



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

February 2018

Financial Status Report as of February 28, 2018

This report summarizes the City's financial performance for the eight months ended February 28, 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 February, revenues slightly exceeded expenditures but a little lower than its proportionated percentage of the year as a result of the timing of property tax and sales tax receipts, which are the City's largest two revenues sources. Expenditures are within budgetary expectations for this time of the year.

As of February 28, 2018, General Fund revenues were at 65.6% of projections which was consistent with this time of year due to the cyclical receipts of most revenues. Expenditures were at 62.5% 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 \$232.9 million and \$228.8 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 eight months of local one percent of sales tax reached \$36.6 million, which was 62% of annual estimated sales tax revenue. Sales tax was 20.5% 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 8.1% 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 6.4%. 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 110.7% of the annual budget and 48.7% 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 February 28, 2018, \$152.8 million or 65.6% 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 2/28/2018	Percentage Received	Actual Through 2/28/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 59,047,475	\$ 59,047,475	\$ 36,625,609	62.03%	\$ 46,093,888	\$ (9,468,279)	-20.54%
Property Tax	51,359,000	51,359,000	30,530,424	59.45%	28,255,754	2,274,670	8.05%
Transient Occupancy Tax	20,600,000	20,600,000	14,975,113	72.69%	14,073,407	901,706	6.41%
Other Taxes	5,116,300	5,116,300	4,209,612	82.28%	3,241,220	968,392	29.88%
Total Taxes	136,122,775	136,122,775	86,340,758	63.43%	91,664,269	(5,323,511)	-5.81%
LICENSES & PERMITS							
Business Licenses	915,000	915,000	602,143	65.81%	579,889	22,254	3.84%
Building Permits	5,000,000	5,000,000	2,533,648	50.67%	3,667,908	(1,134,260)	-30.92%
Electric Permits	750,000	750,000	246,476	32.86%	317,893	(71,417)	-22.47%
Plumbing Permits	650,000	650,000	194,820	29.97%	236,350	(41,530)	-17.57%
Mechanical Permits	550,000	550,000	163,028	29.64%	211,692	(48,664)	-22.99%
Miscellaneous Permits	594,000	594,000	445,562	75.01%	606,826	(161,264)	-26.57%
Total Licenses & Permits	8,459,000	8,459,000	4,185,677	49.48%	5,620,558	(1,434,881)	-25.53%
FINES & PENALTIES	1,606,300	1,606,300	1,264,395	78.71%	1,127,368	137,027	12.15%
INTERGOVERNMENTAL	1,310,000	1,310,000	3,971,670	303.18%	7,688,177	(3,716,507)	-48.34%
CHARGES FOR SERVICES	41,271,526	41,271,526	25,041,511	60.68%	27,537,395	(2,495,884)	-9.06%
CONTRIBUTION IN LIEU	21,661,903	21,661,903	14,441,269	66.67%	13,101,747	1,339,522	10.22%
USE OF MONEY & PROPERTY							
Interest	2,000,000	2,000,000	2,213,697	110.68%	1,488,486	725,211	48.72%
Rent	11,019,497	11,019,497	6,051,026	54.91%	5,865,026	186,000	3.17%
Total Use of Money & Property	13,019,497	13,019,497	8,264,723	63.48%	7,353,512	911,211	12.39%
MISCELLANEOUS REVENUES	415,920	415,920	409,294	98.41%	1,827,203	(1,417,909)	-77.60%
OTHER FINANCING SOURCES							
Operating Transfer in - Storm 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	2,493,145	2,493,145	100.00%	300,000	2,193,145	731.05%
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	9,076,324	8,913,607	98.21%	5,602,980	3,310,627	59.09%
TOTAL GENERAL FUND	\$ 227,799,444	\$ 232,943,245	\$ 152,832,904	65.61%	\$ 161,523,209	\$ (8,690,305)	-5.38%

General Fund Expenditures

As of February 28, 2018, \$142.9 million or 62.5% 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 2/28/2018	Percentage Used	Actual Through 2/28/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
GA- Salary Attrition	\$ (8,450,000)	\$ (8,450,000)	\$ -	0.00%	\$ -	\$ -	-7.48%
GA- City Wide Program	4,105,412	4,109,802	1,042,620	25.37%	1,126,885	(84,265)	-7.48%
General Administration	(4,344,588)	(4,340,198)	1,042,620	-24.02%	1,126,885	(84,265)	-7.48%
City Council	909,425	909,425	473,377	52.05%	326,372	147,005	45.04%
City Clerk	1,349,777	1,583,577	827,260	52.24%	1,201,734	(374,474)	-31.16%
City Manager	7,502,707	8,237,373	4,032,410	48.95%	3,394,079	638,331	18.81%
City Attorney	1,719,032	1,750,460	1,083,833	61.92%	1,154,646	(70,813)	-6.13%
Human Resources	3,479,976	3,479,976	2,120,177	60.93%	1,896,269	223,908	11.81%
Finance	11,530,992	11,673,713	6,865,190	58.81%	6,383,102	482,088	7.55%
Information Technology	11,212,950	12,160,305	5,223,209	42.95%	4,585,817	637,392	13.90%
Total General Government	33,360,271	35,454,631	21,668,076	61.11%	20,068,904	1,599,172	7.97%
PUBLIC WORKS	24,423,426	24,633,453	15,032,295	61.02%	13,287,279	1,745,016	13.13%
COMMUNITY DEVELOPMENT	15,061,578	15,741,382	7,112,973	45.19%	6,822,086	290,887	4.26%
PARKS AND RECREATION	18,426,199	18,523,134	11,231,027	60.63%	10,521,204	709,823	6.75%
PUBLIC SAFETY							
Fire	45,264,279	45,465,773	31,107,366	68.42%	28,000,952	3,106,414	11.09%
Police	72,388,743	72,869,022	45,166,202	61.98%	41,376,354	3,789,848	9.16%
Total Public Safety	117,653,022	118,334,795	76,273,568	64.46%	69,377,306	6,896,262	9.94%
LIBRARY	10,225,270	10,270,097	6,323,353	61.57%	5,791,184	532,169	9.19%
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	\$ 228,805,621	\$ 142,899,553	62.45%	\$ 129,146,069	\$ 13,753,484	10.65%

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of February 28, 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 2/28/2018	Percentage received	Actual Through 2/28/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 181,974	\$ 181,974	\$ 64,852	35.64%	\$ 266,866	\$ (202,014)	-75.70%
City Affordable Housing Fund	310,795	310,795	1,359,355	437.38%	3,168,410	(1,809,055)	-57.10%
Housing Successor Fund	644,564	644,564	1,181,304	183.27%	921,007	260,297	28.26%
Housing and Urban Development	1,638,588	1,709,079	833,010	48.74%	926,850	(93,840)	-10.12%
TOTAL	\$ 2,775,921	\$ 2,846,412	\$ 3,438,521	120.80%	\$ 5,283,133	\$ (1,844,612)	-34.92%

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/28/2018	Percentage Used	Actual through 2/28/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 143,126	\$ 193,901	\$ 32,826	16.93%	\$ 177,669	\$ (144,843)	-81.52%
City Affordable Housing Fund	1,336,244	1,482,684	180,173	12.15%	257,607	(77,434)	-30.06%
Housing Successor Fund	1,280,189	1,418,345	238,889	16.84%	200,845	38,044	18.94%
Housing and Urban Development	1,778,588	1,849,079	1,055,102	57.06%	1,267,629	(212,527)	-16.77%
TOTAL	\$ 4,538,147	\$ 4,944,009	\$ 1,506,990	30.48%	\$ 1,903,750	\$ (396,760)	-20.84%

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 2/28/2018	Percentage Used
Street Beautification	\$ 126,200	\$ 261,321	\$ 387,521	\$ -	0.00%
Parks & Recreation	6,534,568	20,774,065	27,308,633	2,458,081	9.00%
Streets & Highways	5,503,836	10,081,083	15,584,919	1,893,565	12.15%
Gas Tax	2,377,059	14,145,376	16,522,435	5,772,903	34.94%
Traffic Mitigation	1,402,625	12,202,410	13,605,035	104,912	0.77%
Street Lighting	4,290.00	6,328,873	6,333,163	632,535	9.99%
Storm Drain	1,040,000	3,523,298	4,563,298	2,312,587	50.68%
Fire	409,387	1,908,133	2,317,520	1,437,738	62.04%
Library	2,330,300	2,829,596	5,159,896	503,853	9.76%
Public Buildings	2,125,000	2,259,422	4,384,422	903,178	20.60%
General Govmnt - Other	3,362,941	16,065,859	19,428,800	3,660,351	18.84%
TOTAL	\$ 25,216,206	\$ 90,379,436	\$ 115,595,642	\$ 19,679,703	17.02%

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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 February 28, 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 2/28/2018	Percentage received	Actual Through 2/28/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 445,893,170	\$ 446,011,670	\$ 289,182,960	64.84%	\$ 279,354,496	\$ 9,828,464	3.52%
Water Utility Fund	43,744,402	43,744,402	30,895,827	70.63%	25,256,877	5,638,950	22.33%
Sewer Utility Fund	37,315,533	37,315,533	26,565,438	71.19%	26,133,048	432,390	1.65%
Cemetery Fund	1,012,138	1,012,138	735,888	72.71%	747,092	(11,204)	-1.50%
Solid Waste Utility Fund	23,119,082	23,119,082	15,426,971	66.73%	15,043,943	383,028	2.55%
Water Recycling Fund	5,331,063	5,331,063	3,697,260	69.35%	3,352,260	345,000	10.29%
TOTAL REVENUE	\$ 556,415,388	\$ 556,533,888	\$ 366,504,344	65.85%	\$ 349,887,716	\$ 16,616,628	4.75%

Fund Description	EXPENSES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 2/28/2018	Percentage Used	Actual through 2/28/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 392,078,170	\$ 416,328,233	\$ 258,678,000	62.13%	\$ 225,083,234	\$ 33,594,766	14.93%
Water Utility Fund	39,034,889	40,615,164	21,799,513	53.67%	21,708,810	90,703	0.42%
Sewer Utility Fund	25,000,332	25,096,558	17,757,317	70.76%	14,934,613	2,822,704	18.90%
Cemetery Fund	1,007,138	1,007,138	675,667	67.09%	460,585	215,082	46.70%
Solid Waste Utility Fund	22,827,740	23,705,443	14,215,670	59.97%	12,752,339	1,463,331	11.48%
Water Recycling Fund	4,539,955	5,339,955	3,759,720	70.41%	3,340,914	418,806	12.54%
TOTAL - Operating Appropriations	\$ 484,488,224	\$ 512,092,491	\$ 316,885,887	61.88%	\$ 278,280,495	\$ 38,605,392	13.87%

**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 2/28/2018	Percentage Used
Electric Utility Fund	\$ 54,871,365	\$ 66,547,397	\$ 121,418,762	\$ 19,282,394	15.88%
Water Utility Fund	5,453,554	7,362,716	12,816,270	805,145	6.28%
Sewer Utility Fund	40,275,763	25,708,710	65,984,473	17,829,736	27.02%
Cemetery Fund	35,175	72,910	108,085	-	0.00%
Solid Waste Utility Fund	866,000	1,114,700	1,980,700	362,157	18.28%
Water Recycling Fund	55,515	258,115	313,630	4,324	1.38%
TOTAL - CIP Appropriations	\$ 101,557,372	\$ 101,064,548	\$ 202,621,920	\$ 38,283,756	18.89%

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	\$ 55,353,210			
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	\$ 136,317,437	\$ 125,786,740	\$ 336,215	\$ 1,507,553