



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

May 2019

This report summarizes the City's financial performance for the month ended May 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 May 2019, revenues were approximately 4.7% 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 \$252.1 million due to carryover appropriations from fiscal year 2017-18 and various budget amendments in the current fiscal year.

Financial Status Report as of May 31, 2019

General Fund Revenues

As of May 31, 2019, \$243 million or 96.4% of the General Fund estimated revenue had been received. Revenues in the General Fund as a whole, are performing approximately 4.7% 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 5/31/2019	Percentage Received	Actual Through 5/31/2018	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 56,530,000	\$ 56,530,000	\$ 54,460,246	96.34%	\$ 51,975,667	\$ 2,484,579	4.78%
Property Tax	60,300,000	60,300,000	51,628,067	85.62%	46,887,897	4,740,170	10.11%
Transient Occupancy Tax	21,000,000	21,000,000	21,505,708	102.41%	20,399,365	1,106,343	5.42%
Other Taxes	6,287,638	6,287,638	5,721,182	90.99%	6,062,147	(340,965)	-5.62%
Total Taxes	144,117,638	144,117,638	133,315,203	92.50%	125,325,076	7,990,127	6.38%
LICENSES & PERMITS							
Business Licenses	3,065,000	915,000	857,216	93.68%	834,458	22,758	2.73%
Fire Operation Permits	-	2,150,000	2,319,689	107.89%	-	2,319,689	N/A
Building Permits	4,500,000	4,500,000	7,948,666	176.64%	3,917,988	4,030,678	102.88%
Electric Permits	600,000	600,000	733,715	122.29%	455,029	278,686	61.25%
Plumbing Permits	500,000	500,000	610,088	122.02%	316,421	293,667	92.81%
Mechanical Permits	450,000	450,000	570,029	126.67%	286,121	283,908	99.23%
Miscellaneous Permits	63,000	63,000	85,256	135.33%	623,789	(538,533)	-86.33%
Total Licenses & Permits	9,178,000	9,178,000	13,124,659	143.00%	6,433,806	6,690,853	104.00%
FINES & PENALTIES	1,580,500	1,580,500	1,837,135	116.24%	1,655,215	181,920	10.99%
INTERGOVERNMENTAL	702,000	797,551	2,793,015	350.20%	4,261,279	(1,468,264)	-34.46%
CHARGES FOR SERVICES	34,447,858	34,447,858	35,499,378	103.05%	37,949,357	(2,449,979)	-6.46%
CONTRIBUTION IN LIEU	23,094,590	23,094,590	21,170,040	91.67%	19,856,744	1,313,296	6.61%
USE OF MONEY & PROPERTY							
Interest	4,000,000	4,000,000	4,630,102	115.75%	3,152,332	1,477,770	46.88%
Rent	7,831,522	7,845,587	7,711,525	98.29%	8,017,342	(305,817)	-3.81%
Total Use of Money & Property	11,831,522	11,845,587	12,341,627	104.19%	11,169,674	1,171,953	10.49%
MISCELLANEOUS REVENUES	757,308	857,308	502,288	58.59%	562,242	(59,954)	-10.66%
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	4,182,281	4,182,281	100.00%	2,948,460	1,233,821	41.85%
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	16,142,752	16,142,752	100.00%	9,368,922	6,773,830	72.30%
STADIUM OPERATION							
Charges for Services	6,242,072	6,784,367	5,660,711	83.44%	-	5,660,711	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	6,232,289	62.22%	-	6,232,289	N/A
TOTAL GENERAL FUND	\$ 239,713,776	\$ 252,077,651	\$ 242,958,386	96.38%	\$ 216,582,315	\$ 26,376,071	12.18%

(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%. Eleven months of local one percent of sales tax equaled \$54.5 million, which was approximately 4.7% higher than anticipated for this time of year, and a 4.8% increase over previous year.

Property Tax: The majority of property tax revenue is collected in December and April each year. Property tax is \$51.6 million, 10% higher than the prior year, 6.1% lower than the expected as of 5/31/2019. The decrease is partially due to a large property tax appeal, which resulted in an impact of about \$2.5 million.

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%. Eleven months of TOT revenue reached \$21.5 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 \$1.5 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 May 31, 2019, planning and zoning fee was \$1 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. The 6.6% increase from the comparable previous year is a

result of the increase in Electric Utility revenues. While these revenues are trending ahead of budget, adjustments will be made at year-end based on actual 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 primarily due to higher than anticipated investment return rates.

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: 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.

Financial Status Report as of May 31, 2019

General Fund Expenditures

As of May 31, 2019, \$214.8 million or 85.2% 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 5/31/2019	Percentage Used	Actual Through 5/31/2018	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,810,527	\$ 8,195,990	\$ 2,259,780	27.57%	\$ 1,360,466	\$ 899,314	66.10%
City Council	833,851	833,851	705,372	84.59%	661,251	44,121	6.67%
City Clerk	1,872,604	2,212,709	1,589,146	71.82%	1,064,555	524,591	49.28%
City Manager	5,747,949	7,098,487	5,156,101	72.64%	5,812,988	(656,887)	-11.30%
City Attorney	2,129,011	2,187,159	1,794,068	82.03%	1,556,195	237,873	15.29%
Human Resources	3,640,473	3,640,473	2,887,589	79.32%	2,932,164	(44,575)	-1.52%
Finance	11,734,247	12,434,682	10,967,619	88.20%	9,586,619	1,381,000	14.41%
Information Technology	11,165,807	13,127,860	8,501,322	64.76%	7,044,999	1,456,323	20.67%
Total General Government	44,934,469	49,731,211	33,860,997	68.09%	30,019,237	3,841,760	12.80%
PUBLIC WORKS	25,446,506	25,775,783	22,397,206	86.89%	20,639,457	1,757,749	8.52%
COMMUNITY DEVELOPMENT	14,188,110	15,835,545	11,545,633	72.91%	9,875,314	1,670,319	16.91%
PARKS AND RECREATION	19,447,561	19,845,650	17,362,311	87.49%	15,549,107	1,813,204	11.66%
PUBLIC SAFETY							
Fire	46,683,831	49,769,013	48,075,497	96.60%	41,972,428	6,103,069	14.54%
Police	68,446,889	67,378,193	59,985,081	89.03%	61,971,911	(1,986,830)	-3.21%
Total Public Safety	115,130,720	117,147,206	108,060,578	92.24%	103,944,339	4,116,239	3.96%
LIBRARY	10,426,621	10,466,088	9,247,927	88.36%	8,765,619	482,308	5.50%
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	5,928,281	96.74%	-	5,928,281	N/A
TOTAL GENERAL FUND	\$ 239,713,775	\$ 252,077,651	\$ 214,827,171	85.22%	\$ 194,051,334	\$ 20,775,837	10.71%

General Fund Expenditures

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

Non-Departmental: Includes expenditures that are not attributable to a single department but a function of the City in general. With 91.7% of the year complete, expenditures are at 28% 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 May 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 May 31, 2019. Also, \$357K funding was reallocated from City Manager's Office to Non-Departmental Strategic Planning and Initiatives Division in April 2019. This division was created as part of the Proposed Budget to provide oversight of citywide functions including stadium and convention center management, risk management, sustainability, real estate management, and public records.

Information Technology: The actual expenditures are below budget due to lower contractual expenditures. There are budget encumbrances in contractual services; however, the actual expenditures as of May 31, 2019 are only at 64.8% of budgeted level.

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

Fire Department: Higher than anticipated budget due to MOU agreements that included retroactive pay from fiscal year 2018-19 and a change in the Fair Labor Standards Act (FLSA) overtime calculation methodology.

Stadium Operation: Stadium operating expenditures are higher than stadium operations revenues as of May 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.

Financial Status Report as of May 31, 2019

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of May 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 5/31/2019	Percentage received	Actual Through 5/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 281,998	\$ 184,831	65.54%	\$ 450,267	\$ (265,436)	-58.95%
City Affordable Housing Fund	696,703	1,089,854	373,490	34.27%	1,389,142	(1,015,652)	-73.11%
Housing Successor Fund	581,000	806,000	1,597,816	198.24%	1,701,348	(103,532)	-6.09%
Housing and Urban Development	2,671,456	3,824,498	1,514,248	39.59%	1,673,084	(158,836)	-9.49%
TOTAL	\$ 4,209,159	\$ 6,002,350	\$ 3,670,385	61.15%	\$ 5,213,841	\$ (1,543,456)	-29.60%

Fund Description	EXPENDITURES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2019	Percentage Used	Actual through 5/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 288,989	\$ 310,987	\$ 58,893	18.94%	\$ 43,081	\$ 15,812	36.70%
City Affordable Housing Fund	1,638,098	7,031,249	306,596	4.36%	311,587	(4,991)	-1.60%
Housing Successor Fund	688,327	913,327	483,086	52.89%	444,258	38,828	8.74%
Housing and Urban Development	3,504,232	4,657,274	1,408,523	30.24%	1,374,221	34,302	2.50%
TOTAL	\$ 6,119,646	\$ 12,912,837	\$ 2,257,098	17.48%	\$ 2,173,147	\$ 83,951	3.86%

Governmental Capital Improvement Funds

The carryover of prior year budget amounts 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 carryover balances 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 5/31/2019	Percentage Used	Actual Through 5/31/2018
Parks & Recreation	\$ 4,742,560	\$ 33,034,145	\$ 37,776,705	\$ 8,020,483	21.23%	\$ 3,927,995
Streets & Highways	16,643,025	36,599,210	53,242,235	11,491,738	21.58%	8,600,124
Storm Drain	1,995,000	2,183,435	4,178,435	390,670	9.35%	2,379,168
Fire	556,513	637,376	1,193,889	302,081	25.30%	1,633,738
Library	220,000	2,025,888	2,245,888	2,002,009	89.14%	2,141,898
Public Buildings	6,838,592	3,433,354	10,271,946	1,782,843	17.36%	1,327,533
General Gov't - Other	12,049,525	14,008,833	26,058,358	12,415,032	47.64%	4,783,082
TOTAL	\$ 43,045,215	\$ 91,922,241	\$ 134,967,456	\$ 36,404,856	26.97%	\$ 24,793,538

Financial Status Report as of May 31, 2019

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, 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 5/31/2019	Percentage received	Actual Through 5/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 450,091,800	\$ 506,343,673	\$ 450,267,804	88.93%	\$ 392,965,300	\$ 57,302,504	14.58%
Water Utility Fund	50,333,600	52,786,856	43,239,436	81.91%	41,860,661	1,378,775	3.29%
Sewer Utility Fund	41,742,075	41,799,661	36,624,312	87.62%	36,294,533	329,779	0.91%
Cemetery Fund	600,150	600,685	523,638	87.17%	472,461	51,177	10.83%
Solid Waste Utility Fund	24,726,835	25,344,682	23,320,453	92.01%	21,310,025	2,010,428	9.43%
Water Recycling Fund	7,080,000	7,940,000	5,914,417	74.49%	4,560,149	1,354,268	29.70%
TOTAL REVENUE	\$ 574,574,460	\$ 634,815,557	\$ 559,890,060	88.20%	\$ 497,463,129	\$ 62,426,931	12.55%

Fund Description	EXPENSES - FISCAL YEAR 2018-19				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 5/31/2019	Percentage Used	Actual through 5/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 421,626,016	\$ 480,839,292	\$ 405,416,420	84.31%	\$ 350,154,417	\$ 55,262,003	15.78%
Water Utility Fund	44,431,411	46,613,978	37,894,204	81.29%	35,727,974	2,166,230	6.06%
Sewer Utility Fund	26,014,588	26,072,174	24,222,896	92.91%	24,412,888	(189,992)	-0.78%
Cemetery Fund	1,245,504	1,246,039	1,095,293	87.90%	910,660	184,633	20.27%
Solid Waste Utility Fund	24,346,883	25,215,730	20,504,216	81.32%	18,848,419	1,655,797	8.78%
Water Recycling Fund	4,934,172	5,794,172	5,110,223	88.20%	4,556,459	553,764	12.15%
TOTAL - Operating Appropriations	\$ 522,598,574	\$ 585,781,385	\$ 494,243,252	84.37%	\$ 434,610,817	\$ 59,632,435	13.72%

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 5/31/2019	Percentage Used	Actual Through 5/31/2018
Electric Utility Fund	\$ 36,802,352	\$ 96,448,368	\$ 133,250,720	\$ 21,144,678	15.87%	\$ 24,375,425
Street Lighting ⁽¹⁾	800,206	5,375,199	6,175,405	69,745	1.13%	789,796
Water Utility Fund	5,892,247	10,757,055	16,649,302	3,297,596	19.81%	1,595,324
Sewer Utility Fund	22,566,833	29,155,623	51,722,456	20,072,654	38.81%	27,072,137
Cemetery Fund	-	28,085	28,085	-	-	-
Solid Waste Utility Fund	470,000	1,148,875	1,618,875	524,097	32.37%	686,844
Water Recycling Fund	50,000	277,217	327,217	-	-	7,295
TOTAL - CIP Appropriations	\$ 66,581,638	\$ 143,190,422	\$ 209,772,060	\$ 45,108,770	21.50%	\$ 54,526,821

(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	\$ 62,881,960			
Capital Projects Reserve	22,236,209			
Building Inspection Reserve	9,271,328			
Land Sale Reserve	21,503,731			
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	\$ 115,893,228	\$ 125,786,740	\$ 336,215	\$ 1,507,553

Financial Status Report as of May 31, 2019

Long-Term Interfund Advances

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

DETAIL OF LONG TERM INTERFUND ADVANCE 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 May 2019, and for fiscal year 2018-19 are shown in the table below.

Department	May-19	Fiscal Year 2018-19 Year To Date	Donor	Designated Use
Finance	\$ 25	\$ 300	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	\$ 159,472		