



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

January 2020

This report summarizes the City's financial performance for the month ended January 31, 2020. 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. 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 \$274.4 million to reflect carryover appropriations from fiscal year 2018/19 and various budget amendments approved by the City Council through January 2020.

At the end of fiscal year 2018/19, the City implemented an accounting change that 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 are tracking lower than prior year collections and appear below par through January due to the timing of payments. Factoring out these timing differences, revenues were tracking to slightly exceed the budgeted estimate by year end. Expenditures were also tracking within budgeted expectations through January. While overall departmental expenditures were within expected levels, personnel-related costs for a few departments were tracking above budgeted levels. Based on performance through January, the General Fund was tracking to end in a positive operating position. However, the General Fund is now expected to be significantly impacted in the last few months of the fiscal year by actions associated with the novel coronavirus, also known as COVID-19.

It is not yet known the extent to which the virus and associated safety precautions and market reactions will impact revenue collections in areas such as transient occupancy tax, sales tax, fees for services and classes, and interest earnings as well as impact City costs. With the actions residents and businesses have been taking to reduce the spread of the virus and the latest order of the County Health Officer of the County of Santa Clara for residents to shelter in place, it is anticipated that economic activity will experience a decline. The volatility and declines in the stock market also may impact consumer and business spending and activity.

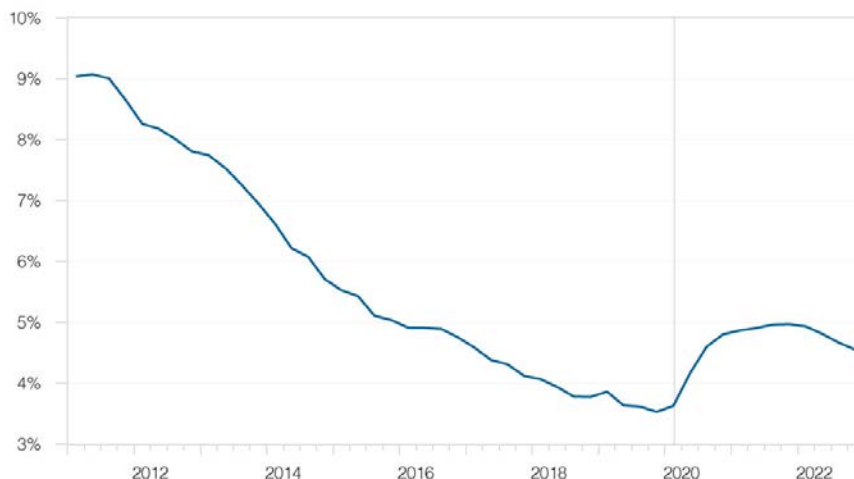
In this rapidly changing environment, the UCLA Anderson Forecast has issued a March 2020 Interim Forecast that indicates that the U.S. economy will have moved into a recession this month and that it looks like California will bear a heavy share of the contraction. On a national level, the new UCLA forecast is as follows¹:

- Real GDP declines by 6.5% and 1.9% in the 2nd quarter and 3rd quarter 2020, respectively. Growth rebounds in the 4th quarter at a 4% clip.
- Social distancing causes real consumption to fall by 7.8% in 2nd quarter.

¹ <https://www.anderson.ucla.edu/centers/ucla-anderson-forecast/2020-recession/the-sum-of-all-fears>

- Real Business Fixed Investment declines throughout the year.
- Two million jobs are lost between 1st quarter 2020 to 1st quarter 2021.
- The unemployment rate rises from 3.6% to 5.0%.
- The Fed responds with a zero-interest rate policy.
- Inflation remains muted.

Projected U.S. Unemployment Rate



Sources: U.S. Bureau of Labor Statistics and UCLA Anderson Forecast

In the interim forecast for California², UCLA points to the three sectors with a heavy concentration in California that will be impacted: transportation and warehousing, agriculture, and leisure and hospitality. According to the Forecast, “Employment is expected to contract by -0.7% in 2020 with the 2nd and 3rd quarters contracting at an annual rate of 2.6%. The unemployment rate will rise to 6.3% by the end of this year and expected to continue to increase into 2021 with an average for 2021 of 6.6%. By the first quarter of 2021 of the year California is expected to lose over 280K payroll jobs with over 1/3 of those in leisure and hospitality and transportation and warehousing. The expectation is for 2021 to be a slow recovery year and 2022 a year of growth once again.”

While there is significant uncertainty regarding how COVID-19 will impact the local economy and the City’s budget, the General Fund may end the year in a negative position and, in that case, would have to draw on the Budget Stabilization Reserve to balance the budget in 2019/20. The City has \$80 million in this reserve to address any negative balance. Staff will closely monitor the City’s financial performance and provide updates as part of future Monthly Financial Reports.

² <https://www.anderson.ucla.edu/centers/ucla-anderson-forecast/2020-recession/the-2020-recession-in-the-golden-state>

Financial Status Report as of January 31, 2020

General Fund Revenues

As of January 31, 2020, \$154.4 million or 56.3% of the General Fund estimated revenue was received. Revenue is currently tracking below par of 58.3% and below the prior year. As mentioned above, the change in budgeting methodology to an accrual basis impacted the timing of revenue receipts when compared to FY 2018/19. Factoring out these timing differences, revenues through January were tracking to slightly exceed the budget. However, the actions associated with COVID-19 are expected to have a significant impact on certain revenue categories as discussed below.

**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 01/31/2020	Percentage Received	Actual Through 01/31/2019	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 58,200,400	\$ 58,200,400	\$ 25,052,481	43.05%	\$ 35,666,029	\$ (9,994,845)	-219.23%
Property Tax	64,438,315	64,438,315	34,230,612	53.12%	32,719,160	1,511,452	4.62%
Transient Occupancy Tax	23,002,500	23,002,500	10,527,880	45.77%	14,423,727	(3,895,847)	-27.01%
Other Taxes	6,080,151	6,080,151	2,092,995	34.42%	3,297,820	(1,204,825)	-36.53%
Total Taxes	151,721,366	151,721,366	71,903,968	47.39%	86,106,736	(13,584,065)	-15.78%
LICENSES & PERMITS							
Business Licenses	959,500	959,500	486,473	50.70%	540,043	(53,570)	-9.92%
Fire Operation Permits	2,250,000	2,250,000	1,211,382	53.84%	-	1,211,382	100.00%
Building Permits	4,657,500	4,657,500	3,571,464	76.68%	5,026,958	(1,455,494)	-28.95%
Electric Permits	517,500	517,500	348,583	67.36%	455,914	(107,331)	-23.54%
Plumbing Permits	310,500	310,500	326,379	105.11%	378,248	(51,869)	-13.71%
Mechanical Permits	258,750	258,750	290,769	112.37%	359,298	(68,529)	-19.07%
Miscellaneous Permits	46,575	46,575	43,730	93.89%	63,062	(19,332)	0.00%
Total Licenses & Permits	9,000,325	9,000,325	6,278,780	69.76%	6,823,523	(544,743)	-7.98%
FINES & PENALTIES	1,689,225	1,689,225	858,403	50.82%	1,127,133	(268,730)	-23.84%
INTERGOVERNMENTAL	168,755	5,239,529	5,510,071	105.16%	1,646,282	3,863,789	234.70%
CHARGES FOR SERVICES	33,144,722	33,180,892	22,216,635	66.96%	24,821,530	(2,604,895)	-10.49%
CONTRIBUTION IN LIEU	24,333,275	24,333,275	14,194,410	58.33%	13,471,844	722,566	5.36%
USE OF MONEY & PROPERTY							
Interest	5,697,500	5,697,500	1,839,544	32.29%	2,610,983	(771,439)	-29.55%
Rent	8,658,991	8,658,991	5,147,923	59.45%	4,759,979	387,944	8.15%
Total Use of Money & Property	14,356,491	14,356,491	6,987,467	48.67%	7,370,962	(383,495)	-5.20%
MISCELLANEOUS REVENUES	100,001	100,001	1,040,597	1040.59%	358,446	682,151	190.31%
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	13,588,582	13,588,582	100.00%	3,816,125	9,772,457	256.08%
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	22,061,512	22,061,512	100.00%	15,776,596	6,284,916	39.84%
STADIUM OPERATION							
Charges for Services	7,988,313	7,496,688	2,599,541	34.68%	3,157,155	(557,614)	-17.66%
Rent and Licensing	3,333,185	1,124,810	552,555	49.12%	559,158	(6,603)	-1.18%
Total Stadium Operation	11,321,498	8,621,498	3,152,096	36.56%	3,716,313	(564,217)	-15.18%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,354,114	\$ 154,368,545	56.27%	\$ 161,219,365	\$ (6,396,723)	-3.97%

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2019 and mid-year budget amendment from reserves.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. Through January 31, 2020, sales tax collections were \$25.1 million. These collections represent the sales tax revenue generated for the months of July through November 2019. While last year saw collections of \$35.7 million through the same period, these collections were for the months of May through November 2018. Based on receipts for the first two quarters and the estimates from the City's Sales Tax consultant, MuniServices, collections were projected to total \$60 million in FY 2019/20, exceeding the budgeted estimate of \$58.2 million. Collections in the latter half of the fiscal year, however, are now expected to be impacted by actions associated with COVID-19. Data for the third and fourth quarters will be available in May and August 2020.

Property Tax: The majority of property tax revenue is collected in January 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 \$34.2 million through January, which is higher than what was collected last year through the same period. COVID-19 is expected to have minimal potential impacts on 2019/20 revenue collections.

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 January 31, 2020, \$10.5 million has been collected, which is \$3.9 million less than what was collected through January 2019. This variance from last year's collections is attributable to the budget methodology change in which \$4.1 million was accrued to FY 2018/19 at the end of last fiscal year. Based on receipts through January, revenues were tracking to meet the budgeted estimate of \$23.0 million.

However, collections through the end of the year are now expected to be significantly impacted by actions associated with the Coronavirus. While actual data is not yet available, receipts would end the year \$5 million - \$8 million below the budgeted estimate if there is a 50% - 75% decline in receipts from March through June.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$2.1 million, which is 34.4% of the budgeted estimate of \$6.1 million. This decrease in revenue compared to last year's collections through the same period is primarily 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; these receipts are expected to end the year close to the budgeted estimate. Documentary transfer tax revenue, budgeted at \$1.7 million, is lower as a result of a drop-off in activity this fiscal year and is currently tracking to end the year below the budgeted estimate by approximately \$250,000 - \$500,000.

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 \$6.3 million, or 70% of the budget of \$9.0 million. These collections are 8% below the very high collection level experienced 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. Even if activity slows through the remainder of the year, this category should meet the budgeted estimate. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve. This reserve is also available to cover any difference if revenues fall below the expenditure level.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category totaled just over \$0.8 million. This revenue category had revenue that was accrued in fiscal year 2018/19, resulting in lower current year collections through January 31, 2020. 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. Given restricted activity levels as a result of COVID-19, collections in this category may decline in the last four months of the fiscal year.

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 January 31, 2020, collections totaled approximately \$5.5 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 \$22.2 million were \$2.6 million lower than collections through the same time last year, revenues in this category are tracking above par at 67.0%. This is mainly attributable to higher plan check and sign fee collections through January. Collections in this category were tracking to exceed the budgeted estimate of \$33.2 million by at least \$2.0 million to \$3.0 million by year-end. However, as a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget. Based on an initial estimate from the Parks and Recreation Department, a revenue loss of \$600,000 through April 6th is projected from canceled Winter Session programs and Spring/Summer registration not received. The department identified expenditure savings of \$65,000 from vendor reductions to partially offset this loss. The revenue loss may go up depending on the length of the shutdown of these activities. The higher collections in other fee areas are currently expected to offset the loss in the Parks and Recreation fees.

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 January, \$14.2 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 \$7.0 million, which is 48.7% of the budgeted estimate of \$14.4 million due to the timing of payments for interest earnings related to the prior year accrual. Receipts in this category have been tracking to meet the budgeted estimate by year-end. However, with the recent interest rate reductions, interest earnings may fall below the budgeted estimate of \$5.7 million.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of January 31, 2020, 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 January 31, 2020, 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 includes \$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 \$3.2 million through January 31, 2020, 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. Of this amount, \$355,000 is from ground rent, while \$250,000 comes from Senior and Youth fees, with the remaining \$34,000 from Tasman Lot Parking Fees.

Financial Status Report as of January 31, 2020

General Fund Expenditures

As of January 31, 2020, \$156.3 million or 57.0% 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 January.

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 01/31/2020	Percentage Used	Actual Through 01/31/2019	\$ Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 11,909,566	\$ 14,232,673	\$ 2,357,454	16.56%	\$ 1,362,796	\$ 994,658	72.99%
City Council	894,953	894,953	536,421	59.94%	447,162	89,259	19.96%
City Clerk	1,389,880	1,662,880	713,220	42.89%	1,236,099	(522,879)	-42.30%
City Manager	6,554,276	7,409,834	3,167,061	42.74%	3,402,165	(235,104)	-6.91%
City Attorney	2,260,512	2,279,523	1,204,631	52.85%	1,041,445	163,186	15.67%
Human Resources	4,409,195	4,622,757	2,220,257	48.03%	1,780,568	439,689	24.69%
Finance	15,719,734	16,653,861	8,296,752	49.82%	6,856,559	1,440,193	21.00%
Information Technology	-	-	-	0.00%	5,452,173	(5,452,173)	-100.00%
Total General Government	43,138,116	47,756,481	18,495,796	38.73%	21,578,967	(3,083,171)	-14.29%
PUBLIC WORKS	23,579,460	23,919,037	13,749,285	57.48%	14,514,256	(764,971)	-5.27%
COMMUNITY DEVELOPMENT	14,186,780	17,107,752	7,886,238	46.10%	6,924,361	961,877	13.89%
PARKS AND RECREATION	22,401,233	23,011,286	12,477,258	54.22%	11,079,615	1,397,643	12.61%
PUBLIC SAFETY							
Fire	52,783,063	54,209,728	32,696,512	60.31%	30,980,657	1,715,855	5.54%
Police	73,397,279	74,009,459	43,326,033	58.54%	38,200,937	5,125,096	13.42%
Total Public Safety	126,180,342	128,219,187	76,022,545	59.29%	69,181,594	6,840,951	9.89%
LIBRARY	11,310,791	11,346,604	6,182,044	54.48%	5,933,507	248,537	4.19%
DEPARTMENTAL SUBTOTAL	240,796,722	251,360,347	134,813,166	53.63%	129,212,300	5,600,866	4.33%
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	5,249,350	79.28%	4,556,630	692,720	15.20%
TOTAL GENERAL FUND	\$ 263,242,270	\$ 274,347,003	\$ 156,329,589	56.98%	\$ 140,193,168	\$ 15,272,761	10.89%

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. Through January, expenditures were tracking to end the year within budget. There may be impacts associated with COVID-19 that staff will be monitoring and providing updates in future Monthly Financial Reports.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through January 31, 2020, expenditures were at 16.6% 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 January 31, 2020 were at 42.7% of the budget. This is primarily due to lower than anticipated spending in the contractual services category.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through January, departmental expenditures of \$7.9 million were at 46.1% of the budget, which is below par for this time of year. Contractual services are tracking well above par at 87.6%; however, this has been offset by vacancy savings within the department. While not reflected in this report, the Council approved a budget amendment on February 11, 2020 as part of the November Monthly Financial Report that added \$1.5 million to the Department's contractual services budget, funded by Building Inspection Reserve. With the recent influx of large-scale development projects, these additional resources were added to address the workload and maintain service levels and turnaround times through the remainder of the year. Contractual services are expected to remain within budget with this adjustment.

Fire Department: Actual expenditures totaled \$32.7 million, or 60.3%, which is slightly above the par level of 58.3%. 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. This will also address expenditures associated with the COVID-19 response.

Police Department: Expenditures through January 31, 2020 totaled \$43.3 million, which is at par at 58.5%. 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 received a reimbursement related to the staffing costs for the Great America Haunt in January. 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. In the last few months of the year, the department may also be impacted by COVID-19 responses. 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 \$5.2 million through January 31, 2020 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 January 31, 2020. 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 January 2020. The revenues received through the end of January totaled approximately \$1.8 million, while expenditures totaled \$2.1 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 1/31/2020	Percentage received	Actual Through 1/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 260,000	\$ 274,831	\$ 215,020	78.24%	\$ 145,619	\$ 69,401	47.66%
City Affordable Housing Fund	696,703	1,084,543	129,428	11.93%	86,157	43,271	50.22%
Housing Successor Fund	12,031,000	12,084,817	582,536	4.82%	1,246,464	(663,928)	-53.26%
Housing and Urban Development	2,626,117	5,238,691	842,304	16.08%	912,560	(70,256)	-7.70%
TOTAL	\$15,613,820	\$ 18,682,882	\$ 1,769,288	9.47%	\$ 2,390,800	\$ (621,512)	-26.00%

Fund Description	EXPENDITURES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2020	Percentage used	Actual through 1/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 546,623	\$ 561,454	\$ 70,386	12.54%	\$ 15,848	\$ 54,538	344.13%
City Affordable Housing Fund	1,520,735	6,908,575	407,359	5.90%	191,654	215,705	112.55%
Housing Successor Fund	12,592,389	12,646,206	204,365	1.62%	243,048	(38,683)	-15.92%
Housing and Urban Development	3,846,296	5,238,691	1,457,506	27.82%	581,940	875,566	150.46%
TOTAL	\$18,506,043	\$ 25,354,926	\$ 2,139,616	8.44%	\$ 1,032,490	\$ 1,107,126	107.23%

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 January 2020. As of January 31, 2020, these capital fund expenditures totaled \$25.1 million, or 19.5% 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 1/31/2020	Percentage Used	
Parks & Recreation	\$ 5,933,561	\$ 27,507,742	\$ 33,441,303	\$ 13,354,812	39.94%	
Streets & Highways	18,925,790	39,407,535	58,333,325	8,677,633	14.88%	
Storm Drain	4,978,229	3,264,959	8,243,188	542,892	6.59%	
Fire	665,049	635,187	1,300,236	306,847	23.60%	
Library	10,633	234,633	245,266	29,277	11.94%	
Public Buildings	4,097,571	8,335,917	12,433,488	1,080,442	8.69%	
General Gov't - Other	1,466,483	13,051,614	14,518,097	1,059,468	7.30%	
TOTAL	\$ 36,077,316	\$ 92,437,587	\$ 128,514,903	\$ 25,051,371	19.49%	

Financial Status Report as of January 31, 2020

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of January 31, 2020. 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 January 2020, 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 1/31/2020	Percentage received	Actual Through 1/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 516,210,630	\$ 517,210,920	\$ 260,160,344	50.30%	\$ 310,641,752	\$ (50,481,408)	-16.25%
Water Utility Fund	53,411,144	56,080,779	28,678,033	51.14%	29,816,259	(1,138,226)	-3.82%
Sewer Utility Fund	94,169,500	94,259,046	22,044,815	23.39%	23,867,577	(1,822,762)	-7.64%
Cemetery Fund	645,150	645,150	323,828	50.19%	335,973	(12,145)	-3.61%
Solid Waste Utility Fund	28,033,703	28,760,383	14,379,543	50.00%	14,864,074	(484,531)	-3.26%
Water Recycling Fund	6,769,200	7,779,200	3,658,403	47.03%	4,450,099	(791,696)	-17.79%
TOTAL REVENUE	\$ 699,239,327	\$ 704,735,478	\$ 329,244,966	46.72%	\$ 383,975,734	\$ (54,730,768)	-14.25%

Fund Description	EXPENSES - FISCAL YEAR 2019/20				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 1/31/2020	Percentage Used	Actual through 1/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 486,468,491	\$ 487,657,222	\$ 245,766,893	50.40%	\$ 284,403,907	\$ (38,637,014)	-13.59%
Water Utility Fund	46,449,085	49,118,720	24,151,878	49.17%	24,400,783	(248,905)	-1.02%
Sewer Utility Fund	28,451,451	28,540,997	18,124,999	63.51%	17,505,236	619,763	3.54%
Cemetery Fund	1,399,333	1,399,333	730,042	52.17%	734,508	(4,466)	-0.61%
Solid Waste Utility Fund	27,470,657	28,197,337	13,067,171	46.34%	12,377,135	690,036	5.58%
Water Recycling Fund	5,349,013	6,359,013	3,249,490	51.10%	3,322,481	(72,991)	-2.20%
TOTAL - Operating Appropriations	\$ 595,588,030	\$ 601,272,622	\$ 305,090,473	50.74%	\$ 342,744,050	\$ (37,653,577)	-10.99%

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; however, with the current environment resulting from the COVID-19

outbreak, this issuance could also be delayed. Updates will continue to be provided as information becomes available in the next Monthly Financial Status Report. 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 January totaled \$58.1 million, or 21.9% 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 1/31/2020	Percentage Used	Actual Through 1/31/2019
Electric Utility Fund	\$ 42,201,913	\$ 107,739,473	\$ 149,941,386	\$ 14,715,884	9.81%	\$ 11,807,936
Street Lighting ⁽¹⁾	50,000	5,925,185	5,975,185	34,741	0.58%	31,681
Water Utility Fund	13,449,374	12,853,124	26,302,498	1,108,876	4.22%	2,200,788
Sewer Utility Fund	57,446,012	24,614,662	82,060,674	41,977,199	51.15%	11,533,022
Cemetery Fund	-	-	-	-	0.00%	19,077
Solid Waste Utility Fund	496,389	168,480	664,869	257,135	38.67%	315,638
Water Recycling Fund	50,000	-	50,000	-	0.00%	-
TOTAL - CIP Appropriations	\$ 113,693,688	\$ 151,300,924	\$ 264,994,612	\$ 58,093,835	21.92%	\$ 25,908,142

(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.

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

City of Santa Clara

Financial Status Report as of January 31, 2020

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 January 2020 and for fiscal year 2019/20 are shown in the table below.

Department	Jan-20	Fiscal Year 2019/20 Year To Date	Donor	Designated Use
City Manager's Office	\$ -	\$ 225	Various	Help Your Neighbor
Parks and Recreation	2,750	32,820	Various	Various Parks and Recreation Programs
Parks and Recreation	-	89,834	Various	Arts, Crafts and Wine Festival
Fire	-	330	Various	Emergency Supplies
TOTALS	\$ 2,750	\$ 123,209		