



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 19, 2019

TO: CITY COUNCIL / SUCCESSOR AGENCY

FROM: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: FINANCIAL AND TREASURER'S REPORT FOR QUARTER ENDED SEPTEMBER 30, 2019

SUMMARY

This report provides a preliminary review of the City's financial position for the first quarter of Fiscal Year 2019-20 and includes the Treasurer's Report for the same period.

RECOMMENDATION

Receive and file the Financial and Treasurer's Reports.

BUDGET POLICY PRIORITY STATEMENT

This item matches the following Budget Policy Priority Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

The information provided in these reports will be used by Staff to ensure continued budgetary diligence over the remainder of the fiscal year and through the budget development process for next fiscal year.

DISCUSSION

Introduction

For FY 2019-20 the City adopted a one-year budget in order to concentrate on stabilizing the financial future of the City. While the City adopts a budget for all City funds, the General Fund is of particular concern because it is the City's chief operating fund and has seen annual operating deficits for the past several years along with a corresponding

decrease in General Fund balances. A quarterly review of the actual results as compared to the budget for all City funds is key to measuring the financial and operational health of the City. While the measurements for all City funds is highly dependent on the progress of capital improvement projects and their funding, the measurements for the General Fund are valuable in determining the immediate financial health of the City's ability to provide basic public services.

All City Funds

The attached report reflects actual revenues and expenditures posted through September 30, 2019, including total City funds revenues of \$40.4 million (21% of revenue budget) and expenditures of \$39.4 million (20% of expenditure budget). The first quarter of the fiscal year generally appears irregular due to the timing and accrual of expenses and revenues. Revenues received during the first quarter are subject to accrual to the prior fiscal year while certain expenditures, including salaries and benefits, continue to be incurred and recognized within the first quarter.

General Fund (including Library and Parks / Recreation)

The attached report reflects actual revenues and expenditures posted through September 30, 2019 and includes General Fund revenues of \$7.1 million (7% of revenue budget) and expenditures of \$21.2 million (22% of expenditure budget). Revenues are typically received in a non-linear fashion while expenditures are more even as payroll is processed on a bi-weekly basis and certain equipment, supplies, and contract expenditures are front loaded in the earlier part of the fiscal year.

Total General Fund revenues and expenditures are tracking at the pace expected during the budget development process and as compared to the first quarter of FY 2018-19.

Ongoing Efforts

While the General Fund was balanced for FY 2019-20, continued efforts are required to identify additional cost savings and efficiencies over this fiscal year and beyond.

As FY 2019-20 is monitored and progresses, next year's budgetary process is right around the corner and is beginning to take shape. Internal budget preparation is taking place at the staff level.

Investment Report – First Quarter

The City's operating portfolio ended the quarter with investments totaling \$108.4 million. Investments included \$12.8 million in the State's Local Agency Investment Fund, \$66.4 million in U.S Treasury Notes, \$10.7 million in Federal Agency issues, \$12.1 million in corporate notes, \$4.3 million in Certificates of Deposit, \$1.4 million in asset-backed securities and \$0.7 million in money market funds. The market yield was 1.83% at September 30, 2019 and the net income realized for the quarter was \$903,377.

Attachments:

- Attachment 1 – Revenue Detail by Fund Report
- Attachment 2 – Expenditure Summary by Fund and Department Report

- Attachment 3 – Schedule of Changes to Fund Balances Report
- Attachment 4 – Quarterly Investment Report