



Agenda Report

19-702

Agenda Date: 10/29/2019

REPORT TO COUNCIL

SUBJECT

Action on Monthly Financial Status and Investment Reports for August 2019

BACKGROUND

In compliance with the Charter of the City of Santa Clara and the adopted Investment Policy, the following reports for August 2019 are submitted for your information. The financial review as of August 31, 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 August 31, 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 August 31, 2019. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds.

With two months or 16.7% of the fiscal year complete, General Fund revenues are trending lower than budget at 12.8%, largely due the change in a cash basis to a modified accrual basis. For example, sales tax receipts for the months of May and June 2019 were received in this fiscal year; however, were accrued as part of last fiscal year's revenue collections. This results in the sales tax receipts for the current fiscal year to be zero. General Fund expenditures are at 20.2% of budget which is slightly higher than budgeted expectations. This is primarily a result of most transfers out of the General Fund being recorded in August. Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) are at 10.1% while total expenses are at 14.4%.

In the month of August, the City received \$16,200 in donations increasing the amount for the fiscal

year to \$16,300.

Monthly Investment Report (Attachment 2)

All securities held by the City of Santa Clara as of August 31, 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 August 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 2.04%.

Santa Clara Compared to Other Cities in the Local Region

As part of the FY 2019/20 and 2020/21 Adopted Biennial Operating Budget, the City Profile section included comparisons of several different key revenues, budgeted expenditures, and total reported assets measures between local jurisdictions. The 11 cities compared, including the City of Santa Clara, are based on the City of Milpitas' annual survey. The results from the surveyed cities differ greatly due to differences in the types of services provided, budget size, and population. Total operating budgets also vary significantly ranging from the City of San José at \$3.7 billion to the City of Campbell at \$74.8 million. In order to normalize for budget size and population, staff included statistics measuring each city's expenditures to the administrative departments in comparable cities' on a budget, per capita, per FTE (full-time equivalent employees) basis.

Across the 11 cities, the administrative department budgets considered include the City Council and its direct support staff costs, offices of the City Manager, City Attorney, City Clerk and City Auditor. Most full-service cities, including the City of Santa Clara were within approximately the same range. Non-full-service cities experiencing the highest Administration costs per capita, per FTE were cities that contracted out public safety services such as Cupertino and Campbell (contracted Fire). Cities with relatively large Public Safety forces like San José and Sunnyvale who has a combined Public Safety Department rank the lowest. While many conclusions can be drawn from this information, it should be noted that many other factors that were not evaluated can contribute to differing costs between the comparable cities.

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.

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>> 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 August 2019 as presented.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Monthly Financial Status Report August 2019
2. Monthly Investment Report August 2019