



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

September 2018

Financial Status Report as of September 30, 2018

This report summarizes the City's financial performance for the month ended September 30, 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 September, revenues were on track with the budget; and expenditures were within budgetary expectations for this time of year.

As of September 30, 2018, General Fund revenues were at 22.6% of projections which was slightly lower than the estimated revenue for this time of year. Expenditures were at 23.7% 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: Three months of local one percent of sales tax reached \$13.9 million, which was 24.7% of annual estimated sales tax revenue, and is in line with budget for the time of year.

Property Tax: The majority of property tax revenue is collected in December and April each year. Compared to the prior year, property tax decreased 7% as a result of the timing of receiving unsecured property tax distribution.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. Three months of TOT revenue reached \$5.5 million, which was 26.3% of annual estimated TOT revenue.

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 also increased due to receipt in the current fiscal year of prior year make-up franchise fees from non-exclusive franchise haulers as a result of the compliance audit.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall permit receipts were slightly higher than the same time of 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 \$1.9 million from prior fiscal year was mainly the redistribution of \$2.3 million from 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 21.5% 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.

Financial Status Report as of September 30, 2018

General Fund Revenues

As of September 30, 2018, \$55.7 million or 22.6% 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 2018-19				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2018	Percentage Received	Actual Through 9/30/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 13,925,606	24.63%	\$ 14,293,636	\$ (368,030)	-2.57%
Property Tax	60,300,000	60,300,000	241,925	0.40%	260,043	(18,118)	-6.97%
Transient Occupancy Tax	21,000,000	21,000,000	5,512,630	26.25%	5,615,273	(102,643)	-1.83%
Other Taxes	6,287,638	6,287,638	1,413,846	22.49%	1,249,571	164,275	13.15%
Total Taxes	144,117,638	144,117,638	21,094,007	14.64%	21,418,523	(324,516)	-1.52%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	236,741	7.72%	230,407	6,334	2.75%
Building Permits	4,500,000	4,500,000	1,081,403	24.03%	1,035,348	46,055	4.45%
Electric Permits	600,000	600,000	104,328	17.39%	82,295	22,033	26.77%
Plumbing Permits	500,000	500,000	76,499	15.30%	52,830	23,669	44.80%
Mechanical Permits	450,000	450,000	70,830	15.74%	48,581	22,249	45.80%
Miscellaneous Permits	63,000	63,000	12,187	19.34%	73,390	(61,203)	-83.39%
Total Licenses & Permits	9,178,000	9,178,000	1,581,988	17.24%	1,522,851	59,137	3.88%
FINES & PENALTIES	1,580,500	1,580,500	466,940	29.54%	414,010	52,930	12.78%
INTERGOVERNMENTAL	702,000	702,000	1,079,329	153.75%	2,953,563	(1,874,234)	-63.46%
CHARGES FOR SERVICES	34,447,858	34,447,858	10,399,701	30.19%	8,890,045	1,509,656	16.98%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	5,773,647	25.00%	5,415,476	358,171	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	858,638	21.47%	825,242	33,396	4.05%
Rent	7,831,522	7,845,587	2,029,714	25.87%	2,328,825	(299,111)	-12.84%
Total Use of Money & Property	11,831,522	11,845,587	2,888,352	24.38%	3,154,067	(265,715)	-8.42%
MISCELLANEOUS REVENUES	757,308	757,308	140,777	18.59%	110,891	29,886	26.95%
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	911,943	14.61%	-	911,943	N/A
Rent and Licensing	3,231,500	3,231,500	386,794	11.97%	-	386,794	N/A
Total Stadium Operation	9,473,572	9,473,572	1,298,737	13.71%	-	1,298,737	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 246,163,762	\$ 55,690,187	22.62%	\$ 53,248,348	\$ 2,441,839	4.59%

Financial Status Report as of September 30, 2018

General Fund Expenditures

As of September 30, 2018, \$58.3 million or 23.7% 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 2018-19				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 9/30/2018	Percentage Used	Actual Through 9/30/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
General Administration	\$ 7,810,527	\$ 7,810,527	\$ 352,890	4.52%	\$ 567,711	\$ (214,821)	-37.84%
City Council	833,851	833,851	173,079	20.76%	173,357	(278)	-0.16%
City Clerk	1,872,604	2,319,709	525,570	22.66%	338,587	186,983	55.22%
City Manager ⁽¹⁾	5,747,949	7,067,736	1,423,572	20.14%	999,663	423,909	42.41%
City Attorney	2,129,011	2,187,159	422,574	19.32%	399,762	22,812	5.71%
Human Resources	3,640,473	3,640,473	681,331	18.72%	771,696	(90,365)	-11.71%
Finance	11,734,247	11,943,165	2,866,634	24.00%	2,708,358	158,276	5.84%
Information Technology	11,165,807	13,127,860	1,925,227	14.67%	985,007	940,220	95.45%
Total General Government	44,934,469	48,930,480	8,370,877	17.11%	6,944,141	1,426,736	20.55%
PUBLIC WORKS	25,446,506	25,709,627	6,224,917	24.21%	5,745,671	479,246	8.34%
COMMUNITY DEVELOPMENT	14,188,110	15,648,958	2,900,517	18.53%	2,936,201	(35,684)	-1.22%
PARKS AND RECREATION	19,447,561	19,839,950	4,753,628	23.96%	4,283,052	470,576	10.99%
PUBLIC SAFETY							
Fire	46,683,831	46,769,013	11,929,691	25.51%	11,584,788	344,903	2.98%
Police	68,446,889	68,645,793	16,224,551	23.64%	16,413,188	(188,637)	-1.15%
Total Public Safety	115,130,720	115,414,806	28,154,242	24.39%	27,997,976	156,266	0.56%
LIBRARY	10,426,621	10,466,088	2,622,551	25.06%	2,431,425	191,126	7.86%
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	1,254,875	22.47%	-	1,254,875	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 246,163,762	\$ 58,300,825	23.68%	\$ 55,596,727	\$ 2,704,098	4.86%

(1) The increase in the year-over-year expenditures in the City Manager's department is due to a 60% vacancy rate in key positions in the prior fiscal year.

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of September 30, 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 9/30/2018	Percentage received	Actual Through 9/30/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 27,175	9.64%	\$ 20,317	\$ 6,858	33.75%
City Affordable Housing Fund	696,703	1,089,854	27,967	2.57%	961,655	(933,688)	-97.09%
Housing Successor Fund	581,000	806,000	857,825	106.43%	715,748	142,077	19.85%
Housing and Urban Development	2,671,456	3,824,498	469,362	12.27%	246,114	223,248	90.71%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 1,382,329	23.03%	\$ 1,943,834	\$ (561,505)	-28.89%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 9/30/2018	Percentage Used	Actual through 9/30/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 5,747	1.85%	\$ 10,590	\$ (4,843)	-45.73%
City Affordable Housing Fund	1,638,098	2,031,249	69,596	3.43%	71,627	(2,031)	-2.84%
Housing Successor Fund	688,327	913,327	126,132	13.81%	148,399	(22,267)	-15.00%
Housing and Urban Development	3,261,281	4,414,323	332,560	7.53%	143,049	189,511	132.48%
TOTAL	\$ 5,876,695	\$ 7,669,886	\$ 534,035	6.96%	\$ 373,665	\$ 160,370	42.92%

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 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 9/30/2018	Percentage Used
Parks & Recreation	\$ 1,751,400	\$ 18,341,518	\$ 20,092,918	\$ 2,074,632	10.33%
Streets & Highways	10,052,654	17,793,106	27,845,760	2,964,833	10.65%
Storm Drain	1,995,000	1,190,292	3,185,292	73,167	2.30%
Fire	673,000	450,666	1,123,666	120,229	10.70%
Library	220,000	-	220,000	1,767,643 ⁽²⁾	803.47%
Public Buildings	3,672,105	1,702,432	5,374,537	499,922	9.30%
General Gov't - Other	11,692,525	6,938,341	18,630,866	8,608,692	46.21%
TOTAL	\$ 30,056,684	\$ 46,416,355	\$ 76,473,039	\$ 16,109,118	21.07%

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

(2) Additional carryforward actions will be included as part of the fiscal year 2017-18 Budget Year-End Report in December 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 September 30, 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 9/30/2018	Percentage received	Actual Through 9/30/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 450,951,908	\$ 111,754,552	24.78%	\$ 114,302,978	\$ (2,548,426)	-2.23%
Water Utility Fund	50,333,600	52,786,856	14,293,809	27.08%	13,487,595	806,214	5.98%
Sewer Utility Fund	41,742,075	41,799,661	10,312,813	24.67%	9,926,075	386,738	3.90%
Cemetery Fund	600,150	600,685	152,077	25.32%	119,871	32,206	26.87%
Solid Waste Utility Fund	24,726,835	25,344,682	6,345,676	25.04%	5,720,842	624,834	10.92%
Water Recycling Fund	7,080,000	7,940,000	2,397,923	30.20%	1,701,675	696,248	40.92%
TOTAL REVENUE	\$ 574,574,460	\$ 579,423,792	\$ 145,256,850	25.07%	\$ 145,259,036	\$ (2,186)	0.00%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 9/30/2018	Percentage Used	Actual through 9/30/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 422,486,124	\$ 99,445,721	23.54%	\$ 110,934,208	\$ (11,488,487)	-10.36%
Water Utility Fund	44,431,411	46,884,667	12,612,546	26.90%	6,358,900	6,253,646	98.34%
Sewer Utility Fund	26,014,588	26,072,174	6,303,289	24.18%	6,148,089	155,200	2.52%
Cemetery Fund	1,245,504	1,246,039	312,671	25.09%	247,459	65,212	26.35%
Solid Waste Utility Fund	24,346,883	24,964,730	5,281,193	21.15%	5,429,632	(148,439)	-2.73%
Water Recycling Fund	4,934,172	5,794,172	1,202,837	20.76%	987,734	215,103	21.78%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 527,447,906	\$ 125,158,257	23.73%	\$ 130,106,022	\$ (4,947,765)	-3.80%

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 9/30/2018	Percentage Used
Electric Utility Fund	\$ 42,476,280	\$ 54,759,614	\$ 97,235,894	\$ 5,043,397	5.19%
Street Lighting ⁽¹⁾	800,000	4,630,000	5,430,000	22,247	0.41%
Water Utility Fund	4,300,000	10,484,739	14,784,739	1,456,849	9.85%
Sewer Utility Fund	22,590,086	20,289,514	42,879,600	2,854,678	6.66%
Cemetery Fund	-	28,085	28,085	-	0.00%
Solid Waste Utility Fund	470,000	1,135,000	1,605,000	110,942	6.91%
Water Recycling Fund	50,000	-	50,000	-	0.00%
TOTAL - CIP Appropriations	\$ 70,686,366	\$ 91,326,952	\$ 162,013,318	\$ 9,488,113	5.86%

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

Fund Reserves

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

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

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

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

The table below summarizes the reserve balances.

	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

Long-Term Interfund Advances

The funds below have made advances which are not expected to be repaid within the next year.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:		
Fund/Department Receiving Advance/Commitment	Fund Making Advance/Commitment	Amount of Advance/Commitment to Date
Cemetery	General Fund	\$ 6,275,256
Santa Clara Golf & Tennis Club	General Fund	4,224,133
Parks and Recreation Facilities	General Fund - Land Sale Reserve	10,227,098
TOTALS		\$ 20,726,487