



Agenda Report

19-306

Agenda Date: 4/23/2019

REPORT TO COUNCIL

SUBJECT

Action on Monthly Financial Status and Investment Reports for February 2019 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 February 2019 are submitted for your information. The financial review as of February 28, 2019 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 February 28, 2019 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 February 28, 2019. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds.

With eight months or 67% of the fiscal year complete, General Fund revenues are trending higher than budget at 70%, largely due to an increase in building permit and planning fees received from a large commercial development (not discretionary General Fund dollars), and General Fund expenditures are at 62% of budget. Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) are at 74% while total expenses are at 72%.

In the month of February, the City did not receive any donations and the total amount for the fiscal year-to-date is \$159,297.

Monthly Investment Report (Attachment 2)

All securities held by the City of Santa Clara as of February 28, 2019 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 February 2019 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 2.08%.

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 allocate additional funding for needed facility improvements at the Convention Center, correct the funding for the International Swim Center project, and reallocate funding from the City Manager's Office to the Non-Departmental Citywide Strategic Function Division. Additionally, on May 22, 2018, Council approved a loan from the General Fund Land Sale Reserve to the Parks and Recreation Capital Fund for the Youth Soccer Fields and Athletic Facilities Reed and Grant project. An action to repay the General Fund with 25% of actual Mitigation Fee Act revenue received to date is recommended as part of the budget amendment.

A total net budget change of \$4.7 million is recommended in the FY 2018/19 Budget Amendment. The table below summarizes recommended budget actions by fund.

Net Budget Change - FY 2018/19 Budget Amendments		
Fund	Source of Funds	Use of Funds
General	\$ 273,990	\$ 273,990
Convention Center	0	0
Public Buildings Capital	3,000,000	3,000,000
Parks and Recreation CIP	1,395,962	1,395,962
Total Net Budget Change	\$ 4,669,952	\$ 4,669,952

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

Note and file the Monthly Financial Status and Investment Reports for February 2019 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 February 2019
2. Monthly Investment Report February 2019
3. FY 2018/19 Budget Amendments