.

Real estate prices in the City/District reached yet again new historical highs in FY 2017-2018. With the recently completed and the current residential and commercial developments, the City/District is experiencing healthy growth in property tax revenues and development fees, which has led to an expansion of reserves that will allow the City/District to maintain its infrastructure and to continue to provide its high level of quality services to the community.

## **LONG-TERM FINANCIAL PLAN**

In Foster City, City/District fiscal policies establish the framework upon which short and long-term financial decisions are made. In particular, it identifies the long-range goals needed for fiscal sustainability and develops strategies necessary to achieve these goals.

The City/District has established a minimum reserve policy for its General Fund at 33⅓% to 50.0% of annual operating expenditures and for its Water and Wastewater Enterprise Funds at 25% of annual operating expenses. The minimum 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 could help ensure business continuity if the City faced catastrophic situations. Moreover, since fiscal year 2011-2012, the City/District has implemented long-term funding for potential capital improvement projects over a 10-year horizon.

The City/District has also established internal services funds to accumulate funding for vehicle and equipment replacement, information and technology equipment maintenance and replacement, building repair and maintenance, self-insurance for legal liability, and post-employment medical benefits. This is another layer of the City/District's prudent long-term plan, not only to budget the true cost of operations from year-to-year, but also to accumulate resources to continue the 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 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 its General Fund Unassigned Fund Balance to \$51 million as of June 30, 2018.

CalPERS pension reform continues to have a significant impact on the City's long-term financial plan. In addition to the current unfunded liability, the decrease in the assumption for CalPERS investment rate of return from 7.75% to 7.50% to 7%, the revision of rate smoothing policy, and the demographic assumption changes have all contributed to an increase in the employer contribution rates. In fact, CalPERS' December 2016 assumption change on its investment rate of return from 7.50% to 7% is projected to increase employer contribution rates from 1.4 to 12.7 percentage points annually over the next 5 years, starting FY 2018-2019.

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, the City/District took steps in trimming personnel costs by reducing the work force, implementing shared services, shifting some defined benefits to defined contribution, and establishing a second tier retirement plan. Even as the economy has since recovered, the City/District will continue to carefully consider the long-term implications of its decisions regarding personnel-related spending and liabilities.

The City's five-year financial forecast includes an assumption of a 3.5% to 4% increases in compensation in FY 2018-2019 (based on current labor agreements) followed by 1% increases for the following 4 years. The modest 1% increases is a reflection of a slowdown in one-time building and plan check fees and the projected General Fund structural deficits forecasted over the next 5 years. Again, the City/District took a conservative approach in its revenue forecasts by excluding entitled projects such as the Gilead Sciences' Chess-Hatch development site until such time Gilead secures approved plans and permits to develop that site. As directed by the City Council, a Pension Liability Stabilization Fund will be established in FY 2018-2019 with an initial funding of \$2 million from the General Fund Balance to accumulate financial resources to help mitigate the expected annual increase of retirement benefit costs. The City Council also authorized a November 2018 Transient Occupancy Tax revenue measure to help address the anticipated General Fund's structural deficit condition over the upcoming five-years.

## MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2018:

- Balanced Budget – The City/District realized a General Fund surplus as actual revenues exceeded expenditure by \$7.76 million in FY 2017-2018.
- Fire Shared Service – The City of Foster City and the City of San Mateo entered into a contract on July 1, 2010 to share the Fire Department management and administration services. Subsequently, the Belmont Fire Protection District entered into an agreement with the City of Foster City and the City of San Mateo to share the Fire management and administration services on January 1, 2013. All parties believe that the shared services model is a prudent way to deliver important public safety services. In November 2017, a Belmont, Foster City, and San Mateo formed a Fire Joint Powers Authority, San Mateo Consolidated Fire to enhance its shared services model. Operation of the new Fire JPA is expected to commence in January 2019.
- Public Safety – The City continues to be among the safest; the FBI & Unified Crime Reporting (UCR) crime statistics ranked Foster City as the 12<sup>th</sup> safest city in California. The average response time for priority calls to the Police Department and Fire Department were 5:09 and 5:08 minutes respectively. Over 1,000 community members attended the annual Fire and Police Open House.
- Development of 15-acre Site (Foster Square) – On October 3, 2014 the City/District sold the 15-acre site adjacent to City Hall to The New Home Company (TNHC-HW Foster City, LLC) for a mixed-use development consisting of senior housing (market rate and affordable, for sale and rental), retail and public plaza/promenades. Both the 66 unit below market rate apartments (Alma Point) and the 155 room assisted living component (Atria) were completed in the prior year. Construction of the 200 for-sale condominiums (Lennar) began in FY 2016-2017 with units offered for sale over multiple phases.
- Pilgrim-Triton Development Project – Phase I of the approximately 20.75 acre Pilgrim-Triton Master Plan (The Plaza) was completed in 2013. It included the construction of 307 apartment units and 7,000 square feet of commercial space. One Hundred Grand, a 166-apartment complex and 6,000 square feet of ground floor commercial space, was completed in FY 2016-2017. Phase II of the project, the Triton apartments (220 units and 5,000 square feet of commercial) was completed in FY 2017-2018.
- New Extended Stay Hotel – A 121 room TownePlace Suites Hotel opened in the fall of 2017. Adjacent to the hotel, a 12,000 square foot retail building opened in late summer of 2017.
- Gilead Sciences – In FY 2017-2018, Gilead Sciences continued development of their 72-acre campus. Two new lab buildings, including a 231,000 square foot laboratory/office and pilot laboratory building and a 357,000 square feet laboratory/office building along with laboratory equipment were added over the course of the year.
- Biomed/Illumina – Biomed Realty developed an approximately 20-acre Lincoln Centre Life Sciences Research Campus site for up to 595,000 gross square feet of laboratory, manufacturing, office space, visitor and employee amenities and structure parking. The first phase of the project, which includes two office/R&D buildings totaling 370,000 square feet, a 40,000 square foot amenities building and a parking garage, was substantially completed in the summer of 2018. The buildings will be occupied by Illumina.
- Park Improvements and Recreation programs – During the fiscal year, new playground equipment was installed at Port Royal, Eckenbreck, Sea Cloud, and Turnstone Parks. The Recreation Department offered 389 classes to its residents, with 3,470 participants taking classes.

- Traffic/Street Improvements – The City/District has an ongoing program to repair and resurface the pavement of public streets. During the year, 4.7 miles of streets were resurfaced and 120 potholes were filled.
- Levee Protection Planning and Improvement Project – This estimated \$90 million project will raise the City’s levee system to meet new FEMA safety standards and will protect property owners with federally-back mortgages from the mandatory purchase of annual flood insurance. Preliminary engineering work as well as an environmental impact report for the project was completed in FY 2016-2017. In order to maintain FEMA accreditation and keep Foster City properties out of the flood zone, voters of Foster City passed a General Obligation Bond measure in June 2018 for up to \$90 million with an approval rate exceeding 80%.
- Water Distribution System and Wastewater Collection System – A water distribution system master plan and a wastewater collection system master plan study to identify system deficiencies and to establish a 10-year Capital Improvement Project plan was initiated in FY 2016-2017 and is expected to be completed in FY 2018-2019.
- Wastewater Treatment Plant Master Plan Improvements – The Estero Municipal Improvement District and the City of San Mateo are parties to a Joint Powers Agreement for a wastewater treatment plant. In FY 2014-2015, both parties agreed to embark on a joint CIP project (Clean Water Program) to replace the aging plant. The District’s share is estimated at \$155 million over the life of this 10-year project. A joint powers financing authority was formed by the District and San Mateo in FY 2015-2016 to position the two agencies to submit a single application to the State Water Resources Board’s revolving loan program or to do joint bond financing for this project.
- Economic Development, Sustainability, and Other Initiatives – During the year, 103 new businesses opened in Foster City and 176 planning applications were approved by City staff. The City held four Community Dialogue Series meetings on topics ranging from transportation, land use, retail, and workforce housing to discuss important community concerns. It partnered with micro lender Kiva to offer Foster City businesses 0% interest loans and launched sustainable.fostercity.org to help the community learn about environmental, economic, and social initiatives and connectfostercity.com to provide information on public transportation options. It also established a 92 Corridor Alliance, a public-private partnership to explore ways to improve congestion related to Highway 92 traffic. The City launched a new and improved website with enhanced navigation to help the community access information with greater ease. Lastly, the Financial Services Department presented an educational workshop, “City Finances 101” to help the community gain an overview of municipal finance.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City/District for the year ended June 30, 2017. This was the 25<sup>th</sup> consecutive year that the City/District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City/District published an easily readable and efficiently organized Comprehensive Annual Financial Report, which satisfied both accounting principles accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. I believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s requirements and City staff will be submitting it to the GFOA for eligibility for another certificate.

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

I also like to thank the Maze & Associates audit team for their cooperation and assistance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Edmund Suen', with a stylized flourish at the end.

Edmund Suen  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

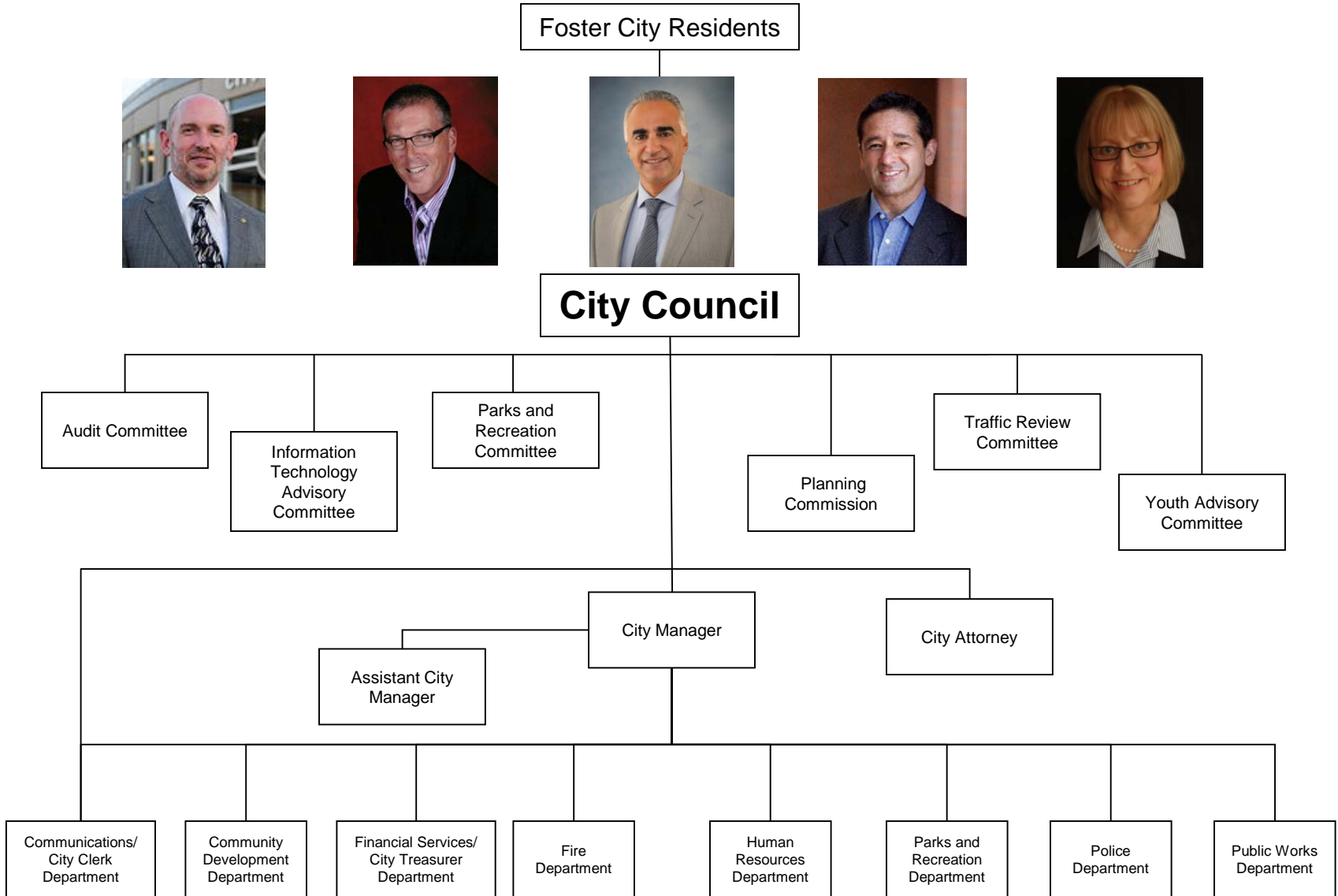
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# Foster City Organization Chart



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# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City/District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City/District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City/District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/District as of June 30, 2018 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.

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

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements as discussed in Note 13.

The emphasis of this matter does not constitute modifications to our opinion.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City/District's basic financial statements. The Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of the City/District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City/District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, flowing script.

Pleasant Hill, California  
October 26, 2018

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**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2018**

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This section of the City of Foster City/Estero Municipal Improvement District's (City/District) Comprehensive Annual Financial Report presents a narrative overview and analysis of the City/District's financial activities for the fiscal year ended June 30, 2018. 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, 2018, the City/District's total assets and deferred outflows, increased by \$ 17.2 million, or 4.5%, to \$402.2 million, of which \$294.9 million represented governmental assets and \$107.3 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, increased by \$14.6 million, or 14.5%, to \$115.5 million, of which \$99 million were governmental liabilities and \$16.5 million were business-type liabilities.
- The City/District's total net position increased by \$2.6 million, or 1%, to \$286.7 million. Of this amount, \$82.2 million (unrestricted governmental net position) and \$39.1 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 \$9.3 million, or 12.8%, to \$81.6 million, of which \$55.6 million were generated by governmental activities and \$26.0 million were generated by business-type activities.
- City-wide expenses increased by \$9.5 million, or 15.1%, to \$72.6 million, of which \$50.3 million were incurred by governmental activities and \$22.3 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

Fund Level:

- Governmental Fund balances increased \$11.7 million, or 11.7%, to \$111.9 million. Of this amount, \$51 million, or 45.6%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$55.3 million, an increase of \$5.6 million or 11.3%, from \$49.7 million in the prior fiscal year.
- Governmental Fund expenditures increased by \$2.1 million, or 5%, to \$44.1 million in FY 2017-2018, from \$42 million in the prior fiscal year.
- Enterprise Fund net position increased by \$2.8 million, or 3.3%, to \$88.8 million. Of this amount, \$37.1 million were unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$25.6 million in FY 2017-2018, an increase of \$3.8 million from \$21.8 million in FY 2016-2017.
- Enterprise Fund operating expenses were \$22.4 million in FY 2017-2018, an increase of \$1.5 million from \$20.9 million in FY 2016-2017.
- Detailed analysis is provided under the FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS caption.



**CITY OF FOSTER CITY AND  
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for the Fiscal Year Ended June 30, 2018**

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**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net position  
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2018	2017	2018	2017	2018	2017		
<b>Assets:</b>								
Current and other assets	\$ 172,126,596	\$ 163,752,193	\$ 40,645,754	\$ 40,386,683	\$ 212,772,350	\$ 204,138,876	\$ 8,633,474	4.23%
Capital assets	104,366,565	104,241,497	65,168,808	59,464,204	169,535,373	163,705,701	5,829,672	3.56%
Total assets	<u>276,493,161</u>	<u>267,993,690</u>	<u>105,814,562</u>	<u>99,850,887</u>	<u>382,307,723</u>	<u>367,844,577</u>	<u>14,463,146</u>	3.93%
Deferred outflows of resources related to pension	18,400,866	15,779,495	1,530,343	1,367,295	19,931,209	17,146,790	2,784,419	16.24%
<b>Liabilities:</b>								
Current and other liabilities	10,436,879	12,811,363	7,683,947	5,954,514	18,120,826	18,765,877	(645,051)	-3.44%
Long-term liabilities	86,655,287	72,851,481	8,764,997	7,304,713	95,420,284	80,156,194	15,264,090	19.04%
Total Liabilities	<u>97,092,166</u>	<u>85,662,844</u>	<u>16,448,944</u>	<u>13,259,227</u>	<u>113,541,110</u>	<u>98,922,071</u>	<u>14,619,039</u>	14.78%
Deferred inflows of resources related to pension	1,881,077	1,896,823	107,905	69,581	1,988,982	1,966,404	22,578	1.15%
<b>Net position:</b>								
Net investment in capital assets	104,366,565	104,241,497	51,691,503	59,464,204	156,058,068	163,705,701	(7,647,633)	-4.67%
Restricted	9,353,747	8,875,532	-	-	9,353,747	8,875,532	478,215	5.39%
Unrestricted	82,200,472	83,096,489	39,096,553	28,425,170	121,297,025	111,521,659	9,775,366	8.77%
Total net position	<u>\$ 195,920,784</u>	<u>\$ 196,213,518</u>	<u>\$ 90,788,056</u>	<u>\$ 87,889,374</u>	<u>\$ 286,708,840</u>	<u>\$ 284,102,892</u>	<u>\$ 2,605,948</u>	0.92%

**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 \$286.7 million. This represents difference between the sum of total assets and deferred outflows of resources related to pension and the sum of total liabilities and deferred inflows related to pension. The overall net position increased by \$2.6 million, or 1%, from \$284.1 million in the prior fiscal year. This change in net position reflects an increase in the Statement of Activities and is explained later in this report. In FY 2014-2015, 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 2016-2017, the City/District implemented GASB 73, which required the recording of net pension liability for the Longevity Recognition Benefits Program. In FY 2017-2018, the City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("OPEB"), for its retiree health benefits. See Note 9 and 13 for details on the effects of these accounting standards.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The largest portion, approximately 54.4% or \$156 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 \$9.4 million or 3.3% represents resources that are subject to restrictions, which were placed by outsiders and cannot be changed by the City/District.

The remaining balance of unrestricted net position of \$121.3 million, or 42.3%, 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 2017-2018, the City/District had positive balances in all three categories of net positions for the government as a whole.

	Governmental Activities 2018	2017	Amount Change	Percent Change
<b>Assets:</b>				
Current and other assets	\$ 172,126,596	\$ 163,752,193	\$ 8,374,403	5.11%
Capital assets	104,366,565	104,241,497	125,068	0.12%
Total assets	<u>276,493,161</u>	<u>267,993,690</u>	<u>8,499,471</u>	<u>3.17%</u>
Deferred outflows of resources related to pension	18,400,866	15,779,495	2,621,371	16.61%
<b>Liabilities:</b>				
Current and other liabilities	10,436,879	12,811,363	(2,374,484)	-18.53%
Long-term liabilities	86,655,287	72,851,481	13,803,806	18.95%
Total Liabilities	<u>97,092,166</u>	<u>85,662,844</u>	<u>11,429,322</u>	<u>13.34%</u>
Deferred inflows of resources related to pension	1,881,077	1,896,823	(15,746)	-0.83%
<b>Net position:</b>				
Net investment in capital assets	104,366,565	104,241,497	125,068	0.12%
Restricted	9,353,747	8,875,532	478,215	5.39%
Unrestricted	82,200,472	83,096,489	(896,017)	-1.08%
Total net position	<u>\$ 195,920,784</u>	<u>\$ 196,213,518</u>	<u>\$ (292,734)</u>	<u>-0.15%</u>

The net position of the City/District's governmental activities decreased by \$293,000. This decrease consists of three components:

1. **Net investment in capital assets** – The \$125,000 increase was due to capital asset additions in excess of depreciation and the retirement of capital assets.
2. **Restricted net position** – The \$478,000 increase was due primarily to higher net positions in the Park-In-Lieu Funds of \$591,000.
3. **Unrestricted net position** – The \$896,000 million decrease was due mainly to the change in net position as indicated in the Statement of Activities of \$5.5 million less a \$5.8 million prior period adjustment as a result of the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (“OPEB”) which became effective in FY 2017-2018 and less \$125,000 and \$478,000 respectively for the increase in net investment in capital assets and the increase in restricted net position.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2018**

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

	Business-Type Activities		Amount Change	Percent Change
	2018	2017		
<b>Assets:</b>				
Current and other assets	\$ 40,645,754	\$ 40,386,683	\$ 259,071	0.64%
Capital assets	65,168,808	59,464,204	5,704,604	9.59%
Total assets	<u>105,814,562</u>	<u>99,850,887</u>	<u>5,963,675</u>	<u>5.97%</u>
Deferred outflows of resources related to pension	1,530,343	1,367,295	163,048	11.92%
<b>Liabilities:</b>				
Current and other liabilities	7,683,947	5,954,514	1,729,433	29.04%
Long-term liabilities	8,764,997	7,304,713	1,460,284	19.99%
Total Liabilities	<u>16,448,944</u>	<u>13,259,227</u>	<u>3,189,717</u>	<u>24.06%</u>
Deferred inflows of resources related to pension	107,905	69,581	38,324	55.08%
<b>Net position:</b>				
Net investment in capital assets, net of related debt	51,691,503	59,464,204	(7,772,701)	-13.07%
Unrestricted	39,096,553	28,425,170	10,671,383	37.54%
Total net position	<u>\$ 90,788,056</u>	<u>\$ 87,889,374</u>	<u>\$ 2,898,682</u>	<u>3.30%</u>

The net position of the City/District's business-type activities increased by \$2.9 million. This increase consists of two components.

1. **Net Investment in capital assets, net of related debt** – The \$7.8 million decrease was due to new asset additions during the year in excess of depreciation and the retirement of capital assets totaling \$5.7 million less \$13.5 million for short term loan from the General Fund for costs incurred for the Wastewater Enterprise wastewater treatment plant project. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Unrestricted net position** – The \$10.7 million increase was due mainly to the change in net position as indicated in the Statement of Activities of \$3.5 million plus \$13.5 million from a General Fund short term loan for costs incurred since inception for the Wastewater Enterprises wastewater treatment plant project less a \$585,000 prior period adjustment as a result of the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("OPEB") which became effective in FY 2017-2018, and less \$5.7 million for the net increase in capital assets.

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

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

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2018	2017	2018	2017	2018	2017		
<b>Program Revenues</b>								
Charges for services	\$ 8,287,462	\$ 8,532,744	\$ 25,557,267	\$ 21,742,555	\$ 33,844,729	\$ 30,275,299	\$ 3,569,430	11.79%
Operating grants and contributions	1,236,057	1,262,548			1,236,057	1,262,548	(26,491)	-2.10%
Capital grants and contributions	2,218,653	586,884	8,741	32,174	2,227,394	619,058	1,608,336	259.80%
<b>General Revenues</b>								
Taxes	36,504,612	33,451,814	-	-	36,504,612	33,451,814	3,052,798	9.13%
Contributions not restricted to specific programs	4,141,017	3,780,217	-	-	4,141,017	3,780,217	360,800	9.54%
Unrestricted investment and rental income	2,801,998	2,487,713	277,627	154,770	3,079,625	2,642,483	437,142	16.54%
Gain (loss) on Sale of Capital Asset	101,798	37,071	(479)	(7,860)	101,319	29,211	72,108	246.85%
Other	316,522	134,187	125,512	104,478	442,034	238,665	203,369	85.21%
<b>Total Revenues</b>	<b>55,608,119</b>	<b>50,273,178</b>	<b>25,968,668</b>	<b>22,026,117</b>	<b>81,576,787</b>	<b>72,299,295</b>	<b>9,277,492</b>	<b>12.83%</b>
<b>Expenses</b>								
General government	5,789,051	5,042,007	-	-	5,789,051	5,042,007	747,044	14.82%
Public safety	24,902,191	20,016,416	-	-	24,902,191	20,016,416	4,885,775	24.41%
Public works	5,707,187	4,760,961	-	-	5,707,187	4,760,961	946,226	19.87%
Community development	3,073,843	2,590,742	-	-	3,073,843	2,590,742	483,101	18.65%
Parks and recreation	10,777,390	10,085,864	-	-	10,777,390	10,085,864	691,526	6.86%
Water operations	-	-	14,599,582	13,398,161	14,599,582	13,398,161	1,201,421	8.97%
Wastewater operation	-	-	7,722,767	7,166,712	7,722,767	7,166,712	556,055	7.76%
Public transportation	-	-	-	-	-	-	-	0.00%
<b>Total Expenses</b>	<b>50,249,662</b>	<b>42,495,990</b>	<b>22,322,349</b>	<b>20,564,873</b>	<b>72,572,011</b>	<b>63,060,863</b>	<b>9,511,148</b>	<b>15.08%</b>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>								
	<b>5,358,457</b>	<b>7,777,188</b>	<b>3,646,319</b>	<b>1,461,244</b>	<b>9,004,776</b>	<b>9,238,432</b>	<b>(233,656)</b>	<b>-2.53%</b>
Transfers in (out)	162,674	-	(162,674)	-	-	-	-	0.00%
<b>Change in net position</b>	<b>5,521,131</b>	<b>7,777,188</b>	<b>3,483,645</b>	<b>1,461,244</b>	<b>9,004,776</b>	<b>9,238,432</b>	<b>(233,656)</b>	<b>-2.53%</b>
Net position, beginning of year	196,213,518	192,467,330	87,889,374	86,428,130	284,102,892	278,895,460	5,207,432	1.87%
Prior period adjustment	(5,813,865)	(4,031,000)	(584,963)	-	(6,398,828)	(4,031,000)	(2,367,828)	-100.00%
<b>Net position, end of year</b>	<b>\$ 195,920,784</b>	<b>\$ 196,213,518</b>	<b>\$ 90,788,056</b>	<b>\$ 87,889,374</b>	<b>\$ 286,708,840</b>	<b>\$ 284,102,892</b>	<b>\$ 2,605,948</b>	<b>0.92%</b>

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

- **Charges for Services** – The \$245,000 decrease in Governmental Activities was primarily from robust one-time related development related revenues. Revenues for Business-Type activities increased by \$3.8 million as water rates, fixed meter charges and wastewater rates were all raised at the onset of FY 2017-2018 to pay for anticipated increases in water purchases, operating costs, and the wastewater treatment plant project costs.
- **Operating Grants and Contributions** – Governmental Activities for operating grants and contributions decreased slightly by \$26,000 to \$1.2 million.
- **Capital Grants and Contributions** – The \$1.6 million increase in Governmental Activities included a \$1.15 million contribution from Gilead Sciences and \$308,000 from PG&E for streets and sidewalk repairs and \$115,000 of grants from the California Housing Related Parks Program for park improvements.

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

- Taxes – The \$3.1 million increase in Governmental Activities was primarily from higher property tax revenues as reflected by new development and record prices on home sales.
- Unrestricted Investment and Rental Income – The \$314,000 increase in Governmental Activities and \$123,000 in Business-Type Activities were largely due to higher yields on the City's investment portfolio as year over year Federal Funds rate climbed from 1.25% to 2.0%.
- Other Revenues – The \$182,000 increase in Governmental Activities is primarily due to higher development reimbursements.

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

- General Government – Expenses increased by \$747,000 to \$5.8 million. The majority was from a larger accrual of \$544,000 in pension expense as required under GASB 68. The remaining \$203,000 are mainly from an increase in wages and other employee benefits.
- Public Safety – Expenses increased by \$4.9 million to \$24.9 million in the Public Safety (Police and Fire) departments. The majority was from a larger accrual of \$4 million in pension expense as required under GASB 68. \$609,000 were from an increase in wages and other employee benefits in the Police Department. Vehicle rental and building maintenance internal service charges also increased by \$85,000 based on a review of costs for each department.
- Public Works – Expenses increased by \$946,000 to \$5.7 million. \$162,000 was from a larger accrual in pension expense as required under GASB 68. In the General Fund, there was an increase of \$149,000 from wages and other employee benefits. The Streets Division had a \$155,000 increase in its services and supplies costs which included meeting National Pollution Discharge Elimination System (NPDES) program requirements. The Capital Projects Fund had a \$425,000 increase in operating expenses, including \$287,000 for a slurry seal project and \$116,000 for Corporation Yard repairs.
- Community Development – Expenses increased \$483,000 to \$3.1 million. \$279,000 was from a larger accrual in pension expense as required under GASB 68. \$152,000 are mainly from an increase in wages and other employee benefits as a building inspector was added to address the high workload in that Division.
- Parks and Recreation – Expenses increased \$692,000 to 10.8 million. The majority was from a larger accrual of \$582,000 in pension expense as required under GASB 68. The remaining \$110,000 are mainly from an increase in wages and other employee benefits.
- Water Operation – Expenses increased by \$1.2 million to \$14.6 million, mostly from an \$837,000 increase in utility expenditures (primarily water purchases). Personnel costs, including the accrual of GASB 68 pension expense increased \$319,000 to \$2.1 million.
- Wastewater Operation – Expenses increased by \$556,000 to \$7.7 million. Personnel costs, including the accrual of GASB 68 pension expense increased \$372,000 to \$2.3 million. Contract services, including the maintenance of the wastewater treatment plant increased \$274,000 to \$2.5 million.

**CITY OF FOSTER CITY AND  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2018**

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

**Governmental Funds**

As of June 30, 2018, the City/District's governmental funds reported combined fund balances of \$111.9 million. Of this total, \$8.6 million are considered restricted funds, \$52.2 million are committed by the City Council/District Board for specified projects or uses, \$125,000 are assigned by the City Manager (as duly authorized by Council/Board policy) for specified uses, and the remaining \$51 million are unassigned and available for general use.

Total revenues, expenditures and changes in fund balances for the fiscal year ended June 30, 2018 are shown below in comparison to the year ended June 30, 2017.

	2018		2017		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<b>Revenues by Source</b>						
Taxes	\$ 38,848,086	70.28%	\$ 35,378,834	71.17%	\$ 3,469,252	9.81%
Licenses and permits	5,066,971	9.17%	4,564,176	9.18%	502,795	11.02%
Intergovernmental	1,666,254	3.01%	1,552,362	3.12%	113,892	7.34%
Charges for current services	2,757,324	4.99%	2,940,785	5.92%	(183,461)	-6.24%
Fines and forfeitures	227,271	0.41%	187,670	0.38%	39,601	21.10%
Park-in-lieu	540,000	0.98%	1,146,000	2.31%	(606,000)	-52.88%
Investment and rental income	2,330,691	4.22%	1,978,805	3.98%	351,886	17.78%
Other	3,838,427	6.94%	1,961,964	3.95%	1,876,463	95.64%
<b>Total revenues</b>	<b>55,275,024</b>	<b>100.00%</b>	<b>49,710,596</b>	<b>100.00%</b>	<b>5,564,428</b>	<b>11.19%</b>
<b>Expenditures by Function</b>						
General Government	4,633,199	10.50%	4,599,220	10.96%	33,979	0.74%
Public safety	21,296,951	48.28%	20,534,340	48.93%	762,611	3.71%
Public works	3,286,106	7.45%	2,510,297	5.98%	775,809	30.91%
Community development	2,747,238	6.23%	2,600,470	6.20%	146,768	5.64%
Parks and recreation	8,218,254	18.63%	8,229,008	19.61%	(10,754)	-0.13%
Capital outlay	3,932,684	8.91%	3,491,142	8.32%	441,542	12.65%
<b>Total expenditures</b>	<b>44,114,432</b>	<b>100.00%</b>	<b>41,964,477</b>	<b>100.00%</b>	<b>2,149,955</b>	<b>5.12%</b>
<b>Revenues over (under) expenditures</b>	<b>11,160,592</b>		<b>7,746,119</b>		<b>3,414,473</b>	
Other financing sources (uses)	-		-		-	
Sale of capital assets	582,930		564,315		18,615	
<b>Net change in fund balances</b>	<b>11,743,522</b>		<b>8,310,434</b>		<b>\$ 3,433,088</b>	
Fund balances, beginning of year	100,173,050		91,862,616			
Fund balances, end of year	<u>\$ 111,916,572</u>		<u>\$ 100,173,050</u>			



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

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

- Taxes – The increase of \$3.5 million is due to gains in property tax revenues, vehicle in-lieu, transient occupancy tax, and sales tax. Property tax revenues jumped by \$2.2 million as new development and higher priced home sales stimulated the robust gains. In lieu vehicle license fees increased by \$302,000, which is proportional to the growth in assessed values. Transient Occupancy Tax revenues climbed \$604,000 with the opening of a new hotel, Towneplace Suites. Sales and use tax revenues rose by \$280,000 to \$3.4 million as the California Department of Tax and Fee Administration (CDTFA) changed the way they pay local jurisdictions and transmitted monies to the City one month sooner.
- Licenses and permits – The \$503,000 increase is primarily due to development related one-time permit fees for tenant improvement from Gilead Sciences' campus expansion project.
- Intergovernmental – The \$114,000 increase includes \$115,000 of grants from the California Housing Related Parks Program for park improvements.
- Charges for Current Services – The decrease of \$183,000 is primarily due to a reduction of new projects requiring Planning Division review services. Recreation services revenues expanded by \$101,000 with increases in its fees.
- Park in-lieu – The decrease of \$ 606,000 is largely due to the one time fees collected in FY 2016-2017 for the Foster Square Atria project.
- Investment and rental income – The increase of \$352,000 is primarily from investment income. Over a twelve month period, the weighted average yield to maturity on the City's investment portfolio climbed from 1.23% to 1.82%.
- Other revenues – The increase of \$1.9 million consists primarily of a \$1.15 million reimbursement payment from Gilead for street and sidewalk repairs and a \$726,000 loan repayment from MP Foster Square Associates for the Foster Square Atria affordable housing project.

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

- General Government – There was a minor \$34,000 increase to \$4.6 million in General Government expenditures.
- Public Safety – The increase of \$763,000 in Public Safety Department was primarily due to a \$609,000 escalation of wages and other employee benefits in the Police Department and \$85,000 in higher vehicle rental and building maintenance internal service charges.
- Public Works – There was a \$776,000 increase in Public Works expenditures. They consists of \$149,000 in wages and other employee benefits, a \$155,000 increase in the Street Division's services and supplies costs which included compliance with National Pollution Discharge Elimination System (NPDES) program requirements. The Capital Projects Fund had a \$425,000 increase in operating expenses, including \$287,000 for a slurry seal project and \$116,000 for Corporation Yard repairs.

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

- Community Development – The \$147,000 increase included an increase in wages and employee benefits as a building inspector was added to address the high workload in the Building Division.
- Parks and Recreations – Total expenditures were \$8.2 million, declining slightly by \$11,000. Wage and benefit increases were offset by a reduction in park infrastructure expenditures by \$223,000.
- Capital Outlay – Capital outlay were higher by \$442,000 due primarily to a \$358,000 increase in Levee project expenditures.

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

**General Fund** – The General Fund represents the single most important governmental fund of the City/District. The governing body and executive staff spend a significant amount of time during the year closely monitoring the financial health and operations of this fund, which provides core municipal services to the public. The total Fund Balance at June 30, 2018 was \$53.4 million, which was a \$7.8 million increase from the prior year. Unassigned fund balances finished the year at \$51 million, increasing by \$7.6 million from the prior year.

General Fund revenues increased \$3.8 million in FY 2017-2018 to \$47.8 million. Property tax revenues jumped by \$2.2 million to \$26 million as new development and reassessment of homes sold at record high prices stimulated the robust gains. In lieu vehicle license fees increased by \$302,000 as these revenues increase annually in proportion to the growth in assessed values. Transient Occupancy Tax revenues climbed \$604,000 with the opening of a new hotel, TownePlace Suites. Sales and use tax revenues rose by \$280,000 to \$3.4 million as the California Department of Tax and Fee Administration (CDTFA) changed the way they pay local jurisdictions and transmitted monies to the City one month sooner. Building permits and planning fees increased by \$129,000 to \$4.1 million, helped by Gilead Science's tenant improvements to its expanded campus. The Other Revenues category also gained \$77,000 consisting of cost recovery payments from developers, property damage recovery, and wildfire mutual aid response reimbursements.

General Fund expenditures increased \$1.4 million or 3.9% in FY 2017-2018 to \$37.8 million. Much of the increase can be attributed to wage adjustments and higher benefit costs, including higher employer pension contribution rates.

In aggregate, General Fund revenues exceeded expenditures by \$10 million. After deducting a \$2.2 million to the City Capital Improvement Project Fund, the net increase in total Fund Balance was \$7.8 million, of which \$7.6 million were unassigned. This amount meets the Governing Board's reserve policy requirement of a reserve balance of 33⅓% to 50.0% of annual operating expenditures.

**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, 2018, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$1.8 million. 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.

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

**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, 2018, the Fund had a Committed Fund Balance of \$753,000.

**City Capital Projects Fund** – The City Capital Projects fund is a key fund of the City/District. This fund pays for infrastructure improvement and significant maintenance projects for which other resources (e.g., Gas Tax, Measure A, or Measure M funds, etc.) do not pay. As of June 30, 2018, this fund had a Committed Fund Balance of \$8.1 million.

**Capital Asset Preservation Fund** – The City/District created the Capital Asset Preservation Fund to hold the proceeds from sale of the 11-acre site to North Peninsula Jewish Campus and the proceeds from the sale of the 15 acre site adjacent City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5<sup>th</sup> of the City Council. As of June 30, 2018, this fund had a committed fund balance of \$37.9 million.

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

**Water** – Estero Municipal Improvement District provides water services to customers located within the District, primarily the “94404” zip code which encompasses all of Foster City and a portion of San Mateo. Unrestricted net position for the water fund totaled \$10.9 million as of June 30, 2018. The Governing Board’s reserve policy requirements for the Water fund is 25% of annual operating expenses plus a \$2 million reserve for capital improvement projects. After earmarks of \$3.5 million for operations, \$2.0 million for capital projects, \$2.1 million for Equipment Replacements, \$388,000 for water conservation rebates, and \$75,000 for inventory, a \$2.8 million remainder is available for planned and future 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 \$26.2 million as of June 30, 2018. The Governing Board’s reserve policy requirements for the Wastewater fund is 25% of annual operating expenses plus a \$2 million reserve for capital improvement projects. After earmarks of \$2 million for operations, \$2 million for capital projects, and \$2.9 million for Equipment Replacements, \$176,000 for Inventory, a \$19.1 million remainder is available for planned and future capital improvement projects.

**Internal Service Funds** – These funds provide services and funding mechanisms to allow the operating departments within the City/District to provide services to the community. Services included 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, 2018 was \$27.1 million, which was a \$360,000 decrease from the prior year as a prior period adjustment of \$359,000 was made as a result of the implementation of GASB 75.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original General Fund budget for fiscal year 2017-2018 included \$47.2 million in appropriations and transfers out to other funds, with estimated revenues and transfers in from other funds totaling \$42.6 million.

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**2018 FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS (CONTINUED)**

Total revenues for the year were \$5.2 million above budgeted projections. Property taxes exceeded projections by \$1.5 million, which included a higher than budgeted Educational Revenue Augmentation Fund (ERAF) refund and increased receipts in secured and supplemental taxes. Motor Vehicle License In-Lieu (Property Tax in-lieu of VLF) was \$187,000 above budget as these revenues increase annually in proportion to the growth in assessed valuations. Sales and use taxes were \$352,000 above budget as the California Department of Tax and Fee Administration (CDTFA) changed the way they pay local jurisdictions and transmitted monies to the City one month sooner. Permit fees surpassed estimates by \$2.6 million as approximately \$950,000 of fees from Gilead Sciences' expansion project that did not materialize in FY 2016-2017 were collected in FY 2017-2018 and another \$1 million in fees were collected for corresponding tenant improvements. The City received over \$435,000 of additional cost recovery payments from developers, property damage recovery, and wildfire mutual aid response reimbursements.

Total expenditures for the year were \$7.6 million below budgeted estimates. Of that sum, \$3.7 million was attributable to salary savings from vacant positions, replacement of separated employees with new hires who were at a lower pay rate and/or with less expensive retirement plans, unspent service and supplies, and overall conservative administration of budgetary resources by management. Another \$1.84 million and \$60,000 of unspent appropriations was from the Community Benefits Program and Rental Assistance Program respectively. The remaining \$2 million is attributable to an employee Home Loan Assistance Program that was not implemented and deferred for future City Council consideration.

**CAPITAL ASSETS**

The City/District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totaled \$169.5 million (net of accumulated depreciation). They include land, buildings, infrastructure, structures and improvements, equipment, vehicles, intangible assets, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2018	2017	2018	2017	2018	2017		
Land	\$ 11,102,221	\$ 11,102,221	\$ 3,553,474	\$ 3,553,474	\$ 14,655,695	\$ 14,655,695	\$ -	0.00%
Infrastructure, structures and improvements	81,184,349	82,212,952	27,180,102	27,275,462	108,364,451	109,488,414	(1,123,963)	-1.03%
Equipment, vehicles and software	6,453,297	6,143,332	1,907,904	1,912,527	8,361,201	8,055,859	305,342	3.79%
Sewer Capacity Rights			18,247,368	18,743,199	18,247,368	18,743,199	(495,831)	-2.65%
Construction in progress	5,626,698	4,782,992	14,279,960	7,979,542	19,906,658	12,762,534	7,144,124	55.98%
<b>Total</b>	<b>\$ 104,366,565</b>	<b>\$ 104,241,497</b>	<b>\$ 65,168,808</b>	<b>\$ 59,464,204</b>	<b>\$ 169,535,373</b>	<b>\$ 163,705,701</b>	<b>\$ 5,829,672</b>	<b>3.56%</b>

Capital assets for Governmental activities increased by \$125,000 as addition of new assets exceeded total depreciation and retirements. The Business-Type activities infrastructure asset, equipment and software, and construction in progress increased by \$5.7 million as work on the wastewater treatment plant project continued.

The City/District depreciates all of 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.

**CITY OF FOSTER CITY AND  
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**DEBT ADMINISTRATION**

As of June 30, 2018, the City/District had total long-term outstanding obligations of \$95.4 million, which comprised of compensated absences of \$1.7 million, other post-employment benefits (OPEB) liability of \$11.8 million, PG&E On-Bill Loan of \$189,000 and net pension liability of approximately \$81.7 million (\$78.1 million for CalPERS and \$3.6 million for the Longevity Recognition Benefits Program). Additional information about the City/District's long-term obligations can be found in Note 7 and 9 to the financial statements.

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

The City/District prides itself in prudently managing its financial resources through long-term financial strategies and conservative financial decisions. Over the past five years, economic expansion in the region has enhanced the net position of the City/District. However, a General Fund structural deficit is forecasted in the next 5 years due to anticipated increases in Transfers Out to the City's Capital Projects Fund needed to address the City's aging infrastructure and anticipated increases in employee benefit costs, primarily the City's CalPERS retirement benefit program. The City Council has already authorized a transient occupancy tax (TOT) revenue measure (Measure TT) for November 2018 to increase the City's TOT rate from 9.5% to 12%. Staff will also be looking into cost containment alternatives in FY 2018-2019 to address the structural deficit condition.

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

- Property Taxes – The real estate market in Foster City remained strong in the past year as home prices reached historic highs and commercial property values expanded along with the addition of new developments. The Assessor's Office projected an increase in assessed valuation in the City/District of 5.3% for FY 2018-2019. The assumptions for property taxes revenues from various major developments have been included in the five-year financial projections based on anticipated completion schedules.
- Sales & Use Tax – Sales tax revenues are expected to increase by 2.0% in FY 2018-2019 from prior year's projections, no revenue assumptions have been made with respect to the unoccupied retail areas planned for Foster Square.
- Transient Occupancy Tax (TOT) – Based on an increase in the TOT rate from 9.5% to 11% for a six month period commencing January 1, 2019, a November 2018 voter approval of the TOT revenue measure (Measure TT) is anticipated to generate \$271,800 in FY 2018-2019. Thereafter, Measure TT authorizes a further rate increase to 12% which is projected to add over \$900,000 annually to General Fund revenues.

CalPERS Pension Rates – On April 17, 2013 the CalPERS Board revised the rate smoothing policy to reduce the amortization period of investment gains and losses from a rolling 15 year period to a direct rate smoothing period of 5 years starting in FY 2015-2016. During FY 2013-2014 CalPERS reduced the annual rate of investment return assumption from 7.75% to 7.5%. In December 2016, CalPERS further reduced its investment return assumption from 7.5% to 7%. The revised rate smoothing policy and the lower rate of investment return will result in a significant increase in the employer contribution rates for the City's Miscellaneous and Public Safety retirement plans. The provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) will have a slow but gradual impact on the City's budget as the most significant cost-savings provisions of the Act apply primarily to new employees hired after January 1, 2013. The City's FY 2018-2019 employer contribution rates to CalPERS for its Miscellaneous Plan and Public Safety "Classic" plans will rise to 30.291% and 51.913% from 27.908% and 45.150% respectively. In recognition of the increase in CalPERS retirement benefit costs, the City Council authorized as part of the FY 2018-2019 adopted budget, a \$2 million transfer from General Fund reserves to a newly established Pension Liability Sustainability Fund.

**CITY OF FOSTER CITY AND  
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Management's Discussion and Analysis  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)**

- Development, Planning, Permit and Park In-Lieu Fees – Development associated revenues such as building permits, park-in-lieu, water and wastewater connection fees, real property transfer taxes, plan check fees, and inspection fees have been incorporated into the annual budget.
- Capital Improvement Project Funds – The long-term funding of Capital Improvement Projects implemented in FY 2010-2011 continues for the City's General Fund and the Water and Wastewater Enterprise Funds. An additional \$8.7 million is budgeted in Wastewater Enterprise Fund for the City/District's proportionate share of the Wastewater Treatment Plant Master Improvement Project and \$31.8 million budgeted in the City CIP Fund for the commencement of construction of the Levee Protection and Planning Improvement Project.
- Water Supply Assurance / Water Costs – The City/District currently serves approximately 8,400 utility customers. Under the District's 10-Year Rate Smoothing policy, water rates for FY 2018-2019 will increase the standard 5/8" and 3/4" fixed meter charges by 8% and the base consumption rate by 8% due to the increase in water supply costs.
- Wastewater Rates – The wastewater rates assume a 14.25% increase in FY 2018-2019 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 \$155 million. In FY 2017-2018, the City Council authorized a short term loan of up to \$15 million from General Fund reserves to the Wastewater Enterprise Fund for the WWTP project for costs incurred since inception of the project. The loan is to be repaid upon the acquisition of permanent financing for the project, but no later than March 31, 2019.

The City/District had an Unassigned General Fund balance of \$51 million as of June 30, 2018. As discussed earlier, \$2 million will be transferred to the Pension Liability Stabilization Fund. The remaining \$49 million provides the City Council flexibility in preserving the current service levels and quality of life services to the community.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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# **BASIC FINANCIAL STATEMENTS**



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 135,589,270	\$ 47,126,594	\$ 182,715,864
Receivable, net	2,465,733	4,748,885	7,214,618
Internal balances	11,516,235	(11,516,235)	-
Inventory	117,953	286,510	404,463
Prepays and deposits	39,786	-	39,786
Restricted cash and investments	324,973	-	324,973
Loans receivable (net)	22,072,646	-	22,072,646
Capital assets:			
Nondepreciable	16,728,919	17,833,434	34,562,353
Depreciable, net of accumulated depreciation	87,637,646	47,335,374	134,973,020
<b>Total assets</b>	<u>276,493,161</u>	<u>105,814,562</u>	<u>382,307,723</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension and OPEB	18,400,866	1,530,343	19,931,209
<b>LIABILITIES</b>			
Accounts payable	1,931,956	7,362,487	9,294,443
Accrued payroll	1,607,435	125,587	1,733,022
Refundable deposits	5,497,201	48,274	5,545,475
Unearned revenue	289,372	-	289,372
Long-term liabilities:			
Due within one year	1,110,915	147,599	1,258,514
Due in more than one year	12,296,029	1,403,989	13,700,018
Net Pension Liability:			
Due in more than one year	74,359,258	7,361,008	81,720,266
<b>Total liabilities</b>	<u>97,092,166</u>	<u>16,448,944</u>	<u>113,541,110</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension and OPEB	1,881,077	107,905	1,988,982
<b>NET POSITION</b>			
Net investment in capital assets	104,366,565	51,691,503	156,058,068
Restricted for:			
Housing	1,823,881	-	1,823,881
Roads	3,232,661	-	3,232,661
Parks	2,966,817	-	2,966,817
Local programs and events	1,330,388	-	1,330,388
Unrestricted	82,200,472	39,096,553	121,297,025
<b>Total net position</b>	<u>\$ 195,920,784</u>	<u>\$ 90,788,056</u>	<u>\$ 286,708,840</u>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 5,789,051	\$ 558,727	\$ -	\$ -
Public safety - Police	14,100,954	149,520	238,669	-
Public safety - Fire	10,801,237	843,237	33,163	-
Public works	5,707,187	367,879	861,374	2,218,653
Community development	3,073,843	4,514,946	-	-
Parks and recreation	10,777,390	1,853,153	102,851	-
Total governmental activities	50,249,662	8,287,462	1,236,057	2,218,653
<b>Business-type activities:</b>				
Water	14,599,582	14,833,965	-	-
Wastewater	7,722,767	10,723,302	-	8,741
Total business-type activities	22,322,349	25,557,267	-	8,741
<b>Total primary government</b>	<b>\$ 72,572,011</b>	<b>\$ 33,844,729</b>	<b>\$ 1,236,057</b>	<b>\$ 2,227,394</b>

**General revenues:**

Taxes:

- Property taxes
- Transient occupancy tax
- Franchise tax
- Other taxes

Contributions not restricted to specific programs:

- Sales and use tax and sales tax in lieu
- Unrestricted investment and rental income
- Gain (Loss) on sale of capital assets
- Other

**Transfers:**

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year**

**Prior Period Adjustment**

**Net position - beginning of year, 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
\$ (5,230,324)	\$ -	\$ (5,230,324)
(13,712,765)	-	(13,712,765)
(9,924,837)	-	(9,924,837)
(2,259,281)	-	(2,259,281)
1,441,103	-	1,441,103
(8,821,386)	-	(8,821,386)
(38,507,490)	-	(38,507,490)
-	234,383	234,383
-	3,009,276	3,009,276
-	3,243,659	3,243,659
(38,507,490)	3,243,659	(35,263,831)
29,697,500	-	29,697,500
3,518,966	-	3,518,966
1,178,643	-	1,178,643
2,109,503	-	2,109,503
4,141,017	-	4,141,017
2,801,998	277,627	3,079,625
101,798	(479)	101,319
316,522	125,512	442,034
162,674	(162,674)	-
44,028,621	239,986	44,268,607
5,521,131	3,483,645	9,004,776
196,213,518	87,889,374	284,102,892
(5,813,865)	(584,963)	(6,398,828)
190,399,653	87,304,411	277,704,064
\$ 195,920,784	\$ 90,788,056	\$ 286,708,840

**City of Foster City and Estero Municipal Improvement District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	Major Funds						Total
	Special revenue			Capital Projects			
	General Fund	Low and Moderate		City Capital Projects	Capital Asset Preservation	Non-Major Governmental Funds	
		Income Housing Assets Fund	Foster City Affordable Housing				
<b>ASSETS</b>							
Cash and investments	\$ 41,726,673	\$ 1,831,832	\$ 753,138	\$ 10,580,288	\$ 37,948,923	\$ 11,739,944	\$ 104,580,798
Receivables, net of allowance:							
Accrued interest	808,207	-	-	-	-	-	808,207
Intergovernmental	20,126	-	-	-	-	94,654	114,780
Taxes	1,139,599	-	-	-	-	57,042	1,196,641
Other	264,566	-	-	-	-	64,764	329,330
Due from other funds	13,477,305	-	-	11,500	-	-	13,488,805
Prepays and deposits	39,129	-	-	-	-	75	39,204
Inventory	16,900	-	-	-	-	-	16,900
Restricted cash and investments	234,973	-	-	-	-	90,000	324,973
Loans receivables, net of allowance	1,355,147	254,309	4,529,724	-	-	-	6,139,180
<b>Total assets</b>	<b>\$ 59,082,625</b>	<b>\$ 2,086,141</b>	<b>\$ 5,282,862</b>	<b>\$ 10,591,788</b>	<b>\$ 37,948,923</b>	<b>\$ 12,046,479</b>	<b>\$ 127,038,818</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,186,964	\$ 1,889	\$ -	\$ 413,309	\$ -	\$ 38,645	\$ 1,640,807
Accrued payroll	1,532,472	-	-	-	-	11,714	1,544,186
Refundable deposits	1,270,337	6,062	-	2,092,812	-	2,127,990	5,497,201
Due to other funds	-	-	-	-	-	11,500	11,500
Unearned revenue	289,372	-	-	-	-	-	289,372
<b>Total liabilities</b>	<b>4,279,145</b>	<b>7,951</b>	<b>-</b>	<b>2,506,121</b>	<b>-</b>	<b>2,189,849</b>	<b>8,983,066</b>
<b>Deferred inflows of resources</b>							
Unavailable-loan programs	1,355,147	254,309	4,529,724	-	-	-	6,139,180
<b>Fund Balances:</b>							
Non-Spendable	56,029	-	-	-	-	75	56,104
Restricted	21,252	1,823,881	-	-	-	6,718,471	8,563,604
Committed	2,265,890	-	753,138	8,085,667	37,948,923	3,138,084	52,191,702
Assigned	125,010	-	-	-	-	-	125,010
Unassigned	50,980,152	-	-	-	-	-	50,980,152
<b>Total fund balances</b>	<b>53,448,333</b>	<b>1,823,881</b>	<b>753,138</b>	<b>8,085,667</b>	<b>37,948,923</b>	<b>9,856,630</b>	<b>111,916,572</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 59,082,625</b>	<b>\$ 2,086,141</b>	<b>\$ 5,282,862</b>	<b>\$ 10,591,788</b>	<b>\$ 37,948,923</b>	<b>\$ 12,046,479</b>	<b>\$ 127,038,818</b>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

**Total Fund Balances - Total Governmental Funds** \$ 111,916,572

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

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

	Government-Wide Statement of Net Position	Internal Service Funds	
Non-depreciable	\$ 16,728,919	\$ (61,274)	
Depreciable, net	87,637,646	(6,453,295)	
Total capital assets	104,366,565	(6,514,569)	97,851,996

First time homebuyer loans receivable are not available to pay current-period expenditures and, therefore, are deferred inflows in the governmental funds. 254,309

The New Home Company loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds. 4,529,724

The Successor Agency loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds. 1,355,147

North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds. 15,933,466

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position 31,662,743

Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated absences	(2,297,842)
Net OPEB Liability	(9,983,505)
Net pension liability	(71,177,120)
Deferred outflows due to pension liabilities	17,703,724
Deferred inflows due to pension liabilities	(1,464,150)
Deferred inflows due to OPEB liabilities	(364,280)

**Net Position of Governmental Activities** \$ 195,920,784

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2018**

	Major Funds						Total
	Special Revenue			Capital Projects		Non-Major Governmental Funds	
	General Fund	Low & Moderate		City Capital Projects	Capital Asset Preservation		
		Income Housing Assets Fund	Foster City Affordable Housing				
<b>REVENUES:</b>							
Property taxes	\$ 29,697,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,697,500
Sales and use and sales tax in lieu	3,431,867	-	-	-	-	709,150	4,141,017
Transient occupancy tax	3,518,966	-	-	-	-	-	3,518,966
Franchise tax	1,178,643	-	-	-	-	-	1,178,643
Property transfer tax	311,960	-	-	-	-	-	311,960
Licenses and permits	5,066,971	-	-	-	-	-	5,066,971
Intergovernmental	498,286	-	-	-	-	1,167,968	1,666,254
Charges for current services	2,042,687	-	-	-	-	714,637	2,757,324
Fines and forfeitures	139,968	-	-	-	-	87,303	227,271
Park-in-lieu	-	-	-	-	-	540,000	540,000
Investment and rental income	1,179,469	139,503	1,397	47,741	825,653	136,928	2,330,691
Other	761,786	11,914	726,423	1,641,703	-	696,601	3,838,427
<b>Total revenues</b>	<b>47,828,103</b>	<b>151,417</b>	<b>727,820</b>	<b>1,689,444</b>	<b>825,653</b>	<b>4,052,587</b>	<b>55,275,024</b>
<b>EXPENDITURES:</b>							
Current:							
General government	3,854,625	-	-	-	-	778,574	4,633,199
Public safety - Police	11,877,933	-	-	-	-	197,375	12,075,308
Public safety - Fire	9,214,622	-	-	-	-	7,021	9,221,643
Public works	2,203,229	-	-	427,808	-	655,069	3,286,106
Community development	2,557,812	83,582	-	-	-	105,844	2,747,238
Parks and recreation	8,134,119	-	-	51,801	-	32,334	8,218,254
Capital outlay	-	-	-	2,647,504	-	1,285,180	3,932,684
<b>Total expenditures</b>	<b>37,842,340</b>	<b>83,582</b>	<b>-</b>	<b>3,127,113</b>	<b>-</b>	<b>3,061,397</b>	<b>44,114,432</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,985,763</b>	<b>67,835</b>	<b>727,820</b>	<b>(1,437,669)</b>	<b>825,653</b>	<b>991,190</b>	<b>11,160,592</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from sales of capital assets	-	-	-	-	582,930	-	582,930
Transfers in	17,649	-	-	2,200,000	-	37,839	2,255,488
Transfers out	(2,237,839)	-	-	-	-	(17,649)	(2,255,488)
<b>Total other financing sources (uses)</b>	<b>(2,220,190)</b>	<b>-</b>	<b>-</b>	<b>2,200,000</b>	<b>582,930</b>	<b>20,190</b>	<b>582,930</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,765,573</b>	<b>67,835</b>	<b>727,820</b>	<b>762,331</b>	<b>1,408,583</b>	<b>1,011,380</b>	<b>11,743,522</b>
<b>FUND BALANCES:</b>							
Beginning of year	45,682,760	1,756,046	25,318	7,323,336	36,540,340	8,845,250	100,173,050
End of year	\$ 53,448,333	\$ 1,823,881	\$ 753,138	\$ 8,085,667	\$ 37,948,923	\$ 9,856,630	\$ 111,916,572

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the fiscal year ended June 30, 2018**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 11,743,522**

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

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

Capital assets additions (Total capital asset additions for the City for the fiscal year ended for governmental activities were \$5,971,565, which consisted of \$1,169,099 in additions attributable to internal service fund activity and \$4,802,466 in additions attributable to governmental funds).	4,802,466
Loss on capital asset disposal (net of accumulated depreciation).	(226,179)
Less current year depreciation. This amount is net of depreciation expense of the internal service funds in the amount of \$892,090.	(4,726,838)

Revenues from new loans that are funded in this fiscal year that will not be collected for several months after the City/District's fiscal year ends are not considered "available" revenue and are classified as unavailable revenue in the governmental funds.	(11,613)
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Revenue from principal payment for Affordable Housing loan in governmental funds are recorded as a deduction to loans principal in Statement of Activities	(726,423)
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Revenues from North Peninsula Jewish Campus in this fiscal year that will not be collected for several years are not considered "available" revenue and are not reported in the governmental fund.	(582,930)
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Interest that will not be collected for several years are not considered "available" and are not reported in the governmental fund.	171,851
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Compensated absences	16,772
OPEB expenses	(502,049)
Pension expenses	(4,623,006)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.	185,558
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,521,131</b>
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See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 13,850,179	\$ 33,276,415	\$ 47,126,594	\$ 31,008,472
Receivables, net of allowance:				
Billed utility, net of allowance for uncollectibles	855,953	727,133	1,583,086	-
Unbilled utility	1,794,910	1,134,706	2,929,616	-
Other	220,208	15,975	236,183	16,775
Deposits and prepaid items	-	-	-	582
Inventory	75,276	211,234	286,510	101,053
Total current assets	<u>16,796,526</u>	<u>35,365,463</u>	<u>52,161,989</u>	<u>31,126,882</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	3,640,471	14,192,963	17,833,434	61,274
Depreciable, net of accumulated depreciation	17,180,919	30,154,455	47,335,374	6,453,295
Total noncurrent assets	<u>20,821,390</u>	<u>44,347,418</u>	<u>65,168,808</u>	<u>6,514,569</u>
<b>Total assets</b>	<u>37,617,916</u>	<u>79,712,881</u>	<u>117,330,797</u>	<u>37,641,451</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension and OPEB	740,681	789,662	1,530,343	697,142
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,029,860	5,332,627	7,362,487	291,149
Due to other funds	-	13,477,305	13,477,305	-
Accrued payroll	59,453	66,134	125,587	63,249
Refundable deposits	48,274	-	48,274	-
Claims liability	-	-	-	92,000
Compensated absences - current portion	71,778	75,821	147,599	67,047
Other liability - current portion	-	-	-	31,466
Total current liabilities	<u>2,209,365</u>	<u>18,951,887</u>	<u>21,161,252</u>	<u>544,911</u>
Noncurrent liabilities:				
Compensated absences - noncurrent portion	108,859	123,381	232,240	89,540
Net OPEB liability	656,746	515,003	1,171,749	656,746
Net pension liability	3,586,170	3,774,838	7,361,008	3,182,138
Other liability - noncurrent portion	-	-	-	188,798
Total noncurrent liabilities	<u>4,351,775</u>	<u>4,413,222</u>	<u>8,764,997</u>	<u>4,117,222</u>
<b>Total liabilities</b>	<u>6,561,140</u>	<u>23,365,109</u>	<u>29,926,249</u>	<u>4,662,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension and OPEB	55,736	52,169	107,905	52,647
<b>NET POSITION</b>				
Net investment in capital assets	20,821,390	30,870,113	51,691,503	6,514,569
Unrestricted	10,920,331	26,215,152	37,135,483	27,109,244
<b>Total net position</b>	<u>\$ 31,741,721</u>	<u>\$ 57,085,265</u>	<u>88,826,986</u>	<u>\$ 33,623,813</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>1,961,070</u>	
Net position of business-type activities			<u>\$ 90,788,056</u>	

See accompanying Notes to Basic Financial Statements



**City of Foster City and Estero Municipal Improvement District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>OPERATING REVENUES:</b>				
Sales and service charges	\$ 14,833,965	\$ 10,723,302	\$ 25,557,267	\$ -
Charges for service - internal	-	-	-	6,974,935
<b>Total operating revenues</b>	<b>14,833,965</b>	<b>10,723,302</b>	<b>25,557,267</b>	<b>6,974,935</b>
<b>OPERATING EXPENSES:</b>				
Personnel	2,066,618	2,275,110	4,341,728	2,580,619
Utilities	9,570,896	208,324	9,779,220	-
Program supplies	82,452	109,092	191,544	-
Repairs and maintenance	17,890	67,155	85,045	1,340,645
General and administration	1,714,121	1,292,387	3,006,508	1,332,511
Depreciation and amortization	840,470	1,262,585	2,103,055	892,090
Contractual service	277,562	2,488,452	2,766,014	382,728
Insurance	68,900	68,900	137,800	364,391
<b>Total operating expenses</b>	<b>14,638,909</b>	<b>7,772,005</b>	<b>22,410,914</b>	<b>6,892,984</b>
<b>OPERATING INCOME (LOSS)</b>	<b>195,056</b>	<b>2,951,297</b>	<b>3,146,353</b>	<b>81,951</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain(Loss) on disposal of capital assets	(479)	-	(479)	101,798
Investment income	100,717	176,910	277,627	299,456
Miscellaneous	61,921	63,591	125,512	48,268
<b>Total nonoperating revenues (expenses)</b>	<b>162,159</b>	<b>240,501</b>	<b>402,660</b>	<b>449,522</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>357,215</b>	<b>3,191,798</b>	<b>3,549,013</b>	<b>531,473</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions	8,741	-	8,741	-
Transfers in	-	-	-	438,174
Transfers out	-	(162,674)	(162,674)	(695,524)
<b>Total contributions and transfers</b>	<b>8,741</b>	<b>(162,674)</b>	<b>(153,933)</b>	<b>(257,350)</b>
<b>Change in net position</b>	<b>365,956</b>	<b>3,029,124</b>	<b>3,395,080</b>	<b>274,123</b>
<b>NET POSITION:</b>				
Beginning of the year	31,734,509	54,282,360		33,708,703
Prior Period Adjustment	(358,744)	(226,219)		(359,013)
End of the year	<u>\$ 31,741,721</u>	<u>\$ 57,085,265</u>		<u>\$ 33,623,813</u>
Adjustment to reflect the consolidation				
of internal service fund activities related				
to enterprise funds			88,565	
Change in net position of business-				
type activities			<u>\$ 3,483,645</u>	

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 14,332,659	\$ 10,365,503	\$ 24,698,162	\$ -
Cash received from inter-departmental charges	-	-	-	6,990,735
Cash payments to suppliers for goods and services	(10,810,893)	(3,471,090)	(14,281,983)	(3,357,079)
Cash payments to employees for services	(1,703,439)	(1,880,077)	(3,583,516)	(2,311,610)
Cash received from other funds	-	13,477,305	13,477,305	-
Cash received from others	61,921	63,591	125,512	48,268
<b>Net cash provided (used) by operating activities</b>	<u>1,880,248</u>	<u>18,555,232</u>	<u>20,435,480</u>	<u>1,370,314</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers received	-	-	-	438,174
Transfer paid	-	(162,674)	(162,674)	(695,524)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>(162,674)</u>	<u>(162,674)</u>	<u>(257,350)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Gain(Loss) on disposal of capital assets	-	-	-	101,798
Capital contributions received	8,741	-	8,741	-
Acquisition and construction of capital assets	(78,888)	(7,729,250)	(7,808,138)	(1,167,709)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(70,147)</u>	<u>(7,729,250)</u>	<u>(7,799,397)</u>	<u>(1,065,911)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	100,717	176,910	277,627	299,456
<b>Net cash provided (used) by investing activities</b>	<u>100,717</u>	<u>176,910</u>	<u>277,627</u>	<u>299,456</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,910,818	10,840,218	12,751,036	346,509
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	11,939,361	22,436,197	34,375,558	30,661,963
End of year	<u>\$ 13,850,179</u>	<u>\$ 33,276,415</u>	<u>\$ 47,126,594</u>	<u>\$ 31,008,472</u>

(Continued)

See accompanying Notes to Basic Financial Statements.

**City of Foster City and Estero Municipal Improvement District**  
**Statement of Cash Flows, Continued**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 195,056	\$ 2,951,297	\$ 3,146,353	\$ 81,951
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	840,470	1,262,585	2,103,055	892,090
Miscellaneous revenues	61,921	63,591	125,512	48,268
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Billed receivables	(233,566)	(205,128)	(438,694)	-
Unbilled receivables	(157,520)	(156,494)	(314,014)	-
Other receivables	(110,220)	3,823	(106,397)	15,800
Deposit and prepaid items	-	-	-	124
Inventory	(2,457)	(35,213)	(37,670)	(31,956)
Deferred outflow of resources	(67,011)	(96,037)	(163,048)	(93,362)
Increase (decrease) in:				
Accounts payable and claims liability	947,120	798,433	1,745,553	109,028
Due to other funds	-	13,477,305	13,477,305	-
Accrued payroll	(1,723)	8,086	6,363	9,257
Refundable deposits	(23,735)	-	(23,735)	-
Claims liability	-	-	-	(14,000)
Compensated absences	(7,024)	16,567	9,543	(16,764)
Net OPEB liability	9,062	7,107	16,169	9,062
Net pension liability	408,071	442,790	850,861	372,895
Other liability	-	-	-	(34,089)
Deferred inflow of resources	21,804	16,520	38,324	22,010
Total adjustments	1,685,192	15,603,935	17,289,127	1,288,363
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,880,248</b>	<b>\$ 18,555,232</b>	<b>\$ 20,435,480</b>	<b>\$ 1,370,314</b>
<b>NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:</b>				
Loss on disposal of capital assets	\$ (479)	\$ -	\$ -	\$ -
<b>Total noncash capital and related financing transaction</b>	<b>\$ (479)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**June 30, 2018**

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	Successor Agency of Community Development Agency
<b>ASSETS</b>	
Cash and investments	\$ 224,606
Accounts receivable	232,035
<b>Total assets</b>	<b>\$ 456,641</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 750
Non-current liabilities:	
Loan payable to City	1,355,147
<b>Total liabilities</b>	<b>1,355,897</b>
<b>NET POSITION</b>	
Unrestricted	(899,256)
<b>Total Net Position</b>	<b>\$ (899,256)</b>

See accompanying Notes to Basic Financial Statements

**City of Foster City and Estero Municipal Improvement District**  
**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the fiscal year ended June 30, 2018**

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	Successor Agency of Community Development Agency
<b>Additions</b>	
Property taxes	\$ 484,576
Investment earnings	6,280
<b>Total additions</b>	<u>490,856</u>
 <b>Deductions</b>	
Administrative expenses	57,035
Affordable housing subsidy	241,390
<b>Total deductions</b>	<u>298,425</u>
 <b>Change in net position</b>	 192,431
Net position-Beginning of the year	<u>(1,091,687)</u>
Net position-End of the year	<u>\$ (899,256)</u>

See accompanying Notes to Basic Financial Statements

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# **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide Financial Statements**

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

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

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



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Fund Financial Statements**

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

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

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

**Major Funds**

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

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

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

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

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

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

The City/District also reports the following fund types:

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

***Fiduciary Funds*** – Private purpose trust fund is used to account for assets held by the City/District as fiduciary for Foster City Successor Agency. The Successor Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments of recognized obligations at appropriate amounts and times in the future. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

***B. Cash and Cash Equivalents***

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

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

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

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

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended by GASB 72, Fair Value Measurement and Application, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

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

***C. Investments***

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

***E. Loans Receivable***

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

***F. Capital Assets***

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

The estimated useful lives are as follows:

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

Intangible Assets – Sewer Capacity Rights

The City/District entered into a Joint Powers Agreement (JPA) with the City of San Mateo (San Mateo) to construct wastewater facilities (see Note 10). All capital facilities costs are capitalized in the Wastewater Enterprise Fund and once placed in service, these costs are amortized using the straight-line method over 50 years.

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

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

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

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

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

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

	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 THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

Revenue is recorded as billed to customers on a cyclical basis. All accounts are billed bi-monthly except irrigation accounts and home owner 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 uncollectibles for the Water and the Wastewater Enterprise Funds. As of year-end there were no material uncollected water and wastewater service revenues.

***J. Interfund Transactions***

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

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

***K. Estimated and Assumptions***

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

***L. New Funds and Closed Funds***

The City established the following in fiscal year 2017/2018:

**SB 1 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 City did not close any funds in fiscal year 2017/2018.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

***M. Deferred outflows/inflows of resources***

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

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

***N. Pensions***

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

***O. New Pronouncements***

In 2018, 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. 75 - In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in statement 75 are effective for fiscal years beginning after June 15, 2017. See detail disclosure in Note 9 and Note 13 for OPEB.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

GASB Statement No. 81 – In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 and should be applied retroactively. This Statement had no impact on the City's/District's financial statements.

GASB Statement No. 85 – In March 2017, the GASB issued Statement No. 85, Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This statement had no impact on the City's/District's financial statements.

GASB Statement No. 86 – In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This statement had no impact on the City's/District's financial statements.

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

GASB Statement No. 83 – In November 2017, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City/District has not determined its effect on the financial statements.



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

**NOTE 3 – CASH AND INVESTMENTS**

***Policies***

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

*Classification*

Cash and investments as of June 30, 2018 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	\$ 182,715,864
Restricted cash and investments	324,973
Total Primary Government cash and investments	<u>183,040,837</u>

Statement of Fiduciary Net Position:

Cash and investments	224,606
Total Fiduciary Trust cash and investments	<u>224,606</u>

<b>Total cash and investments</b>	<b><u><u>\$ 183,265,443</u></u></b>
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Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 3,400
Deposits with financial institutions	3,466,598
Certificates of Deposit (non-negotiable)	234,973
Negotiable Certificates of Deposit	1,224,983
Local Agency Investment Funds (LAIF)	88,833,291
Investments	89,502,198
	<u><u>\$ 183,265,443</u></u>

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	5%	5%
U.S. Treasury Obligations	5 years	100%	100%
U.S. Agency Securities	5 years	100%	50%
Bankers Acceptances	180 days	25%	5%
Commercial Paper	90 days	20%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	50%	50%
Medium-Term Notes	5 years	5%	5%
Shares of Beneficial Interest (Mutual Funds)	N/A	10%	10%
Certificates of Deposit (non-negotiable)	1 year	10%	Max with FDIC
San Mateo County Pooled Investment Program	N/A	10%	10%
State Local Agency Investment Fund (LAIF)	N/A	100%	\$65,000,000

During fiscal year ended June 30, 2005, the City/District started to invest funds set aside for the Longevity Recognition Plan and Public Employees’ Medical and Hospital Care Act (PEMHCA). As of June 30, 2018, all of these funds were held in LAIF.

***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 THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

Investments held in City Treasury grouped by maturity date at June 30, 2018, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Securities of U.S. Government						
Treasury and Agencies:						
Federal National Mortgage Associations Bonds-Coupon	\$ 17,471,090	\$ -	\$ 4,915,440	\$ 3,910,210	\$ 8,645,440	\$ -
Federal Farm Credit Bank Bonds-Coupon	10,782,460	997,300	1,969,930	4,891,760	1,923,960	999,510
Federal Home Loan Bank Bonds-Coupon	32,230,613	5,955,590	6,887,230	8,585,883	5,827,000	4,974,910
Federal Home Loan Mortgage Corporation Bonds-Coupon	27,032,645	1,987,340	7,850,250	9,310,695	5,896,520	1,987,840
Corporate Notes	1,985,390	995,190	990,200	-	-	-
Negotiable Certificates of Deposit	1,224,983	-	489,983	735,000	-	-
Certificates of Deposit (non-negotiable)	234,973	234,973	-	-	-	-
<b>Total</b>	<b>\$ 90,962,154</b>	<b>\$ 10,170,393</b>	<b>\$ 23,103,033</b>	<b>\$ 27,433,548</b>	<b>\$ 22,292,920</b>	<b>\$ 7,962,260</b>

**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, 2018, the City's deposits and investments subject to credit quality ratings were as follows:

	Credit Quality Ratings	
	Moody's	S&P
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	Aaa	AA+
Federal Home Loan Bank Bonds (FHLB)	Aaa	AA+
Federal Home Loan Mortg. Corp. Notes (FHLMC)	Aaa	AA+
Federal National Mortg. Assn. Notes (FNMA)	Aaa	AA+
Corporate Notes	A1, A2	A, A+, AA+

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 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.

	<u>Amount</u>	<u>% of Portfolio</u>
Negotiable Certificates of Deposit	\$ 1,224,983	0.68%
Certificates of Deposit (non-negotiable)	234,973	0.13%
Corporate Bond	1,985,390	1.10%
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	10,782,460	6.00%
Federal Home Loan Bank Bonds (FHLB)	32,230,613	17.93%
Federal Home Loan Mortg. Corp. Notes (FHLMC)	27,032,645	15.04%
Federal National Mortg. Assn. Notes (FNMA)	17,471,090	9.72%
<b>Total Securities of U.S. Government Agencies</b>	<u>87,516,808</u>	<u>48.68%</u>
Local Agency Investment Fund Pool	88,833,291	49.41%
<b>Total Investment Portfolio</b>	<u><u>\$ 179,795,445</u></u>	<u><u>100.00%</u></u>

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

As of June 30, 2018, the carrying amount of the City/District’s deposits was \$1,131,598 and the bank balance was \$1,815,939. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,565,939 was collateralized by the pledging financial institutions as required by the California Government Code Section 53652.

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 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, 2018, by multiplying its account balance with LAIF (\$89,000,000) times a fair value factor (0.998126869) 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, 2018, the City/District's investments in LAIF, stated at fair value, equaled \$88,833,291.

**Fair Value Measurements**

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The City's fair value measurements are as follows at June 30, 2018:

<u>Investment Type</u>	Fair Value Measurement Using	
	Level 2 Inputs	Uncategorized
Federal National Mortgage Association Bonds	\$ 17,471,090	\$ -
Federal Farm Credit Bank Bonds	10,782,460	-
Federal Home Loan Bank Bonds	32,230,613	-
Federal Home Loan Mortgage Corporation Bonds	27,032,645	-
Corporate Notes	1,985,390	-
Local Agency Investment Fund Pool	-	88,833,291
Negotiable Certificates of Deposit	1,224,983	-
Certificates of Deposit (non-negotiable)	-	234,973
<b>Total Investment Portfolio</b>	<b>\$ 90,727,181</b>	<b>\$ 89,068,264</b>

**NOTE 4 – LOANS RECEIVABLE**

At June 30, 2018, Loans Receivable amounted to:

	Amount	Allowance	Net Amount
Metro Center Senior Homes Project	\$ 7,013,844	\$ (7,013,844)	\$ -
First Time Home Buyer Program	254,309	-	254,309
North Peninsula Jewish Campus Land	15,933,466	-	15,933,466
MP Foster Square Associates, L.P.	4,529,724	-	4,529,724
Successor Agency	1,355,147	-	1,355,147
<b>Total</b>	<b>\$ 29,086,490</b>	<b>\$ (7,013,844)</b>	<b>\$ 22,072,646</b>

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 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, 2018, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,013,844 which includes principal of \$5,917,695 and accumulated interest in the amount of \$1,096,149.

***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 \$254,309 at June 30, 2018.

***North Peninsula Jewish Campus Land, LLC***

On September 28, 2012, the City sold 11 acre site bounded by Foster City Boulevard, Balclutha Drive, Shell Boulevard and south drive to the North Peninsula Jewish Campus Land, LLC for \$20,000,000. According to the business term of the sale and purchase agreement, \$1,000,000 of the purchase price was paid in cash at closing, the balance of the purchase price in the amount of \$19,000,000 is financed by the City via a seller carry-back financing loan. The loan terms are 25-year at a fixed rate of 3.25%, secured by a first position deed of trust. The monthly loan payment is in the amount of \$92,590.08 beginning on November 1, 2012 and ending on October 1, 2037. The outstanding balance of this loan is \$15,933,466 as of June 30, 2018.



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

***MP Foster Square Associates, L.P.***

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

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

No payment shall be due on the note prior to the date that City issues a final certificate of occupancy or equivalent for the Project. As of June 30, 2018, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,529,724 which includes principal of \$4,023,577 and accrued interest of \$506,147.

***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, 2018 is \$1,355,147. Payments will be made by the Successor Agency using available future funds from the County's Reserve for Property Tax Trust Fund (RPTTF).

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

**NOTE 5 – INTERFUND TRANSACTIONS**

***Due To and From Other Funds***

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

Due From Other Funds	Due To Other Funds	Amount
General Fund	Wastewater Enterprise Fund	\$ 13,477,305
City Capital Projects Capital Projects Fund	Non-Major Governmental Funds	11,500
<b>Total</b>		<b>\$ 13,488,805</b>

***Transfers***

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

Transfers In	Transfers Out	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 17,649
City Capital Projects Fund	General Fund	2,200,000
Internal Service Funds	Wastewater Fund	162,674
Internal Service Funds	Internal Service Funds	275,501
Non-Major Governmental Funds	General Fund	37,839
Total Interfund Transfers		<b>\$ 2,693,663</b>

Transfers between funds were made during the fiscal year to fund capital improvement projects, to fund summer concerts, to fund compensated absences, and to fund building maintenance expenses.

In fiscal year 2018, the Equipment Replacement Internal Service Fund recorded a transfer out in the amount of \$420,023 to transfer capital assets to the governmental activities for the purchase of playground equipment. The transfer in to the governmental activities is only recorded in the government-wide financial statements and therefore, transfers in and out do not reconcile on the fund statements.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2018 follows:

	July 1, 2017	Additions	Retirements	Transfers	June 30, 2018
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,102,221	\$ -	\$ -	\$ -	\$ 11,102,221
Construction in progress	4,782,992	4,443,711	-	(3,600,005)	5,626,698
<b>Total capital assets, not being depreciated</b>	<b>15,885,213</b>	<b>4,443,711</b>	<b>-</b>	<b>(3,600,005)</b>	<b>16,728,919</b>
Capital assets, being depreciated:					
Infrastructure	112,273,072	420,023	(2,051,677)	3,504,385	114,145,803
Buildings	50,011,488	-	-	-	50,011,488
Improvements	5,898,096	-	-	-	5,898,096
Equipment	7,314,359	195,979	(133,535)	95,620	7,472,423
Vehicles	7,518,839	911,852	(1,017,783)	-	7,412,908
Software	852,373	-	(8,277)	-	844,096
<b>Total capital assets, being depreciated</b>	<b>183,868,227</b>	<b>1,527,854</b>	<b>(3,211,272)</b>	<b>3,600,005</b>	<b>185,784,814</b>
Less accumulated depreciation for:					
Infrastructure	(65,915,619)	(3,390,578)	1,825,500	-	(67,480,697)
Buildings	(17,493,155)	(1,156,468)	-	-	(18,649,623)
Improvements	(2,560,930)	(179,788)	-	-	(2,740,718)
Equipment	(4,776,331)	(387,027)	132,143	-	(5,031,215)
Vehicles	(4,204,437)	(470,370)	1,017,783	-	(3,657,024)
Software	(561,471)	(34,697)	8,277	-	(587,891)
<b>Total accumulated depreciation</b>	<b>(95,511,943)</b>	<b>(5,618,928)</b>	<b>2,983,703</b>	<b>-</b>	<b>(98,147,168)</b>
<b>Total capital assets, being depreciated, net</b>	<b>88,356,284</b>	<b>(4,091,074)</b>	<b>(227,569)</b>	<b>3,600,005</b>	<b>87,637,646</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 104,241,497</b>	<b>\$ 352,637</b>	<b>\$ (227,569)</b>	<b>\$ -</b>	<b>\$ 104,366,565</b>

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$5,971,566 which consisted of \$1,169,099 in additions attributable to internal service fund activity.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

	July 1, 2017	Additions	Retirements	Transfers	June 30, 2018
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,553,474	\$ -	\$ -	\$ -	\$ 3,553,474
Construction in progress	7,979,542	7,637,462	-	(1,337,044)	14,279,960
<b>Total capital assets, not being depreciated</b>	<b>11,533,016</b>	<b>7,637,462</b>	<b>-</b>	<b>(1,337,044)</b>	<b>17,833,434</b>
Capital assets, being depreciated:					
Infrastructure	72,407,408	21,377	-	1,337,044	73,765,829
Sewer capacity rights	24,791,531	-	-	-	24,791,531
Equipment	2,985,448	149,299	(43,000)	-	3,091,747
<b>Total capital assets, being depreciated</b>	<b>100,184,387</b>	<b>170,676</b>	<b>(43,000)</b>	<b>1,337,044</b>	<b>101,649,107</b>
Less accumulated depreciation for:					
Infrastructure	(45,131,946)	(1,453,781)	-	-	(46,585,727)
Sewer capacity rights	(6,048,332)	(495,831)	-	-	(6,544,163)
Equipment	(1,072,921)	(153,443)	42,521	-	(1,183,843)
<b>Total accumulated depreciation</b>	<b>(52,253,199)</b>	<b>(2,103,055)</b>	<b>42,521</b>	<b>-</b>	<b>(54,313,733)</b>
<b>Total capital assets, being depreciated, net</b>	<b>47,931,188</b>	<b>(1,932,379)</b>	<b>(479)</b>	<b>1,337,044</b>	<b>47,335,374</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 59,464,204</b>	<b>\$ 5,705,083</b>	<b>\$ (479)</b>	<b>\$ -</b>	<b>\$ 65,168,808</b>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 690,575
Public safety - Police	275,533
Public safety - Fire	209,984
Public works	2,407,495
Community development	52,125
Parks and recreation	1,983,216
<b>Total depreciation expense</b>	<b>\$ 5,618,928</b>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

Water	\$	840,470
Wastewater		<u>1,262,585</u>
<b>Total depreciation expense</b>	<b>\$</b>	<b><u>2,103,055</u></b>

**NOTE 7 – LONG TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	July 1, 2017	Additions	Retirements	June 30, 2018	Due Within One Year	Due in More Than One Year
<b>Governmental activities:</b>						
Claim liability	\$ 106,000	\$ -	\$ (14,000)	\$ 92,000	\$ 92,000	\$ -
Compensated absences	2,487,965	1,298,869	(1,332,405)	2,454,429	987,449	1,466,980
Net OPEB liability	4,679,555	6,720,972	(760,275)	10,640,252	-	10,640,252
PG&E On-Bill Financing	254,353	-	(34,089)	220,264	31,466	188,798
<b>Total governmental activities</b>	<b>\$ 7,527,873</b>	<b>\$ 8,019,841</b>	<b>\$ (2,140,769)</b>	<b>\$ 13,406,945</b>	<b>\$ 1,110,915</b>	<b>\$ 12,296,030</b>
<b>Business-type activities:</b>						
Compensated absences	\$ 370,296	\$ 186,537	\$ (176,994)	\$ 379,839	\$ 147,599	\$ 232,240
Net OPEB liability	570,617	684,856	(83,725)	1,171,748	-	1,171,748
<b>Total business-type activities</b>	<b>\$ 940,913</b>	<b>\$ 871,393</b>	<b>\$ (260,719)</b>	<b>\$ 1,551,587</b>	<b>\$ 147,599</b>	<b>\$ 1,403,988</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$156,587 of internal service funds compensated absences, \$92,000 of claims liability, \$220,264 of PG&E On-Bill Financing and \$656,746 of net OPEB liability are included in the above amounts.

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 8 – NET POSITION AND FUND BALANCES**

**Net Position**

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

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

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

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

**Fund Balances**

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2018, are below:

	Major Funds					Non-Major	Total
	General Fund	Low and Moderate Income Housing Assets Fund	Foster City Affordable Housing Fund	City Capital Projects	Capital Asset Preservation	Governmental Funds	
<b>Nonspendable</b>							
Prepays and deposits	\$ 39,129	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ 39,204
Inventory	16,900	-	-	-	-	-	16,900
<b>Total Nonspendable</b>	<b>56,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>56,104</b>
<b>Restricted</b>							
Affordable housing	-	1,823,881	-	-	-	-	1,823,881
Parks	-	-	-	-	-	2,966,817	2,966,817
Public safety program	21,252	-	-	-	-	-	21,252
Roadway capital project and maintenance	-	-	-	-	-	3,232,661	3,232,661
Recreation programs and community events	-	-	-	-	-	518,993	518,993
<b>Total Restricted</b>	<b>21,252</b>	<b>1,823,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,718,471</b>	<b>8,563,604</b>
<b>Committed</b>							
Solid waste reduction	-	-	-	-	-	654,540	654,540
Garbage rate stabilization fund	148,286	-	-	-	-	-	148,286
Capital projects	-	-	-	8,085,667	37,948,923	-	46,034,590
Affordable housing	-	-	753,138	-	-	-	753,138
CalOpps online recruitment program	-	-	-	-	-	257,566	257,566
Sustainable Foster City program	-	-	-	-	-	106,935	106,935
BAERS program	-	-	-	-	-	566,616	566,616
General plan, building and zoning	-	-	-	-	-	1,329,572	1,329,572
Technology fee program	-	-	-	-	-	222,855	222,855
Community benefit	1,882,442	-	-	-	-	-	1,882,442
Solar rebate	174,280	-	-	-	-	-	174,280
Employee homeloan program	60,882	-	-	-	-	-	60,882
<b>Total Committed</b>	<b>2,265,890</b>	<b>-</b>	<b>753,138</b>	<b>8,085,667</b>	<b>37,948,923</b>	<b>3,138,084</b>	<b>52,191,702</b>
<b>Assigned</b>	<b>125,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,010</b>
<b>Unassigned</b>	<b>50,980,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,980,152</b>
<b>Total Fund Balances</b>	<b>\$ 53,448,333</b>	<b>\$ 1,823,881</b>	<b>\$ 753,138</b>	<b>\$ 8,085,667</b>	<b>\$ 37,948,923</b>	<b>\$ 9,856,630</b>	<b>\$ 111,916,572</b>

The City/District uses encumbrance accounting throughout the fiscal year to encumber appropriations based upon purchase orders issued to the City/District’s vendors. Any purchase order not expended lapse at the end of the fiscal year, and must be reinitiated with the vendor on July 1 of the subsequent fiscal year. At June 30, 2018, there were no encumbered fund balances.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9 – EMPLOYEE’S RETIREMENT PLAN**

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

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

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

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

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

***General Information about the Pension Plans***

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

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

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

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



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Agent-Multiple		Cost Sharing		
	Miscellaneous Plan		Safety (Police and Fire) Plan		
	Classic	PEPRA	Classic	Classic (Police)	PEPRA
	Prior to	On or after	Prior to	On or after	On or after
Hire date	1/1/2013	1/1/2013	1/1/2012	1/1/2012	1/1/2013
Benefit formula	2.7% @ 55	2% @ 62	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50	57
Final compensation period	Three Year	Three Year	Three Year	Three Year	Three Year
Monthly benefits, as a % of annual salary	2% to 2.7%	1% to 2.5%	3%	2.4% to 3%	2% to 2.7%
Required employee contribution rate	8.00%	6.25%	9.00%	9.00%	11.50%
					12.541% (Police)
Required employer contribution rate *	27.908%	27.908%	45.150%	14.971%	12.556% (Fire)
Total employee contribution FY 17/18	\$ 730,266	\$ 175,253	\$ 547,172	\$ 22,055	\$ 280,446
Total employer contribution FY 17/18	\$ 2,371,216	\$ 725,161	\$ 3,078,156	\$ 36,687	\$ 295,103

\* including Unfunded Actuarial Liability (UAL) contribution rate

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms of the Miscellaneous Plan, however, information for the Safety Plans was not provided from CalPERS for cost-sharing multiple-employer defined benefit pension plans.

	Miscellaneous *
Inactive employees or beneficiaries currently receiving benefits	182
Inactive employees entitled to but not yet receiving benefits	157
Active employees	129
<b>Total</b>	<b>468</b>

\* 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, 2018, the contributions for the Plans were as follows:

	Miscellaneous *	Safety Plans *	Total
Contributions - employer	\$ 3,096,377	\$ 3,409,946	\$ 6,506,323
Contributions - employee	905,519	849,673	1,755,192

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

*Net Pension Liability*

The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 using standard update procedures. As of June 30, 2018, the City reported net pension liabilities of \$34,946,481.

As of June 30, 2018, the City’s reported net pension liabilities for its proportionate shares of the net pension liability of Safety Plan as follow:

	Cost Sharing Safety Plan
Proportionate Share of Net Pension Liability	\$ 43,114,785

The total net pension liability for the Miscellaneous and Safety Plans at June 30, 2018 was \$78,061,266.

The City’s net pension liability for Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2016 and 2017 is as follows:

	Cost Sharing Safety (Police and Fire) Plan
Proportion - June 30, 2016	0.74%
Proportion - June 30, 2017	0.72%
Change-Increase (Decrease)	-0.02%

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

At June 30, 2018, the City recognized pension expense of \$6,006,535 for the Miscellaneous Plan and pension expense of \$6,147,754 for the Safety Plan, with a total pension expense of \$12,154,289.

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

	Agent-Multiple		Cost-Sharing		Total	
	Miscellaneous Plan		Safety Plan		Deferred Outflows of Resources	Deferred Inflows of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Pension contributions subsequent to measurement date	\$ 3,096,377	\$ -	\$ 3,409,946	\$ -	\$ 6,506,323	\$ -
Differences between actual and expected experience	113,180	(314,872)	384,228	(100,179)	497,408	(415,051)
Changes in assumptions	3,727,868	-	5,572,277	(427,520)	9,300,145	(427,520)
Net difference between projected and actual earnings on pension plan investments	851,892	-	1,214,975	-	2,066,867	-
Changes in employer's proportion	-	-	434,257	(347,274)	434,257	(347,274)
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	1,126,209	(66,137)	1,126,209	(66,137)
<b>Total</b>	<b>\$ 7,789,317</b>	<b>\$ (314,872)</b>	<b>\$ 12,141,892</b>	<b>\$ (941,110)</b>	<b>\$ 19,931,209</b>	<b>\$ (1,255,982)</b>

The \$6,506,232 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	Total
	Plan	Plan	
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
2019	\$ 2,305,919	\$ 2,178,883	\$ 4,484,802
2020	2,289,851	3,881,506	6,171,357
2021	393,805	2,441,370	2,835,175
2022	(611,507)	(710,923)	(1,322,430)
	<b>\$ 4,378,068</b>	<b>\$ 7,790,836</b>	<b>\$ 12,168,904</b>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions for Miscellaneous and Safety Plans:

	All Plans
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality (1)	Derived using CalPERS' membership for data for all funds

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale B. For more details on this table, please refer to the 2014 experience study report.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15 percent for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The table below reflects long-term expected real rate of return by asset class for Miscellaneous and Safety Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic	Real Return	Real Return
	Allocation	Years 1-10 (a)	Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

	Agent-Multiple	Cost-Sharing
	Miscellaneous * Plan	Safety * Plan
Discount Rate 1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 49,895,704	\$ 61,523,279
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 34,946,481	\$ 43,114,785
Discount Rate 1% Increase	8.15%	8.15%
Net Pension Liability	\$ 22,585,180	\$ 28,066,760

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

***Changes in the Net Pension Liability***

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2016</b>	\$ 101,946,612	\$ 70,858,717	\$ 31,087,895
<b>Changes in the year:</b>			
Service cost	2,054,671	-	2,054,671
Interest on the total pension liability	7,592,791	-	7,592,791
Changes of benefit terms	-	-	-
Changes of assumptions	6,213,113	-	6,213,113
Difference between expected and actual experience	(524,787)	-	(524,787)
Plan to plan resource movement	-	-	-
Contributions - employer	-	2,641,720	(2,641,720)
Contributions - employees	-	876,497	(876,497)
Net investment income	-	8,063,603	(8,063,603)
Benefit payments, including refunds of employee contributions	(4,938,810)	(4,938,810)	-
Administrative expenses	-	(104,618)	104,618
Other miscellaneous income	-	-	-
<b>Net changes</b>	<u>10,396,978</u>	<u>6,538,392</u>	<u>3,858,586</u>
<b>Balance at June 30, 2017</b>	<u>\$ 112,343,590</u>	<u>\$ 77,397,109</u>	<u>\$ 34,946,481</u>

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Longevity Recognition Benefits**

The Longevity Recognition defined benefits plan offered by City is a post-employment obligation, with no associated trust, established for the benefit of the classifications of Police Officer, Police Corporal, Police Sergeant, Police Lieutenant, Police Captain, Police Chief, Firefighter, Fire Captain, Battalion Chief and Fire Chief. It was also afforded to the members of the AFSCME bargaining unit who retired after July 1, 2001 and before October 1, 2007. At June 30, 2018, the reporting date, the following numbers of employees were covered by the benefit terms:

	Numbers of Covered Employees
Inactives currently receiving benefits	52
Inactives entitled to benefit payments	-
Active employees	40
Total	<u>92</u>

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

Eligibilities	<p>Active Fire , Police and Safety Management employees hired before 1/1/12 (Plan is closed to new entrants):</p> <p style="padding-left: 40px;">Age 50 &amp; 10 years of City service</p> <p style="padding-left: 40px;">Retire from the City &amp; CalPERS (service or disability)</p> <p>Miscellaneous Management and AFSCME members who retired before 9/30/07</p>																														
Retiree Benefits	<p>Monthly benefit varies by City service:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years of City Service</th> <th style="text-align: center;">AFSCME</th> <th style="text-align: center;">Mgmt</th> <th style="text-align: center;">Police</th> <th style="text-align: center;">Fire</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt; 10</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> <td style="text-align: center;">\$ 0</td> </tr> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">125</td> <td style="text-align: center;">125</td> <td style="text-align: center;">140</td> <td style="text-align: center;">125</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">200</td> <td style="text-align: center;">200</td> <td style="text-align: center;">210</td> <td style="text-align: center;">200</td> </tr> <tr> <td style="text-align: center;">20-24</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> <td style="text-align: center;">275</td> </tr> <tr> <td style="text-align: center;">≥ 25</td> <td style="text-align: center;">350</td> <td style="text-align: center;">350</td> <td style="text-align: center;">345</td> <td style="text-align: center;">350</td> </tr> </tbody> </table>	Years of City Service	AFSCME	Mgmt	Police	Fire	< 10	\$ 0	\$ 0	\$ 0	\$ 0	10-14	125	125	140	125	15-19	200	200	210	200	20-24	275	275	275	275	≥ 25	350	350	345	350
Years of City Service	AFSCME	Mgmt	Police	Fire																											
< 10	\$ 0	\$ 0	\$ 0	\$ 0																											
10-14	125	125	140	125																											
15-19	200	200	210	200																											
20-24	275	275	275	275																											
≥ 25	350	350	345	350																											
Withdrawal Benefit & Pre-retirement Death Benefit	None, unless eligible for service or industrial disability retirement benefit																														

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

Total pension liabilities for the plan:

	Total Pension Liability	
	June 30, 2018	June 30, 2017
Measurement Date	6/30/18	6/30/17
Total Pension Liability (TPL)	\$3,659,000	\$3,736,000

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

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

	Sensitivity of Total Pension Liability to Changes in the Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total pension liability	\$4,160,000	\$3,659,000	\$3,248,000

Balances of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 302,000
Total	\$ -	\$ 302,000



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

Significant Actuarial Assumptions:

Significant Actuarial Assumptions Used in Calculating the Total Pension Liability	
Significant Actuarial Assumptions	June 30, 2018 Measurement Date
Actuarial Valuation Date	February 1, 2017
Contribution Policy	Pay-as-you-go
Discount Rate	3.87% at June 30, 2018 (Bond Buyer 20 Index)
	3.58% at June 30, 2017 (Bond Buyer 20 Index)
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2014, modified to converge to ultimate improvement rates in 2022
Expected Long-Term Rate of Return on Investments	N/A
Payroll Increases	Aggregate: 3.00%
	Merit: CalPERS 1997-2011 Experience Study

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

***General Information about the City’s OPEB Plan***

All City/District employees, their surviving spouses, and eligible dependents can continue to participate in the health care program under the provisions of the formal City-sponsored single employer plan at their own cost. The City/District will only contribute the minimum amount provided under Government Code Section 22825 of the Public Employee Medical and Hospital Care Act by which, the City/District paid \$128 and \$133 per month per family for the period from July 1, 2017 to December 31, 2017 and January 1, 2018 to June 30, 2018, respectively. The City/District’s contribution for fiscal year 2018 amounted to \$325,000 which included \$184,000 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, 2018:

Active employees	218
Inactive employees receiving benefit payments	90
Inactive employees entitled to but not yet receiving benefit payments	85
Total	393

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For the February 1, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.87% discount rate and a 2.75% general inflation assumption. The healthcare cost trend rate minimum was assumed to annually increase by 4.25%. The valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6 for measurement after March 31, 2015. The UAAL is amortized as a level percentage of projected payrolls over 15 years on a closed basis commencing in 2014.

<u>Actuarial Assumption</u>	<u>June 30, 2018 Measurement Date</u>
<u>Actuarial Valuation Date</u>	<u>February 01, 2017</u>
	*3.87% at June 30, 2018
	*3.58% at June 30, 2017
<u>20-Year Municipal Bond Rate</u>	<u>*Bond Buyer 20-Bond GO Index</u>
	*3.87% at June 30, 2018
<u>Discount Rate</u>	<u>*3.58% at June 30, 2017</u>
<u>General Inflation</u>	<u>2.75% per annum</u>
<u>Aggregate Payroll Increase</u>	<u>3.00% per annum</u>
<u>Mortality, Retirement, Disability, Termination</u>	<u>CalPERS 1997-2011 Experience Study</u>
<u>Mortality Improvement</u>	<u>Post-retirement mortality projected fully generational with modified Scale MP-2014</u>

***Changes in Total OPEB Liability***

The changes in the total OPEB liability follows:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017	\$ 11,649,000
Changes Recognized for the Measurement Period:	
Service cost	575,000
Interest on the total OPEB liability	432,000
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	(519,000)
Contributions from the employer	
Benefit payments	(325,000)
Net changes	<u>163,000</u>
Balance as of June 30, 2018	<u>\$ 11,812,000</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

<b>Total OPEB Liability/(Asset)</b>		
<u>Discount Rate -1%</u> <u>(2.87 %)</u>	<u>Discount Rate</u> <u>(3.87%)</u>	<u>Discount Rate +1%</u> <u>(4.87%)</u>
\$ 13,766,000	\$ 11,812,000	\$ 10,262,000

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

<b>Total OPEB Liability/(Asset)</b>		
<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
<u>(5.25% Pre-Med/ 5.45% Post-Med decreasing to 3.75% in 2021)</u>	<u>(6.25% Pre-Med/ 6.45% Post-Med decreasing to 4.75% in 2021)</u>	<u>(7.25% Pre-Med/ 7.45% Post-Med decreasing to 5.75% in 2021)</u>
\$ 9,970,000	\$ 11,812,000	\$ 14,183,000

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$919,000. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ -	\$ 431,000
	<u>\$ -</u>	<u>\$ 431,000</u>

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

<u>Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Amortization</u>
2019	\$88,000
2020	88,000
2021	88,000
2022	88,000
2023	79,000

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

**Wastewater Treatment Facility**

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

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

For the year ended June 30, 2018, the District's share of the operating and maintenance costs was \$2,017,127 which is included in the Wastewater Enterprise Fund's accompanying financial statements as contractual services.

On February 29, 2016, the City of San Mateo and Estero Municipal Improvement District executed a Joint Exercise of Powers Agreement to form the San Mateo-Foster City Public Financing Authority (PFA) to provide assistance with the financing of the replacement of the jointly owned Wastewater Treatment Plant. This Clean Water Program/Wastewater Treatment Plant Master Plan Improvements project is estimated to cost \$1.06 billion over a 10-year period with the District's share estimated to be \$124.4 million. Although no financing has been done by the PFA yet, financing is expected to occur in FY 18/19.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

**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, 2018, the City/District paid premiums to The Cities Group of \$1,462,741 which are included in the General Fund as insurance expenditures. Payments of City/District workers’ compensation claims for the year ended June 30, 2018 were \$664,360.

Condensed financial information as of June 30, 2018 (the latest information available) for The Cities Group is presented below:

Total assets	\$	2,818,532
Total liabilities		1,509,264
Total equity/net assets		1,309,268
Total revenues		3,212,454
Total expenses/expenditures		2,859,768
Increase (decrease) in equity/net assets		352,686

Audited financial information may be obtained for The Cities Group at P.O. Box 111, Burlingame, CA 94011.

**PLAN JPA**

The City/District, along with 28 other Bay Area governments, is a member of the of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority consist of 28 member cities in the San Francisco Bay Area, a public-entity risk pool. PLAN JPA provides liability insurance coverage, claims management, risk management services and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by PLAN JPA’s Board of Directors. In the opinion of the City/District management, premiums made represent the best available estimate of the ultimate cost of the City/District’s participation in PLAN JPA and, accordingly, the accompanying basic financial statements of the City/District include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City/District’s basic financial statements in the year they become known. For the year ended June 30, 2018, the City/District’s paid premiums of \$331,141 to PLAN JPA.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

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

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

**NOTE 11 – RISK MANAGEMENT**

The City/District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City/District is self-insured for general liability claims up to \$100,000. General liability claims in excess of \$100,000 are insured with PLAN JPA, a joint powers agency for the funding and pooling of insurance coverage. PLAN JPA is a self-insured public-entity risk pool. Workers’ compensation claims are insured with The Cities Group, a joint powers agency for the funding and pooling of insurance coverage. The Cities Group purchases third-party commercial insurance to cover for the claims at the limit \$2,700,000 with an excess layer of \$9,000,000 per incident by reinsurance contracts for all employees. Charges to the General Fund for general liability claims are determined from an analysis of self-insured claim costs. Such charges are recorded as expenditures in the General Fund and revenues in the Self-Insurance Internal Service Fund. The City/District considers incurred but not reported claims in determining if an accrual for loss contingencies is required for claims.

Settled claims have not exceeded the City/District’s excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2018, the liability for general liability self-insurance claims was \$92,000. This liability is the City/District’s best estimate based on available information.

Changes in the reported liability resulted from the following:

Liability at June 30, 2016	\$ 131,000
Current year claim deductibles and changes in estimates	(16,112)
Net payments	<u>(8,888)</u>
Liability at June 30, 2017	106,000
Current year claim deductibles and changes in estimates	30,928
Net payments	<u>(44,928)</u>
Liability at June 30, 2018	<u><u>\$ 92,000</u></u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

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

**Marlin Cove Disposition and the Development Agreement**

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

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

(iii) Utility Subsidy — The Agency pledged to the developer a utility allowance subsidy in the amount of \$36,000 annually for affordable housing units. The Utility Subsidy will be paid annually through the life of the Marlin Cove project (estimated to be 2029) following the issuance of the Final Certificate of Completion for the residential portion of the site and will be increased annually by 2% to adjust for inflation. The balance of the amount will be due to the developer, provided the developer has provided the Agency by April 15 of each year written evidence documenting payment of all property taxes and assessments due on the site. For the fiscal year ended June 30, 2018, the Successor Agency paid the developer the Utility Subsidy in the amount of \$49,419.

(ii) Tax Increment Subsidy — The Agency agreed to provide rental subsidies pursuant to the California Health and Safety Code to ensure the affordability of at least 30% of the units in the residential portion of the site to persons and households of very low, low, and moderate income. The Agency pledged to the developer annually 30% of the net tax increment generated from the site (Tax Increment Subsidy). The Tax Increment Subsidy will be paid to the developer on an annual basis on May 1 of each year in an amount equal to the difference between the fair market rents of the affordable units and the affordable rent but not more than the Tax Increment Subsidy. For the fiscal year ended June 30, 2018, the Successor Agency paid the developer a tax increment subsidy in the amount of \$191,971.

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

**Hillsdale/Gull Disposition and Development Agreement**

In March 2000, the Agency approved a Disposition and Development Agreement (DDA) with a developer. The DDA includes the entire Hillsdale/Gull Project Area site and consists of residential development. The DDA calls for significant Agency participation under an Agency Grant. The Agency agreed to grant to the developer an amount not to exceed \$4,000,000 for an affordable housing land subsidy, fees due the City in connection with the development of the site, other demolition costs and affordable unit construction costs.

During fiscal year 2001, the Agency paid the developer \$2,000,000. The balance of the Agency Grant was due to the developer, with interest at eight percent per annum, amortized over fifteen years and paid to the developer in equal installments of \$233,659. The annual payments was paid on July 1 of each year, provided (i) the developer has completed construction and installation of the work of improvements and the Agency has issued a Certificate of Completion, (ii) the developer provided the Agency by April 15 of each year written evidence documenting payment of all property taxes and assessments due on the site, and (iii) the developer delivered to the Agency the annual report required under the Affordable Housing Covenant. Construction was completed during fiscal year June 30, 2005.

The above DDA obligations were administered by the successor agency effective February 1, 2012 as the Agency ceased to exist. The DDA obligation was paid in full as of June 30, 2017.



**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

**Capital Project Commitments**

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

Project	Project Authorization	Expended Through June 30, 2018	Committed
Sewer System Rehabilitation	\$ 1,450,000	\$ 126,012	\$ 1,323,988
Sanitary Sewer Lift Station Improvements Project Ph 5	8,075,000	752,500	7,322,500
Median Modifications-Foster City Blvd at Chess Drive	345,540	26,883	318,657
Water System Improvements and Valve Replacements	975,000	86,997	888,003
Road Widening-Foster City Blvd At Chess Drive	1,141,000	84,922	1,056,078
Wastewater Treatment Plant Master Plan Improvement (2015-2016)	29,260,628	13,477,305	15,783,323
Lagoon Intake Gate Replacement (2015-2016)	75,000	25,285	49,715
Park Infrastructure Improvement-Leo Ryan Park Lawn Conversion and Bocce Courts (2015-2016)	925,000	29,565	895,435
Levee Protection Planning And Improvements Projects (2015-2016)	6,077,465	2,828,808	3,248,657
Traffic Improvements At E 3rd Ave and Lincoln Center Dr	676,175	563,848	112,327
Soccer Fields S1, S2 and B1 Baseball Field Synthetic Turf Installation-Sea Cloud Park & Synthetic Turf Replacement-Catamaran Park (2016-2017)	3,994,833	378,222	3,616,611
Remove and Recoat Water Tanks 1, 2 & 3 (2016-2017)	50,000	-	50,000
Sanitary Sewer Force Main Rehabilitation (2016-2017)	750,000	72,784	677,216
Wastewater Collection System Master Plan Study (2016-2017)	250,000	150,906	99,094
Street Rehabilitation (2016-2017)	1,838,436	1,589,494	248,942
Bicycle, Pedestrian, and Intersection Evaluation Study	325,000	144,650	180,350
Road Improvements at Metro Center Blvd and SR92 On-Ramp	25,000	5,975	19,025
Water Distributions System Master Plan Study (2016-2017)	250,000	141,608	108,392
Corporation Yard Facility Improvements (2016-2017)	566,002	116,943	449,059
Water Quality Dosing and Tank Improvements (2017-2018)	250,000	-	250,000
Bicycle & Pedestrian Improvements Along East Hillsdale Blvd & Beach Park Blvd (2017-2018)	2,511,189	2,879	2,508,310
Tennis and Basketball Court Resurfacing (2017-2018)	275,000	93,568	181,432
Dog Park Refurbishment (2017-2018)	375,000	31	374,969
Playground ADA Compliance Projects - Gull Park (2017-2018)	550,000	-	550,000
Playground ADA Compliance Projects - Marlin Park (2017-2018)	550,000	77,574	472,426
Library Exterior Wall Sealing and Tile Installation (2017-2018)	120,000	-	120,000
Recreation Center Master Plan	300,000	51,801	248,199
Total	<u>\$ 61,981,268</u>	<u>\$ 20,828,560</u>	<u>\$ 41,152,708</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 THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

Management adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No.75 and the intention of this Statement is to improve the usefulness of information for decisions made by various users of the financial reports of governments whose employees, both active employees and inactive employees, are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of GASB 75 required the City/District to make prior period adjustments. As a result, the beginning net positions of the Governmental Activities were restated and reduced by \$5,454,852, Enterprise Funds were restated and reduced by \$584,963, and Internal Service Funds were restated and reduced by \$359,013.

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# REQUIRED SUPPLEMENTARY INFORMATION

## BUDGET AND BUDGETARY ACCOUNTING

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

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

Public hearings are conducted to obtain taxpayers' comments.

The budget is legally adopted through passage of a resolution.

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

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

Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) using the modified accrual basis of accounting.

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

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

Fund appropriations lapse at the end of each year. The City/District closes out all purchase orders, contracts and other commitments at year-end. As such, no encumbrances were outstanding at June 30, 2018. Encumbrances are expected to be reappropriated in the following fiscal year.

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**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

***Budgetary Comparison Schedule - General Fund***

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Fund balance, June 30, 2017</b>	<b>\$ 45,682,760</b>	<b>\$ 45,682,760</b>	<b>\$ 45,682,760</b>	<b>\$ -</b>
Resources (inflows):				
Property taxes:				
Secured	23,398,000	23,398,000	24,794,849	1,396,849
Unsecured	1,062,000	1,062,000	1,219,075	157,075
Motor vehicle in lieu	3,496,000	3,496,000	3,683,576	187,576
Total	<u>27,956,000</u>	<u>27,956,000</u>	<u>29,697,500</u>	<u>1,741,500</u>
Other taxes:				
Sales and use and sales tax in lieu	3,079,600	3,079,600	3,431,867	352,267
Transient occupancy	3,441,000	3,441,000	3,518,966	77,966
Franchise	1,220,500	1,220,500	1,178,643	(41,857)
Real property transfer	332,800	332,800	311,960	(20,840)
Total	<u>8,073,900</u>	<u>8,073,900</u>	<u>8,441,436</u>	<u>367,536</u>
Licenses and permits:				
Business licenses	1,728,900	1,728,900	1,699,425	(29,475)
Permits	743,014	743,014	3,367,546	2,624,532
Total	<u>2,471,914</u>	<u>2,471,914</u>	<u>5,066,971</u>	<u>2,595,057</u>
Intergovernmental:				
Homeowner property tax relief	100,000	100,000	98,118	(1,882)
Reimbursements and grants	30,600	30,600	400,168	369,568
Total	<u>130,600</u>	<u>130,600</u>	<u>498,286</u>	<u>367,686</u>
Charges for current services:				
Service fees	975,279	975,279	729,534	(245,745)
Recreation and leisure	1,188,700	1,188,700	1,313,153	124,453
Total	<u>2,163,979</u>	<u>2,163,979</u>	<u>2,042,687</u>	<u>(121,292)</u>
Fines and forfeitures:				
Traffic fines and court fees	32,000	32,000	32,445	445
False alarm fines	51,400	51,400	107,523	56,123
Total	<u>83,400</u>	<u>83,400</u>	<u>139,968</u>	<u>56,568</u>
Investment income and rentals:				
Investment income	379,000	379,000	281,156	(97,844)
Rent	836,200	836,200	898,313	62,113
Total	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,179,469</u>	<u>(35,731)</u>
Other revenues	493,380	493,380	761,786	268,406
Total revenues	<u>42,588,373</u>	<u>42,588,373</u>	<u>47,828,103</u>	<u>5,239,730</u>
Transfers in	-	-	\$17,649	17,649
Amounts available for appropriation	<u>88,271,133</u>	<u>88,271,133</u>	<u>93,528,512</u>	<u>5,257,379</u>

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information, Continued**  
**For the Fiscal Year Ended June 30, 2018**

***Budgetary Comparison Schedule - General Fund, Concluded***

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges to appropriations (outflows):				
General government:				
Council/Board	\$ 388,423	\$ 388,423	\$ 370,544	\$ 17,879
City/District Manager	4,997,262	4,997,262	984,388	4,012,874
City Clerk	820,718	820,718	572,534	248,184
City/District Attorney	394,905	519,905	388,068	131,837
Human Resources	689,234	689,234	536,504	152,730
Financial Services	1,198,025	1,198,025	1,002,587	195,438
Subtotal	<u>8,488,567</u>	<u>8,613,567</u>	<u>3,854,625</u>	<u>4,758,942</u>
Public safety - Police	13,002,140	13,032,315	11,877,933	1,154,382
Public safety - Fire	9,849,345	9,889,345	9,214,622	674,723
Public works	2,368,221	2,388,221	2,203,229	184,992
Community development	2,824,585	2,824,585	2,557,812	266,773
Parks and recreation	8,724,478	8,732,571	8,134,119	598,452
Subtotal	<u>36,768,769</u>	<u>36,867,037</u>	<u>33,987,715</u>	<u>2,879,322</u>
Total expenditures	<u>45,257,336</u>	<u>45,480,604</u>	<u>37,842,340</u>	<u>7,638,264</u>
Transfers out	<u>1,937,839</u>	<u>\$2,237,839</u>	<u>2,237,839</u>	<u>-</u>
Total charges to appropriations	<u>47,195,175</u>	<u>47,718,443</u>	<u>40,080,179</u>	<u>7,638,264</u>
<b>Fund balance, June 30, 2018</b>	<u>\$ 41,075,958</u>	<u>\$ 40,552,690</u>	<u>\$ 53,448,333</u>	<u>\$ 12,895,643</u>

**City of Foster City and Estero Municipal Improvement District**  
**Required Supplementary Information, Continued**  
**For the Fiscal Year Ended June 30, 2018**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Investment and rental income	\$ 98,800	\$ 98,800	\$ 139,503	\$ 40,703
Other	15,000	15,000	11,914	(3,086)
<b>Total revenues</b>	<b>113,800</b>	<b>113,800</b>	<b>151,417</b>	<b>37,617</b>
<b>EXPENDITURES:</b>				
Community development	143,200	143,200	83,582	59,618
<b>Total Expenditures</b>	<b>143,200</b>	<b>143,200</b>	<b>83,582</b>	<b>59,618</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(29,400)</b>	<b>(29,400)</b>	<b>67,835</b>	<b>97,235</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,756,046	1,756,046	1,756,046	-
End of year	\$ 1,726,646	\$ 1,726,646	\$ 1,823,881	\$ 97,235



**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

*Budgetary Comparison Schedule - Foster City Affordable Housing Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 5,140	\$ 5,140	\$ 1,397	\$ (3,743)
Other revenues	-	-	726,423	726,423
<b>Total revenues</b>	<b>5,140</b>	<b>5,140</b>	<b>727,820</b>	<b>722,680</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,140</b>	<b>5,140</b>	<b>727,820</b>	<b>722,680</b>
<b>FUND BALANCE:</b>				
Beginning of year	25,318	25,318	25,318	-
End of year	\$ 30,458	\$ 30,458	\$ 753,138	\$ 722,680

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

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

<sup>2</sup> Fiscal year 2015 was the 1st year of GASB 68 implementation

**Notes to Schedule**

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

Changes of assumptions: In 2017 the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

<b>Measurement period ended June 30,</b>	<b>Plan's proportion of the net pension liability (assets)</b>	<b>Plan's proportionate share of the net pension liability (assets)</b>	<b>Plan's Covered Employee Payroll</b>	<b>Plan's proportionate share of the net pension Liability/(assets) as a percentage of its covered-employee payroll</b>	<b>Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability</b>
2014	0.44475%	\$ 27,674,101	\$ 7,910,256	349.85%	79.82%
2015	0.45755%	31,406,035	7,974,455	393.83%	78.40%
2016	0.73601%	38,119,564	8,149,496	467.75%	68.04%
2017	0.72156%	43,114,785	8,456,759	509.83%	67.23%

<sup>1</sup> Fiscal year 2015 was the 1st year of GASB 68 implementation

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

<b>Fiscal year ended June 30,</b>	<b>Actuarially determined contributions</b>	<b>Contributions in relation to the actuarially determined contributions</b>	<b>Contributions deficiency (excess)</b>	<b>Covered employee payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
2015	\$ 2,085,988	\$ (2,085,988)	-	\$ 9,721,261	21.46%
2016	2,471,831	(2,471,831)	-	10,547,034	23.44%
2017	2,639,360	(2,639,360)	-	11,417,868	23.12%
2018	3,096,377	(3,096,377)	-	12,029,880	25.74%

**Notes to Schedule**

Valuation date: June 30, 2016

Methods and assumptions used to determine

Actuarial cost method	Entry age normal
Amortization method	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997-2007. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB published by the Society of Actuaries.

Benefit changes: None  
Changes in assumptions: None

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

<sup>2</sup> Fiscal year 2015 was the 1st year of GASB 68 implementation

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

<b>Fiscal year ended June 30,</b>	<b>Actuarially determined contributions</b>	<b>Contributions in relation to the actuarially determined contributions</b>	<b>Contributions deficiency (excess)</b>	<b>Covered employee payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
2015	\$ 2,466,232	\$ (2,466,232)	\$ -	\$ 7,974,455	30.93%
2016	2,822,183	(2,822,183)	-	8,149,496	34.63%
2017	4,569,536	(4,569,536)	-	8,456,759	54.03%
2018	3,409,946	(3,409,946)	-	8,829,101	38.62%

<sup>1</sup> Fiscal year 2015 was the 1st year of GASB 68 implementation

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

	<b>Measurement period ended June 30,</b>	
	<b>2017</b>	<b>2018</b>
<b>Total Pension Liability</b>		
Service Cost	\$ 109,000	\$ 89,000
Interest on total pension liability	116,000	134,000
Changes in benefits	-	-
Changes in assumptions	(376,000)	(134,000)
Differences between expected and actual experience	-	-
Benefit payments, including refunds of employee contributions	(144,000)	(166,000)
<b>Net change in total pension liability</b>	<b>(295,000)</b>	<b>(77,000)</b>
<b>Total pension liability - beginning</b>	<b>4,031,000</b>	<b>3,736,000</b>
<b>Total pension liability - ending</b>	<b>\$ 3,736,000</b>	<b>\$ 3,659,000</b>
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A
Covered payroll	\$ 7,937,000	\$ 6,773,000
Total pension liability as percentage of covered-employee payroll	47%	54%

<sup>1</sup> Fiscal year 2017 was the 1st year of GASB 73 implementation

***Notes to Schedule***

Benefit changes: None

Changes of assumptions: None

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

<b>Measurement Date</b>	<b><u>6/30/18</u></b>
<b>Total OPEB Liability (1)</b>	
Service Cost	\$575,000
Interest	432,000
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	(519,000)
Benefit payments	<u>(325,000)</u>
<b>Net change in total OPEB liability</b>	<u>163,000</u>
<b>Total OPEB liability - beginning</b>	<u>11,649,000</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$11,812,000</u></u>
Covered payroll	<u><u>\$23,289,000</u></u>
Total OPEB liability as a percentage of covered-employee payroll	50.7%

**Notes to Schedule:**

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

\* Fiscal year 2018 was the first year of implementation.

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# **NON-MAJOR GOVERNMENTAL FUNDS**

**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2018**

	<u>Non-Major Special Revenue Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 11,739,944
Receivables, net of allowance:	
Intergovernmental	94,654
Taxes	57,042
Other	64,764
Prepays and deposits	75
Restricted cash and investments	<u>90,000</u>
<b>Total assets</b>	<u><u>\$ 12,046,479</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 38,645
Accrued payroll	11,714
Refundable deposits	2,127,990
Due to other funds	<u>11,500</u>
<b>Total liabilities</b>	<u>2,189,849</u>
<b>Fund balances:</b>	
Nonspendable	75
Restricted	6,718,471
Committed	3,138,084
Unassigned	<u>-</u>
<b>Total fund balances</b>	<u>9,856,630</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 12,046,479</u></u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the fiscal year ended June 30, 2018**

	Non-Major Special Revenue Funds
<b>REVENUES:</b>	
Sales and use tax	\$ 709,150
Intergovernmental	1,167,968
Charges for services	714,637
Fines and forfeitures	87,303
Park-in-lieu	540,000
Investment income	136,928
Other	696,601
<b>Total revenues</b>	<u>4,052,587</u>
<b>EXPENDITURES:</b>	
Current:	
General government	778,574
Public safety - police	197,375
Public safety - fire	7,021
Public works	655,069
Community development	105,844
Parks and recreation	32,334
Capital outlay	1,285,180
<b>Total expenditures</b>	<u>3,061,397</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<u>991,190</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in	37,839
Transfers out	(17,649)
<b>Total other financing sources (uses)</b>	<u>20,190</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>1,011,380</u>
<b>FUND BALANCES:</b>	
Beginning of year	<u>8,845,250</u>
End of year	<u>\$ 9,856,630</u>

# NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

The *Day Time Shuttle Fund* accounts for grants available from the San Mateo County Transportation Authority to fund 75% of the operations of a daytime shuttle service. The remaining 25% will come from the City and/or business community.

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

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

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

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

The *SB1186 (Disability) 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, assessed at \$4 per \$1,000 valuation. 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.

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**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 1,689,086	\$ 1,275,979	\$ 4,466,817	\$ -
Receivables, net of allowance:					
Intergovernmental	15,691	-	-	-	-
Taxes	-	57,042	-	-	-
Other	-	-	-	-	-
Prepays and deposits	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 15,691</b>	<b>\$ 1,746,128</b>	<b>\$ 1,275,979</b>	<b>\$ 4,466,817</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Refundable deposits	-	-	-	1,500,000	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>-</b>
<b>Fund balances:</b>					
Restricted	15,691	1,746,128	1,275,979	2,966,817	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>15,691</b>	<b>1,746,128</b>	<b>1,275,979</b>	<b>2,966,817</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,691</b>	<b>\$ 1,746,128</b>	<b>\$ 1,275,979</b>	<b>\$ 4,466,817</b>	<b>\$ -</b>

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SBI Road Maintenance & Rehabilitation Fund	Sustainable Foster City Special Fund	Day Time Shuttle Fund	Bay Area Employee Relations Services Fund
\$ -	\$ 242,544	\$ 340,926	\$ 124,443	\$ 24,181	\$ -	\$ 563,238
-	-	-	70,420	-	-	-
-	-	-	-	-	-	-
-	26,961	26,779	-	-	-	11,024
-	-	-	-	-	-	-
-	-	-	-	90,000	-	-
<u>\$ -</u>	<u>\$ 269,505</u>	<u>\$ 367,705</u>	<u>\$ 194,863</u>	<u>\$ 114,181</u>	<u>\$ -</u>	<u>\$ 574,262</u>
\$ -	\$ 7,871	\$ 2,251	\$ -	\$ 7,246	\$ -	\$ -
-	4,068	-	-	-	-	7,646
-	-	-	-	-	-	-
-	-	11,500	-	-	-	-
-	11,939	13,751	-	7,246	-	7,646
-	-	353,954	194,863	-	-	-
-	257,566	-	-	106,935	-	566,616
-	-	-	-	-	-	-
-	257,566	353,954	194,863	106,935	-	566,616
<u>\$ -</u>	<u>\$ 269,505</u>	<u>\$ 367,705</u>	<u>\$ 194,863</u>	<u>\$ 114,181</u>	<u>\$ -</u>	<u>\$ 574,262</u>

(Continued)



**City of Foster City and Estero Municipal Improvement District**  
**Combining Balance Sheet (Continued)**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
<b>ASSETS</b>					
Cash and investments	\$ 1,338,140	\$ 1,285,752	\$ 222,855	\$ 6,998	\$ 2,866
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Other	-	-	-	-	-
Prepays and deposits	-	-	-	75	-
Restricted cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,338,140</b>	<b>\$ 1,285,752</b>	<b>\$ 222,855</b>	<b>\$ 7,073</b>	<b>\$ 2,866</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 8,568	\$ 3,222	\$ -	\$ 86	\$ 249
Accrued payroll	-	-	-	-	-
Refundable deposits	-	627,990	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>8,568</b>	<b>631,212</b>	<b>-</b>	<b>86</b>	<b>249</b>
<b>Fund balances:</b>					
Nonspendable	-	-	-	75	-
Restricted	-	-	-	6,912	2,617
Committed	1,329,572	654,540	222,855	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,329,572</b>	<b>654,540</b>	<b>222,855</b>	<b>6,987</b>	<b>2,617</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,338,140</b>	<b>\$ 1,285,752</b>	<b>\$ 222,855</b>	<b>\$ 7,073</b>	<b>\$ 2,866</b>



<u>CRV Grant</u> <u>Fund</u>	<u>Curbside</u> <u>Recycling</u> <u>Fund</u>	<u>Green</u> <u>Building Fee</u> <u>Fund</u>	<u>Total</u>
\$ 13,322	\$ 138,651	\$ 4,146	\$ 11,739,944
8,543	-	-	94,654
-	-	-	57,042
-	-	-	64,764
-	-	-	75
-	-	-	90,000
<u>\$ 21,865</u>	<u>\$ 138,651</u>	<u>\$ 4,146</u>	<u>\$ 12,046,479</u>

\$ 8,264	\$ -	\$ 888	\$ 38,645
-	-	-	11,714
-	-	-	2,127,990
-	-	-	11,500
<u>8,264</u>	<u>-</u>	<u>888</u>	<u>2,189,849</u>

-	-	-	75
13,601	138,651	3,258	6,718,471
-	-	-	3,138,084
-	-	-	-
<u>13,601</u>	<u>138,651</u>	<u>3,258</u>	<u>9,856,630</u>
<u>\$ 21,865</u>	<u>\$ 138,651</u>	<u>\$ 4,146</u>	<u>\$ 12,046,479</u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the fiscal year ended June 30, 2018**

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
<b>REVENUES:</b>					
Sales and use tax	\$ -	\$ 709,150	\$ -	\$ -	\$ -
Intergovernmental	-	-	721,436	-	112,432
Charges for services	-	-	-	-	-
Fines and forfeitures	87,303	-	-	-	-
Park-in-lieu	-	-	-	540,000	-
Investment income	-	18,034	9,514	61,158	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>87,303</b>	<b>727,184</b>	<b>730,950</b>	<b>601,158</b>	<b>112,432</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	94,797	-	-
Public safety - police	-	-	-	-	-
Public safety - fire	-	-	-	-	-
Public works	86,083	76,780	474,803	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	3,319	-
Capital outlay	-	1,129,962	76,400	7,159	71,659
<b>Total expenditures</b>	<b>86,083</b>	<b>1,206,742</b>	<b>646,000</b>	<b>10,478</b>	<b>71,659</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,220</b>	<b>(479,558)</b>	<b>84,950</b>	<b>590,680</b>	<b>40,773</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,220</b>	<b>(479,558)</b>	<b>84,950</b>	<b>590,680</b>	<b>40,773</b>
<b>FUND BALANCES:</b>					
Beginning of year	14,471	2,225,686	1,191,029	2,376,137	(40,773)
End of year	\$ 15,691	\$ 1,746,128	\$ 1,275,979	\$ 2,966,817	\$ -

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SBI Road Maintenance & Rehabilitation	Sustainable Foster City Special Fund	Day Time Shuttle Fund	Bay Area Employee Relations Services Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
139,416	-	-	194,684	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,457	-	179	1,150	-	2,953
-	225,659	161,986	-	-	-	282,700
139,416	228,116	161,986	194,863	1,150	-	285,653
-	421,627	-	-	117,821	-	144,329
139,416	-	57,959	-	-	-	-
-	-	7,021	-	-	-	-
-	-	-	-	-	-	-
-	-	29,015	-	-	-	-
-	-	-	-	-	-	-
139,416	421,627	93,995	-	117,821	-	144,329
-	(193,511)	67,991	194,863	(116,671)	-	141,324
-	-	-	-	37,839	-	-
-	-	(17,649)	-	-	-	-
-	-	(17,649)	-	37,839	-	-
-	(193,511)	50,342	194,863	(78,832)	-	141,324
-	451,077	303,612	-	185,767	-	425,292
\$ -	\$ 257,566	\$ 353,954	\$ 194,863	\$ 106,935	\$ -	\$ 566,616

(Continued)

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**For the fiscal year ended June 30, 2018**

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
<b>REVENUES:</b>					
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	485,387	57,357	162,684	6,455	971
Fines and forfeitures	-	-	-	-	-
Park-in-lieu	-	-	-	-	-
Investment income	17,392	18,801	3,017	62	56
Other	-	-	-	-	-
<b>Total revenues</b>	<b>502,779</b>	<b>76,158</b>	<b>165,701</b>	<b>6,517</b>	<b>1,027</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety - police	-	-	-	-	-
Public safety - fire	-	-	-	-	-
Public works	-	9,139	-	-	-
Community development	41,054	-	64,040	750	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>41,054</b>	<b>9,139</b>	<b>64,040</b>	<b>750</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>461,725</b>	<b>67,019</b>	<b>101,661</b>	<b>5,767</b>	<b>1,027</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>461,725</b>	<b>67,019</b>	<b>101,661</b>	<b>5,767</b>	<b>1,027</b>
<b>FUND BALANCES:</b>					
Beginning of year	867,847	587,521	121,194	1,220	1,590
End of year	\$ 1,329,572	\$ 654,540	\$ 222,855	\$ 6,987	\$ 2,617

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Total
\$ -	\$ -	\$ -	\$ 709,150
-	-	-	1,167,968
-	-	1,783	714,637
-	-	-	87,303
-	-	-	540,000
184	1,894	77	136,928
8,543	17,713	-	696,601
<u>8,727</u>	<u>19,607</u>	<u>1,860</u>	<u>4,052,587</u>
-	-	-	778,574
-	-	-	197,375
-	-	-	7,021
8,264	-	-	655,069
-	-	-	105,844
-	-	-	32,334
-	-	-	1,285,180
<u>8,264</u>	<u>-</u>	<u>-</u>	<u>3,061,397</u>
<u>463</u>	<u>19,607</u>	<u>1,860</u>	<u>991,190</u>
-	-	-	37,839
-	-	-	(17,649)
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,190</u>
<u>463</u>	<u>19,607</u>	<u>1,860</u>	<u>1,011,380</u>
<u>13,138</u>	<u>119,044</u>	<u>1,398</u>	<u>8,845,250</u>
<u>\$ 13,601</u>	<u>\$ 138,651</u>	<u>\$ 3,258</u>	<u>\$ 9,856,630</u>

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Traffic Safety Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 85,000	\$ 85,000	\$ 87,303	\$ 2,303
<b>Total revenues</b>	<b>85,000</b>	<b>85,000</b>	<b>87,303</b>	<b>2,303</b>
<b>EXPENDITURES:</b>				
Public works	85,000	85,000	86,083	(1,083)
<b>Total expenditures</b>	<b>85,000</b>	<b>85,000</b>	<b>86,083</b>	<b>(1,083)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>1,220</b>	<b>1,220</b>
<b>FUND BALANCE:</b>				
Beginning of year	14,471	14,471	14,471	-
End of year	\$ 14,471	\$ 14,471	\$ 15,691	\$ 1,220

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Measure A Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 638,800	\$ 638,800	\$ 709,150	\$ 70,350
Investment income	28,000	28,000	18,034	(9,966)
<b>Total revenues</b>	<b>666,800</b>	<b>666,800</b>	<b>727,184</b>	<b>60,384</b>
<b>EXPENDITURES:</b>				
Public Works	76,780	76,780	76,780	-
Capital outlay	2,775,325	2,775,325	1,129,962	1,645,363
<b>Total expenditures</b>	<b>2,852,105</b>	<b>2,852,105</b>	<b>1,206,742</b>	<b>1,645,363</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,185,305)</b>	<b>(2,185,305)</b>	<b>(479,558)</b>	<b>1,705,747</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,225,686	2,225,686	2,225,686	-
End of year	\$ 40,381	\$ 40,381	\$ 1,746,128	\$ 1,705,747



**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 702,500	\$ 702,500	\$ 721,436	\$ 18,936
Investment income	10,000	10,000	9,514	(486)
<b>Total revenues</b>	<b>712,500</b>	<b>712,500</b>	<b>730,950</b>	<b>18,450</b>
<b>EXPENDITURES:</b>				
General government	94,797	94,797	94,797	-
Public works	704,203	704,203	474,803	229,400
Capital outlay	152,800	726,400	76,400	650,000
<b>Total expenditures</b>	<b>951,800</b>	<b>1,525,400</b>	<b>646,000</b>	<b>879,400</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(239,300)</b>	<b>(812,900)</b>	<b>84,950</b>	<b>897,850</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,191,029	1,191,029	1,191,029	-
End of year	\$ 951,729	\$ 378,129	\$ 1,275,979	\$ 897,850

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Park-in-lieu Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Park-in-lieu	\$ 740,000	\$ 740,000	\$ 540,000	\$ (200,000)
Investment income	100	100	61,158	61,058
<b>Total revenues</b>	<b>740,100</b>	<b>740,100</b>	<b>601,158</b>	<b>(138,942)</b>
<b>EXPENDITURES:</b>				
Park, recreation, and library	3,319	3,319	3,319	-
Capital outlay	3,254,372	3,793,603	7,159	3,786,444
<b>Total Expenditures</b>	<b>3,257,691</b>	<b>3,796,922</b>	<b>10,478</b>	<b>3,786,444</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer out	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,517,591)</b>	<b>(3,056,822)</b>	<b>590,680</b>	<b>3,647,502</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,376,137	2,376,137	2,376,137	-
End of year	\$ (141,454)	\$ (680,685)	\$ 2,966,817	\$ 3,647,502

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Measure M Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 108,100	\$ 108,100	\$ 112,432	\$ 4,332
<b>Total revenues</b>	<b>108,100</b>	<b>108,100</b>	<b>112,432</b>	<b>4,332</b>
<b>EXPENDITURES:</b>				
Capital outlay	212,000	212,000	71,659	140,341
<b>Total Expenditures</b>	<b>212,000</b>	<b>212,000</b>	<b>71,659</b>	<b>140,341</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(103,900)</b>	<b>(103,900)</b>	<b>40,773</b>	<b>144,673</b>
<b>FUND BALANCE:</b>				
Beginning of year	(40,773)	(40,773)	(40,773)	-
End of year	\$ (144,673)	\$ (144,673)	\$ -	\$ 144,673

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SLESF/COPS Grant Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 139,416	\$ 39,416
<b>Total revenues</b>	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>39,416</u>
<b>EXPENDITURES:</b>				
Public safety - police	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>(39,416)</u>
<b>Total expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>(39,416)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**California Opportunities Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 2,500	\$ 2,500	\$ 2,457	\$ (43)
Other	291,000	291,000	225,659	(65,341)
<b>Total revenues</b>	<b>293,500</b>	<b>293,500</b>	<b>228,116</b>	<b>(65,384)</b>
<b>EXPENDITURES:</b>				
General government	274,855	453,645	421,627	32,018
<b>Total expenditures</b>	<b>274,855</b>	<b>453,645</b>	<b>421,627</b>	<b>32,018</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>18,645</b>	<b>(160,145)</b>	<b>(193,511)</b>	<b>(33,366)</b>
<b>FUND BALANCE:</b>				
Beginning of year	451,077	451,077	451,077	-
End of year	\$ 469,722	\$ 290,932	\$ 257,566	\$ (33,366)

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Foster City Foundation Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Other	\$ 60,000	\$ 105,000	\$ 161,986	\$ 56,986
<b>Total revenues</b>	<b>60,000</b>	<b>105,000</b>	<b>161,986</b>	<b>56,986</b>
<b>EXPENDITURES:</b>				
General government	-	777	-	777
Public Safety- Police	-	68,421	57,959	10,462
Public Safety- Fire	-	32,192	7,021	25,171
Public works	-	-	-	-
Parks and recreation	-	276,572	29,015	247,557
<b>Total Expenditures</b>	<b>-</b>	<b>377,962</b>	<b>93,995</b>	<b>283,967</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer out	-	-	(17,649)	(17,649)
<b>NET CHANGE IN FUND BALANCE</b>	<b>60,000</b>	<b>(272,962)</b>	<b>50,342</b>	<b>323,304</b>
<b>FUND BALANCE:</b>				
Beginning of year	303,612	303,612	303,612	-
End of year	\$ 363,612	\$ 30,650	\$ 353,954	\$ 323,304

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB1 Road Maintenance & Rehabilitation Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 229,400	\$ 229,400	\$ 194,684	\$ (34,716)
Investment income	-	-	179	179
<b>Total revenues</b>	<b>229,400</b>	<b>229,400</b>	<b>194,863</b>	<b>(34,537)</b>
<b>EXPENDITURES:</b>				
General Government	187,589	187,589	-	187,589
<b>Total Expenditures</b>	<b>187,589</b>	<b>187,589</b>	<b>-</b>	<b>187,589</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>41,811</b>	<b>41,811</b>	<b>194,863</b>	<b>153,052</b>
<b>FUND BALANCE:</b>				
Beginning of year	-	-	-	-
End of year	\$ 41,811	\$ 41,811	\$ 194,863	\$ 153,052

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Sustainable Foster City Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 730	\$ 730	\$ 1,150	\$ 420
<b>Total revenues</b>	<b>730</b>	<b>730</b>	<b>1,150</b>	<b>420</b>
<b>EXPENDITURES:</b>				
General Government	126,925	126,925	117,821	9,104
<b>Total Expenditures</b>	<b>126,925</b>	<b>126,925</b>	<b>117,821</b>	<b>9,104</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	37,839	37,839	37,839	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(88,356)</b>	<b>(88,356)</b>	<b>(78,832)</b>	<b>9,524</b>
<b>FUND BALANCE:</b>				
Beginning of year	185,767	185,767	185,767	-
End of year	\$ 97,411	\$ 97,411	\$ 106,935	\$ 9,524



**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Daytime Shuttle Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
General Government	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE:</b>				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Bay Area Employee Relations Services Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 2,953	\$ 2,953
Other	326,400	326,400	282,700	(43,700)
<b>Total revenues</b>	<b>326,400</b>	<b>326,400</b>	<b>285,653</b>	<b>(40,747)</b>
<b>EXPENDITURES:</b>				
General Government	289,849	289,849	144,329	145,520
<b>Total Expenditures</b>	<b>289,849</b>	<b>289,849</b>	<b>144,329</b>	<b>145,520</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>36,551</b>	<b>36,551</b>	<b>141,324</b>	<b>104,773</b>
<b>FUND BALANCE:</b>				
Beginning of year	425,292	425,292	425,292	-
End of year	\$ 461,843	\$ 461,843	\$ 566,616	\$ 104,773

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Plan Maintenance Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 96,900	\$ 96,900	\$ 485,387	\$ 388,487
Investment income	-	-	17,392	17,392
<b>Total revenues</b>	<b>96,900</b>	<b>96,900</b>	<b>502,779</b>	<b>405,879</b>
<b>EXPENDITURES:</b>				
Community development	41,300	41,300	41,054	246
<b>Total Expenditures</b>	<b>41,300</b>	<b>41,300</b>	<b>41,054</b>	<b>246</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>55,600</b>	<b>55,600</b>	<b>461,725</b>	<b>406,125</b>
<b>FUND BALANCE:</b>				
Beginning of year	867,847	867,847	867,847	-
End of year	\$ 923,447	\$ 923,447	\$ 1,329,572	\$ 406,125

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Construction and Demolition Recycling Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 49,800	\$ 49,800	\$ 57,357	\$ 7,557
Investment income	-	-	18,801	18,801
<b>Total revenues</b>	<b>49,800</b>	<b>49,800</b>	<b>76,158</b>	<b>26,358</b>
<b>EXPENDITURES:</b>				
Public works	18,700	18,700	9,139	9,561
<b>Total Expenditures</b>	<b>18,700</b>	<b>18,700</b>	<b>9,139</b>	<b>9,561</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>31,100</b>	<b>31,100</b>	<b>67,019</b>	<b>35,919</b>
<b>FUND BALANCE:</b>				
Beginning of year	587,521	587,521	587,521	-
End of year	\$ 618,621	\$ 618,621	\$ 654,540	\$ 35,919

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Technology Maintenance Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 53,050	\$ 53,050	\$ 162,684	\$ 109,634
Investment income	-	-	3,017	3,017
<b>Total revenues</b>	<b>53,050</b>	<b>53,050</b>	<b>165,701</b>	<b>112,651</b>
<b>EXPENDITURES:</b>				
Community development	67,850	67,850	64,040	3,810
<b>Total Expenditures</b>	<b>67,850</b>	<b>67,850</b>	<b>64,040</b>	<b>3,810</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(14,800)</b>	<b>(14,800)</b>	<b>101,661</b>	<b>116,461</b>
<b>FUND BALANCE:</b>				
Beginning of year	121,194	121,194	121,194	-
End of year	\$ 106,394	\$ 106,394	\$ 222,855	\$ 116,461

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**SB 1186 Disability Access Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,500	\$ 1,500	\$ 6,455	\$ 4,955
Investment income	-	-	62	62
<b>Total revenues</b>	<b>1,500</b>	<b>1,500</b>	<b>6,517</b>	<b>5,017</b>
<b>EXPENDITURES:</b>				
Community development	1,300	1,300	750	550
<b>Total Expenditures</b>	<b>1,300</b>	<b>1,300</b>	<b>750</b>	<b>550</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>200</b>	<b>200</b>	<b>5,767</b>	<b>5,567</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,220	1,220	1,220	-
End of year	\$ 1,420	\$ 1,420	\$ 6,987	\$ 5,567

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Strong Motion Instrument Program (SMIP) Fee Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 900	\$ 900	\$ 971	\$ 71
Investment income	-	-	56	56
<b>Total revenues</b>	<b>900</b>	<b>900</b>	<b>1,027</b>	<b>127</b>
<b>EXPENDITURES:</b>				
Community development	500	500	-	500
<b>Total Expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>400</b>	<b>400</b>	<b>1,027</b>	<b>627</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,590	1,590	1,590	-
End of year	\$ 1,990	\$ 1,990	\$ 2,617	\$ 627

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**CRV Grant Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 184	\$ 184
Other	8,500	8,500	8,543	43
<b>Total revenues</b>	<b>8,500</b>	<b>8,500</b>	<b>8,727</b>	<b>227</b>
<b>EXPENDITURES:</b>				
Public works	13,000	13,000	8,264	4,736
<b>Total Expenditures</b>	<b>13,000</b>	<b>13,000</b>	<b>8,264</b>	<b>4,736</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,500)</b>	<b>(4,500)</b>	<b>463</b>	<b>4,963</b>
<b>FUND BALANCE:</b>				
Beginning of year	13,138	13,138	13,138	-
End of year	\$ 8,638	\$ 8,638	\$ 13,601	\$ 4,963



**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Curbside Recycling Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 1,894	\$ 1,894
Other	22,000	22,000	17,713	(4,287)
<b>Total revenues</b>	<b>22,000</b>	<b>22,000</b>	<b>19,607</b>	<b>(2,393)</b>
<b>EXPENDITURES:</b>				
Public works	25,000	25,000	-	25,000
<b>Total Expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,000)</b>	<b>(3,000)</b>	<b>19,607</b>	<b>22,607</b>
<b>FUND BALANCE:</b>				
Beginning of year	119,044	119,044	119,044	-
End of year	\$ 116,044	\$ 116,044	\$ 138,651	\$ 22,607

**City of Foster City and Estero Municipal Improvement District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Green Building Fee Special Revenue Fund**  
**For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 900	\$ 900	\$ 1,783	\$ 883
Investment income	-	-	77	77
<b>Total revenues</b>	<b>900</b>	<b>900</b>	<b>1,860</b>	<b>960</b>
<b>EXPENDITURES:</b>				
Community development	500	500	-	500
<b>Total Expenditures</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>400</b>	<b>400</b>	<b>1,860</b>	<b>1,460</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,398	1,398	1,398	-
End of year	\$ 1,798	\$ 1,798	\$ 3,258	\$ 1,460

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# INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 5,126,190	\$ 6,066,160	\$ 1,375,244	\$ 4,642,964
Accounts receivable	1,475	15,150	-	150
Deposit and prepaid items	582	-	-	-
Inventory	58,890	42,163	-	-
Total current assets	<u>5,187,137</u>	<u>6,123,473</u>	<u>1,375,244</u>	<u>4,643,114</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	31,274	-	-	-
Depreciable	3,755,882	2,441,204	-	-
Depreciable - Intangible	-	256,209	-	-
Total noncurrent assets	<u>3,787,156</u>	<u>2,697,413</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>8,974,293</u>	<u>8,820,886</u>	<u>1,375,244</u>	<u>4,643,114</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Related to pension and OPEB	<u>184,093</u>	<u>-</u>	<u>-</u>	<u>264,892</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	101,139	2,976	-	26,154
Accrued payroll	14,171	-	-	27,395
Claims liability	-	-	92,000	-
Compensated absences - current portion	14,163	-	-	29,406
Other liability	-	-	-	-
Total current liabilities	<u>129,473</u>	<u>2,976</u>	<u>92,000</u>	<u>82,955</u>
Noncurrent liabilities:				
Compensated absences	18,920	-	-	41,293
Net OPEB liability	187,810	-	-	281,126
Net pension liability	901,486	-	-	1,104,470
Other liability	-	-	-	-
Total noncurrent liabilities	<u>1,108,216</u>	<u>-</u>	<u>-</u>	<u>1,426,889</u>
<b>Total liabilities</b>	<u>1,237,689</u>	<u>2,976</u>	<u>92,000</u>	<u>1,509,844</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Related to pension and OPEB	<u>14,852</u>	<u>-</u>	<u>-</u>	<u>20,491</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,787,156	2,697,413	-	-
Unrestricted	<u>4,118,689</u>	<u>6,120,497</u>	<u>1,283,244</u>	<u>3,377,671</u>
<b>Total net position</b>	<u>\$ 7,905,845</u>	<u>\$ 8,817,910</u>	<u>\$ 1,283,244</u>	<u>\$ 3,377,671</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 3,162,789	\$ 2,469,451	\$ 5,867,833	\$ 2,297,841	\$ 31,008,472
-	-	-	-	16,775
-	-	-	-	582
-	-	-	-	101,053
<u>3,162,789</u>	<u>2,469,451</u>	<u>5,867,833</u>	<u>2,297,841</u>	<u>31,126,882</u>
30,000	-	-	-	61,274
-	-	-	-	6,197,086
-	-	-	-	256,209
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,514,569</u>
<u>3,192,789</u>	<u>2,469,451</u>	<u>5,867,833</u>	<u>2,297,841</u>	<u>37,641,451</u>
<u>248,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,142</u>
160,880	-	-	-	291,149
21,683	-	-	-	63,249
-	-	-	-	92,000
23,478	-	-	-	67,047
31,466	-	-	-	31,466
<u>237,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,911</u>
29,327	-	-	-	89,540
187,810	-	-	-	656,746
1,176,182	-	-	-	3,182,138
188,798	-	-	-	188,798
<u>1,582,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,117,222</u>
<u>1,819,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,662,133</u>
<u>17,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,647</u>
30,000	-	-	-	6,514,569
<u>1,574,018</u>	<u>2,469,451</u>	<u>5,867,833</u>	<u>2,297,841</u>	<u>27,109,244</u>
<u>\$ 1,604,018</u>	<u>\$ 2,469,451</u>	<u>\$ 5,867,833</u>	<u>\$ 2,297,841</u>	<u>\$ 33,623,813</u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2018**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,742,262	\$ 606,514	\$ 328,200	\$ 1,739,347
<b>Total operating revenues</b>	<b>1,742,262</b>	<b>606,514</b>	<b>328,200</b>	<b>1,739,347</b>
<b>OPERATING EXPENSES:</b>				
Personnel	497,756	-	-	787,224
Repairs and maintenance	341,702	144,584	-	414,333
General and administration	256,401	-	385	218,878
Depreciation	470,370	421,720	-	-
Contractual services	3,338	-	44,928	15,370
Insurance	44,500	-	319,891	-
<b>Total operating expenses</b>	<b>1,614,067</b>	<b>566,304</b>	<b>365,204</b>	<b>1,435,805</b>
<b>OPERATING INCOME (LOSS)</b>	<b>128,195</b>	<b>40,210</b>	<b>(37,004)</b>	<b>303,542</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of capital assets	81,424	20,224	-	150
Investment income (expense)	40,412	51,221	9,856	34,475
Miscellaneous	47,932	-	-	336
<b>Total nonoperating revenues (expenses)</b>	<b>169,768</b>	<b>71,445</b>	<b>9,856</b>	<b>34,961</b>
<b>INCOME (LOSS) BEFORE</b>				
<b>CONTRIBUTIONS AND TRANSFERS</b>	<b>297,963</b>	<b>111,655</b>	<b>(27,148)</b>	<b>338,503</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers in	162,674	61,783	-	-
Transfers out	(22,824)	(610,916)	-	(34,251)
<b>Total contributions and transfers</b>	<b>139,850</b>	<b>(549,133)</b>	<b>-</b>	<b>(34,251)</b>
<b>Changes in Net Position</b>	<b>437,813</b>	<b>(437,478)</b>	<b>(27,148)</b>	<b>304,252</b>
<b>NET POSITION:</b>				
Beginning of the year	7,577,656	9,255,388	1,310,392	3,226,174
Prior Period Adjustment	(109,624)	-	-	(152,755)
End of the year	<b>\$ 7,905,845</b>	<b>\$ 8,817,910</b>	<b>\$ 1,283,244</b>	<b>\$ 3,377,671</b>



Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 2,291,816	\$ -	\$ -	\$ 266,796	\$ 6,974,935
<u>2,291,816</u>	<u>-</u>	<u>-</u>	<u>266,796</u>	<u>6,974,935</u>
660,050	166,474	143,924	325,191	2,580,619
440,026	-	-	-	1,340,645
856,847	-	-	-	1,332,511
-	-	-	-	892,090
315,098	3,994	-	-	382,728
-	-	-	-	364,391
<u>2,272,021</u>	<u>170,468</u>	<u>143,924</u>	<u>325,191</u>	<u>6,892,984</u>
<u>19,795</u>	<u>(170,468)</u>	<u>(143,924)</u>	<u>(58,395)</u>	<u>81,951</u>
-	-	-	-	101,798
22,047	36,788	85,859	18,798	299,456
-	-	-	-	48,268
<u>22,047</u>	<u>36,788</u>	<u>85,859</u>	<u>18,798</u>	<u>449,522</u>
<u>41,842</u>	<u>(133,680)</u>	<u>(58,065)</u>	<u>(39,597)</u>	<u>531,473</u>
190,893	-	-	22,824	438,174
(27,533)	-	-	-	(695,524)
<u>163,360</u>	<u>-</u>	<u>-</u>	<u>22,824</u>	<u>(257,350)</u>
205,202	(133,680)	(58,065)	(16,773)	274,123
1,495,450	2,603,131	5,925,898	2,314,614	33,708,703
(96,634)	-	-	-	(359,013)
<u>\$ 1,604,018</u>	<u>\$ 2,469,451</u>	<u>\$ 5,867,833</u>	<u>\$ 2,297,841</u>	<u>\$ 33,623,813</u>

**City of Foster City and Estero Municipal Improvement District**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2018**

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from inter-departmental charges	\$ 1,740,787	\$ 591,364	\$ 328,200	\$ 1,739,197
Cash payments to suppliers for goods and services	(599,911)	(148,581)	(379,204)	(634,202)
Cash payments to employees for services	(409,613)	-	-	(680,881)
Cash received from others	47,932	-	-	336
<b>Net cash provided (used) by operating activities</b>	<b>779,195</b>	<b>442,783</b>	<b>(51,004)</b>	<b>424,450</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers received	162,674	61,783	-	-
Transfer paid	(22,824)	(610,916)	-	(34,251)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>139,850</b>	<b>(549,133)</b>	<b>-</b>	<b>(34,251)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	81,424	20,224	-	150
Acquisition and construction of capital assets	(943,125)	(194,584)	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(861,701)</b>	<b>(174,360)</b>	<b>-</b>	<b>150</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	40,412	51,221	9,856	34,475
<b>Net cash provided (used) by investing activities</b>	<b>40,412</b>	<b>51,221</b>	<b>9,856</b>	<b>34,475</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>97,756</b>	<b>(229,489)</b>	<b>(41,148)</b>	<b>424,824</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	5,028,434	6,295,649	1,416,392	4,218,140
End of year	<u>\$ 5,126,190</u>	<u>\$ 6,066,160</u>	<u>\$ 1,375,244</u>	<u>\$ 4,642,964</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 128,195	\$ 40,210	\$ (37,004)	\$ 303,542
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	470,370	421,720	-	-
Miscellaneous revenues	47,932	-	-	336
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1,475)	(15,150)	-	(150)
Deposit and prepaid items	(36)	-	-	160
Inventory	(31,956)	-	-	-
Deferred outflow of resources	(21,668)	-	-	(32,365)
Increase (decrease) in:				
Accounts payable	78,022	(3,997)	-	14,219
Accrued payroll	(328)	-	-	6,221
Claims liability	-	-	(14,000)	-
Compensated absences	(8,648)	-	-	3,145
Net OPEB liability	2,591	-	-	3,880
Net pension liability	109,885	-	-	115,901
Other liability	-	-	-	-
Deferred inflow of resources	6,311	-	-	9,561
Total adjustments	<u>651,000</u>	<u>402,573</u>	<u>(14,000)</u>	<u>120,908</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 779,195</b>	<b>\$ 442,783</b>	<b>\$ (51,004)</b>	<b>\$ 424,450</b>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 2,324,391	\$ -	\$ -	\$ 266,796	\$ 6,990,735
(1,591,187)	(3,994)	-	-	(3,357,079)
(585,527)	(166,474)	(143,924)	(325,191)	(2,311,610)
-	-	-	-	48,268
<u>147,677</u>	<u>(170,468)</u>	<u>(143,924)</u>	<u>(58,395)</u>	<u>1,370,314</u>
190,893	-	-	22,824	438,174
(27,533)	-	-	-	(695,524)
<u>163,360</u>	<u>-</u>	<u>-</u>	<u>22,824</u>	<u>(257,350)</u>
-	-	-	-	101,798
(30,000)	-	-	-	(1,167,709)
<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,065,911)</u>
22,047	36,788	85,859	18,798	299,456
<u>22,047</u>	<u>36,788</u>	<u>85,859</u>	<u>18,798</u>	<u>299,456</u>
303,084	(133,680)	(58,065)	(16,773)	346,509
<u>2,859,705</u>	<u>2,603,131</u>	<u>5,925,898</u>	<u>2,314,614</u>	<u>30,661,963</u>
<u>\$ 3,162,789</u>	<u>\$ 2,469,451</u>	<u>\$ 5,867,833</u>	<u>\$ 2,297,841</u>	<u>\$ 31,008,472</u>
\$ 19,795	\$ (170,468)	\$ (143,924)	\$ (58,395)	\$ 81,951
-	-	-	-	892,090
-	-	-	-	48,268
32,575	-	-	-	15,800
-	-	-	-	124
-	-	-	-	(31,956)
(39,329)	-	-	-	(93,362)
20,784	-	-	-	109,028
3,364	-	-	-	9,257
-	-	-	-	(14,000)
(11,261)	-	-	-	(16,764)
2,591	-	-	-	9,062
147,109	-	-	-	372,895
(34,089)	-	-	-	(34,089)
6,138	-	-	-	22,010
<u>127,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,288,363</u>
<u>\$ 147,677</u>	<u>\$ (170,468)</u>	<u>\$ (143,924)</u>	<u>\$ (58,395)</u>	<u>\$ 1,370,314</u>

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# STATISTICAL SECTION

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

## **Financial Trends**

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

## **Revenue Capacity**

These schedules contain information to help the reader assess the City/District's most significant local revenue sources.

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

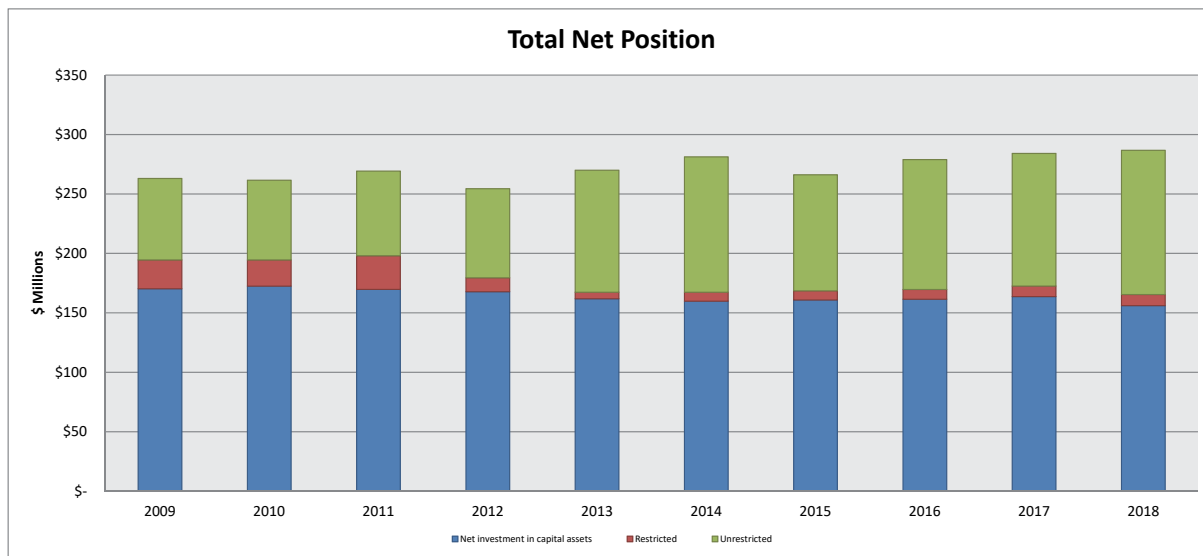
## **Operating Information**

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

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 109,387,638	\$ 111,894,545	\$ 108,007,645	\$ 106,295,814	\$ 102,503,211	\$ 102,532,106	\$ 105,458,244	\$ 105,267,654	\$ 104,241,497	\$ 104,366,565
Restricted	24,293,134	22,043,974	28,263,106	11,760,967	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747
Unrestricted	48,498,680	46,699,565	49,579,722	50,530,026	75,633,529	82,551,190	68,977,993	79,035,368	83,096,489	82,200,472
<b>Total governmental activities net position</b>	<b>\$ 182,179,452</b>	<b>\$ 180,638,084</b>	<b>\$ 185,850,473</b>	<b>\$ 168,586,807</b>	<b>\$ 183,625,726</b>	<b>\$ 192,611,856</b>	<b>\$ 182,103,160</b>	<b>\$ 192,467,330</b>	<b>\$ 196,213,518</b>	<b>\$ 195,920,784</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 60,853,224	\$ 60,575,907	\$ 61,718,653	\$ 61,458,480	\$ 59,384,377	\$ 57,308,122	\$ 55,371,422	\$ 56,208,645	\$ 59,464,204	\$ 51,691,503
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	20,010,431	20,356,291	21,659,733	24,362,221	26,947,956	31,262,566	28,654,572	30,219,485	28,425,170	39,096,553
<b>Total business-type activities net position</b>	<b>\$ 80,863,655</b>	<b>\$ 80,932,198</b>	<b>\$ 83,378,386</b>	<b>\$ 85,820,701</b>	<b>\$ 86,332,333</b>	<b>\$ 88,570,688</b>	<b>\$ 84,025,994</b>	<b>\$ 86,428,130</b>	<b>\$ 87,889,374</b>	<b>\$ 90,788,056</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 170,240,862	\$ 172,470,452	\$ 169,726,298	\$ 167,754,294	\$ 161,887,588	\$ 159,840,228	\$ 160,829,666	\$ 161,476,299	\$ 163,705,701	\$ 156,058,068
Restricted	24,293,134	22,043,974	28,263,106	11,760,967	5,488,986	7,528,560	7,666,923	8,164,308	8,875,532	9,353,747
Unrestricted	68,509,111	67,055,856	71,239,455	74,892,247	102,581,485	113,813,756	97,632,565	109,254,853	111,521,659	121,297,025
<b>Total primary government net position</b>	<b>\$ 263,043,107</b>	<b>\$ 261,570,282</b>	<b>\$ 269,228,859</b>	<b>\$ 254,407,508</b>	<b>\$ 269,958,059</b>	<b>\$ 281,182,544</b>	<b>\$ 266,129,154</b>	<b>\$ 278,895,460</b>	<b>\$ 284,102,892</b>	<b>\$ 286,708,840</b>



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 3,673,100	\$ 3,715,494	\$ 3,135,273	\$ 3,596,590	\$ 3,514,037	\$ 3,794,112	\$ 3,557,955	\$ 4,308,710	\$ 5,042,007	\$ 5,789,051
Police	9,637,744	9,601,374	9,635,944	9,393,100	9,316,093	9,580,196	9,853,153	10,438,938	11,226,563	14,100,954
Fire	7,376,366	7,960,605	8,011,016	8,222,350	7,685,722	7,756,948	8,301,670	7,929,490	8,789,853	10,801,237
Public works	4,746,696	4,792,866	4,924,309	5,253,074	5,718,340	4,353,289	4,650,758	4,335,309	4,760,961	5,707,187
Community development	5,165,200	10,058,917	5,904,547	2,215,164	2,078,968	1,965,069	2,176,539	2,417,650	2,590,742	3,073,843
Parks and recreation	7,540,180	7,486,684	7,889,206	7,978,548	8,387,726	8,516,392	8,808,422	8,750,077	10,085,864	10,777,390
Interest on long-term debt	286,765	71,079	-	-	-	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>38,426,051</b>	<b>43,687,019</b>	<b>39,500,295</b>	<b>36,658,826</b>	<b>36,700,886</b>	<b>35,966,006</b>	<b>37,348,497</b>	<b>38,180,174</b>	<b>42,495,990</b>	<b>50,249,662</b>
<b>Business-type activities:</b>										
Water	7,804,377	8,272,135	8,690,887	9,782,394	10,336,188	9,846,110	10,596,613	11,824,224	13,398,161	14,599,582
Wastewater	5,351,927	5,875,701	5,334,103	5,909,150	6,554,771	6,412,706	7,140,529	6,356,799	7,166,712	7,722,767
Public transportation	245,589	298,964	204,321	201,696	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>13,401,893</b>	<b>14,446,800</b>	<b>14,229,311</b>	<b>15,893,240</b>	<b>16,890,959</b>	<b>16,258,816</b>	<b>17,737,142</b>	<b>18,181,023</b>	<b>20,564,873</b>	<b>22,322,349</b>
<b>Total primary government expenses</b>	<b>\$ 51,827,944</b>	<b>\$ 58,133,819</b>	<b>\$ 53,729,606</b>	<b>\$ 52,552,066</b>	<b>\$ 53,591,845</b>	<b>\$ 52,224,822</b>	<b>\$ 55,083,639</b>	<b>\$ 56,361,197</b>	<b>\$ 63,060,863</b>	<b>\$ 72,572,011</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Public works	\$ 84,958	\$ 146,430	\$ 150,183	\$ 115,060	\$ 185,606	\$ 259,277	\$ 192,974	\$ 264,579	\$ 254,169	\$ 367,879
Parks and recreation	1,065,675	1,055,300	1,264,706	1,082,263	1,065,366	4,430,943	4,374,455	1,473,738	2,358,600	1,853,153
Other activities	1,722,734	1,204,446	1,641,925	2,420,613	1,755,523	3,626,944	4,586,595	4,589,520	5,919,975	6,066,430
Operating grants and contributions	1,000,607	813,296	1,374,103	1,483,915	1,479,057	1,471,641	2,655,353	3,137,709	1,262,548	1,236,057
Capital grants and contributions	733,684	680,355	4,157,426	449,989	938,348	1,374,066	709,800	290,669	586,884	2,218,653
<b>Total governmental activities program revenues</b>	<b>4,607,658</b>	<b>3,899,827</b>	<b>8,588,343</b>	<b>5,551,840</b>	<b>5,423,900</b>	<b>11,162,871</b>	<b>12,519,177</b>	<b>9,756,215</b>	<b>10,382,176</b>	<b>11,742,172</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water	7,182,212	7,531,859	9,166,844	10,328,467	10,495,752	10,550,591	10,230,148	11,635,584	12,574,363	14,833,965
Wastewater	6,175,068	6,543,036	6,862,627	7,509,281	6,970,730	7,400,022	7,921,198	8,464,663	9,168,192	10,723,302
Other activities	-	-	-	7,317	-	-	-	-	-	-
Operating grants and contributions	-	-	140,709	100,756	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	19,305	-	26,991	71,315	32,174	8,741
<b>Total business-type activities program revenues</b>	<b>13,357,280</b>	<b>14,074,895</b>	<b>16,170,180</b>	<b>17,945,821</b>	<b>17,485,787</b>	<b>17,950,613</b>	<b>18,178,337</b>	<b>20,171,562</b>	<b>21,774,729</b>	<b>25,566,008</b>
<b>Total primary government program revenues</b>	<b>\$ 17,964,938</b>	<b>\$ 17,974,722</b>	<b>\$ 24,758,523</b>	<b>\$ 23,497,661</b>	<b>\$ 22,909,687</b>	<b>\$ 29,113,484</b>	<b>\$ 30,697,514</b>	<b>\$ 29,927,777</b>	<b>\$ 32,156,905</b>	<b>\$ 37,308,180</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (33,818,393)	\$ (39,787,192)	\$ (30,911,952)	\$ (31,106,986)	\$ (31,276,986)	\$ (24,803,135)	\$ (24,829,320)	\$ (28,423,959)	\$ (32,113,814)	\$ (38,507,490)
Business-type activities	(44,613)	(371,905)	1,940,869	2,052,581	594,828	1,691,797	441,195	1,990,539	1,209,856	3,243,659
<b>Total primary government net expense</b>	<b>\$ (33,863,006)</b>	<b>\$ (40,159,097)</b>	<b>\$ (28,971,083)</b>	<b>\$ (29,054,405)</b>	<b>\$ (30,682,158)</b>	<b>\$ (23,111,338)</b>	<b>\$ (24,388,125)</b>	<b>\$ (26,433,420)</b>	<b>\$ (30,903,958)</b>	<b>\$ (35,263,831)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 26,525,347	\$ 27,328,303	\$ 26,225,287	\$ 19,140,435	\$ 22,850,306	\$ 22,618,342	\$ 22,824,950	\$ 25,042,950	\$ 27,249,762	\$ 29,697,500
Franchise taxes	1,044,988	1,017,749	1,088,266	1,122,847	1,227,976	1,235,085	1,135,666	1,182,060	1,190,454	1,178,643
Sales taxes	4,950,468	4,365,018	4,225,824	4,853,339	4,413,470	3,684,963	3,955,873	3,892,638	3,780,217	4,141,017
Other taxes	2,307,231	2,099,539	2,165,353	2,596,057	3,090,178	3,524,950	4,660,905	4,853,059	5,011,598	5,628,469
Payments in lieu of taxes	2,359,092	2,417,925	-	-	-	-	-	-	-	-
Investment earnings	2,449,586	2,193,541	2,409,846	2,331,007	1,539,026	3,688,849	2,256,791	2,807,314	2,487,713	2,801,998
Gain on sale of capital assets	-	-	-	-	-	-	-	-	37,071	101,798
Miscellaneous	847,954	253,121	117,764	210,189	19,494,949	405,586	30,088,299	1,010,108	134,187	316,522
Transfers	(110,733)	(10,519)	(108,000)	(60,501)	-	-	-	-	-	162,674
<b>Total governmental activities</b>	<b>40,373,933</b>	<b>39,664,677</b>	<b>36,124,340</b>	<b>30,193,373</b>	<b>52,615,905</b>	<b>35,157,775</b>	<b>64,922,484</b>	<b>38,788,129</b>	<b>39,891,002</b>	<b>44,028,621</b>
<b>Business-type activities:</b>										
Property Tax	-	-	-	-	-	-	-	-	-	-
Investment earnings	451,762	296,930	256,984	292,258	(141,502)	459,090	319,633	350,091	154,770	277,627
Loss on sales of capital assets	-	-	-	-	-	-	-	-	(7,860)	(479)
Miscellaneous	135,957	132,999	140,335	36,975	58,306	87,468	94,246	61,506	104,478	125,512
Transfers	110,733	10,519	108,000	60,501	-	-	-	-	-	(162,674)
<b>Total business-type activities</b>	<b>698,452</b>	<b>440,448</b>	<b>505,319</b>	<b>389,734</b>	<b>(83,196)</b>	<b>546,558</b>	<b>413,879</b>	<b>411,597</b>	<b>251,388</b>	<b>239,986</b>
<b>Total primary government</b>	<b>\$ 41,072,385</b>	<b>\$ 40,105,125</b>	<b>\$ 36,629,659</b>	<b>\$ 30,583,107</b>	<b>\$ 52,532,709</b>	<b>\$ 35,704,333</b>	<b>\$ 65,336,363</b>	<b>\$ 39,199,726</b>	<b>\$ 40,142,390</b>	<b>\$ 44,268,607</b>
<b>Extraordinary Items</b>										
<b>Governmental activities:</b>										
Extraordinary items	-	-	-	(16,350,052)	(6,300,000)	(1,368,510)	1,131,265	-	-	-
<b>Total governmental activities</b>	-	-	-	(16,350,052)	(6,300,000)	(1,368,510)	1,131,265	-	-	-
<b>Total primary government</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,350,052)</b>	<b>\$ (6,300,000)</b>	<b>\$ (1,368,510)</b>	<b>\$ 1,131,265</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 6,555,540	\$ (122,515)	\$ 5,212,388	\$ (17,263,665)	\$ 15,038,919	\$ 8,986,130	\$ 41,224,429	\$ 10,364,170	\$ 7,777,188	\$ 5,521,131
Business-type activities	653,839	68,543	2,446,188	2,442,315	511,632	2,238,355	855,074	2,402,136	1,461,244	3,483,645
<b>Total primary government</b>	<b>\$ 7,209,379</b>	<b>\$ (53,972)</b>	<b>\$ 7,658,576</b>	<b>\$ (14,821,350)</b>	<b>\$ 15,550,551</b>	<b>\$ 11,224,485</b>	<b>\$ 42,079,503</b>	<b>\$ 12,766,306</b>	<b>\$ 9,238,432</b>	<b>\$ 9,004,776</b>

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 36,322,157	\$ 36,445,627	\$ 32,846,406	\$ 27,014,176	\$ 30,807,783	\$ 29,972,228	\$ 30,968,962	\$ 33,196,631	\$ 35,378,834	\$ 38,848,086
Licenses, fees and permits	1,085,643	1,050,758	1,289,106	2,200,437	1,354,501	2,676,476	3,954,102	3,399,578	4,564,176	5,066,971
Fines and penalties	142,887	158,199	159,303	179,717	193,654	197,969	168,838	162,589	187,670	227,271
Charges for services	1,403,448	1,392,205	1,659,773	1,640,114	1,637,289	2,621,851	2,510,647	2,671,725	2,940,785	2,757,324
Special assessments	189,911	-	4,000,000	-	-	3,289,634	3,288,613	429,000	1,146,000	540,000
Intergovernmental	1,601,956	1,546,873	1,522,599	1,994,051	2,010,089	2,688,202	1,563,429	1,400,996	1,552,362	1,666,254
Investment earnings	3,444,940	2,608,180	1,796,472	1,814,301	907,101	2,252,482	2,273,291	2,345,939	1,978,805	2,330,691
Other revenues	1,661,625	827,083	559,764	436,977	1,178,203	794,640	2,882,967	4,394,357	1,961,964	3,838,427
<b>Total revenues</b>	<b>45,852,567</b>	<b>44,028,925</b>	<b>43,833,423</b>	<b>35,279,773</b>	<b>38,088,620</b>	<b>44,493,482</b>	<b>47,610,849</b>	<b>48,000,815</b>	<b>49,710,596</b>	<b>55,275,024</b>
<b>Expenditures</b>										
General government	3,150,439	3,271,525	2,689,200	2,980,808	2,980,817	3,174,115	3,162,004	3,738,875	4,599,220	4,633,199
Police	9,271,457	9,535,983	9,362,853	9,171,064	9,078,222	9,321,559	9,693,710	10,621,454	11,344,717	12,075,308
Fire	7,385,613	7,876,172	7,917,966	8,148,675	7,689,490	7,705,260	8,028,295	8,243,689	9,189,623	9,221,643
Public works	2,700,326	2,426,798	2,603,647	2,876,718	3,343,143	1,967,187	2,331,632	2,050,278	2,510,297	3,286,106
Community development	7,194,733	10,017,098	5,825,075	2,229,747	1,967,382	1,936,205	6,928,167	2,487,145	2,600,470	2,747,238
Parks and recreation	6,543,724	6,340,330	6,780,921	6,780,597	6,879,810	7,107,443	7,182,946	7,312,735	8,229,008	8,218,254
Capital outlay	6,255,420	2,391,675	970,235	3,384,339	1,201,432	4,382,435	6,483,904	3,880,749	3,491,142	3,932,684
Debt service										
Interest	1,509,465	996,412	156,685	-	-	-	-	-	-	-
Principal	3,800,000	4,775,000	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>47,811,177</b>	<b>47,630,993</b>	<b>36,306,582</b>	<b>35,571,948</b>	<b>33,140,296</b>	<b>35,594,204</b>	<b>43,810,658</b>	<b>38,334,925</b>	<b>41,964,477</b>	<b>44,114,432</b>
Excess of revenues over (under) expenditures	(1,958,610)	(3,602,068)	7,526,841	(292,175)	4,948,324	8,899,278	3,800,191	9,665,890	7,746,119	11,160,592
<b>Other Financing Sources (uses)</b>										
Proceeds from sale of capital assets	-	-	-	-	1,332,190	1,344,924	30,485,503	546,293	564,315	582,930
Transfers in	9,184,980	10,548,804	25,391,490	7,729,944	958,867	1,209,449	752,646	1,588,591	3,200,511	2,255,488
Transfers out	(9,295,713)	(11,860,304)	(25,499,490)	(7,799,024)	(3,608,867)	(1,209,449)	(630,646)	(1,751,789)	(3,200,511)	(2,255,488)
<b>Total other financing sources (uses)</b>	<b>(110,733)</b>	<b>(1,311,500)</b>	<b>(108,000)</b>	<b>(69,080)</b>	<b>(1,317,810)</b>	<b>1,344,924</b>	<b>30,607,503</b>	<b>383,095</b>	<b>564,315</b>	<b>582,930</b>
<b>Extraordinary Item</b>										
Extraordinary loss	-	-	-	(16,350,052)	(6,300,000)	(1,368,510)	-	-	-	-
<b>Total extraordinary item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,350,052)</b>	<b>(6,300,000)</b>	<b>(1,368,510)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,069,343)</b>	<b>\$ (4,913,568)</b>	<b>\$ 7,418,841</b>	<b>\$ (16,711,307)</b>	<b>\$ (2,669,486)</b>	<b>\$ 8,875,692</b>	<b>\$ 34,407,694</b>	<b>\$ 10,048,985</b>	<b>\$ 8,310,434</b>	<b>\$ 11,743,522</b>
Debt service as a percentage of noncapital expenditures	14.65%	14.62%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$ 8,209,971	\$ 1,159,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	22,039,476	23,944,755	-	-	-	-	-	-	-	-
Non-Spendable	-	-	33,527	32,448	34,769	36,126	31,380	39,730	48,595	56,029
Committed	-	-	812,807	466,016	405,949	441,920	1,279,096	1,279,731	2,202,807	2,265,890
Assigned	-	-	1,052,366	964,536	510,417	676,878	619,948	138,174	28,093	125,010
Restricted	-	-	-	-	-	-	-	99,481	5,675	21,252
Unassigned	22,039,476	23,944,755	19,304,982	20,272,893	19,025,588	23,746,768	30,303,100	39,628,699	43,397,590	50,980,152
<b>Total general fund</b>	<b>\$ 52,288,923</b>	<b>\$ 49,048,800</b>	<b>\$ 21,203,682</b>	<b>\$ 21,735,893</b>	<b>\$ 19,976,723</b>	<b>\$ 24,901,692</b>	<b>\$ 32,233,524</b>	<b>\$ 41,185,815</b>	<b>\$ 45,682,760</b>	<b>\$ 53,448,333</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 18,018,576	\$ 17,587,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,748,765	3,300,455	-	-	-	-	-	-	-	-
Capital projects funds	4,388,977	4,499,907	-	-	-	-	-	-	-	-
Non-Spendable	-	-	-	-	-	-	683	-	-	75
Restricted	-	-	28,608,240	10,357,852	4,546,308	7,227,787	7,263,706	7,685,968	8,003,371	8,542,352
Committed	-	-	8,099,116	9,105,986	14,007,214	15,276,458	42,315,718	42,990,833	46,527,692	49,925,812
Unassigned	-	-	-	-	-	-	-	-	(40,773)	-
<b>Total all other governmental funds</b>	<b>\$ 25,156,318</b>	<b>\$ 25,388,152</b>	<b>\$ 36,707,356</b>	<b>\$ 19,463,838</b>	<b>\$ 18,553,522</b>	<b>\$ 22,504,245</b>	<b>\$ 49,580,107</b>	<b>\$ 50,676,801</b>	<b>\$ 54,490,290</b>	<b>\$ 58,468,239</b>

**Note:** In compliance with GASB 54 issued in year 2011, fund balances are re-categorized.

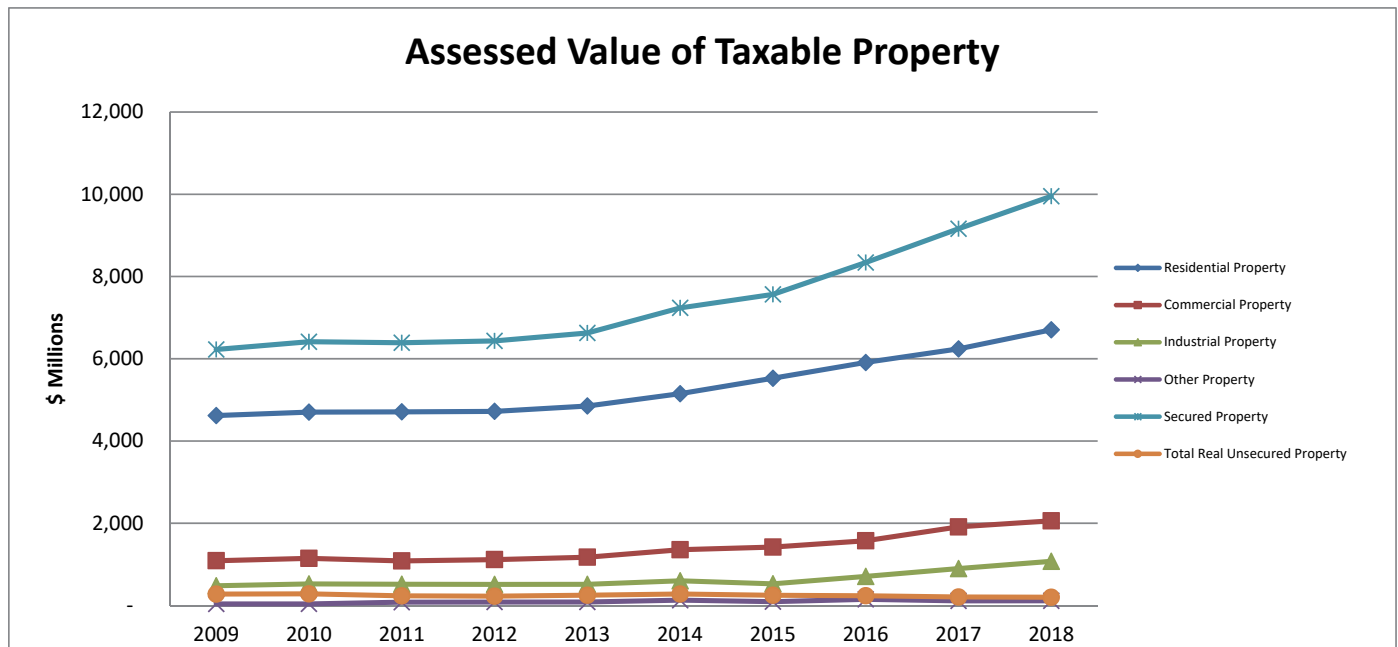
# City of Foster City and Estero Municipal Improvement District

## Assessed Value of Taxable Property

### Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Total Real Secured Property	Unsecured Property	Total Assessed	Estimated Full Market <sup>1</sup>	Total Direct Tax Rate <sup>2</sup>
2009	4,619,037	1,088,907	479,764	38,069	6,225,777	276,761	6,502,538	6,502,538	0.29565
2010	4,703,107	1,146,981	524,207	39,063	6,413,358	283,165	6,696,523	6,696,523	0.29099
2011	4,709,407	1,083,260	516,044	80,957	6,389,668	234,475	6,624,143	6,624,143	0.29192
2012	4,721,378	1,116,185	512,381	83,466	6,433,410	226,067	6,659,477	6,659,477	0.28770
2013	4,851,575	1,174,781	514,770	84,880	6,626,006	250,130	6,876,136	6,876,136	0.28889
2014	5,150,785	1,356,302	600,059	129,427	7,236,573	278,889	7,515,462	7,515,462	0.22518
2015	5,524,789	1,420,944	527,049	92,869	7,565,651	248,396	7,814,047	7,814,047	0.22474
2016	5,909,653	1,573,865	707,140	150,091	8,340,749	237,511	8,578,260	8,578,260	0.22323
2017	6,240,204	1,910,182	898,130	112,187	9,160,703	206,769	9,367,472	9,367,472	0.22231
2018	6,704,861	2,059,294	1,074,561	113,666	9,952,382	200,384	10,152,766	10,152,766	0.22156



Source: The HdL Company and San Mateo County Assessor 2008/09 - 2017/18 Combined Tax Rolls

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

Thereafter, full cash value can be increased/decreased:

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

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

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

Agency	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.00840	0.00830	0.00920	0.01970	0.01970	0.01830	0.01820	0.03620	0.03060	0.02780
Belmont-Redwood Shores	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00520
Mid-Penninsula Regional Open Space	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00080	0.00060	0.00090
San Mateo Foster City Elementary	0.03150	0.03260	0.03410	0.03470	0.03380	0.04210	0.03880	0.04020	0.05460	0.05420
San Mateo Junior College	0.01650	0.01820	0.01930	0.01990	0.01940	0.01940	0.01900	0.02500	0.02470	0.02350
San Mateo Union High	0.02980	0.03190	0.03220	0.03830	0.03810	0.03550	0.04750	0.04660	0.04150	0.04330
Sequoia Union High	0.02820	0.02770	0.03110	0.03580	0.03560	0.03130	0.04330	0.04340	0.03910	0.03830
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.11440</b>	<b>1.11870</b>	<b>1.12590</b>	<b>1.14840</b>	<b>1.14660</b>	<b>1.14660</b>	<b>1.16680</b>	<b>1.19220</b>	<b>1.19110</b>	<b>1.19320</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974
<b>General Obligation Debt Rate</b>	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Redevelopment Rate<sup>4</sup></b>	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate<sup>5</sup></b>	0.45957	0.45582	0.45653	0.44624	0.44902	0.22518	0.22474	0.22323	0.22231	0.22156

Notes:

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

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

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in the tax ratio figures.

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

<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied to by the government 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 in the same proportions as general fund revenue.

Source:

The HdL Company, 2008/09 - 2017/18 Direct and Overlapping Property Tax Rates Schedule  
San Mateo County Assessor 2008/09 -2017/18 Tax Rate Table

# City of Foster City and Estero Municipal Improvement District

## Principal Property Tax Payers

### Current Year and Ten Years Ago

<u>Taxpayer</u>	FY 2017/2018			FY 2008/2009		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
	Value		Value	Value		
GILEAD SCIENCES INC	\$ 1,607,050,707	1	15.83%	\$ 337,819,784	1	5.20%
HUDSON METRO CENTER LLC	328,954,534	2	3.24%			
VISA USA INC	261,989,597	3	2.58%			
BMR LINCOLN CENTER LP	217,468,000	4	2.14%			
TRUST PARKSIDE TOWERS CORPORATION	216,542,954	5	2.13%			
BEX FMCA LLC	185,317,217	6	1.83%			
SF HILLSDALE 20102012 LLC	146,105,118	7	1.44%			
CV TRITON LLC	121,935,012	8	1.20%			
NORTHWESTERN MUTUAL LIFE	87,871,173	9	0.87%			
BAYSIDE TOWERS INC	77,420,498	10	0.76%			
SPK-METRO CENTER LLC LESSEE				247,370,502	2	3.80%
APPLERA CORPORATION				139,061,747	3	2.14%
VISA INTERNATIONAL SERVICE ASSOCIATION				107,857,991	4	1.66%
GRUPE REAL ESTATE INVESTMENT				87,013,867	5	1.34%
ELECTRONICS FOR IMAGING INC				78,304,728	6	1.20%
PARKSIDE TOWERS				75,949,200	7	1.17%
HINES VAF NO CAL PROPERTIES L P				73,338,000	8	1.13%
BRE PROPERTIES INC				72,004,771	9	1.11%
ESSEX HARBOR COVE APARTMENTS LP				70,415,725	10	1.08%
Top Ten Total	3,250,654,810		32.02%	1,289,136,315		19.83%
City Total	\$ 10,152,765,762			\$ 6,502,538,221		

Source: The HdL Company and San Mateo County Assessor 2017/18 & 2008/09 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

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Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2009	11,994,160	11,087,934	92.44%	56,327	11,144,261	92.91%
2010	12,415,753	11,337,451	91.32%	19,034	11,356,485	91.47%
2011	12,267,181	12,696,154	103.50% <sup>3</sup>	31,783	12,727,937	103.76%
2012	17,066,910	15,111,377	88.54%	(7,011)	15,104,366	88.50%
2013	17,614,023	17,312,886	98.29%	(45,095)	17,267,791	98.03%
2014	19,265,347	19,479,141	101.11% <sup>4</sup>	(37,058)	19,442,083	100.92%
2015	20,152,567	20,126,637	99.87%	(11,207)	20,115,431	99.82%
2016	22,149,657	22,043,604	99.52%	(20,905)	22,022,699	99.43%
2017	24,188,847	23,973,655	99.11%	(1,320)	23,972,335	99.10%
2018	26,231,976	26,113,362	99.55%	-	26,113,362	99.55%

**Notes:**

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

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

<sup>3</sup> One of the City's redevelopment project areas reached its TI (tax increment) limit during the fiscal year 2011, the residual tax increment was redistributed among all taxing agencies and the City was one of the recipients. Thus, the total amount of property taxes received during the fiscal year exceeded the taxes levied for the fiscal year.

<sup>4</sup> Include \$350,463 from the dissolution of the Community Development Agency of Foster City as a result of AB1484.

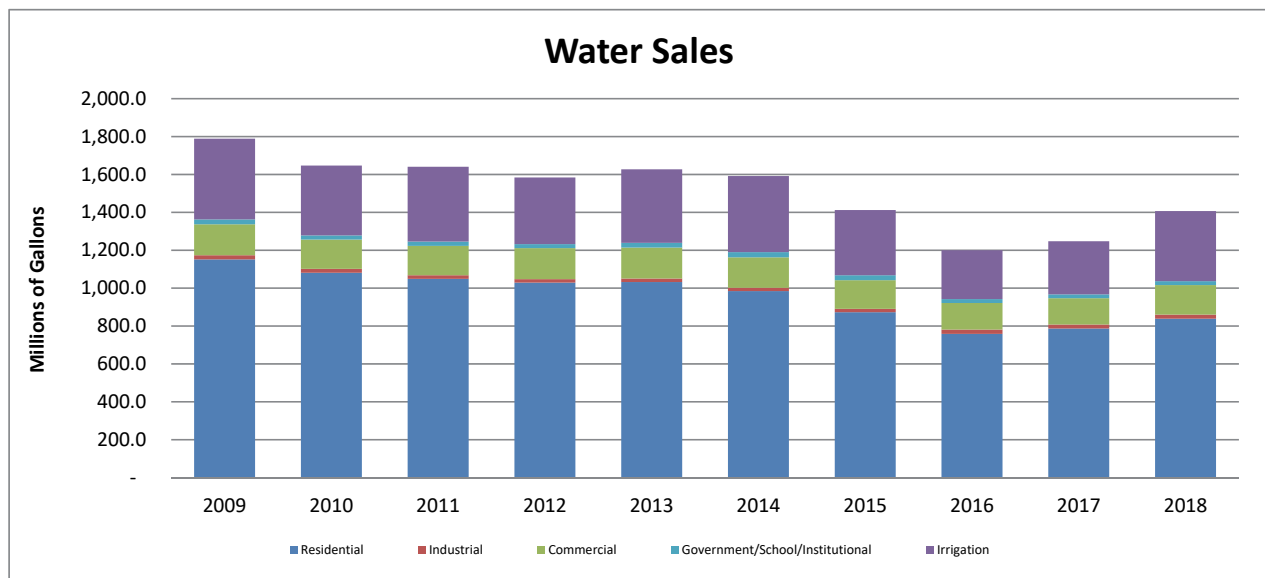
# City of Foster City and Estero Municipal Improvement District

## Water Sales by Type of Customer

### Last Ten Fiscal Years

*(in millions of gallons)*

Type of Customer	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	1,151.9	1,081.4	1,048.9	1,029.2	1,032.1	984.3	873.0	758.5	786.8	838.9
Industrial	21.9	20.8	18.8	17.8	18.4	17.2	17.7	23.0	21.1	21.2
Commercial	163.3	154.1	155.3	164.3	163.8	161.2	151.1	140.0	138.9	156.0
Government/School/Institutional	25.6	22.1	23.0	21.3	24.9	27.4	25.9	20.6	20.2	20.6
Irrigation	426.0	368.9	395.0	351.1	388.0	401.4	344.6	258.4	280.4	370.1
<b>Total</b>	<b>1,788.7</b>	<b>1,647.3</b>	<b>1,641.0</b>	<b>1,583.7</b>	<b>1,627.2</b>	<b>1,591.5</b>	<b>1,412.3</b>	<b>1,200.5</b>	<b>1,247.4</b>	<b>1,406.8</b>



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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Availability / Meter Charge (per Month)</b>										
5/8 inch	\$ 15.60	\$ 16.85	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85
3/4 inch	\$ 15.60	\$ 16.85	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85
1 inch	\$ 39.00	\$ 42.15	\$ 43.90	\$ 43.90	\$ 39.50	\$ 27.65	\$ 28.00	\$ 28.75	\$ 31.50	\$ 33.08
1&1/2 inch	\$ 78.00	\$ 84.25	\$ 87.75	\$ 87.75	\$ 79.00	\$ 79.00	\$ 80.00	\$ 69.00	\$ 75.60	\$ 79.40
2 inch	\$ 124.80	\$ 134.80	\$ 140.40	\$ 140.40	\$ 126.40	\$ 126.40	\$ 128.00	\$ 92.00	\$ 100.80	\$ 105.87
3 inch	\$ 218.40	\$ 235.90	\$ 245.70	\$ 245.70	\$ 221.20	\$ 221.20	\$ 224.00	\$ 201.25	\$ 220.50	\$ 231.58
4 inch	\$ 343.20	\$ 370.70	\$ 386.10	\$ 386.10	\$ 347.60	\$ 347.60	\$ 352.00	\$ 362.25	\$ 396.90	\$ 416.85
6 inch	\$ 655.20	\$ 707.70	\$ 737.10	\$ 737.10	\$ 663.60	\$ 663.60	\$ 672.00	\$ 805.00	\$ 882.00	\$ 926.33
8 inch	\$ 1,029.60	\$ 1,112.10	\$ 1,158.30	\$ 1,158.30	\$ 1,042.80	\$ 1,042.80	\$ 1,056.00	\$ 1,380.00	\$ 1,512.00	\$ 1,588.00
<b>Consumption Charge (per Unit*)</b>										
All Classes	\$ 1.60	\$ 1.73								
<b>Single Family Residential</b>										
0-10 units			\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03
11-20 units			\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03
> 20 units			\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.64	\$ 5.95	\$ 6.06
<b>Multi Family Residential</b>										
0-5 units			\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03
6-10 units			\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03
> 10 units			\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.67	\$ 5.93	\$ 5.62
<b>Irrigation</b>										
0-100% of annual water budget			\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03
> 100% of annual water budget			\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 5.65	\$ 7.35	\$ 7.21
Commercial and Fire Line			\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.40	\$ 4.97	\$ 5.15
<b>Private Fire Protection Service</b>										
<b>Availability / Meter Charge (per Month)</b>										
3/4 inch	\$ 27.30	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79
1 inch	\$ 27.30	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79
1&1/2 inch	\$ 27.30	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79
2 inch	\$ 43.68	\$ 47.20	\$ 49.15	\$ 49.15	\$ 44.25	\$ 44.25	\$ 44.80	\$ 32.20	\$ 35.34	\$ 37.12
3 inch	\$ 76.44	\$ 82.60	\$ 86.00	\$ 86.00	\$ 77.45	\$ 77.45	\$ 78.40	\$ 70.45	\$ 77.11	\$ 80.99
4 inch	\$ 120.12	\$ 129.75	\$ 135.15	\$ 135.15	\$ 121.70	\$ 121.70	\$ 123.20	\$ 126.80	\$ 138.92	\$ 145.90
6 inch	\$ 229.32	\$ 247.70	\$ 258.00	\$ 258.00	\$ 232.30	\$ 232.30	\$ 235.20	\$ 281.75	\$ 308.64	\$ 324.15
8 inch	\$ 360.36	\$ 389.25	\$ 405.45	\$ 405.45	\$ 365.00	\$ 365.00	\$ 369.60	\$ 483.00	\$ 529.20	\$ 555.80
<b>Wastewater</b>										
<b>Residential (per Month)</b>										
Single Family	\$ 40.98	\$ 43.85	\$ 46.05	\$ 46.05	\$ 46.05	\$ 46.05	\$ 47.00	\$ 51.47	\$ 57.13	\$ 65.27
Townhouse	\$ 34.45	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83
Duplex	\$ 34.45	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83
Apartment / Condominium	\$ 34.45	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83
<b>Commercial (per Unit* of Water Billed)</b>										
Restaurant	\$ 7.45	\$ 7.97	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.54	\$ 9.35	\$ 10.38	\$ 11.86
Miscellaneous	\$ 2.62	\$ 2.80	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.00	\$ 3.29	\$ 3.65	\$ 4.17
<b>Institutional (per Unit* of Water Billed)</b>										
School	\$ 1.48	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74
Church	\$ 1.48	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74
Public Facility	\$ 1.48	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74

Unit\* = 748 Gallons

Source: City of Foster City Financial Services Department

# City of Foster City and Estero Municipal Improvement District

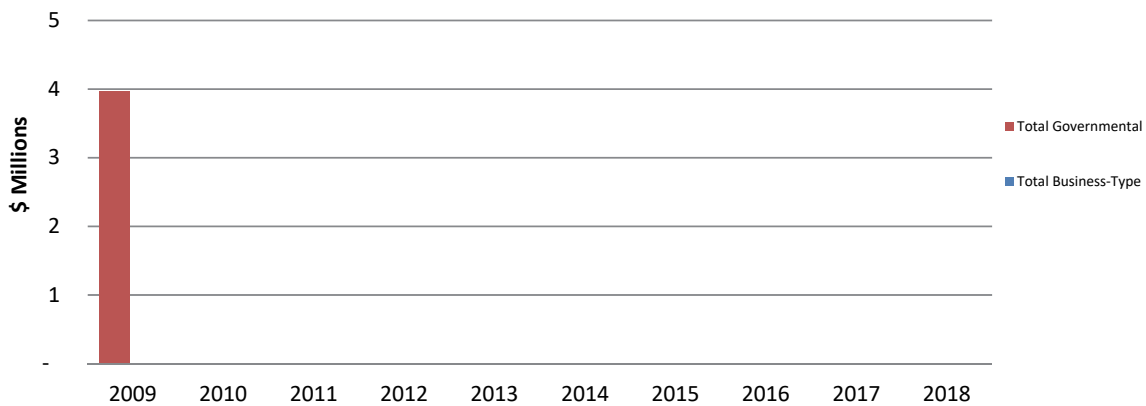
## Ratios of Outstanding Debt by Type

### Last Ten Fiscal Years

*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Total	Wastewater Bonds				
2009	-	3,560	415	3,975	-	-	3,975	0.002	131
2010	-	-	-	-	-	-	-	n/a	-
2011	-	-	-	-	-	-	-	n/a	-
2012	-	-	-	-	-	-	-	n/a	-
2013	-	-	-	-	-	-	-	n/a	-
2014	-	-	-	-	-	-	-	n/a	-
2015	-	-	-	-	-	-	-	n/a	-
2016	-	-	-	-	-	-	-	n/a	-
2017	-	-	-	-	-	-	-	n/a	-
2018	-	-	-	-	-	-	-	n/a	-

### Outstanding Debt



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



# City of Foster City and Estero Municipal Improvement District Direct and Overlapping Governmental Activities Debt As of June 30, 2018

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2017-18 Assessed Valuation: \$10,134,595,747

	<b>Total Debt Outstanding 06/30/18</b>	<b>Percentage Applicable (1)</b>	<b>City's Share of Overlapping Debt 6/30/18</b>
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
San Mateo Community College District	\$576,424,069	4.898%	\$ 28,233,251
San Mateo Union High School District	525,549,991	13.939%	73,256,413
Sequoia Union High School District	504,560,000	0.004%	20,182
San Mateo-Foster City School District	280,985,876	28.637%	80,465,925
Belmont-Redwood Shores School District	64,535,440	0.025%	16,134
Midpeninsula Regional Open Space District	93,350,000	0.005%	4,668
<b>Estero Municipal Improvement District</b>	<b>0</b>	<b>100.000%</b>	<b>0</b>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 181,996,573
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Mateo County General Fund Obligations	\$366,157,077	4.898%	\$ 17,934,374
San Mateo County Board of Education Certificates of Participation	8,745,000	4.898%	428,330
Midpeninsula Regional Park District General Fund Obligations	123,040,600	0.005%	6,152
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 18,368,856
<b>TOTAL DIRECT DEBT</b>			<b>\$0.00</b>
TOTAL OVERLAPPING DEBT			\$ 200,365,429
COMBINED TOTAL DEBT			\$ 200,365,429 (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 2017-18 Assessed Valuation:

Direct Debt .....	0.00%
Total Direct and Overlapping Tax and Assessment Debt .....	1.80%
Combined Total Debt .....	1.98%

Source: California Municipal Statistics, Inc.

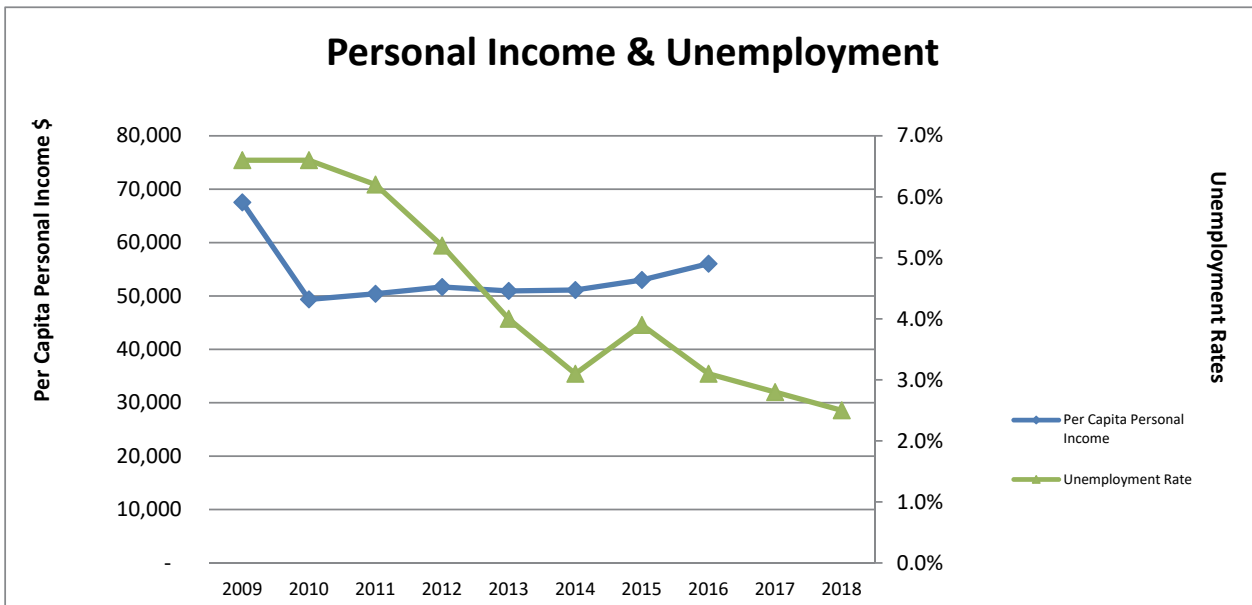
**City of Foster City and Estero Municipal Improvement District**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 967,627	\$ 995,982	\$ 985,253	\$ 984,013	\$ 1,016,775	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 967,627</u>	<u>\$ 995,982</u>	<u>\$ 985,253</u>	<u>\$ 984,013</u>	<u>\$ 1,016,775</u>	<u>\$ 1,112,856</u>	<u>\$ 1,157,114</u>	<u>\$ 1,271,748</u>	<u>\$ 1,389,831</u>	<u>\$ 1,508,177</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

# City of Foster City and Estero Municipal Improvement District Demographic and Economic Statistics Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2009	30,429	2,054,508	67,536	6.6%
2010	30,719	1,516,228	49,358	6.6%
2011	30,790	1,557,571	50,415	6.2%
2012	30,895	1,608,593	51,690	5.2%
2013	31,120	1,638,863	50,947	4.0%
2014	32,168	1,645,399	51,120	3.1%
2015	32,187	1,759,601	52,998	3.9%
2016	33,201	1,862,311	56,051	3.1%
2017	33,225	2,004,795	59,862	2.8%
2018	33,490	n/a	n/a	2.5%



**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  
 2010-2018 – US Census Bureau, most recent American Community Survey  
 Unemployment Rate: The HdL Company and California Employment Development Department

# City of Foster City and Estero Municipal Improvement District

## Principal Employers

### Current Year and Ten Years Ago

<b>Employer</b>	<b>2018</b>			<b>2009</b>		
	<b>Employees &amp; Contractors</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees &amp; Contractors</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
GILEAD SCIENCES, INC.	5,346	1	30.21%	3,447	1	18.61%
VISA U.S.A. INC.	1,802	2	10.18%	1,233	4	6.66%
INOVANT LLC	1,134	3	6.41%	1,020	5	5.51%
GUIDEWIRE SOFTWARE, INC.	732	4	4.14%			
CYBERSOURCE CORPORATION	434	5	2.45%			
IBM CORPORATION	388	6	2.19%	298	10	1.61%
CITY OF FOSTER CITY	338	7	1.91%	328	9	1.77%
SLEDGEHAMMER GAMES, INC.	313	8	1.77%			
QUALYS INC	294	9	1.66%			
CSG CONSULTANTS, INC.	286	10	1.62%			
APPLIED BIOSYSTEMS, LLC				1,675	2	9.05%
ELECTRONICS FOR IMAGING, INC.				1,361	3	7.35%
SONY COMPUTER ENTERTAINMENT, LLC				734	6	3.96%
QUINSTREET, INC.				537	7	2.90%
SOLARCITY, INC.				385	8	2.08%
<b>Top Ten Total</b>	<b>11,067</b>		<b>62.54%</b>	<b>11,018</b>		<b>59.50%</b>
<b>City Total</b>	<b>17,696</b>			<b>18,518</b>		

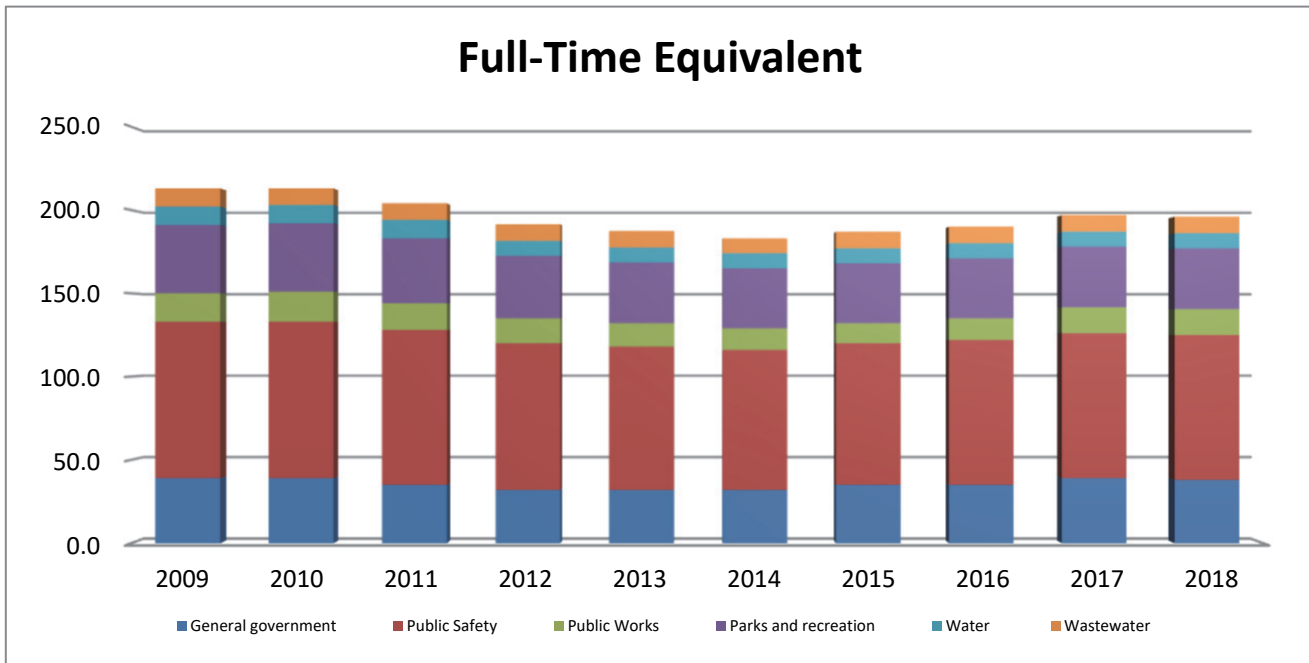
**Source:** 2009 and 2018 Business License Database of Financial Services Department

# City of Foster City and Estero Municipal Improvement District

## Full-time Equivalent City Government Employees by Function/Program

### Last Ten Fiscal Years

<b>Function/Program</b>	<b>Full-time Equivalent Employees as of June 30</b>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General government</b>										
Management services	19.0	19.0	16.0	14.0	13.0	13.0	13.0	13.0	14.0	14.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	10.0	10.0
Planning	5.5	6.5	5.5	5.0	6.0	6.0	7.0	7.0	8.0	7.0
Building	6.5	5.5	5.5	5.0	5.0	5.0	6.0	6.0	7.0	7.0
<b>Police</b>										
Officers	39.0	39.0	39.0	36.0	36.0	36.0	37.0	38.0	38.0	38.0
Civilians	17.0	17.0	17.0	15.0	13.0	13.0	13.0	15.0	15.0	16.0
<b>Fire</b>										
Firefighters and officers	36.0	36.0	35.0	35.0	35.0	33.0	33.0	32.0	32.0	31.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Other public works</b>										
Engineering	7.0	7.0	7.0	6.0	5.0	4.0	4.0	5.0	6.0	6.0
Other	10.0	11.0	9.0	9.0	9.0	9.0	8.0	8.0	9.5	9.5
<b>Parks and recreation</b>										
Water	11.0	11.0	11.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Wastewater	11.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0
<b>Total</b>	213.0	213.0	204.0	191.5	187.5	183.0	187.0	190.0	197.0	196.0



Source: City Budget

# City of Foster City and Estero Municipal Improvement District

## Operating Indicators by Function/Program

### Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Physical arrests	677	831	728	650	520	640	572	576	444	489
Parking violations	854	865	624	673	673	654	552	816	972	490
Traffic violations	2,004	2,811	2,317	2,693	2,774	3,012	2,078	1,746	1,661	1,757
Fire										
Emergency responses	1,895	1,828	1,873	1,946	2,012	2,336	2,123	1,978	1,944	2,180
Fires extinguished	102	85	73	88	61	82	24	47	34	45
Inspections	1,026	966	1,231	1,143	1,029	1,108	1,201	1,102	1,080	1,100
Other public works										
Street resurfacing (miles)	1	1	5	1	1	2	2	2	5	5
Potholes repaired	45	70	40	45	36	40	32	35	27	120
Parks and recreation										
Athletic field permits issued	45	54	57	64	66	57	60	86	91	95
Community center admissions	8,648	8,209	8,123	7,582	7,580	5,837	3,794	5,611	5,546	5,773
Water										
New connections	-	-	-	7	1	1	13	26	28	7
Water mains breaks	6	1	6	6	3	11	6	17	4	22
Average daily consumption (thousands of gallons)	5,230	4,890	4,822	4,660	4,100	3,980	3,956	3,623	3,810	4,232
Peak daily consumption (thousands of gallons)	10,530	10,340	9,750	9,165	8,890	8,445	6,624	5,047	7,760	7,688
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,600	2,450	2,340	2,267	2,200	2,652	2,040	2,350	2,430	2,390

**Sources:** Various city departments

# City of Foster City and Estero Municipal Improvement District

## Capital Asset Statistics by Function/Program

### Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	13	12	12	12	11	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	1,918	1,918	2,063	2,062	2,031	2,031	2,031	2,025	2,025	2,022
Traffic signals	25	25	25	25	25	25	25	25	25	27
Parks and recreation										
Acreage	210	210	210	210	213	213	221	221	221	221
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3
Soccer/football fields	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	110	110	110	110	107	107	107	107	107	107
Fire hydrants	1,149	1,149	1,153	1,153	1,109	1,110	1,110	1,110	1,110	1,110
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 Wastewaters (miles)	66	66	66	66	65	65	65	65	65	65
Storm Wastewaters (miles)	83	83	83	83	81	81	81	81	81	81
Treatment capacity (thousands of gallons)	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130	52,130
Transit-minibuses	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments