	# Foster City Financial Update FY 19/20 Q4	**City of Foster City Financial Services Dept.** Live, Work & Play in Foster City

General Fund Unrestricted Reserves Ends Year at $50.8 million, inclusive of a FY 2019-2020 Rollover Surplus (the amount of Fund Balance exceeding 100% of FY 2020-2021 budgeted expenditures) of $4.4 million.

The City's General Fund Reserves (Funds 001to 003) ended FY 19/20 with an Unrestricted Reserve balance of $50.8 million. This balance is $4.4 million above the FY 20/21 budgeted expenditures of $46.4 million. The $4.4 million provides the City Council an additional tool to reduce the City's unfunded pension liability, enhance other reserves (Capital Projects Fund, Facilities Replacement Fund, Pension Stabilization Fund, etc.) and/or the current year's deficit remediation strategy.

Total FY 19/20 General Fund Revenues were $51.2 million, surpassing adopted budget estimates by $787,600. Total expenditures, including net Transfers In/Out totaled $52.6 million. Transfers Out were $10.3 million. They included $3.5 million to the City CIP Fund. The City Council also authorized transfers out from the FY 18/19 "rollover surplus" of $6,773,154 to (1) $3.5 million to the Pension Stabilization Fund and (2) $1,636,577 each the City CIP Fund and the City Facilities Replacement Fund.

Significant General Fund revenues are discussed below.

Property Taxes: $31.0 million (includes $2.2 million of Education Revenue Augmentation Fund "ERAF" refunds from San Mateo County) or $1.7 million FY 19/20 assessed values were generally determined as of the January 1, 2019 lien date and largely insulated from COVID-19 disruptions. Notwithstanding, during the year, the State notified San Mateo that they are in disagreement with several counties, including San Mateo County on their ERAF refund calculations, asserting that it was overstated. While there has been ongoing discussions for a resolution, ERAF refunds in further years are likely smaller.

Property Tax In Lieu of Vehicle License Fees (VLF): $4.19 million or $16,000 below budget. However, due to an inadequate amount of funding, a shortfall of $9.2 million to the County, of which $192,000 was for the City occurred. Funding for VLF revenues are from non-basic aid school districts and ERAF, with a decline in non-basic aid school districts impacting the availability of monies to distribute for VLF. The County is working with its legislative advocates to request that the VLF shortfall amounts be added in the State's next budget.

Transient Occupancy tax (TOT): $3.5 million or $1.2 million below the adopted budget estimates. This revenue category is one of the casualties of COVID-19 pandemic and corresponding health order restrictions.

Sales tax revenues: $3.1 million or $242,000 below adopted budget expectations. This is another revenue segment that was impacted by the COVID-19 pandemic.

Building Permits and Planning fees: $2.26 million or $462,000 above estimates as development activity was better than expected with much of the year's revenues collected prior to the onset of the COVID-19 pandemic.

Business License Tax (BLT): $1.67 million, slipping $93,000 below estimates.

Interest Income: $863,000 or $211,000 million above estimates as interest rates had been rising prior to the Federal Reserves monetary intervention to reduce the federal discount rate as a result of the COVID-19 pandemic.

Unrealized Investment Gain: $352,000 for the mark-to-market adjustment to the Investment portfolio due to the steep decline in interest rates and corresponding price increase in the City's holdings.

Parks and Recreation charges/fees/rentals: $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.

Total General Fund (Funds 001to 003) expenditures were $42.3 million or $2.3 million below the amended budget. The City implemented various cost savings strategies to address the reduction of revenues induced by the COVID-19 pandemic. The combination of a citywide hiring freeze, the elimination of some non-essential or cancelled programs (travel, training, etc.) and the deferral of some work plan items were contributors to these budgetary savings.