



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

March 2019

Financial Status Report as of March 31, 2019

This report summarizes the City's financial performance for the month ended March 31, 2019. 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 March 2019, revenues were approximately 2.3% ahead of budget and expenditures were below budgetary expectations for this time of year.

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 \$252 million respectively due to carryover appropriations from fiscal year 2017-18 and various budget amendments in the current fiscal year.

Financial Status Report as of March 31, 2019

General Fund Revenues

As of March 31, 2019, \$195 million or 77.3% of the General Fund estimated revenue had been received. Revenues in the General Fund as a whole are performing approximately 2.3% higher than 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 3/31/2019	Percentage Received	Actual Through 3/31/2018	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 45,050,007	79.69%	\$ 43,199,793	\$ 1,850,214	4.28%
Property Tax	60,300,000	60,300,000	36,820,060	61.06%	35,655,198	1,164,862	3.27%
Transient Occupancy Tax	21,000,000	21,000,000	16,815,206	80.07%	15,830,319	984,887	6.22%
Other Taxes	6,287,638	6,287,638	4,124,208	65.59%	4,376,971	(252,763)	-5.77%
Total Taxes	144,117,638	144,117,638	102,809,481	71.34%	99,062,281	3,747,200	3.78%
LICENSES & PERMITS							
Business Licenses	3,065,000	3,065,000	695,071	22.68%	679,557	15,514	2.28%
Building Permits	4,500,000	4,500,000	5,916,991	131.49%	2,942,607	2,974,384	101.08%
Electric Permits	600,000	600,000	536,647	89.44%	344,800	191,847	55.64%
Plumbing Permits	500,000	500,000	464,082	92.82%	226,470	237,612	104.92%
Mechanical Permits	450,000	450,000	437,243	97.17%	196,254	240,989	122.79%
Miscellaneous Permits	63,000	63,000	74,657	118.50%	460,527	(385,870)	-83.79%
Total Licenses & Permits	9,178,000	9,178,000	8,124,691	88.52%	4,850,215	3,274,476	67.51%
FINES & PENALTIES	1,580,500	1,580,500	1,481,443	93.73%	1,376,646	104,797	7.61%
INTERGOVERNMENTAL	702,000	797,551	1,770,794	222.03%	4,013,738	(2,242,944)	-55.88%
CHARGES FOR SERVICES	34,447,858	34,447,858	31,297,127	90.85%	29,504,382	1,792,745	6.08%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	17,320,942	75.00%	16,246,427	1,074,515	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	3,280,936	82.02%	2,407,834	873,102	36.26%
Rent	7,831,522	7,845,587	6,426,245	81.91%	6,650,951	(224,706)	-3.38%
Total Use of Money & Property	11,831,522	11,845,587	9,707,181	81.95%	9,058,785	648,396	7.16%
MISCELLANEOUS REVENUES	757,308	857,308	415,073	48.42%	446,627	(31,554)	-7.06%
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	4,116,125	4,116,125	100.00%	2,948,460	1,167,665	39.60%
Operating Transfer In - Fund Balances ⁽¹⁾		10,459,221	10,459,221	100.00%	5,033,801	5,425,420	107.78%
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	16,076,596	16,076,596	100.00%	9,368,922	6,707,674	71.59%
STADIUM OPERATION							
Charges for Services	6,242,072	6,784,367	5,306,188	78.21%	-	5,306,188	N/A
Rent and Licensing	3,231,500	3,231,500	571,578	17.69%	-	571,578	N/A
Total Stadium Operation	9,473,572	10,015,867	5,877,766	58.68%	-	5,877,766	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 252,011,495	\$ 194,881,094	77.33%	\$ 173,928,023	\$ 20,953,071	12.05%

(1) The Operating Transfer In - Fund Balances is the rolled over encumbrances of open purchase orders as of June 30, 2018 and mid year budget amendment from reserves.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9% of which the City receives 1%. Nine months of local one percent of sales tax equaled \$45 million, which was approximately 4.7% higher than anticipated for this time of year.

Property Tax: The majority of property tax revenue is collected in December and April each year; therefore revenues are typically below annual budget expectations at this time of year. Compared to the prior year as of March 31, 2019, property tax increased 3.3%, which can be attributed to higher property values and an increase in development.

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%. Nine months of TOT revenue reached \$16.8 million, and is trending ahead of estimated revenue.

Other Taxes: Includes franchise tax and documentary transfer tax. Both franchise tax and documentary transfer tax were slightly lower than budgeted level due to timing of receipt of revenues.

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 development within the City in October 2018.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. These revenues are trending higher than expected due to higher collection from traffic fines and past due charges of utility accounts.

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 \$2.2 million from prior fiscal year was mainly due to 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. As of March 31, 2019, planning and zoning fee was \$0.9 million ahead of budget and fire prevention fee was \$2.2 million ahead of budget.

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 trending ahead of 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 June 2019 when the revenue is received.

General Fund Expenditures

As of March 31, 2019, \$176.3 million or 70% of the General Fund operating budget had been expended. Expenditures in the General Fund are under expected budgeted levels at this time of the year.

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 3/31/2019	Percentage Used	Actual Through 3/31/2018	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-departmental	\$ 7,810,527	\$ 7,838,558	\$ 2,067,129	26.37%	\$ 1,306,172	\$ 760,957	58.26%
City Council	833,851	833,851	568,805	68.21%	536,554	32,251	6.01%
City Clerk	1,872,604	2,212,709	1,422,506	64.29%	897,861	524,645	58.43%
City Manager	5,747,949	7,455,919	4,144,556	55.59%	4,572,330	(427,774)	-9.36%
City Attorney	2,129,011	2,187,159	1,391,917	63.64%	1,230,966	160,951	13.08%
Human Resources	3,640,473	3,640,473	2,220,669	61.00%	2,407,908	(187,239)	-7.78%
Finance	11,734,247	12,434,682	8,832,983	71.04%	7,726,871	1,106,112	14.32%
Information Technology	11,165,807	13,127,860	6,672,018	50.82%	6,041,850	630,168	10.43%
Total General Government	44,934,469	49,731,211	27,320,583	54.94%	24,720,512	2,600,071	10.52%
PUBLIC WORKS	25,446,506	25,709,627	18,229,560	70.91%	16,929,438	1,300,122	7.68%
COMMUNITY DEVELOPMENT	14,188,110	15,835,545	9,154,049	57.81%	7,949,588	1,204,461	15.15%
PARKS AND RECREATION	19,447,561	19,845,650	14,147,197	71.29%	12,730,332	1,416,865	11.13%
PUBLIC SAFETY							
Fire	46,683,831	49,769,013	39,342,841	79.05%	34,732,195	4,610,646	13.27%
Police	68,446,889	67,378,193	48,719,067	72.31%	50,528,417	(1,809,350)	-3.58%
Total Public Safety	115,130,720	117,147,206	88,061,908	75.17%	85,260,612	2,801,296	3.29%
LIBRARY	10,426,621	10,466,088	7,504,317	71.70%	7,102,473	401,844	5.66%
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	-	2,200,000	2,200,000	100.00%	1,900,000	300,000	15.79%
Operating Transfer Out - Cemetery	618,081	618,081	618,081	100.00%	-	618,081	N/A
Operating Transfer Out- SCGTC/Convention Center	548,829	878,849	155,020	17.64%	-	155,020	N/A
Operating Transfer Out- CIP	-	50,000	50,000	100.00%	-	50,000	N/A
Total Other Financing Uses	4,553,982	7,148,067	6,424,238	89.87%	5,258,261	1,165,977	22.17%
STADIUM OPERATION	5,585,806	6,128,101	5,319,968	86.81%	-	5,319,968	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 252,011,495	\$ 176,161,820	69.90%	\$ 159,951,216	\$ 16,210,604	10.13%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program. Other program expenditures not described below are trending as expected.

Non-Departmental: Includes expenditures that are not attributable to a single department but a function of the City in general. With 75% of the year complete, expenditures are at 26% of budget due to salaries and benefits savings from vacant positions, savings from budgeted contract services that have yet to begin, and savings from the Convention and Visitor's Bureau (CVB) budget allocation.

City Clerk: The actual expenditures through March 2019 are higher than the previous year due to election costs incurred in fiscal year 2018/19. These additional costs were included in the current year appropriation.

City Manager: The actual expenditures are below budget due to lower contractual expenditures as of March 31, 2019.

Information Technology: The actual expenditures are below budget due to lower contractual expenditures as of March 31, 2019. There are budget encumbrances in contractual services, however the actual expenditures as of March 31, 2019 are coming in lower than expected.

Community Development: Consists of three divisions: Planning, Building, and Housing and Community Services. Departmental expenditures were below budget due to lower contractual services expenditures.

Stadium Operation: Stadium operating expenditures are higher than stadium operations revenues as of March 31, 2019 due to timing of receipt of revenues. Expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition.

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Special Revenue Funds

The table below is the summary of revenues and expenditures of select Special Revenue Funds as of March 31, 2019. The amended budget for both has been revised due to carryover appropriations from fiscal year 2017-18 and various budget amendments in the current fiscal year.

**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 3/31/2019	Percentage received	Actual Through 3/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 161,610	57.31%	\$ 139,453	\$ 22,157	15.89%
City Affordable Housing Fund	696,703	1,089,854	100,681	9.24%	1,366,700	(1,266,019)	-92.63%
Housing Successor Fund	581,000	806,000	1,385,315	171.88%	1,298,536	86,779	6.68%
Housing and Urban Development	2,671,456	3,824,498	1,108,694	28.99%	936,908	171,786	18.34%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 2,756,300	45.92%	\$ 3,741,597	\$ (985,297)	-26.33%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 3/31/2019	Percentage Used	Actual through 3/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 47,571	15.30%	\$ 35,207	\$ 12,364	35.12%
City Affordable Housing Fund	1,638,098	7,031,249	262,479	3.73%	247,113	15,366	6.22%
Housing Successor Fund	688,327	913,327	438,512	48.01%	376,476	62,036	16.48%
Housing and Urban Development	3,504,232	4,657,274	1,094,989	23.51%	1,081,417	13,572	1.26%
TOTAL	\$ 6,119,646	\$ 12,912,837	\$ 1,843,551	14.28%	\$ 1,740,213	\$ 103,338	5.94%

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**

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 3/31/2019	Percentage Used	Actual Through 3/31/2018
Parks & Recreation	\$ 4,451,400	\$ 33,034,145	\$ 37,485,545	\$ 6,697,241	17.87%	\$ 2,745,776
Streets & Highways	14,470,144	36,599,210	51,069,354	10,728,929	21.01%	7,977,189
Storm Drain	1,995,000	2,183,435	4,178,435	367,333	8.79%	2,315,485
Fire	556,513	637,376	1,193,889	244,771	20.50%	1,442,556
Library	220,000	2,025,888	2,245,888	1,980,182	88.17%	1,071,665
Public Buildings	3,838,592	3,433,354	7,271,946	1,635,113	22.49%	1,053,531
General Gov't - Other	12,049,525	14,008,833	26,058,358	11,923,913	45.76%	4,149,373
TOTAL	\$ 37,581,174	\$ 91,922,241	\$ 129,503,415	\$ 33,577,482	25.93%	\$ 20,755,575

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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 March 31, 2019.

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 3/31/2019	Percentage received	Actual Through 3/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 506,343,673	\$ 379,111,814	74.87%	\$ 323,379,303	\$ 55,732,511	17.23%
Water Utility Fund	50,333,600	52,786,856	35,959,202	68.12%	34,997,202	962,000	2.75%
Sewer Utility Fund	41,742,075	41,799,661	30,048,821	71.89%	29,987,081	61,740	0.21%
Cemetery Fund	600,150	600,685	427,599	71.19%	379,497	48,102	12.68%
Solid Waste Utility Fund	24,726,835	25,344,682	18,995,623	74.95%	17,398,987	1,596,636	9.18%
Water Recycling Fund	7,080,000	7,940,000	4,943,370	62.26%	3,902,059	1,041,311	26.69%
TOTAL REVENUE	\$ 574,574,460	\$ 634,815,557	\$ 469,486,429	73.96%	\$ 410,044,129	\$ 59,442,300	14.50%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 3/31/2019	Percentage Used	Actual through 3/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 480,839,292	\$ 340,910,571	70.90%	\$ 287,081,767	\$ 53,828,804	18.75%
Water Utility Fund	44,431,411	46,613,978	32,011,555	68.67%	29,828,884	2,182,671	7.32%
Sewer Utility Fund	26,014,588	26,072,174	18,835,153	72.24%	18,453,251	381,902	2.07%
Cemetery Fund	1,245,504	1,246,039	922,989	74.07%	747,395	175,594	23.49%
Solid Waste Utility Fund	24,346,883	25,215,730	16,608,440	65.87%	15,650,798	957,642	6.12%
Water Recycling Fund	4,934,172	5,794,172	4,961,069	85.62%	3,820,423	1,140,646	29.86%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 585,781,385	\$ 414,249,777	70.72%	\$ 355,582,518	\$ 58,667,259	16.50%

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2018-19					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 3/31/2019	Percentage Used	Actual Through 3/31/2018
Electric Utility Fund	\$ 34,452,352	\$ 96,448,368	\$ 130,900,720	\$ 16,291,759	12.45%	\$ 21,152,782
Street Lighting ⁽¹⁾	800,206	5,375,199	6,175,405	67,715	1.10%	781,737
Water Utility Fund	5,808,689	10,757,055	16,565,744	2,557,832	15.44%	1,070,046
Sewer Utility Fund	22,590,086	29,155,623	51,745,709	12,373,054	23.91%	17,991,113
Cemetery Fund	-	28,085	28,085	-	-	-
Solid Waste Utility Fund	470,000	1,148,875	1,618,875	493,229	30.47%	383,531
Water Recycling Fund	50,000	277,217	327,217	-	-	4,324
TOTAL - CIP Appropriations	\$ 64,171,333	\$ 143,190,422	\$ 207,361,755	\$ 31,783,589	15.33%	\$ 41,383,533

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

Below is an explanation of certain budget to actual revenue or expense variances by enterprise activity. Other enterprise revenues or expenses not described below are trending as expected.

Water Recycling Fund: Accounts for the construction, operation, and maintenance of the recycled water system within the City limits. Overall revenue and expenses in recycled water increased compared to prior year due to higher customer demand. Expenses were ahead of budget at March 31, 2019 due to increased purchase costs of recycled water based on usage. There is also a timing difference related to revenue collection related to the increased usage.

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	\$ 62,948,116			
Capital Projects Reserve	24,618,836			
Building Inspection Reserve	9,271,328			
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	\$ 118,068,021	\$ 125,786,740	\$ 336,215	\$ 1,507,553

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Long-Term Interfund Advances/Loans

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

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

Donations to the City of Santa Clara

Donations received by department during the month of March 2019, and for fiscal year 2018-19 are shown in the table below.

Department	Mar-19	Fiscal Year 2018-19 Year To Date	Donor	Designated Use
Finance	\$ 25	\$ 150	Various	Utility Bill Assistance
Library	-	150,000	Library Foundation	Library Furnishings
Park & Recreation	-	537	Various	Various Parks & Rec programs
Police	-	7,000	Batton Foundation	Police K-9 program
Cemetery	-	1,635	Anonymous	Cemetery tree
TOTALS	\$ 25	\$ 159,322		