



# Foster City Financial Update FY 15/16 Q4

City of Foster City  
Financial Services Dept.

Live, Work & Play  
in Foster City

## General Fund Unrestricted Reserves Ends Year at \$37.9 Million as the Operating Surplus for FY 2015/16 reaches \$6.9 million

The City's General Fund ended the fiscal year with a \$6.9 million operating surplus, increasing the reserve to \$37.9 million as the strong local and regional economy aided in higher than expected revenues for Foster City.

Total General Fund Revenues of \$41.7 million exceeded projections by \$3.4 million as increases were seen across most categories. Property taxes finished \$1.6 million above the original budget of \$20.3 million, \$821,000 of which relates to the receipt of Excess ERAF funds that was conservatively budgeted at \$571,000 due to its unpredictability. Property taxes remain by far the General Fund's largest revenue source, making up 52.6% of its total FY 15/16 revenues.

High occupancy and room rates contributed to an increase in Transient occupancy tax (TOT). Revenues for the fiscal year expanded by \$117,000 more than our budgeted amount of \$2.7 million.

Sales tax revenue results fell short of the original projections of \$3.4 million by \$224,000 as the previous year's results benefited from one-time construction related use tax.

Permits and development revenues beat original budget estimates by \$487,000 and \$697,000 respectively as fees were collected from a multitude of large projects including Gilead Sciences, Foster Square, and Triton (formerly Waverly).

The City received two significant one-time revenues during the year: 1) \$608,000 from Mid-Pen Housing for in-lieu property taxes for the Atria at Foster Square affordable housing project 2) \$1.85 million for a community benefits program from Biomed for development of the Lincoln Centre Life Sciences Campus. The latter sum is over and above the \$6.9 million surplus and has been segregated into a separate reserve as per direction from the City Council. These funds will be utilized based on direction from the City Council.

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

The City's Capital Asset Acquisition and Replacement Fund reserve stood at \$35.2 million as of June 30, 2016. Internal Service Funds, including the Vehicle Rental, Equipment Replacement, Information Technology, and Building Maintenance funds each had sufficient reserves at year-end.

The City/EMID has several significant Capital Improvement Projects, including the Levee Protection Planning and Improvements project and the Wastewater Treatment Plant Master Improvement Project. Each of these projects will require financing, likely in calendar year 2017 or 2018.

The City's financial position remains solid and staff expects a \$3.1 million General Fund operating surplus for FY 16/17. However, based on a conservative outlook and assumption of future commercial development as provided in 5-year financial plan (found in the FY 16/17 adopted budget), operating deficits may be on the horizon starting in FY 17/18.