



# Foster City Financial Update FY 14/15 Q4

City of Foster City  
Financial Services Dept.

Live, Work & Play  
in Foster City

## **General Fund Reserves Ends Year at \$30.1 Million as Revenues Exceed Budget by \$5.1 Million at \$38.8 million.**

A strong local and regional economy helped propel the City's General Fund revenues, resulting in the accretion of General Fund Reserves from \$23.8 million to \$30.1 million at the end of FY 2014/15.

Total General Fund Revenues of \$38.8 million exceeded projections by \$5.1 million as increases were seen across most categories. Property taxes finished \$2.1 million above the original budget of \$17.9 million, \$963,000 of which relates to the receipt of Excess ERAF funds that was conservatively budgeted at \$500,000 due its unpredictability. During the year, assessed values (AV) of properties were adjusted higher in cases where the property owners had previously received temporary Proposition 8 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. Property taxes remains by far the Fund's largest revenue source, making up 51.5% of its total revenues.

Higher occupancy and room rates contributed to an increase in Transient occupancy tax (TOT). Revenues for the fiscal year expanded by \$511,000 more than our budgeted amount of \$2.07 million.

Sales tax revenue results exceeded the original projections of \$3.1 million by \$244,000.

Permits and development revenues beat original budget estimates by \$738,000 and \$434,000 respectively as fees were collected from a multitude of large projects including Gilead, Waverly, and Foster Square.

The State also reimbursed cities, including Foster City some long overdue mandated costs claims (SB 90). This amounted to \$207,000 for the City.

In addition to the City's General Fund, the City's other Funds generally met revenue expectations for the fiscal year.

Measure A sales tax totaled \$645,000 or 7.1%

higher than the budget of \$602,000.

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 declines and fluctuations in retail gas prices at the service stations. Revenues for the year ended at \$841,900 and slightly better than the budgeted revenue target of \$817,900.

Park in Lieu fees met the revised budget projections at \$3.3 million. These fees will allow the City to fund the necessary park improvements to meet the demands placed 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 and it was deposited into the Capital Asset Acquisition and Replacement Fund. This Fund reserve stands at \$33.8 million as of June 30, 2015.

Water Enterprise Fund revenues totaled \$10.4 million. This is 10.2% lower than budget as consumption declined by 12.1% as rate payers continue to do extremely well in conservation in response to the State's severe drought

Wastewater Enterprise Fund revenues totaled \$8.1 million or 3.1% higher than annual budget.

The implementation of GASB 68 (reporting of pension liability) reduced the Fund Balances of the Water and Wastewater Funds by \$2.63 and \$2.77 million respectively. Similarly, Fund Balances for the Vehicle Rental, Information Technology, and Building Maintenance Internal Services Funds were reduced by \$663,000; \$848,000; and \$866,000 respectively.

The City's financial position and long term (5-year) outlook remains solid at the conclusion of FY 2014-15.