



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

December 2019

This report summarizes the City's financial performance for the month ended December 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 residents of the City.

Effective fiscal year 2019/20, the City switched from a cash basis to a modified-accrual basis, which is reflected in the tables of this report. As a result of this change, a number of revenues appear to be significantly lower than prior year collections and below par through December due to the timing of payments. Overall, departmental expenditures are tracking within budgeted expectations at this time of the year. However, personnel-related costs for a few departments are tracking above budgeted levels through December. For fiscal year 2019/20, the City is still anticipated to maintain a positive operating position.

The adopted budget for both operating revenues and expenditures for fiscal year 2019/20 was \$263.2 million. The amended budget for both was revised to \$272.7 million to reflect carryover appropriations from fiscal year 2018/19 and various budget amendments approved by the City Council through December 2019.

General Fund Revenues

As of December 31, 2019, \$120.6 million or 44.2% of the General Fund estimated revenue was received. Revenue is currently tracking below par of 50.0% and is also lower compared to collections through the same time last year. As mentioned above, effective July 1, 2019, the City transitioned to a modified accrual basis from a cash basis. This change in budgeting methodology resulted in a timing difference for when revenue is recognized when comparing to FY 2018/19. The largest accruals are for sales tax, transient occupancy tax and other agency revenues. Factoring out these timing differences, revenues are tracking to slightly exceed the budget.

**CITY OF SANTA CLARA
GENERAL FUND
REVENUES OVERVIEW AND COMPARISON BY TYPE**

Function	FISCAL YEAR 2019/20				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2019	Percentage Received	Actual Through 12/31/2018	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 58,200,400	\$ 58,200,400	\$ 20,584,361	35.37%	\$ 30,682,210	\$ (9,994,845)	-219.23%
Property Tax	64,438,315	64,438,315	17,045,925	26.45%	15,967,361	1,078,564	6.75%
Transient Occupancy Tax	23,002,500	23,002,500	7,348,471	31.95%	11,169,775	(3,821,304)	-34.21%
Other Taxes	6,080,151	6,080,151	1,606,700	26.43%	2,817,710	(1,211,010)	-42.98%
Total Taxes	151,721,366	151,721,366	46,585,457	30.70%	60,637,056	(13,948,595)	-23.00%
LICENSES & PERMITS							
Business Licenses	959,500	959,500	434,539	45.29%	441,498	(6,959)	-1.58%
Fire Operation Permits	2,250,000	2,250,000	1,084,292	48.19%	-	1,084,292	100.00%
Building Permits	4,657,500	4,657,500	3,311,779	71.11%	4,424,209	(1,112,430)	-25.14%
Electric Permits	517,500	517,500	320,873	62.00%	399,341	(78,468)	-19.65%
Plumbing Permits	310,500	310,500	299,469	96.45%	328,805	(29,336)	-8.92%
Mechanical Permits	258,750	258,750	269,866	104.30%	310,752	(40,886)	-13.16%
Miscellaneous Permits	46,575	46,575	42,314	90.85%	58,582	(16,268)	0.00%
Total Licenses & Permits	9,000,325	9,000,325	5,763,132	64.03%	5,963,187	(200,055)	-3.35%
FINES & PENALTIES	1,689,225	1,689,225	671,306	39.74%	957,268	(285,962)	-29.87%
INTERGOVERNMENTAL	168,755	5,239,529	5,293,046	101.02%	1,363,993	3,929,053	288.06%
CHARGES FOR SERVICES	33,144,722	33,180,892	19,820,738	59.74%	20,680,328	(859,590)	-4.16%
CONTRIBUTION IN LIEU	24,333,275	24,333,275	12,166,637	50.00%	11,547,294	619,343	5.36%
USE OF MONEY & PROPERTY							
Interest	5,697,500	5,697,500	1,308,228	22.96%	2,213,850	(905,622)	-40.91%
Rent	8,658,991	8,658,991	4,414,237	50.98%	4,017,642	396,595	9.87%
Total Use of Money & Property	14,356,491	14,356,491	5,722,465	39.86%	6,231,492	(509,027)	-8.17%
MISCELLANEOUS REVENUES	100,001	100,001	1,003,432	1003.42%	264,236	739,196	279.75%
LAND PROCEEDS	4,050,000	4,050,000	164,606	4.06%	-	-	0.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,398,145	1,398,145	1,398,145	100.00%	1,447,000	(48,855)	-3.38%
Operating Transfer In - Reserves	11,290,582	11,978,582	11,978,582	100.00%	3,629,538	8,349,044	230.03%
Operating Transfer In - Fund Balances ⁽¹⁾		5,338,670	5,338,670	100.00%	10,459,221	(5,120,551)	-48.96%
Operating Transfer In - Miscellaneous	667,885	1,736,115	1,736,115	100.00%	54,250	1,681,865	3100.21%
Total Other Financing Sources	13,356,612	20,451,512	20,451,512	100.00%	15,590,009	4,861,503	31.18%
STADIUM OPERATION							
Charges for Services	7,988,313	7,496,688	2,416,336	32.23%	2,821,783	(405,447)	-14.37%
Rent and Licensing	3,333,185	1,124,810	539,080	47.93%	535,244	3,836	0.72%
Total Stadium Operation	11,321,498	8,621,498	2,955,416	34.28%	3,357,027	(401,611)	-11.96%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 272,744,114	\$ 120,597,747	44.22%	\$ 126,591,890	\$ (6,055,745)	-4.78%

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. Through December 31, 2019, sales tax collections were \$20.6 million. These collections represent the sales tax revenue generated for the months of July through October 2019. While last year saw collections of \$30.7 million through the same period, these collections were for the months of May through October 2018. Based on receipts for the first quarter and the estimates from the City's Sales Tax consultant, MuniServices, collections are projected to total \$60.3 million in FY 2019/20, exceeding the budgeted estimate of \$58.2 million.

Property Tax: The majority of property tax revenue is collected in December and April each year. Based on the latest estimates from the County of Santa Clara, it is anticipated that collections in this category will reach \$65.3 million, slightly exceeding the FY 2019/20 budgeted estimate of \$64.4 million. Property tax collections totaled \$17.0 million through December, which is higher than what was collected last year through the same period.

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%. Through December 31, 2019, \$7.3 million has been collected, which is \$3.8 million less than what was collected through December 2018. This variance from last year's collections is attributable to the budget methodology change. Based on receipts through December, collections are tracking to meet or slightly exceed the budgeted estimate of \$23.0 million.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$1.6 million, which is 26.4% of the budgeted estimate of \$6.1 million. This decrease in revenue compared to last year's collections through the same period is attributable to the change in budgeting methodology and the timing of payments. Franchise tax collections, budgeted at \$4.4 million, are lower due to prior year accruals and the timing of the receipt of payments. The City has received second quarter payments that will be reflected in next month's monthly financial report. Documentary transfer tax, budgeted at \$1.7 million, is lower as a result of a drop-off in activity this fiscal year.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue collections are above par and totaled \$5.8 million, or 64.0% of the modified budget of \$9.0 million. These collections are consistent with what was collected through the same period last fiscal year. If current collection trends continue, receipts are projected to exceed the budgeted estimate by at least \$2.0 million. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category totaled just over \$0.7 million. This revenue category had revenue that was accrued in fiscal year 2018/19, resulting in lower current year collections through December 31, 2019. Additionally, activity levels in the collection charges and traffic fines accounts are lower compared to last fiscal year. Collections are tracking close to the budgeted estimate of \$1.7 million, which is below the prior year actual collection level of \$2.1 million.

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. Through December 31, 2019, collections totaled approximately \$5.3 million, meeting this year's budgeted estimate and exceeding last fiscal year's collections through the same period. This increase is due to a Santana West settlement payment in the amount of \$5.0 million for the Related project received from the City of San José. These funds are restricted for affordable housing and transportation improvements and have been set aside in a separate reserve.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. While collections of \$19.8 million were \$0.9 million lower than collections through the same time last year, revenues in this category are tracking above par at 59.7%. This is mainly attributable to higher plan check and sign fee collections in December. If current collection trends continue, receipts are projected to exceed the budgeted estimate of \$33.2 million by at least \$2 million to \$3 million by year-end.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% 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. Through December, \$12.2 million has been received, which is consistent with the budgeted estimate of \$24.3 million. However, these payments were based on the budgeted estimate and will be trued up later in the fiscal year. Based on prior year activity and current estimates, collections in this category may fall below the budgeted estimate by over \$1.0 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$5.7 million, which is below the budgeted estimate at 39.8% due to the timing of payments for interest earnings related to the prior year accrual. Receipts in this category are tracking to meet or slightly exceed the budgeted estimate by year-end.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of December 31, 2019, collections totaled \$1.0 million, which exceeds the budgeted estimate. This is a result of proceeds from the sale the right-of-way related to the vacated land sale on Fremont Street and Sherman Street.

Land Proceeds: Includes revenue for the sale of City-owned land. Through December 31, 2019, proceeds totaled approximately \$0.2 million, resulting from the sale of vacated land located on Fremont Street and Sherman Street. The budgeted estimate for this category included \$4.0 million of proceeds from the sale of property to be used for affordable housing. It is anticipated that this sale will be completed at the end of this calendar year. A budget action will be brought forward as part of the budgetary year-end report to carry this budget into FY 2020/21.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$3.0 million through December 31, 2019, which is lower than collections through the same period last fiscal year. This is well below par due to the timing of invoices and payments by the Forty Niners Management Company. In addition, Non-NFL performance-based rent is not projected to meet the FY 2019/20 Adopted Budget

estimate due to a significantly lower than anticipated number of Non-NFL events at the Stadium. A separate downward adjustment of \$2.7 million was approved as part of the Budgetary Year-End Report to decrease these revenues, which is reflected in the Amended Budget column in the table above. The lease revenue is projected to end the fiscal year at \$639,000 which slightly exceeds the budgeted estimate of \$633,000.

General Fund Expenditures

As of December 31, 2019, \$136.9 million or 50.2% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels at this time of the year. However, there are a few departments that are tracking slightly above estimated levels through December.

CITY OF SANTA CLARA GENERAL FUND EXPENDITURES OVERVIEW AND COMPARISON BY FUNCTION

Function	FISCAL YEAR 2019/20				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2019	Percentage Used	Actual Through 12/31/2018	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 11,909,566	\$ 14,232,673	\$ 2,302,752	16.18%	\$ 1,113,193	\$ 1,189,559	106.86%
City Council	894,953	894,953	467,976	52.29%	366,951	101,025	27.53%
City Clerk	1,389,880	1,662,880	627,624	37.74%	873,438	(245,814)	-28.14%
City Manager	6,554,276	7,409,834	2,593,487	35.00%	2,857,023	(263,536)	-9.22%
City Attorney	2,260,512	2,279,523	1,003,440	44.02%	864,369	139,071	16.09%
Human Resources	4,409,195	4,622,757	1,926,044	41.66%	1,456,875	469,169	32.20%
Finance	15,719,734	16,653,861	7,143,772	42.90%	5,804,937	1,338,835	23.06%
Information Technology	-	-	-	0.00%	5,251,608	(5,251,608)	-100.00%
Total General Government	43,138,116	47,756,481	16,065,095	33.64%	18,588,394	(2,523,299)	-13.57%
PUBLIC WORKS	23,579,460	23,809,037	11,826,836	49.67%	12,266,253	(439,417)	-3.58%
COMMUNITY DEVELOPMENT	14,186,780	15,607,752	6,673,428	42.76%	5,842,837	830,591	14.22%
PARKS AND RECREATION	22,401,233	23,011,286	10,973,537	47.69%	9,571,390	1,402,147	14.65%
PUBLIC SAFETY							
Fire	52,783,063	54,209,728	27,994,900	51.64%	26,114,143	1,880,757	7.20%
Police	73,397,279	74,009,459	37,196,493	50.26%	32,444,700	4,751,793	14.65%
Total Public Safety	126,180,342	128,219,187	65,191,393	50.84%	58,558,843	6,632,550	11.33%
LIBRARY	11,310,791	11,346,604	5,392,174	47.52%	5,098,751	293,423	5.75%
DEPARTMENTAL SUBTOTAL	240,796,722	249,750,347	116,122,463	46.50%	109,926,468	6,195,995	5.64%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	526,688	526,688	428,445	81.35%	885,578	(457,133)	-51.62%
Operating Transfer Out - Rental Income	-	-	-	0.00%	14,065	(14,065)	-100.00%
Operating Transfer Out - Debt Services	1,710,474	1,710,474	1,710,474	100.00%	2,501,494	(791,020)	-31.62%
Operating Transfer Out - Maintenance Districts	917,331	917,331	917,331	100.00%	-	917,331	N/A
Operating Transfer Out - Cemetery	703,490	703,490	703,490	100.00%	618,081	85,409	13.82%
Operating Transfer Out - SCGTC	-	-	-	0.00%	155,020	(155,020)	-100.00%
Operating Transfer Out - Special Liability	-	-	-	0.00%	2,200,000	(2,200,000)	-100.00%
Operating Transfer Out - CIP	11,643,673	11,643,673	11,643,673	100.00%	50,000	11,593,673	23187.35%
Operating Transfer Out - Reserves	344,360	863,660	863,660	100.00%	-	-	N/A
Total Other Financing Uses	15,846,016	16,365,316	16,267,073	99.40%	6,424,238	8,979,175	139.77%
STADIUM OPERATION	6,599,532	6,621,340	4,502,622	68.00%	3,479,204	1,023,418	29.42%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 272,737,003	\$ 136,892,158	50.19%	\$ 119,829,910	\$ 16,198,588	13.52%

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. Effective fiscal year 2019/20, the Information Technology budget was shifted from the General Fund to a newly established internal services fund.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through December 30, 2019, expenditures were at 16.2% of budget, primarily due to lower expenditures in the salary and benefits and materials, services and supplies categories. The Non-Departmental budget also includes a \$4.0 million loan to fund an affordable housing project that was approved by the City Council on January 29, 2019, which has not yet been expended. It is anticipated that this loan, which will be funded by a property sale, will be processed at the end of the calendar year. A budget action to carry this appropriation over will be brought forward as part of the budgetary year-end report. Additionally, as approved in the FY 2018/19 Budgetary Year-End report, \$1.8 million was added to the Non-Departmental budget to cover costs related to Fair Labor Standards Act (FLSA) requirements for retroactive overtime costs and payouts, which has not yet been fully expended.

City Manager: The actual expenditures through December 31, 2019 were at 35.0% of the budget. This is primarily due to lower than anticipated spending in the contractual services category. The contractual services spend is expected to increase as the year progresses.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through December, departmental expenditures of \$6.7 million were at 42.8% of the budget, which is below par for this time of year. Contractual services are tracking well above par at 79.5%; however, this has been offset by vacancy savings within the department. With the recent influx of large-scale development projects, additional resources are needed to address the workload and maintain service levels and turnaround times through the remainder of the year. A separate budget amendment increasing the contractual services budget by \$1.5 million was brought forward and approved as part of the November Monthly Financial Report. This amendment will be reflected in next month's financial report.

Fire Department: Actual expenditures totaled \$28.0 million, which is slightly above par at 51.6%. Overall salary expenditures in the Fire Department are tracking above budget, particularly in the overtime category due to minimum staffing requirements and the as-needed category. This is partially offset by lower than budgeted expenditures in the materials, services, and supplies category. Funding of \$350,000 was added to the Fire Department budget to account for estimated FLSA eligible overtime costs. Additionally, \$688,000 was added to the Fire Department's budget as a result of negotiated wage increases approved for Units 1 and 9B. A budget amendment will be brought forward to increase the overtime budget at a later date as staff will continue to monitor this expenditure category.

Police Department: Expenditures through December 31, 2019 totaled \$37.2 million, which is slightly above budgeted levels at 50.3%. The salary expenditures were above budget primarily in the as-needed and overtime categories, resulting from additional staffing needs for events including Great

America's Halloween Haunt and mutual aid provided to the Gilroy Garlic Festival shooting and investigation. The City will be receiving a reimbursement related to the staffing costs for the Great America Haunt, which will be reflected in the next monthly financial report. There have also been new City events that have required Police staffing such as the Parade of Champions and Comic Con. These higher expenditures are partially offset by lower than budgeted expenses in the materials, services, and supplies category. Staff will continue to closely monitor the salary category and bring forward budget amendments as necessary.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$4.5 million through December 31, 2019 and are tracking above budgeted levels. The higher expenditures are a result of the purchase of a new public safety insurance policy. Additionally, outside agency public safety costs trend higher in the first two quarters of the year during the NFL season. Both the insurance premium and public safety costs are reimbursed by the 49ers.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of December 30, 2019. The amended budget for both reflects carryover appropriations from fiscal year 2018/19 in addition to various budget amendments approved by the City Council through December 2019. The revenues received through the end of December totaled approximately \$1.4 million, while expenditures totaled \$1.8 million.

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

Fund Description	REVENUES - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2019	Percentage received	Actual Through 12/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 274,831	\$ 139,390	50.72%	\$ 135,742	\$ 3,648	2.69%
City Affordable Housing Fund	696,703	1,084,543	93,399	8.61%	71,222	22,177	31.14%
Housing Successor Fund	12,031,000	12,084,817	484,523	4.01%	1,188,747	(704,224)	-59.24%
Housing and Urban Development	2,626,117	5,238,691	705,995	13.48%	877,367	(171,372)	-19.53%
TOTAL	\$15,613,820	\$ 18,682,882	\$ 1,423,307	7.62%	\$ 2,273,078	\$ (849,771)	-37.38%

Fund Description	EXPENDITURES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2019	Percentage used	Actual through 12/31/2018	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 546,623	\$ 561,454	\$ 60,135	10.71%	\$ 13,863	\$ 46,272	333.78%
City Affordable Housing Fund	1,520,735	6,908,575	325,958	4.72%	162,320	163,638	100.81%
Housing Successor Fund	12,592,389	12,646,206	176,767	1.40%	195,738	(18,971)	-9.69%
Housing and Urban Development	3,846,296	5,238,691	1,272,351	24.29%	529,282	743,069	140.39%
TOTAL	\$18,506,043	\$ 25,354,926	\$ 1,835,211	7.24%	\$ 901,203	\$ 934,008	103.64%

The majority of the budget in the housing funds account for two development loans, which would allow for the construction of affordable housing projects, referred to as the Corvin Supportive Housing and the Agrihood Mixed-Use Development projects. Both the revenues and expenditures are expected to increase once the proceeds from the sale of land are received and the loan agreements are executed.

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 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 amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through December 2019. As of December 30, 2019, these capital fund expenditures totaled \$22.3 million, or 17.5% of the amended budget. Expenditures are anticipated to increase through the remainder of the year as departments continue to make progress on approved capital projects. It is also anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

**CITY OF SANTA CLARA
GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENDITURES**

EXPENDITURES - FISCAL YEAR 2019/20						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2019	Percentage Used	
Parks & Recreation	\$ 4,822,471	\$ 27,507,742	\$ 32,330,213	\$ 11,732,123	36.29%	
Streets & Highways	18,951,198	39,407,535	58,358,733	8,222,478	14.09%	
Storm Drain	4,950,506	3,264,959	8,215,465	499,998	6.09%	
Fire	665,049	635,187	1,300,236	261,144	20.08%	
Library	10,633	234,633	245,266	28,390	11.58%	
Public Buildings	3,954,675	8,335,917	12,290,592	597,035	4.86%	
General Gov't - Other	1,466,483	13,051,614	14,518,097	978,446	6.74%	
TOTAL	\$ 34,821,015	\$ 92,437,587	\$ 127,258,602	\$ 22,319,614	17.54%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of December 31, 2019. Overall, revenues and expenditures are tracking below budgeted levels.

Effective fiscal year 2019/20, the City switched from a cash basis budgetary reporting to an accrual basis, which is reflected in the tables of this report. At the end of December 2019, revenues appear to be lower than prior year collections and below par due to revenue accruals booked in fiscal year 2018/19 and received in fiscal year 2019/20. As a result, the comparison of prior year revenue and expenditure in this report will display variances. For fiscal year 2019/20, the City is still anticipated to maintain a positive operating position for each of its Enterprise Operating Funds.

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

Fund Description	REVENUES - FISCAL YEAR 2019/20				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 12/31/2019	Percentage received	Actual Through 12/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 516,210,630	\$ 517,210,920	\$ 220,493,219	42.63%	\$ 271,415,768	\$ (50,922,549)	-18.76%
Water Utility Fund	53,411,144	56,080,779	26,140,754	46.61%	26,725,699	(584,945)	-2.19%
Sewer Utility Fund	94,169,500	94,259,046	19,319,269	20.50%	20,742,387	(1,423,118)	-6.86%
Cemetery Fund	645,150	645,150	279,065	43.26%	288,493	(9,428)	-3.27%
Solid Waste Utility Fund	28,033,703	28,760,383	12,151,598	42.25%	12,794,803	(643,205)	-5.03%
Water Recycling Fund	6,769,200	7,779,200	3,434,058	44.14%	4,234,284	(800,226)	-18.90%
TOTAL REVENUE	\$ 699,239,327	\$ 704,735,478	\$ 281,817,963	39.99%	\$ 336,201,434	\$ (54,383,471)	-16.18%

Fund Description	EXPENSES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2019	Percentage Used	Actual through 12/31/2018	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 486,468,491	\$ 487,657,222	\$ 211,506,435	43.37%	\$ 247,244,477	\$ (35,738,042)	-14.45%
Water Utility Fund	46,449,085	49,118,720	21,981,581	44.75%	22,568,267	(586,686)	-2.60%
Sewer Utility Fund	28,451,451	28,540,997	12,768,922	44.74%	12,336,698	432,224	3.50%
Cemetery Fund	1,399,333	1,399,333	652,447	46.63%	621,246	31,201	5.02%
Solid Waste Utility Fund	27,470,657	28,197,337	10,708,568	37.98%	10,806,931	(98,363)	-0.91%
Water Recycling Fund	5,349,013	6,359,013	3,178,949	49.99%	3,225,388	(46,439)	-1.44%
TOTAL - Operating Appropriations	\$ 595,588,030	\$ 601,272,622	\$ 260,796,902	43.37%	\$ 296,803,007	\$ (36,006,105)	-12.13%

Revenues in the electric, water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category. In both the sewer and water recycling funds, contractual services expenditures are higher than budgeted levels; however, this is primarily offset by savings in the salary and benefits categories. In the Sewer Debt Service Fund, revenues are tracking low because the \$50.0 million in debt proceeds have not been received. A line of credit is expected to be brought forward for

Council approval in April 2020. In the Electric Utility Fund, the revenue received in this fund dictates the contribution in-lieu expenditure.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through December totaled \$30.6 million, or 11.5% of the amended budget. Similar to the general government capital funds, expenditures are anticipated to increase through the remainder of the year as departments continue to make progress on approved capital projects. It is also anticipated that unspent capital funds will be carried over into next fiscal year for those projects that have not yet been completed.

**CITY OF SANTA CLARA
ENTERPRISE CAPITAL IMPROVEMENT FUNDS
SUMMARY OF EXPENSES**

Fund Description	EXPENSES - FISCAL YEAR 2019/20					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2019	Percentage Used	Actual Through 12/31/2018
Electric Utility Fund	\$ 42,201,913	\$ 107,739,473	\$ 149,941,386	\$ 13,242,404	8.83%	\$ 10,248,521
Street Lighting ⁽¹⁾	50,000	5,925,185	5,975,185	14,880	0.25%	30,882
Water Utility Fund	13,585,735	12,853,124	26,438,859	994,199	3.76%	2,141,658
Sewer Utility Fund	57,309,651	24,614,662	81,924,313	16,320,272	19.92%	10,566,202
Cemetery Fund	-	-	-	-	0.00%	19,077
Solid Waste Utility Fund	490,000	168,480	658,480	-	0.00%	210,796
Water Recycling Fund	50,000	-	50,000	-	0.00%	-
TOTAL - CIP Appropriations	\$ 113,687,299	\$ 151,300,924	\$ 264,988,223	\$ 30,571,755	11.54%	\$ 23,217,136

(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 accounts for surplus funds from user fees in the Community Development Department's Building Inspection Division and is restricted to fund Building Division costs.
- Technology Fee Reserve is set aside to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standard and legal requirements.
- Land Sale Reserve is net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Electric Utility Reserve assures 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 select reserve balances. All budget amendments approved as part of the Budgetary Year-End Report that was presented to the City Council on November 5, 2019, are reflected in this monthly financial report.

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 80,570,462			
Capital Projects Reserve	28,339,551			
Land Sale Reserve	21,531,838			
Building Inspection Reserve	15,605,480			
Technology Fee Reserve	284,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
Cost Reduction Fund Reserve		98,947,182		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	\$ 1,507,553
TOTALS	\$ 146,331,460	\$ 124,025,345	\$ 303,090	\$ 1,507,553

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The loan from the General Fund to for Parks and Recreation Facilities reflects proceeds from the Land Sale Reserve for the purchase of property at the Reed and Grant Sports Park. This loan is anticipated to be repaid by 25% of future Mitigation Fee Act revenue until the loan is paid in full.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:			
Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance / Commitment
Cemetery	General Fund	Advance	\$ 6,339,380
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	10,130,273
TOTALS			\$ 20,693,787

Donations to the City of Santa Clara

Donations received by department during the month of December 2019 and for fiscal year 2019/20 are shown in the table below.

Department	Dec-19	Fiscal Year 2019/20 Year To Date	Donor	Designated Use
City Manager's Office	\$ -	\$ 225	Various	Help Your Neighbor
Parks and Recreation	-	30,070	Various	Various Parks and Recreation Programs
Parks and Recreation	-	89,834	Various	Arts, Crafts and Wine Festival
Fire	-	330	Various	Emergency Supplies
TOTALS	\$ -	\$ 120,459		