



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

May 2018

Financial Status Report as of May 31, 2018

This report summarizes the City's financial performance for the eleven months ended May 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 2017-18, the City is projected to maintain a positive operating position. At the end of May, revenues exceeded expenditures and are on track with the budget. Expenditures are within budgetary expectations for this time of the year.

As of May 31, 2018, General Fund revenues were at 93% of projections which was consistent with this time of year due to the cyclical receipts of most revenues. Expenditures were at 84.7% which is in line with the budget.

The adopted budget for operating revenues and expenditures for fiscal year 2017-18 is \$227.8 million and \$223.1 million, respectively. The amended budget has been revised to \$233.4 million and \$229.1 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 eleven months of local one percent of sales tax reached \$52 million, which was 88% of annual estimated sales tax revenue. Sales tax was 9.6% 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 7.2% 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 7.4%. 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 \$4.2 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 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 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 157.6% of the annual budget and 40.5% 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.

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General Fund Revenues

As of May 31, 2018, \$217.1 million or 93% 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 5/31/2018	Percentage Received	Actual Through 5/31/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 59,047,475	\$ 59,047,475	\$ 51,975,667	88.02%	\$ 57,499,225	\$ (5,523,558)	-9.61%
Property Tax	51,359,000	51,359,000	46,887,897	91.29%	43,750,540	3,137,357	7.17%
Transient Occupancy Tax	20,600,000	20,600,000	20,399,365	99.03%	18,998,619	1,400,746	7.37%
Other Taxes	5,116,300	5,116,300	6,062,147	118.49%	5,462,600	599,547	10.98%
Total Taxes	136,122,775	136,122,775	125,325,076	92.07%	125,710,984	(385,908)	-0.31%
LICENSES & PERMITS							
Business Licenses	915,000	915,000	834,458	91.20%	831,826	2,632	0.32%
Building Permits	5,000,000	5,000,000	3,917,988	78.36%	5,260,040	(1,342,052)	-25.51%
Electric Permits	750,000	750,000	455,029	60.67%	522,166	(67,137)	-12.86%
Plumbing Permits	650,000	650,000	316,421	48.68%	412,795	(96,374)	-23.35%
Mechanical Permits	550,000	550,000	286,121	52.02%	363,504	(77,383)	-21.29%
Miscellaneous Permits	594,000	594,000	621,804	104.68%	645,690	(23,886)	-3.70%
Total Licenses & Permits	8,459,000	8,459,000	6,431,821	76.04%	8,036,021	(1,604,200)	-19.96%
FINES & PENALTIES	1,606,300	1,606,300	1,655,215	103.05%	1,506,269	148,946	9.89%
INTERGOVERNMENTAL	1,310,000	1,310,000	4,261,279	325.29%	8,461,892	(4,200,613)	-49.64%
CHARGES FOR SERVICES	41,271,526	41,271,526	38,433,046	93.12%	36,457,128	1,975,918	5.42%
CONTRIBUTION IN LIEU	21,661,903	21,661,903	19,856,744	91.67%	18,014,902	1,841,842	10.22%
USE OF MONEY & PROPERTY							
Interest	2,000,000	2,000,000	3,152,332	157.62%	2,244,470	907,862	40.45%
Rent	11,019,497	11,019,497	8,017,342	72.76%	7,770,510	246,832	3.18%
Total Use of Money & Property	13,019,497	13,019,497	11,169,674	85.79%	10,014,980	1,154,694	11.53%
MISCELLANEOUS REVENUES	415,920	443,767	560,294	126.26%	1,946,989	(1,386,695)	-71.22%
OTHER FINANCING SOURCES							
Operating Transfer in - Strom Drain	1,276,661	1,276,661	1,276,661	100.00%	1,100,000	176,661	16.06%
Operating Transfer In - Reserves	2,493,145	2,948,460	2,948,460	100.00%	300,000	2,648,460	882.82%
Operating Transfer In - Gas Tax	-	-	-	NA	728,900	(728,900)	-100.00%
Operating Transfer In - Fund Balances	-	5,033,801	5,033,801	100.00%	3,473,915	1,559,886	44.90%
Operating Transfer In - Miscellaneous	162,717	272,717	110,000	40.33%	165	109,835	66566.67%
Total Other Financing Sources	3,932,523	9,531,639	9,368,922	98.29%	5,602,980	3,765,942	67.21%
TOTAL GENERAL FUND	\$ 227,799,444	\$ 233,426,407	\$ 217,062,071	92.99%	\$ 215,752,145	\$ 1,309,926	0.61%

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General Fund Expenditures

As of May 31, 2018, \$194.1 million or 84.7% 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 2017-18				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2018	Percentage Used	Actual Through 5/31/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
GA- Salary Attrition	\$ (8,450,000)	\$ (8,450,000)	\$ -	0.00%	\$ -	\$ -	-
GA- City Wide Program	4,105,412	4,109,802	1,360,466	33.10%	1,437,051	(76,585)	-5.33%
General Administration	(4,344,588)	(4,340,198)	1,360,466	-31.35%	1,437,051	(76,585)	-5.33%
City Council	909,425	909,425	661,251	72.71%	462,494	198,757	42.98%
City Clerk	1,349,777	1,658,892	1,064,555	64.17%	1,479,299	(414,744)	-28.04%
City Manager	7,502,707	8,429,373	5,812,538	68.96%	4,666,851	1,145,687	24.55%
City Attorney	1,719,032	1,750,460	1,556,195	88.90%	1,544,983	11,212	0.73%
Human Resources	3,479,976	3,479,976	2,917,164	83.83%	2,664,783	252,381	9.47%
Finance	11,530,992	11,673,713	9,586,619	82.12%	8,907,224	679,395	7.63%
Information Technology	11,212,950	12,160,305	7,044,999	57.93%	7,294,895	(249,896)	-3.43%
Total General Government	33,360,271	35,721,946	30,003,787	83.99%	28,457,580	1,546,207	5.43%
PUBLIC WORKS	24,423,426	24,633,453	20,639,146	83.79%	18,423,203	2,215,943	12.03%
COMMUNITY DEVELOPMENT	15,061,578	15,741,382	9,921,908	63.03%	9,139,416	782,492	8.56%
PARKS AND RECREATION	18,426,199	18,523,834	15,549,107	83.94%	14,277,054	1,272,053	8.91%
PUBLIC SAFETY							
Fire	45,264,279	45,465,773	41,972,428	92.32%	38,832,213	3,140,215	8.09%
Police	72,388,743	72,869,022	61,976,593	85.05%	57,594,090	4,382,503	7.61%
Total Public Safety	117,653,022	118,334,795	103,949,021	87.84%	96,426,303	7,522,718	7.80%
LIBRARY	10,225,270	10,270,097	8,765,619	85.35%	8,067,138	698,481	8.66%
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	\$ 229,073,636	\$ 194,086,849	84.73%	\$ 178,068,800	\$ 16,018,049	9.00%

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of May 31, 2018.

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

Fund Description	REVENUES - FISCAL YEAR 2017-18				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2018	Percentage received	Actual Through 5/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 181,974	\$ 181,974	\$ 450,267	247.43%	\$ 434,219	\$ 16,048	3.70%
City Affordable Housing Fund	310,795	310,795	1,389,142	446.96%	3,189,433	(1,800,291)	-56.45%
Housing Successor Fund	644,564	644,564	1,701,348	263.95%	1,245,723	455,625	36.58%
Housing and Urban Development	1,638,588	1,709,079	1,673,084	97.89%	1,793,221	(120,137)	-6.70%
TOTAL	\$ 2,775,921	\$ 2,846,412	\$ 5,213,841	183.17%	\$ 6,662,596	\$ (1,448,755)	-21.74%

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2018	Percentage Used	Actual through 5/31/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 143,126	\$ 193,901	\$ 43,081	22.22%	\$ 243,293	\$ (200,212)	-82.29%
City Affordable Housing Fund	1,336,244	1,482,684	311,587	21.02%	326,422	(14,835)	-4.54%
Housing Successor Fund	1,280,189	1,418,345	444,258	31.32%	265,237	179,021	67.49%
Housing and Urban Development	1,778,588	1,849,079	1,374,221	74.32%	1,973,014	(598,793)	-30.35%
TOTAL	\$ 4,538,147	\$ 4,944,009	\$ 2,173,147	43.96%	\$ 2,807,966	\$ (634,819)	-22.61%

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**

Fund Description	EXPENDITURES - FISCAL YEAR 2017-18				
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 5/31/2018	Percentage Used
Street Beautification	\$ 126,200	\$ 261,321	\$ 387,521	\$ 23,760	6.13%
Parks & Recreation	17,249,068	20,774,065	38,023,133	3,927,995	10.33%
Streets & Highways	6,427,586	10,081,083	16,508,669	2,304,080	13.96%
Gas Tax	2,377,059	14,145,376	16,522,435	5,885,026	35.62%
Traffic Mitigation	1,402,625	12,202,410	13,605,035	387,258	2.85%
Storm Drain	1,040,000	3,523,298	4,563,298	2,379,168	52.14%
Fire	409,387	1,908,133	2,317,520	1,633,738	70.50%
Library	2,330,300	2,829,596	5,159,896	2,141,898	41.51%
Public Buildings	2,563,000	2,259,422	4,822,422	1,327,533	27.53%
General Govmnt - Other	5,012,941	16,065,859	21,078,800	4,736,489	22.47%
TOTAL	\$ 38,938,166	\$ 84,050,563	\$ 122,988,729	\$ 24,746,945	20.12%

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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 May 31, 2018.

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

Fund Description	REVENUES - FISCAL YEAR 2017-18				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 5/31/2018	Percentage received	Actual Through 5/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 445,893,170	\$ 446,011,670	\$ 393,043,110	88.12%	\$ 384,797,841	\$ 8,245,269	2.14%
Water Utility Fund	43,744,402	43,744,402	40,988,237	93.70%	33,694,359	7,293,878	21.65%
Sewer Utility Fund	37,315,533	37,315,533	35,650,874	95.54%	43,943,196	(8,292,322)	-18.87%
Cemetery Fund	1,012,138	1,012,138	888,474	87.78%	1,003,448	(114,974)	-11.46%
Solid Waste Utility Fund	23,119,082	23,119,082	21,226,962	91.82%	20,627,728	599,234	2.90%
Water Recycling Fund	5,331,063	5,331,063	4,560,149	85.54%	3,955,006	605,143	15.30%
TOTAL REVENUE	\$ 556,415,388	\$ 556,533,888	\$ 496,357,806	89.19%	\$ 488,021,578	\$ 8,336,228	1.71%

Fund Description	EXPENSES - FISCAL YEAR 2017-18				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2018	Percentage Used	Actual through 5/31/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 392,078,170	\$ 416,328,233	\$ 349,941,598	84.05%	\$ 310,152,498	\$ 39,789,100	12.83%
Water Utility Fund	39,034,889	40,615,164	35,719,780	87.95%	30,318,779	5,401,001	17.81%
Sewer Utility Fund	25,000,332	25,096,558	24,400,811	97.23%	20,497,325	3,903,486	19.04%
Cemetery Fund	1,007,138	1,007,138	910,660	90.42%	627,078	283,582	45.22%
Solid Waste Utility Fund	22,827,740	23,705,443	18,848,419	79.51%	18,068,592	779,827	4.32%
Water Recycling Fund	4,539,955	5,339,955	4,556,459	85.33%	3,996,468	559,991	14.01%
TOTAL - Operating Appropriations	\$ 484,488,224	\$ 512,092,491	\$ 434,377,727	84.82%	\$ 383,660,740	\$ 50,716,987	13.22%

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 5/31/2018	Percentage Used
Electric Utility Fund	\$ 54,871,365	\$ 66,547,397	\$ 121,418,762	\$ 24,371,191	20.07%
*Street Lighting	4,290	6,328,873	6,333,163	789,796	12.47%
Water Utility Fund	5,079,731	7,362,716	12,442,447	1,593,514	12.81%
Sewer Utility Fund	39,404,607	25,708,710	65,113,317	27,072,137	41.58%
Cemetery Fund	35,175	72,910	108,085	-	0.00%
Solid Waste Utility Fund	866,000	1,114,700	1,980,700	686,844	34.68%
Water Recycling Fund	55,515	258,115	313,630	7,295	2.33%
TOTAL - CIP Appropriations	\$ 100,316,683	\$ 107,393,421	\$ 207,710,104	\$ 54,520,777	26.25%

* Street Lighting fund is part of Electric Capital Improvement Funds.

Fund Reserves

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

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-day or 25.0% General Fund Adopted Operating Budget).
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

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

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

The table below summarizes the reserve balances.

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 55,085,895			
Capital Projects Reserve	30,996,560			
Building Inspection Reserve	9,729,766			
Land Sale Reserve	29,085,401			
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	\$ 124,897,622	\$ 125,786,740	\$ 336,215	\$ 1,507,553