



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

August 2020

Financial Status Report as of August 31, 2020

This report summarizes the City's financial performance for the month ended August 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 and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$291.8 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through July and August 2020.

While it is very early in the fiscal year, General Fund revenues are currently expected to end the year below budget due to the COVID-19 impacts. When the FY 2020/21 budget was adopted, there was limited data regarding the COVID-19 impacts and significant uncertainty regarding the length and depth of the associated shutdowns. The budget did assume reductions in various categories to account for the anticipated COVID-19 impacts, with the largest reductions in the transient occupancy tax and sales tax categories. With a few months of additional data and the continued implementation of COVID-19 safety precautions, further downward adjustments are expected to be brought forward.

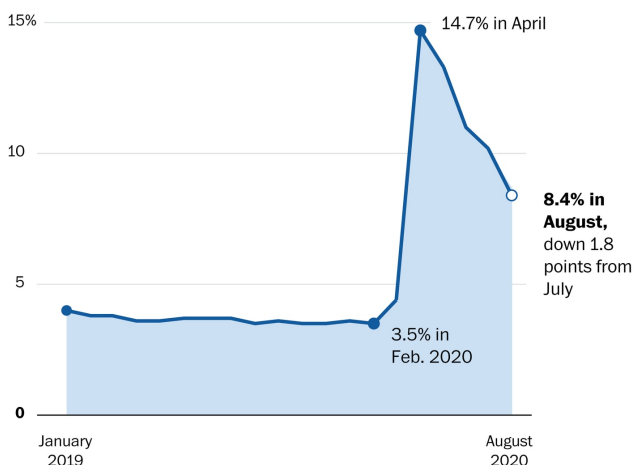
The lower collection level is expected to be partially offset by General Fund expenditure savings. Through August, expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Some departments have also significantly changed their operations to comply with the COVID-19 safety measures.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has experienced a significant decline. This is evidenced in various economic indicators, some of which have begun to show some improvement.

On a national level, the unemployment rate remains high at 8.4% in August 2020. This rate, however, was well below the record setting high of 14.7% in April 2020.

The drop brings the unemployment rate below the peak of the last recession a decade ago, when unemployment briefly hit 10 percent, but joblessness is still higher than the peak of many past recessions.

U.S. unemployment rate



Note: Seasonally adjusted
Source: Labor Department

THE WASHINGTON POST

“We still have a long way to go,” said Beth Ann Bovino, chief U.S. economist for S&P Global.¹

In the second quarter 2020, the Gross Domestic Product (GDP) declined by almost 32% as a result of the COVID-19 safety precautions. This is the largest contraction ever experienced, pushing the economy into a recession. The recovery will depend on the capacity of the county to control the pandemic and avoid more waves of infection.²

Significant impacts are also expected on the State and local level. After the State’s largest increase in the unemployment rate in April 2020, the California unemployment rate has continued to improve to 11.4% by August 2020. This marks the first month since March 2020 that California’s unemployment rate was lower than the 12.3% mark set during the height of the Great Recession.³ The unadjusted unemployment rate in the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 7.6% in August 2020, down from a revised 9.5% in July 2020 but significantly higher than the August 2019 level of 2.7%.⁴

Unemployment Rate in San Jose-Sunnyvale—Santa Clara, CA MSA



Source: U.S. Bureau of Labor Statistics

Shading indicates U.S. recessions, the most recent one in ongoing

fred.stlouisfed.org

Santa Clara’s General Fund revenues have been significantly impacted and this impact is expected to continue over the longer term based on the current economic situation. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020. This budget was solved on an interim basis with the use of the Budget Stabilization Reserve. Additional downward revenue adjustments and budget balancing actions are expected to be brought forward during the year.

¹ <https://www.nytimes.com/live/2020/09/04/business/stock-market-today-coronavirus>

² <https://tradingeconomics.com/united-states/gdp-growth>

³ <https://edd.ca.gov/Newsroom/unemployment-september-2020.htm>

⁴ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

The City currently has \$57 million in the Budget Stabilization Reserve to address any negative balance after factoring in the use of \$22.7 million of this reserve in the FY 2020/21 budget. Staff will closely monitor the City's financial performance during this uncertain time and provide updates as part of future Monthly Financial Reports.

Financial Status Report as of August 31, 2020

General Fund Revenues

As of August 31, 2020, \$6.0 million or 2.5% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$47.5 million have occurred as budgeted.

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

Function	FISCAL YEAR 2020/21				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2020	Percentage Received	Actual Through 8/31/2019	Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ -	0.00%	\$ -	\$ -	N/A
Property Tax	66,982,000	66,982,000	73,189	0.11%	68,284	4,905	7.18%
Transient Occupancy Tax	17,625,000	17,625,000	29,315	0.17%	688,701	(659,386)	-95.74%
Other Taxes	5,938,000	5,938,000	197,668	3.33%	63,459	134,209	211.49%
Total Taxes	146,145,000	146,145,000	300,172	0.21%	820,444	(520,272)	-63.41%
LICENSES & PERMITS							
Business Licenses	934,000	934,000	162,015	17.35%	144,902	17,113	11.81%
Fire Operation Permits	2,375,000	2,375,000	314,792	13.25%	378,617	(63,825)	-16.86%
Building Permits	5,700,000	5,700,000	1,532,853	26.89%	649,510	883,343	136.00%
Electric Permits	475,000	475,000	257,272	54.16%	63,936	193,336	302.39%
Plumbing Permits	428,000	428,000	174,768	40.83%	55,892	118,876	212.69%
Mechanical Permits	380,000	380,000	209,155	55.04%	52,305	156,850	299.88%
Miscellaneous Permits	92,000	92,000	13,031	14.16%	16,519	(3,488)	-21.12%
Total Licenses & Permits	10,384,000	10,384,000	2,663,886	25.65%	1,361,681	1,302,205	95.63%
FINES & PENALTIES	1,570,000	1,570,000	28,174	1.79%	117,900	(89,726)	-76.10%
INTERGOVERNMENTAL	226,000	226,000	29,892	13.23%	5,039,366	(5,009,474)	-99.41%
CHARGES FOR SERVICES	37,174,855	37,174,855	2,578,811	6.94%	2,864,343	(285,532)	-9.97%
CONTRIBUTION IN LIEU	23,699,830	23,699,830	-	0.00%	4,055,545	(4,055,545)	-100.00%
USE OF MONEY & PROPERTY							
Interest	5,246,000	5,501,000	(702,795)	-12.78%	(457,394)	(245,401)	53.65%
Rent	9,407,909	9,407,909	907,004	9.64%	1,687,550	(780,546)	-46.25%
Total Use of Money & Property	14,653,909	14,908,909	204,209	1.37%	1,230,156	(1,025,947)	-83.40%
MISCELLANEOUS REVENUES	350,000	380,000	73,545	19.35%	81,606	(8,061)	-9.88%
LAND PROCEED	-	-	-	N/A	-	-	N/A
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,460,000	1,460,000	1,460,000	100.00%	1,398,145	61,855	4.42%
Operating Transfer In - Reserves	38,952,083	39,248,833	39,248,833	100.00%	11,290,582	27,958,251	247.62%
Operating Transfer In - Fund Balances ⁽²⁾	-	4,273,692	4,273,692	100.00%	5,338,670	(1,064,978)	-19.95%
Operating Transfer In - Miscellaneous	2,527,419	2,547,419	2,547,419	100.00%	276,903	2,270,516	819.97%
Total Other Financing Sources	42,939,502	47,529,944	47,529,944	100.00%	18,304,300	29,225,644	159.67%
STADIUM OPERATION							
Charges for Services	9,102,263	9,102,263	115,576	1.27%	114,934	642	0.56%
Rent and Licensing	647,500	647,500	-	0.00%	355,000	(355,000)	-100.00%
Total Stadium Operation	9,749,763	9,749,763	115,576	1.19%	469,934	(354,358)	-75.41%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 291,768,301	\$ 53,524,209	18.34%	\$ 34,345,275	\$ 19,178,934	55.84%

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received. Revenue is anticipated in August 2020.

(2) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2020 and mid year budget amendment from reserves.

This low actual revenues through August is largely due to the timing of payments. In some categories, the revenues received in August account for activity that occurred in FY 2019/20 and those revenues are accrued back to that year. In other cases, such as property tax, most payments are scheduled to

occur later in the fiscal year. Revenues were below the prior year due to a one-time settlement payment of \$5.0 million that was received last year, differences in the timing of payments, as well as lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties. While there is limited data available, revenues are currently expected to end the year below budget as a result of the COVID-19 impacts as discussed below.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of August 31, 2020, no sales tax revenue has been booked. Given the timing of payments, the sales tax payments received in August accounted for activity in the prior fiscal year and those funds were accrued to last year. While no sales tax receipts are reflected through August, the City recently received information on the City's Sales Tax receipts for the second quarter of 2020. Collections in that quarter declined 15.4% when compared to the second quarter of 2019 and reflects the first full quarter impacted by COVID-19. This follows a decline of 10.9% in the first quarter of 2020. In the second quarter of 2020, the county pool, which accounts for internet sales, was up 7.4% from the same quarter in the prior year. However, the City's portion of the pool, totaling \$2.6 million, was down 5.9% as a result of a City of San Jose online retail agreement that resulted in a larger share of internet sales allocated to that City. In the second quarter 2020, all economic sectors in Santa Clara also experienced declines when compared to the second quarter 2019, with the largest drops in the Food Products (down 47.0%), General Retail (down 46.5%), and Transportation (down 41.5%) sectors. Smaller declines were also experienced in the Construction (down 20.6%) and Business-to-Business (down 8.2%) sectors. Based on lower actual collections and the continuation of the COVID-19 safety precautions, it is anticipated that revenues may fall below the budgeted estimate of \$55.6 million by approximately \$5.0 million. Data for the third quarter 2020 will be available in November 2020.

Property Tax: A small portion of property tax receipts were received in August 2020, totaling under \$0.1 million, which is 7.2% above what was collected through the same period last year. The majority of property tax revenue is collected in January and April each year. Based on initial information from the County of Santa Clara, property tax receipts would fall approximately \$1.0 million below the budgeted estimate of \$67.0 million if the City does not receive excess Education Revenue Augmentation Fund (ERAF) revenues in FY 2020/21 that are budgeted at \$2.0 million. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. The State of California is challenging the calculation of the excess ERAF revenue distribution to local jurisdictions. If excess ERAF funds are received, receipts would slightly exceed the budgeted estimate. The secured property tax growth is expected to reach approximately 7.5% in FY 2020/21.

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 August 31, 2020, less than \$0.1 million has been received in this category. Similar to the sales tax, almost all the year-to-date receipts through August have been accrued back to the prior year. TOT has been impacted severely by COVID-19. To

meet the budgeted estimate of \$17.6 million, collections would need to reach almost \$1.5 million per month. Actual collections have been tracking well below this level with monthly receipts averaging \$0.2 million in the last quarter when adjusted for the timing of payments. Assuming receipts improve from this extremely low collection level, TOT revenues may fall below the budgeted estimate by approximately \$11 million.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$0.2 million through August, which is 3.4% of the budgeted estimate of \$5.9 million. Receipts through August reflect franchise tax collections. This is an increase in collections compared to the same period last fiscal year, primarily due to differences in the revenue accruals. A small portion of documentary transfer tax revenue has been collected through August. Growth of approximately 1% from the prior year is needed to meet the revenue estimate.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall licenses and permits revenue collections are slightly above par and totaled \$2.7 million, or 25.7% of the budget of \$10.4 million. These collections are significantly higher than the collection level experienced through the same period last fiscal year. Activity in the electric, plumbing, and mechanical permit accounts have seen the highest growth compared to last year. 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 through August of \$28,000 is lower than the prior year actual collection level of \$89,000 as a result of lower activity levels in the collection charges, municipal fines, library fines, and traffic fines accounts. Given restricted activity levels as a result of COVID-19, collections in this category are anticipated to come in lower than the budgeted estimate of \$1.6 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 August 31, 2020, approximately \$30,000 has been collected. This collection level is well below the prior fiscal year level of \$5.04 million due to a one-time settlement payment of \$5.0 million received last year.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through August 31, 2020, collections totaled \$2.6 million or 7.0% of the budget. This reflects a 10% decrease compared to last year's collections through the same period of \$2.9 million, particularly in the planning and zoning fees, engineering fees, interdepartmental services and miscellaneous charges for services (includes parks and recreation fees). The lower collections in these areas were partially offset by higher receipts in the plan check and sign fee category. As a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget.

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 August, no revenues have been recorded but are expected to be received. Growth of 4% from the prior year is needed to meet the budgeted estimate of \$23.7 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$0.2 million, or 1.4% of the budget. The collections through August 31, 2020 are well below the prior year collections of \$1.2 million, reflecting accrual differences, the timing of payments, and lower interest earnings yields.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of August 31, 2020, collections of \$73,545 were 10% lower than collections through the same period last fiscal year.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$0.1 million through August 31, 2020, which reflects charges for services.

Financial Status Report as of August 31, 2020

General Fund Expenditures

As of August 31, 2020, \$58.8 million or 20.1% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through August. Departmental expenditures totaled \$33.6 million, or 12.9% of the budget, which is below the par level of 16.7% of the budget. Several cost-control measures that were implemented last fiscal year remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures and restricted activity levels due to COVID-19, expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2020/21				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2020	Percentage Used	Actual Through 8/31/2019	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,849,688	\$ 8,295,533	\$ 347,628	4.19%	\$ 628,145	\$ (280,517)	-44.66%
City Council	834,241	834,241	90,328	10.83%	130,327	(39,999)	-30.69%
City Clerk	2,070,555	2,091,412	305,611	14.61%	229,614	75,997	33.10%
City Manager	6,125,034	6,445,938	832,826	12.92%	782,332	50,494	6.45%
City Attorney	2,716,125	2,730,674	332,008	12.16%	317,303	14,705	4.63%
Human Resources	4,477,933	4,745,273	476,332	10.04%	608,298	(131,966)	-21.69%
Finance	17,456,419	17,951,242	2,237,018	12.46%	2,241,797	(4,779)	-0.21%
Total General Government	41,529,995	43,094,313	4,621,751	10.72%	4,937,816	(316,065)	-6.40%
PUBLIC WORKS	24,287,567	24,893,684	3,375,831	13.56%	3,768,809	(392,978)	-10.43%
COMMUNITY DEVELOPMENT	17,233,763	18,564,507	2,079,654	11.20%	2,131,898	(52,244)	-2.45%
PARKS AND RECREATION	22,987,124	23,738,192	2,521,990	10.62%	3,682,546	(1,160,556)	-31.52%
PUBLIC SAFETY							
Fire	58,731,539	59,195,497	8,694,486	14.69%	9,161,371	(466,885)	-5.10%
Police	78,033,073	78,118,360	10,990,560	14.07%	12,337,963	(1,347,403)	-10.92%
Total Public Safety	136,764,612	137,313,857	19,685,046	14.34%	21,499,334	(1,814,288)	-8.44%
LIBRARY	11,905,848	11,968,930	1,313,320	10.97%	1,588,577	(275,257)	-17.33%
DEPARTMENTAL TOTAL	254,708,909	259,573,483	33,597,592	12.94%	37,608,980	(4,011,388)	-10.67%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	10,445	10,445	10,445	100.00%	428,445	(418,000)	-97.56%
Operating Transfer Out - Debt Services	2,500,344	2,500,344	2,500,344	100.00%	1,710,474	789,870	46.18%
Operating Transfer Out - Maintenance Dtrct	990,929	990,929	990,929	100.00%	917,331	73,598	8.02%
Operating Transfer Out - Cemetery	771,769	771,769	771,769	100.00%	703,490	68,279	9.71%
Operating Transfer Out - CIP	19,678,672	19,678,672	19,678,672	100.00%	11,643,676	8,034,996	69.01%
Operating Transfer Out - Reserves	924,654	924,654	924,654	100.00%	-	924,654	N/A
Total Other Financing Uses	24,876,813	24,876,813	24,876,813	100.00%	15,403,416	9,473,397	61.50%
STADIUM OPERATION	7,307,137	7,318,006	300,045	4.10%	1,149,015	(848,970)	-73.89%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 291,768,302	\$ 58,774,450	20.14%	\$ 54,161,411	\$ 4,613,039	8.52%

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.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through August 31, 2020, expenditures were \$0.3 million, or 4.2% of the budget. This expenditure level is 45% lower than last fiscal year due to an expenditure booking difference for Silicon Valley Animal Control Authority (SVACA) that will be adjusted in September.

City Council: Through August 31, 2020, expenditures totaled \$0.1 million, or 11% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 31%. As a result of the cost reduction measures taken by the City, departments, citywide, eliminated or reduced as-needed staffing. The decrease in the City Council actuals is a result of that reduction.

City Manager: The actual expenditures through August 31, 2020 were at 13% of the budget, which is below par for this time of the year. This lower expenditure level is due, in part, to the timing of expenditures for interfund services, such as Information Technology services. Through the same period last fiscal year, expenditures are slightly higher by 6%. This reflects higher spending related to the Small Business Assistance Program.

City Attorney: Actual expenditures through August totaled \$0.3 million, which is 12.6% of the budget. Spending is slightly above the total expenditures through the same time last fiscal year by 4.6%. This reflects higher costs in the salary and benefits categories due to one additional position approved by the City Council for FY 2020/21.

City Clerk: Through August 31, 2020, actual expenditures were \$0.3 million or approximately 15% of the budget. This reflects an increase of 33% over last year's spending through the same period. The higher spending level is a result of Granicus contract costs that are paid every other year.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through August, departmental expenditures of \$2.1 million were at 11.2% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs. When taking into consideration encumbrances, however, non-personnel expenditures are within expected levels through August.

Fire Department: Through August, actual expenditures totaled \$8.7 million, or 14.7% of the budget, which is slightly lower than par with the budget. These expenditures reflect a 5% decrease from expenditures through the same period last fiscal year. All COVID-19 related expenditures have been charged centrally to the Other City Department Operating Grant Trust Fund. The Fire Department has charged approximately \$0.3 million to this fund. Combined with the \$8.7 million charged in the General Fund, total Fire Department expenditures through August totaled \$9.0 million, or 15.2% of budget.

Police Department: Expenditures through August 31, 2020 are tracking at expected levels at \$11.0 million, or 14.1% of the budget; this is 11% lower than prior year expenditures through the same period. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Department Operating Grant Trust Fund. Through August, charges totaled approximately \$0.1 million, or 14.2% of budget.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$0.3 million through August 31, 2020 and are tracking below budgeted levels. Due to COVID-19, events at the Stadium have been cancelled or postponed causing a decrease in salary costs for public safety personnel and outside agency public safety costs.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of August 31, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2019/20 in addition to various budget amendments approved by the City Council through August 2020. The revenues through the end of August totaled approximately \$0.5 million, while expenditures totaled \$0.8 million.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2020	Percentage received	Actual Through 8/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 285,000	\$ 15,166	5.32%	\$ 71,213	\$ (56,047)	-78.70%
City Affordable Housing Fund	781,703	781,703	27,859	3.56%	29,719	(1,860)	-6.26%
Housing Successor Fund	531,000	531,000	226,784	42.71%	221,430	5,354	2.42%
Housing and Urban Development	5,150,000	5,150,000	228,339	4.43%	41,724	186,615	447.26%
TOTAL	\$ 6,747,703	\$ 6,747,703	\$ 498,148	7.38%	\$ 364,086	\$ 134,062	36.82%

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2020	Percentage used	Actual through 8/31/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 587,822	\$ 28,912	4.92%	\$ 19,119	\$ 9,793	51.22%
City Affordable Housing Fund	1,556,772	2,017,150	92,099	4.57%	194,592	(102,493)	-52.67%
Housing Successor Fund	5,964,944	6,162,712	184,870	3.00%	49,276	135,594	275.17%
Housing and Urban Development	5,150,000	5,897,929	515,802	8.75%	536,984	(21,182)	-3.94%
TOTAL	\$13,223,938	\$ 14,665,613	\$ 821,683	5.60%	\$ 799,971	\$ 21,712	2.71%

Governmental Capital Improvement Funds

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 July 2020. As of August 31, 2020, these capital fund expenditures totaled \$2.1 million, or 1.7% of the amended budget. As part of the adoption of the FY 2020/21 and FY 2021/22 budget, capital funds were carried over from the prior fiscal year for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be brought forward as part of the FY 2019/20 year-end reconciliation process.

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.

CITY OF SANTA CLARA GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENDITURES

EXPENDITURES - FISCAL YEAR 2020/21						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 8/31/2020	Percentage Used	
Parks & Recreation	\$ 5,758,558	\$ 15,741,394	\$ 21,499,952	\$ 1,476,604	6.87%	
Streets & Highways	24,360,764	39,525,658	63,886,422	314,070	0.49%	
Storm Drain	4,489,447	7,220,645	11,710,092	32,646	0.28%	
Fire	290,796	715,373	1,006,169	2,358	0.23%	
Library	123,681	190,107	313,788	-	0.00%	
Public Buildings	1,737,751	9,975,548	11,713,299	70,924	0.61%	
General Gov't - Other	4,098,669	11,203,108	15,301,777	198,405	1.30%	
Related Santa Clara Developer	562,062	-	562,062	-	0.00%	
TOTAL	\$ 41,421,728	\$ 84,571,833	\$ 125,993,561	\$ 2,095,007	1.66%	

Financial Status Report as of August 31, 2020

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of August 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 August 2020, revenue and expenditures are tracking lower than through the same period last fiscal year.

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

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2020	Percentage received	Actual Through 8/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 48,301,982	9.37%	\$ 55,365,548	\$ (7,063,566)	-12.76%
Water Utility Fund	57,220,287	57,220,287	6,953,968	12.15%	7,485,971	(532,003)	-7.11%
Sewer Utility Fund	45,495,100	45,495,100	5,325,917	11.71%	4,474,372	851,545	19.03%
Cemetery Fund	600,000	600,000	80,829	13.47%	77,968	2,861	3.67%
Solid Waste Utility Fund	31,219,000	31,219,000	3,195,828	10.24%	2,816,884	378,944	13.45%
Water Recycling Fund	7,064,710	7,064,710	631,015	8.93%	898,303	(267,288)	-29.75%
TOTAL REVENUE	\$ 657,005,777	\$ 657,005,777	\$ 64,489,539	9.82%	\$ 71,119,046	\$ (6,629,507)	-9.32%

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2020	Percentage Used	Actual through 8/31/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 475,468,120	\$ 52,656,020	11.07%	\$ 71,960,135	\$ (19,304,115)	-26.83%
Water Utility Fund	49,106,767	49,322,081	4,507,876	9.14%	5,760,671	(1,252,795)	-21.75%
Sewer Utility Fund	28,338,164	28,509,889	5,249,651	18.41%	5,589,863	(340,212)	-6.09%
Cemetery Fund	1,412,953	1,412,953	176,481	12.49%	194,210	(17,729)	-9.13%
Solid Waste Utility Fund	32,563,421	33,013,675	2,092,687	6.34%	2,105,754	(13,067)	-0.62%
Water Recycling Fund	5,867,938	5,871,208	1,310,473	22.32%	1,173,023	137,450	11.72%
TOTAL - Operating Appropriations	\$ 591,548,461	\$ 593,597,926	\$ 65,993,188	11.12%	\$ 86,783,656	\$ (20,790,468)	-23.96%

Revenues in the electric (which also includes the Electric Debt Service Fund), 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.

Financial Status Report as of August 31, 2020

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through August 2020 totaled \$15.8 million, or 5.8% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2020/21 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be completed as part of the FY 2019/20 year-end reconciliation process.

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2020/21					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 8/31/2020	Percentage Used	Actual Through 8/31/2019
Electric Utility Fund	\$ 64,592,602	\$ 112,296,667	\$ 176,889,269	\$ 11,618,228	6.57%	\$ 4,486,322
Street Lighting ⁽¹⁾	125,000	5,867,109	5,992,109	720	0.01%	5,395
Water Utility Fund	4,610,000	15,010,726	19,620,726	851,997	4.34%	307,421
Sewer Utility Fund	42,114,351	24,817,115	66,931,466	3,331,638	4.98%	4,921,824
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	150,000	1,032,000	2,719	0.26%	28,577
Water Recycling Fund	550,000	-	550,000	-	-	-
TOTAL - CIP Appropriations	\$ 113,173,952	\$ 158,141,618	\$ 271,315,570	\$ 15,805,302	5.83%	\$ 9,749,539

(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). In FY 2020/21, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- 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 table below summarizes select reserve balances.

**CITY OF SANTA CLARA
RESERVE BALANCES
August 31, 2020**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 57,709,688			
Capital Projects Reserve	1,958,983			
Land Sale Reserve	24,488,392			
Building Inspection Reserve	12,284,067			
Technology Fee Reserve	485,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
TOTALS	\$ 96,926,259	\$ 25,078,163	\$ 303,090	\$ -

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	\$ 7,111,149
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	9,033,044
TOTALS			\$ 20,368,327

Donations to the City of Santa Clara

Donations received by department during the month of August 2020 and for fiscal year 2020/21 are shown in the table below.

Department	Aug-20	Fiscal Year 2020/21 Year To Date	Donor	Designated Use
City Manager's Office	\$ 175	\$ 635	Various	Help Your Neighbor
Non-Departmental	-	14,331	Various	COVID-19
Parks and Recreation	10,915	10,915	Various	Case Management
TOTALS	\$ 11,090	\$ 25,881		