



Agenda Report

19-1451

Agenda Date: 1/15/2019

REPORT TO COUNCIL

SUBJECT

Action on Monthly Financial Status and Investment Reports for October 2018

BACKGROUND

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

These reports provide year-to-date revenue and expenditure summaries and summary investment schedules.

DISCUSSION

Monthly Financial Status Report

The attached report summarizes the City's financial performances as of October 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 four months or 33% of the fiscal year complete, General Fund revenues are at 31% of budget and General Fund expenditures are at 32% of budget, both trending as expected.

Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) are at 33% while total expenses are at 32%. Both are trending as expected compared with the current year budget and are comparable to prior year revenues at the same time of year.

Monthly Investment Report

In compliance with the Charter of the City of Santa Clara and the adopted Investment Policy, the Director of Finance is to provide periodic reports to the City Council on the City's investments. The October 2018 portfolio return was 1.76% compared to the benchmark of 2.39% and a return of 1.30% in October 2017. The portfolio return is lower than the benchmark return due to the

benchmark's shorter 12-month moving average yield compared to the City portfolio's average maturity of 2.04 years, in a substantially increasing interest rate environment. All securities held by the City of Santa Clara as of October 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 October 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.

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

There is no fiscal impact related to this report.

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

RECOMMENDATION

Approve the Monthly Financial Status and Investment Reports for October 2018 as presented.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Monthly Financial Status Report October 2018
2. Monthly Investment Report October 2018