



## Staff Report

**TO:** Finance and Audit Committee Members  
**FROM:** Jennifer Ustation, Finance Director  
**DATE:** November 8, 2021  
**SUBJECT:** **FY2022 General Fund and Wastewater Fund Budget to Actual through October 2021 and First Quarter Investment Report and Certification**

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### Background and Analysis:

#### General Fund and Wastewater Fund Budget to Actual

City staff has updated the analysis of the General Fund and Wastewater Fund for FY2022 with results through October 2022.

#### General Fund Analysis:

- Two months of sales tax has been received,
- Increased building permit activity from prior years at this time,
- Low-rate market is continuing to keep interest earnings estimated lower than budget,
- 8 of 26 pay periods have been reported and costs are trending lower than budget,
- Recruitment costs are trending high, and
- Utilities are trending slightly high.

The City is four months into FY2022. Property tax is received in Jan and May. Only two months of sales tax has been received but seems to be trending high. Building permit activity is trending high which helps to offset the expected decrease of investment return due to a low interest rate market. Personnel costs are trending to have a savings; however, recruitment is trending high. On August 3, City Council approved a budget amendment for unspent prior year appropriations and reappropriated \$214,799 for FY2022. This still leaves City Council with \$741,845 of available funds for appropriation throughout the year.

### Wastewater Fund Analysis:

- 1 of 6 utility billings recorded,
- Low-rate market continuing to keep interest earnings estimated lower than budget,
- 8 of 26 pay periods recorded and costs are trending lower than budget,
- Fuel costs are trending higher than budget,
- Supplies are trending lower than budget, and
- 1 of 2 debt service payments have been recorded.

Based on year-end projections the Wastewater fund is trending to have approximately \$208,000 to be retained for utility reserves for FY2022. This is driven by savings in both personnel and operating costs and a slight increase of revenues.

### **FY2022 First Quarter Investment Report and Certification**

Pursuant to the City's Investment Policy approved on May 18, 2021, and in accordance with Government Code Section 53646(8)(1), the Quarterly Investment Report is included in this report. City staff has added investments held with the third-party trustee to the report for compliance with the investment policy and a Pooled Cash Report to complement the quarterly reports.

The significant transactions during the quarter were as follows:

- Wire transfer from Citibank to Trustee in the amount of \$16,052,765.61 for the September 1 debt service payment,
- Wire transfer of unspent SLRFF funds and earmarked project funds in the amount of \$3,631,158.38 to the Bank of Hemet construction account to earn interest, and
- LAIF interest for the quarter ended June 30, 2021, was credited to the City's LAIF account in July in the amount of \$60,874.23. In comparison, the interest earned in the same quarter for the previous year was \$142,770.16 which is due to an interest rate decrease from 1.47% to .33%.

### **Recommended Action:**

Receive and file the attached report.

**Attachments:**

- A. General Fund Budget to Actual Through October 2021
- B. Wastewater Fund Budget to Actual Through October 2021
- C. FY2022 1<sup>st</sup> Quarter Investment Report
- D. FY2022 1<sup>st</sup> Quarter Pooled Cash Report
- E. FY2022 1<sup>st</sup> Quarter Investment Report Certification
- F. FY2022 1<sup>st</sup> Quarter Investments Held by Third Party Trustee
- G. FY2022 1<sup>st</sup> Quarter Investments Held by Trustee Maturities