



Foster City Financial Update FY 17/18 Q2

City of Foster City
Financial Services Dept.

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General Fund Reserves are projected to decline by \$2.1 million in FY 17/18 to \$41.3 million compared to a budgeted decline of \$2.7 million.

The City's General Fund Reserves (Funds 001-003) began the fiscal year at \$43.4 million and is projected to finish FY 17/18 at 41.3 million.

City staff is projecting the City's General Fund (Funds 001-003) will finish the current fiscal year with total revenues of \$43.5 million and total expenditures of \$45.6 million inclusive of the transfers of \$1.9 million to the City CIP Fund, \$300,000 for the Recreation Center Master Plan, \$60,000 for the Employee Home Rental Assistance Program, and \$2 million budgeted for the Employee Home Loan Assistance Program. This projected \$2.1 million net decrease (expenditures over revenues) in the General Fund's total Reserves compares favorably to the adopted budget's net decrease of \$2.7 million. At an estimated \$41.3 million of General Fund Reserves by fiscal year end, the financial position for the City's General Fund (Funds 001-003) remains healthy.

Significant General Fund revenues are discussed below.

Property Taxes: based on fiscal year to date receipts of property taxes from the County, staff is projecting property tax revenues will reach \$25.3 million compared to the budgeted amount of \$24.5 million as assessed values growth and the resulting property tax apportionment to Foster City exceed expectations and the County's refund of excess ERAF will be \$1.69 million or \$300,000 higher than budgeted.

Transient Occupancy tax (TOT): Transient Occupancy Tax revenues have been revised downwards by \$74,000 as the opening of Town Place Suites occurred at the end of August 2017 and not at the very beginning of the fiscal year.

Sales tax revenues: City staff meets quarterly with our sales tax consultant and expectations are that current budgeted revenues of \$3.08 million will be realized.

In-Lieu Vehicle License Fees: Full year results are

projected to \$178,000 higher than the budgeted amount of \$3.48 million as annual increases are in proportion to the growth of property assessed valuations of the City.

Other Revenues: Franchise Fees, Real Property Transfer Tax, License and Permits, Charges for Current Services are all expected to reach budgeted levels.

General Fund Expenditures: The City negotiated new 3-year labor agreements with both the Police and Fire bargaining units in July 1, 2016 and a 2-year agreement with AFSCME and the management unit effective July 1, 2017. City staff expects full year personnel and service and supplies expenditures will be within the City's adopted operating budget.

In addition to the City's General Fund, the City's other non-Enterprise Funds are generally meeting expectations through the first six months of the fiscal year.

Water Enterprise Fund revenues total \$7.7 million, or 58.5% while expenditures were \$6.5 million or 50.5% of the annual budget. However, the system's water lost has been gradually increasing since last year and the Enterprise's staff is now monitoring water purchases and sales data regularly.

Wastewater Enterprise Fund revenues totaled \$5.5 million or 55.6% and expenditures were \$2 million or 24.8% of the annual budget. These expenditures did not include all of the apportioned operating charges from the City of San Mateo for the jointly owned Wastewater Treatment Plant as they are billed to the Wastewater Enterprise in arrears.

Later this February, the City Council will be providing direction to authorize a general obligation bond election on June 5 to provide funding for the \$90 million Levee Protection Planning and Improvements Project (CIP 301-657). City staff anticipates that debt financing for the Wastewater Treatment Plant CIP project will occur later this calendar year.