



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

August 2018

This report summarizes the City's financial performance for the month ended August 31, 2018. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the citizens of the City.

For fiscal year 2018-19, the City is projected to maintain a positive operating position. At the end of August, revenues exceeded expenditures and were on track with the budget. Expenditures were within budgetary expectations for this time of the year.

As of August 31, 2018, General Fund revenues were at 17.7% of projections which was consistent with this time of year. Expenditures were at 16.4% which is in line with the budget.

The adopted budget for both operating revenues and expenditures for fiscal year 2018-19 is \$239.7 million. The amended budget for both has been revised to \$246.2 million due to carryover appropriations from fiscal year 2017-18 and various budget amendments in the current fiscal year.

General Fund Revenues

Sales Tax: Two months of local one percent of sales tax reached \$9.1 million, which was 16% of annual estimated sales tax revenue, and is in line with budget.

Property Tax: The majority of property tax revenue is collected in December and April each year. Compared to the prior year, property tax decreased 25.4% as a result of the timing of receiving the August unsecured property tax distribution.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. In comparison to the same period in the prior year, TOT revenues increased 5.4%. TOT has been positively impacted by Levi's Stadium events which have helped fill hotel rooms on weekends that were traditionally more difficult to book.

Other Taxes: Includes franchise tax and documentary transfer tax. Documentary transfer tax increased due to more transfers of ownership in real properties and legal entities. Franchise tax increased due to the receipt of a prior year true-up payment from non-exclusive franchise haulers as a result of the compliance audit.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall permit receipts were slightly lower than the same time of the previous year.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. These revenues are in line with the budget.

Intergovernmental: Includes motor vehicle fees, state homeowner tax relief, state mandated reimbursement, and redistribution of land sale proceeds and ground leases from the Successor Agency. The decrease of the \$2.4 million when compared to the prior fiscal year is due to the sale of Successor Agency Property (Hilton) in July 2017.

Charges for Services: Includes various plan check and zoning related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. This revenue is in line with budget for the current year.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5% of gross revenues as contribution-in-lieu of taxes. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. The 6.6% increase from the comparable previous year is a result of the increase in Electric Utility revenues.

Use of Money & Property: Includes realized investment income and rental income. The interest income is at 17.6% of the annual budget. The rent revenue varies from time to time based on activities.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one time miscellaneous revenues. These revenues vary from year to year.

Stadium Operation: In order to provide more transparency, the revenues and expenditures related to Stadium operations are presented in one central location in the report instead of in individual departments as presented in the past.

General Fund Revenues

As of August 31, 2018, \$43.5 million or 17.7% of the General Fund estimated revenue had been received. Revenues in the General Fund are performing at the expected budgeted levels.

CITY OF SANTA CLARA
GENERAL FUND
REVENUES OVERVIEW AND COMPARISON BY TYPE

Function	FISCAL YEAR 2018-19				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2018	Percentage Received	Actual Through 8/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 9,086,715	16.07%	\$ 8,447,080	\$ 639,635	7.57%
Property Tax	60,300,000	60,300,000	171,909	0.29%	230,377	(58,468)	-25.38%
Transient Occupancy Tax	21,000,000	21,000,000	4,898,809	23.33%	4,646,951	251,858	5.42%
Other Taxes	6,287,638	6,287,638	1,272,007	20.23%	1,078,668	193,339	17.92%
Total Taxes	144,117,638	144,117,638	15,429,440	10.71%	14,403,076	1,026,364	7.13%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	178,569	5.83%	142,991	35,578	24.88%
Building Permits	4,500,000	4,500,000	488,810	10.86%	589,984	(101,174)	-17.15%
Electric Permits	600,000	600,000	56,783	9.46%	58,591	(1,808)	-3.09%
Plumbing Permits	500,000	500,000	39,479	7.90%	42,391	(2,912)	-6.87%
Mechanical Permits	450,000	450,000	33,026	7.34%	40,118	(7,092)	-17.68%
Miscellaneous Permits	63,000	63,000	8,131	12.91%	49,899	(41,768)	-83.70%
Total Licenses & Permits	9,178,000	9,178,000	804,798	8.77%	923,974	(119,176)	-12.90%
FINES & PENALTIES	1,580,500	1,580,500	281,683	17.82%	276,342	5,341	1.93%
INTERGOVERNMENTAL	702,000	702,000	1,078,516	153.63%	2,948,154	(1,869,638)	-63.42%
CHARGES FOR SERVICES	34,447,858	34,447,858	7,768,929	22.55%	6,210,976	1,557,953	25.08%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	3,849,098	16.67%	3,610,317	238,781	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	702,458	17.56%	691,780	10,678	1.54%
Rent	7,831,522	7,845,587	1,364,362	17.39%	1,568,375	(204,013)	-13.01%
Total Use of Money & Property	11,831,522	11,845,587	2,066,820	17.45%	2,260,155	(193,335)	-8.55%
MISCELLANEOUS REVENUES	757,308	757,308	117,197	15.48%	57,570	59,627	103.57%
OTHER FINANCING SOURCES							
Operating Transfer in - Strom Drain	1,447,000	1,447,000	1,447,000	100.00%	1,276,661	170,339	13.34%
Operating Transfer In - Reserves	3,029,538	3,629,538	3,629,538	100.00%	2,948,460	681,078	23.10%
Operating Transfer In - Fund Balances		5,835,921	5,835,921	100.00%	5,033,801	802,120	15.93%
Operating Transfer In - Miscellaneous	54,250	54,250	54,250	100.00%	110,000	(55,750)	-50.68%
Total Other Financing Sources	4,530,788	10,966,709	10,966,709	100.00%	9,368,922	1,597,787	17.05%
STADIUM OPERATION							
Charges for Services	6,242,072	6,242,072	828,216	13.27%	-	828,216	N/A
Rent and Licensing	3,231,500	3,231,500	342,288	10.59%	-	342,288	N/A
Total Stadium Operation	9,473,572	9,473,572	1,170,504	12.36%	-	1,170,504	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 246,163,762	\$ 43,533,695	17.68%	\$ 40,059,486	\$ 3,474,209	8.67%

General Fund Expenditures

As of August 31, 2018, \$40.4 million or 16.4% of the General Fund operating budget had been expended. Functional areas in the General Fund are performing at the expected budgeted levels.

CITY OF SANTA CLARA
GENERAL FUND
EXPENDITURES OVERVIEW AND COMPARISON BY FUNCTION

Function	FISCAL YEAR 2018-19				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2018	Percentage Used	Actual Through 8/31/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
General Administration	\$ 7,810,527	\$ 7,810,527	\$ 351,028	4.49%	\$ 306,145	\$ 44,883	14.66%
City Council	833,851	833,851	122,350	14.67%	128,087	(5,737)	-4.48%
City Clerk	1,872,604	2,319,709	401,051	17.29%	205,932	195,119	94.75%
City Manager*	5,747,949	7,067,736	1,014,499	14.35%	729,015	285,484	39.16%
City Attorney	2,129,011	2,187,159	283,366	12.96%	262,071	21,295	8.13%
Human Resources	3,640,473	3,640,473	471,022	12.94%	520,297	(49,275)	-9.47%
Finance	11,734,247	11,943,165	1,974,985	16.54%	1,875,350	99,635	5.31%
Information Technology	11,165,807	13,127,860	452,157	3.44%	342,005	110,152	32.21%
Total General Government	44,934,469	48,930,480	5,070,458	10.36%	4,368,902	701,556	16.06%
PUBLIC WORKS	25,446,506	25,709,627	4,298,220	16.72%	4,111,262	186,958	4.55%
COMMUNITY DEVELOPMENT	14,188,110	15,648,958	1,989,909	12.72%	1,884,421	105,488	5.60%
PARKS AND RECREATION	19,447,561	19,839,950	3,433,478	17.31%	3,144,839	288,639	9.18%
PUBLIC SAFETY							
Fire	46,683,831	46,769,013	8,012,181	17.13%	7,851,486	160,695	2.05%
Police	68,446,889	68,645,793	11,031,920	16.07%	11,290,933	(259,013)	-2.29%
Total Public Safety	115,130,720	115,414,806	19,044,101	16.50%	19,142,419	(98,318)	-0.51%
LIBRARY	10,426,621	10,466,088	1,825,556	17.44%	1,652,682	172,874	10.46%
OTHER FINANCING USES							
Operating Transfer Out - Special Revenue Funds	885,578	885,578	885,578	100.00%	853,540	32,038	3.75%
Operating Transfer Out - Rental income	-	14,065	14,065	100.00%	-	14,065	N/A
Operating Transfer Out - Debt Services	2,501,494	2,501,494	2,501,494	100.00%	2,504,721	(3,227)	-0.13%
Operating Transfer Out - Special Liability	-	-	-	N/A	1,900,000	(1,900,000)	-100.00%
Operating Transfer Out - Cemetery	618,081	618,081	618,081	100.00%	-	618,081	N/A
Operating Transfer Out- SCGTC	548,829	548,829	-	0.00%	-	-	N/A
Total Other Financing Uses	4,553,982	4,568,047	4,019,218	87.99%	5,258,261	(1,239,043)	-23.56%
STADIUM OPERATION	5,585,806	5,585,806	745,542	13.35%	-	745,542	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 246,163,762	\$ 40,426,482	16.42%	\$ 39,562,786	\$ 863,696	2.18%

*The increase in the year-over-year expenditures in the City Manager's department is due to a 60% vacancy rate in the prior fiscal year. With 17% of the year complete this department is still trending below budget at 14%.

Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of August 31, 2018.

**CITY OF SANTA CLARA
SPECIAL REVENUE FUNDS
REVENUE AND EXPENDITURE - OVERVIEW AND COMPARISON BY FUND**

Fund Description	REVENUES - FISCAL YEAR 2018-19				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2018	Percentage received	Actual Through 8/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 19,498	6.91%	\$ 12,883	\$ 6,615	51.35%
City Affordable Housing Fund	696,703	1,089,854	23,160	2.13%	782,989	(759,829)	-97.04%
Housing Successor Fund	581,000	806,000	737,254	91.47%	495,085	242,169	48.91%
Housing and Urban Development	2,671,456	3,824,498	468,742	12.26%	240,350	228,392	95.02%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 1,248,654	20.80%	\$ 1,531,307	\$ (282,653)	-18.46%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2018	Percentage Used	Actual through 8/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 3,710	1.19%	\$ 3,945	\$ (235)	-5.96%
City Affordable Housing Fund	1,638,098	2,031,249	62,421	3.07%	61,118	1,303	2.13%
Housing Successor Fund	688,327	913,327	113,170	12.39%	140,063	(26,893)	-19.20%
Housing and Urban Development	3,261,281	4,414,323	302,515	6.85%	128,537	173,978	135.35%
TOTAL	\$ 5,876,695	\$ 7,669,886	\$ 481,816	6.28%	\$ 333,663	\$ 148,153	44.40%

Governmental Capital Improvement Funds

The re-appropriation of prior year budget amounts “carryforwards” is necessary when services or projects are started but not completed at the end of the fiscal year. This is especially true for the Capital Improvement Program (CIP) that typically spans several years.

The table below lists the total amended budget amount which consists of current year appropriations and prior year carryforwards in Governmental Capital Improvement Funds. The Street Beautification, Gas Tax, and Traffic Mitigation CIP funds have been combined with the Streets & Highways CIP fund beginning in fiscal year 2018-19.

**CITY OF SANTA CLARA
GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENDITURES**

EXPENDITURES - FISCAL YEAR 2018-19						
Fund Description	Current Year Appropriation	Prior Year ⁽¹⁾ Carryforward	Total Amended Budget	Actual Through 8/31/2018	Percentage Used	
Parks & Recreation	\$ 1,751,400	\$ 18,341,518	\$ 20,092,918	\$ 1,654,723	8.24%	
Streets & Highways	10,052,654	17,793,106	27,845,760	2,687,472	9.65%	
Storm Drain	1,995,000	1,190,292	3,185,292	49,161	1.54%	
Fire	673,000	450,666	1,123,666	112,315	10.00%	
Library	220,000	-	220,000	795,922 ⁽²⁾	361.78%	
Public Buildings	3,672,105	1,702,432	5,374,537	481,842	8.97%	
General Gov't - Other	11,692,525	6,938,341	18,630,866	8,004,285	42.96%	
TOTAL	\$ 30,056,684	\$ 46,416,355	\$ 76,473,039	\$ 13,785,720	18.03%	

(1) Prior year carryforward agrees to adopted fiscal year 2018-19 budget.

(2) Additional appropriation actions will be included as part of the fiscal year 2017-18 Budget Year-End Report in November 2018.

Enterprise Funds

The tables below are a summary of revenues and expenses of Enterprise Operating Funds and summary of expenses of Enterprise Capital Improvement Funds as of August 31, 2018.

**CITY OF SANTA CLARA
ENTERPRISE OPERATING FUNDS
REVENUES AND EXPENSES - OVERVIEW AND COMPARISON BY FUND**

Fund Description	REVENUES - FISCAL YEAR 2018-19				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2018	Percentage received	Actual Through 8/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 450,951,908	\$ 76,009,992	16.86%	\$ 75,926,613	\$ 83,379	0.11%
Water Utility Fund	50,333,600	52,786,856	9,670,668	18.32%	8,874,641	796,027	8.97%
Sewer Utility Fund	41,742,075	41,799,661	6,974,936	16.69%	6,697,115	277,821	4.15%
Cemetery Fund	600,150	600,685	126,630	21.08%	101,922	24,708	24.24%
Solid Waste Utility Fund	24,726,835	25,344,682	4,220,251	16.65%	3,844,506	375,745	9.77%
Water Recycling Fund	7,080,000	7,940,000	1,829,823	23.05%	1,230,688	599,135	48.68%
TOTAL REVENUE	\$ 574,574,460	\$ 579,423,792	\$ 98,832,300	17.06%	\$ 96,675,485	\$ 2,156,815	2.23%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2018	Percentage Used	Actual through 8/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 422,486,124	\$ 79,448,749	18.81%	\$ 83,896,764	\$ (4,448,015)	-5.30%
Water Utility Fund	44,431,411	46,884,667	8,768,295	18.70%	4,272,690	4,495,605	105.22%
Sewer Utility Fund	26,014,588	26,072,174	5,691,468	21.83%	5,553,315	138,153	2.49%
Cemetery Fund	1,245,504	1,246,039	231,994	18.62%	182,141	49,853	27.37%
Solid Waste Utility Fund	24,346,883	24,964,730	3,053,634	12.23%	3,917,082	(863,448)	-22.04%
Water Recycling Fund	4,934,172	5,794,172	1,134,375	19.58%	914,170	220,205	24.09%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 527,447,906	\$ 98,328,515	18.64%	\$ 98,736,162	\$ (407,647)	-0.41%

**CITY OF SANTA CLARA
ENTERPRISE CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENSES**

Fund Description	EXPENSES - FISCAL YEAR 2018-19				
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 8/31/2018	Percentage Used
Electric Utility Fund	\$ 42,476,280	\$ 54,759,614	\$ 97,235,894	\$ 3,827,453	3.94%
Street Lighting ⁽¹⁾	800,000	4,630,000	5,430,000	22,067	0.41%
Water Utility Fund	4,300,000	10,484,739	14,784,739	259,317	1.75%
Sewer Utility Fund	22,590,086	20,289,514	42,879,600	2,612,423	6.09%
Cemetery Fund	-	28,085	28,085	-	0.00%
Solid Waste Utility Fund	470,000	1,135,000	1,605,000	86,772	5.41%
Water Recycling Fund	50,000	-	50,000	-	0.00%
TOTAL - CIP Appropriations	\$ 70,686,366	\$ 91,326,952	\$ 162,013,318	\$ 6,808,032	4.20%

(1) Street Lighting fund is part of Electric Capital Improvement Funds.

Fund Reserves

By policy, City Council established the City’s General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City’s General Fund operations for three months (90-day or 25% General Fund Adopted Operating Budget).
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

Other General Reserves and Enterprise Fund Reserves included in this report are highlighted as follows:

- Building Inspection Reserve is to account for surplus funds from user fees in the Community Development Department’s Building Inspection Division, and is restricted to fund Building Division costs.
- Land Sale Reserve is net proceeds from the sale of City owned land, and is available to be appropriated for General Fund expenditures.
- The Electric Utility Reserve assures that rates were set properly and sufficient operating cash is available to ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.
- The Water Conservation Reserve is to enhance water conservation activities in response to the drought.

The table below summarizes the reserve balances.

	<u>GENERAL FUND</u>	<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>
Budget Stabilization Reserve	\$ 54,183,192			
Capital Projects Reserve	20,918,836			
Building Inspection Reserve	6,552,108			
Land Sale Reserve	21,229,741			
Rate Stabilization Fund Reserve		\$ 25,000,000		
Cost Reduction Fund Reserve		95,708,577		
DVR Power Plant Contracts Reserve		5,078,163		
Replacement & Improvement			\$ 303,090	\$ 1,507,553
Water Conservation			33,125	
TOTALS	\$ 102,883,877	\$ 125,786,740	\$ 336,215	\$ 1,507,553