



## Agenda Report

20-270

Agenda Date: 4/7/2020

### REPORT TO COUNCIL

#### SUBJECT

Action on Monthly Financial Status and Investment Reports for January 2020 and Approve the Related Budget Amendments [Council Pillar: Enhance Community Engagement and Transparency]

#### BACKGROUND

In compliance with the Charter of the City of Santa Clara and the adopted Investment Policy, the following reports for January 2020 are submitted for your information. The financial review as of January 31, 2020 provides a year-to-date financial update to the City Council for the current fiscal year. Analysis of the revenues collected and all expenditures through January 31, 2020 measures the level of adherence to the established resource allocation plan and allows the City to monitor and project revenues and expenditures throughout the year.

The Adopted Budget incorporates the estimated revenues and planned expenditures for all funds. The attached Financial Status Report provides the budget to actual revenue and expenditure summaries for the General Fund, Special Revenue Funds and Enterprise Operating Funds, as well as expenditure summary for Capital Improvement Funds and Fund Reserve Balances. Any significant variances are explained in the report.

In accordance with City Council Policy 051 - Donations to the City, included in this report is a monthly activity and annual summary of donations received by department. Although the requirement of the policy is to report quarterly, in its ongoing effort to streamline reporting, the City will include this information monthly in the financial status report.

#### DISCUSSION

##### Monthly Financial Status Report (Attachment 1)

The attached report summarizes the City's financial performances as of January 31, 2020. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds.

With seven months or 58.3% of the fiscal year complete, General Fund revenues are trending slightly below budget at 56.3%, largely due to the change in budgeting methodology, moving the City from a cash basis to a modified accrual basis. General Fund departmental expenditures are at 57.0% of budget which is within budgeted expectations. Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) are at 46.7% while total expenses are at 50.7%.

In the month of January, the City received \$2,750 in donations, bringing the year-to-date donations total to \$123,209.

It should be noted that with the novel coronavirus outbreak and the associated safety precaution measures, the City's revenue collections, particularly transient occupancy tax, sales tax, and fees for services and classes, are anticipated to be impacted. However, it is unknown to what extent this will affect the City's overall fiscal position. If the City's General Fund does end the year in a negative position, the \$80 million Budget Stabilization Reserve is available to balance the budget in 2019/20. Further discussion is included in Attachment 1.

### **Monthly Investment Report (Attachment 2)**

All securities held by the City of Santa Clara as of January 31, 2020 were in compliance with the City's Investment Policy Statement regarding current market strategy and long-term goals and objectives. All securities held are rated "A" or higher by two nationally recognized rating agencies. There is adequate cash flow and maturity of investments to meet the City's needs for the next six months.

The City's investment strategy for January 2020 was to invest funds not required to meet current obligations, in securities listed in the prevailing Investment Policy Statement, with maturities not to exceed five years from the date of purchase. This strategy ensures safety of the City's funds, provides liquidity to meet the City's cash needs, and earns a reasonable portfolio return of 1.94%.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

Approval of the FY 2019/20 Budget Amendments included in Attachment 3 is recommended in this report. From time to time, adjustments to the FY 2019/20 Adopted Budget are required to correct for budgets based on actual tracking, more appropriately align budgets with actual charges and correct for inadvertent errors. The actions recommended in the budget amendment recognize and appropriate revenue received from the Convention Center's new food and beverage concession vendor and reallocates 1.0 FTE from Non-Departmental to the City Clerk's Office.

<b>Net Budget Change - FY 2019/20 Budget Amendments</b>		
<b>Fund</b>	<b>Source of Funds</b>	<b>Use of Funds</b>
General Fund	\$0	\$0
Convention Center Enterprise	\$5,750,000	\$5,750,000
<b>Total Net Budget Change</b>	<b>\$5,750,000</b>	<b>\$5,750,000</b>

### **COORDINATION**

This report has been coordinated with the City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> .

**RECOMMENDATION**

Note and file the Monthly Financial Status and Investment Reports for January 2020 as presented and Approve Related Budget Amendments.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Monthly Financial Status Report January 2020
2. Monthly Investment Report January 2020
3. FY 2019/20 Budget Amendments