



Foster City Financial Update FY 24/25 Q3

City of Foster City
Financial Services Dept.

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in Foster City

Positive revenue growth trends for the fiscal year is expected to help reverse the projected General Fund deficit of \$307,000 instead of the budgeted amount of \$5.6 million.

UNBUDGETED IMPROVEMENTS IN THE INTEREST INCOME, PROPERTY TAXES IN LIEU OF VEHICLE LICENSING FEES, BUSINESS LICENSE TAX (BLT), PERMITS REVENUE AND PERSONNEL COSTS ARE DRIVING THE IMPROVED RESULTS FOR FY 24/25.

Amended revenue and expenditure projections for the full year are \$67.1 million and \$61.7 million respectively. Property Tax revenues, including ERAF refunds, are projected to reach \$39.1 million. FY 2024-25 property tax in lieu of vehicle license fees (VLF) is anticipated to be \$4.6 million, which includes an unbudgeted payment of \$1.4 million to Foster City representing the shortfall from FY 2022-23. San Mateo County continues to work with the State for a permanent solution for VLF shortfalls.

Transient Occupancy Tax (TOT) is anticipated to be at \$4.3 million, approximately \$400,000 lower than the projected amount. The City's investment income is anticipated to exceed budget assumptions of \$1.6 million and is projected to earn \$2.1 million compared to \$2.6 million in the prior fiscal year.

At the 9-month mark, General Fund operating expenditures were 73.9% of its amended budget or \$46.5 million and included the full year funding to San Mateo Consolidated Fire Department for the City's shared costs for fire protection and prevention services. The FY 2024-25 budget assumes full

staffing for the entire year. Normal vacancy rates through the 9-months mark are expected to continue until year end, resulting in lower than budgeted personnel costs.

Overall, staff projects a \$307,000 deficit at year end as opposed to the originally budgeted deficit of \$5.6 million. This updated projection includes approximately \$1.2 million in unspent personnel cost at the 9-months mark.

Expenditures for the City's other Governmental Funds, Internal Service Funds, and the District's Water and Wastewater Funds are performing generally as expected.