



## Agenda Report

19-1658

Agenda Date: 3/5/2019

### REPORT TO COUNCIL

#### SUBJECT

Action on Monthly Financial Status and Investment Reports for December 2018 and Approve the Related Budget Amendments

#### BACKGROUND

In compliance with the Charter of the City of Santa Clara and the adopted Investment Policy, the following reports for December 2018 are submitted for your information. The financial review as of December 31, 2018 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 December 31, 2018 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, expenditure summaries 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

The attached report summarizes the City's financial performances as of December 31, 2018. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds.

With six months or 50% of the fiscal year complete, General Fund revenues are at 49% of budget and General Fund expenditures are at 48% of budget, both trending as expected. Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) are at 58% while total expenses are at 56%.

Since this is the first report on donations received since Council approval of the policy in September 2018, for the last four months of 2018, the City received just over \$159,000 in donations. For the month of December, the City received a \$100,000 donation for library furnishings and a \$7,000 donation for the police K-9 program.

### **Monthly Investment Report**

All securities held by the City of Santa Clara as of December 31, 2018 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 December 2018 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 1.84%.

### **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 2018/19 Budget Amendments included in Attachment 3 is recommended in this report. From time to time, adjustments to the FY 2018/19 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 in the recommended budget amendment reallocate funding from departments to correct for the allocation of labor charges related to capital projects, accelerate funding for computer desktop replacements, and reallocates funding from Non-Departmental to the Finance Department and City Manager's Office for positions approved in the FY 2018/19 Adopted Budget. In the Police and Fire Departments, the reallocation of vacancy savings is recommended based on the nature of how minimum staffing overtime is used to cover any vacancies that occurs in fire operations. A total net budget change of \$56.6 million is recommended in the FY 2018/19 Budget Amendment. The table below summarizes recommended budget actions by fund.

<b>Net Budget Change - FY 2018/19 Budget Amendments</b>		
<b>Fund</b>	<b>Source of Funds</b>	<b>Use of Funds</b>
General	\$0	\$0
Electric Utility	0	0
Water Utility	0	0
Traffic Mitigation	(200,000)	(200,000)
Electric Utility Debt Service	55,202,481	55,202,481
Parks and Recreation CIP	(200,000)	(200,000)
General Government Capital	150,000	150,000
Electric Utility Capital	967,074	967,074
Water Utility Capital	270,689	270,689
<b>Total Net Budget Change</b>	<b>\$56,590,244</b>	<b>\$56,590,244</b>

Approval of a FY 2019/20 Budget Amendment related to the acceleration of computer desktop replacement is also recommended and detailed in Attachment 4.

**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>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Note and file the Monthly Financial Status and Investment Reports for December 2018 as presented and Approve the Related Budget Amendments.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Monthly Financial Status Report December 2018
2. Monthly Investment Report December 2018
3. FY 2018/19 Budget Amendments
4. FY 2019/20 Budget Amendments