



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

July 2018

Financial Status Report as of July 31, 2018

This report summarizes the City's financial performance for the month ended July 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 July, revenues exceeded expenditures and were on track with the budget. Expenditures were within budgetary expectations for this time of the year.

As of July 31, 2018, General Fund revenues were at 11.3% of projections which was consistent with this time of year. Expenditures were at 9.1% 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: One month of local one percent of sales tax reached \$4.6 million, which was 8% of annual estimated sales tax revenue, and is in line with budget for this time of the year.

Property Tax: The majority of property tax revenue is collected in December and April each year. Compared to the prior year, property tax increased 22.62% 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, TOT revenues increased 11%. 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 is reflecting an increase due to a compliance audit that resulted in a prior year true-up payment from non-exclusive franchise haulers.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall permit receipts were slightly lower than the first month 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 from 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 10.6% 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.

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General Fund Revenues

As of July 31, 2018, \$27.8 million or 11.3% 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 7/31/2018	Percentage Received	Actual Through 7/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 4,559,012	8.06%	\$ 3,663,965	\$ 895,047	24.43%
Property Tax	60,300,000	60,300,000	113,021	0.19%	92,169	20,852	22.62%
Transient Occupancy Tax	21,000,000	21,000,000	3,360,875	16.00%	3,026,693	334,182	11.04%
Other Taxes	6,287,638	6,287,638	724,926	11.53%	561,326	163,600	29.15%
Total Taxes	144,117,638	144,117,638	8,757,834	6.08%	7,344,153	1,413,681	19.25%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	73,934	2.41%	64,815	9,119	14.07%
Building Permits	4,500,000	4,500,000	210,248	4.67%	271,017	(60,769)	-22.42%
Electric Permits	600,000	600,000	25,562	4.26%	24,705	857	3.47%
Plumbing Permits	500,000	500,000	20,345	4.07%	15,409	4,936	32.03%
Mechanical Permits	450,000	450,000	13,341	2.96%	15,177	(1,836)	-12.10%
Miscellaneous Permits	63,000	63,000	4,373	6.94%	31,816	(27,443)	-86.26%
Total Licenses & Permits	9,178,000	9,178,000	347,803	3.79%	422,939	(75,136)	-17.77%
FINES & PENALTIES	1,580,500	1,580,500	171,690	10.86%	189,844	(18,154)	-9.56%
INTERGOVERNMENTAL	702,000	702,000	346,585	49.37%	2,772,170	(2,425,585)	-87.50%
CHARGES FOR SERVICES	34,447,858	34,447,858	3,723,584	10.81%	3,023,465	700,119	23.16%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	1,924,549	8.33%	1,805,158	119,391	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	423,523	10.59%	483,378	(59,855)	-12.38%
Rent	7,831,522	7,845,587	681,597	8.69%	899,113	(217,516)	-24.19%
Total Use of Money & Property	11,831,522	11,845,587	1,105,120	9.33%	1,382,491	(277,371)	-20.06%
MISCELLANEOUS REVENUES	757,308	757,308	25,665	3.39%	30,259	(4,594)	-15.18%
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	152,393	2.44%	-	152,393	N/A
Rent and Licensing	3,231,500	3,231,500	320,000	9.90%	-	320,000	N/A
Total Stadium Operation	9,473,572	9,473,572	472,393	4.99%	-	472,393	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 246,163,762	\$ 27,841,932	11.31%	\$ 26,339,401	\$ 1,502,531	5.70%

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General Fund Expenditures

As of July 31, 2018, \$22.4 million or 9.1% 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 7/31/2018	Percentage Used	Actual Through 7/31/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
General Administration	\$ 7,810,527	\$ 7,810,527	\$ 264,368	3.38%	\$ 285,293	\$ (20,925)	-7.33%
City Council	833,851	833,851	60,505	7.26%	55,342	5,163	9.33%
City Clerk	1,872,604	2,319,709	195,782	8.44%	101,114	94,668	93.63%
City Manager	5,747,949	7,067,736	501,669	7.10%	315,852	185,817	58.83%
City Attorney	2,129,011	2,187,159	134,361	6.14%	125,446	8,915	7.11%
Human Resources	3,640,473	3,640,473	269,942	7.42%	267,425	2,517	0.94%
Finance	11,734,247	11,943,165	999,473	8.37%	1,006,724	(7,251)	-0.72%
Information Technology	11,165,807	13,127,860	212,325	1.62%	172,211	40,114	23.29%
Total General Government	44,934,469	48,930,480	2,638,425	5.39%	2,329,407	309,018	13.27%
PUBLIC WORKS	25,446,506	25,709,627	2,184,554	8.50%	2,059,301	125,253	6.08%
COMMUNITY DEVELOPMENT	14,188,110	15,648,958	1,097,651	7.01%	954,277	143,374	15.02%
PARKS AND RECREATION	19,447,561	19,839,950	1,529,585	7.71%	1,404,355	125,230	8.92%
PUBLIC SAFETY							
Fire	46,683,831	46,769,013	3,975,683	8.50%	3,999,811	(24,128)	-0.60%
Police	68,446,889	68,645,793	5,699,443	8.30%	5,633,610	65,833	1.17%
Total Public Safety	115,130,720	115,414,806	9,675,126	8.38%	9,633,421	41,705	0.43%
LIBRARY	10,426,621	10,466,088	1,034,655	9.89%	833,789	200,866	24.09%
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	228,663	4.09%	-	228,663	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 246,163,762	\$ 22,407,877	9.10%	\$ 22,472,811	\$ (64,934)	-0.29%

*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 8% of the year complete this department is still trending below budget at 7%.

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of July 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 7/31/2018	Percentage received	Actual Through 7/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 10,606	3.76%	\$ 5,152	\$ 5,454	105.86%
City Affordable Housing Fund	696,703	1,089,854	13,823	1.27%	335,985	(322,162)	-95.89%
Housing Successor Fund	581,000	806,000	681,960	84.61%	312,701	369,259	118.09%
Housing and Urban Development	2,671,456	3,824,498	159,860	4.18%	68,845	91,015	132.20%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 866,249	14.43%	\$ 722,683	\$ 143,566	19.87%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 7/31/2018	Percentage Used	Actual through 7/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 878	0.28%	\$ 1,536	\$ (658)	-42.84%
City Affordable Housing Fund	1,638,098	2,031,249	46,012	2.27%	39,063	6,949	17.79%
Housing Successor Fund	688,327	913,327	89,253	9.77%	38,716	50,537	130.53%
Housing and Urban Development	3,261,281	4,414,323	231,588	5.25%	46,463	185,125	398.44%
TOTAL	\$ 5,876,695	\$ 7,669,886	\$ 367,731	4.79%	\$ 125,778	\$ 241,953	192.37%

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 7/31/2018	Percentage Used
Parks & Recreation	\$ 1,751,400	\$ 18,341,518	\$ 20,092,918	\$ 918,422	4.57%
Streets & Highways	10,052,654	17,793,106	27,845,760	1,257,967	4.52%
Storm Drain	1,995,000	1,190,292	3,185,292	49,161	1.54%
Fire	673,000	450,666	1,123,666	10,775	0.96%
Library	220,000	-	220,000	724,327 ⁽²⁾	329.24%
Public Buildings	3,672,105	1,702,432	5,374,537	182,986	3.40%
General Gov't - Other	11,692,525	6,938,341	18,630,866	7,744,604	41.57%
TOTAL	\$ 30,056,684	\$ 46,416,355	\$ 76,473,039	\$ 10,888,242	14.24%

(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.

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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 July 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 7/31/2018	Percentage received	Actual Through 7/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 450,951,908	\$ 36,172,554	8.02%	\$ 37,746,291	\$ (1,573,737)	-4.17%
Water Utility Fund	50,333,600	52,786,856	4,553,015	8.63%	3,963,902	589,113	14.86%
Sewer Utility Fund	41,742,075	41,799,661	3,302,640	7.90%	2,865,165	437,475	15.27%
Cemetery Fund	600,150	600,150	73,432	12.24%	23,273	50,159	215.52%
Solid Waste Utility Fund	24,726,835	25,344,682	2,066,634	8.15%	1,912,275	154,359	8.07%
Water Recycling Fund	7,080,000	7,940,000	848,249	10.68%	471,739	376,510	79.81%
TOTAL REVENUE	\$ 574,574,460	\$ 579,423,257	\$ 47,016,524	8.11%	\$ 46,982,645	\$ 33,879	0.07%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 7/31/2018	Percentage Used	Actual through 7/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 422,486,124	\$ 42,222,039	9.99%	\$ 48,420,537	\$ (6,198,498)	-12.80%
Water Utility Fund	44,431,411	46,884,667	4,665,084	9.95%	2,066,894	2,598,190	125.71%
Sewer Utility Fund	26,014,588	26,072,174	4,981,854	19.11%	4,911,524	70,330	1.43%
Cemetery Fund	1,245,504	1,245,504	80,095	6.43%	66,532	13,563	20.39%
Solid Waste Utility Fund	24,346,883	24,964,730	1,566,117	6.27%	1,668,157	(102,040)	-6.12%
Water Recycling Fund	4,934,172	5,794,172	62,336	1.08%	842,798	(780,462)	-92.60%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 527,447,371	\$ 53,577,525	10.16%	\$ 57,976,442	\$ (4,398,917)	-7.59%

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 7/31/2018	Percentage Used
Electric Utility Fund	\$ 42,476,280	\$ 54,759,614	\$ 97,235,894	\$ 1,840,319	1.89%
Street Lighting ⁽¹⁾	800,000	4,630,000	5,430,000	386	0.01%
Water Utility Fund	4,300,000	10,484,739	14,784,739	77,241	0.52%
Sewer Utility Fund	22,590,086	20,289,514	42,879,600	2,246,654	5.24%
Cemetery Fund	-	28,085	28,085	-	0.00%
Solid Waste Utility Fund	470,000	1,135,000	1,605,000	62,398	3.89%
Water Recycling Fund	50,000	-	50,000	-	0.00%
TOTAL - CIP Appropriations	\$ 70,686,366	\$ 91,326,952	\$ 162,013,318	\$ 4,226,998	2.61%

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

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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.

	GENERAL FUND	ELECTRIC	WATER	SEWER
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