



Foster City Financial Update FY 14/15 Q3

City of Foster City
Financial Services Dept.

Live, Work & Play
in Foster City

Overall Revenues Continue to Exceed Forecast Through the 3rd Quarter of FY 2014-2015. General Fund Expected to Finish FY 2014-2015 with \$26.7 million in Reserves

The City's General Fund is benefiting from continued economic prosperity through the 3rd quarter point in the fiscal year with increases in property tax revenues and gains in building and planning fees.

The City's latest projections indicate that the General Fund is likely to finish FY 2014-2015 with a \$2.9 million surplus and a reserve balance of \$26.7 million. Revenues are trending higher than budget by nearly \$3.3 million. After reducing these additional revenues with carryover encumbrances from FY 2013-14 and supplemental appropriations for the current fiscal year totaling 750,000, the General Fund is projected to end the fiscal year with an additional \$2.55 million above the adopted budget surplus of \$352,000.

Total property taxes are projected to finish \$1.5 ahead of the original budget, \$963,000 of which relates to the receipt of Excess ERAF funds that was conservatively budgeted at \$500,000 given its unpredictability. Property taxes comprise 53% of all General Fund revenues. Assessed values (AV) of properties were adjusted higher in cases where the property owners had previously received AV reductions. The City had anticipated some AV recovery, but not to the extent that was ultimately issued through the rulings of the Assessment Appeal Board or through updated appraisals conducted by the Assessor's Office.

Transient occupancy tax (TOT), a strong regional economy aided in an increase in occupancy and room rates. Revenues for the fiscal year is forecasted to expand by \$347,000 more than our budgeted amount of \$2.07 million.

Sales tax revenues, are expected to exceed the original projections of \$3.1 million by \$247,000 based on the analysis and projections provided by our sales tax monitoring consultant.

Permits and development fee revenues are expected to beat original budget estimates by \$137,000 and \$342,000 respectively as project ac-

tivity was vibrant and is expected to continue beyond the current fiscal year.

In addition to the City's General Fund, the City's other funds have generally shown stability in the first nine months of the fiscal year.

Measure A sales tax and gas tax revenues are at 72.7% and 66.5% of the annual budget respectively, but expected to meet the original forecasts of \$602,000 and \$817,000.

The State of California, imposes an excise tax of \$0.18 per gallon of fuel sold. Since this is a fixed rate, it is not directly impacted by the recent declines and fluctuations in retail gas prices at the service stations. Staff expects to achieve its budgeted revenue target of \$817,900 by year end.

Park in Lieu fees are also expected to meet the revised budget projections at \$3.296 million. These fees will allow the City to fund the necessary park improvements to meet the demands put on the park system as a result of increased population from new development.

The City received \$30.2 million for the sale of its 15 acre site that was deposited into the Capital Asset Acquisition and Replacement Fund.

Water revenues are at 56% of the annual budget as the community has stepped up conservation efforts in response to the continued dry conditions and is expected to accelerate its efforts given Governor Brown's recent executive order for a 25% reduction in water consumption. As a result, projected revenues for the full year has been scaled down to \$10.3 million.

Wastewater revenues are 64.8% of the annual budget and projected to meet expectations.

The favorable economic conditions and revenue trends are positive factors heading into the FY 2015-2016 budget and five-year forecast discussions.