



Legislation Details (With Text)

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Title: Approve Fiscal Year 2018/19 Year End Preliminary Unaudited General Fund Balance Designations

Attachments: 1. Att#1 - FY 2018/19 General Fund Balance Designations.pdf

Date	Ver.	Action By	Action	Result
12/16/2019	3	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Dahle Bulosan, Interim Chief Financial Officer

Subject:

Approve Fiscal Year 2018/19 Year End Preliminary Unaudited General Fund Balance Designations

Statement of Issue:

The Finance Department is currently undergoing the year-end closing process for the Fiscal Year (FY) 2018/19, which began on July 1, 2018, and ended on June 30, 2019. City Council authorization is requested to allocate the currently estimated increase in General Fund balance of \$10.4 million and reallocate fund balance categories to finalize the City's Comprehensive Annual Financial Report (CAFR), subject to final certification by the City's independent, external auditors.

Financial Impact:

Authorization is requested to allocate the currently estimated increase in General Fund Balance of \$10.4 million and reallocate fund balance categories to finalize the City's CAFR.

Recommended Action:

Approve the assignments of preliminary FY 2018/19 year-end General Fund Balance increase of \$10.4 million and reallocation of fund balance categories in the amounts and for the purposes indicated in Attachment 1.

Alternative Action(s):

Do not approve the recommendation and direct staff accordingly.

Analysis:

For the Fiscal Year 2018/19, preliminary, unaudited figures reflect a total of approximately \$232.1 million in recurring General Fund revenue and \$4.5 million in one-time revenue for a total of \$236.6 million in total estimated General Fund revenue. The total estimated General Fund expenditures and transfers is \$226.2 million. After accounting for actual expenditures and transfers, there is a preliminary unaudited increase in fund balance of \$10.4 million, or 4.4 percent of the General Fund revenues.

General Fund Designations

The City Council developed Strategic Initiatives at the City Council's Strategic Planning Retreat on February 7, 2019. These includes a three-year goal specific to each of the City's strategic objectives. The Strategic Initiatives Reserve was established to ensure funding for these goals. These goals are currently being reviewed and evaluated by Executive Team based on needs and priorities. Staff recommends to assign estimated available net General Fund balance of \$10.4 million to the Strategic Initiatives Reserve. It is also recommended to consolidate various reserves (Redevelopment Dissolution, Senior Center Debt Service, CalPERS Rate Increase, Park Improvements, Police Facility Enhancements and Unassigned) funds to the Strategic Initiatives Reserve (See Attachment 1). Recommended uses of this fund will be presented to the City Council for review and authorization at a later date.

Please note that the preliminary, unaudited \$10.4 million increase in General Fund Balance that is the basis for this recommendation is an estimate and is still subject to potential change. It is recommended that any required reductions to this number (or additions), be reflected in the Strategic Initiative Reserve to help ensure implementation of the City Council established priorities.

The City's final audited figures for the fiscal year ended June 30, 2019, will be available on or before December 31, 2019, pursuant to Generally Accepted Accounting Principles and Governmental Accounting Standards Board requirements.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Enhance and maintain high quality City services
Enhance and maintain the infrastructure.
Strengthen long-term financial and economic sustainability.
Enhance and modernize public safety service delivery.

Attachment(s):

1. FY 2018/19 Recommended General Fund Balance Designations