



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: November 16, 2021
SUBJECT: **FY2022 General Fund and Wastewater Fund Budget to Actual through October 2021 and First Quarter Investment Report and Certification**

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 compared to prior years at this time,
- Low-rate market is continuing to keep interest earnings estimates that are 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 reports attached reflect four months of FY2022. Property tax apportionments have not been reflected and are typically received in January and May of each year. Two months of sales tax has been received and 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 reflecting a savings, however, a number of recruitments are in process. 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:

- 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 provided as Attachment C. 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%.

Fiscal Impact:

City staff estimates the cost to prepare this report to be \$780.

Recommended Action:

Receive and file the attached reports.

Attachments:

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