



# **City of Santa Clara**

The Center of What's Possible

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## **MONTHLY FINANCIAL STATUS REPORT**

**July 2021**

City of Santa Clara

Financial Status Report as of July 31, 2021

This report summarizes the City’s financial performance for the month ended July 31, 2021. 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 2021/22 was \$289.3 million. The amended budget for revenues and expenditures was amended to \$294.1 million to reflect carryover appropriations from fiscal year 2020/21 and various budget amendments approved by the City Council through July 2021.

While it is very early in the fiscal year and limited data is available, General Fund revenues are currently tracking with estimated levels. However, concerns remain regarding continued impacts of COVID-19 as the Delta variant and vaccine hesitancy may impact the speed of recovery. Through July, expenditures are tracking slightly below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures.

Many economic indicators have improved significantly since the start of the pandemic, but some have not returned to pre-pandemic levels. On a national level, the unemployment rate decreased slightly from 5.9% in June 2021 to 5.4% in July 2021. This rate was well below the record setting high of 14.7% in April 2020, but above the pre-pandemic unemployment rate of 3.5%. In July, the number of unemployed persons fell to 8.7 million. While the improvements in the labor market continue to reflect the resumption of activity that had been curtailed due to COVID-19, the pace of improvement has moderated in recent months.<sup>1</sup>

Chart 1. Unemployment rate, seasonally adjusted, July 2019 – July 2021

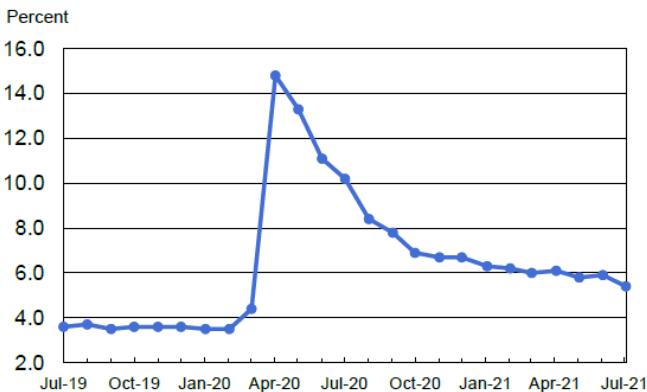
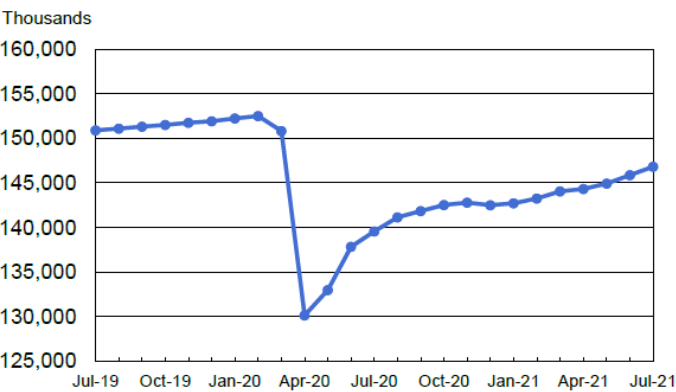
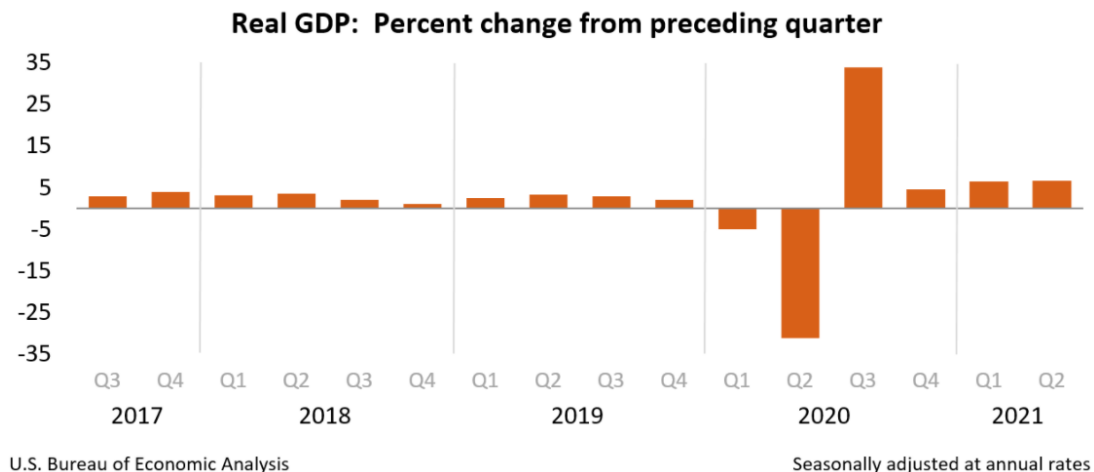


Chart 2. Nonfarm payroll employment, seasonally adjusted, July 2019 – July 2021



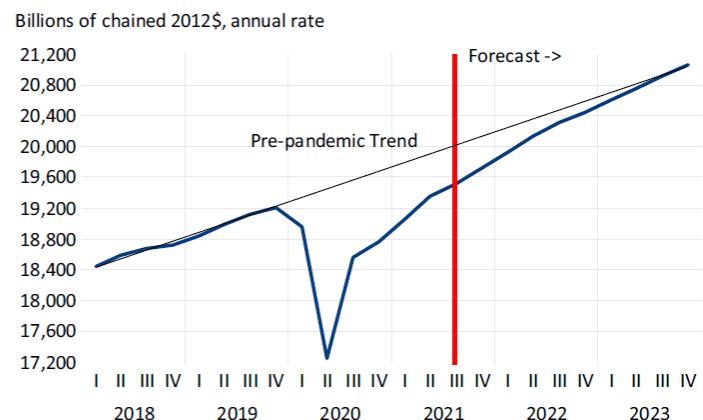
<sup>1</sup> [https://www.bls.gov/news.release/archives/empsit\\_08062021.pdf](https://www.bls.gov/news.release/archives/empsit_08062021.pdf)

In the second quarter 2021 second estimate, the Gross Domestic Product (GDP) increased by 6.6%, following a GDP increase of 6.3% in the first quarter. The estimated increase in the first quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. The second quarter reflects increases in consumer spending, exports and local and State government spending. The real GDP for the second quarter 2021 is 0.8% above the level experienced in the fourth quarter of 2019.<sup>2</sup>



While GDP has now surpassed the pre-COVID peak in the second quarter 2021, it has not yet reached the pre-pandemic trend. Per the September 2021 UCLA Anderson Forecast, GDP is not expected to reach the pre-COVID trend until the third quarter 2023. According to the Forecast, growth in services is expected to be the driver of GDP growth. With supply constraints and the lifting of public health restrictions, the Forecast assumes a shift from goods consumption to services consumption.

Exhibit 3: Real GDP Levels, 2018Q1-2023Q4



Source: U.S. Bureau of Economic Analysis, UCLA Anderson Forecast.

The September 2021 UCLA Forecast also projects a slower economic rebound as the Delta variant spreads and COVID continues to impact supply chains, which is a shift from the strong recovery projected in the March and June 2021 Forecasts. "What makes the growth 'ho-hum' is the comparison

<sup>2</sup> [https://www.bea.gov/sites/default/files/2021-08/tech2q21\\_2nd.pdf](https://www.bea.gov/sites/default/files/2021-08/tech2q21_2nd.pdf)

to what could have been if, globally, we had gotten COVID under control and had been able to transform the pent-up demand, pent-up savings and a tremendous amount of government support into faster economic growth,” writes UCLA Anderson senior economist Leo Feler in his September forecast.<sup>3</sup>

Improvement continues at the State and local level. After the State’s largest increase in the unemployment rate in April 2020, the California unemployment rate dropped to 7.6% in July 2021. This is slightly lower compared to the 7.7% rate in June 2021. With the decrease in the unemployment rate between February and July, California has now regained nearly 58.3% of the 2.7 million jobs lost due to COVID-19 in March and April 2020.<sup>4</sup> The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 5.0% in July 2021, down from a revised 5.2% in June 2021 but higher than the February 2020 level of 2.6%.

Staff will continue to closely monitor the economic environment and the City’s financial performance and provide updates through the Monthly Financial Reports.

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<sup>3</sup> September 2021 UCLA Anderson Forecast

<sup>4</sup> <https://www.edd.ca.gov/Newsroom/unemployment-july-2021.htm>

## Financial Status Report as of July 31, 2021

### General Fund Revenues

As of July 31, 2021, \$4.8 million or 2% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$43.7 million have occurred as budgeted. This very low collection level through July is largely due to the timing of payments. In some categories, the revenues received in July account for activity that occurred in FY 2020/21 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.

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

Function	FISCAL YEAR 2021/22				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 7/31/2021	Percentage Received	Actual Through 7/31/2020	Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 58,183,000	\$ 58,183,000	\$ -	0.00%	\$ (59,873)	\$ 59,873	-100.00%
Property Tax	71,559,000	71,559,000	-	0.00%	-	-	N/A
Transient Occupancy Tax	9,000,000	9,000,000	(117,876)	-1.31%	(225,789)	107,913	-47.79%
Other Taxes	6,080,000	6,080,000	58,236	0.96%	203,263	(145,027)	-71.35%
<b>Total Taxes</b>	<b>144,822,000</b>	<b>144,822,000</b>	<b>(59,640)</b>	<b>-0.04%</b>	<b>(82,399)</b>	<b>22,759</b>	<b>-27.62%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	900,000	900,000	85,687	9.52%	91,148	(5,461)	-5.99%
Fire Operation Permits	2,200,000	2,200,000	175,030	7.96%	174,292	738	0.42%
Building Permits	-	-	81,608	N/A	500,004	(418,396)	-83.68%
Electric Permits	-	-	12,274	N/A	54,058	(41,784)	-77.29%
Plumbing Permits	-	-	9,145	N/A	38,125	(28,980)	-76.01%
Mechanical Permits	-	-	7,910	N/A	38,645	(30,735)	-79.53%
Miscellaneous Permits	60,000	60,000	11,693	19.49%	8,827	2,866	32.47%
<b>Total Licenses &amp; Permits</b>	<b>3,160,000</b>	<b>3,160,000</b>	<b>383,347</b>	<b>12.13%</b>	<b>905,099</b>	<b>(521,752)</b>	<b>-57.65%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,496,135</b>	<b>1,496,135</b>	<b>2,236</b>	<b>0.15%</b>	<b>4,978</b>	<b>(2,742)</b>	<b>-55.08%</b>
<b>INTERGOVERNMENTAL</b>	<b>26,205,801</b>	<b>26,205,801</b>	<b>-</b>	<b>0.00%</b>	<b>(25,079)</b>	<b>25,079</b>	<b>-100.00%</b>
<b>CHARGES FOR SERVICES</b>	<b>30,003,443</b>	<b>30,003,443</b>	<b>2,049,850</b>	<b>6.83%</b>	<b>1,597,639</b>	<b>452,210</b>	<b>28.30%</b>
<b>CONTRIBUTION IN LIEU</b>	<b>24,700,000</b>	<b>24,700,000</b>	<b>2,147,782</b>	<b>8.70%</b>	<b>-</b>	<b>2,147,782</b>	<b>N/A</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	2,600,000	2,600,000	(838,071)	-32.23%	(941,418)	103,347	-10.98%
Rent	9,115,722	9,115,722	1,046,125	11.48%	602,974	443,151	73.49%
<b>Total Use of Money &amp; Property</b>	<b>11,715,722</b>	<b>11,715,722</b>	<b>208,054</b>	<b>1.78%</b>	<b>(338,444)</b>	<b>546,498</b>	<b>-161.47%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>198,000</b>	<b>198,000</b>	<b>45,212</b>	<b>22.83%</b>	<b>8,250</b>	<b>36,962</b>	<b>448.02%</b>
<b>LAND PROCEED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,460,000	(6,000)	-0.41%
Operating Transfer In - Reserves	32,390,871	32,390,871	32,390,871	100.00%	38,952,083	(6,561,212)	-16.84%
Operating Transfer In - Fund Balances <sup>(1)</sup>	-	4,817,658	4,817,658	100.00%	4,273,692	543,966	12.73%
Operating Transfer In - Miscellaneous	5,005,399	5,005,399	5,005,399	100.00%	2,547,419	2,457,980	96.49%
<b>Total Other Financing Sources</b>	<b>38,850,270</b>	<b>43,667,928</b>	<b>43,667,928</b>	<b>100.00%</b>	<b>47,233,194</b>	<b>(3,565,266)</b>	<b>-7.55%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	7,466,069	7,466,069	(14,011)	-0.19%	24,156	(38,167)	-158.00%
Rent and Licensing	717,500	717,500	-	0.00%	-	-	N/A
<b>Total Stadium Operation</b>	<b>8,183,569</b>	<b>8,183,569</b>	<b>(14,011)</b>	<b>-0.17%</b>	<b>24,156</b>	<b>(38,167)</b>	<b>-158.00%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 294,152,598</b>	<b>\$ 48,430,758</b>	<b>16.46%</b>	<b>\$ 49,327,394</b>	<b>\$ (896,636)</b>	<b>-1.82%</b>

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received. Revenue is anticipated in August 2021.

(2) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2021 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%. As of July 31, 2021, no sales tax has been collected. Given the timing of payments, the sales tax payments received in July accounted for activity in the prior fiscal year and those funds were accrued to last year.

**Property Tax:** No property tax receipts were received in July 2021. The majority of property tax revenue is collected in February and April each year. Based on initial information from the County of Santa Clara, property tax receipts are projected to end the year close to the Adopted Budget estimate of \$71.6 million.

**Transient Occupancy Tax (TOT):** TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. Through July 31, 2021, no revenue has been received in this category. The negative amount reflects an accrual amount that was recorded in the prior year.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected under \$0.1 million through July, which is approximately 71% lower than prior year collection levels. Receipts through July reflect franchise tax collections and these collections are lower than prior year collections. No documentary transfer tax revenue is reflected through July as the receipts received in July were accrued to the prior fiscal year.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Effective FY 2021/22, building, electric, plumbing and mechanical permits have all been budgeted in the new Building Development Services Fund, which will be reflected in the Special Revenue section of this report. Excluding the development revenues that have erroneously been booked in this category, licenses and permits revenue collections are tracking slightly at par with receipts totaling \$0.3 million, or 8.6% of the budget of \$3.2 million.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through July of \$2,200 is tracking to end the year well below the budgeted estimate of \$1.5 million largely due to the waiving of late fees on utility billing in response to COVID-19. The City will be applying for the California Arrearage Payment Program in order to alleviate the arrearages accrued as a result of the City's bill relief period.

**Intergovernmental:** Includes federal stimulus funds, motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through July 31, 2021, no revenue has been received in this category.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through July 31, 2021, collections totaled approximately \$2.0 million or 6.8% of the budget. This reflects a 28% increase compared to last year's collections through the same period of \$1.6 million. This large increase is a result of the timing of when interdepartmental charges directly related to the cost allocation plan were booked. This fiscal year, these charges started to be received in July, whereas last

fiscal year, they were not booked until October. In addition, the miscellaneous charges for services were tracking above the prior year, while the Plan Check and Sign Fees were tracking well below the prior year.

**Contribution in Lieu:** In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. Through July, \$2.1 million has been received which is on par for this time of year. This collection level, however, is based on the budgeted estimate and will be trued up at the end of the fiscal year.

**Use of Money & Property:** Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$0.2 million, or 1.8% of the budget. Similar to the transient occupancy tax collection, the negative amount under the interest category reflects an accrual to the prior year.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through July 31, 2021, collections are significantly higher than collections through the same period last fiscal year, \$45,000 compared to \$8,200. This is a result of a correction to a revenue charged that was previously booked as an expense.

**Stadium Operation:** The current negative amount under the charges for services category reflects an accrual amount for charges for services.

### General Fund Expenditures

As of July 31, 2021, \$61.3 million or 20.8% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are within budgeted levels through July. Departmental expenditures totaled \$18.6 million, or 7.6% of the budget, which is below the par level of 8.3% of the budget. Several cost-control measures that were implemented in FY 2019/20 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, expenditures are expected to end the year below budget.

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

Function	FISCAL YEAR 2021/22				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 7/31/2021	Percentage Used	Actual Through 7/31/2020	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 6,824,333	\$ 6,941,924	\$ 405,519	5.84%	\$ 109,810	\$ 295,709	269.29%
City Council	829,205	829,205	64,139	7.73%	44,081	20,058	45.50%
City Clerk	1,470,231	1,584,169	122,148	7.71%	86,491	35,657	41.23%
City Manager	5,442,069	5,858,186	432,686	7.39%	463,864	(31,178)	-6.72%
City Attorney	3,097,380	3,119,380	184,411	5.91%	175,166	9,245	5.28%
Human Resources	4,133,810	4,257,886	288,683	6.78%	228,114	60,569	26.55%
Finance	17,439,442	17,805,818	1,347,698	7.57%	1,010,036	337,662	33.43%
<b>Total General Government</b>	<b>39,236,470</b>	<b>40,396,568</b>	<b>2,845,284</b>	<b>7.04%</b>	<b>2,117,562</b>	<b>727,722</b>	<b>34.37%</b>
<b>PUBLIC WORKS</b>	<b>23,201,356</b>	<b>24,198,161</b>	<b>2,051,744</b>	<b>8.48%</b>	<b>1,695,798</b>	<b>355,946</b>	<b>20.99%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,070,207</b>	<b>6,560,663</b>	<b>432,075</b>	<b>6.59%</b>	<b>901,108</b>	<b>(469,033)</b>	<b>-52.05%</b>
<b>PARKS AND RECREATION</b>	<b>20,982,990</b>	<b>21,433,077</b>	<b>1,259,648</b>	<b>5.88%</b>	<b>1,053,894</b>	<b>205,754</b>	<b>19.52%</b>
<b>PUBLIC SAFETY</b>							
Fire	60,581,403	61,011,002	5,068,882	8.31%	4,146,213	922,669	22.25%
Police	79,870,137	79,983,531	6,247,671	7.81%	5,498,407	749,264	13.63%
<b>Total Public Safety</b>	<b>140,451,540</b>	<b>140,994,533</b>	<b>11,316,553</b>	<b>8.03%</b>	<b>9,644,620</b>	<b>1,671,933</b>	<b>17.34%</b>
<b>LIBRARY</b>	<b>10,764,727</b>	<b>10,895,605</b>	<b>657,000</b>	<b>6.03%</b>	<b>669,913</b>	<b>(12,913)</b>	<b>-1.93%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>239,707,290</b>	<b>244,478,607</b>	<b>18,562,304</b>	<b>7.59%</b>	<b>16,082,895</b>	<b>2,479,409</b>	<b>15.42%</b>
<b>OTHER FINANCING USES</b>							
Operating Transfer Out - Miscellaneous	23,250,142	23,250,142	23,250,142	100.00%	10,445	23,239,697	222495.90%
Operating Transfer Out - Debt Services	2,501,439	2,501,439	2,501,439	100.00%	2,500,344	1,095	0.04%
Operating Transfer Out - Maintenance Dtrct	771,349	771,349	771,349	100.00%	990,929	(219,580)	-22.16%
Operating Transfer Out - Cemetery	850,000	850,000	850,000	100.00%	771,769	78,231	10.14%
Operating Transfer Out - CIP	11,773,925	11,773,925	11,773,925	100.00%	19,678,672	(7,904,747)	-40.17%
Operating Transfer Out - Reserves	3,309,009	3,309,009	3,309,009	100.00%	924,654	2,384,355	257.86%
<b>Total Other Financing Uses</b>	<b>42,455,864</b>	<b>42,455,864</b>	<b>42,455,864</b>	<b>100.00%</b>	<b>24,876,813</b>	<b>17,579,051</b>	<b>70.66%</b>
<b>STADIUM OPERATION</b>	<b>7,171,786</b>	<b>7,218,126</b>	<b>268,744</b>	<b>3.72%</b>	<b>214,616</b>	<b>54,128</b>	<b>25.22%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 289,334,940</b>	<b>\$ 294,152,598</b>	<b>\$ 61,286,912</b>	<b>20.84%</b>	<b>\$ 41,174,324</b>	<b>\$ 20,112,588</b>	<b>48.85%</b>



### General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program.

**Non-Departmental:** Includes expenditures that are not attributable to a single department, but a function of the City in general. Through July, expenditures totaled \$0.4 million, or 5.8% of the budget. These expenditures reflect a significant increase compared to the same period last fiscal year, primarily as a result of higher expenditures in the mandated program costs for Silicon Valley Animal Control. Last fiscal year, this payment was not booked until September.

**City Attorney:** Actual expenditures through July totaled approximately \$0.2 million, which is 5.9% of the budget, which is below par. Spending is above the total expenditures through the same time last fiscal year by 5.3% due to the timing of internal service fund allocation charges. Last fiscal year, these charges were not recorded in the departmental expenditures until October.

**City Clerk:** Through July, actual expenditures were tracking below budget at \$0.1 million or approximately 7.7% of the budget. This reflects an increase of 41% over last year's spending through the same period. Similar to the other departments, this increase in spend is a result of the timing of internal service fund allocation charges. Last fiscal year, these charges were not recorded in the departmental expenditures until October.

**City Council:** Through July, expenditures were at 7.7% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending increase of approximately 45%, which is primarily the result of the timing of internal service fund allocation charges. Last fiscal year, these charges were not recorded in the departmental expenditures until October.

**City Manager:** The actual expenditures through July totaled \$0.4 million, or 7.4% of the budget, which is below par for this time of the year. Expenditures are approximately 6.7% lower compared with the spending level through the same period last fiscal year.

**Community Development Department:** This department consists of three divisions: Planning, Building, and Housing and Community Services. Effective this fiscal year, the Building Division of this department has been moved to the newly established Building Development Services Fund, which falls under the special revenue section of this report. Through July 31, 2021, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$0.4 million, or 6.6%, which is below par of 8.3%. Expenditures were also well below the spending through the same period last fiscal year due to the change in funding for the Building Division.

**Finance Department:** Through July, the Department's expenditures totaled \$1.3 million, or 7.6% of the budget, which is below par. This expenditure level was approximately 33% higher than through the same period last year. This increase in spending is attributable to the timing of a payment for the annual maintenance cost on the department's billing system, with last year's payment being booked in August instead of July.

**Fire Department:** Through July, actual expenditures in the General Fund totaled \$5.0 million, or 8.3% of the budget, which is at par. These expenditures reflect a 22.3% increase from expenditures through the same period last fiscal year. This is mainly attributable to the timing of internal service fund allocation charges. Last fiscal year, these charges were not recorded in the departmental expenditures until October. All COVID-19 related expenditures have been charged centrally to the Other City Departments Operating Grant Trust Fund. The Fire Department has charged approximately \$0.02 million to this fund, bringing total expenditures, including the General Fund, to \$5.1 million. Overtime expenditures are tracking at 15.5%, which is above par for this time of year. While this overtime figure is high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset a portion of the overtime costs.

**Library Department:** Through July, actual expenditures totaled \$0.6 million, or 6% of the budget, which is below par and consistent with expenditure levels last fiscal year. COVID-19 precautions have continued to impact Library operations this year, resulting in lower expenditures. A phased reopening is in progress, with full operations currently anticipated by the start of calendar year 2022.

**Parks and Recreation Department:** Through July, actual expenditures totaled \$1.2 million, or 5.8% of the budget, which is below par, but above the prior year actuals of \$1.0 million. Similar to the other departments, this is due to the internal service fund allocation charges which were recorded in October last fiscal year. The department is resuming activities that were previously impacted by COVID-19 restrictions, which will result in higher expenditures this fiscal year.

**Police Department:** Expenditures through July are tracking at expected levels at \$6.2 million, or 7.8% of the budget; this is 22% above prior year spending. Again, this is also a result of the timing of internal service fund allocation charges. Last fiscal year, these charges were not recorded in the departmental expenditures until October. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Departments Operating Grant Trust Fund. Through July, charges to this fund totaled approximately \$0.01 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures are still tracking slightly below par.

**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 July and are tracking below budgeted levels.

### Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of July 31, 2021. The amended budget for both reflects carryover appropriations from fiscal year 2021/22 in addition to budget amendments approved by the City Council through July 2021. Effective July 1, 2021, all Building Division revenues and expenditures are now budgeted and accounted for in the new Building Development Services Fund, which is included in the table below. Revenues totaled approximately \$1.4 million, while expenditures totaled approximately \$1.2 million through the end of July. Overall, revenues are tracking on par, while expenditures are tracking below budgeted levels.

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

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 7/31/2021	Percentage received	Actual Through 7/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 261,000	\$ 261,000	\$ 6,687	2.56%	\$ 8,357	\$ (1,670)	-19.98%
City Affordable Housing Fund	657,000	657,000	13,737	2.09%	13,235	502	3.79%
Housing Successor Fund	350,000	350,000	31,975	9.14%	111,788	(79,813)	-71.40%
Housing and Urban Development	1,957,103	1,957,103	500	0.03%	129,162	(128,662)	-99.61%
Building Development Services Fee Fund	13,630,000	13,630,000	1,368,597	10.04%	0	1,368,597	100.00%
<b>TOTAL</b>	<b>\$16,855,103</b>	<b>\$ 16,855,103</b>	<b>\$ 1,421,496</b>	<b>8.43%</b>	<b>\$ 262,542</b>	<b>\$ 1,158,954</b>	<b>441.44%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 7/31/2021	Percentage used	Actual through 7/31/2020	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 363,099	\$ 483,099	\$ 3,681	0.76%	\$ 23,251	\$ (19,570)	-84.17%
City Affordable Housing Fund	1,431,111	2,852,650	125,761	4.41%	23,645	102,116	431.87%
Housing Successor Fund	915,640	1,260,001	78,136	6.20%	109,110	(30,974)	-28.39%
Housing and Urban Development	3,684,839	5,430,472	308,817	5.69%	117,064	191,753	163.80%
Building Development Services Fee Fund	12,256,059	12,256,059	651,932	5.32%	0	651,932	100.00%
<b>TOTAL</b>	<b>\$18,650,748</b>	<b>\$ 22,282,281</b>	<b>\$ 1,168,327</b>	<b>5.24%</b>	<b>\$ 273,070</b>	<b>\$ 895,257</b>	<b>327.85%</b>

### 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 2021. As of July 31, 2021, these capital fund expenditures totaled \$0.7 million, or 0.5% of the amended budget. As part of the adoption of the FY 2021/22 and FY 2022/23 operating budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2021. Necessary additional adjustments to the capital carryover amounts will be brought forward as part of the Budgetary Year-End Report for FY 2020/21, expected to go to Council in December 2021.

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 displays the expenditure budget for the General Government capital funds excluding transfers.

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

EXPENDITURES - FISCAL YEAR 2021/22					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 7/31/2021	Percentage Used
Parks & Recreation	\$ 7,085,289	\$ 15,478,055	\$ 22,563,344	\$ 204,506	0.91%
Streets & Highways	26,414,803	62,313,089	88,727,892	243,310	0.27%
Storm Drain	592,169	10,471,505	11,063,674	30,394	0.27%
Fire	837,110	1,017,587	1,854,697	-	0.00%
Library	7,872	246,601	254,473	656	0.26%
Public Buildings	397,953	7,547,118	7,945,071	27,400	0.34%
General Gov't - Other	1,555,000	10,228,593	11,783,593	83,412	0.71%
Related Santa Clara Developer	968,103	1,326,191	2,294,294	74,481	3.25%
Tasman East Specific	23,757	-	23,757	-	0.00%
Infrastructure Improvement Fund					
<b>TOTAL</b>	<b>\$ 37,882,056</b>	<b>\$ 108,628,739</b>	<b>\$ 146,510,795</b>	<b>\$ 664,159</b>	<b>0.45%</b>

## Financial Status Report as of July 31, 2021

### Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of July 31, 2021. Overall, revenues and expenditures are tracking below budgeted levels.

While revenues are tracking below last fiscal year levels, expenditures are tracking significantly higher than prior year levels, primarily in the Electric Utility Fund. The increase in expenditures is primarily due to the higher debt retirement costs as well as higher resource costs related to transmission and wheeling (transportation of electric energy from within an electrical grid to an electrical load outside the grid boundaries). Electric Utility expenditures, however, are tracking within budget through July.

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

Fund Description	REVENUES - FISCAL YEAR 2021/22				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 7/31/2021	Percentage received	Actual Through 7/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 555,810,147	\$ 555,810,147	\$ 4,968,213	0.89%	\$ 6,459,634	\$ (1,491,421)	-23.09%
Water Utility Fund	49,489,630	49,489,630	797,657	1.61%	1,492,242	(694,585)	-46.55%
Sewer Utility Fund	58,344,697	58,344,697	283,214	0.49%	881,332	(598,118)	-67.87%
Cemetery Fund	600,000	600,000	78,595	13.10%	41,642	36,953	88.74%
Solid Waste Utility Fund	33,610,000	33,610,000	1,010,812	3.01%	952,342	58,470	6.14%
Water Recycling Fund	5,703,831	5,703,831	45,282	0.79%	(272,084)	317,366	-116.64%
<b>TOTAL REVENUE</b>	<b>\$ 703,558,305</b>	<b>\$ 703,558,305</b>	<b>\$ 7,183,773</b>	<b>1.02%</b>	<b>\$ 9,555,108</b>	<b>\$ (2,371,335)</b>	<b>-24.82%</b>

Fund Description	EXPENSES - FISCAL YEAR 2021/22				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 7/31/2021	Percentage Used	Actual through 7/31/2020	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 511,251,732	\$ 513,122,550	\$ 39,278,149	7.65%	\$ 23,994,909	\$ 15,283,240	63.69%
Water Utility Fund	47,197,617	47,580,260	1,173,681	2.47%	1,195,778	(22,097)	-1.85%
Sewer Utility Fund	30,565,333	30,707,268	1,103,120	3.59%	638,937	464,183	72.65%
Cemetery Fund	1,480,235	1,480,235	93,754	6.33%	65,336	28,418	43.50%
Solid Waste Utility Fund	33,323,675	36,981,208	1,654,813	4.47%	480,157	1,174,656	244.64%
Water Recycling Fund	5,709,582	5,709,582	65,164	1.14%	37,201	27,963	75.17%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 629,528,174</b>	<b>\$ 635,581,103</b>	<b>\$ 43,368,681</b>	<b>6.82%</b>	<b>\$ 26,412,318</b>	<b>\$ 16,956,363</b>	<b>64.20%</b>

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.

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through July 2021 totaled approximately \$1.1 million, or 0.5% 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 2021/22 and FY 2022/23 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 brought forward in December 2021, as part of the FY 2020/21 year-end reconciliation process.

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

Fund Description	EXPENSES - FISCAL YEAR 2021/22					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 7/31/2021	Percentage Used	Actual Through 7/31/2020
Electric Utility Fund	\$ 45,406,027	\$ 94,324,423	\$ 139,730,450	\$ 30,746	0.02%	\$ 7,028,613
Street Lighting <sup>(1)</sup>	-	5,953,560	5,953,560	13,475	0.23%	271
Water Utility Fund	6,285,000	5,815,672	12,100,672	212,184	1.75%	116,391
Sewer Utility Fund	47,296,944	25,449,390	72,746,334	688,205	0.95%	589,861
Cemetery Fund	8,409	351,635	360,044	700	0	-
Solid Waste Utility Fund	623,700	46,677	670,377	1,879	0.28%	-
Water Recycling Fund	50,000	-	50,000	-	-	-
Convention Center Capital Fund		3,500,000	3,500,000	201,462		
<b>TOTAL - CIP Appropriations</b>	<b>\$ 99,670,080</b>	<b>\$ 135,441,357</b>	<b>\$ 235,111,437</b>	<b>\$ 1,148,651</b>	<b>0.49%</b>	<b>\$ 7,735,136</b>

(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 2021/22, 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:

- 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  
July 31, 2021**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 52,963,235		
Capital Projects Reserve	5,361,215		
Land Sale Reserve	25,766,610		
Technology Fee Reserve	1,474,371		
Rate Stabilization Fund Reserve		\$ 44,898,011	
Cost Reduction Fund Reserve		112,838,357	
DVR Power Plant Contracts Reserve		78,163	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 85,565,430</b>	<b>\$ 157,814,531</b>	<b>\$ 303,090</b>



### Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The balances reflected in the table are through July 2021. The loan from the General Fund to 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:

<b>Fund Receiving Advance/Loan</b>	<b>Fund Making Advance/Loan</b>	<b>Type</b>	<b>Amount of Advance/Commitment</b>
Cemetery	General Fund	Advance	\$ 7,961,149
Parks and Recreation Facilities	General Fund	Loan	6,618,748

#### TOTALS

**\$ 14,579,897**

### Donations to the City of Santa Clara

Donations received by department during the month of July 2021 and for fiscal year 2021/22 are shown in the table below.

<b>Department</b>	<b>Jul-21</b>	<b>Fiscal Year 2021/22 Year To Date</b>	<b>Designated Use</b>
City Manager's Office	\$ 50	\$ 50	Help Your Neighbor
Parks & Recreation	10,000	10,000	Case Management
Police	75,000	75,000	PD Team 200
<b>TOTALS</b>	<b>\$ 85,050</b>	<b>\$ 85,050</b>	