



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

November 2018

Financial Status Report as of November 30, 2018

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

As of November 30, 2018, General Fund revenues were at 41% of projections which was on track with the estimated revenue for this time of year. Expenditures were at 39.6% 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: Five months of local one percent of sales tax equaled \$26 million, which was approximately 4% higher than anticipated for this 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 23.36%, 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%. Five months of TOT revenue reached \$10.8 million, which was 51.4% of annual estimated TOT revenue.

Other Taxes: Includes franchise tax and documentary transfer tax. Both franchise tax and documentary transfer tax were in line with 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 trending higher than expected as of November.

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. Current year Intergovernmental revenue exceeds expectation due to redistribution of property sale proceeds 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.

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General Fund Revenues

As of November 30, 2018, \$101 million or 41% 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 11/30/2018	Percentage Received	Actual Through 11/30/2017	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 25,991,134	45.98%	\$ 23,057,285	\$ 2,933,849	12.72%
Property Tax	60,300,000	60,300,000	8,555,315	14.19%	6,935,399	1,619,916	23.36%
Transient Occupancy Tax	21,000,000	21,000,000	10,795,794	51.41%	10,264,026	531,768	5.18%
Other Taxes	6,287,638	6,287,638	2,587,166	41.15%	2,912,921	(325,755)	-11.18%
Total Taxes	144,117,638	144,117,638	47,929,409	33.26%	43,169,631	4,759,778	11.03%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	399,016	13.02%	382,446	16,570	4.33%
Building Permits	4,500,000	4,500,000	3,441,426	76.48%	1,682,072	1,759,354	104.59%
Electric Permits	600,000	600,000	317,117	52.85%	151,939	165,178	108.71%
Plumbing Permits	500,000	500,000	253,389	50.68%	112,356	141,033	125.52%
Mechanical Permits	450,000	450,000	243,787	54.17%	94,832	148,955	157.07%
Miscellaneous Permits	63,000	63,000	37,068	58.84%	241,096	(204,028)	-84.63%
Total Licenses & Permits	9,178,000	9,178,000	4,691,803	51.12%	2,664,741	2,027,062	76.07%
FINES & PENALTIES	1,580,500	1,580,500	797,222	50.44%	726,544	70,678	9.73%
INTERGOVERNMENTAL	702,000	702,000	1,315,741	187.43%	3,238,282	(1,922,541)	-59.37%
CHARGES FOR SERVICES	34,447,858	34,447,858	17,405,501	50.53%	15,315,365	2,090,136	13.65%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	9,622,745	41.67%	9,025,793	596,952	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	1,852,307	46.31%	1,469,284	383,023	26.07%
Rent	7,831,522	7,845,587	3,359,492	42.82%	3,753,714	(394,222)	-10.50%
Total Use of Money & Property	11,831,522	11,845,587	5,211,799	44.00%	5,222,998	(11,199)	-0.21%
MISCELLANEOUS REVENUES	757,308	857,308	236,087	27.54%	246,375	(10,288)	-4.18%
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	2,310,829	37.02%	-	2,310,829	N/A
Rent and Licensing	3,231,500	3,231,500	489,457	15.15%	-	489,457	N/A
Total Stadium Operation	9,473,572	9,473,572	2,800,286	29.56%	-	2,800,286	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 246,263,762	\$ 100,977,302	41.00%	\$ 88,978,651	\$ 11,998,651	13.48%

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

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General Fund Expenditures

As of November 30, 2018, \$97.4 million or 39.6% 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 11/30/2018	Percentage Used	Actual Through 11/30/2017	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
General Administration	\$ 7,810,527	\$ 7,910,527	\$ 744,471	9.41%	\$ 659,383	\$ 85,088	12.90%
City Council	833,851	833,851	306,221	36.72%	292,023	14,198	4.86%
City Clerk	1,872,604	2,319,709	805,300	34.72%	545,503	259,797	47.63%
City Manager ⁽¹⁾	5,747,949	7,067,736	2,387,730	33.78%	2,056,434	331,296	16.11%
City Attorney	2,129,011	2,187,159	726,619	33.22%	650,963	75,656	11.62%
Human Resources	3,640,473	3,640,473	1,216,597	33.42%	1,319,630	(103,033)	-7.81%
Finance	11,734,247	11,943,165	4,771,963	39.96%	4,372,122	399,841	9.15%
Information Technology	11,165,807	13,127,860	3,080,221	23.46%	2,963,904	116,317	3.92%
Total General Government	44,934,469	49,030,480	14,039,122	28.63%	12,859,962	1,179,160	9.17%
PUBLIC WORKS	25,446,506	25,709,627	10,302,594	40.07%	9,384,838	917,756	9.78%
COMMUNITY DEVELOPMENT	14,188,110	15,648,958	4,818,436	30.79%	4,533,589	284,847	6.28%
PARKS AND RECREATION	19,447,561	19,839,950	8,029,655	40.47%	7,241,635	788,020	10.88%
PUBLIC SAFETY							
Fire ⁽²⁾	46,683,831	46,769,013	22,096,304	47.25%	19,729,906	2,366,398	11.99%
Police	68,446,889	68,645,793	27,335,755	39.82%	28,101,943	(766,188)	-2.73%
Total Public Safety	115,130,720	115,414,806	49,432,059	42.83%	47,831,849	1,600,210	3.35%
LIBRARY	10,426,621	10,466,088	4,303,964	41.12%	4,068,617	235,347	5.78%
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	2,480,826	44.41%	-	2,480,826	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 246,263,762	\$ 97,425,874	39.56%	\$ 91,178,751	\$ 6,247,123	6.85%

⁽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 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 4, 2018, and will be reflected in the December 2018 Monthly Financial Status Report.

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of November 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 11/30/2018	Percentage received	Actual Through 11/30/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 126,708	44.93%	\$ 40,309	\$ 86,399	214.34%
City Affordable Housing Fund	696,703	1,089,854	61,609	5.65%	983,583	(921,974)	-93.74%
Housing Successor Fund	581,000	806,000	1,059,284	131.42%	849,996	209,288	24.62%
Housing and Urban Development	2,671,456	3,824,498	558,803	14.61%	287,700	271,103	94.23%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 1,806,404	30.09%	\$ 2,161,588	\$ (355,184)	-16.43%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2018	Percentage Used	Actual through 11/30/2017	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 11,140	3.58%	\$ 24,727	\$ (13,587)	-54.95%
City Affordable Housing Fund	1,638,098	2,031,249	154,475	7.60%	164,271	(9,796)	-5.96%
Housing Successor Fund	688,327	913,327	187,074	20.48%	249,515	(62,441)	-25.02%
Housing and Urban Development	3,261,281	4,414,323	465,407	10.54%	500,974	(35,567)	-7.10%
TOTAL	\$ 5,876,695	\$ 7,669,886	\$ 818,096	10.67%	\$ 939,487	\$ (121,391)	-12.92%

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 11/30/2018	Percentage Used
Parks & Recreation	\$ 4,451,400	\$ 18,341,518	\$ 22,792,918	\$ 4,197,817	18.42%
Streets & Highways	10,052,654	17,793,106	27,845,760	5,730,364	20.58%
Storm Drain	1,995,000	1,190,292	3,185,292	170,293	5.35%
Fire	673,000	450,666	1,123,666	156,251	13.91%
Library	220,000	-	220,000	1,837,201 ⁽²⁾	835.09%
Public Buildings	3,672,105	1,702,432	5,374,537	1,362,490	25.35%
General Gov't - Other	11,692,525	6,938,341	18,630,866	9,864,688	52.95%
TOTAL	\$ 32,756,684	\$ 46,416,355	\$ 79,173,039	\$ 23,319,104	29.45%

(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.

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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 November 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 11/30/2018	Percentage received	Actual Through 11/30/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 450,951,908	\$ 183,408,441	40.67%	\$ 185,707,959	\$ (2,299,518)	-1.24%
Water Utility Fund	50,333,600	52,786,856	23,218,329	43.99%	22,247,783	970,546	4.36%
Sewer Utility Fund	41,742,075	41,799,661	17,396,351	41.62%	17,775,439	(379,088)	-2.13%
Cemetery Fund	600,150	600,685	249,798	41.59%	224,993	24,805	11.02%
Solid Waste Utility Fund	24,726,835	25,344,682	10,566,780	41.69%	9,771,366	795,414	8.14%
Water Recycling Fund	7,080,000	7,940,000	3,687,607	46.44%	2,727,257	960,350	35.21%
TOTAL REVENUE	\$ 574,574,460	\$ 579,423,792	\$ 238,527,306	41.17%	\$ 238,454,797	\$ 72,509	0.03%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2018	Percentage Used	Actual through 11/30/2017	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 422,710,324	\$ 161,849,568	38.29%	\$ 172,817,262	\$ (10,967,694)	-6.35%
Water Utility Fund	44,431,411	46,884,667	19,875,518	42.39%	13,545,954	6,329,564	46.73%
Sewer Utility Fund	26,014,588	26,072,174	11,726,539	44.98%	11,621,211	105,328	0.91%
Cemetery Fund	1,245,504	1,246,039	526,999	42.29%	431,013	95,986	22.27%
Solid Waste Utility Fund	24,346,883	24,964,730	9,281,950	37.18%	8,811,703	470,247	5.34%
Water Recycling Fund	4,934,172	5,794,172	3,138,388	54.16%	1,114,798	2,023,590	181.52%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 527,672,106	\$ 206,398,962	39.12%	\$ 208,341,941	\$ (1,942,979)	-0.93%

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 11/30/2018	Percentage Used
Electric Utility Fund	\$ 42,476,280	\$ 54,759,614	\$ 97,235,894	\$ 9,545,178	9.82%
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	2,053,900	13.89%
Sewer Utility Fund	22,590,086	20,289,514	42,879,600	10,523,328	24.54%
Cemetery Fund	-	28,085	28,085	-	0.00%
Solid Waste Utility Fund	470,000	1,135,000	1,605,000	176,793	11.02%
Water Recycling Fund	50,000	-	50,000	-	0.00%
TOTAL - CIP Appropriations	\$ 70,686,366	\$ 91,326,952	\$ 162,013,318	\$ 22,321,627	13.78%

(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	6,446,199			
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	\$ 102,777,968	\$ 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