



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

October 2018

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

As of October 31, 2018, General Fund revenues were at 31% of projections which was slightly lower than the estimated revenue for this time of year. Expenditures were at 32% 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 \$246.3 million due to carryover appropriations from fiscal year 2017-18 and various budget amendments in the current fiscal year.

General Fund Revenues

Sales Tax: Four months of local one percent of sales tax equaled \$19 million, which was 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 increased 3.4%, which can be attributed to higher property values.

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%. Four months of TOT revenue reached \$7.4 million, which was 35% of annual estimated TOT revenue.

Other Taxes: Includes franchise tax and documentary transfer tax. Both franchise tax and documentary transfer tax were slightly lower than expectations.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue are outperforming expectations due to \$2 million in permit and planning fees from a large commercial business within the City in October 2018.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. These revenues are higher than expected as of October.

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 trending ahead of budget for this time of 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. Both interest income and rent revenue are in line with budget.

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. Stadium operating revenue is trending lower than budget due to timing, as a large portion of the budget is for performance rent that is not recorded until the end of March 2019.

General Fund Revenues

As of October 31, 2018, \$76.2 million or 31% 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 10/31/2018	Percentage Received	Actual Through 10/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 19,015,635	33.64%	\$ 18,031,450	\$ 984,185	5.46%
Property Tax	60,300,000	60,300,000	2,771,592	4.60%	2,680,673	90,919	3.39%
Transient Occupancy Tax	21,000,000	21,000,000	7,350,728	35.00%	8,045,874	(695,146)	-8.64%
Other Taxes	6,287,638	6,287,638	1,795,310	28.55%	2,187,155	(391,845)	-17.92%
Total Taxes	144,117,638	144,117,638	30,933,265	21.46%	30,945,152	(11,887)	-0.04%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	318,446	10.39%	309,076	9,370	3.03%
Building Permits	4,500,000	4,500,000	3,060,066	68.00%	1,298,568	1,761,498	135.65%
Electric Permits	600,000	600,000	271,854	45.31%	97,689	174,165	178.29%
Plumbing Permits	500,000	500,000	232,917	46.58%	62,174	170,743	274.62%
Mechanical Permits	450,000	450,000	225,626	50.14%	58,395	167,231	286.38%
Miscellaneous Permits	63,000	63,000	28,146	44.68%	158,230	(130,084)	-82.21%
Total Licenses & Permits	9,178,000	9,178,000	4,137,055	45.08%	1,984,132	2,152,923	108.51%
FINES & PENALTIES	1,580,500	1,580,500	659,495	41.73%	581,868	77,627	13.34%
INTERGOVERNMENTAL	702,000	702,000	1,315,604	187.41%	3,233,297	(1,917,693)	-59.31%
CHARGES FOR SERVICES	34,447,858	34,447,858	13,966,985	40.55%	12,607,381	1,359,604	10.78%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	7,698,196	33.33%	7,220,634	477,562	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	1,495,778	37.39%	1,229,916	265,862	21.62%
Rent	7,831,522	7,845,587	2,694,468	34.34%	3,069,630	(375,162)	-12.22%
Total Use of Money & Property	11,831,522	11,845,587	4,190,246	35.37%	4,299,546	(109,300)	-2.54%
MISCELLANEOUS REVENUES	757,308	857,308	185,930	21.69%	193,367	(7,437)	-3.85%
OTHER FINANCING SOURCES							
Operating Transfer in - Storm 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 ⁽¹⁾		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	1,730,707	27.73%	-	1,730,707	N/A
Rent and Licensing	3,231,500	3,231,500	438,127	13.56%	-	438,127	N/A
Total Stadium Operation	9,473,572	9,473,572	2,168,834	22.89%	-	2,168,834	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 246,263,762	\$ 76,222,319	30.95%	\$ 70,434,299	\$ 5,788,020	8.22%

(1) The Operating Transfer In - Fund Balances is the rolled over encumbrances of open purchase orders as of June 30, 2018.

General Fund Expenditures

As of October 31, 2018, \$79 million or 32.1% 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 10/31/2018	Percentage Used	Actual Through 10/31/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
General Administration	\$ 7,810,527	\$ 7,910,527	\$ 702,410	8.88%	\$ 629,287	\$ 73,123	11.62%
City Council	833,851	833,851	242,435	29.07%	231,495	10,940	4.73%
City Clerk	1,872,604	2,319,709	720,482	31.06%	445,462	275,020	61.74%
City Manager ⁽¹⁾	5,747,949	7,067,736	1,997,544	28.26%	1,516,250	481,294	31.74%
City Attorney	2,129,011	2,187,159	578,652	26.46%	528,436	50,216	9.50%
Human Resources	3,640,473	3,640,473	923,017	25.35%	1,029,171	(106,154)	-10.31%
Finance	11,734,247	11,943,165	3,869,181	32.40%	3,537,155	332,026	9.39%
Information Technology	11,165,807	13,127,860	2,108,313	16.06%	2,218,904	(110,591)	-4.98%
Total General Government	44,934,469	49,030,480	11,142,034	22.72%	10,136,160	1,005,874	9.92%
PUBLIC WORKS	25,446,506	25,709,627	8,420,629	32.75%	7,629,809	790,820	10.36%
COMMUNITY DEVELOPMENT	14,188,110	15,648,958	3,877,863	24.78%	3,883,257	(5,394)	-0.14%
PARKS AND RECREATION	19,447,561	19,839,950	6,565,530	33.09%	5,926,684	638,846	10.78%
PUBLIC SAFETY							
Fire ⁽²⁾	46,683,831	46,769,013	17,820,196	38.10%	15,832,521	1,987,675	12.55%
Police	68,446,889	68,645,793	21,858,707	31.84%	22,389,783	(531,076)	-2.37%
Total Public Safety	115,130,720	115,414,806	39,678,903	34.38%	38,222,304	1,456,599	3.81%
LIBRARY	10,426,621	10,466,088	3,505,887	33.50%	3,249,388	256,499	7.89%
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	1,819,367	32.57%	-	1,819,367	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 246,263,762	\$ 79,029,431	32.09%	\$ 74,305,863	\$ 4,723,568	6.36%

(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.

(2) In Public Safety - Fire, expenditures at this time of year are trending higher than budget due to the retroactive payment based on 2017-20 MOU between the City and Fire Unit 1. An additional appropriation of \$1.4 million was approved by Council on December 04, 2018, and will be reflected in the December 2018 Monthly Financial Status Report.

Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of October 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 10/31/2018	Percentage received	Actual Through 10/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 40,041	14.20%	\$ 30,076	\$ 9,965	33.13%
City Affordable Housing Fund	696,703	1,089,854	50,121	4.60%	975,303	(925,182)	-94.86%
Housing Successor Fund	581,000	806,000	929,856	115.37%	757,017	172,839	22.83%
Housing and Urban Development	2,671,456	3,824,498	486,377	12.72%	262,283	224,094	85.44%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 1,506,395	25.10%	\$ 2,024,679	\$ (518,284)	-25.60%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 10/31/2018	Percentage Used	Actual through 10/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 8,599	2.77%	\$ 12,436	\$ (3,837)	-30.85%
City Affordable Housing Fund	1,638,098	2,031,249	111,957	5.51%	85,306	26,651	31.24%
Housing Successor Fund	688,327	913,327	161,505	17.68%	196,098	(34,593)	-17.64%
Housing and Urban Development	3,261,281	4,414,323	373,009	8.45%	171,910	201,099	116.98%
TOTAL	\$ 5,876,695	\$ 7,669,886	\$ 655,070	8.54%	\$ 465,750	\$ 189,320	40.65%

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 10/31/2018	Percentage Used	
Parks & Recreation	\$ 4,451,400	\$ 18,341,518	\$ 22,792,918	\$ 3,396,666	14.90%	
Streets & Highways	10,052,654	17,793,106	27,845,760	5,281,585	18.97%	
Storm Drain	1,995,000	1,190,292	3,185,292	112,850	3.54%	
Fire	673,000	450,666	1,123,666	149,617	13.32%	
Library	220,000	-	220,000	1,830,973 ⁽²⁾	832.26%	
Public Buildings	3,672,105	1,702,432	5,374,537	946,787	17.62%	
General Gov't - Other	11,692,525	6,938,341	18,630,866	9,609,755	51.58%	
TOTAL	\$ 32,756,684	\$ 46,416,355	\$ 79,173,039	\$ 21,328,233	26.94%	

(1) Prior year carry forward as approved with the adoption of the fiscal year 2018-19 budget.

(2) Library CIP is overspent. Additional appropriation actions were included as part of the fiscal year 2017-18 Budget Year-End Report on December 4, 2018. These additional appropriations will be reflected in the December 2018 Financial Status Report.

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 October 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 10/31/2018	Percentage received	Actual Through 10/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 450,951,908	\$ 147,200,497	32.64%	\$ 149,633,566	\$ (2,433,069)	-1.63%
Water Utility Fund	50,333,600	52,786,856	19,085,248	36.16%	18,283,296	801,952	4.39%
Sewer Utility Fund	41,742,075	41,799,661	14,022,607	33.55%	14,400,143	(377,536)	-2.62%
Cemetery Fund	600,150	600,685	208,913	34.78%	162,546	46,367	28.53%
Solid Waste Utility Fund	24,726,835	25,344,682	8,410,255	33.18%	7,649,969	760,286	9.94%
Water Recycling Fund	7,080,000	7,940,000	3,241,704	40.83%	2,382,899	858,805	36.04%
TOTAL REVENUE	\$ 574,574,460	\$ 579,423,792	\$ 192,169,224	33.17%	\$ 192,512,419	\$ (343,195)	-0.18%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 10/31/2018	Percentage Used	Actual through 10/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 422,710,324	\$ 132,144,844	31.26%	\$ 139,565,885	\$ (7,421,041)	-5.32%
Water Utility Fund	44,431,411	46,884,667	16,321,211	34.81%	9,839,512	6,481,699	65.87%
Sewer Utility Fund	26,014,588	26,072,174	11,054,898	42.40%	11,013,733	41,165	0.37%
Cemetery Fund	1,245,504	1,246,039	441,765	35.45%	356,157	85,608	24.04%
Solid Waste Utility Fund	24,346,883	24,964,730	6,863,439	27.49%	6,808,328	55,111	0.81%
Water Recycling Fund	4,934,172	5,794,172	1,297,738	22.40%	1,056,143	241,595	22.88%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 527,672,106	\$ 168,123,895	31.86%	\$ 168,639,758	\$ (515,863)	-0.31%

**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 10/31/2018	Percentage Used
Electric Utility Fund	\$ 42,476,280	\$ 54,759,614	\$ 97,235,894	\$ 7,441,769	7.65%
Street Lighting ⁽¹⁾	800,000	4,630,000	5,430,000	22,428	0.41%
Water Utility Fund	4,300,000	10,484,739	14,784,739	1,846,091	12.49%
Sewer Utility Fund	22,590,086	20,289,514	42,879,600	9,847,994	22.97%
Cemetery Fund	-	28,085	28,085	-	0.00%
Solid Waste Utility Fund	470,000	1,135,000	1,605,000	111,378	6.94%
Water Recycling Fund	50,000	-	50,000	-	0.00%
TOTAL - CIP Appropriations	\$ 70,686,366	\$ 91,326,952	\$ 162,013,318	\$ 19,269,660	11.89%

(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 Receiving Advance/Commitment	Fund Making Advance/Commitment		Amount of Advance/Commitment
Cemetery	General Fund	\$	6,275,256
Santa Clara Golf & Tennis Club	General Fund		4,224,133
Parks and Recreation Facilities	General Fund		10,227,098
TOTALS		\$	20,726,487