



## Staff Reports

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**File #:** 2110-2019, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Bret Prebula, Finance Director

**Prepared By:** Jessie Gooch, Finance Analyst

**TITLE:**

Fiscal Year 2018/19 End of Year Report

**RECOMMENDED ACTION:**

Adopt a resolution approving transfers from Fiscal Year 2018/19 General Fund Unassigned Fund Balance to the Information Technology Replacement Reserve (\$2,000,000) and to the Non-Recurring General Fund (in the amount of the actual remaining balance, which is estimated at \$1,250,000), based on the End of Year Report for Fiscal Year 2018/19.

**DISCUSSION:**

The attached document is the City's End of Year Report for Fiscal Year 2018/19, which provides an overview of the full fiscal year and focuses on changes made during the latter half of the fiscal year (January 1 through June 30, 2019). The report includes a financial section which provides preliminary information on General Fund and proprietary fund revenue and expenditures through the end of the fiscal year. The report compares revenue sources and department expenditures to the budgeted amounts for each category, as well as to the prior year revenue and expenditure trends for the same period. An analysis of each of the three major revenues categories (property tax, sales tax, and transient occupancy tax) is provided. Information about national, state and local economic indicators and concerns is also provided.

The numbers in this report are based on the preliminary, unaudited fiscal year close.

Unaudited figures indicate that the City will have approximately \$3.25 million available from the FY 2018/19 surplus. Staff recommends moving \$2.00 million to the IT Replacement Reserve to hold for future IT project needs. The City is currently working on contract negotiations for a new Enterprise Resource Planning (ERP) system and has several large projects in the pipeline to replace other software programs and update obsolete IT infrastructure. Committing these funds to the IT Replacement Reserve gives the City a dedicated funding source for IT projects when they are brought to Council for approval. The estimated remaining \$1.25 million would be transferred to the Non-Recurring General Fund at the end of the fiscal year closing process, as per Fiscal Policy 3.a.vi.1.

The report also includes a section discussing the City's Investment Portfolio. This section includes an overview of the portfolio's performance for the period and a detailed listing of investment assets.

The End of Year Report is a public document that will be made available on the City's website, in the City Clerk's Office and at the Finance Department.

**FINANCIAL IMPACTS:**

Current projections show that there will be approximately \$3.25 million in General Fund Unassigned Fund Balance for FY 2018/19. Staff recommends the transfer of \$2 million to the IT Replacement Reserve for future funding of large IT projects. The remaining balance (approximately \$1.25 million) would then be transferred to the Non-Recurring General Fund as per current fiscal policy.

**CEQA:**

The City Manager has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

**DOCUMENTS ATTACHED:**

ATCH 1 - Resolution Approving Transfers of Fiscal Year 2018/19 General Fund Unassigned Fund Balance with EX "A"

EX A - Transfers from the General Fund

ATCH 2 - End of Year Report, Fiscal Year 2018/19

**NOTIFICATION:**

None.