



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

March 2018

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

As of March 31, 2018, General Fund revenues were at 74.6% of projections which was consistent with this time of year due to the cyclical receipts of most revenues. Expenditures were at 69.9% 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 \$233.2 million and \$228.9 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 nine months of local one percent of sales tax reached \$43.2 million, which was 73.2% of annual estimated sales tax revenue. Sales tax was 13.1% lower than the comparable month in 2017. The 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 16.3% 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 4.3%. 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 \$3.7 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 120.4% of the annual budget and 42.45% 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.

General Fund Revenues

As of March 31, 2018, \$173.9 million or 74.6% 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 3/31/2018	Percentage Received	Actual Through 3/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 59,047,475	\$ 59,047,475	\$ 43,199,793	73.16%	\$ 49,712,751	\$ (6,512,958)	-13.10%
Property Tax	51,359,000	51,359,000	35,655,198	69.42%	30,654,448	5,000,750	16.31%
Transient Occupancy Tax	20,600,000	20,600,000	15,830,319	76.85%	15,183,822	646,497	4.26%
Other Taxes	5,116,300	5,116,300	4,376,971	85.55%	3,529,165	847,806	24.02%
Total Taxes	136,122,775	136,122,775	99,062,281	72.77%	99,080,186	(17,905)	-0.02%
LICENSES & PERMITS							
Business Licenses	915,000	915,000	679,557	74.27%	679,400	157	0.02%
Building Permits	5,000,000	5,000,000	2,942,607	58.85%	4,149,453	(1,206,846)	-29.08%
Electric Permits	750,000	750,000	344,800	45.97%	385,849	(41,049)	-10.64%
Plumbing Permits	650,000	650,000	226,470	34.84%	291,164	(64,694)	-22.22%
Mechanical Permits	550,000	550,000	196,254	35.68%	259,934	(63,680)	-24.50%
Miscellaneous Permits	594,000	594,000	460,527	77.53%	611,852	(151,325)	-24.73%
Total Licenses & Permits	8,459,000	8,459,000	4,850,215	57.34%	6,377,652	(1,527,437)	-23.95%
FINES & PENALTIES	1,606,300	1,606,300	1,376,950	85.72%	1,257,651	119,299	9.49%
INTERGOVERNMENTAL	1,310,000	1,310,000	4,013,738	306.39%	7,742,356	(3,728,618)	-48.16%
CHARGES FOR SERVICES	41,271,526	41,271,526	29,728,295	72.03%	30,876,463	(1,148,168)	-3.72%
CONTRIBUTION IN LIEU	21,661,903	21,661,903	16,246,427	75.00%	14,739,465	1,506,962	10.22%
USE OF MONEY & PROPERTY							
Interest	2,000,000	2,000,000	2,407,834	120.39%	1,690,271	717,563	42.45%
Rent	11,019,497	11,019,497	6,653,030	60.38%	6,540,941	112,089	1.71%
Total Use of Money & Property	13,019,497	13,019,497	9,060,864	69.59%	8,231,212	829,652	10.08%
MISCELLANEOUS REVENUES	415,920	415,920	446,627	107.38%	1,873,464	(1,426,837)	-76.16%
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	2,756,460	2,756,460	100.00%	300,000	2,456,460	818.82%
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	9,339,639	9,176,922	98.26%	5,602,980	3,573,942	63.79%
TOTAL GENERAL FUND	\$ 227,799,444	\$ 233,206,560	\$ 173,962,319	74.60%	\$ 175,781,429	\$ (1,819,110)	-1.03%

General Fund Expenditures

As of March 31, 2018, \$159.9 million or 69.9% 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 3/31/2018	Percentage Used	Actual Through 3/31/2017	\$ 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	4,109,802	1,306,172	31.78%	1,386,457	(80,285)	-5.79%
General Administration	(4,344,588)	(4,340,198)	1,306,172	-30.09%	1,386,457	(80,285)	-5.79%
City Council	909,425	909,425	536,554	59.00%	367,519	169,035	45.99%
City Clerk	1,349,777	1,658,892	897,861	54.12%	1,289,783	(391,922)	-30.39%
City Manager	7,502,707	8,237,373	4,572,330	55.51%	3,794,055	778,275	20.51%
City Attorney	1,719,032	1,750,460	1,230,966	70.32%	1,282,914	(51,948)	-4.05%
Human Resources	3,479,976	3,479,976	2,392,908	68.76%	2,160,008	232,900	10.78%
Finance	11,530,992	11,673,713	7,726,871	66.19%	7,249,956	476,915	6.58%
Information Technology	11,212,950	12,160,305	6,041,850	49.69%	5,297,901	743,949	14.04%
Total General Government	33,360,271	35,529,946	24,705,512	69.53%	22,828,593	1,876,919	8.22%
PUBLIC WORKS	24,423,426	24,633,453	16,823,440	68.30%	15,141,372	1,682,068	11.11%
COMMUNITY DEVELOPMENT	15,061,578	15,741,382	8,016,001	50.92%	7,614,910	401,091	5.27%
PARKS AND RECREATION	18,426,199	18,523,134	12,728,519	68.72%	11,792,805	935,714	7.93%
PUBLIC SAFETY							
Fire	45,264,279	45,465,773	34,732,389	76.39%	31,538,251	3,194,138	10.13%
Police	72,388,743	72,869,022	50,544,068	69.36%	47,145,863	3,398,205	7.21%
Total Public Safety	117,653,022	118,334,795	85,276,457	72.06%	78,684,114	6,592,343	8.38%
LIBRARY	10,225,270	10,270,097	7,102,473	69.16%	6,503,061	599,412	9.22%
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	\$ 228,880,936	\$ 159,910,663	69.87%	\$ 145,842,961	\$ 14,067,702	9.65%

Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of March 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 3/31/2018	Percentage received	Actual Through 3/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 181,974	\$ 181,974	\$ 139,453	76.63%	\$ 419,979	\$ (280,526)	-66.80%
City Affordable Housing Fund	310,795	310,795	1,366,700	439.74%	3,174,387	(1,807,687)	-56.95%
Housing Successor Fund	644,564	644,564	1,298,536	201.46%	1,003,341	295,195	29.42%
Housing and Urban Development	1,638,588	1,709,079	936,908	54.82%	957,933	(21,025)	-2.19%
TOTAL	\$ 2,775,921	\$ 2,846,412	\$ 3,741,597	131.45%	\$ 5,555,640	\$ (1,814,043)	-32.65%

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 3/31/2018	Percentage Used	Actual through 3/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 143,126	\$ 193,901	\$ 33,392	17.22%	\$ 220,333	\$ (186,941)	-84.84%
City Affordable Housing Fund	1,336,244	1,482,684	203,557	13.73%	269,333	(65,776)	-24.42%
Housing Successor Fund	1,280,189	1,418,345	247,251	17.43%	219,903	27,348	12.44%
Housing and Urban Development	1,778,588	1,849,079	1,222,708	66.13%	1,464,499	(241,791)	-16.51%
TOTAL	\$ 4,538,147	\$ 4,944,009	\$ 1,706,908	34.52%	\$ 2,174,068	\$ (467,160)	-21.49%

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.

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

EXPENDITURES - FISCAL YEAR 2017-18					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 3/31/2018	Percentage Used
Street Beautification	\$ 126,200	\$ 261,321	\$ 387,521	\$ -	0.00%
Parks & Recreation	6,534,568	20,774,065	27,308,633	2,653,719	9.72%
Streets & Highways	6,427,586	10,081,083	16,508,669	1,981,176	12.00%
Gas Tax	2,377,059	14,145,376	16,522,435	5,836,177	35.32%
Traffic Mitigation	1,402,625	12,202,410	13,605,035	119,777	0.88%
Storm Drain	1,040,000	3,523,298	4,563,298	2,315,485	50.74%
Fire	409,387	1,908,133	2,317,520	1,442,556	62.25%
Library	2,330,300	2,829,596	5,159,896	1,071,665	20.77%
Public Buildings	2,125,000	2,259,422	4,384,422	1,053,531	24.03%
General Govmnt - Other	5,012,941	16,065,859	21,078,800	4,115,757	19.53%
TOTAL	\$ 27,785,666	\$ 84,050,563	\$ 111,836,229	\$ 20,589,843	18.41%

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 March 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 3/31/2018	Percentage received	Actual Through 3/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 445,893,170	\$ 446,011,670	\$ 323,486,611	72.53%	\$ 312,987,495	\$ 10,499,116	3.35%
Water Utility Fund	43,744,402	43,744,402	34,125,894	78.01%	27,646,886	6,479,008	23.43%
Sewer Utility Fund	37,315,533	37,315,533	29,336,942	78.62%	37,433,057	(8,096,115)	-21.63%
Cemetery Fund	1,012,138	1,012,138	791,651	78.22%	816,672	(25,021)	-3.06%
Solid Waste Utility Fund	23,119,082	23,119,082	17,315,924	74.90%	16,940,981	374,943	2.21%
Water Recycling Fund	5,331,063	5,331,063	3,902,059	73.19%	3,162,162	739,897	23.40%
TOTAL REVENUE	\$ 556,415,388	\$ 556,533,888	\$ 408,959,081	73.48%	\$ 398,987,253	\$ 9,971,828	2.50%

Fund Description	EXPENSES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 3/31/2018	Percentage Used	Actual through 3/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 392,078,170	\$ 416,328,233	\$ 287,143,413	68.97%	\$ 251,861,749	\$ 35,281,664	14.01%
Water Utility Fund	39,034,889	40,615,164	29,828,495	73.44%	25,618,019	4,210,476	16.44%
Sewer Utility Fund	25,000,332	25,096,558	18,443,748	73.49%	15,531,656	2,912,092	18.75%
Cemetery Fund	1,007,138	1,007,138	747,395	74.21%	513,656	233,739	45.50%
Solid Waste Utility Fund	22,827,740	23,705,443	15,650,798	66.02%	14,164,095	1,486,703	10.50%
Water Recycling Fund	4,539,955	5,339,955	3,820,423	71.54%	3,406,650	413,773	12.15%
TOTAL - Operating Appropriations	\$ 484,488,224	\$ 512,092,491	\$ 355,634,272	69.45%	\$ 311,095,825	\$ 44,538,447	14.32%

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 3/31/2018	Percentage Used
Electric Utility Fund	\$ 54,871,365	\$ 66,547,397	\$ 121,418,762	\$ 21,152,782	17.42%
*Street Lighting	4,290	6,328,873	6,333,163	781,737	12.34%
Water Utility Fund	5,453,554	7,362,716	12,816,270	1,042,866	8.14%
Sewer Utility Fund	40,275,763	25,708,710	65,984,473	17,948,561	27.20%
Cemetery Fund	35,175	72,910	108,085	-	0.00%
Solid Waste Utility Fund	866,000	1,114,700	1,980,700	383,531	19.36%
Water Recycling Fund	55,515	258,115	313,630	4,324	1.38%
TOTAL - CIP Appropriations	\$ 101,561,662	\$ 107,393,421	\$ 208,955,083	\$ 41,313,801	19.77%

* 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 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	\$ 55,277,895			
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	\$ 136,242,122	\$ 125,786,740	\$ 336,215	\$ 1,507,553