

**Presentations for the
November 19, 2019
Finance Committee Meeting**

FY 2019 Comprehensive Annual Financial Report (CAFR) & Budget Adjustments

Finance Committee Item # 2
November 19, 2019

Investment	Investment Value at Year end
424 963	467 459
446 211	1 005 037
468 522	1 620 916
491 948	2 324 149
516 545	3 124 764
542 372	4 033 850
569 491	5 063 675
	R 35 414

Start at monthly
Can we do this?

FY 2019 Financial Highlights

- Total governmental funds combined fund balances of \$305.0 million, up \$53.8 million from FY 2018
 - Only 18.0 percent is unassigned fund balance
- City's total outstanding long-term debt of \$189.3 million increased \$48.1 million (primarily California Avenue Garage debt issuance)
 - 60.7 percent Governmental Activities, 39.2 percent Business-Type/Enterprise activities (State Revolving Loan)
- No audit findings in FY 2019!

FY 2019 General Fund Summary – Attachment A

GENERAL FUND SUMMARY (\$000s)						
FY 2019 Adopted Budget	FY 2019 Adjusted Budget	FY 2019 CAFR Basis Rev/Exp	FY 2019 Allocated Charges	FY 2019 Encum/ Reappropriation	FY 2019 Actual Rev/Exp	FY 2019 Actual to Adj Budget Variance

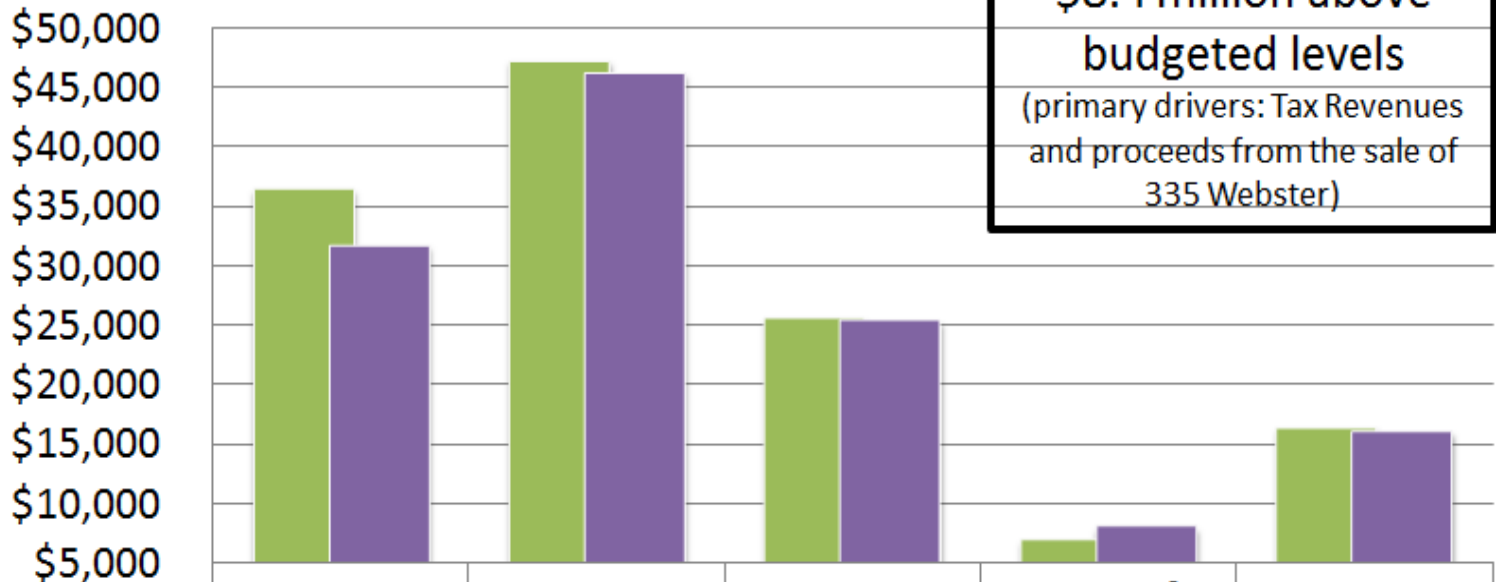
- *Adjusted Budget* = Adopted Budget + Budget Amendments (approved by the City Council) + prior year encumbrances
- *Allocated Charges* = cost allocation plan (or “overhead”) for administration and support provided by the various administrative departments
- *Encum/Reappropriations* = funds that have been reserved when a purchase requisition is finalized or a project was not completed in a given fiscal year and funding for that project is moved to the next fiscal year for completion
- *Actual Rev/Exp* = sum of yellow columns

General Fund Budget to Actuals

General Fund Major Tax Revenues

FY 2019 Actuals vs Budget (\$ in thousands)

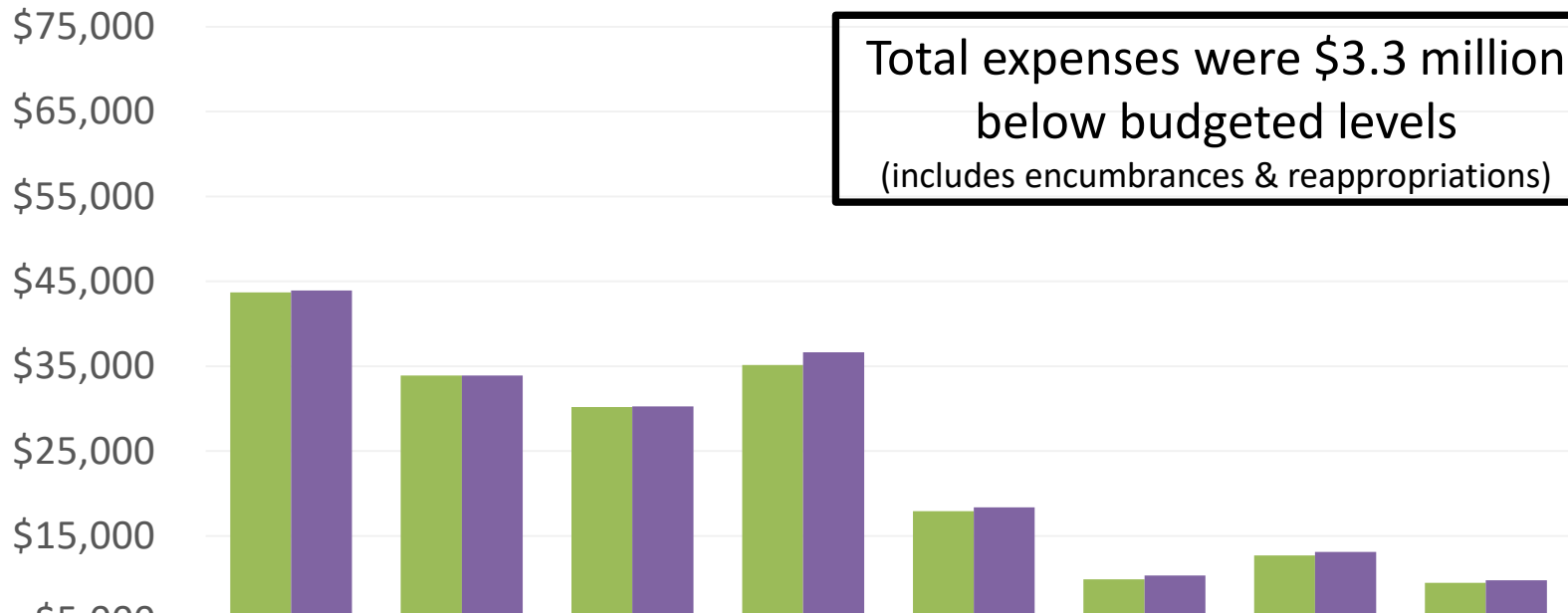
Total revenues were
\$8.4 million above
budgeted levels
(primary drivers: Tax Revenues
and proceeds from the sale of
335 Webster)



	Sales Tax	Property Tax	TOT	Doc Tsf Tax	UUT
FY 2019 Actual	\$36,508	\$47,327	\$25,649	\$6,923	\$16,402
FY 2019 Budget	\$31,746	\$46,232	\$25,391	\$8,034	\$16,092

General Fund Budget to Actuals – Major Depts

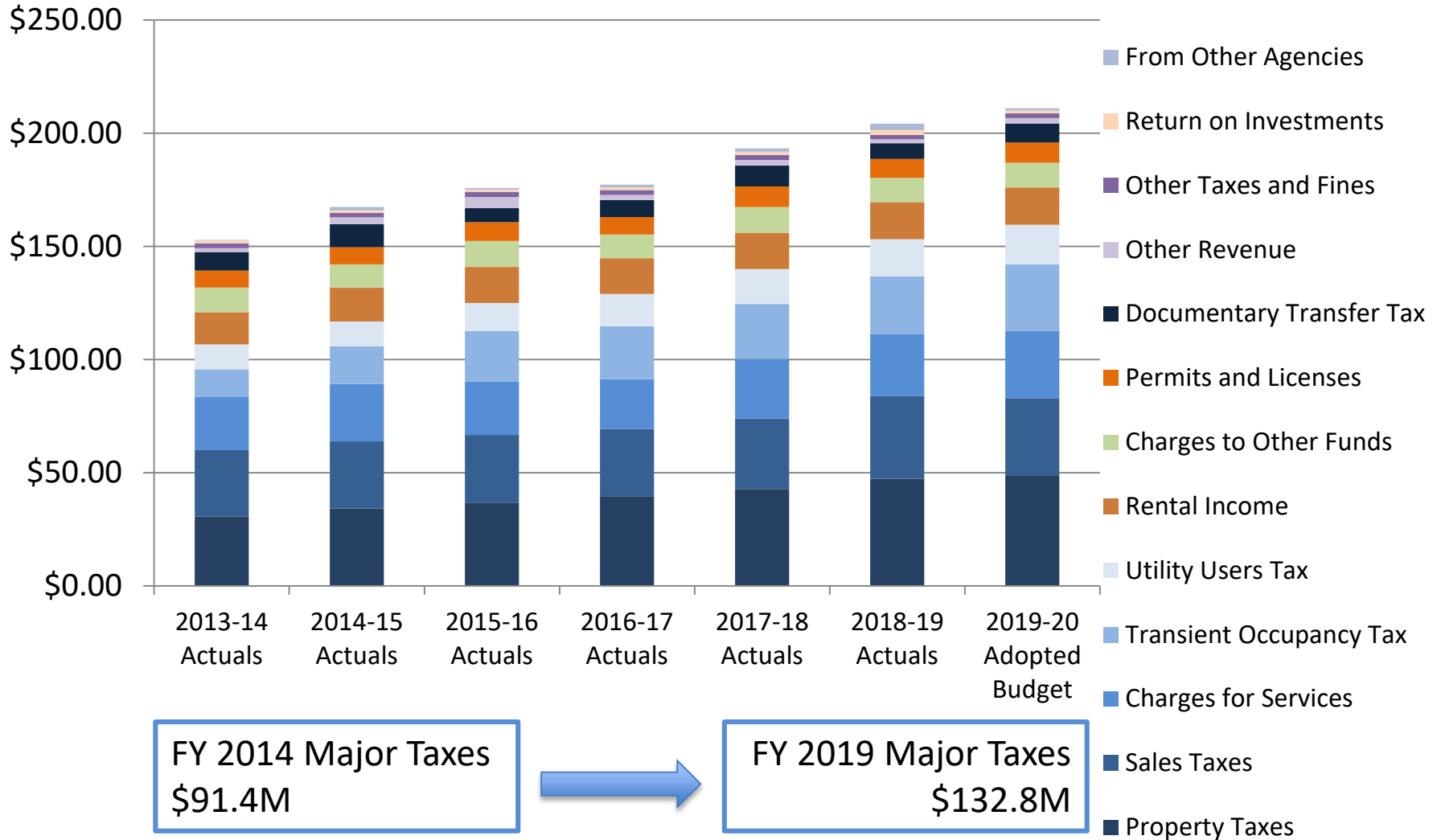
General Fund Major Department Expenses
 FY 2019 Actuals vs Budget
 (\$ in thousands)



	Police	Fire	Comm Srvcs	Admin Dept	Public Works	Planning & Comm Env	Devlpnmt Svcs	Library
FY 2019 Actual	\$43,698	\$33,894	\$30,201	\$35,133	\$17,928	\$9,906	\$12,700	\$9,491
FY 2019 Budget	\$43,912	\$33,894	\$30,282	\$36,626	\$18,362	\$10,346	\$13,103	\$9,767

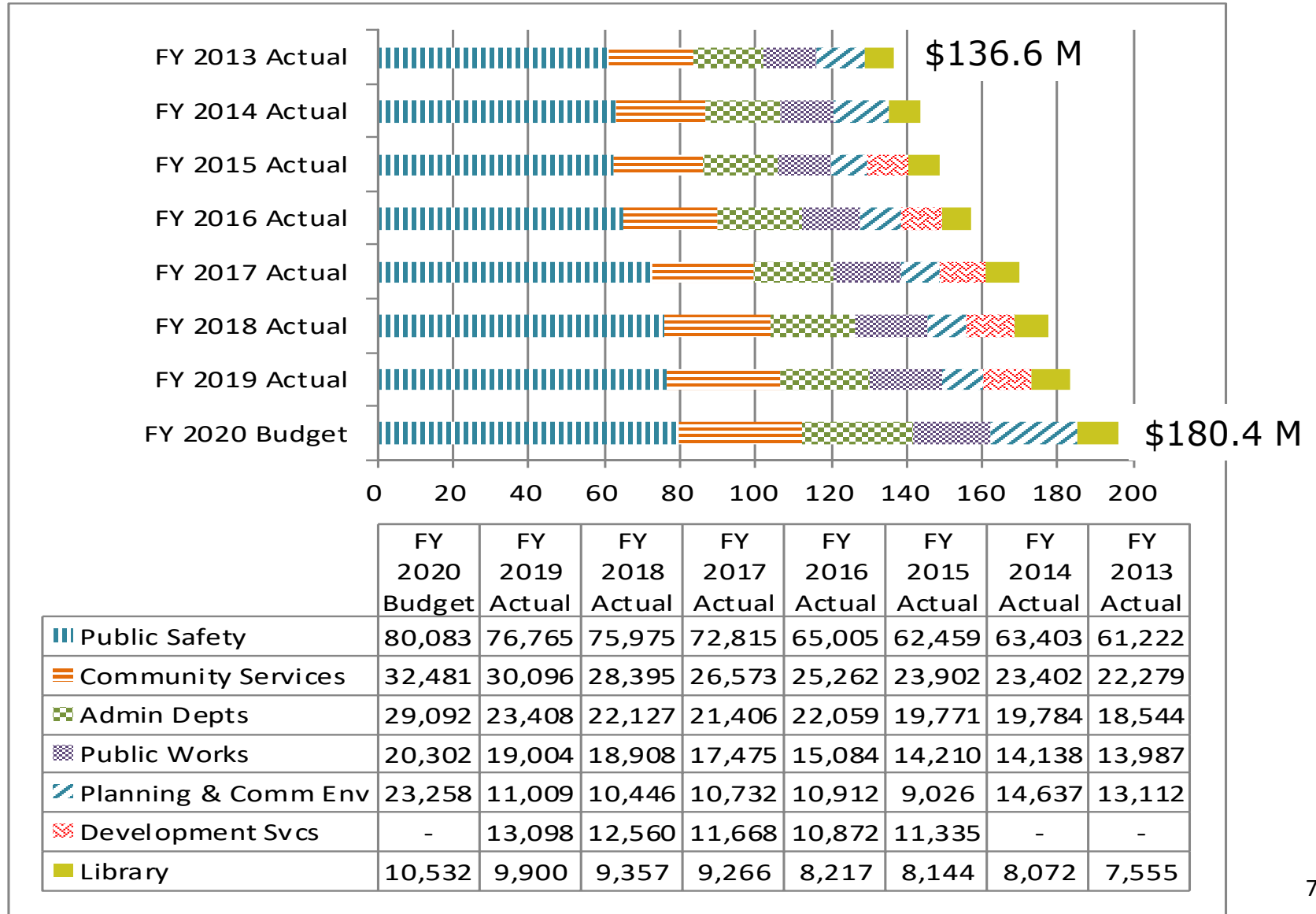
History of General Fund Revenues

www.paloalto.opengov.com



General Fund - Actual Expenditures FY 2013-2019

Replacement chart to correct the chart in the staff report on page 7, packet page 55



Budget Stabilization Reserve (BSR) FY 2019

General Fund BSR Balance, June 30 2019 **\$ 54,811**

Uses of the FY 2019 Surplus

FY 2020 Approved Adjustments to the BSR Balance

FY 2020 Adopted Budget	1,292
FY 2020 City Manager Reports Budget Amendments	(450)

Recommended Budget Amendments (to be completed in FY 2020 Mid-Year Budget)

Reserve for proceeds from the sale of 335 Webster	(2,900)
Additional funding for General Liability & Workers Compensation Reserves	(1,400)
Transfer to the General Capital Improvement Fund (471)	(3,500)
Transfer to the General Benefits Fund: 115 Pension Trust Fund Contribution	(3,500)

Current Projected FY 2020 BSR Level (June 30, 2019) **\$ 44,352**

BSR of \$44.4M is at 19.2% of GF FY 2020 expenses, above the 18.5% target level

Enterprise Funds Net Position

FY 2019 Net Position surplus/deficit comparison

\$s in 000's	FY 2019	FY 2018	Change in Net Position
Water	\$ 8,029	\$ 5,144	\$ 2,885
Electric	18,965	(1,246)	20,211
Fiber Optics	3,538	1,749	1,789
Gas	5,286	1,542	3,744
Wastewater Collection	3,268	1,008	2,260
Wastewater Treatment	1,468	4,760	(3,292)
Refuse	4,876	6,149	(1,273)
Storm Drainage	2,303	1,782	521
Airport	6,626	10,100	(3,474)
Totals	54,359	30,988	23,371

FY 2019 Year-End Budget Adjustments (Attachment B)

Technical adjustments across all fund types to minimize variances and align appropriated funds with actual expense levels (three types of alignments).

- Adjustments to recognize revenue
- Net-zero realignments (move budgeted funds from areas of saving to areas of overage within a fund)
- Adjustments to Fund Balance

Summary of Major Adjustments

- Net-zero realignments in the General Fund; one exception, \$88k for increased election costs
- TOT Revenue \$0.3M higher than estimated; \$0.3M increased Transfer to Capital Infrastructure Reserve
- Capital Projects adjusted for actual revenue and expenditures in FY 2019; maintain overall approved total project budgets

Recommended Action

Staff recommends that the Finance Committee forward to the City Council for its approval:

1. Amend the Fiscal Year (FY) 2019 Budget Appropriation Ordinance for various funds as identified in the attached Recommended Amendments to the City Manager's FY 2019 Budget (Operating Budget: Attachment B - Exhibit 1; Capital Budget: Attachment B - Exhibit 2); and
2. The City's FY 2019 Comprehensive Annual Financial Report (CAFR) (Attachment C).