

	<h1>Foster City Financial Update FY 18/19 Q4</h1>	<p><b>City of Foster City Financial Services Dept.</b></p> <p>Live, Work &amp; Play in Foster City</p>
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## General Fund Unrestricted Reserves Ends Year at \$52 Million and \$6.6 Million Above Budgeted Expenditures of \$45.4 million for FY 19/20

The City's General Fund ended FY 18/19 with an Unrestricted Reserve Balance to \$52 million. This balance is \$6.6 million above FY 19/20 budgeted expenditures (i.e. 100% General Fund Reserve Level) and will provide another opportunity for the City Council to utilize these funds to further reduce the City's unfunded pension liability, enhance other reserves (Capital Projects Fund, Facilities Replacement Fund, etc.) and/or to use it for other one-time purposes.

Total General Fund Revenues were 52.8 million, surpassing budgeted estimates by \$6.6 million. Total expenditures, including net Transfers In/Out totaled \$51.8 million. Transfers Out were \$11.5 million. They included \$3.5 million to the City CIP Fund, \$331,820 to the Building Maintenance Fund for the replacement of the Library HVAC system, and \$76,765 to the Foster City Sustainability program for carryover KIVA funding. The City Council also authorized transfers out from FY 17/18 operating surplus of \$7,582,562 million to pay down the City's unfunded pension liability (\$3,432,974), to add to the Building Maintenance Fund (\$2,716,614) and Capital Projects Fund (\$716,487), and to establish a new Facilities Replacement Fund (\$716,487). Expenditure savings for Employee Services totaled \$2 million, with Police, Community Development, Parks and Recreation, and Public Works accounting for \$626,000, \$406,000, \$168,000, and \$143,000 respectively. These savings are due primarily to unexpended salary and benefits from staff vacancies and conservative budgeted assumptions on employee benefits). Services and Supplies savings were approximately \$1.6 million, primarily from unspent contract services, supplies, utilities, and citywide training, some of which are deferred to FY 2019-2020.

Major General Fund revenues are discussed below:

Property Taxes: \$29.6 million (includes \$3.4 million of Education Revenue Augmentation Fund "ERAF" refunds from San Mateo County) or \$3.1 million above the budget. New commercial development and sales of new and existing homes lead to a \$1.4 million increase in revenues. In addition, ERAF refunds exceeded estimates by \$1.7 million as the

County accelerated the timing of the refunds, resulting in additional payments to the City/District.

Property Tax In Lieu of Vehicle License Fees (VLF): \$4.0 million or \$197,000 above the budget. VLF subvention gains are proportional to growth in the City's assessed valuation.

Transient Occupancy tax (TOT): \$4.4 million or \$675,000 higher than budgeted estimates. The TOT rate increased from 9.5% to 11% effective January 1, 2019 with the voter passage of Measure TT.

Sales tax revenues: \$3.7 million or \$459,000 above budgeted expectations. Revenues benefited from strength in the restaurant/food segment and the "Quill decision" requiring sales/use taxes for out-of-state transactions.

Building Permits: \$1.9 million or \$900,000 above budgeted estimates. Gilead Science's campus expansion brought in new fees.

Business License Tax (BLT): \$1.8 million and essentially flat and meeting expectations.

Interest Income: \$1.6 million or \$1 million above estimates. Interest income totaled \$1,664,000, consisting \$989,000 of actual interest earnings and \$675,000 of unrealized investment gains compared to FY 2017-2018's actual interest earnings of \$677,000 and \$427,000 of unrealized interest losses.

Rental and Concession Income: \$1.3 million or \$444,000 above estimates. The City received \$421,352 from Gilead Sciences for multi-year encroachment fees from their fiber optic network installation within the City's public right of way.

Levee and Wastewater Treatment Plant (WWTP) projects: General Obligation bonds for the Levee project were on hold pending permit approvals from various regulatory agencies. \$33.82 million (par value) of Wastewater revenue bonds were issued during FY 18/19 for the WWTP project.

Looking ahead, the City will need to complete its Parks Master Plan, negotiate expiring labor agreements, address the Recreation Center Master Plan project (CIP 301-678) while continuing work on the Levee project and the WWTP project.