



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

December 2020

This report summarizes the City's financial performance for the month ended December 31, 2020. 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 residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$301 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through December 2020.

General Fund revenues are currently expected to end the year below budget due to the COVID-19 impacts. When the FY 2020/21 budget was adopted, there was limited data regarding the COVID-19 impacts and significant uncertainty regarding the length and depth of the associated shutdowns. The budget did assume reductions in various categories to account for the anticipated COVID-19 impacts, with the largest reductions in the transient occupancy tax and sales tax categories. With a few months of additional data and the continued implementation of COVID-19 safety precautions, further downward adjustments of \$20+ million are expected to be necessary.

The lower collection level is expected to be partially offset by General Fund expenditure savings. Through December, departmental expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Some departments have also significantly changed their operations to comply with the COVID-19 safety measures.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has been negatively impacted. However, this impact has been uneven, with a much more significant impact on low-wage workers and certain business sectors, such as leisure and hospitality, retail and restaurants. Over the last several months, economic activity has improved from the severe drop off experienced in spring 2020, as reflected in the economic indicators.

On a national level, the unemployment rate remained unchanged at 6.7% in December 2020. This rate was well below the record setting high of 14.7% in April 2020, but is nearly double the December 2019 level of 3.5%. In December, the number of unemployed persons remained at 10.7 million. While the improvements in the labor market continue to reflect the resumption of activity that had been curtailed due to COVID-19, the pace of improvement has moderated in recent months.¹

¹ <https://www.bls.gov/news.release/pdf/empst.pdf>

Chart 1. Unemployment rate, seasonally adjusted, December 2018 – December 2020

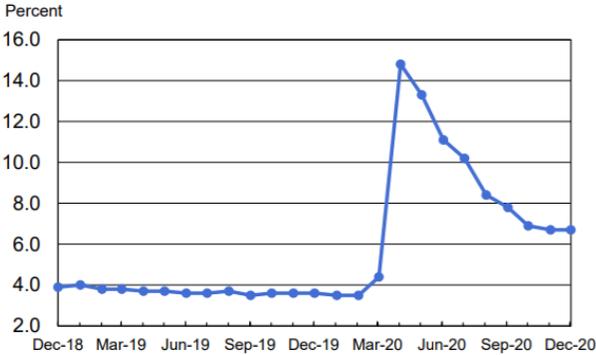
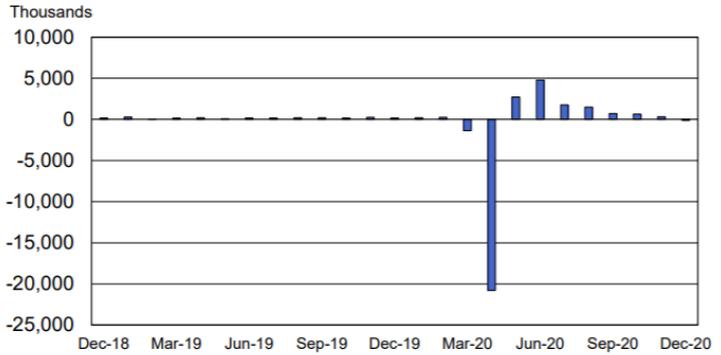


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, December 2018 – December 2020

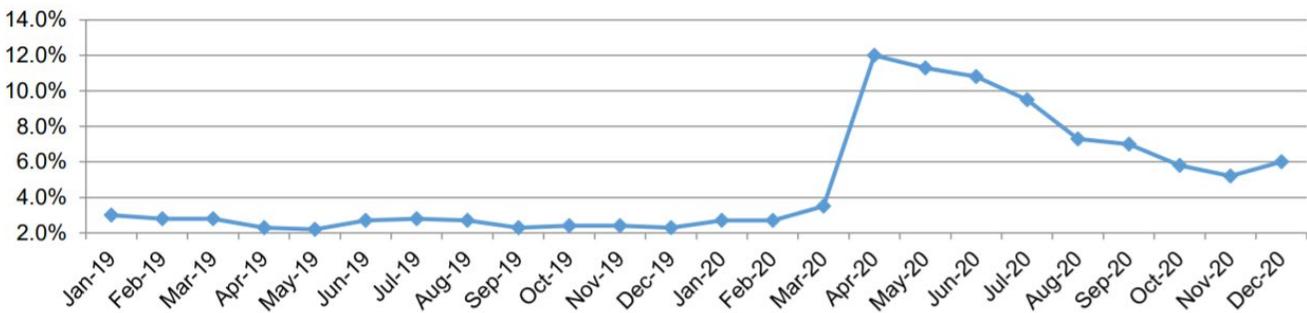


In the third quarter 2020, the Gross Domestic Product (GDP) increased 33.4%, following a GDP decrease of 31.4% in the second quarter 2020. The increase in the third quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. It is important to note that the real GDP for the third quarter 2020 remains 3.4% below the level experienced in the fourth quarter of 2019 (the last quarter prior to the onset of COVID-19).²

Impacts have also been experienced at the State and local level. After the State’s largest increase in the unemployment rate in April 2020, the California unemployment rate has dropped to 9.0% by December 2020. This is a 0.2% increase in the unemployment compared to November 2020. Even with the slightly higher unemployment rate increase between November and December, California has now regained nearly 44% of the 2.6 million jobs lost due to COVID-19 in March and April 2020.³

As shown in the chart below, the unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 6.0% in December 2020, up from a revised 5.2% in November 2020 but significantly higher than the December 2019 level of 2.3%. Between December 2019 and December 2020, employment in this region dropped by 80,300 jobs, or 6.9%.⁴

Unemployment Rate Historical Trend



² https://www.bea.gov/sites/default/files/2020-12/tech3q20_3rd.pdf

³ <https://www.edd.ca.gov/newsroom/unemployment-december2-2020.htm>

⁴ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

Santa Clara's General Fund revenues have been significantly impacted and this impact is expected to continue over the longer term based on the current economic situation. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020. This budget was solved with the use of the Budget Stabilization Reserve. Additional downward revenue adjustments and budget balancing actions will be necessary this year.

The City currently has \$57.6 million in the Budget Stabilization Reserve to address any negative balance after factoring in the use of \$22.7 million of this reserve in the FY 2020/21 budget. Staff will closely monitor the City's financial performance during this uncertain time and provide updates as part of future Monthly Financial Reports. There are other General Fund Reserves that amount to \$36.7 million, but these reserves are designated for specific purposes. These reserves can be used by an act of Council.

General Fund Revenues

As of December 31, 2020, \$80.8 million or 32% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$48.7 million have occurred as budgeted.

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

Function	FISCAL YEAR 2020/21				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2020	Percentage Received	Actual Through 12/31/2019	Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 19,640,576	35.32%	\$ 20,584,361	\$ (943,785)	-4.58%
Property Tax	66,982,000	66,982,000	18,393,872	27.46%	17,045,925	1,347,947	7.91%
Transient Occupancy Tax	17,625,000	17,625,000	907,660	5.15%	7,348,471	(6,440,811)	-87.65%
Other Taxes	5,938,000	5,938,000	1,667,942	28.09%	1,606,700	61,242	3.81%
Total Taxes	146,145,000	146,145,000	40,610,050	27.79%	46,585,457	(5,975,407)	-12.83%
LICENSES & PERMITS							
Business Licenses	934,000	934,000	423,191	45.31%	434,539	(11,348)	-2.61%
Fire Operation Permits	2,375,000	2,375,000	892,848	37.59%	1,084,292	(191,444)	-17.66%
Building Permits	5,700,000	5,700,000	3,777,049	66.26%	3,311,779	465,270	14.05%
Electric Permits	475,000	475,000	715,617	150.66%	320,873	394,744	123.02%
Plumbing Permits	428,000	428,000	484,042	113.09%	299,469	184,573	61.63%
Mechanical Permits	380,000	380,000	549,309	144.56%	269,866	279,443	103.55%
Miscellaneous Permits	92,000	92,000	29,162	31.70%	42,314	(13,152)	-31.08%
Total Licenses & Permits	10,384,000	10,384,000	6,871,218	66.17%	5,763,132	1,108,086	19.23%
FINES & PENALTIES							
	1,570,000	1,570,000	206,359	13.14%	671,306	(464,947)	-69.26%
INTERGOVERNMENTAL							
	226,000	226,000	116,751	51.66%	5,293,046	(5,176,295)	-97.79%
CHARGES FOR SERVICES							
	37,174,855	37,174,855	14,576,902	39.21%	19,820,738	(5,243,836)	-26.46%
CONTRIBUTION IN LIEU							
	23,699,830	23,699,830	12,171,743	51.36%	12,166,637	5,106	0.04%
USE OF MONEY & PROPERTY							
Interest	5,246,000	5,501,000	447,933	8.14%	1,308,228	(860,295)	-65.76%
Rent	9,407,909	9,407,909	4,100,831	43.59%	4,414,237	(313,406)	-7.10%
Total Use of Money & Property	14,653,909	14,908,909	4,548,764	30.51%	5,722,465	(1,173,701)	-20.51%
MISCELLANEOUS REVENUES							
	350,000	4,337,922	187,537	4.32%	1,003,432	(815,895)	-81.31%
LAND PROCEED							
	-	4,050,000	-	0.00%	164,606	(164,606)	-100.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,460,000	1,460,000	1,460,000	100.00%	1,398,145	61,855	4.42%
Operating Transfer In - Reserves	38,952,083	39,468,333	39,468,333	100.00%	11,978,582	27,489,751	229.49%
Operating Transfer In - Fund Balances ⁽²⁾	-	4,273,692	4,273,692	100.00%	5,338,670	(1,064,978)	-19.95%
Operating Transfer In - Miscellaneous	2,527,419	3,547,419	3,547,419	100.00%	1,736,115	1,811,304	104.33%
Total Other Financing Sources	42,939,502	48,749,444	48,749,444	100.00%	20,451,512	28,297,932	138.37%
STADIUM OPERATION							
Charges for Services	9,102,263	9,102,263	1,453,524	15.97%	2,416,336	(962,812)	-39.85%
Rent and Licensing	647,500	647,500	26,451	4.09%	539,080	(512,629)	-95.09%
Total Stadium Operation	9,749,763	9,749,763	1,479,975	15.18%	2,955,416	(1,475,441)	-49.92%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 300,995,723	\$ 129,518,744	43.03%	\$ 120,597,747	\$ 8,920,997	7.40%

Revenues (excluding reserves) are tracking approximately 19.3% lower than collections through the same period last fiscal year. Revenues were below the prior year primarily due to lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties, and a one-time settlement payment of \$5.0 million that was received last year. Revenues are currently expected to end the year below budget by \$20+ million as a result of the COVID-19 impacts as discussed below.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of December 31, 2020, \$19.6 million has been collected. This reflects lower collections than through the same period last fiscal year by about \$1.0 million (down 4.6%) and is based on performance through the first quarter of this fiscal year. This figure, however, included a large positive adjustment for periods prior to 2020. Without that adjustment, receipts would have dropped almost 15% in the third quarter 2020. This drop in the third quarter followed a decline of 15.4% in the second quarter 2020. In the third quarter 2020, the Business-to-Business sector in Santa Clara increased 2.0%, while all other economic sectors experienced declines when compared to the third quarter 2019. These quarterly declines by sector were as follows: Food Products (down 49.5%), General Retail (down 28.7%), Construction (down 27.0%), and Transportation (down 7.7%). Based on lower actual collections and the continuation of the COVID-19 safety precautions, it is anticipated that revenues may fall below the budgeted estimate of \$55.6 million by approximately \$2 million - \$4 million.

Property Tax: A portion of property tax receipts were received in December 2020, totaling approximately \$18.4 million, which is above collections through the same period last year. The majority of property tax revenue is collected in January and April each year. Based on the latest estimates from the County of Santa Clara, property tax receipts would fall approximately \$4.0 million below the budgeted estimate of \$67.0 million if the City does not receive excess Education Revenue Augmentation Fund (ERAF) revenues in FY 2020/21. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. The State of California is challenging the calculation of the excess ERAF revenue distribution to local jurisdictions. If excess ERAF funds are received, receipts would meet the budgeted estimate. Collections in FY 2020/21 have also been negatively impacted by a recent court decision that changes how residual tax increment from former redevelopment agencies is distributed. This resulted in a retroactive negative adjustment of \$2.1 million.

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%. Through December 31, 2020, approximately \$0.9 million has been received in this category, which is down 88% from the \$7.3 million received through the same period last fiscal year. TOT has been impacted severely by COVID-19. To meet the budgeted estimate of \$17.6 million, collections would need to come in over \$2.7 million each month in the remaining months. Actual collections have been tracking well below this level with monthly receipts averaging less

than \$0.2 million in the last quarter when adjusted for the timing of payments. If the current collection trend continues, receipts would end the year \$11 million - \$14 million below the budgeted estimate.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$1.7 million through December, which is approximately 28% of the budgeted estimate of \$5.9 million. Overall, receipts are tracking above the prior year collection level of \$1.6 million due the higher collections in documentary transfer tax, partially offset by slightly lower franchise tax receipts. Growth of approximately 1% from the prior year is needed to meet the revenue estimate.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall, licenses and permits revenue collections are tracking well above par with receipts totaling \$6.9 million, or 66.2% of the budget of \$10.4 million. These collections are significantly higher than the collection level experienced through the same period last fiscal year. Activity in the building, electric, plumbing, and mechanical permit accounts have seen the highest growth compared to last year. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve. This reserve is also available to cover any difference if revenues fall below the expenditure level.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through December of \$0.2 million is lower than the prior year actual collection level of \$0.5 million as a result of lower activity levels in the collection charges, traffic fines, and library fines accounts. Given restricted activity levels as a result of COVID-19, collections in this category are anticipated to fall well below the budgeted estimate of \$1.6 million.

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. Through December 31, 2020, approximately \$0.1 million has been collected. This collection level is well below the prior fiscal year level of \$5.3 million due to a one-time settlement payment of \$5.0 million received last year.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through December 31, 2020, collections totaled approximately \$14.6 million or 39.2% of the budget. This reflects a 26% decrease compared to last year's collections through the same period of \$19.8 million, particularly in the planning and zoning fees, engineering fees, fire construction permits, interdepartmental services and miscellaneous charges for services (includes parks and recreation fees). The lower collections in these areas were partially offset by higher receipts in the plan check and sign fee category. As a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. Through December, \$12.2 million has been received which is on par for this time of year. This collection level, however, is

based on the budgeted estimate and will be trued up at the end of the fiscal year. Growth of 4% from the prior year is needed to meet the budgeted estimate of \$23.7 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$4.5 million, or 30.5% of the budget. The collections through December 31, 2020 are below the prior year collections of \$5.7 million, reflecting the timing of payments, lower cash balance, and lower interest earnings yields.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of December 31, 2020, collections of \$0.2 million were 81.3% lower than collections through the same period last fiscal year.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$1.5 million through December 31, 2020, which is much lower than collections through the same period last fiscal year. The budget for charges for services includes public safety cost reimbursement for NFL and Non-NFL events, reimbursement for general and administrative staff time, and parking revenue. Due to the COVID-19 pandemic, events at the Stadium have either been cancelled or rescheduled causing the decline in parking permit revenue and reimbursement for public safety costs. Lease revenue, specifically Senior and Youth Fees and Tasman Lot parking revenue, is projected to fall under budget this fiscal year and is also related to the cancellation or rescheduling of Stadium Events.

General Fund Expenditures

As of December 31, 2020, \$140.8 million or 46.8% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are at budgeted levels through December; however, this is a result of all transfers being booked in their entirety early in the year. Departmental expenditures totaled \$113.8 million, or 43.2% of the budget, which is below the par level of 50% of the budget. Stadium expenditures also totaled only 13% of the budget. Several cost-control measures that were implemented last fiscal year remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures and restricted activity levels due to COVID-19, expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2020/21				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2020	Percentage Used	Actual Through 12/31/2019	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,849,688	\$ 12,345,532	\$ 1,971,629	15.97%	\$ 2,302,752	\$ (331,123)	-14.38%
City Council	834,241	834,241	344,432	41.29%	467,976	(123,544)	-26.40%
City Clerk	2,070,555	2,091,412	713,879	34.13%	627,624	86,255	13.74%
City Manager	6,125,034	6,550,938	2,509,815	38.31%	2,593,487	(83,672)	-3.23%
City Attorney	2,716,125	2,730,674	1,047,021	38.34%	1,003,440	43,581	4.34%
Human Resources	4,477,933	4,745,273	1,552,999	32.73%	1,926,044	(373,045)	-19.37%
Finance	17,456,419	17,959,742	7,666,733	42.69%	7,143,772	522,961	7.32%
Total General Government	41,529,995	47,257,812	15,806,508	33.45%	16,065,095	(258,587)	-1.61%
PUBLIC WORKS	24,287,567	24,893,684	11,180,519	44.91%	11,826,836	(646,317)	-5.46%
COMMUNITY DEVELOPMENT	17,233,763	18,680,674	7,048,009	37.73%	6,673,428	374,581	5.61%
PARKS AND RECREATION	22,987,124	23,738,192	8,533,735	35.95%	10,973,537	(2,439,802)	-22.23%
PUBLIC SAFETY							
Fire	58,731,539	59,195,497	29,832,054	50.40%	27,994,900	1,837,154	6.56%
Police	78,033,073	78,118,360	37,050,987	47.43%	37,196,493	(145,506)	-0.39%
Total Public Safety	136,764,612	137,313,857	66,883,041	48.71%	65,191,393	1,691,648	2.59%
LIBRARY	11,905,848	11,968,930	4,392,033	36.70%	5,392,174	(1,000,141)	-18.55%
DEPARTMENTAL TOTAL	254,708,909	263,853,149	113,843,845	43.15%	116,122,463	(2,278,618)	-1.96%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	10,445	1,013,778	1,013,778	100.00%	428,445	585,333	136.62%
Operating Transfer Out - Debt Services	2,500,344	2,500,344	2,500,344	100.00%	1,710,474	789,870	46.18%
Operating Transfer Out - Maintenance Dtrct	990,929	926,920	926,920	100.00%	917,331	9,589	1.05%
Operating Transfer Out - Cemetery	771,769	771,769	771,769	100.00%	703,490	68,279	9.71%
Operating Transfer Out - CIP	19,678,672	19,678,672	19,678,672	100.00%	11,643,673	8,034,999	69.01%
Operating Transfer Out - Reserves	924,654	4,933,085	1,065,850	21.61%	863,660	202,190	23.41%
Total Other Financing Uses	24,876,813	29,824,568	25,957,333	87.03%	16,267,073	9,690,260	59.57%
STADIUM OPERATION	7,307,137	7,318,006	950,860	12.99%	4,502,622	(3,551,762)	-78.88%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 300,995,723	\$ 140,752,038	46.76%	\$ 136,892,158	\$ 3,859,880	2.82%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through December 31, 2020, expenditures were just under \$2.0 million, or 16% of the budget. Lower expenditures are primarily attributable to the materials, services, and supplies category, which includes contractual services, operating supplies, and advertising.

City Council: Through December 31, 2020, expenditures totaled \$0.3 million, or 41.3% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 25% due primarily to lower as needed and overtime staffing costs. As a result of the cost reduction measures implemented city-wide, these costs have been reduced.

City Manager: The actual expenditures through December 31, 2020 were at 38.3% of the budget, which is below par for this time of the year. Expenditures are slightly lower compared with the spending level through the same period last fiscal year.

City Attorney: Actual expenditures through December totaled \$1.0 million, which is 38.3% of the budget, which is below par. Spending is slightly above the total expenditures through the same time last fiscal year by 4.3% due to one additional position approved by the City Council for FY 2020/21.

City Clerk: Through December 31, 2020, actual expenditures were tracking below budget at \$0.7 million or approximately 34.1% of the budget. This reflects an increase of 13.7% over last year's spending through the same period. The higher spending level is a result of Granicus contract costs that are paid every other year.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through December, departmental expenditures of \$7.0 million were at 37.7% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs.

Finance Department: Through December 31, 2020, the Department's expenditures totaled \$7.7 million, or 42.7% of the budget, which is below par. This expenditure level was approximately 7.3% higher than through the same period last year due primarily to higher spending related to two additional positions that were approved by the City Council in March 2020 and higher contractual services spending.

Fire Department: Through December, actual expenditures totaled \$29.8 million, or 50.4% of the budget, which is slightly above par (50%). These expenditures reflect a 6.5% increase from expenditures through the same period last fiscal year. All COVID-19 related expenditures have been charged centrally to the Other City Departments Operating Grant Trust Fund. The Fire Department has charged approximately \$0.6 million to this fund. Combined with the \$29.8 million charged in the General Fund, total Fire Department expenditures through December totaled \$30.4 million, or 51.4% of budget. Mutual aid overtime costs, which are reimbursable, account for \$1.3 million of the higher expenditure

level. After adjusting for those mutual aid costs, total expenditures (including COVID costs), were tracking at 49.2% of the budget. While expenditures are tracking slightly below budget, overtime spending was 116% expended through December. Taking the mutual aid into account, overtime spending is still over budgeted levels at 109%. While this overtime figure appears very high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset overtime costs.

Police Department: Expenditures through December 31, 2020 are tracking slightly below expected levels at \$37.1 million, or 47.4% of the budget; this is on par with prior year expenditures through the same period. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Departments Operating Grant Trust Fund. Through November, charges to this fund totaled approximately \$0.2 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures totaled \$37.2 million or 47.6% of budget, which is below par.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$0.9 million through December 31, 2020 and are tracking below budgeted levels. Due to COVID-19, events at the Stadium have been cancelled or postponed causing a decrease in salary costs for public safety personnel and outside agency public safety costs.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of December 31, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2019/20 in addition to various budget amendments approved by the City Council through December 2020. Revenues totaled approximately \$2.6 million, while expenditures totaled approximately \$2.3 million through the end of December.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2020	Percentage Received	Actual Through 12/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 322,411	5.88%	\$ 139,390	\$ 183,021	131.30%
City Affordable Housing Fund	781,703	781,703	491,235	62.84%	93,399	397,836	425.95%
Housing Successor Fund	531,000	18,181,000	616,409	3.39%	484,523	131,886	27.22%
Housing and Urban Development	5,150,000	5,289,384	1,168,070	22.08%	705,995	462,075	65.45%
TOTAL	\$ 6,747,703	\$ 29,737,087	\$ 2,598,125	8.74%	\$ 1,423,307	\$ 1,174,818	82.54%

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2020	Percentage Used	Actual through 12/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,822	\$ 70,332	0.97%	\$ 60,135	\$ 10,197	16.96%
City Affordable Housing Fund	1,556,772	3,517,150	383,784	10.91%	325,958	57,826	17.74%
Housing Successor Fund	5,964,944	22,812,712	338,536	1.48%	176,767	161,769	91.52%
Housing and Urban Development	5,150,000	6,037,313	1,490,859	24.69%	1,272,351	218,508	17.17%
TOTAL	\$13,223,938	\$ 39,654,997	\$ 2,283,511	5.76%	\$ 1,835,211	\$ 448,300	24.43%

Governmental Capital Improvement Funds

The table below lists the total amended budget amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through December 2020. As of December 31, 2020, these capital fund expenditures totaled \$22.6 million, or 18.2% of the amended budget. As part of the adoption of the FY 2020/21 and FY 2021/22 budget, capital funds were carried over from the prior fiscal year for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures were brought forward as part of the FY 2019/20 year-end reconciliation process approved on January 12, 2021 and will be reflected in the next Monthly Financial Report.

The carryover of prior year budget amounts 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 displays the expenditure budget for the General Government capital funds excluding transfers. The negative current year appropriation in the Public Buildings Capital Fund reflects amendments made to various project budgets returning funding to other funds.

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

EXPENDITURES - FISCAL YEAR 2020/21						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2020	Percentage Used	
Parks & Recreation	\$ 5,387,430	\$ 15,741,394	\$ 21,128,824	\$ 4,102,821	19.42%	
Streets & Highways	26,586,841	39,525,658	66,112,499	11,325,961	17.13%	
Storm Drain	4,489,447	7,220,645	11,710,092	1,172,619	10.01%	
Fire	98,123	715,373	813,496	32,290	3.97%	
Library	102,562	190,107	292,669	16,347	5.59%	
Public Buildings	(3,184,537)	9,975,548	6,791,011	493,226	7.26%	
General Gov't - Other	3,056,679	11,203,108	14,259,787	4,699,446	32.96%	
Related Santa Clara Developer	2,949,540	-	2,949,540	751,850	25.49%	
TOTAL	\$ 39,486,085	\$ 84,571,833	\$ 124,057,918	\$ 22,594,560	18.21%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of December 31, 2020. Overall, revenues and expenditures are tracking below budgeted levels.

At the end of December 2020, both revenue and expenditures are tracking higher than last fiscal year.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2020	Percentage Received	Actual Through 12/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 220,493,219	42.78%	\$ 178,062,128	\$ 42,431,091	23.83%
Water Utility Fund	57,220,287	57,220,287	26,140,754	45.68%	22,889,047	3,251,707	14.21%
Sewer Utility Fund	45,495,100	45,495,100	19,319,269	42.46%	15,868,984	3,450,285	21.74%
Cemetery Fund	600,000	600,000	279,065	46.51%	199,191	79,874	40.10%
Solid Waste Utility Fund	31,219,000	31,219,000	12,151,598	38.92%	9,739,283	2,412,315	24.77%
Water Recycling Fund	7,064,710	7,064,710	3,434,058	48.61%	3,015,211	418,847	13.89%
TOTAL REVENUE	\$ 657,005,777	\$ 657,005,777	\$ 281,817,963	42.89%	\$ 229,773,844	\$ 52,044,119	22.65%

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2020	Percentage Used	Actual through 12/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 476,842,064	\$ 211,506,435	44.36%	\$ 175,751,719	\$ 35,754,716	20.34%
Water Utility Fund	49,106,767	49,322,081	21,981,581	44.57%	18,597,106	3,384,475	18.20%
Sewer Utility Fund	28,338,164	28,509,889	12,768,922	44.79%	12,149,005	619,917	5.10%
Cemetery Fund	1,412,953	1,412,953	652,447	46.18%	563,890	88,557	15.70%
Solid Waste Utility Fund	32,563,421	34,013,675	10,708,568	31.48%	8,275,792	2,432,776	29.40%
Water Recycling Fund	5,867,938	5,871,208	3,178,949	54.14%	1,391,458	1,787,491	128.46%
TOTAL - Operating Appropriations	\$ 591,548,461	\$ 595,971,870	\$ 260,796,902	43.76%	\$ 216,728,970	\$ 44,067,932	20.33%

Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through December 2020 totaled \$32.3 million, or 11.7% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2020/21 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures were approved on January 12, 2021 as part of the FY 2019/20 year-end reconciliation process.

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

Fund Description	EXPENSES - FISCAL YEAR 2020/21					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2020	Percentage Used	Actual Through 12/31/2019
Electric Utility Fund	\$ 67,253,355	\$ 112,296,667	\$ 179,550,022	\$ 21,407,086	11.92%	\$ 13,242,404
Street Lighting ⁽¹⁾	125,000	5,867,109	5,992,109	6,854	0.11%	14,880
Water Utility Fund	4,610,000	15,010,726	19,620,726	3,305,745	16.85%	994,199
Sewer Utility Fund	42,114,351	24,817,115	66,931,466	7,434,254	11.11%	16,320,272
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	1,497,716	2,379,716	154,259	6.48%	-
Water Recycling Fund	550,000	-	550,000	2,063	0	-
TOTAL - CIP Appropriations	\$ 115,834,705	\$ 159,489,334	\$ 275,324,039	\$ 32,310,261	11.74%	\$ 30,571,755

(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). In FY 2020/21, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- 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 accounts for surplus funds from user fees in the Community Development Department's Building Inspection Division and is restricted to fund Building Division costs.
- Technology Fee Reserve is set aside to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standard and legal requirements.
- Land Sale Reserve is net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Electric Utility Reserve assures 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 table below summarizes select reserve balances.

**CITY OF SANTA CLARA
RESERVE BALANCES
December 31, 2020**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 57,595,992			
Capital Projects Reserve	1,958,983			
Land Sale Reserve	24,086,161			
Building Inspection Reserve	11,889,111			
Technology Fee Reserve	770,772			
Rate Stabilization Fund Reserve		\$ 25,000,000		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
TOTALS	\$ 96,301,018	\$ 25,078,163	\$ 303,090	\$ -

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The balances reflected in the table are through December 2020. The loan from the General Fund to Parks and Recreation Facilities reflects proceeds from the Land Sale Reserve for the purchase of property at the Reed and Grant Sports Park. This loan is anticipated to be repaid by 25% of future Mitigation Fee Act revenue until the loan is paid in full. The Santa Clara Golf and Tennis Club advance was written off as part of the November Monthly Financial Report (MFR), which was approved by the City Council on January 12, 2021. This will be reflected in the next MFR.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:

Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance/Commitment
Cemetery	General Fund	Advance	\$ 7,111,149
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	9,033,044
TOTALS			\$ 20,368,327

Donations to the City of Santa Clara

Donations received by department during the month of December 2020 and for fiscal year 2020/21 are shown in the table below.

Department	Fiscal Year 2020/21		Donor	Designated Use
	Dec-20	Year To Date		
City Manager's Office	\$ 2,140	\$ 15,590	Various	Help Your Neighbor
Non-Departmental	-	27,571	Various	COVID-19
Parks and Recreation	-	17,871	Various	Case Management
TOTALS	\$ 2,140	\$ 61,032		