



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: April 19, 2022
SUBJECT: **FY2022 General Fund and Wastewater Fund Budget to Actual through March 2022 and Third Quarter Investment Report and Certification**

Background and Analysis:

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

General Fund Analysis:

- Seven months of sales tax has been received and has exceeded budget,
- Real property taxes are trending higher than budget,
- Increased building permit activity in comparison to prior years and has exceeded budget,
- 20 of 26 pay periods have been reported and costs are trending lower than budget,
- Utilities are trending higher than budget, and
- Contractual services are trending lower than budget. Two quarters of fire service invoices has been paid thus far totaling \$1,977,775.07.

The attached report (Attachment A) provides preliminary estimates reflecting nine months into FY2022. Estimate values can change as activity is recorded. Property tax is received in January and May of each year and is estimated to exceed budget. Seven months of sales tax has been received and has exceeded budget. Building permit activity has also exceeded budget. Personnel costs are trending to have a savings, twenty of twenty-six pay periods have been recorded. Utilities are trending high and contractual services are estimated to be below budget. On August 3, 2021, City Council approved a budget amendment for unspent prior year appropriations and reappropriated \$214,799 for FY2022. This allows for \$741,845 of available funds for City Council to appropriate throughout the year.

Wastewater Fund Analysis:

- Four of six utility billings recorded and trending lower than budget,
- 20 of 26 pay periods recorded and costs are trending lower than budget,
- Utilities are trending higher than budget, and
- Contractual services are trending lower than budget.

Based on year-end projections the Wastewater Fund is trending to have approximately \$325,000 to be retained for utility reserves for FY2022. This is driven by savings in both personnel and operating costs.

FY2022 Third 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 trustees 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 US Bank in the amount of \$2,500,000 for investment within the pension 115 trust,
- Wire transfer from LAIF to Trustee US Bank in the amount of \$30,000,000 for investment within the portfolio managed by Public Trust Advisors,
- Wire transfer from Citibank to Trustee Wilmington in the amount of \$6,566,991.44 for March 1 debt service payment,
- LAIF interest for the quarter ended December 31, 2021, was credited to the City's LAIF account in January in the amount of \$42,983.68. In comparison, the interest earned in the same quarter for the previous year was \$101,237.13 which is due to an interest rate decrease from .540% to .212%, and
- Interest earned on the portfolio managed by Public Trust Advisors is recorded monthly and for Q1 totals \$7,943.28.

Fiscal Impact:

City staff estimates the cost to prepare this report is \$311.

Recommended Action:

Receive and file attached reports.

Attachments:

- A. General Fund Budget to Actual through March 2022
- B. Wastewater Fund Budget to Actual through March 2022
- C. Pooled Cash Investments Holding Report as of March 31, 2022
- D. Pooled Cash Report as of March 31, 2022
- E. Investment Certification for Quarter Ending March 31, 2022
- F. Wilmington Trust Security Listing as of March 31, 2022
- G. Public Trust Investment Report as of March 31, 2022