



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

January 2018

Financial Status Report as of January 31, 2018

This report summarizes the City's financial performance for the seven months ended January 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 the fiscal year 2017-18, the City is projected to maintain a positive operating position. At the end of January, revenues slightly exceeded expenditures as a result of the timing of property tax and sales tax receipts, which are the City's largest two revenues sources. Revenues and expenditures are within budgetary expectations for this time of the year.

As of January 31, 2018, General Fund revenues were at 59.8% of projections which was consistent with this time of year due to the cyclical receipts of most revenues. Expenditures were at 55.7% which is in line with the budget.

The adopted budget for operating revenues and expenditures for fiscal year 2017-18 is \$227.8 million and \$223.1 million respectively. The amended budget has been revised to \$232.9 million and \$228.6 million due to carryover appropriations from fiscal year 2016-17 and various budget amendments in the current fiscal year.

General Fund Revenues

Sales Tax: The seven months of local one percent of sales tax reached \$31.5 million, which was 53.4% of annual estimated sales tax revenue. In addition, the sales tax was 22.3% lower than the comparable month of 2017. The large decrease was mainly due to the one-time true-up payment of \$7 million in fiscal year 2016-17 related to the unwinding of the state's Triple Flip.

Property Tax: The majority of property tax revenue is collected in December and April each year. Compared to the prior year, property tax increased 8.1% as a result of the continued rise in home values and new construction.

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, the TOT collection increased 4.7%. Collection 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 significantly due to more transfers of ownership in real properties and legal entities. Franchise tax stayed consistent with prior year.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Building permits and other permit receipts decreased significantly from the previous year due to fewer development activities compared to the prior fiscal year.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. These revenues are trending ahead of 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 majority of the \$2.5 million decrease from the prior fiscal year was due to the redistribution of \$6.2 million from the sale of Successor Agency property in December 2016.

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 slightly under budget for the current year due to less development activities.

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 10.2% 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 98.7% of the annual budget and 52.4% higher than the prior year due to higher interest rates in fiscal year 2017-18. 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. Revenue was higher in the previous fiscal year due to the \$1.5 million right of way sale to Santa Clara University.

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General Fund Revenues

As of January 31, 2018, \$139.2 million or 59.8% 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 2017-18				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2018	Percentage Received	Actual Through 1/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 59,047,475	\$ 59,047,475	\$ 31,531,156	53.40%	\$ 40,565,473	\$ (9,034,317)	-22.27%
Property Tax	51,359,000	51,359,000	30,452,254	59.29%	28,184,317	2,267,937	8.05%
Transient Occupancy Tax	20,600,000	20,600,000	14,020,108	68.06%	13,388,946	631,162	4.71%
Other Taxes	5,116,300	5,116,300	3,499,027	68.39%	2,599,046	899,981	34.63%
Total Taxes	136,122,775	136,122,775	79,502,545	58.41%	84,737,782	(5,235,237)	-6.18%
LICENSES & PERMITS							
Business Licenses	915,000	915,000	532,076	58.15%	522,112	9,964	1.91%
Building Permits	5,000,000	5,000,000	2,139,884	42.80%	3,371,454	(1,231,570)	-36.53%
Electric Permits	750,000	750,000	211,076	28.14%	289,250	(78,174)	-27.03%
Plumbing Permits	650,000	650,000	159,784	24.58%	215,346	(55,562)	-25.80%
Mechanical Permits	550,000	550,000	141,039	25.64%	193,113	(52,074)	-26.97%
Miscellaneous Permits	594,000	594,000	371,911	62.61%	397,160	(25,249)	-6.36%
Total Licenses & Permits	8,459,000	8,459,000	3,555,770	42.04%	4,988,435	(1,432,665)	-28.72%
FINES & PENALTIES	1,606,300	1,606,300	1,088,297	67.75%	989,685	98,612	9.96%
INTERGOVERNMENTAL	1,310,000	1,310,000	3,903,870	298.01%	6,453,070	(2,549,200)	-39.50%
CHARGES FOR SERVICES	41,271,526	41,271,526	21,930,177	53.14%	24,304,370	(2,374,193)	-9.77%
CONTRIBUTION IN LIEU	21,661,903	21,661,903	12,636,110	58.33%	11,464,029	1,172,081	10.22%
USE OF MONEY & PROPERTY							
Interest	2,000,000	2,000,000	1,973,260	98.66%	1,295,192	678,068	52.35%
Rent	11,019,497	11,019,497	5,352,469	48.57%	5,100,106	252,363	4.95%
Total Use of Money & Property	13,019,497	13,019,497	7,325,729	56.27%	6,395,298	930,431	14.55%
MISCELLANEOUS REVENUES	415,920	415,920	381,303	91.68%	1,780,102	(1,398,799)	-78.58%
OTHER FINANCING SOURCES							
Operating Transfer in - Strom Drain	1,276,661	1,276,661	1,276,661	100.00%	1,100,000	176,661	16.06%
Operating Transfer In - Reserves	2,493,145	2,493,145	2,493,145	100.00%	300,000	2,193,145	731.05%
Operating Transfer In - Gas Tax	-	-	-	NA	728,900	(728,900)	-100.00%
Operating Transfer In - Fund Balances	-	5,033,801	5,033,801	100.00%	3,473,915	1,559,886	44.90%
Operating Transfer In - Miscellaneous	162,717	272,717	110,000	40.33%	165	109,835	66566.67%
Total Other Financing Sources	3,932,523	9,076,324	8,913,607	98.21%	5,602,980	3,310,627	59.09%
TOTAL GENERAL FUND	\$ 227,799,444	\$ 232,943,245	\$ 139,237,408	59.77%	\$ 146,715,751	\$ (7,478,343)	-5.10%

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General Fund Expenditures

As of January 31, 2018, \$127.4 million or 55.7% 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 2017-18				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2018	Percentage Used	Actual Through 1/31/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
GA- Salary Attrition	\$ (8,450,000)	\$ (8,450,000)	\$ -	0.00%	\$ -	\$ -	
GA- City Wide Program	4,105,412	4,113,997	987,232	24.00%	1,024,466	(37,234)	-3.63%
General Administration	(4,344,588)	(4,336,003)	987,232	-22.77%	1,024,466	(37,234)	-3.63%
City Council	909,425	909,425	417,215	45.88%	284,186	133,029	46.81%
City Clerk	1,349,777	1,395,577	752,721	53.94%	1,107,948	(355,227)	-32.06%
City Manager	7,502,707	8,233,179	3,441,398	41.80%	3,038,906	402,492	13.24%
City Attorney	1,719,032	1,750,460	948,747	54.20%	977,243	(28,496)	-2.92%
Human Resources	3,479,976	3,479,976	1,852,063	53.22%	1,659,681	192,382	11.59%
Finance	11,530,992	11,673,713	6,099,123	52.25%	5,587,810	511,313	9.15%
Information Technology	11,212,950	12,160,305	4,513,996	37.12%	3,439,755	1,074,241	31.23%
Total General Government	33,360,271	35,266,632	19,012,495	53.91%	17,119,995	1,892,500	11.05%
PUBLIC WORKS	24,423,426	24,633,453	13,419,109	54.48%	11,762,610	1,656,499	14.08%
COMMUNITY DEVELOPMENT	15,061,578	15,741,382	6,302,350	40.04%	6,014,582	287,768	4.78%
PARKS AND RECREATION	18,426,199	18,523,134	9,947,526	53.70%	9,325,359	622,167	6.67%
PUBLIC SAFETY							
Fire	45,264,279	45,440,525	27,794,406	61.17%	24,664,459	3,129,947	12.69%
Police	72,388,743	72,869,022	40,074,893	55.00%	36,465,929	3,608,964	9.90%
Total Public Safety	117,653,022	118,309,547	67,869,299	57.37%	61,130,388	6,738,911	11.02%
LIBRARY	10,225,270	10,270,097	5,612,935	54.65%	5,123,799	489,136	9.55%
OTHER FINANCING USES							
Operating Transfer Out - Special Revenue Funds	853,540	853,540	853,540	100.00%	774,076	79,464	10.27%
Operating Transfer Out - Debt Services	2,504,721	2,504,721	2,504,721	100.00%	2,504,030	691	0.03%
Operating Transfer Out - Special Liability	-	1,900,000	1,900,000	100.00%	-	1,900,000	NA
Operating Transfer Out- SCGTC	589,868	589,868	-	0.00%	-	-	NA
Total Other Financing Uses	3,948,129	5,848,129	5,258,261	89.91%	3,278,106	1,980,155	60.41%
TOTAL GENERAL FUND	\$ 223,097,895	\$ 228,592,374	\$ 127,421,975	55.74%	\$ 113,754,839	\$ 13,667,136	12.01%

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Special Revenue Funds

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

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

Fund Description	REVENUES - FISCAL YEAR 2017-18				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2018	Percentage received	Actual Through 1/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 181,974	\$ 181,974	\$ 57,035	31.34%	\$ 259,349	\$ (202,314)	-78.01%
City Affordable Housing Fund	310,795	310,795	1,351,690	434.91%	3,079,602	(1,727,912)	-56.11%
Housing Successor Fund	644,564	644,564	1,122,536	174.15%	771,206	351,330	45.56%
Housing and Urban Development	1,638,588	1,709,079	705,884	41.30%	839,935	(134,051)	-15.96%
TOTAL	\$ 2,775,921	\$ 2,846,412	\$ 3,237,145	113.73%	\$ 4,950,092	\$ (1,712,947)	-34.60%

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2018	Percentage Used	Actual through 1/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 143,126	\$ 193,901	\$ 30,384	15.67%	\$ 168,734	\$ (138,350)	-81.99%
City Affordable Housing Fund	1,336,244	1,482,684	175,551	11.84%	246,760	(71,209)	-28.86%
Housing Successor Fund	1,280,189	1,418,345	211,125	14.89%	182,110	29,015	15.93%
Housing and Urban Development	1,778,588	1,849,079	729,763	39.47%	1,141,333	(411,570)	-36.06%
TOTAL	\$ 4,538,147	\$ 4,944,009	\$ 1,146,823	23.20%	\$ 1,738,937	\$ (592,114)	-34.05%

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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 Capital Improvement Program (CIP) that typically span 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.

CITY OF SANTA CLARA GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENDITURES

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2018	Percentage Used
Street Beautification	\$ 126,200	\$ 261,321	\$ 387,521	\$ -	0.00%
Parks & Recreation	6,534,568	20,774,065	27,308,633	2,296,498	8.41%
Streets & Highways	5,503,836	10,081,083	15,584,919	1,748,340	11.22%
Gas Tax	2,377,059	14,145,376	16,522,435	5,451,272	32.99%
Traffic Mitigation	1,402,625	12,202,410	13,605,035	96,968	0.71%
Street Lighting	4,290.00	6,328,873	6,333,163	308,670	4.87%
Storm Drain	1,040,000	3,523,298	4,563,298	2,098,574	45.99%
Fire	409,387	1,908,133	2,317,520	1,357,346	58.57%
Library	2,330,300	2,829,596	5,159,896	476,279	9.23%
Public Buildings	2,125,000	2,259,422	4,384,422	579,420	13.22%
General Govmnt - Other	3,362,941	16,065,859	19,428,800	3,049,115	15.69%
TOTAL	\$ 25,216,206	\$ 90,379,436	\$ 115,595,642	\$ 17,462,482	15.11%

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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 January 31, 2018.

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

Fund Description	REVENUES - FISCAL YEAR 2017-18				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 1/31/2018	Percentage received	Actual Through 1/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 445,893,170	\$ 446,011,670	\$ 254,325,918	57.02%	\$ 248,063,634	\$ 6,262,284	2.52%
Water Utility Fund	43,744,402	43,744,402	27,723,857	63.38%	22,755,662	4,968,195	21.83%
Sewer Utility Fund	37,315,533	37,315,533	23,399,535	62.71%	22,906,777	492,758	2.15%
Cemetery Fund	1,012,138	1,012,138	712,029	70.35%	682,324	29,705	4.35%
Solid Waste Utility Fund	23,119,082	23,119,082	13,456,555	58.21%	13,210,124	246,431	1.87%
Water Recycling Fund	5,331,063	5,331,063	3,338,571	62.62%	2,751,423	587,148	21.34%
TOTAL REVENUE	\$ 556,415,388	\$ 556,533,888	\$ 322,956,465	58.03%	\$ 310,369,944	\$ 12,586,521	4.06%

Fund Description	EXPENSES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2018	Percentage Used	Actual through 1/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 392,078,170	\$ 416,328,233	\$ 227,492,510	54.64%	\$ 197,204,900	\$ 30,287,610	15.36%
Water Utility Fund	39,034,889	40,615,164	19,645,578	48.37%	19,931,727	(286,149)	-1.44%
Sewer Utility Fund	25,000,332	25,096,558	17,184,169	68.47%	14,383,920	2,800,249	19.47%
Cemetery Fund	1,007,138	1,007,138	594,917	59.07%	413,180	181,737	43.98%
Solid Waste Utility Fund	22,827,740	23,705,443	11,744,510	49.54%	11,119,230	625,280	5.62%
Water Recycling Fund	4,539,955	5,339,955	2,566,930	48.07%	2,367,985	198,945	8.40%
TOTAL - Operating Appropriations	\$ 484,488,224	\$ 512,092,491	\$ 279,228,614	54.53%	\$ 245,420,942	\$ 33,807,672	13.78%

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2017-18				
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 1/31/2018	Percentage Used
Electric Utility Fund	\$ 54,871,365	\$ 66,547,397	\$ 121,418,762	\$ 17,644,638	14.53%
Water Utility Fund	5,453,554	7,362,716	12,816,270	666,285	5.20%
Sewer Utility Fund	39,583,323	25,708,710	65,292,033	17,809,574	27.28%
Cemetery Fund	35,175	72,910	108,085	-	0.00%
Solid Waste Utility Fund	866,000	1,114,700	1,980,700	285,437	14.41%
Water Recycling Fund	55,515	258,115	313,630	4,157	1.33%
TOTAL - CIP Appropriations	\$ 100,864,932	\$ 101,064,548	\$ 201,929,480	\$ 36,410,091	18.03%

Fund Reserves

By policy, City Council established the City's General Contingency Reserve, under which Budget Stabilization Reserve and Capital Projects Reserve 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 25.0% 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 from net proceeds from the sale of City owned land, and is available to be appropriated for General Fund expenditures.
- The reserves in Electric Utility Fund assure that rates were set properly and sufficient operating cash is available to ensure debt service coverage.
- The Water Conservation Reserve is to enhance water conservation activities in response to the drought.
- The Replacement and Improvement Reserve in Water and Sewer Utility is for future capital improvement.

The table below summarizes the reserve balances.

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 55,541,210			
Capital Projects Reserve	31,934,560			
Building Inspection Reserve	9,729,766			
Land Sale Reserve	39,299,901			
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	\$ 136,505,437	\$ 125,786,740	\$ 336,215	\$ 1,507,553