

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, 2019**

**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, 2019

Sam Hindi, Mayor

Herb Perez, Vice Mayor

Catherine Mahanpour, Councilmember

Sanjay Gehani, Councilmember

Richa Awasthi, Councilmember

Jeff Moneda, City Manager

Jean B. Savaree, City Attorney

Dante Hall, Assistant City Manager

Priscilla Tam, Communications Director/
City Clerk

Marlene Subhashini, 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

Norman Dorais, Public Works Director

Cover page photo courtesy of: Frank Fanara, Parks Maintenance Manager

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2019**

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INTRODUCTORY SECTION



City of Foster City

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

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

November 21, 2019

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, 2019 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, 2019.

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 2018-2019 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 33,693 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 2018-2019. An increase in the City's transient occupancy tax (TOT) from 9.5% to 11% effective January 1, 2019 and a full twelve months of operations of TownePlace Suites hotel helped expand TOT revenues by \$870,000 to \$4.4 million. TOT revenues are now the City's 2nd largest General Fund revenue sector, behind property taxes. While new development and tenant improvement activity slowed from the prior year, permit and plan check fees still generated \$2.4 million to the General Fund revenues. The City/District continues to see healthy growth in its assessed values, benefiting from newly completed residential and commercial development projects and higher values from sales of existing homes. The revenue gains help the General Fund build its reserves, reduce its unfunded pension liability, and provide its high level of quality services to the community.

LONG-TERM FINANCIAL PLAN

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

The City/District has established a reserve policy for its General Fund at a minimum level of 33⅓% to 50.0% of annual operating expenditures and for its Water and Wastewater Enterprise Funds a level of 25% of annual

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

The City/District has also established internal services funds to accumulate funding for vehicle and equipment replacement, information and technology equipment maintenance and replacement, building repairs and maintenance, self-insurance for 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 the ups-and-downs within economic cycles. It also allows decision makers to better understand the true effects of policy decisions. Through the City/District's long-term financial planning, the City/District has built up its General Fund Unassigned Fund Balance to \$52.1 million as of June 30, 2019.

CalPERS pension reform continues to have a significant impact on the City's long-term financial plan. In addition to the current unfunded liability, the decrease in the assumption for CalPERS investment rate of return from 7.50% to 7% and the demographic assumption changes have contributed to an increase in the City/District's employer contribution costs. The City/District's annual unfunded liability payment obligation increased by \$800,000 to \$4.8 million in FY 2018-2019 and will expand by another \$1 million to \$5.8 million in FY 2019-2020. Total employer pension contributions (normal cost plus required unfunded liability obligation) for FY 2018-2019 amounted to \$6.9 million.

The City/District has been closely monitoring employee compensation and benefits costs and has taken measures to address this issue, including funding post-employment medical benefit liabilities. Historically, the City/District has taken a conservative approach in providing reasonable compensation and benefits to the employees, which has kept the City/District's liabilities at a manageable level compared to other local governments. In the years following the Great Recession (December 2007 to June 2009), the City/District took steps in trimming personnel costs by reducing the work force, implementing shared services, shifting some defined benefits to defined contribution, and establishing a second tier retirement plan before the California Public Employees' Pension Reform Act (PEPRA) went into effect on January, 2013. Even as the economy has since recovered, 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 2% increases in compensation in FY 2019-2020 (based on current labor agreements which expire on June 30, 2020) followed by 2% increases in each of the following 4 years. The modest 2% increases is a reflection of a slowdown in one-time building and plan check fees and projected additional funding needs for the City's Capital Projects Fund for repairing and/or replacing the City's aging infrastructure. As customary, the City/District took a conservative approach in its revenue forecasts by excluding entitled projects such as the Gilead Sciences' Chess-Hatch development site until such time Gilead secures approved plans and permits to develop that site. In November, 2018, the City Council formed a Pension

Subcommittee to identify options to address the City/District's unfunded CalPERS pension liability. The Subcommittee recommended making an additional discretionary payment to pay down the City's unfunded liability which was unanimously endorsed by the City Council. As a result, the City Council authorized a partial use of the City's FY 2017-2018 General Fund operating surplus and approved a \$3.48 million to reduce the unfunded liability of the City's safety plan. The second tranche of the two-step TOT rate increases (12% effective July 1, 2019) that was passed by Foster City voter in November 2018 is anticipated to help add another \$600,000 to General Fund revenues in FY 2019-2020.

MAJOR INITIATIVES

The following major accomplishments and initiatives are noted/completed or are in progress as of June 30, 2019:

- Financial results – The City/District's General Fund fund balance increased by \$1.8 million to \$55.2 million in FY 2018-2019. Unrestricted fund balance increased by \$1.2 million to \$52.1 million. During the year, the City Council authorized a \$2.7 million transfer from unrestricted General Fund fund balance to the Building Maintenance internal service fund to enhance its reserves to a more appropriate level.
- 2019 Wastewater Revenue Bonds – The District received \$40.4 million (\$33.8 million par value and \$6.6 million bond premium) from the sale of 2019 wastewater revenue bonds for its wastewater treatment plant capital improvement project.
- Fire Shared Service/SMC Fire – 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, Belmont, Foster City, and San Mateo formed a Fire Joint Powers Authority, San Mateo Consolidated Fire Department (SMC Fire) to further enhance its shared services model. On January 13, 2019, SMC Fire commenced operations by combining the fire departments of all three cities and becoming the employer of their fire personnel.
- Public Safety – The City continues to be among the safest; the FBI & Unified Crime Reporting (UCR) crime statistics ranked Foster City as the 12th safest city in California and the 98th safest city in the nation. The average response time for priority calls to the Police Department and Fire Department were 3:59 and 4:47 minutes respectively. Over 900 residents were trained as CERT members and 900 elementary and middle school youths were graduates of the Gang Resistance Education and Training (GREAT) program.
- 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. Pilgrim Triton Phase C project received planning entitlements for 70 townhomes and 22 workforce housing units in FY 2018-2019.
- Park Improvements and Recreation programs – The synthetic turf installation project began at Sea Cloud Park and the dog park refurbishment and the resurfacing of 8 tennis courts and 6 basketball courts were completed. The Recreation Department offered 804 youth classes and programs, 278 adult classes and programs, 56 senior courses and programs, and served 480 senior meals in FY 2018-2019.

- Traffic/Street Improvements – A traffic relief pilot program to shorten residents travel time and to decrease cut-through traffic during afternoon commutes was implemented, bicycle lanes were installed on East Hillsdale Blvd, 22 street signs were replaced and/or installed, and 3.4 miles of streets were resurfaced.
- Rebate Programs – rebates were provided for 16 climate control units, 79 toilets, 5,822 square feet of synthetic lawn conversion, and 14 solar installations.
- Economic Development, Sustainability, and Other Initiatives – During the year, the City welcomed 97 new businesses to Foster City, new electric charging stations were installed at the Foster City library parking lot, and through a collaborative effort with Congresswoman Jackie Speier’s office, the Foster City post office was relocated to a new 3,800 square foot facility in Foster Square.

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, 2018. This was the 26th consecutive year that the City/District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City/District published an easily readable and efficiently organized Comprehensive Annual Financial Report, which satisfied both accounting principles accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. I believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s requirements and City staff will be submitting it to the GFOA for eligibility for another certificate.

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

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

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

Respectfully submitted,



Edmund Suen
Finance Director



Government Finance Officers Association

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

Presented to

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

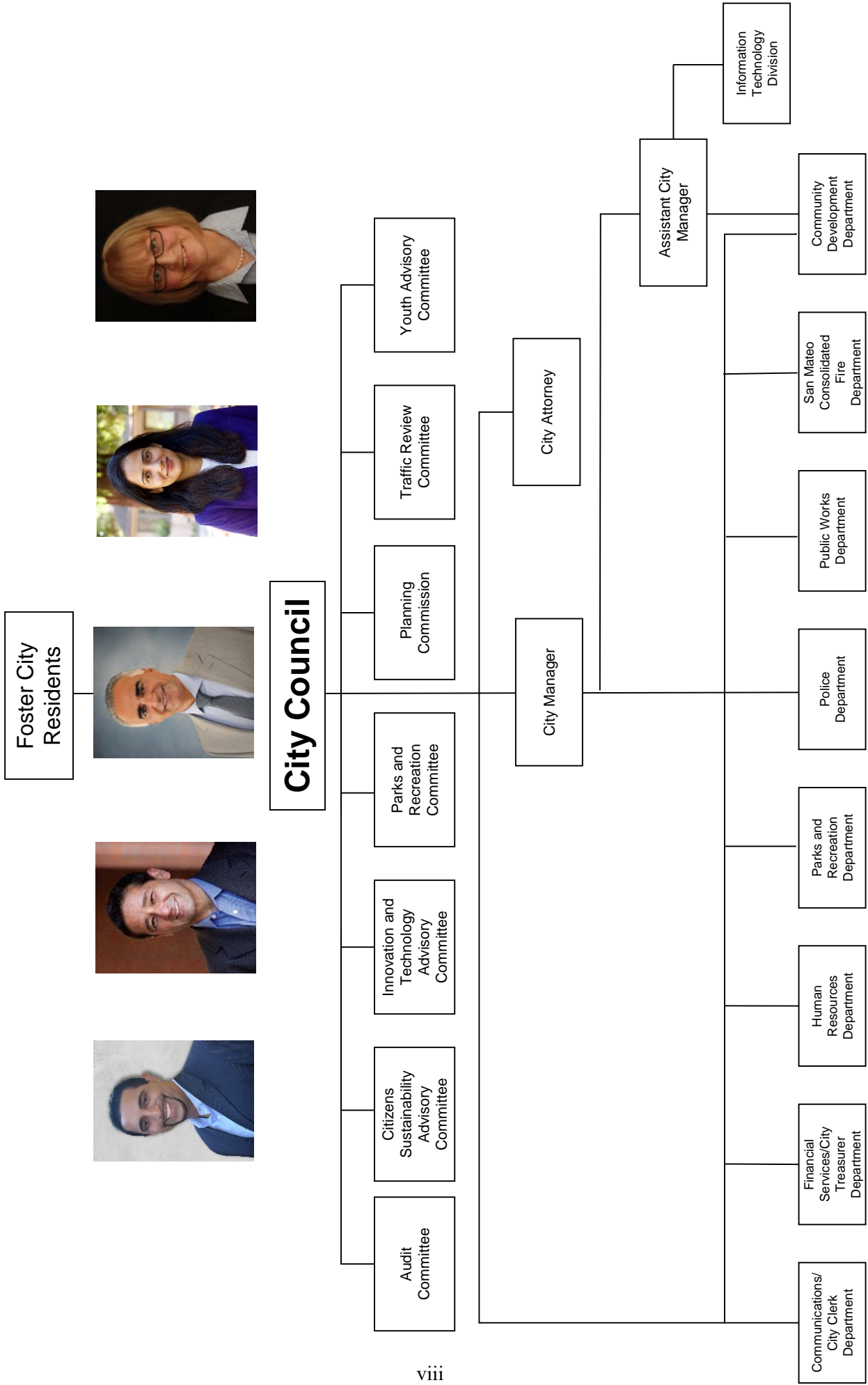
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Foster City Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foster City and the Estero Municipal Improvement District (City/District), as of and for the year ended June 30, 2019, 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the City/District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City/District's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 25, 2019

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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, 2019**

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, 2019. 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, 2019, the City/District's total assets and deferred outflows, increased by \$ 59.1 million, or 14.7%, to \$461.4 million, of which \$310 million represented governmental assets and \$151.4 million represented business-type assets.
- The City/District's total liabilities and deferred inflows, increased by \$40.6 million, or 35.2%, to \$156.2 million, of which \$101.6 million were governmental liabilities and \$54.6 million were business-type liabilities.
- The City/District's total net position increased by \$18.5 million, or 6.5%, to \$305.2 million. Of this amount, \$208.4 million (unrestricted governmental net position) and \$96.8 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 \$10.7 million, or 13.1%, to \$92.3 million, of which \$63.7 million were generated by governmental activities and \$28.6 million were generated by business-type activities.
- City-wide expenses increased by \$1.2 million, or 1.7%, to \$73.8 million, of which \$51.6 million were incurred by governmental activities and \$22.2 million were incurred by business-type activities.
- Detailed analysis is provided under the GOVERNMENT-WIDE FINANCIAL ANALYSIS caption.

Fund Level:

- Governmental Fund balances increased \$9.0 million, or 8.1%, to \$120.9 million. Of this amount, \$52.1 million, or 43.1%, were in unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$62.7 million, an increase of \$7.4 million or 13.5%, from \$55.3 million in the prior fiscal year.
- Governmental Fund expenditures increased by \$7.1 million, or 16.1%, to \$51.2 million in FY 2018-2019, from \$44.1 million in the prior fiscal year.
- Enterprise Fund net position increased by \$6.0 million, or 6.7%, to \$94.8 million. Of this amount, \$37 million were unrestricted net position and available for spending at the District's discretion.
- Enterprise Fund operating revenues were \$27.5 million in FY 2018-2019, an increase of \$1.9 million from \$25.6 million in FY 2017-2018.
- Enterprise Fund operating expenses were \$22.3 million in FY 2018-2019, a decrease of \$0.1 million from \$22.4 million in FY 2017-2018.
- Detailed analysis is provided under the FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS caption.

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

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OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONTINUED)

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

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

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

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

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

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

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

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OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONTINUED)

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net position
June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total		Amount Change	Percent Change
	2019	2018	2019	2018	2019	2018		
Assets:								
Current and other assets	\$ 189,823,415	\$ 172,126,596	\$ 78,971,882	\$ 40,645,754	\$ 268,795,297	\$ 212,772,350	\$ 56,022,947	26.33%
Capital assets	102,668,101	104,366,565	71,504,705	65,168,808	174,172,806	169,535,373	4,637,433	2.74%
Total assets	<u>292,491,516</u>	<u>276,493,161</u>	<u>150,476,587</u>	<u>105,814,562</u>	<u>442,968,103</u>	<u>382,307,723</u>	<u>60,660,380</u>	15.87%
Deferred outflows of resources related to pension	17,526,048	18,400,866	872,009	1,530,343	18,398,057	19,931,209	(1,533,152)	-7.69%
Total assets and deferred outflows combined	310,017,564	294,894,027	151,348,596	107,344,905	461,366,160	402,238,932	59,127,228	14.70%
Liabilities:								
Current and other liabilities	12,529,779	10,436,879	5,365,187	7,683,947	17,894,966	18,120,826	(225,860)	-1.25%
Long-term liabilities	83,869,957	86,655,287	48,731,473	8,764,997	132,601,430	95,420,284	37,181,146	38.97%
Total Liabilities	<u>96,399,736</u>	<u>97,092,166</u>	<u>54,096,660</u>	<u>16,448,944</u>	<u>150,496,396</u>	<u>113,541,110</u>	<u>36,955,286</u>	32.55%
Deferred inflows of resources related to pension	5,226,795	1,881,077	452,525	107,905	5,679,320	1,988,982	3,690,338	185.54%
Total liabilities and deferred inflows combined	101,626,531	98,973,243	54,549,185	16,556,849	156,175,716	115,530,092	40,645,624	35.18%
Net position:								
Net investment in capital assets	102,668,101	104,366,565	57,834,914	51,691,503	160,503,015	156,058,068	4,444,947	2.85%
Restricted	10,389,000	9,353,747	-	-	10,389,000	9,353,747	1,035,253	11.07%
Unrestricted	95,333,932	82,200,472	38,964,497	39,096,553	134,298,429	121,297,025	13,001,404	10.72%
Total net position	<u>\$ 208,391,033</u>	<u>\$ 195,920,784</u>	<u>\$ 96,799,411</u>	<u>\$ 90,788,056</u>	<u>\$ 305,190,444</u>	<u>\$ 286,708,840</u>	<u>\$ 18,481,604</u>	6.45%

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 \$305.2 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 \$18.5 million to \$305.2 million, or 6.5%, from \$286.7 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.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion, approximately 52.6% or \$160.5 million of the City/District's net position represents its investment in infrastructure and other capital assets (e.g., land, building, other improvements, etc.). The City/District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The restricted portion of the City/District's net position of \$10.4 million or 3.4% represents resources that are subject to restrictions, which were placed by outsiders and cannot be changed by the City/District.

The remaining balance of unrestricted net position of \$134.3 million, or 44%, 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 2018-2019, the City/District had positive balances in all three categories of net positions for the government as a whole.

	Governmental Activities		Amount Change	Percent Change
	2019	2018		
Assets:				
Current and other assets	\$ 189,823,415	\$ 172,126,596	\$ 17,696,819	10.28%
Capital assets	102,668,101	104,366,565	(1,698,464)	-1.63%
Total assets	<u>292,491,516</u>	<u>276,493,161</u>	<u>15,998,355</u>	<u>5.79%</u>
Deferred outflows of resources related to pension	17,526,048	18,400,866	\$ (874,818)	-4.75%
Liabilities:				
Current and other liabilities	12,529,779	10,436,879	2,092,900	20.05%
Long-term liabilities	83,869,957	86,655,287	(2,785,330)	-3.21%
Total Liabilities	<u>96,399,736</u>	<u>97,092,166</u>	<u>(692,430)</u>	<u>-0.71%</u>
Deferred inflows of resources related to pension	5,226,795	1,881,077	3,345,718	177.86%
Net position:				
Net investment in capital assets	102,668,101	104,366,565	(1,698,464)	-1.63%
Restricted	10,389,000	9,353,747	1,035,253	11.07%
Unrestricted	95,333,932	82,200,472	13,133,460	15.98%
Total net position	<u>\$ 208,391,033</u>	<u>\$ 195,920,784</u>	<u>\$ 12,470,249</u>	<u>6.36%</u>

The net position of the City/District's governmental activities increased by \$12.5 million. This increase consists of three components:

1. **Net investment in capital assets** – The \$1.7 million decrease was due to capital asset disposals, retirements, and depreciation in excess of capital asset additions.
2. **Restricted net position** – The \$1 million increase was due primarily to higher net positions in the Measure A Fund, Park-In-Lieu Fund, CalOPPs Fund, SB1 Fund, and General Plan Maintenance Fund of \$274,000, \$453,000, \$145,000, \$435,000, and \$186,000 respectively and a lower net position of \$477,000 in the Gas Tax Fund.
3. **Unrestricted net position** – The \$13.2 million increase was due mainly to the \$12.5 million change in net position as indicated in the Statement of Activities, plus the add back of the \$1.7 million decrease in net investments in capital assets and less the \$1 million increase in restricted net position.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Business-Type Activities		Amount Change	Percent Change
	2019	2018		
Assets:				
Current and other assets	\$ 78,971,882	\$ 40,645,754	\$ 38,326,128	94.29%
Capital assets	71,504,705	65,168,808	6,335,897	9.72%
Total assets	<u>150,476,587</u>	<u>105,814,562</u>	<u>44,662,025</u>	<u>42.21%</u>
Deferred outflows of resources related to pension	872,009	1,530,343	(658,334)	-43.02%
Liabilities:				
Current and other liabilities	5,365,187	7,683,947	(2,318,760)	-30.18%
Long-term liabilities	48,731,473	8,764,997	39,966,476	455.98%
Total Liabilities	<u>54,096,660</u>	<u>16,448,944</u>	<u>37,647,716</u>	<u>228.88%</u>
Deferred inflows of resources related to pension	452,525	107,905	344,620	319.37%
Net position:				
Net investment in capital assets, net of related debt	57,834,914	51,691,503	6,143,411	11.88%
Unrestricted	38,964,497	39,096,553	(132,056)	-0.34%
Total net position	<u>\$ 96,799,411</u>	<u>\$ 90,788,056</u>	<u>\$ 6,011,355</u>	<u>6.62%</u>

The net position of the City/District's business-type activities increased by \$6 million. This increase consists of two components.

1. **Net Investment in capital assets, net of related debt** – The \$6.1 million increase was due to new asset additions during the year in excess of depreciation charges. Most of the new asset increase was from construction in progress for the City/District apportionment of the joint wastewater treatment plant project with the City of San Mateo. Detailed analysis of the Capital Assets is provided under Note No. 6.
2. **Unrestricted net position** – The \$132,000 decrease was due mainly to the change in net position as indicated in the Statement of Activities of \$6.01 million less the \$6.14 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
	2019	2018	2019	2018	2019	2018		
Program Revenues								
Charges for services	\$ 8,083,642	\$ 8,287,462	\$ 27,504,445	\$ 25,557,267	\$ 35,588,087	\$ 33,844,729	\$ 1,743,358	5.15%
Operating grants and contributions	1,136,501	1,236,057			1,136,501	1,236,057	(99,556)	-8.05%
Capital grants and contributions	1,115,882	2,218,653	5,557	8,741	1,121,439	2,227,394	(1,105,955)	-49.65%
General Revenues								
Taxes	41,334,969	36,504,612	-	-	41,334,969	36,504,612	4,830,357	13.23%
Contributions not restricted to specific programs	4,513,774	4,141,017	-	-	4,513,774	4,141,017	372,757	9.00%
Unrestricted investment and rental income	7,340,714	2,801,998	984,386	277,627	8,325,100	3,079,625	5,245,475	170.33%
Gain on JPA Investment	84,643	-	-	-	84,643	-	84,643	100.00%
Gain (loss) on Sale of Capital Asset	(22,309)	101,798	-	(479)	(22,309)	101,319	(123,628)	-122.02%
Other	124,124	316,522	51,132	125,512	175,256	442,034	(266,778)	-60.35%
Total Revenues	63,711,940	55,608,119	28,545,520	25,968,668	92,257,460	81,576,787	10,680,673	13.09%
Expenses								
General government	6,060,023	5,789,051	-	-	6,060,023	5,789,051	270,972	4.68%
Public safety	26,056,000	24,902,191	-	-	26,056,000	24,902,191	1,153,809	4.63%
Public works	5,430,742	5,707,187	-	-	5,430,742	5,707,187	(276,445)	-4.84%
Community development	2,907,622	3,073,843	-	-	2,907,622	3,073,843	(166,221)	-5.41%
Parks and recreation	11,096,170	10,777,390	-	-	11,096,170	10,777,390	318,780	2.96%
Water operations	-	-	14,074,075	14,599,582	14,074,075	14,599,582	(525,507)	-3.60%
Wastewater operation	-	-	8,151,224	7,722,767	8,151,224	7,722,767	428,457	5.55%
Total Expenses	51,550,557	50,249,662	22,225,299	22,322,349	73,775,856	72,572,011	1,203,845	1.66%
Excess (deficiency) of revenues over (under) expenses before transfers	12,161,383	5,358,457	6,320,221	3,646,319	18,481,604	9,004,776	9,476,828	105.24%
Transfers in (out)	308,866	162,674	(308,866)	(162,674)	-	-	-	0.00%
Change in net position	12,470,249	5,521,131	6,011,355	3,483,645	18,481,604	9,004,776	9,476,828	105.24%
Net position, beginning of year	195,920,784	196,213,518	90,788,056	87,889,374	286,708,840	284,102,892	2,605,948	0.92%
Prior period adjustment	-	(5,813,865)	-	(584,963)	-	(6,398,828)	6,398,828	-100.00%
Net position, end of year	\$ 208,391,033	\$ 195,920,784	\$ 96,799,411	\$ 90,788,056	\$ 305,190,444	\$ 286,708,840	\$ 18,481,604	6.45%

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

- **Charges for Services** – The \$204,000 decrease in Governmental Activities was primarily from a slight decline in one-time related development related revenues. Revenues for Business-Type activities increased by \$1.9 million as water rates, fixed meter charges and wastewater rates were all raised in FY 2018-2019 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 \$100,000 to \$1.1 million.
- **Capital Grants and Contributions** – The \$1.1 million reduction in Governmental Activities was due primarily to the prior year \$1.15 million contribution from Gilead Sciences for street/sidewalk repairs.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Taxes – The \$4.8 million increase in Governmental Activities was primarily from higher property tax revenues generated from new development and sales of existing homes reassessed at higher values and an increase in the City's transient occupancy rate from 9.5% to 11% that took effect January 1, 2019.
- Unrestricted Investment and Rental Income - The \$4.5 million increase in Governmental Activities and \$707,000 increase in Business-Type Activities were largely due to higher yields on the City's investment portfolio as the Federal Reserve increased Federal Funds rate 50 basis points in the 2nd half of calendar year 2018. However, the Federal Reserve reversed course and have since reduced the Federal Funds rate three times in calendar year 2019 by 25 basis points each. As a result, the City/District recovered all of the mark-to-market investment losses that was recognized in the prior fiscal year and instead recognized mark-to-market investment gains in FY 2018-2019 on top of its higher investment portfolio yields. In addition, the City received \$517,000 of interest from Gilead Sciences for its share of the multi-traffic improvement project.
- Other Revenues – The \$192,000 decrease in Governmental Activities is primarily due to the discontinuation of shared fire services reimbursements from the cities of Belmont and San Mateo effective January 2019 as the City/District formed a new fire joint powers authority (Fire JPA) with Belmont and San Mateo with each city dissolving its respective fire departments and “merging” its fire personnel to the new Fire JPA, formally known as the San Mateo Consolidated Fire Department (SMC Fire).

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

- General Government – Expenses increased by \$271,000 to \$6.1 million, mainly from an increase in labor costs (wages and employee benefits).
- Public Safety – Expenses increased by \$1.2 million to \$26.1 million in the Public Safety (Police and Fire) departments. Police department wages and employee benefits increased by \$808,000 while Fire department expenditures declined by \$314,000 as it merged into SMC Fire. The City/District also recorded a \$908,000 increase in GASB 68 pension expenses to \$4.0 million.
- Public Works – Expenses decreased by \$276,000 to \$5.4 million. Non-capitalized project expenses declined from the prior year and GASB 68 government-wide pension expense also fell \$71,000 to \$75,000.
- Community Development – Expenses decreased by \$166,000 to \$2.9 million. GASB 68 pension and GASB 75 OPEB government-wide expenses declined by \$102,000 and \$28,000 respectively.
- Parks and Recreation – Expenses increased by \$319,000 to \$11.1 million. Wages and benefits and building maintenance internal service charges increased by \$362,000 and \$211,000 respectively while GASB 68 pension expenses declined by \$202,000 to \$428,000.
- Water Operation – Expenses decreased by \$525,000 to \$14.1 million, mostly from a \$464,000 decrease in utility expenditures (primarily water purchases) to \$9.1 million. Operating supplies costs were also lower by \$45,000.
- Wastewater Operation – Expenses increased by \$428,000 to \$8.1 million. Contract services, including the maintenance of the wastewater treatment plant increased \$360,000 to \$2.7 million. The District recorded \$119,000 in accrued interest expense, inclusive of bond premium amortization on its 2019 wastewater revenue bonds. As of June 30, 2019, total 2019 wastewater revenue bond debt totaled \$40.38 million, inclusive of \$6.56 million of unamortized bond premium.

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FINANCIAL ANALYSIS OF THE CITY/DISTRICT'S FUNDS

Governmental Funds

As of June 30, 2019, the City/District's governmental funds reported combined fund balances of \$120.9 million. Of this total, \$50,000 are non-spendable, \$9.3 million are considered restricted funds, \$59.4 million are committed by the City Council/District Board for specified projects or uses, \$8,000 are assigned by the City Manager (as duly authorized by Council/Board policy) for specified uses, and the remaining \$52.1 million are unassigned and available for general use.

Total revenues, expenditures and changes in fund balances for the fiscal years ended June 30, 2019 and June 30, 2018 are shown below.

	2019		2018		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source						
Taxes	\$ 43,986,723	70.10%	\$ 38,848,086	70.28%	\$ 5,138,637	13.23%
Licenses and permits	3,687,802	5.88%	5,066,971	9.17%	(1,379,169)	-27.22%
Intergovernmental	2,450,199	3.91%	1,666,254	3.01%	783,945	47.05%
Charges for current services	2,302,304	3.67%	2,757,324	4.99%	(455,020)	-16.50%
Fines and forfeitures	123,403	0.20%	227,271	0.41%	(103,868)	-45.70%
Park-in-lieu	2,240,000	3.57%	540,000	0.98%	1,700,000	314.81%
Investment and rental income	6,489,694	10.34%	2,330,691	4.22%	4,159,003	178.45%
Other	1,464,509	2.33%	3,838,427	6.94%	(2,373,918)	-61.85%
Total revenues	62,744,634	100.00%	55,275,024	100.00%	7,469,610	13.51%
Expenditures by Function						
General Government	4,995,310	9.75%	4,633,199	10.50%	362,111	7.82%
Public safety	25,929,992	50.61%	21,296,951	48.28%	4,633,041	21.75%
Public works	3,142,559	6.13%	3,286,106	7.45%	(143,547)	-4.37%
Community development	2,803,275	5.47%	2,747,238	6.23%	56,037	2.04%
Parks and recreation	9,049,950	17.66%	8,218,254	18.63%	831,696	10.12%
Capital outlay	5,312,860	10.37%	3,932,684	8.91%	1,380,176	35.10%
Total expenditures	51,233,946	100.00%	44,114,432	100.00%	7,119,514	16.14%
Revenues over (under) expenditures	11,510,688		11,160,592		350,096	
Sale of capital assets	602,160		582,930		19,230	
Transfer in	4,311,215		-		4,311,215	
Transfer out	(7,359,649)		-		(7,359,649)	
Net change in fund balances	9,064,414		11,743,522		\$ (2,679,108)	
Fund balances, beginning of year	111,916,572		100,173,050			
Fund balances, end of year	<u>\$ 120,980,986</u>		<u>\$ 111,916,572</u>			

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2019**

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

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

- Taxes – The increase of \$5.1 million is due to gains in property tax revenues, vehicle in-lieu, transient occupancy tax, and sales tax. Property tax revenues, including in-lieu license tax jumped by \$3.9 million as new development, higher assessed values from sales of existing homes, and a \$1.7 million increase in excess Educational Revenue Augmentation Fund (ERAF) refund from the County contributed to the gains. Transient Occupancy Tax (TOT) revenues climbed \$871,000 as Foster City voters approved an increase in the TOT rate from 9.5% to 11% effective January 1, 2019 and the City received a full year of TOT from Towneplace Suites, which had opened in September, 2017. Sales and use tax revenues rose by \$241,000 to \$3.7 million on growth in the restaurant segment and in County pool receipts.
- Licenses and permits – The \$1.4 million decline is primarily due to a reduction of development related one-time permit fees in FY 2018-2019.
- Intergovernmental – The \$784,000 increase includes \$115,000 of grants from the California Housing Related Parks Program for park improvements.
- Charges for Current Services – The decrease of \$455,000 is primarily due to a reduction of new projects requiring Planning Division review services. Recreation services revenues expanded by \$144,000 with increases in its fees.
- Park in-lieu – The increase of \$1.7 million is largely from the \$1.5 million one-time fees collected for the Pilgrim Triton Waverly project.
- Investment and rental income – The increase of \$4.2 million is primarily from higher investment income, mark-to-market investment gains versus the prior year's mark-to-market losses in the City's investment portfolio. Over a twelve month period, the weighted average yield to maturity on the City's investment portfolio climbed from 1.82% to 2.21%. In addition, the City received \$517,000 of interest from Gilead Sciences for its share of the multi-traffic improvement project.
- Other revenues – The decrease of \$2.4 million consists primarily of the prior year's \$1.15 million reimbursement payment from Gilead for street and sidewalk repairs, a \$726,000 loan repayment from MP Foster Square Associates for the Foster Square Atria affordable housing project, and the reduction of share fire services reimbursements as the fire departments of Foster City, Belmont, and San Mateo merged into SMC Fire in January, 2019.

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

- General Government – The \$362,000 increase to \$5 million in General Government expenditures was attributed to an increase in labor costs (wages and benefits).
- Public Safety – The increase of \$4.6 million to \$25.9 million in Public Safety Department was primarily due to a \$3.48 million additional payment to CalPERS to pay down the safety plan's unfunded pension liability. Other increases included \$807,000 from the escalation of wages and other employee benefits and \$75,000 from contract services and supplies in the Police Department.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2019**

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

- Public Works – There was a \$143,000 decrease in Public Works expenditures due primarily to an \$113,000 increase labor costs (wages and benefits), a \$53,000 increase in contract services and supplies, but a reduction in capital project expenditures, including \$287,000 for the prior year's slurry seal project.
- Community Development – The \$56,000 increase to \$2.8 million was primarily from a modest escalation of wages and employee benefits.
- Parks and Recreations – Total expenditures increased by \$832,000 to \$9.0 million. Wages and benefits and building maintenance internal service charges increased by \$362,000 and \$211,000 respectively. Capital project expenditures included the Recreation Center Master Plan and the Park System Master Plan Study for \$190,000 and \$79,000 respectively.
- Capital Outlay – Capital outlay was higher by \$1.4 million to \$5.3 million due primarily to the Sea Cloud Park improvements project.

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, 2019 was \$55.3 million, which was a \$1.7 million increase from the prior year. Unassigned fund balance totaled finished the year at \$52.1 million, increasing by \$1.1 million from the prior year.

General Fund revenues increased \$5.1 million in FY 2018-2019 to \$52.9 million. Property tax revenues, excluding Motor Vehicle License In-Lieu jumped by \$3.6 million to \$29.6 million as new development and reassessment of homes sold contributed to the strong gains. Motor Vehicle License In-Lieu revenues increased by \$283,000 as these revenues increase annually in proportion to the growth in countywide assessed values. Transient Occupancy Tax revenues climbed \$871,000 with the increase in TOT rate from 9.5% to 11% effective January 1, 2019 and the capture of an entire year of TOT revenues from TownePlace Suites, which had opened in September 2017. Sales and use tax revenues rose by \$241,000 to \$3.7 million on growth in the restaurant segment and in County pool receipts. Interest and rental income expanded by \$2.0 million as the City's investment yields rose and there was \$1.1 million swing from a \$427,000 mark to market loss in the prior year to a \$675,000 mark to market gain in the current fiscal year. Rental income also increased by \$405,000. Building permits and planning services fees declined by \$1.7 million to \$2.4 million with the decrease in new development projects.

General Fund expenditures increased by \$6 million to \$43.8 million in FY 2018-2019 as the City made a \$3.48 million payment to CalPERS to pay down the unfunded liability of its safety plan. Much of the remaining \$2.52 million increase can be attributed to wage adjustments and other increases in benefit costs, including higher employer pension contribution rates.

In aggregate, General Fund revenues exceeded expenditures by \$9.1 million. Transfers Out were made to the City CIP Fund, Building Maintenance internal service fund, Low and Moderate Income Housing Asset Fund and Sustainable Foster City Fund of \$4.2 million, \$3 million, \$27,626 and \$76,765 respectively. After deducting \$7.4 million of net transfers out, the net increase in the General Fund was \$1.8 million, resulting in a fiscal year ending June 30, 2019 Fund Balance of \$55.3 million, of which \$52.1 million was Unassigned.

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

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, 2019, the Low and Moderate Income Housing Assets Fund had a restricted fund balance of \$1.9 million, an increase of \$35,000 from the prior year. The fund's revenues sources are the rental income from the existing six affordable housing units and repayments from the first time home buyers' loans.

Foster City Affordable Housing Fund – This fund was established to utilize the proceeds from the San Mateo County redistribution of unencumbered housing tax increments from the former Foster City Community Development Agency for future affordable housing projects in the City. As of June 30, 2019, the Fund had a Committed Fund Balance of \$874,000, and increase of \$121,000 from the prior year.

City Capital Projects Fund – The City Capital Projects fund is a key fund of the City/District. This fund pays for infrastructure improvement and significant maintenance projects for which other resources (e.g., Gas Tax, Measure A, or Measure M funds, etc.) do not pay. As of June 30, 2019, this fund had a Committed Fund Balance of \$11.5 million, inclusive of a \$4.2 million transfer in from the General Fund.

Capital Asset Preservation Fund – The City/District created the Capital Asset Preservation Fund to hold the proceeds from sale of the 11-acre site to North Peninsula Jewish Campus and the proceeds from the sale of the 15 acre site adjacent City Hall to the New Home Company for future capital asset acquisitions and replacements subject to the approval by 4/5th of the City Council. As of June 30, 2019, this fund had a committed fund balance of \$40.3 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 \$13.3 million as of June 30, 2019, meeting the Governing Board's policy of holding an operating reserve level of 25% of annual operating expenses plus a \$2 million reserve level for capital improvement projects.

Wastewater – The District provides wastewater collection services to customers in Foster City and partners with the City of San Mateo in a joint powers agreement for a Wastewater Treatment Plant (WWTP). Unrestricted net position totaled \$23.6 million as of June 30, 2019, meeting the Governing Board's reserve policy requirements of holding an operating reserve level of 25% of annual operating expenses plus a \$2 million reserve for capital improvement projects. In addition, the remaining unrestricted net position also provides \$2 million available for wastewater rate stabilization.

Internal Service Funds – These funds provide services and funding mechanisms to allow the operating departments within the City/District to provide services to the community. 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, 2019 was \$31.5 million, which was a \$4.4 million increase from the prior year. The increase includes a transfer in of \$3 million from the General Fund and \$716,487 each from the Water and Wastewater enterprise funds.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
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GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council adopted General Fund budget for fiscal year 2018-2019 included \$49.1 million in appropriations and transfers out to other funds, with estimated revenues and transfers in from other funds totaling \$46.2 million.

Total revenues for the year were \$6.8 million above budgeted estimates. Property taxes were higher by \$3.3 million and included a \$1.7 million increase in ERAF refunds with new development and reassessment of homes sold also contributing to the favorable results. Motor Vehicle License In-Lieu revenues were \$197,000 above budget as these revenues increase annually in proportion to the growth in countywide assessed valuations. Transient Occupancy Tax (TOT) revenues beat estimates by \$675,000 with the increase in TOT rate from 9.5% to 11% effective January 1, 2019 and the capture of an entire year of TOT revenues from TownePlace Suites, which had opened in September 2017. Sales and use taxes were \$459,000 above estimates on growth in the restaurant segment and County pool receipts. Interest and rental income were \$1.2 million and \$444,000 respectively higher than estimates as there was \$1.1 million swing from a \$427,000 mark to market loss in the prior year to a \$675,000 mark to market gain in the current fiscal year. Building permits and planning services fees declined by \$1.7 million to \$2.4 million with the decrease in new development projects.

Total expenditures for the year were \$5.5 million below budgeted estimates. Of that sum, \$2.0 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 totaled \$1.6 million with overall savings reflective of generally conservative budgeting by management. In addition, unspent appropriations in the Community Benefits Program, Solar Incentive Grant Program, and Employee Rental Assistance Program were \$1.9 million, \$37,000, and \$60,000 respectively. General Fund Transfers Out totaled \$7.4 million, comprising of the City CIP Fund, Building Maintenance internal service fund, Low and Moderate Income Housing Asset Fund and Sustainable Foster City Fund for \$4.2 million, \$3 million, \$27,626 and \$76,765 respectively.

CAPITAL ASSETS

The City/District's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$174.2 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
	2019	2018	2019	2018	2019	2018		
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	81,080,404	81,184,349	25,726,473	27,180,102	106,806,877	108,364,451	(1,557,574)	-1.44%
Equipment, vehicles and software	4,247,253	6,453,297	1,778,512	1,907,904	6,025,765	8,361,201	(2,335,436)	-27.93%
Sewer Capacity Rights			17,751,542	18,247,368	17,751,542	18,247,368	(495,826)	-2.72%
Construction in progress	6,238,223	5,626,698	22,694,704	14,279,960	28,932,927	19,906,658	9,026,269	45.34%
Total	\$ 102,668,101	\$ 104,366,565	\$ 71,504,705	\$ 65,168,808	\$ 174,172,806	\$ 169,535,373	\$ 4,637,433	2.74%

Capital assets for Governmental activities decreased by \$1.7 million as depreciation, disposals, and retirements of assets, including the transfer of \$2.1 million of vehicles and equipment to SMC Fire as part of each city's (Foster City, Belmont, and San Mateo) agreement in the formation of the fire JPA exceeded additions of new assets. Infrastructure assets, equipment and software, and construction in progress for business-type activities increased by \$6.3 million as work on the District's wastewater treatment plant project continued.

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
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CAPITAL ASSETS (CONTINUED)

the cost of the asset is borne by all users. Additional information about the City/District's capital assets can be found in Note 6 to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2019, the City/District had total long-term outstanding obligations of \$95.4 million, which comprised of compensated absences of \$1.6 million, other post-employment benefits (OPEB) liability of \$10 million, PG&E On-Bill Loan of \$157,000, 2019 wastewater revenue bonds, including unamortized bond premium of \$40.4 million and net pension liability of approximately \$80.5 million (\$77.2 million for CalPERS and \$3.3 million for the Longevity Recognition Benefits Program). Additional information about the City/District's long-term obligations can be found in Note 7 and 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City/District prides itself in the prudent management of its financial resources through long-term financial strategies and conservative financial decisions. Over the past five years, economic expansion in the region has enhanced the net position of the City/District. The City advocated for a TOT revenue measure last year as it anticipated increases in Transfers Out to the City's Capital Projects Fund in the upcoming years to address the City's aging infrastructure and the anticipated increases in employee benefit costs, primarily the City's CalPERS retirement benefit program. In November 2018, Measure TT was approved by Foster City's voters increasing the City's TOT rate from 9.5% to 12%. In June, 2019, the City Council authorized using the FY 2017-2018 General Fund surplus to address various needs, including authorizing a \$3.48 million payment to CalPERS to reduce the unfunded pension liability of the safety plan. They will have a similar opportunity to have a public discussion on the use of the FY 2018-2019 General Fund surplus to further address the City needs and its pension and other unfunded liabilities.

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

- Property Taxes – Real property assessed values have continued its upward trend with the County Assessor's office projecting a 10% increase in assessed values in FY 2019-2020 for Foster City. The assumptions for property taxes revenues, including approved development projects have been included in the City's five-year financial projections based on anticipated completion schedules.
- Sales & Use Tax – Sales tax revenues are expected to increase by 2.0% in FY 2019-2020 from prior year's projections with no revenue assumptions made with respect to unoccupied retail areas.
- Transient Occupancy Tax (TOT) – TOT revenues are estimated to increase by \$600,000 in FY 2019-2020 with the TOT rate having been approved by Foster City voters to increase to 12% effective July 1, 2019.
- CalPERS Pension Rates – In December 2016, CalPERS reduced its investment return assumption from 7.5% to 7%. The lower rate of investment return combined with changes in assumptions has resulted in a significant increase in the employer contribution rates for the City's Miscellaneous and Public Safety retirement plans. The provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) will have a slow but gradual impact on the City's pension costs as the most significant cost-savings provisions of PEPRA apply primarily to new employees hired after January 1, 2013. The City's FY 2019-2020 employer *normal* contribution rates to CalPERS for its Miscellaneous Plan and Public Safety "Classic" plans will rise to 10.570% and 20.707% from

**CITY OF FOSTER CITY AND
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

9.863% and 19.416% respectively. However, the unfunded liability obligation will rise by \$1 million from \$4.8 million to \$5.8 million. As discussed earlier, the City Council authorized a \$3.48 million payment in June 2019 to pay down its safety plan unfunded liability. Additional discretionary payments will help reduce the overall annual unfunded liability obligations and improve the City's funded status (69% for the Miscellaneous Classic Plan and 66.3% for the Safety Classic Plan).

- 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 2019-2020 will increase the standard 5/8" and 3/4" fixed meter charges by 8% and the base consumption rate by 3% due to the increase in water supply costs.
- Wastewater Rates – The wastewater rates assume a 14.25% increase in FY 2019-2020 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 \$157.5 million. In FY 2018-2019, the District issued 2019 wastewater revenue bonds with a par value of \$33.8 million and a bond premium of \$6.6 million. A portion of the bond proceeds was used to repay a \$13.4 million short-term loan from the General Fund.

As of June 30, 2019, the General Fund had a Fund Balance of \$55.3 million, of which \$52.1 million was unassigned.

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, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 162,874,540	\$ 44,636,341	\$ 207,510,881
Receivable, net	4,479,824	32,066,707	36,546,531
Internal balances	(2,006,481)	2,006,481	-
Inventory	115,163	261,755	376,918
Prepays and deposits	33,534	598	34,132
Restricted cash and investments	382,981	-	382,981
Loans receivable (net)	21,375,929	-	21,375,929
Investment in JPA Equity	2,567,925	-	2,567,925
Capital assets:			
Nondepreciable	17,340,444	26,248,178	43,588,622
Depreciable, net of accumulated depreciation	85,327,657	45,256,527	130,584,184
Total assets	292,491,516	150,476,587	442,968,103
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension and OPEB	17,526,048	872,009	18,398,057
LIABILITIES			
Accounts payable	2,218,846	4,915,284	7,134,130
Accrued interest	-	118,613	118,613
Accrued payroll	1,020,112	125,010	1,145,122
Refundable deposits	7,995,195	64,133	8,059,328
Unearned revenue	318,976	-	318,976
Long-term liabilities:			
Due within one year	976,650	142,147	1,118,797
Due in more than one year	10,528,615	41,583,696	52,112,311
Net Pension Liability:			
Due in more than one year	73,341,342	7,147,777	80,489,119
Total liabilities	96,399,736	54,096,660	150,496,396
DEFERRED INFLOWS OF RESOURCES			
Related to pension and OPEB	5,226,795	452,525	5,679,320
NET POSITION			
Net investment in capital assets	102,668,101	57,834,914	160,503,015
Restricted for:			
Housing	1,887,104	-	1,887,104
Roads	3,463,442	-	3,463,442
Parks	3,420,345	-	3,420,345
Local programs and events	1,618,109	-	1,618,109
Unrestricted	95,333,932	38,964,497	134,298,429
Total net position	\$ 208,391,033	\$ 96,799,411	\$ 305,190,444

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,060,023	\$ 851,392	\$ 18,525	\$ -
Public safety - Police	15,022,253	131,704	172,004	-
Public safety - Fire	11,033,747	291,526	5,285	-
Public works	5,430,742	213,086	874,261	1,074,716
Community development	2,907,622	2,898,484	-	-
Parks and recreation	11,096,170	3,697,450	66,426	41,166
Total governmental activities	<u>51,550,557</u>	<u>8,083,642</u>	<u>1,136,501</u>	<u>1,115,882</u>
Business-type activities:				
Water	14,074,075	15,382,698	-	-
Wastewater	8,151,224	12,121,747	-	5,557
Total business-type activities	<u>22,225,299</u>	<u>27,504,445</u>	<u>-</u>	<u>5,557</u>
Total primary government	<u>\$ 73,775,856</u>	<u>\$ 35,588,087</u>	<u>\$ 1,136,501</u>	<u>\$ 1,121,439</u>

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 on JPA investment
- Gain (Loss) on sale of capital assets
- Other

Transfers:

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,190,106)	\$ -	\$ (5,190,106)
(14,718,545)	-	(14,718,545)
(10,736,936)	-	(10,736,936)
(3,268,679)	-	(3,268,679)
(9,138)	-	(9,138)
(7,291,128)	-	(7,291,128)
<u>(41,214,532)</u>	<u>-</u>	<u>(41,214,532)</u>
-	1,308,623	1,308,623
-	3,976,080	3,976,080
-	5,284,703	5,284,703
<u>(41,214,532)</u>	<u>5,284,703</u>	<u>(35,929,829)</u>
33,612,508	-	33,612,508
4,389,794	-	4,389,794
1,151,822	-	1,151,822
2,180,845	-	2,180,845
4,513,774	-	4,513,774
7,340,714	984,386	8,325,100
84,643	-	84,643
(22,309)	-	(22,309)
124,124	51,132	175,256
308,866	(308,866)	-
<u>53,684,781</u>	<u>726,652</u>	<u>54,411,433</u>
12,470,249	6,011,355	18,481,604
195,920,784	90,788,056	286,708,840
<u>\$ 208,391,033</u>	<u>\$ 96,799,411</u>	<u>\$ 305,190,444</u>

City of Foster City and Estero Municipal Improvement District

Balance Sheet

Governmental Funds

June 30, 2019

	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				
ASSETS							
Cash and investments	\$ 54,473,796	\$ 1,911,627	\$ 874,093	\$ 18,103,615	\$ 40,303,941	\$ 11,295,518	\$ 126,962,590
Receivables, net of allowance:							
Accrued interest	1,082,984	-	-	-	-	-	1,082,984
Intergovernmental	25,135	-	-	-	-	203,747	228,882
Taxes	2,839,404	-	-	-	-	64,859	2,904,263
Other	182,460	196	-	35,000	-	42,449	260,105
Due from other funds	-	-	-	79,388	-	-	79,388
Prepays and deposits	31,331	-	-	-	-	2,203	33,534
Inventory	16,900	-	-	-	-	-	16,900
Restricted cash and investments	295,118	-	-	-	-	87,863	382,981
Loans receivables, net of allowance	1,250,485	242,529	4,549,472	-	-	2,138	6,044,624
Total assets	\$ 60,197,613	\$ 2,154,352	\$ 5,423,565	\$ 18,218,003	\$ 40,303,941	\$ 11,698,777	\$ 137,996,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 864,586	\$ 18,657	\$ -	\$ 706,112	\$ -	\$ 35,782	\$ 1,625,137
Accrued payroll	948,172	-	-	-	-	5,911	954,083
Refundable deposits	1,538,948	6,062	-	6,001,002	-	449,183	7,995,195
Due to other funds	-	-	-	-	-	79,388	79,388
Unearned revenue	318,976	-	-	-	-	-	318,976
Total liabilities	3,670,682	24,719	-	6,707,114	-	570,264	10,972,779
Deferred inflows of resources							
Unavailable-loan receivable	1,250,485	242,529	4,549,472	-	-	-	6,042,486
Fund Balances:							
Non-Spendable	48,231	-	-	-	-	2,203	50,434
Restricted	26,384	1,887,104	-	-	-	7,426,990	9,340,478
Committed	3,013,410	-	874,093	11,510,889	40,303,941	3,699,320	59,401,653
Assigned	8,240	-	-	-	-	-	8,240
Unassigned	52,180,181	-	-	-	-	-	52,180,181
Total fund balances	55,276,446	1,887,104	874,093	11,510,889	40,303,941	11,128,513	120,980,986
Total liabilities, deferred inflows of resources, and fund balances	\$ 60,197,613	\$ 2,154,352	\$ 5,423,565	\$ 18,218,003	\$ 40,303,941	\$ 11,698,777	\$ 137,996,251

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, 2019

Total Fund Balances - Total Governmental Funds \$ 120,980,986

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	\$ 17,340,444	\$ -	
Depreciable, net	85,327,657	(4,247,250)	
Total capital assets	102,668,101	(4,247,250)	98,420,851

First time homebuyer loans receivable are not available to pay current-period expenditures and, therefore, are deferred inflows in the governmental funds. 242,529

The New Home Company loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds. 4,549,472

The Successor Agency loans receivable are unavailable to pay current period expenditures and, therefore, are deferred inflows in the governmental funds. 1,250,485

North Peninsula Jewish Campus loans receivable are unavailable to pay current period expenditures and, therefore, are not reported in the governmental funds. 15,331,305

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 33,773,056

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

Investment in JPA Equity	2,567,925
Compensated absences	(2,070,474)
Net OPEB Liability	(8,460,650)
Net pension liability	(70,276,413)
Deferred outflows due to pension liabilities	17,085,655
Deferred inflows due to pension liabilities	(2,932,950)
Deferred inflows due to OPEB liabilities	(2,070,744)

Net Position of Governmental Activities \$ 208,391,033

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, 2019

	Major Funds						Total
	Special Revenue			Capital Projects		Non-Major Governmental Funds	
	General Fund	Low & Moderate		City Capital Projects	Capital Asset Preservation		
		Income Housing Assets Fund	Foster City Affordable Housing				
REVENUES:							
Property taxes	\$ 33,612,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,612,508
Sales and use and sales tax in lieu	3,672,915	-	-	-	-	840,859	4,513,774
Transient occupancy tax	4,389,794	-	-	-	-	-	4,389,794
Franchise tax	1,151,822	-	-	-	-	-	1,151,822
Property transfer tax	318,825	-	-	-	-	-	318,825
Licenses and permits	3,687,802	-	-	-	-	-	3,687,802
Intergovernmental	439,720	-	-	400,000	-	1,610,479	2,450,199
Charges for current services	1,972,511	-	-	-	-	329,793	2,302,304
Fines and forfeitures	40,694	-	-	-	-	82,709	123,403
Park-in-lieu	-	-	-	-	-	2,240,000	2,240,000
Investment and rental income	3,203,612	99,773	120,955	1,018,707	1,752,858	293,789	6,489,694
Other	552,950	12,349	-	36,003	-	863,207	1,464,509
Total revenues	53,043,153	112,122	120,955	1,454,710	1,752,858	6,260,836	62,744,634
EXPENDITURES:							
Current:							
General government	4,331,645	-	-	-	-	663,665	4,995,310
Public safety - Police	14,500,953	-	-	-	-	148,890	14,649,843
Public safety - Fire	11,269,360	-	-	-	-	10,789	11,280,149
Public works	2,368,294	-	-	8,938	-	765,327	3,142,559
Community development	2,619,519	76,525	-	-	-	107,231	2,803,275
Parks and recreation	8,773,920	-	-	269,344	-	6,686	9,049,950
Capital outlay	-	-	-	1,967,693	-	3,345,167	5,312,860
Total expenditures	43,863,691	76,525	-	2,245,975	-	5,047,755	51,233,946
REVENUES OVER (UNDER) EXPENDITURES	9,179,462	35,597	120,955	(791,265)	1,752,858	1,213,081	11,510,688
OTHER FINANCING SOURCES (USES):							
Proceeds from sales of capital assets	-	-	-	-	602,160	-	602,160
Transfers in	17,963	27,626	-	4,216,487	-	76,765	4,338,841
Transfers out	(7,369,312)	-	-	-	-	(17,963)	(7,387,275)
Total other financing sources (uses)	(7,351,349)	27,626	-	4,216,487	602,160	58,802	(2,446,274)
NET CHANGE IN FUND BALANCES	1,828,113	63,223	120,955	3,425,222	2,355,018	1,271,883	9,064,414
FUND BALANCES:							
Beginning of year	53,448,333	1,823,881	753,138	8,085,667	37,948,923	9,856,630	111,916,572
End of year	\$ 55,276,446	\$ 1,887,104	\$ 874,093	\$ 11,510,889	\$ 40,303,941	\$ 11,128,513	\$ 120,980,986

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, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 9,064,414**

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 \$5,960,367, which consisted of \$644,104 in additions attributable to internal service fund activity and \$5,316,263 in additions attributable to governmental funds).	5,316,263
Less current year depreciation. This amount is net of depreciation expense of the internal service funds in the amount of \$732,754.	(4,747,408)

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.	(11,780)
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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.	(602,160)
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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.	(84,915)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Capital contributions to other agency	2,483,282
Gain on JPA investment	84,643
Compensated absences	227,368
OPEB expenses	(183,609)
Pension expenses	(1,186,162)

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.	2,110,313
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Change in Net Position of Governmental Activities **\$ 12,470,249**

See accompanying Notes to Basic Financial Statements

City of Foster City and Estero Municipal Improvement District
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 15,359,132	\$ 29,277,209	\$ 44,636,341	\$ 35,911,950
Receivables, net of allowance:				
Billed utility, net of allowance for uncollectibles	1,039,535	945,883	1,985,418	-
Unbilled utility	1,890,516	1,294,251	3,184,767	-
Interest	-	45,279	45,279	-
JPFA	-	26,710,248	26,710,248	-
Other	138,245	2,750	140,995	3,590
Deposits and prepaid items	299	299	598	-
Inventory	66,899	194,856	261,755	98,263
Total current assets	18,494,626	58,470,775	76,965,401	36,013,803
Noncurrent assets:				
Capital assets:				
Nondepreciable	3,673,480	22,574,698	26,248,178	-
Depreciable, net of accumulated depreciation	16,351,641	28,904,886	45,256,527	4,247,250
Total noncurrent assets	20,025,121	51,479,584	71,504,705	4,247,250
Total assets	38,519,747	109,950,359	148,470,106	40,261,053
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension and OPEB	458,121	413,888	872,009	440,393
LIABILITIES				
Current liabilities:				
Accounts payable	1,020,299	3,894,985	4,915,284	593,709
Accrued interest	-	118,613	118,613	-
Accrued payroll	67,184	57,826	125,010	66,029
Refundable deposits	64,133	-	64,133	-
Claims liability	-	-	-	63,000
Compensated absences - current portion	74,051	68,096	142,147	67,592
Other liability	-	-	-	31,466
Total current liabilities	1,225,667	4,139,520	5,365,187	821,796
Noncurrent liabilities:				
Compensated absences - noncurrent portion	129,863	118,488	248,351	110,205
Net OPEB liability	544,544	410,762	955,306	544,546
Net pension liability	3,487,815	3,659,962	7,147,777	3,064,929
Other liability	-	-	-	157,332
Bonds payable - noncurrent portion	-	40,380,039	40,380,039	-
Total noncurrent liabilities	4,162,222	44,569,251	48,731,473	3,877,012
Total liabilities	5,387,889	48,708,771	54,096,660	4,698,808
DEFERRED INFLOWS OF RESOURCES				
Related to pension and OPEB	230,937	221,588	452,525	223,101
NET POSITION				
Net investment in capital assets	20,025,121	37,809,793	57,834,914	4,247,250
Unrestricted	13,333,921	23,624,095	36,958,016	31,532,287
Total net position	\$ 33,359,042	\$ 61,433,888	94,792,930	\$ 35,779,537
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			2,006,481	
Net position of business-type activities			\$ 96,799,411	

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, 2019

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
OPERATING REVENUES:				
Sales and service charges	\$ 15,382,698	\$ 12,121,747	\$ 27,504,445	\$ -
Charges for service - internal	-	-	-	7,382,249
Total operating revenues	<u>15,382,698</u>	<u>12,121,747</u>	<u>27,504,445</u>	<u>7,382,249</u>
OPERATING EXPENSES:				
Personnel	2,060,552	2,091,852	4,152,404	2,544,999
Utilities	9,106,493	205,860	9,312,353	-
Program supplies	134,336	100,440	234,776	-
Repairs and maintenance	19,558	54,158	73,716	1,706,380
General and administration	1,628,365	1,322,133	2,950,498	1,288,606
Depreciation and amortization	845,599	1,276,108	2,121,707	732,754
Contractual service	240,862	3,066,622	3,307,484	441,196
Insurance	58,886	58,886	117,772	341,396
Total operating expenses	<u>14,094,651</u>	<u>8,176,059</u>	<u>22,270,710</u>	<u>7,055,331</u>
OPERATING INCOME (LOSS)	<u>1,288,047</u>	<u>3,945,688</u>	<u>5,233,735</u>	<u>326,918</u>
NONOPERATING REVENUES (EXPENSES):				
Gain(Loss) on disposal of capital assets	-	-	-	(22,309)
Investment income (expense)	453,206	531,180	984,386	935,931
Miscellaneous	21,434	29,698	51,132	-
Total nonoperating revenues (expenses)	<u>474,640</u>	<u>560,878</u>	<u>1,035,518</u>	<u>913,622</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,762,687</u>	<u>4,506,566</u>	<u>6,269,253</u>	<u>1,240,540</u>
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions to other agency	-	-	-	(2,483,282)
Capital contributions	5,557	-	5,557	41,166
Transfers in	-	-	-	3,722,276
Transfers out	(150,923)	(157,943)	(308,866)	(364,976)
Total contributions and transfers	<u>(145,366)</u>	<u>(157,943)</u>	<u>(303,309)</u>	<u>915,184</u>
Change in net position	<u>1,617,321</u>	<u>4,348,623</u>	<u>5,965,944</u>	<u>2,155,724</u>
NET POSITION:				
Beginning of the year	<u>31,741,721</u>	<u>57,085,265</u>		<u>33,623,813</u>
End of the year	<u>\$ 33,359,042</u>	<u>\$ 61,433,888</u>		<u>\$ 35,779,537</u>
Adjustment to reflect the consolidation				
of internal service fund activities related				
to enterprise funds			<u>45,411</u>	
Change in net position of business-				
type activities			<u>\$ 6,011,355</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, 2019

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 15,185,473	\$ 11,756,677	\$ 26,942,150	\$ -
Cash received from inter-departmental charges	-	-	-	7,395,434
Cash received from others	21,434	(15,581)	5,853	-
Cash payments to suppliers for goods and services	(12,174,124)	(6,111,049)	(18,285,173)	(3,500,646)
Cash payments to employees for services	(1,782,340)	(1,786,702)	(3,569,042)	(2,354,681)
Cash payments to other funds	-	(13,477,305)	(13,477,305)	-
Net cash provided (used) by operating activities	<u>1,250,443</u>	<u>(9,633,960)</u>	<u>(8,383,517)</u>	<u>1,540,107</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	-	-	3,722,276
Transfer paid	(150,923)	(157,943)	(308,866)	(364,976)
Net cash provided (used) by noncapital financing activities	<u>(150,923)</u>	<u>(157,943)</u>	<u>(308,866)</u>	<u>3,357,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from bond	-	13,669,791	13,669,791	-
Capital contributions received	5,557	-	5,557	41,166
Acquisition and construction of capital assets	(49,330)	(8,408,274)	(8,457,604)	(971,026)
Net cash provided (used) by capital and related financing activities	<u>(43,773)</u>	<u>5,261,517</u>	<u>5,217,744</u>	<u>(929,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	453,206	531,180	984,386	935,931
Net cash provided (used) by investing activities	<u>453,206</u>	<u>531,180</u>	<u>984,386</u>	<u>935,931</u>
Net increase (decrease) in cash and cash equivalents	1,508,953	(3,999,206)	(2,490,253)	4,903,478
CASH AND CASH EQUIVALENTS:				
Beginning of year	13,850,179	33,276,415	47,126,594	31,008,472
End of year	<u>\$ 15,359,132</u>	<u>\$ 29,277,209</u>	<u>\$ 44,636,341</u>	<u>\$ 35,911,950</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, 2019

	Enterprise Funds			Internal Service Funds
	Water	Wastewater	Total	
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING				
ACTIVITIES:				
Operating income (loss)	\$ 1,288,047	\$ 3,945,688	\$ 5,233,735	\$ 326,918
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	845,599	1,276,108	2,121,707	732,754
Miscellaneous revenues	21,434	29,698	51,132	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Billed receivables	(183,582)	(218,750)	(402,332)	-
Unbilled receivables	(95,606)	(159,545)	(255,151)	-
Other receivables	81,963	13,225	95,188	13,185
Interest receivables	-	(45,279)	(45,279)	582
Deposit and prepaid items	(299)	(299)	(598)	2,790
Inventory	8,377	16,378	24,755	256,749
Deferred outflow of resources	282,560	375,774	658,334	-
Increase (decrease) in:				
Accounts payable and claims liability	(1,009,561)	(1,437,642)	(2,447,203)	302,560
Accrued interest	-	118,613	118,613	-
Due to other funds	-	(13,477,305)	(13,477,305)	-
Accrued payroll	7,731	(8,308)	(577)	2,780
Refundable deposits	15,859	-	15,859	-
Claims liability	-	-	-	(29,000)
Compensated absences	23,277	(12,618)	10,659	21,210
Net OPEB liability	(112,202)	(104,241)	(216,443)	(112,200)
Net pension liability	(98,355)	(114,876)	(213,231)	(117,209)
Other liability	-	-	-	(31,466)
Deferred inflow of resources	175,201	169,419	344,620	170,454
Total adjustments	(37,604)	(13,579,648)	(13,617,252)	1,213,189
Net cash provided (used) by operating activities	\$ 1,250,443	\$ (9,633,960)	\$ (8,383,517)	\$ 1,540,107
NONCASH CAPITAL AND RELATED				
FINANCING TRANSACTIONS:				
Capital contributions to other agency	\$ -	\$ -	\$ -	\$ (2,483,282)
Total noncash capital and related financing transaction	\$ -	\$ -	\$ -	\$ (2,483,282)

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, 2019

	Successor Agency of Community Development Agency
ASSETS	
Cash and investments	\$ 473,920
Total assets	\$ 473,920
LIABILITIES	
Accounts payable	\$ 1,508
Non-current liabilities:	
Loan payable to City	1,250,485
Total liabilities	1,251,993
NET POSITION	
Unrestricted	(778,073)
Total Net Position	\$ (778,073)

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, 2019

	Successor Agency of Community Development Agency
Additions	
Property taxes	\$ 412,986
Investment earnings	13,199
Total additions	426,185
Deductions	
Administrative expenses	57,488
Affordable housing subsidy	247,514
Total deductions	305,002
Change in net position	121,183
Net position-Beginning of the year	(899,256)
Net position-End of the year	<u>\$ (778,073)</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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets – Sewer Capacity Rights

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

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

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

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

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 does not establish any new fund or close any fund in fiscal year 2018/2019.

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.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019, 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. 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. This statement had no impact on the City's/District's financial statements.

GASB Statement No. 88 – In June 2017, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City's Note 7 has been updated due to the implementation for this Statement.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for reporting periods beginning after December 15, 2019. The City/District implemented this statement in the fiscal year early 2018/2019.

Future Governmental Accounting Standards Board (GASB) Pronouncements

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 91 – In May 2019, GASB Issued Statement No. 91, Conduit Debt Obligation. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. This Statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City/District has not yet determined its effect on the financial statements.

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, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Classification

Cash and investments as of June 30, 2019 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	\$ 207,510,881
Restricted cash and investments	382,981
Total Primary Government cash and investments	<u>207,893,862</u>

Statement of Fiduciary Net Position:

Cash and investments	473,920
Total Fiduciary Trust cash and investments	<u>473,920</u>

Total cash and investments

\$ 208,367,782

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 3,400
Deposits with financial institutions	1,592,756
Certificates of Deposit (non-negotiable)	295,118
Negotiable Certificates of Deposit	2,245,241
Local Agency Investment Funds (LAIF)	121,207,127
Corporate Bond	999,730
Securities of U.S. Government	82,024,410
	<u>\$ 208,367,782</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, 2019**

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
State Bonds	5 years	5%	5%

During fiscal year ended June 30, 2005, the City/District started to invest funds set aside for the Longevity Recognition Plan and Public Employees’ Medical and Hospital Care Act (PEMHCA). As of June 30, 2019, all of these funds were held in LAIF.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by 2019 Wastewater Revenue Bond Debt Agreements

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

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

Risk Disclosures

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

Investments held in City Treasury grouped by maturity date at June 30, 2019, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)		
		1 year or Less	1 - 2 years	2 - 3 years
Securities of U.S. Government				
Treasury and Agencies:				
Federal National Mortg. Assn. Bonds (FNMA)	\$ 17,917,370	\$ 11,950,970	\$ 1,999,600	\$ 3,966,800
Federal Farm Credit Bank Bonds (FFCB)	7,965,920	994,030	4,987,750	1,984,140
Federal Home Loan Bank Bonds (FHLB)	30,688,085	21,983,600	5,731,955	2,972,530
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	25,453,035	16,966,710	7,482,005	1,004,320
Corporate Bond	999,730	999,730	-	-
Negotiable Certificates of Deposit	2,245,241	492,972	1,250,592	501,677
Certificates of Deposit (non-negotiable)	295,118	295,118	-	-
Local Agency Investment Funds (LAIF)	121,207,127	121,207,127		
Total	\$ 206,771,626	\$ 174,890,257	\$ 21,451,902	\$ 10,429,467

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Credit Risk: It is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City/District’s investment policy limits its pooled investments to that of securities and obligations of the U.S. Government and mutual funds to the highest ranking or the highest letter and numerical rating by not less than two of the three (Moody’s, Standard & Poor’s, and Fitch) nationally recognized rating services.

At June 30, 2019, the City’s deposits and investments subject to credit quality ratings were as follows:

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

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

	Amount	% of Portfolio
Negotiable Certificates of Deposit	\$ 2,245,241	1.09%
Certificates of Deposit (non-negotiable)	295,118	0.14%
Corporate Bond	999,730	0.48%
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	7,965,920	3.85%
Federal Home Loan Bank Bonds (FHLB)	30,688,085	14.84%
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	25,453,035	12.31%
Federal National Mortg. Assn. Bonds (FNMA)	17,917,370	8.67%
Total Securities of U.S. Government Agencies	82,024,410	39.67%
Local Agency Investment Fund Pool	121,207,127	58.62%
Total Investment Portfolio	\$ 206,771,626	100.00%

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

As of June 30, 2019, the carrying amount of the City/District's deposits was \$1,508,295 and the bank balance was \$2,704,294. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,454,294 was collateralized by the pledging financial institutions as required by the California Government Code Section 53652.

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

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

The City/District valued its investments in LAIF as of June 30, 2019, by multiplying its account balance with LAIF (\$121,000,000) times a fair value factor (1.001711790) 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, 2019, the City/District's investments in LAIF, stated at fair value, equaled \$121,207,127.

Fair Value Measurements

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

The City's fair value measurements are as follows at June 30, 2019:

<u>Investment Type</u>	Fair Value Measurement Using	
	Level 2 Inputs	Uncategorized
Federal National Mortg. Assn. Bonds (FNMA)	\$ 17,917,370	\$ -
Federal Farm Credit Bank Bonds (FFCB)	7,965,920	-
Federal Home Loan Bank Bonds (FHLB)	30,688,085	-
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	25,453,035	-
Corporate Bond	999,730	-
Local Agency Investment Funds (LAIF)	-	121,207,127
Negotiable Certificates of Deposit	2,245,241	-
Certificates of Deposit (non-negotiable)	-	295,118
Total Investment Portfolio	<u>\$ 85,269,381</u>	<u>\$ 121,502,245</u>

Federal agency securities, Negotiable Certificates of Deposit and Corporate notes classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. The California Local Agency Investment Fund (LAIF) is classified as exempt in the fair value hierarchy, as it is valued at amortized cost, which is exempt from being classified under GASB 72. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – LOANS RECEIVABLE

At June 30, 2019, Loans Receivable amounted to:

	<u>Amount</u>	<u>Allowance</u>	<u>Net Amount</u>
Metro Center Senior Homes Project	\$ 7,119,870	\$ (7,119,870)	\$ -
First Time Home Buyer Program	242,529	-	242,529
North Peninsula Jewish Campus Land	15,331,305	-	15,331,305
MP Foster Square Associates, L.P.	4,549,472	-	4,549,472
KIVA	2,138	-	2,138
Successor Agency	1,250,485	-	1,250,485
Total	<u>\$ 28,495,799</u>	<u>\$ (7,119,870)</u>	<u>\$ 21,375,929</u>

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

Metro Center Senior Homes Project

On July 1, 1995, the Agency loaned \$6,879,774 to Metro Senior Associates (Metro) for the construction of a senior housing project (Project) to be known as the Metro Center Senior Homes Project. The loan bears a two percent interest rate with a maturity of 40 years. To finance the loan of \$6,879,774 to Metro, the Agency sold tax allocation bonds of \$5,000,000 on July 27, 1995 and the remainder of the loan was financed through its accumulated tax increment funds. Payment of the Note is secured by a deed of trust, assignment of rents, security agreement and fixture filing. Payments of principal and interest shall be made from residual cash flow. To the extent there is residual cash flow from the Project, Metro shall pay the entire residual cash flow to the Agency within ninety days of the end of each calendar year. Residual cash flow is defined as all rents and revenues derived from the Project less operation and other related costs of the Project. The loan agreement includes a provision to forgive the promissory note if Metro is acquired by its affiliates, the term of the note shall be extended by an additional 15 years from 40 years to 55 years from the date of the note and all amounts due under the note on the maturity date as extended shall be forgiven. In October 2012, Metro Senior Associates was acquired by its affiliates and as stated in the agreement the loan was extended from 40 years to 55 years from the date of the note. The outstanding loan balance will be forgiven at the end of the 55 years. As of June 30, 2019, the Agency provided a 100% valuation allowance equal to the loan balance outstanding in the amount of \$7,119,870 which includes principal of \$5,917,695 and accumulated interest in the amount of \$1,202,175.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – LOANS RECEIVABLE (Continued)

First Time Homebuyer Program

The Agency started the First Time Homebuyer Program to provide low interest second mortgages for people who live and/or work in the City/District who can afford moderate monthly mortgage payments and require assistance with the down payment in order to purchase their first home. These loans have an interest rate of 3% and a term of 30 years. However, there are no payments and no accrued interest for the first five years. Beginning in year six, equal monthly payments of principal and interest will commence and continue for the remaining 25 years. The outstanding balance of these loans is \$242,529 at June 30, 2019.

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 \$15,331,305 as of June 30, 2019.

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, 2019, final certificate of occupancy has not been issued. The outstanding loan balance is \$4,549,472 which includes principal of \$4,023,577 and accrued interest of \$525,895.

KIVA

On November 21, 2016, the City Council approved an agreement with KIVA Microlending (KIVA) creating a loan matching supporter account in the amount of \$90,000 for Foster City businesses. Kiva Microloans is the world's first and largest micro-lending website offering 0% micro business loans directly to small businesses who would otherwise have difficulty qualifying for traditional small business bank loans. Small businesses with an economic need are eligible to raise up to \$10,000 in crowdfunded capital with 0% interest. As of June 30, 2019, the outstanding balance of this loan is \$2,138.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 4 – LOANS RECEIVABLE (Continued)

Successor Agency

In fiscal year 2013/2014, the City had an extraordinary loss of \$1,368,510 due to the Sacramento Superior Court ruling against the City regarding the general fund loan repayment received from the former Foster City Community Development Agency in FY 2010/2011. Included in the \$1,368,510 was the repayment of \$1,115,697 to the general fund. This loan repayment was clawed back per AB1484; however, the City was allowed to reinstate the general fund loan with the Successor Agency of the former Foster City Community Development Agency. In FY 2014/2015, the loan reinstatement request for \$1,115,697 plus accrued interest of \$15,568 was approved by the State Department of Finance on November 10, 2014 retroactive September 10, 2014. As a result, the Successor Agency recorded a loan payable to the City effective that date. The outstanding balance of this loan including accrued interest from September 11, 2014 through June 30, 2019 is \$1,250,485. Payments will be made by the Successor Agency using available future funds from the County's Reserve for Property Tax Trust Fund (RPTTF).

NOTE 5 – INTERFUND TRANSACTIONS

Due To and From Other Funds

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

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
City Capital Projects Fund	Non-Major Governmental Funds	\$ 79,388
Total		<u>\$ 79,388</u>

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount Transferred</u>
General Fund	Non-Major Governmental Funds	\$ 17,963
Low & Moderate Income Housing Assets Special Revenue Fund	General Fund	27,626
City Capital Projects Fund	General Fund	4,216,487
Internal Service Funds	General Fund	3,048,434
Internal Service Funds	Water Fund	150,923
Internal Service Funds	Wastewater Fund	157,943
Internal Service Funds	Internal Service Funds	364,976
Non-Major Governmental Funds	General Fund	76,765
Total Interfund Transfers		<u>\$ 8,061,117</u>

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	July 1, 2018	Additions	Retirements	Transfers	June 30, 2019
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,102,221	\$ -	\$ -	\$ -	\$ 11,102,221
Construction in progress	5,626,698	5,266,866	-	(4,655,341)	6,238,223
Total capital assets, not being depreciated	16,728,919	5,266,866	-	(4,655,341)	17,340,444
Capital assets, being depreciated:					
Infrastructure	114,145,803	49,397	(1,756,888)	4,594,067	117,032,379
Buildings	50,011,488	-	-	-	50,011,488
Improvements	5,898,096	-	-	-	5,898,096
Equipment	7,472,423	384,271	(825,640)	30,000	7,061,054
Vehicles	7,412,908	259,833	(3,492,388)	31,274	4,211,627
Software	844,096	-	-	-	844,096
Total capital assets, being depreciated	185,784,814	693,501	(6,074,916)	4,655,341	185,058,740
Less accumulated depreciation for:					
Infrastructure	(67,480,697)	(3,414,074)	1,756,888	-	(69,137,883)
Buildings	(18,649,623)	(1,153,547)	-	-	(19,803,170)
Improvements	(2,740,718)	(179,788)	-	-	(2,920,506)
Equipment	(5,031,215)	(316,634)	656,207	-	(4,691,642)
Vehicles	(3,657,024)	(384,571)	1,483,153	-	(2,558,442)
Software	(587,891)	(31,549)	-	-	(619,440)
Total accumulated depreciation	(98,147,168)	(5,480,163)	3,896,248	-	(99,731,083)
Total capital assets, being depreciated, net	87,637,646	(4,786,662)	(2,178,668)	4,655,341	85,327,657
Governmental activities capital assets, net	\$ 104,366,565	\$ 480,204	\$ (2,178,668)	\$ -	\$ 102,668,101

Total capital asset additions for the City for the fiscal year ended for governmental activities were \$5,960,367 which consisted of \$644,104 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, 2019**

NOTE 6 – CAPITAL ASSETS (Continued)

	July 1, 2018	Additions	Retirements	June 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,553,474	\$ -	\$ -	\$ 3,553,474
Construction in progress	14,279,960	8,414,744	-	22,694,704
Total capital assets, not being depreciated	17,833,434	8,414,744	-	26,248,178
Capital assets, being depreciated:				
Infrastructure	73,765,829	16,321	-	73,782,150
Sewer capacity rights	24,791,531	-	-	24,791,531
Equipment	3,091,747	26,539	-	3,118,286
Total capital assets, being depreciated	101,649,107	42,860	-	101,691,967
Less accumulated depreciation for:				
Infrastructure	(46,585,727)	(1,469,950)	-	(48,055,677)
Sewer capacity rights	(6,544,163)	(495,826)	-	(7,039,989)
Equipment	(1,183,843)	(155,931)	-	(1,339,774)
Total accumulated depreciation	(54,313,733)	(2,121,707)	-	(56,435,440)
Total capital assets, being depreciated, net	47,335,374	(2,078,847)	-	45,256,527
Business-type activities capital assets, net	\$ 65,168,808	\$ 6,335,897	\$ -	\$ 71,504,705

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 664,384
Public safety - Police	258,293
Public safety - Fire	119,583
Public works	2,409,294
Community development	51,056
Parks and recreation	1,977,553
Total depreciation expense	\$ 5,480,163

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

Water	\$ 845,599
Wastewater	1,276,108
Total depreciation expense	\$ 2,121,707

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – LONG TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	July 1, 2018	Additions	Retirements	June 30, 2019	Due Within One Year	Due in More Than One Year
Governmental activities:						
Claim liability	\$ 92,000	\$ -	\$ (29,000)	\$ 63,000	\$ 63,000	\$ -
Compensated absences	2,454,429	766,612	(972,770)	2,248,271	882,184	1,366,087
Net OPEB liability	10,640,252	(1,008,827)	(626,229)	9,005,196	-	9,005,196
Direct placement:						
PG&E On-Bill Financing	220,264	-	(31,466)	188,798	31,466	157,332
Total governmental activities	\$ 13,406,945	\$ (242,215)	\$ (1,659,465)	\$ 11,505,265	\$ 976,650	\$ 10,528,615
Business-type activities:						
Compensated absences	\$ 379,839	\$ 166,838	\$ (156,179)	\$ 390,498	\$ 142,147	\$ 248,351
Net OPEB liability	1,171,748	(147,479)	(68,963)	955,306	-	955,306
2019 Wastewater Revenue Bonds	-	33,820,000		33,820,000	-	33,820,000
Plus: Unamortized bond premium	-	6,579,286	(19,247)	6,560,039	-	6,560,039
Total business-type activities	\$ 1,551,587	\$ 40,418,645	\$ (244,389)	\$ 41,725,843	\$ 142,147	\$ 41,583,696

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, \$177,797 of compensated absences, \$63,000 of claims liability, \$188,798 of PG&E On-Bill Financing and \$544,546 of net OPEB liability from the internal service funds are included in the above amounts.

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – LONG TERM OBLIGATIONS (Continued)

2019 Wastewater Revenue Bond

On June 4, 2019, the San Mateo-Foster City Public Financing Authority (PFA) issued 2019 Series Wastewater Revenue Bonds (2019 Bonds) in the amount of \$270,000,000, of which the District’s allocated share is \$33,820,000 (District Bonds). As stipulated in a Financing Agreement, Foster City/Estero Municipal Improvement District is solely liable for the repayment of the District Bonds. The City of San Mateo is solely responsible for the remaining \$236,180,000 under its separate financing agreement. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2020. The District Bonds mature through August 1, 2049 and bear interest at the rate of 4% to 5%. The issuance resulted in a bond premium of \$6,579,286 for the District Bonds.

The 2019 District Bonds are payable from net revenues received by the District from the operation of its Wastewater Enterprise Fund. The outstanding principal balance, net of bond premium was \$40,380,039 at June 30, 2019. Total principal and interest payments on the District Bonds until final maturity is \$63,605,904.

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

Debt Service Requirements

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

For the Year Ending June 30	Business-Type Activities		Total
	Principal	Interest	
2020		\$1,041,154	\$1,041,154
2021	\$515,000	1,568,625	2,083,625
2022	545,000	1,542,125	2,087,125
2023	570,000	1,514,250	2,084,250
2024	600,000	1,485,000	2,085,000
2025 - 2029	3,500,000	6,930,000	10,430,000
2030 - 2034	4,490,000	5,936,000	10,426,000
2035 - 2039	5,705,000	4,720,875	10,425,875
2040 - 2044	7,075,000	3,355,350	10,430,350
2045 - 2050	10,820,000	1,692,525	12,512,525
Total	<u>\$33,820,000</u>	<u>\$29,785,904</u>	<u>\$63,605,904</u>
Plus: Unamortized Premium	<u>6,560,039</u>		
	<u>\$40,380,039</u>		

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019**

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, 2019, are below:

	Major Funds					Non-Major	Total
	General Fund	Low and Moderate	Foster City	City Capital	Capital Asset	Governmental	
		Income Housing	Affordable				
	Assets Fund	Housing Fund	Projects	Preservation	Funds		
Nonspendable							
Prepays and deposits	\$ 31,331	\$ -	\$ -	\$ -	\$ -	\$ 2,203	\$ 33,534
Inventory	16,900	-	-	-	-	-	16,900
Total Nonspendable	48,231	-	-	-	-	2,203	50,434
Restricted							
Affordable housing	-	1,887,104	-	-	-	-	1,887,104
Parks	-	-	-	-	-	3,420,345	3,420,345
Public safety program	26,384	-	-	-	-	-	26,384
Roadway capital project and maintenance	-	-	-	-	-	3,463,442	3,463,442
Recreation programs and community events	-	-	-	-	-	543,203	543,203
Total Restricted	26,384	1,887,104	-	-	-	7,426,990	9,340,478
Committed							
Solid waste reduction	-	-	-	-	-	745,078	745,078
Garbage rate stabilization fund	151,187	-	-	-	-	-	151,187
Capital projects	-	-	-	11,510,889	40,303,941	-	51,814,830
Affordable housing	-	-	874,093	-	-	-	874,093
CalOpps online recruitment program	-	-	-	-	-	403,010	403,010
Sustainable Foster City program	-	-	-	-	-	134,769	134,769
BAERS program	-	-	-	-	-	692,692	692,692
General plan, building and zoning	-	-	-	-	-	1,515,369	1,515,369
Technology fee program	-	-	-	-	-	208,402	208,402
Community benefit	1,914,821	-	-	-	-	-	1,914,821
Solar rebate	164,862	-	-	-	-	-	164,862
Facility maintenance	720,367	-	-	-	-	-	720,367
Employee homeloan program	62,173	-	-	-	-	-	62,173
Total Committed	3,013,410	-	874,093	11,510,889	40,303,941	3,699,320	59,401,653
Assigned	8,240	-	-	-	-	-	8,240
Unassigned	52,180,181	-	-	-	-	-	52,180,181
Total Fund Balances	\$ 55,276,446	\$ 1,887,104	\$ 874,093	\$ 11,510,889	\$ 40,303,941	\$ 11,128,513	\$ 120,980,986

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, 2019, there were no encumbered fund balances.

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

The plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Agent-Multiple		Cost Sharing		
	Miscellaneous Plan		Safety (Police and Fire) Plan		
	Classic	PEPRA	Classic	Classic (Police)	PEPRA
	Prior to	On or after	Prior to	On or after	On or after
Hire date	1/1/2013	1/1/2013	1/1/2012	1/1/2012	1/1/2013
Benefit formula	2.7% @ 55	2% @ 62	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50	57
Final compensation period	Three Year	Three Year	Three Year	Three Year	Three Year
Monthly benefits, as a % of annual salary	2% to 2.7%	1% to 2.5%	3%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rate	8.00%	6.25%	9.00%	9.00%	12.00%
Required employer contribution rate *	30.291%	30.291%	51.913%	16.249%	12.533% (Police) 12.599% (Fire)
Total employee contribution FY 18/19	\$ 709,854	\$ 215,000	\$ 415,854	\$ 20,665	\$ 297,948
Total employer contribution FY 18/19	\$ 2,557,004	\$ 991,361	\$ 6,712,743	\$ 37,800	\$ 305,086

* including Unfunded Actuarial Liability (UAL) contribution rate

Employees Covered – The following employees were covered by the benefit terms of the Miscellaneous Plan as of the most recent actuarial valuation date of June 30, 2017, however, information for the Safety Plans was not provided from CalPERS for cost-sharing multiple-employer defined benefit pension plans.

	<u>Miscellaneous *</u>
Inactive employees or beneficiaries currently receiving benefits	195
Inactive employees entitled to but not yet receiving benefits	162
Active employees	<u>129</u>
Total	<u><u>486</u></u>

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

For the year ended June 30, 2019, the contributions for the Plans were as follows:

	<u>Miscellaneous *</u>	<u>Safety Plans *</u>	<u>Total</u>
Contributions - employer	\$ 3,548,365	\$ 7,055,629	\$ 10,603,994
Contributions - employee	924,854	734,467	1,659,321

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

Net Pension Liability

The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 using standard update procedures. As of June 30, 2019, the City reported net pension liabilities of \$33,523,099.

As of June 30, 2019, the City’s reported net pension liabilities for its proportionate shares of the net pension liability of Safety Plan as follow:

	<u>Cost Sharing Safety Plan</u>
Proportionate Share of Net Pension Liability	\$ 43,632,371

The total net pension liability for the Miscellaneous and Safety Plans at June 30, 2019 was \$77,155,470.

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, 2018 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, 2017. 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, 2017 and 2018 is as follows:

	<u>Cost Sharing Safety (Police and Fire) Plan</u>
Proportion - June 30, 2017	0.72%
Proportion - June 30, 2018	0.74%
Change-Increase (Decrease)	<u>0.02%</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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

At June 30, 2019, the City recognized pension expense of \$6,099,915 for the Miscellaneous Plan and pension expense of \$10,774,127 for the Safety Plan, with a total pension expense of \$16,874,042.

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	\$ 3,548,365	\$ -	\$ 7,055,629	\$ -	\$ 10,603,994	\$ -
Differences between actual and expected experience	-	(316,714)	937,512	(3,556)	937,512	(320,270)
Changes in assumptions	1,242,623	(482,636)	4,281,097	(577,596)	5,523,720	(1,060,232)
Net difference between projected and actual earnings on pension plan investments	35,562	-	295,412	-	330,974	-
Changes in employer's proportion	-	-	28,236	(617,233)	28,236	(617,233)
Difference between the employer's contributions and the employer's proportionate share of contributions	-	-	722,053	(427,630)	722,053	(427,630)
Total	<u>\$ 4,826,550</u>	<u>\$ (799,350)</u>	<u>\$ 13,319,939</u>	<u>\$ (1,626,015)</u>	<u>\$ 18,146,489</u>	<u>\$ (2,425,365)</u>

The \$6,610,329 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	Total
	Plan	Plan	
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
2020	\$ 1,631,125	\$ 4,006,409	\$ 5,637,534
2021	(91,322)	2,302,213	2,210,891
2022	(836,237)	(1,368,109)	(2,204,346)
2023	(224,731)	(302,218)	(526,949)
	<u>\$ 478,835</u>	<u>\$ 4,638,295</u>	<u>\$ 5,117,130</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions for Miscellaneous and Safety Plans:

	All Plans
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.63%
Payroll Growth	2.88%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.25% (1)
Mortality (1)	Derived using CalPERS' membership for data for all funds (2)

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

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

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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

(A)	(B)	(C)
Asset Class	Market value (\$ Billion)	Policy Target Allocation
Public Equity	156.2	50.0%
Private Equity	25.9	8.0%
Global Fixed Income	62.9	28.0%
Liquidity	15.5	1.0%
Real Assets	36.3	13.0%
Inflation Sensitive Assets	25.3	0.0%
Other	1.6	0.0%
Total Fund	323.7	100.0%

Sensitivity of the Net Pension Liability for Miscellaneous Plans and Sensitivity of the Proportionate Share of the Net Pension Liability for Safety Plans to changes in the Discount rate –

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

	Agent-Multiple Miscellaneous * Plan	Cost-Sharing Safety * Plan
Discount Rate 1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 48,563,946	\$ 62,686,797
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 33,523,099	\$ 43,632,371
Discount Rate 1% Increase	8.15%	8.15%
Net Pension Liability	\$ 21,072,197	\$ 28,020,680

* 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, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 112,343,590	\$ 77,397,109	\$ 34,946,481
Changes in the year:			
Service cost	2,119,859	-	2,119,859
Interest on the total pension liability	7,831,249	-	7,831,249
Changes of benefit terms	-	-	-
Changes of assumptions	(784,284)	-	(784,284)
Difference between expected and actual experience	(344,105)	-	(344,105)
Net Plan to plan resource movement	-	(191)	191
Contributions - employer	-	3,099,413	(3,099,413)
Contributions - employees	-	909,578	(909,578)
Net investment income	-	6,586,940	(6,586,940)
Benefit payments, including refunds of employee contributions	(5,494,351)	(5,494,351)	-
Administrative expenses	-	(120,606)	120,606
Other miscellaneous income	-	(229,033)	229,033
Net changes	<u>3,328,368</u>	<u>4,751,750</u>	<u>(1,423,382)</u>
Balance at June 30, 2018	<u>\$ 115,671,958</u>	<u>\$ 82,148,859</u>	<u>\$ 33,523,099</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, 2019**

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, 2019, the reporting date, the following numbers of employees were covered by the benefit terms:

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019	June 30, 2018
Measurement Date	6/30/19	6/30/18
Total Pension Liability (TPL)	\$3,333,649	\$3,659,000

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 (2.13%)	Current Rate (3.13%)	1% Increase (4.13%)
Total pension liability	\$3,780,022	\$3,333,649	\$2,966,544

Balances of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ (564,796)
Changes of assumptions	251,568	(181,000)
Total	\$ 251,568	\$ (745,796)

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

Significant Actuarial Assumptions:

Significant Actuarial Assumptions Used in Calculating the Total Pension Liability	
Significant Actuarial Assumptions	June 30, 2019 Measurement Date
Actuarial Valuation Date	March 1, 2019
Contribution Policy	Pay-as-you-go
Discount Rate	3.13% at June 30, 2019 (Bond Buyer 20 Index) 3.87% at June 30, 2018 (Bond Buyer 20 Index)
General Inflation	2.50% per annum
Mortality, Retirement, Disability, Termination	Same as CalPERS
Mortality Improvement	15 years of projected on-going mortality improvement using MP 2016 published by the Society of Actuaries
Expected Long-Term Rate of Return on Investments	N/A
Payroll Increases	Aggregate: 2.75% Merit: CalPERS 1997-2011 Experience Study

Other Post-Employment Benefits (OPEB)

General Information about the City’s OPEB Plan

All City/District employees, their surviving spouses, and eligible dependents can continue to participate in the health care program under the provisions of the formal City-sponsored single employer plan at their own cost. The City/District will only contribute the minimum amount provided under Government Code Section 22825 of the Public Employee Medical and Hospital Care Act by which, the City/District paid \$133 and \$136 per month per family for the period from July 1, 2018 to December 31, 2018 and January 1, 2019 to June 30, 2019, respectively. The City/District’s contribution for fiscal year 2019 amounted to \$445,069 which included \$294,668 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, 2019:

Active employees	169
Inactive employees receiving benefit payments	96
Inactive employees entitled to but not yet receiving benefit payments	62
Total	<u>327</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN (Continued)

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

For the March 1, 2019 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.13% discount rate and a 2.50% general inflation assumption. The healthcare cost trend rate minimum was assumed to annually increase by 2.75%. The valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6 for measurement after March 31, 2015. The UAAL is amortized as a level percentage of projected payrolls over 15 years on a closed basis commencing in 2014.

<u>Actuarial Assumption</u>	<u>June 30, 2018 Measurement Date</u>
<u>Actuarial Valuation Date</u>	<u>March 01, 2019</u>
	*3.13% at June 30, 2019
	*3.87% at June 30, 2018
<u>20-Year Municipal Bond Rate</u>	<u>*Bond Buyer 20-Bond GO Index</u>
	*3.13% at June 30, 2019
<u>Discount Rate</u>	<u>*3.87% at June 30, 2018</u>
<u>General Inflation</u>	<u>2.5% per annum</u>
<u>Aggregate Payroll Increase</u>	<u>2.75% per annum</u>
<u>Mortality, Retirement, Disability, Termination</u>	<u>Same as CalPERS</u>
<u>Mortality Improvement</u>	<u>Post-retirement mortality projected fully generational with modified Scale MP-2016</u>

Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance as of June 30, 2018	<u>\$ 11,812,000</u>
Changes Recognized for the Measurement Period:	
Service cost	646,076
Interest on the total OPEB liability	473,515
Differences between expected and actual experience	(1,981,229)
Changes of assumptions	(544,791)
Benefit Payments	(150,401)
Implicit Rate Subsidy Fulfilled	(294,668)
Net changes	<u>(1,851,498)</u>
Balance as of June 30, 2019	<u>\$ 9,960,502</u>

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1% (2.13%)	Discount Rate (3.13%)	Discount Rate +1% (4.13%)
\$ 11,190,889	\$ 9,960,502	\$ 8,935,223

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

Total OPEB Liability/(Asset)		
1% Decrease 5.00% Decreasing to 2.84%	Healthcare Cost Trend Rates 6.00% Decreasing to 3.84%	1% Increase 7.00% Decreasing to 4.84%
\$ 9,521,221	\$ 9,960,502	\$ 10,473,768

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$225,661. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ (1,698,196)
Changes of assumptions	-	(809,963)
	<u>\$ -</u>	<u>\$ (2,508,159)</u>

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

Year Ended June 30	Annual Amortization
2020	(\$448,861)
2021	(448,861)
2022	(448,861)
2023	(439,861)
2024	(360,861)
2025	(360,854)
Total	<u><u>(\$2,508,159)</u></u>

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, the District's share of the operating and maintenance costs was \$2,303,119 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.

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

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

The condensed financial information of the PFA as of June 30, 2019 is as follows:

Total Assets	\$542,674,996
Total Liabilities	\$595,842,173
Net Position	\$(53,167,177)

Investment in Equity Interest for Fire Joint Power Authority

On November 22, 2017, the City of San Mateo, the City of Belmont/Belmont Fire Protection District and the City of Foster City/Estero Municipal Improvement District formed a Joint Powers Authority (JPA) named the San Mateo Consolidated Fire Department (SMC Fire) to provide integrated and comprehensive fire protection, fire prevention, and emergency response services to all three communities serving a population of over 164,000. SMC Fire commenced operations on January 13, 2019; therefore, the City of Foster City’s in-house fire department services only reflect expenditures from July 1, 2018 to January 12, 2019. Thereafter, certain costs, including the annual employer contribution associated with unfunded CalPERS pension liability remain with Foster City. Effective January 13, 2019, Foster City’s financial contributions to SMC Fire is accounted for annually as an investment in equity interest in its government-wide financial statements.

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

As of June 30, 2019, The City has an investment in JPA equity of \$2,567,925. Every year the City adjusts the investment based on the City’s proportion of financial activity at SMC Fire (20%).

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

The condensed unaudited financial information of the JPA as of June 30, 2019 is as follows (in millions):

Total Assets	\$14.9
Deferred outflows-related to pension	\$1.7
Total Liabilities	\$3.7
Net Position	\$12.9

South Bayside Waste Management Authority (SBWMA)

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

The Cities Group

The City/District, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to the Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to the Cities Group the funds paid out on its behalf as paid losses. In the opinion of City/District management, premiums paid represent the best available estimate of the ultimate cost of the City/District's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City/District includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2019, the City/District paid premiums to The Cities Group of \$1,453,557 which are included in the General Fund as insurance expenditures.

PLAN JPA

The City/District, along with 28 other Bay Area governments, is a member of the of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority consists of 28 member cities in the San Francisco Bay Area, a public-entity risk pool. PLAN JPA provides liability insurance coverage, claims management, risk management services and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by PLAN JPA's Board of Directors. In the opinion of the City/District management, premiums made represent the best available estimate of the ultimate cost of the City/District's participation in PLAN JPA and, accordingly, the accompanying basic financial statements of the City/District include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City/District's basic financial statements in the year they become known. For the year ended June 30, 2019, the City/District's paid premiums of \$325,519 to PLAN JPA.

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 11 – RISK MANAGEMENT

The City/District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City/District is self-insured for general liability claims up to \$100,000. General liability claims in excess of \$100,000 are insured with PLAN JPA, a joint powers agency for the funding and pooling of insurance coverage. PLAN JPA is a self-insured public-entity risk pool. Workers' compensation claims are insured with The Cities Group, a joint powers agency for the funding and pooling of insurance coverage. The Cities Group purchases third-party commercial insurance to cover for the claims at the limit \$2,500,000 with an excess layer of \$10,000,000 per incident by reinsurance contracts for all employees. Charges to the General Fund for general liability claims are determined from an analysis of self-insured claim costs. Such charges are recorded as expenditures in the General Fund and revenues in the Self-Insurance Internal Service Fund. The City/District considers incurred but not reported claims in determining if an accrual for loss contingencies is required for claims.

Settled claims have not exceeded the City/District's excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2019, the liability for general liability self-insurance claims was \$63,000. 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, 2017	\$ 106,000
Current year claim deductibles and changes in estimates	30,928
Net payments	<u>(44,928)</u>
Liability at June 30, 2018	92,000
Current year claim deductibles and changes in estimates	(17,967)
Net payments	<u>(11,033)</u>
Liability at June 30, 2019	<u><u>\$ 63,000</u></u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

Marlin Cove Disposition and the Development Agreement

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

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

(iii) Utility Subsidy — The Agency pledged to the developer a utility allowance subsidy in the amount of \$36,000 annually for affordable housing units. The Utility Subsidy will be paid annually through the life of the Marlin Cove project (estimated to be 2029) following the issuance of the Final Certificate of Completion for the residential portion of the site and will be increased annually by 2% to adjust for inflation. The balance of the amount will be due to the developer, provided the developer has provided the Agency by April 15 of each year written evidence documenting payment of all property taxes and assessments due on the site. For the fiscal year ended June 30, 2019, the Successor Agency paid the developer the Utility Subsidy in the amount of \$50,408.

(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, 2019, the Successor Agency paid the developer a tax increment subsidy in the amount of \$197,106.

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, 2019**

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, 2019	Committed
Sewer System Rehabilitation-Force Mains, Gravity Mains and Manholes	\$1,450,000	155,572	1,294,428
Sanitary Sewer Lift Station Improvements Project-Phase 5	\$8,075,000	5,790,746	2,284,254
Median Modifications-Foster City Blvd at Chess Dr-MP#3	\$345,540	29,275	316,265
Water System Improvements and Valve Replacements	\$975,000	120,006	854,994
Road Widening-Foster City Blvd at Chess Dr-MP#7	\$1,141,000	104,486	1,036,514
Wastewater Treatment Plant Master Plan Improvements	\$37,941,613	16,733,973	21,207,640
Park Infrastructure Improvements-Leo Ryan Park Lawn Conversion and Bocce Courts	\$925,000	29,565	895,435
Levee Protection Planning and Improvement Project	\$37,867,795	3,867,277	34,000,518
Soccer Fields S1, S2 and B1 Baseball Field Synthetic Turf Installation	\$3,994,833	2,232,601	1,762,232
Remove and Recoat Water Tanks 1, 2 and 3	\$2,550,000	-	2,550,000
Sanitary Sewer Force Main Rehabilitation	\$1,350,000	143,287	1,206,713
Wastewater Collection System Master Plan Study	\$250,000	186,054	63,946
Intersection Improvements at Foster City Blvd/Metro Center Blvd and Foster City Blvd/E 3rd Ave	\$140,000	8,588	131,412
Water Distribution System Master Plan Study	\$250,000	141,608	108,392
Corporation Yard Facility Improvements	\$566,002	254,090	311,912
Water Quality Dosing and Tank Improvements	\$250,000	-	250,000
Playground ADA Compliance Projects-Gull Park	\$550,000	-	550,000
Playground ADA Compliance Projects-Marlin Park	\$550,000	77,574	472,426
Library Exterior Wall Sealing and Tile Installation	\$120,000	-	120,000
Recreation Center Master Plan	\$300,000	242,172	57,828
Street Rehabilitation	\$1,917,000	3,057	1,913,943
Enhanced Pedestrian Safety Crosswalk System	\$250,000	2,429	247,571
New Traffic Signals at Various Locations	\$1,000,000	-	1,000,000
Park System Master Plan Study	\$257,500	78,974	178,526
Corporation Yard HVAC Replacement	\$380,000	-	380,000
Civic Center Rear Security Gate Installation	\$250,000	-	250,000
	<u>\$103,646,283</u>	<u>\$30,201,332</u>	<u>\$73,444,951</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.

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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 the passage of a resolution.

The transfer of budget amounts between funds or departments are approved by the City Council and the District's Board. Transfer of budget amounts within one fund or one department 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 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, 2019. 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, 2019

Budgetary Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, June 30, 2018	\$ 53,448,333	\$ 53,448,333	\$ 53,448,333	\$ -
Resources (inflows):				
Property taxes:				
Secured	25,493,300	25,493,300	28,416,349	2,923,049
Unsecured	1,083,000	1,083,000	1,229,424	146,424
Motor vehicle in lieu	3,784,000	3,784,000	3,966,735	182,735
Total	30,360,300	30,360,300	33,612,508	3,252,208
Other taxes:				
Sales and use and sales tax in lieu	3,214,000	3,214,000	3,672,915	458,915
Transient occupancy	3,714,800	3,714,800	4,389,794	674,994
Franchise	1,244,900	1,244,900	1,151,822	(93,078)
Real property transfer	302,213	302,213	318,825	16,612
Total	8,475,913	8,475,913	9,533,356	1,057,443
Licenses and permits:				
Business licenses	1,763,500	1,763,500	1,764,875	1,375
Permits	1,001,300	1,001,300	1,922,927	921,627
Total	2,764,800	2,764,800	3,687,802	923,002
Intergovernmental:				
Homeowner property tax relief	100,000	100,000	97,145	(2,855)
Reimbursements and grants	30,600	30,600	342,575	311,975
Total	130,600	130,600	439,720	309,120
Charges for current services:				
Service fees	661,300	661,300	515,061	(146,239)
Recreation and leisure	1,442,780	1,442,780	1,457,450	14,670
Total	2,104,080	2,104,080	1,972,511	(131,569)
Fines and forfeitures:				
Traffic fines and court fees	24,000	24,000	23,986	(14)
False alarm fines	62,000	62,000	16,708	(45,292)
Total	86,000	86,000	40,694	(45,306)
Investment income and rentals:				
Investment income	672,880	672,880	1,899,742	1,226,862
Rent	859,770	859,770	1,303,870	444,100
Total	1,532,650	1,532,650	3,203,612	1,670,962
Other revenues	772,427	772,427	552,950	(219,477)
Total revenues	46,226,770	46,226,770	53,043,153	6,816,383
Transfers in	-	-	\$17,963	17,963
Amounts available for appropriation	99,675,103	99,675,103	106,509,449	6,834,346

(Continued)

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

Budgetary Comparison Schedule - General Fund, Concluded

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges to appropriations (outflows):				
General government:				
Council/Board	\$ 377,726	\$ 377,726	\$ 371,386	\$ 6,340
City/District Manager	3,035,227	3,035,227	1,071,395	1,963,832
City Clerk	934,915	934,915	775,988	158,927
City/District Attorney	485,510	485,510	435,350	50,160
Human Resources	699,148	699,148	522,714	176,434
Financial Services	1,236,168	1,236,168	1,154,812	81,356
Subtotal	<u>6,768,694</u>	<u>6,768,694</u>	<u>4,331,645</u>	<u>2,437,049</u>
Public safety - Police	13,477,441	15,218,111	14,500,953	717,158
Public safety - Fire	9,894,821	11,862,468	11,269,360	593,108
Public works	2,864,883	2,919,265	2,368,294	550,971
Community development	3,047,864	3,047,864	2,619,519	428,345
Parks and recreation	\$9,522,764	\$9,536,393	8,773,920	762,473
Subtotal	<u>38,807,773</u>	<u>42,584,101</u>	<u>39,532,046</u>	<u>3,052,055</u>
Total expenditures	<u>45,576,467</u>	<u>49,352,795</u>	<u>43,863,691</u>	<u>5,489,104</u>
Transfers out	<u>3,500,000</u>	<u>\$7,341,686</u>	<u>7,369,312</u>	<u>(27,626)</u>
Total charges to appropriations	<u>49,076,467</u>	<u>56,694,481</u>	<u>51,233,003</u>	<u>5,461,478</u>
Fund balance, June 30, 2019	<u>\$ 50,598,636</u>	<u>\$ 42,980,622</u>	<u>\$55,276,446</u>	<u>\$ 12,295,824</u>

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

Budgetary Comparison Schedule - Low and Moderate Income Housing Assets Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment and rental income	\$ 87,000	\$ 87,000	\$ 99,773	\$ 12,773
Other	15,000	15,000	12,349	(2,651)
Total revenues	102,000	102,000	112,122	10,122
EXPENDITURES:				
Community development	153,200	153,200	76,525	76,675
Total Expenditures	153,200	153,200	76,525	76,675
OTHER FINANCING SOURCES:				
Transfer in	-	-	27,626	27,626
NET CHANGE IN FUND BALANCE	(51,200)	(51,200)	63,223	114,423
FUND BALANCE:				
Beginning of year	1,823,881	1,823,881	1,823,881	-
End of year	\$ 1,772,681	\$ 1,772,681	\$ 1,887,104	\$ 114,423

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, 2019

Budgetary Comparison Schedule - Foster City Affordable Housing Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 320	\$ 320	\$ 120,955	\$ 120,635
Other revenues	4,900	4,900	-	(4,900)
Total revenues	5,220	5,220	120,955	115,735
NET CHANGE IN FUND BALANCE	5,220	5,220	120,955	115,735
FUND BALANCE:				
Beginning of year	753,138	753,138	753,138	-
End of year	\$ 758,358	\$ 758,358	\$ 874,093	\$ 115,735

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

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

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

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

Notes to Schedule

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

Notes to Schedule

Valuation date: June 30, 2017

Methods and assumptions used to determine

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
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	7.50%, 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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS

	Measurement period ended June 30,		
	2019	2018	2017
Total Pension Liability			
Service Cost	54,416	\$ 89,000	\$ 109,000
Interest on total pension liability	140,452	134,000	116,000
Changes in benefits	-	-	-
Changes in assumptions	282,626	(134,000)	(376,000)
Differences between expected and actual experience	(634,525)	-	-
Benefit payments, including refunds of employee contributions	(168,320)	(166,000)	(144,000)
Net change in total pension liability	(325,351)	(77,000)	(295,000)
Total pension liability - beginning	3,659,000	3,736,000	4,031,000
Total pension liability - ending	<u>\$ 3,333,649</u>	<u>\$ 3,659,000</u>	<u>\$ 3,736,000</u>
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A
Covered payroll	\$ 4,102,624	\$ 6,773,000	\$ 7,937,000
Total pension liability as percentage of covered-employee payroll	81%	54%	47%

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

Notes to Schedule

Benefit changes: None

Changes of assumptions: None

**CITY OF FOSTER CITY AND ESTERO MUNICIPAL IMPROVEMENT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Measurement Date	<u>6/30/19</u>	<u>6/30/18</u>
Total OPEB Liability (1)		
Service Cost	\$646,076	\$575,000
Interest	473,515	432,000
Changes of benefit terms	(1,981,229)	
Differences between expected and actual experience	(544,791)	
Changes of assumptions	(150,401)	(519,000)
Benefit payments	<u>(294,668)</u>	<u>(325,000)</u>
Net change in total OPEB liability	<u>(1,851,498)</u>	<u>163,000</u>
Total OPEB liability - beginning	<u>11,812,000</u>	<u>11,649,000</u>
Total OPEB liability - ending (a)	<u><u>\$9,960,502</u></u>	<u><u>\$11,812,000</u></u>
Covered payroll	<u>\$18,820,890</u>	<u>\$23,289,000</u>
Total OPEB liability as a percentage of covered-employee payroll	52.9%	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, 2019

	<u>Non-Major Special Revenue Funds</u>
ASSETS	
Cash and investments	\$ 11,295,518
Receivables, net of allowance:	
Intergovernmental	203,747
Taxes	64,859
Other	42,449
Prepays and deposits	2,203
Loans receivable	2,138
Restricted cash and investments	<u>87,863</u>
Total assets	<u><u>\$ 11,698,777</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 35,782
Accrued payroll	5,911
Refundable deposits	449,183
Due to other funds	<u>79,388</u>
Total liabilities	<u>570,264</u>
Fund balances:	
Nonspendable	2,203
Restricted	7,426,990
Committed	<u>3,699,320</u>
Total fund balances	<u>11,128,513</u>
Total liabilities and fund balances	<u><u>\$ 11,698,777</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, 2019

	Non-Major Special Revenue Funds
REVENUES:	
Sales and use tax	\$ 840,859
Intergovernmental	1,610,479
Charges for services	329,793
Fines and forfeitures	82,709
Park-in-lieu	2,240,000
Investment income	293,789
Other	863,207
Total revenues	6,260,836
EXPENDITURES:	
Current:	
General government	663,665
Public safety - police	148,890
Public safety - fire	10,789
Public works	765,327
Community development	107,231
Parks and recreation	6,686
Capital outlay	3,345,167
Total expenditures	5,047,755
REVENUES OVER(UNDER) EXPENDITURES	1,213,081
OTHER FINANCING SOURCES (USES):	
Transfers in	76,765
Transfers out	(17,963)
Total other financing sources (uses)	58,802
NET CHANGES IN FUND BALANCES	1,271,883
FUND BALANCES:	
Beginning of year	9,856,630
End of year	\$ 11,128,513

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

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

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

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

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

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

The *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. 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, 2019

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
ASSETS					
Cash and investments	\$ -	\$ 1,955,466	\$ 798,819	\$ 3,420,345	\$ -
Receivables, net of allowance:					
Intergovernmental	14,752	-	-	-	79,388
Taxes	-	64,859	-	-	-
Other	-	-	-	-	-
Prepays and deposits	-	-	-	-	-
Loans receivable	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	\$ 14,752	\$ 2,020,325	\$ 798,819	\$ 3,420,345	\$ 79,388
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Due to other funds	-	-	-	-	79,388
Total liabilities	-	-	-	-	79,388
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	14,752	2,020,325	798,819	3,420,345	-
Committed	-	-	-	-	-
Total fund balances	14,752	2,020,325	798,819	3,420,345	-
Total liabilities and fund balances	\$ 14,752	\$ 2,020,325	\$ 798,819	\$ 3,420,345	\$ 79,388

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation Fund	Sustainable Foster City Special Fund	Bay Area Employee Relations Services Fund
\$ -	\$ 378,540	\$ 350,844	\$ 519,939	\$ 44,896	\$ 696,353
-	-	-	109,607	-	-
-	-	-	-	-	-
-	42,449	-	-	-	-
-	-	-	-	2,203	-
-	-	-	-	2,138	-
-	-	-	-	87,863	-
<u>\$ -</u>	<u>\$ 420,989</u>	<u>\$ 350,844</u>	<u>\$ 629,546</u>	<u>\$ 137,100</u>	<u>\$ 696,353</u>
\$ -	\$ 15,729	\$ -	\$ -	\$ 128	\$ -
-	2,250	-	-	-	3,661
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>17,979</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>3,661</u>
-	-	-	-	2,203	-
-	-	350,844	629,546	-	-
-	403,010	-	-	134,769	692,692
<u>-</u>	<u>403,010</u>	<u>350,844</u>	<u>629,546</u>	<u>136,972</u>	<u>692,692</u>
<u>\$ -</u>	<u>\$ 420,989</u>	<u>\$ 350,844</u>	<u>\$ 629,546</u>	<u>\$ 137,100</u>	<u>\$ 696,353</u>

(Continued)

City of Foster City and Estero Municipal Improvement District
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
June 30, 2019

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
ASSETS					
Cash and investments	\$ 1,518,318	\$ 1,208,781	\$ 209,817	\$ 13,770	\$ 3,265
Receivables, net of allowance:					
Intergovernmental	-	-	-	-	-
Taxes	-	-	-	-	-
Other	-	-	-	-	-
Prepays and deposits	-	-	-	-	-
Loans receivable	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	\$ 1,518,318	\$ 1,208,781	\$ 209,817	\$ 13,770	\$ 3,265
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,949	\$ 14,520	\$ 1,415	\$ 91	\$ 109
Accrued payroll	-	-	-	-	-
Refundable deposits	-	449,183	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	2,949	463,703	1,415	91	109
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	13,679	3,156
Committed	1,515,369	745,078	208,402	-	-
Total fund balances	1,515,369	745,078	208,402	13,679	3,156
Total liabilities and fund balances	\$ 1,518,318	\$ 1,208,781	\$ 209,817	\$ 13,770	\$ 3,265

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Total
\$ 11,696	\$ 159,867	\$ 4,802	\$ 11,295,518
-	-	-	203,747
-	-	-	64,859
-	-	-	42,449
-	-	-	2,203
-	-	-	2,138
-	-	-	87,863
<u>\$ 11,696</u>	<u>\$ 159,867</u>	<u>\$ 4,802</u>	<u>\$ 11,698,777</u>

\$ -	\$ -	\$ 841	\$ 35,782
-	-	-	5,911
-	-	-	449,183
-	-	-	79,388
-	-	841	570,264
-	-	-	2,203
11,696	159,867	3,961	7,426,990
-	-	-	3,699,320
<u>11,696</u>	<u>159,867</u>	<u>3,961</u>	<u>11,128,513</u>
<u>\$ 11,696</u>	<u>\$ 159,867</u>	<u>\$ 4,802</u>	<u>\$ 11,698,777</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, 2019

	Traffic Safety	Measure A	Gas Tax	Park-in-lieu	Measure M
REVENUES:					
Sales and use tax	\$ -	\$ 840,859	\$ -	\$ -	\$ -
Intergovernmental	-	-	707,245	-	140,341
Charges for services	-	-	-	-	-
Fines and forfeitures	82,709	-	-	-	-
Park-in-lieu	-	-	-	2,240,000	-
Investment income	-	55,170	36,594	95,804	-
Other	-	-	-	-	-
Total revenues	82,709	896,029	743,839	2,335,804	140,341
EXPENDITURES:					
Current:					
General government	-	-	94,527	-	-
Public safety - police	-	-	-	-	-
Public safety - fire	-	-	-	-	-
Public works	83,648	179,536	476,472	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	442,296	650,000	1,882,276	140,341
Total expenditures	83,648	621,832	1,220,999	1,882,276	140,341
REVENUES OVER (UNDER) EXPENDITURES	(939)	274,197	(477,160)	453,528	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(939)	274,197	(477,160)	453,528	-
FUND BALANCES:					
Beginning of year	15,691	1,746,128	1,275,979	2,966,817	-
End of year	\$ 14,752	\$ 2,020,325	\$ 798,819	\$ 3,420,345	\$ -

SLESF/ COPS Grant	California Opportunities	Foster City Foundation	SB1 Road Maintenance & Rehabilitation	Sustainable Foster City Special Fund	Bay Area Employee Relations Services Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
148,747	-	-	614,146	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,460	-	8,125	472	20,604
-	469,744	75,137	-	-	291,650
148,747	481,204	75,137	622,271	472	312,254
-	335,760	-	-	47,200	186,178
148,747	-	143	-	-	-
-	-	10,789	-	-	-
-	-	-	-	-	-
-	-	6,686	-	-	-
-	-	42,666	187,588	-	-
148,747	335,760	60,284	187,588	47,200	186,178
-	145,444	14,853	434,683	(46,728)	126,076
-	-	-	-	76,765	-
-	-	(17,963)	-	-	-
-	-	(17,963)	-	76,765	-
-	145,444	(3,110)	434,683	30,037	126,076
-	257,566	353,954	194,863	106,935	566,616
\$ -	\$ 403,010	\$ 350,844	\$ 629,546	\$ 136,972	\$ 692,692

(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, 2019

	General Plan Maintenance Fund	Construction and Demolition Recycling Fund	Technology Maintenance Fund	SB 1186 (Disability Access) Fund	Strong Motion Instrument Program (SMIP) Fund
REVENUES:					
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	189,028	78,634	53,940	7,128	455
Fines and forfeitures	-	-	-	-	-
Park-in-lieu	-	-	-	-	-
Investment income	30,303	26,853	4,654	214	84
Other	-	-	-	-	-
Total revenues	219,331	105,487	58,594	7,342	539
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety - police	-	-	-	-	-
Public safety - fire	-	-	-	-	-
Public works	-	14,949	-	-	-
Community development	33,534	-	73,047	650	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	33,534	14,949	73,047	650	-
REVENUES OVER (UNDER) EXPENDITURES	185,797	90,538	(14,453)	6,692	539
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	185,797	90,538	(14,453)	6,692	539
FUND BALANCES:					
Beginning of year	1,329,572	654,540	222,855	6,987	2,617
End of year	\$ 1,515,369	\$ 745,078	\$ 208,402	\$ 13,679	\$ 3,156

CRV Grant Fund	Curbside Recycling Fund	Green Building Fee Fund	Total
\$ -	\$ -	\$ -	\$ 840,859
-	-	-	1,610,479
-	-	608	329,793
-	-	-	82,709
-	-	-	2,240,000
253	3,104	95	293,789
8,564	18,112	-	863,207
<u>8,817</u>	<u>21,216</u>	<u>703</u>	<u>6,260,836</u>
-	-	-	663,665
-	-	-	148,890
-	-	-	10,789
10,722	-	-	765,327
-	-	-	107,231
-	-	-	6,686
-	-	-	3,345,167
<u>10,722</u>	<u>-</u>	<u>-</u>	<u>5,047,755</u>
<u>(1,905)</u>	<u>21,216</u>	<u>703</u>	<u>1,213,081</u>
-	-	-	76,765
-	-	-	(17,963)
<u>-</u>	<u>-</u>	<u>-</u>	<u>58,802</u>
<u>(1,905)</u>	<u>21,216</u>	<u>703</u>	<u>1,271,883</u>
<u>13,601</u>	<u>138,651</u>	<u>3,258</u>	<u>9,856,630</u>
<u>\$ 11,696</u>	<u>\$ 159,867</u>	<u>\$ 3,961</u>	<u>\$ 11,128,513</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 81,000	\$ 81,000	\$ 82,709	\$ 1,709
Total revenues	81,000	81,000	82,709	1,709
EXPENDITURES:				
Public works	81,000	81,000	83,648	(2,648)
Total expenditures	81,000	81,000	83,648	(2,648)
NET CHANGE IN FUND BALANCE	-	-	(939)	(939)
FUND BALANCE:				
Beginning of year	15,691	15,691	15,691	-
End of year	\$ 15,691	\$ 15,691	\$ 14,752	\$ (939)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ 640,600	\$ 640,600	\$ 840,859	\$ 200,259
Investment income	28,000	28,000	55,170	27,170
Total revenues	668,600	668,600	896,029	227,429
EXPENDITURES:				
Public Works	179,536	179,536	179,536	-
Capital outlay	2,146,809	2,146,809	442,296	1,704,513
Total expenditures	2,326,345	2,326,345	621,832	1,704,513
NET CHANGE IN FUND BALANCE	(1,657,745)	(1,657,745)	274,197	1,931,942
FUND BALANCE:				
Beginning of year	1,746,128	1,746,128	1,746,128	-
End of year	\$ 88,383	\$ 88,383	\$ 2,020,325	\$ 1,931,942

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 732,300	\$ 732,300	\$ 707,245	\$ (25,055)
Investment income	14,700	14,700	36,594	21,894
Total revenues	747,000	747,000	743,839	(3,161)
EXPENDITURES:				
General government	94,527	94,527	94,527	-
Public works	476,473	476,473	476,472	1
Capital outlay	1,422,530	1,422,530	650,000	772,530
Total expenditures	1,993,530	1,993,530	1,220,999	772,531
NET CHANGE IN FUND BALANCE	(1,246,530)	(1,246,530)	(477,160)	769,370
FUND BALANCE:				
Beginning of year	1,275,979	1,275,979	1,275,979	-
End of year	\$ 29,449	\$ 29,449	\$ 798,819	\$ 769,370

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Park-in-lieu	\$ -	\$ -	\$ 2,240,000	\$ 2,240,000
Investment income	13,700	13,700	95,804	82,104
Total revenues	13,700	13,700	2,335,804	2,322,104
EXPENDITURES:				
Capital outlay	3,786,443	3,786,443	1,882,276	1,904,167
Total Expenditures	3,786,443	3,786,443	1,882,276	1,904,167
NET CHANGE IN FUND BALANCE	(3,772,743)	(3,772,743)	453,528	4,226,271
FUND BALANCE:				
Beginning of year	2,966,817	2,966,817	2,966,817	-
End of year	\$ (805,926)	\$ (805,926)	\$ 3,420,345	\$ 4,226,271

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 111,400	\$ 111,400	\$ 140,341	\$ 28,941
Total revenues	111,400	111,400	140,341	28,941
EXPENDITURES:				
Capital outlay	251,741	251,741	140,341	111,400
Total Expenditures	251,741	251,741	140,341	111,400
NET CHANGE IN FUND BALANCE	(140,341)	(140,341)	-	140,341
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ (140,341)	\$ (140,341)	\$ -	\$ 140,341

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 148,747	\$ 48,747
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>148,747</u>	<u>48,747</u>
EXPENDITURES:				
Public safety - police	100,000	100,000	148,747	(48,747)
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>148,747</u>	<u>(48,747)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:				
Beginning of year	-	-	-	-
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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 5,200	\$ 5,200	\$ 11,460	\$ 6,260
Other	431,000	431,000	469,744	38,744
Total revenues	436,200	436,200	481,204	45,004
EXPENDITURES:				
General government	359,562	359,562	335,760	23,802
Total expenditures	359,562	359,562	335,760	23,802
NET CHANGE IN FUND BALANCE	76,638	76,638	145,444	68,806
FUND BALANCE:				
Beginning of year	257,566	257,566	257,566	-
End of year	\$ 334,204	\$ 334,204	\$ 403,010	\$ 68,806

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other	\$ 148,000	\$ 148,000	\$ 75,137	\$ (72,863)
Total revenues	148,000	148,000	75,137	(72,863)
EXPENDITURES:				
General government	10,000	10,000	-	10,000
Public Safety- Police	10,000	10,000	143	9,857
Public Safety- Fire	10,000	10,000	10,789	(789)
Public works	10,000	10,000	-	10,000
Parks and recreation	105,000	105,000	6,686	98,314
Capital outlay	-	42,666	42,666	-
Total Expenditures	145,000	187,666	60,284	127,382
OTHER FINANCING SOURCES:				
Transfer out	-	-	(17,963)	(17,963)
NET CHANGE IN FUND BALANCE	3,000	(39,666)	(3,110)	36,556
FUND BALANCE:				
Beginning of year	353,954	353,954	353,954	-
End of year	\$ 356,954	\$ 314,288	\$ 350,844	\$ 36,556

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 600,470	\$ 600,470	\$ 614,146	\$ 13,676
Investment income	-	-	8,125	8,125
Total revenues	600,470	600,470	622,271	21,801
EXPENDITURES:				
Capital outlay	750,289	750,289	187,588	562,701
Total Expenditures	750,289	750,289	187,588	562,701
NET CHANGE IN FUND BALANCE	(149,819)	(149,819)	434,683	584,502
FUND BALANCE:				
Beginning of year	194,863	194,863	194,863	-
End of year	\$ 45,044	\$ 45,044	\$ 629,546	\$ 584,502

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment income	\$ 1,500	\$ 1,500	\$ 472	\$ (1,028)
Total revenues	1,500	1,500	472	(1,028)
EXPENDITURES:				
General Government	189,796	189,796	47,200	142,596
Total Expenditures	189,796	189,796	47,200	142,596
OTHER FINANCING SOURCES:				
Transfer in	76,765	76,765	76,765	-
NET CHANGE IN FUND BALANCE	(111,531)	(111,531)	30,037	141,568
FUND BALANCE:				
Beginning of year	106,935	106,935	106,935	-
End of year	\$ (4,596)	\$ (4,596)	\$ 136,972	\$ 141,568

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Investment income	\$ 2,500	\$ 2,500	\$ 20,604	\$ 18,104
Other	290,355	290,355	291,650	1,295
Total revenues	292,855	292,855	312,254	19,399
EXPENDITURES:				
General Government	289,420	289,420	186,178	103,242
Total Expenditures	289,420	289,420	186,178	103,242
NET CHANGE IN FUND BALANCE	3,435	3,435	126,076	122,641
FUND BALANCE:				
Beginning of year	566,616	566,616	566,616	-
End of year	\$ 570,051	\$ 570,051	\$ 692,692	\$ 122,641

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 164,300	\$ 164,300	\$ 189,028	\$ 24,728
Investment income	13,200	13,200	30,303	17,103
Total revenues	177,500	177,500	219,331	41,831
EXPENDITURES:				
Community development	41,300	41,300	33,534	7,766
Total Expenditures	41,300	41,300	33,534	7,766
NET CHANGE IN FUND BALANCE	136,200	136,200	185,797	49,597
FUND BALANCE:				
Beginning of year	1,329,572	1,329,572	1,329,572	-
End of year	\$ 1,465,772	\$ 1,465,772	\$ 1,515,369	\$ 49,597

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 20,200	\$ 20,200	\$ 78,634	\$ 58,434
Investment income	17,500	17,500	26,853	9,353
Total revenues	37,700	37,700	105,487	67,787
EXPENDITURES:				
Public works	22,200	22,200	14,949	7,251
Total Expenditures	22,200	22,200	14,949	7,251
NET CHANGE IN FUND BALANCE	15,500	15,500	90,538	75,038
FUND BALANCE:				
Beginning of year	654,540	654,540	654,540	-
End of year	\$ 670,040	\$ 670,040	\$ 745,078	\$ 75,038

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 79,100	\$ 79,100	\$ 53,940	\$ (25,160)
Investment income	2,100	2,100	4,654	2,554
Total revenues	81,200	81,200	58,594	(22,606)
EXPENDITURES:				
Community development	76,818	76,818	73,047	3,771
Total Expenditures	76,818	76,818	73,047	3,771
NET CHANGE IN FUND BALANCE	4,382	4,382	(14,453)	(18,835)
FUND BALANCE:				
Beginning of year	222,855	222,855	222,855	-
End of year	\$ 227,237	\$ 227,237	\$ 208,402	\$ (18,835)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,500	\$ 1,500	\$ 7,128	\$ 5,628
Investment income	30	30	214	184
Total revenues	1,530	1,530	7,342	5,812
EXPENDITURES:				
Community development	1,300	1,300	650	650
Total Expenditures	1,300	1,300	650	650
NET CHANGE IN FUND BALANCE	230	230	6,692	6,462
FUND BALANCE:				
Beginning of year	6,987	6,987	6,987	-
End of year	\$ 7,217	\$ 7,217	\$ 13,679	\$ 6,462

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 1,500	\$ 1,500	\$ 455	\$ (1,045)
Investment income	110	110	84	(26)
Total revenues	1,610	1,610	539	(1,071)
EXPENDITURES:				
Community development	500	500	-	500
Total Expenditures	500	500	-	500
NET CHANGE IN FUND BALANCE	1,110	1,110	539	(571)
FUND BALANCE:				
Beginning of year	2,617	2,617	2,617	-
End of year	\$ 3,727	\$ 3,727	\$ 3,156	\$ (571)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 150	\$ 150	\$ 253	\$ 103
Other	8,500	8,500	8,564	64
Total revenues	8,650	8,650	8,817	167
EXPENDITURES:				
Public works	13,200	13,200	10,722	2,478
Total Expenditures	13,200	13,200	10,722	2,478
NET CHANGE IN FUND BALANCE	(4,550)	(4,550)	(1,905)	2,645
FUND BALANCE:				
Beginning of year	13,601	13,601	13,601	-
End of year	\$ 9,051	\$ 9,051	\$ 11,696	\$ 2,645

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,500	\$ 1,500	\$ 3,104	\$ 1,604
Other	20,500	20,500	18,112	(2,388)
Total revenues	22,000	22,000	21,216	(784)
EXPENDITURES:				
Public works	25,000	25,000	-	25,000
Total Expenditures	25,000	25,000	-	25,000
NET CHANGE IN FUND BALANCE	(3,000)	(3,000)	21,216	24,216
FUND BALANCE:				
Beginning of year	138,651	138,651	138,651	-
End of year	\$ 135,651	\$ 135,651	\$ 159,867	\$ 24,216

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,400	\$ 1,400	\$ 608	\$ (792)
Investment income	40	40	95	55
Total revenues	1,440	1,440	703	(737)
EXPENDITURES:				
Community development	500	500	-	500
Total Expenditures	500	500	-	500
NET CHANGE IN FUND BALANCE	940	940	703	(237)
FUND BALANCE:				
Beginning of year	3,258	3,258	3,258	-
End of year	\$ 4,198	\$ 4,198	\$ 3,961	\$ (237)

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, 2019

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
ASSETS				
Current assets:				
Cash and investments	\$ 5,272,629	\$ 6,389,322	\$ 1,351,162	\$ 5,032,507
Accounts receivable	-	-	-	3,590
Inventory	56,100	42,163	-	-
Total current assets	5,328,729	6,431,485	1,351,162	5,036,097
Noncurrent assets:				
Capital assets:				
Depreciable	1,653,184	2,369,407	-	-
Depreciable - Intangible	-	224,659	-	-
Total noncurrent assets	1,653,184	2,594,066	-	-
Total assets	6,981,913	9,025,551	1,351,162	5,036,097
DEFERRED OUTFLOW OF RESOURCES				
Related to pension and OPEB	106,685	-	-	173,722
LIABILITIES				
Current liabilities:				
Accounts payable	8,011	-	449	139,761
Accrued payroll	15,005	-	-	26,145
Claims liability	-	-	63,000	-
Compensated absences - current portion	15,054	-	-	27,970
Other liability	-	-	-	-
Total current liabilities	38,070	-	63,449	193,876
Noncurrent liabilities:				
Compensated absences	23,148	-	-	44,797
Net OPEB liability	155,781	-	-	232,986
Net pension liability	879,088	-	-	1,046,467
Other liability	-	-	-	-
Total noncurrent liabilities	1,058,017	-	-	1,324,250
Total liabilities	1,096,087	-	63,449	1,518,126
DEFERRED INFLOW OF RESOURCES				
Related to pension and OPEB	63,215	-	-	90,438
NET POSITION				
Net investment in capital assets	1,653,184	2,594,066	-	-
Unrestricted	4,276,112	6,431,485	1,287,713	3,601,255
Total net position	\$ 5,929,296	\$ 9,025,551	\$ 1,287,713	\$ 3,601,255

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 7,148,458	\$ 2,348,471	\$ 5,834,626	\$ 2,534,775	\$ 35,911,950
-	-	-	-	3,590
-	-	-	-	98,263
7,148,458	2,348,471	5,834,626	2,534,775	36,013,803
-	-	-	-	4,022,591
-	-	-	-	224,659
-	-	-	-	4,247,250
7,148,458	2,348,471	5,834,626	2,534,775	40,261,053
159,986	-	-	-	440,393
445,488	-	-	-	593,709
24,879	-	-	-	66,029
-	-	-	-	63,000
24,568	-	-	-	67,592
31,466	-	-	-	31,466
526,401	-	-	-	821,796
42,260	-	-	-	110,205
155,779	-	-	-	544,546
1,139,374	-	-	-	3,064,929
157,332	-	-	-	157,332
1,494,745	-	-	-	3,877,012
2,021,146	-	-	-	4,698,808
69,448	-	-	-	223,101
-	-	-	-	4,247,250
5,217,850	2,348,471	5,834,626	2,534,775	31,532,287
\$ 5,217,850	\$ 2,348,471	\$ 5,834,626	\$ 2,534,775	\$ 35,779,537

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, 2019

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
OPERATING REVENUES:				
Charges for services	\$ 1,538,938	\$ 597,578	\$ 280,410	\$ 1,706,328
Total operating revenues	1,538,938	597,578	280,410	1,706,328
OPERATING EXPENSES:				
Personnel	491,793	-	-	783,352
Repairs and maintenance	349,295	312,454	-	606,195
General and administration	207,577	-	385	198,181
Depreciation	384,571	348,183	-	-
Contractual services	3,410	-	11,033	10,328
Insurance	36,454	-	304,942	-
Total operating expenses	1,473,100	660,637	316,360	1,598,056
OPERATING INCOME (LOSS)	65,838	(63,059)	(35,950)	108,272
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of capital assets	(10,319)	(11,990)	-	-
Investment income (expense)	165,138	201,277	40,419	151,757
Total nonoperating revenues (expenses)	154,819	189,287	40,419	151,757
INCOME (LOSS) BEFORE				
CONTRIBUTIONS AND TRANSFERS	220,657	126,228	4,469	260,029
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions from other agency	-	21,166	-	-
Capital contributions to other agency	(2,169,453)	(304,729)	-	(9,100)
Transfers in	7,020	364,976	-	-
Transfers out	(34,773)	-	-	(27,345)
Total contributions and transfers	(2,197,206)	81,413	-	(36,445)
Changes in Net Position	(1,976,549)	207,641	4,469	223,584
NET POSITION:				
Beginning of the year	7,905,845	8,817,910	1,283,244	3,377,671
End of the year	\$ 5,929,296	\$ 9,025,551	\$ 1,287,713	\$ 3,601,255

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 2,879,016	\$ -	\$ -	\$ 379,979	\$ 7,382,249
<u>2,879,016</u>	<u>-</u>	<u>-</u>	<u>379,979</u>	<u>7,382,249</u>
730,063	168,321	150,401	221,069	2,544,999
438,436	-	-	-	1,706,380
882,463	-	-	-	1,288,606
-	-	-	-	732,754
407,971	3,022	5,432	-	441,196
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,396</u>
<u>2,458,933</u>	<u>171,343</u>	<u>155,833</u>	<u>221,069</u>	<u>7,055,331</u>
<u>420,083</u>	<u>(171,343)</u>	<u>(155,833)</u>	<u>158,910</u>	<u>326,918</u>
-	-	-	-	(22,309)
<u>126,327</u>	<u>50,363</u>	<u>122,626</u>	<u>78,024</u>	<u>935,931</u>
<u>126,327</u>	<u>50,363</u>	<u>122,626</u>	<u>78,024</u>	<u>913,622</u>
<u>546,410</u>	<u>(120,980)</u>	<u>(33,207)</u>	<u>236,934</u>	<u>1,240,540</u>
20,000	-	-	-	41,166
-	-	-	-	(2,483,282)
3,350,280	-	-	-	3,722,276
(302,858)	-	-	-	(364,976)
<u>3,067,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,184</u>
<u>3,613,832</u>	<u>(120,980)</u>	<u>(33,207)</u>	<u>236,934</u>	<u>2,155,724</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>
<u>\$ 5,217,850</u>	<u>\$ 2,348,471</u>	<u>\$ 5,834,626</u>	<u>\$ 2,534,775</u>	<u>\$ 35,779,537</u>

City of Foster City and Estero Municipal Improvement District
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2019

	Vehicle Rental	Equipment Replacement	Self Insurance	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from inter-departmental charges	\$ 1,540,413	\$ 612,728	\$ 280,410	\$ 1,702,888
Cash payments to suppliers for goods and services	(686,492)	(315,430)	(344,911)	(701,097)
Cash payments to employees for services	(414,496)	-	-	(727,560)
Net cash provided (used) by operating activities	<u>439,425</u>	<u>297,298</u>	<u>(64,501)</u>	<u>274,231</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	7,020	364,976	-	-
Transfer paid	(34,773)	-	-	(27,345)
Net cash provided (used) by noncapital financing activities	<u>(27,753)</u>	<u>364,976</u>	<u>-</u>	<u>(27,345)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions received	-	21,166	-	-
Acquisition and construction of capital assets	(430,371)	(561,555)	-	(9,100)
Net cash provided (used) by capital and related financing activities	<u>(430,371)</u>	<u>(540,389)</u>	<u>-</u>	<u>(9,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	165,138	201,277	40,419	151,757
Net cash provided (used) by investing activities	<u>165,138</u>	<u>201,277</u>	<u>40,419</u>	<u>151,757</u>
Net increase (decrease) in cash and cash equivalents	146,439	323,162	(24,082)	389,543
CASH AND CASH EQUIVALENTS:				
Beginning of year	5,126,190	6,066,160	1,375,244	4,642,964
End of year	<u>\$ 5,272,629</u>	<u>\$ 6,389,322</u>	<u>\$ 1,351,162</u>	<u>\$ 5,032,507</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 65,838	\$ (63,059)	\$ (35,950)	\$ 108,272
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	384,571	348,183	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	1,475	15,150	-	(3,440)
Deposit and prepaid items	582	-	-	-
Inventory	2,790	-	-	-
Deferred outflow of resources	77,408	-	-	91,170
Increase (decrease) in:				
Accounts payable	(93,128)	(2,976)	449	113,607
Accrued payroll	834	-	-	(1,250)
Claims liability	-	-	(29,000)	-
Compensated absences	5,119	-	-	2,068
Net OPEB liability	(32,029)	-	-	(48,140)
Net pension liability	(22,398)	-	-	(58,003)
Other liability	-	-	-	-
Deferred inflow of resources	48,363	-	-	69,947
Total adjustments	<u>373,587</u>	<u>360,357</u>	<u>(28,551)</u>	<u>165,959</u>
Net cash provided (used) by operating activities	<u>\$ 439,425</u>	<u>\$ 297,298</u>	<u>\$ (64,501)</u>	<u>\$ 274,231</u>
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:				
Capital contributions to other agency	\$ (2,169,453)	\$ (304,729)	\$ -	\$ (9,100)
Total noncash capital and related financing transaction	<u>\$ (2,169,453)</u>	<u>\$ (304,729)</u>	<u>\$ -</u>	<u>\$ (9,100)</u>

Building Maintenance	Longevity Recognition Benefits	PEMHCA	Compensated Absences	Total
\$ 2,879,016	\$ -	\$ -	\$ 379,979	\$ 7,395,434
(1,444,262)	(3,022)	(5,432)	-	(3,500,646)
(672,834)	(168,321)	(150,401)	(221,069)	(2,354,681)
<u>761,920</u>	<u>(171,343)</u>	<u>(155,833)</u>	<u>158,910</u>	<u>1,540,107</u>
3,350,280	-	-	-	3,722,276
(302,858)	-	-	-	(364,976)
<u>3,047,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,357,300</u>
20,000	-	-	-	41,166
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(971,026)</u>
50,000	-	-	-	(929,860)
126,327	50,363	122,626	78,024	935,931
<u>126,327</u>	<u>50,363</u>	<u>122,626</u>	<u>78,024</u>	<u>935,931</u>
3,985,669	(120,980)	(33,207)	236,934	4,903,478
3,162,789	2,469,451	5,867,833	2,297,841	31,008,472
<u>\$ 7,148,458</u>	<u>\$ 2,348,471</u>	<u>\$ 5,834,626</u>	<u>\$ 2,534,775</u>	<u>\$ 35,911,950</u>
\$ 420,083	\$ (171,343)	\$ (155,833)	\$ 158,910	\$ 326,918
-	-	-	-	732,754
-	-	-	-	13,185
-	-	-	-	582
-	-	-	-	2,790
88,171	-	-	-	256,749
284,608	-	-	-	302,560
3,196	-	-	-	2,780
-	-	-	-	(29,000)
14,023	-	-	-	21,210
(32,031)	-	-	-	(112,200)
(36,808)	-	-	-	(117,209)
(31,466)	-	-	-	(31,466)
52,144	-	-	-	170,454
<u>341,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,189</u>
<u>\$ 761,920</u>	<u>\$ (171,343)</u>	<u>\$ (155,833)</u>	<u>\$ 158,910</u>	<u>\$ 1,540,107</u>
\$ -	\$ -	\$ -	\$ -	\$ (2,483,282)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,483,282)</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.

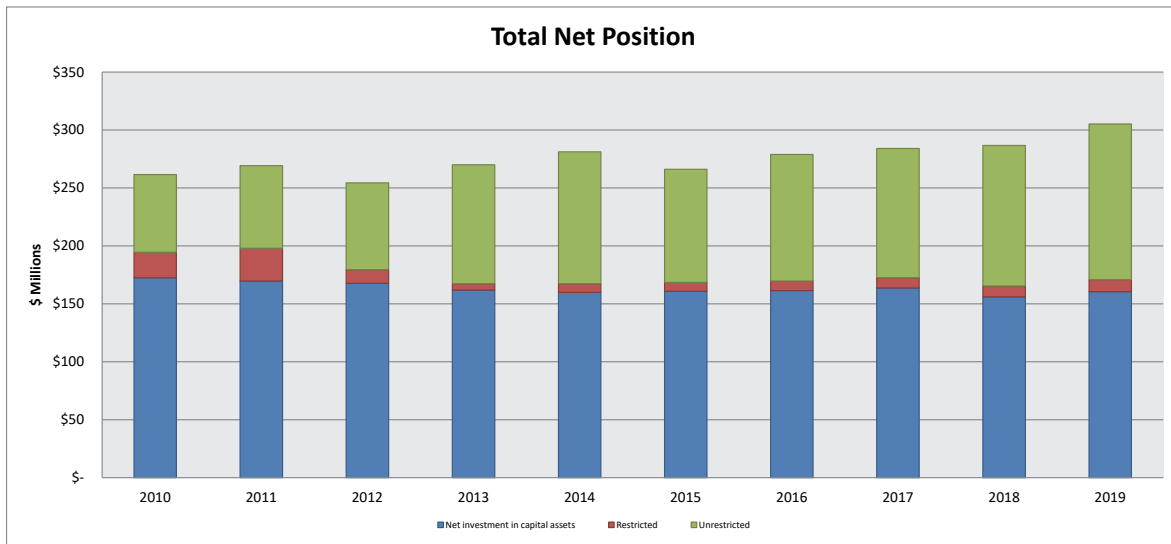
Operating Information

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 102,668,101
Restricted	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	10,389,000
Unrestricted	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	95,333,932
Total governmental activities net position	\$ 180,638,084	\$ 185,850,473	\$ 168,586,807	\$ 183,625,726	\$ 192,611,856	\$ 182,103,160	\$ 192,467,330	\$ 196,213,518	\$ 195,920,784	\$ 208,391,033
Business-type activities										
Net Investment in capital assets	\$ 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	\$ 57,834,914
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	38,964,497
Total business-type activities net position	\$ 80,932,198	\$ 83,378,386	\$ 85,820,701	\$ 86,332,333	\$ 88,570,688	\$ 84,025,994	\$ 86,428,130	\$ 87,889,374	\$ 90,788,056	\$ 96,799,411
Primary government										
Net Investment in capital assets	\$ 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	\$ 160,503,015
Restricted	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	10,389,000
Unrestricted	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	134,298,429
Total primary government net position	\$ 261,570,282	\$ 269,228,859	\$ 254,407,508	\$ 269,958,059	\$ 281,182,544	\$ 266,129,154	\$ 278,895,460	\$ 284,102,892	\$ 286,708,840	\$ 305,190,444



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 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	\$ 6,060,023
Police	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	15,022,253
Fire	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	11,033,747
Public works	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	5,430,742
Community development	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	2,907,622
Parks and recreation	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	11,096,170
Interest on long-term debt	71,079	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>43,687,019</u>	<u>39,500,295</u>	<u>36,658,826</u>	<u>36,700,886</u>	<u>35,966,006</u>	<u>37,348,497</u>	<u>38,180,174</u>	<u>42,495,990</u>	<u>50,249,662</u>	<u>51,550,557</u>
Business-type activities:										
Water	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	14,074,075
Wastewater	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	8,151,224
Public transportation	298,964	204,321	201,696	-	-	-	-	-	-	-
Total business-type activities expenses	<u>14,446,800</u>	<u>14,229,311</u>	<u>15,893,240</u>	<u>16,890,959</u>	<u>16,258,816</u>	<u>17,737,142</u>	<u>18,181,023</u>	<u>20,564,873</u>	<u>22,322,349</u>	<u>22,225,299</u>
Total primary government expenses	<u>\$ 58,133,819</u>	<u>\$ 53,729,606</u>	<u>\$ 52,552,066</u>	<u>\$ 53,591,845</u>	<u>\$ 52,224,822</u>	<u>\$ 55,085,639</u>	<u>\$ 56,361,197</u>	<u>\$ 63,060,863</u>	<u>\$ 72,572,011</u>	<u>\$ 73,775,856</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Public works	\$ 146,430	\$ 150,183	\$ 115,060	\$ 185,606	\$ 259,277	\$ 192,974	\$ 264,579	\$ 254,169	\$ 367,879	\$ 213,086
Parks and recreation	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	3,697,450
Other activities	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	4,173,106
Operating grants and contributions	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	1,136,501
Capital grants and contributions	680,355	4,157,426	449,989	938,348	1,374,066	709,800	290,669	586,884	2,218,653	1,115,882
Total governmental activities program revenues	<u>3,899,827</u>	<u>8,588,343</u>	<u>5,551,840</u>	<u>5,423,900</u>	<u>11,162,871</u>	<u>12,519,177</u>	<u>9,756,215</u>	<u>10,382,176</u>	<u>11,742,172</u>	<u>10,336,025</u>
Business-type activities:										
Charges for services:										
Water	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	15,382,698
Wastewater	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	12,121,747
Other activities	-	-	7,317	-	-	-	-	-	-	-
Operating grants and contributions	-	140,709	100,756	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	19,305	-	26,991	71,315	32,174	8,741	5,557
Total business-type activities program revenues	<u>14,074,895</u>	<u>16,170,180</u>	<u>17,945,821</u>	<u>17,485,787</u>	<u>17,950,613</u>	<u>18,178,337</u>	<u>20,171,562</u>	<u>21,774,729</u>	<u>25,566,008</u>	<u>27,510,002</u>
Total primary government program revenues	<u>\$ 17,974,722</u>	<u>\$ 24,758,523</u>	<u>\$ 23,497,661</u>	<u>\$ 22,909,687</u>	<u>\$ 29,113,484</u>	<u>\$ 30,697,514</u>	<u>\$ 29,927,777</u>	<u>\$ 32,156,905</u>	<u>\$ 37,308,180</u>	<u>\$ 37,846,027</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (41,214,532)
Business-type activities	(371,905)	1,940,869	2,052,581	594,828	1,691,797	441,195	1,990,539	1,209,856	3,243,659	5,284,703
Total primary government net expense	<u>\$ (40,159,097)</u>	<u>\$ (28,971,083)</u>	<u>\$ (29,054,405)</u>	<u>\$ (30,682,158)</u>	<u>\$ (23,111,338)</u>	<u>\$ (24,388,125)</u>	<u>\$ (26,433,420)</u>	<u>\$ (30,903,958)</u>	<u>\$ (35,263,831)</u>	<u>\$ (35,929,829)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 33,612,508
Franchise taxes	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	1,151,822
Sales taxes	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	4,513,774
Other taxes	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	6,570,639
Payments in lieu of taxes	2,417,925	-	-	-	-	-	-	-	-	-
Investment earnings	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	7,340,714
Gain on JPA investment	-	-	-	-	-	-	-	-	-	84,643
Gain on sale of capital assets	-	-	-	-	-	-	-	37,071	101,798	(22,309)
Miscellaneous	253,121	117,764	210,189	19,494,949	405,586	30,088,299	1,010,108	134,187	316,522	124,124
Transfers	(10,519)	(108,000)	(60,501)	-	-	-	-	-	162,674	308,866
Total governmental activities	<u>39,664,677</u>	<u>36,124,340</u>	<u>30,193,373</u>	<u>52,615,905</u>	<u>35,157,775</u>	<u>64,922,484</u>	<u>38,788,129</u>	<u>39,891,002</u>	<u>44,028,621</u>	<u>53,684,781</u>
Business-type activities:										
Property Tax	-	-	-	-	-	-	-	-	-	-
Investment earnings	296,930	256,984	292,258	(141,502)	459,090	319,633	350,091	154,770	277,627	984,386
Loss on sales of capital assets	-	-	-	-	-	-	-	(7,860)	(479)	-
Miscellaneous	132,999	140,335	36,975	58,306	87,468	94,246	61,506	104,478	125,512	51,132
Transfers	10,519	108,000	60,501	-	-	-	-	-	(162,674)	(308,866)
Total business-type activities	<u>440,448</u>	<u>505,319</u>	<u>389,734</u>	<u>(83,196)</u>	<u>546,558</u>	<u>413,879</u>	<u>411,597</u>	<u>251,388</u>	<u>239,986</u>	<u>726,652</u>
Total primary government	<u>\$ 40,105,125</u>	<u>\$ 36,629,659</u>	<u>\$ 30,583,107</u>	<u>\$ 52,532,709</u>	<u>\$ 35,704,333</u>	<u>\$ 65,336,363</u>	<u>\$ 39,199,726</u>	<u>\$ 40,142,390</u>	<u>\$ 44,268,607</u>	<u>\$ 54,411,433</u>
Extraordinary Items										
Governmental activities:										
Extraordinary items										
Total governmental activities	-	-	(16,350,052)	(6,300,000)	(1,368,510)	1,131,265	-	-	-	-
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,350,052)</u>	<u>\$ (6,300,000)</u>	<u>\$ (1,368,510)</u>	<u>\$ 1,131,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ (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	\$ 12,470,249
Business-type activities	68,543	2,446,188	2,442,315	511,632	2,238,355	855,074	2,402,136	1,461,244	3,483,645	6,011,355
Total primary government	<u>\$ (53,972)</u>	<u>\$ 7,658,576</u>	<u>\$ (14,821,350)</u>	<u>\$ 15,550,551</u>	<u>\$ 11,224,485</u>	<u>\$ 42,079,503</u>	<u>\$ 12,766,306</u>	<u>\$ 9,238,432</u>	<u>\$ 9,004,776</u>	<u>\$ 18,481,604</u>

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	\$43,986,723
Licenses, fees and permits	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	3,687,802
Fines and penalties	158,199	159,303	179,717	193,654	197,969	168,838	162,589	187,670	227,271	123,403
Charges for services	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	2,302,304
Special assessments	-	4,000,000	-	-	3,289,634	3,288,613	429,000	1,146,000	540,000	2,240,000
Intergovernmental	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	2,450,199
Investment earnings	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	6,489,694
Other revenues	827,083	559,764	436,977	1,178,203	794,640	2,882,967	4,394,357	1,961,964	3,838,427	1,464,509
Total revenues	44,028,925	43,833,423	35,279,773	38,088,620	44,493,482	47,610,849	48,000,815	49,710,596	55,275,024	62,744,634
Expenditures										
General government	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	4,995,310
Police	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	14,649,843
Fire	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	11,280,149
Public works	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	3,142,559
Community development	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	2,803,275
Parks and recreation	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	9,049,950
Capital outlay	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	5,312,860
Debt service										
Interest	996,412	156,685	-	-	-	-	-	-	-	-
Principal	4,775,000	-	-	-	-	-	-	-	-	-
Total expenditures	47,630,993	36,306,582	35,571,948	33,140,296	35,594,204	43,810,658	38,334,925	41,964,477	44,114,432	51,233,946
Excess of revenues over (under) expenditures	(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	11,510,688
Other Financing Sources (uses)										
Proceeds from sale of capital assets	-	-	-	1,332,190	1,344,924	30,485,503	546,293	564,315	582,930	602,160
Transfers in	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	4,338,841
Transfers out	(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)	(7,387,275)
Total other financing sources (uses)	(1,311,500)	(108,000)	(69,080)	(1,317,810)	1,344,924	30,607,503	383,095	564,315	582,930	(2,446,274)
Extraordinary Item										
Extraordinary loss	-	-	(16,350,052)	(6,300,000)	(1,368,510)	-	-	-	-	-
Total extraordinary item	-	-	(16,350,052)	(6,300,000)	(1,368,510)	-	-	-	-	-
Net change in fund balances	\$ (4,913,568)	\$ 7,418,841	\$ (16,711,307)	\$ (2,669,486)	\$ 8,875,692	\$ 34,407,694	\$ 10,048,985	\$ 8,310,434	\$ 11,743,522	\$ 9,064,414
Debt service as a percentage of noncapital expenditures	14.62%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,159,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	23,944,755	-	-	-	-	-	-	-	-	-
Non-Spendable	-	33,527	32,448	34,769	36,126	31,380	39,730	48,595	56,029	48,231
Restricted	-	-	-	-	-	-	99,481	5,675	21,252	26,384
Committed	-	812,807	466,016	405,949	441,920	1,279,096	1,279,731	2,202,807	2,265,890	3,013,410
Assigned	-	1,052,366	964,536	510,417	676,878	619,948	138,174	28,093	125,010	8,240
Unassigned	-	19,304,982	20,272,893	19,025,588	23,746,768	30,303,100	39,628,699	43,397,590	50,980,152	52,180,181
Total general fund	\$ 25,104,045	\$ 21,203,682	\$ 21,735,893	\$ 19,976,723	\$ 24,901,692	\$ 32,233,524	\$ 41,185,815	\$ 45,682,760	\$ 53,448,333	\$ 55,276,446
All Other Governmental Funds										
Reserved	\$ 17,587,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,300,455	-	-	-	-	-	-	-	-	-
Capital projects funds	4,499,907	-	-	-	-	-	-	-	-	-
Non-Spendable	-	-	-	-	-	683	-	-	75	2,203
Restricted	-	28,608,240	10,357,852	4,546,308	7,227,787	7,263,706	7,685,968	8,003,371	8,542,352	9,314,094
Committed	-	8,099,116	9,105,986	14,007,214	15,276,458	42,315,718	42,990,833	46,527,692	49,925,812	56,388,243
Unassigned	-	-	-	-	-	-	-	(40,773)	-	-
Total all other governmental funds	\$ 25,388,152	\$ 36,707,356	\$ 19,463,838	\$ 18,553,522	\$ 22,504,245	\$ 49,580,107	\$ 50,676,801	\$ 54,490,290	\$ 58,468,239	\$ 65,704,540

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

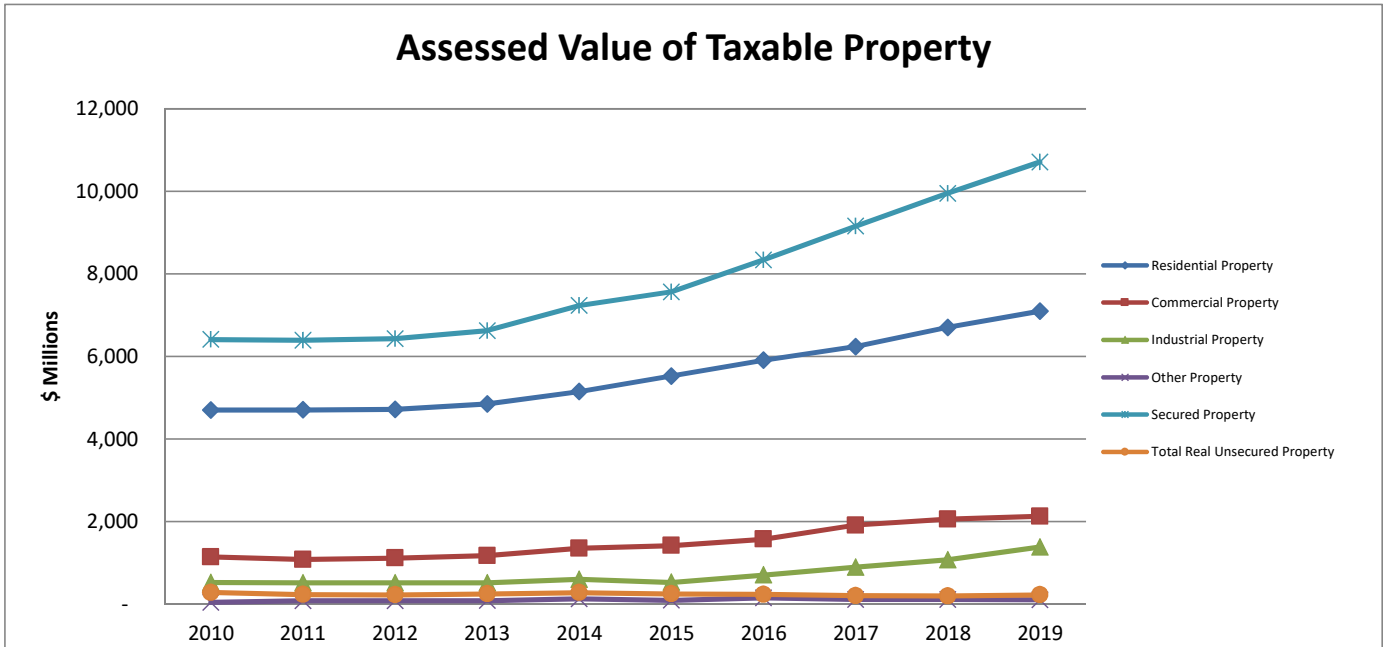
City of Foster City and Estero Municipal Improvement District

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 ¹	Total Direct Tax Rate ²
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
2019	7,096,609	2,125,413	1,385,304	105,123	10,712,449	225,163	10,937,612	10,937,612	0.22086



Source: The HdL Company and San Mateo County Assessor 2009/10 - 2018/19 Combined Tax Rolls

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

Thereafter, full cash value can be increased/decreased:

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

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

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

Agency	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Belmont Elementary	0.00830	0.00920	0.01970	0.01970	0.01830	0.01820	0.03620	0.03060	0.02780	0.02710
Belmont-Redwood Shores	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00520	0.00430
Mid-Penninsula Regional Open Space	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00080	0.00060	0.00090	0.00180
San Mateo Foster City Elementary	0.03260	0.03410	0.03470	0.03380	0.04210	0.03880	0.04020	0.05460	0.05420	0.05300
San Mateo Junior College	0.01820	0.01930	0.01990	0.01940	0.01940	0.01900	0.02500	0.02470	0.02350	0.01750
San Mateo Union High	0.03190	0.03220	0.03830	0.03810	0.03550	0.04750	0.04660	0.04150	0.04330	0.04070
Sequoia Union High	0.02770	0.03110	0.03580	0.03560	0.03130	0.04330	0.04340	0.03910	0.03830	0.03650
Total Direct & Overlapping² Tax Rates	1.11870	1.12590	1.14840	1.14660	1.14660	1.16680	1.19220	1.19110	1.19320	1.18090
City's Share of 1% Levy Per Prop 13³	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.25974	0.21971
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate⁴	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate⁵	0.45582	0.45653	0.44624	0.44902	0.22518	0.22474	0.22323	0.22231	0.22156	0.22086

Notes:

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

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

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

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

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

Source:

The HdL Company, 2009/10 - 2018/19 Direct and Overlapping Property Tax Rates Schedule
San Mateo County Assessor 2009/10 -2018/19 Tax Rate Table

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

<u>Taxpayer</u>	<u>FY 2018/2019</u>			<u>FY 2009/2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City</u>
			<u>Value</u>			<u>Value</u>
GILEAD SCIENCES INC	\$ 1,762,513,660	1	16.11%	\$ 357,005,146	1	5.33%
BMR LINCOLN CENTER LP	348,378,682	2	3.19%			
HUDSON METRO CENTER LLC	335,454,525	3	3.07%			
VISA USA INC	267,729,495	4	2.45%			
TRUST PARKSIDE TOWERS CORPORATION	220,872,467	5	2.02%			
BEX FMCA LLC	188,990,009	6	1.73%			
SF HILLSDALE 20102012 LLC	150,461,678	7	1.38%			
CV TRITON LLC	111,661,581	8	1.02%			
NORTHWESTERN MUTUAL LIFE	89,628,596	9	0.82%			
BAYSIDE TOWERS INC	78,968,905	10	0.72%			
SPK-METRO CENTER LLC LESSEE				235,733,991	2	3.52%
VISA INTERNATIONAL SERVICE ASSOCIATION				227,496,451	3	3.40%
PARKSIDE TOWERS				148,300,000	4	2.21%
APPLERA CORPORATION				113,599,328	5	1.70%
GRUPE REAL ESTATE INVESTMENT				88,754,136	6	1.33%
ELECTRONICS FOR IMAGING INC				83,273,150	7	1.24%
SONY COMPUTER ENTERTAINMENT				77,003,329	8	1.15%
BRE PROPERTIES INC				73,442,880	9	1.10%
ESSEX HARBOR COVE APARTMENTS LP				71,851,261	10	1.07%
Top Ten Total	<u>3,554,659,598</u>		<u>32.50%</u>	<u>1,476,459,672</u>		<u>22.05%</u>
City Total	<u>\$ 10,937,612,047</u>			<u>\$ 6,696,522,597</u>		

Source: The HdL Company and San Mateo County Assessor 2018/19 & 2009/10 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
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% ³	31,783	12,727,937	103.76%
2012	17,066,910	15,111,377	88.54%	(7,011)	15,104,366	88.50%
2013	17,614,023	17,312,886	98.29%	(45,095)	17,267,791	98.03%
2014	19,265,347	19,479,141	101.11% ⁴	(37,058)	19,442,083	100.92%
2015	20,152,567	20,126,637	99.87%	(11,207)	20,115,431	99.82%
2016	22,149,657	22,043,604	99.52%	(20,905)	22,022,699	99.43%
2017	24,188,847	23,973,655	99.11%	(1,320)	23,972,335	99.10%
2018	26,231,976	26,113,362	99.55%	(39,853)	26,073,509	99.40%
2019	28,275,807	29,782,771	105.33%	-	29,782,771	105.33%

Notes:

¹ Information from County of San Mateo Controller's Office

² Amount received after ERAF contribution

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

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

⁵ San Mateo County Controller's Office changed the excess ERAF distribution. Included 45% excess ERAF amount distributed in August FY2019/2020.

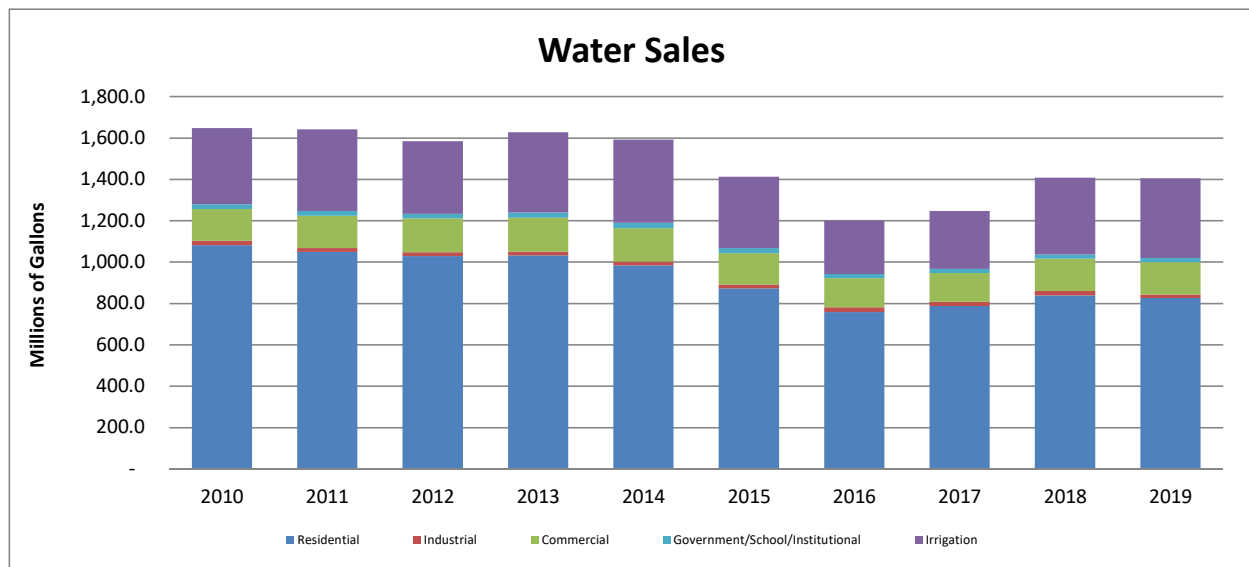
City of Foster City and Estero Municipal Improvement District

Water Sales by Type of Customer

Last Ten Fiscal Years

(in millions of gallons)

Type of Customer	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	1,081.4	1,048.9	1,029.2	1,032.1	984.3	873.0	758.5	786.8	838.9	825.4
Industrial	20.8	18.8	17.8	18.4	17.2	17.7	23.0	21.1	21.2	16.9
Commercial	154.1	155.3	164.3	163.8	161.2	151.1	140.0	138.9	156.0	157.2
Government/School/Institutional	22.1	23.0	21.3	24.9	27.4	25.9	20.6	20.2	20.6	20.5
Irrigation	368.9	395.0	351.1	388.0	401.4	344.6	258.4	280.4	370.1	384.0
Total	1,647.3	1,641.0	1,583.7	1,627.2	1,591.5	1,412.3	1,200.5	1,247.4	1,406.8	1,404.0



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>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>	<u>2019</u>
Availability / Meter Charge (per Month)										
5/8 inch	\$ 16.85	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45
3/4 inch	\$ 16.85	\$ 17.55	\$ 17.55	\$ 15.80	\$ 15.80	\$ 16.00	\$ 17.25	\$ 18.90	\$ 19.85	\$ 21.45
1 inch	\$ 42.15	\$ 43.90	\$ 43.90	\$ 39.50	\$ 27.65	\$ 28.00	\$ 28.75	\$ 31.50	\$ 33.08	\$ 35.75
1&1/2 inch	\$ 84.25	\$ 87.75	\$ 87.75	\$ 79.00	\$ 79.00	\$ 80.00	\$ 69.00	\$ 75.60	\$ 79.40	\$ 85.80
2 inch	\$ 134.80	\$ 140.40	\$ 140.40	\$ 126.40	\$ 126.40	\$ 128.00	\$ 92.00	\$ 100.80	\$ 105.87	\$ 114.40
3 inch	\$ 235.90	\$ 245.70	\$ 245.70	\$ 221.20	\$ 221.20	\$ 224.00	\$ 201.25	\$ 220.50	\$ 231.58	\$ 250.25
4 inch	\$ 370.70	\$ 386.10	\$ 386.10	\$ 347.60	\$ 347.60	\$ 352.00	\$ 362.25	\$ 396.90	\$ 416.85	\$ 450.45
6 inch	\$ 707.70	\$ 737.10	\$ 737.10	\$ 663.60	\$ 663.60	\$ 672.00	\$ 805.00	\$ 882.00	\$ 926.33	\$ 1,001.00
8 inch	\$ 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	\$ 1,716.00
Consumption Charge (per Unit*)										
All Classes	\$ 1.73									
Single Family Residential										
0-10 units	\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	
11-20 units	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	
> 20 units	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.64	\$ 5.95	\$ 6.06	\$ 6.10	
Multi Family Residential										
0-5 units	\$ 1.57	\$ 2.00	\$ 2.35	\$ 2.35	\$ 2.49	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	
6-10 units	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	
> 10 units	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 4.67	\$ 5.93	\$ 5.62	\$ 6.10	
Irrigation										
0-100% of annual water budget	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.30	\$ 4.72	\$ 5.03	\$ 5.43	
> 100% of annual water budget	\$ 4.18	\$ 4.66	\$ 4.70	\$ 4.70	\$ 4.98	\$ 5.65	\$ 7.35	\$ 7.21	\$ 6.47	
Commercial and Fire Line	\$ 2.09	\$ 2.66	\$ 3.13	\$ 3.13	\$ 3.32	\$ 4.40	\$ 4.97	\$ 5.15	\$ 5.54	
Private Fire Protection Service										
Availability / Meter Charge (per Month)										
3/4 inch	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03
1 inch	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03
1&1/2 inch	\$ 29.50	\$ 30.75	\$ 30.75	\$ 27.65	\$ 27.65	\$ 28.00	\$ 24.15	\$ 26.46	\$ 27.79	\$ 30.03
2 inch	\$ 47.20	\$ 49.15	\$ 49.15	\$ 44.25	\$ 44.25	\$ 44.80	\$ 32.20	\$ 35.34	\$ 37.12	\$ 40.11
3 inch	\$ 82.60	\$ 86.00	\$ 86.00	\$ 77.45	\$ 77.45	\$ 78.40	\$ 70.45	\$ 77.11	\$ 80.99	\$ 87.52
4 inch	\$ 129.75	\$ 135.15	\$ 135.15	\$ 121.70	\$ 121.70	\$ 123.20	\$ 126.80	\$ 138.92	\$ 145.90	\$ 157.66
6 inch	\$ 247.70	\$ 258.00	\$ 258.00	\$ 232.30	\$ 232.30	\$ 235.20	\$ 281.75	\$ 308.64	\$ 324.15	\$ 350.28
8 inch	\$ 389.25	\$ 405.45	\$ 405.45	\$ 365.00	\$ 365.00	\$ 369.60	\$ 483.00	\$ 529.20	\$ 555.80	\$ 600.60
Wastewater										
Residential (per Month)										
Single Family	\$ 43.85	\$ 46.05	\$ 46.05	\$ 46.05	\$ 46.05	\$ 47.00	\$ 51.47	\$ 57.13	\$ 65.27	\$ 74.57
Townhouse	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64
Duplex	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64
Apartment / Condominium	\$ 36.90	\$ 38.75	\$ 38.75	\$ 38.75	\$ 38.75	\$ 39.55	\$ 43.23	\$ 47.99	\$ 54.83	\$ 62.64
Commercial (per Unit* of Water Billed)										
Restaurant	\$ 7.97	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.37	\$ 8.54	\$ 9.35	\$ 10.38	\$ 11.86	\$ 13.55
Miscellaneous	\$ 2.80	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.00	\$ 3.29	\$ 3.65	\$ 4.17	\$ 4.76
Institutional (per Unit* of Water Billed)										
School	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13
Church	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13
Public Facility	\$ 1.58	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.69	\$ 2.16	\$ 2.40	\$ 2.74	\$ 3.13

Unit* = 748 Gallons

Source: City of Foster City Financial Services Department

City of Foster City and Estero Municipal Improvement District

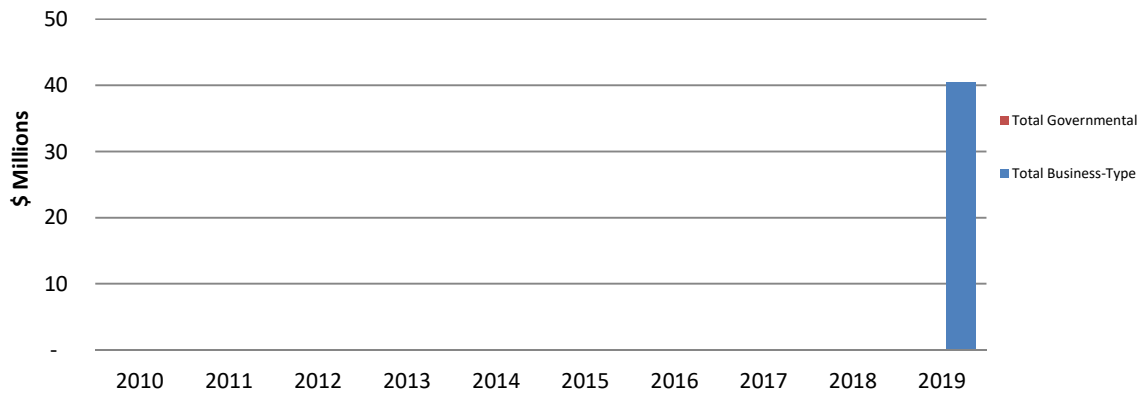
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Total	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds		Wastewater Bonds				
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	-
2019	-	-	-	-	-	40,380	40,380	0.019	1,198

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, 2019

2018-19 Assessed Valuation: \$10,921,274,674

	Total Debt Outstanding 06/30/19	Percentage Applicable (1)	City's Share of Overlapping Debt 06/30/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$801,050,076	4.887%	\$ 39,147,317
San Mateo Union High School District	511,074,086	14.011%	71,606,590
Sequoia Union High School District	518,005,000	0.004%	20,720
San Mateo-Foster City School District	268,912,849	28.515%	76,680,499
Belmont-Redwood Shores School District	62,399,636	0.024%	14,976
Midpeninsula Regional Open Space District	92,460,000	0.004%	3,698
Estero Municipal Improvement District	0	100.000%	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 187,473,800
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$551,005,360	4.887%	\$ 26,927,632
San Mateo County Board of Education Certificates of Participation	8,140,000	4.887%	397,802
Midpeninsula Regional Park District General Fund Obligations	117,450,600	0.004%	4,698
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 27,330,132
TOTAL DIRECT DEBT			\$0.00
TOTAL OVERLAPPING DEBT			\$ 214,803,932
COMBINED TOTAL DEBT			\$ 214,803,932 (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 2018-19 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.72%
Combined Total Debt	1.97%

Source: California Municipal Statistics, Inc.

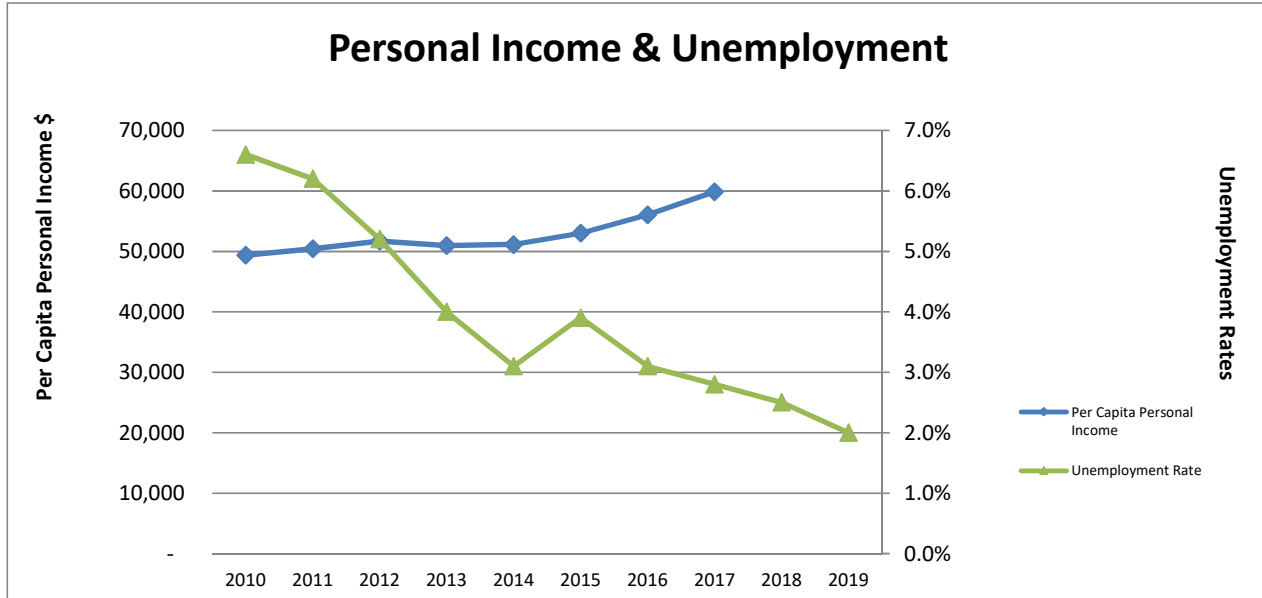
City of Foster City and Estero Municipal Improvement District
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	<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>	<u>2019</u>
Debt limit	\$ 995,982	\$ 985,253	\$ 984,013	\$ 1,016,775	\$ 1,112,856	\$ 1,157,114	\$ 1,271,748	\$ 1,389,831	\$ 1,508,177	\$ 1,626,260
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 1,626,260</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
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	2,181,678	64,751	2.5%
2019	33,693	n/a	n/a	2.0%



Sources:

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

City of Foster City and Estero Municipal Improvement District

Principal Employers

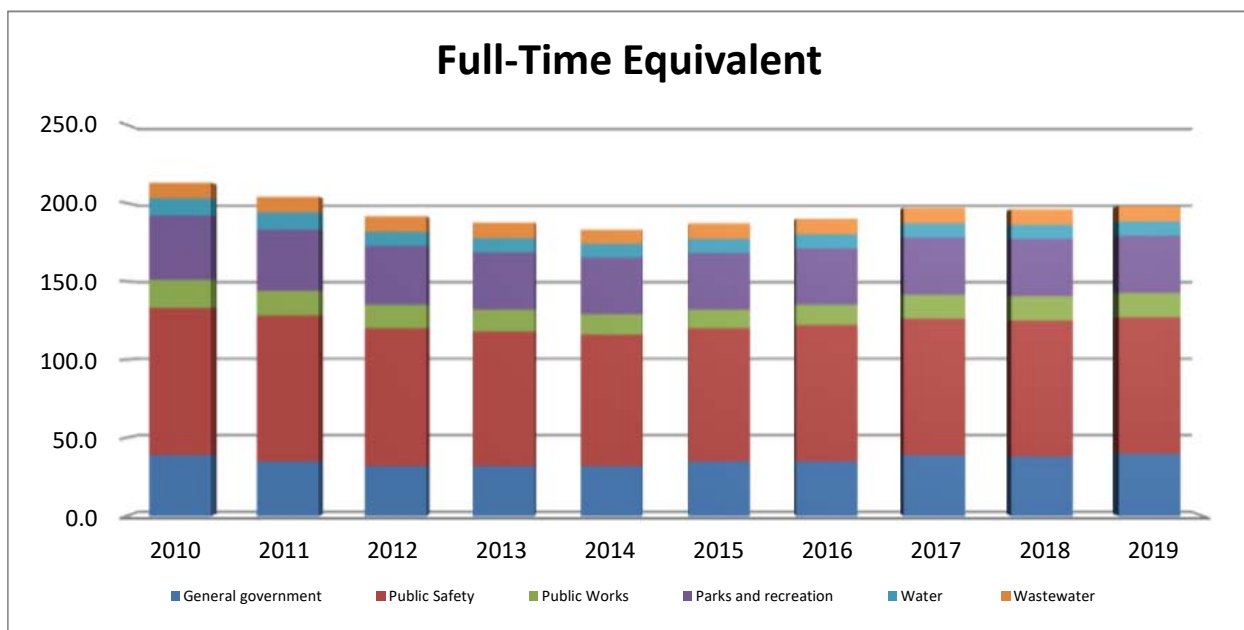
Current Year and Ten Years Ago

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees & Contractors</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
GILEAD SCIENCES, INC.	8,268	1	36.83%	1,947	1	11.76%
VISA U.S.A. INC.	2,152	2	9.59%	1,429	3	8.63%
VISA TECHNOLOGY & OPERATIONS LLC, FKA INOVANT LLC	867	3	3.86%	968	5	5.85%
GUIDEWIRE SOFTWARE, INC.	670	4	2.98%			
ZOOX INC	530	5	2.36%			
CYBERSOURCE CORPORATION	409	6	1.82%			
ILLUMINA INC	389	7	1.73%			
IBM CORPORATION	367	8	1.63%	296	8	1.79%
CSG CONSULTANTS, INC.	364	9	1.62%			
BRIGHTEDGE TECHNOLOGIES	356	10	1.59%			
APPLIED BIOSYSTEMS, LLC				1,675	2	10.12%
ELECTRONICS FOR IMAGING, INC.				1,252	4	7.56%
SONY COMPUTER ENTERTAINMENT, LLC				768	6	4.64%
QUINSTREET, INC.				302	7	1.82%
MID-PENINSULA HOUSING				264	9	1.59%
REARDEN COMMERCE, INC.				251	10	1.52%
Top Ten Total	14,372		64.01%	9,152		55.28%
City Total	22,449			16,558		

Source: 2010 and 2019 Business License Database of Financial Services Department

City of Foster City and Estero Municipal Improvement District Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Management services	19.0	16.0	14.0	13.0	13.0	13.0	13.0	14.0	14.0	15.0
Finance	8.0	8.0	8.0	8.0	8.0	9.0	9.0	10.0	10.0	10.0
Planning	6.5	5.5	5.0	6.0	6.0	7.0	7.0	8.0	7.0	7.0
Building	5.5	5.5	5.0	5.0	5.0	6.0	6.0	7.0	7.0	8.0
Police										
Officers	39.0	39.0	36.0	36.0	36.0	37.0	38.0	38.0	38.0	38.0
Civilians	17.0	17.0	15.0	13.0	13.0	13.0	15.0	15.0	16.0	16.0
Fire										
Firefighters and officers	36.0	35.0	35.0	35.0	33.0	33.0	32.0	32.0	31.0	31.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other public works										
Engineering	7.0	7.0	6.0	5.0	4.0	4.0	5.0	6.0	6.0	6.0
Other	11.0	9.0	9.0	9.0	9.0	8.0	8.0	9.5	9.5	9.5
Parks and recreation	41.0	39.0	37.5	36.5	36.0	36.0	36.0	36.5	36.5	36.5
Water	11.0	11.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Wastewater	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0	10.0
Total	213.0	204.0	191.5	187.5	183.0	187.0	190.0	197.0	196.0	198.0



Source: City Budget

City of Foster City and Estero Municipal Improvement District

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	831	728	650	520	640	572	576	444	489	526
Parking violations	865	624	673	673	654	552	816	972	490	695
Traffic violations	2,811	2,317	2,693	2,774	3,012	2,078	1,746	1,661	1,757	1,427
Fire¹										
Emergency responses	1,828	1,873	1,946	2,012	2,336	2,123	1,978	1,944	2,180	1,043
Fires extinguished	85	73	88	61	82	24	47	34	45	17
Inspections	966	1,231	1,143	1,029	1,108	1,201	1,102	1,080	1,100	520
Other public works										
Street resurfacing (miles)	1	5	1	1	2	2	2	5	5	4
Potholes repaired	70	40	45	36	40	32	35	27	120	105
Parks and recreation										
Athletic field permits issued	54	57	64	66	57	60	86	91	95	115
Community center admissions	8,209	8,123	7,582	7,580	5,837	3,794	5,611	5,546	5,773	5,912
Water										
New connections	-	-	7	1	1	13	26	28	7	39
Water mains breaks	1	6	6	3	11	6	17	4	22	21
Average daily consumption (thousands of gallons)	4,890	4,822	4,660	4,100	3,980	3,956	3,623	3,810	4,232	4,041
Peak daily consumption (thousands of gallons)	10,340	9,750	9,165	8,890	8,445	6,624	5,047	7,760	7,688	5,577
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,450	2,340	2,267	2,200	2,652	2,040	2,350	2,430	2,390	2,457

Sources: Various city departments

Notes: ¹ Foster City Fire Department was separated from the City on 01/13/19. Fire Employees were transferred to San Mateo Consolidated Fire Department. Fire function/program related data is from 07/01/18-01/12/19.

City of Foster City and Estero Municipal Improvement District

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>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>	<u>2019</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	12	12	12	11	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Streetlights	1,918	2,063	2,062	2,031	2,031	2,031	2,025	2,025	2,022	2,022
Traffic signals	25	25	25	25	25	25	25	25	27	27
Parks and recreation										
Acreage	210	210	210	213	213	221	221	221	221	221
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3	8/3
Soccer/football fields	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0	10/0
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	110	110	110	107	107	107	107	107	107	107
Fire hydrants	1,149	1,153	1,153	1,109	1,110	1,110	1,110	1,110	1,110	1,109
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	65	65	65	65	65	65	65
Storm Wastewaters (miles)	83	83	83	81	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										