



Memorandum

TO: PUBLIC SAFETY, FINANCE, AND
STRATEGIC SUPPORT COMMITTEE

FROM: Margaret McCahan

SUBJECT: BI-MONTHLY FINANCIAL REPORT
FOR MARCH/APRIL 2019

DATE: June 12, 2019

Approved

Date

6-12-19

RECOMMENDATION

Accept the Bi-Monthly Financial Report on actual revenues and expenditures as compared to the 2018-2019 Budget for the ten months ending April 2019.

OVERVIEW

The Bi-Monthly Financial Report for March/April 2019 was jointly prepared by the City Manager's Budget Office and the Finance Department and is presented for the Public Safety, Finance and Strategic Support Committee's review. The City Manager's Budget Office has analyzed actual expenditures as compared to the 2018-2019 Modified Budget and the Finance Department has prepared a report that reflects the financial results for the ten months ending April 2019.

Through April, revenues and expenditures were generally tracking within the budgeted estimates in the majority of the City funds. The Administration continues to closely monitor economic conditions and the performance in all City funds, and has brought forward adjustments, as appropriate, to the City Council as part of the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum, which is agendized for the June 18, 2019 City Council meeting. Following are key highlights in this report:

- Overall, General Fund revenues are currently anticipated to exceed the modified budget by approximately \$20 - \$22 million. As further discussed in this report, this variance is due to several revenue categories performing stronger than anticipated. Budget adjustments are included in the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum to recognize additional revenue of \$17.0 million to more closely align the budget with anticipated collections. Of this amount, \$16.3 million is recommended to be set aside in the 2018-2019 Ending Fund Balance Reserve, with the remaining amount used to offset other recommended actions.
- Overall, General Fund departmental and non-departmental expenditures are tracking to end the year with savings of approximately \$10 - \$12 million; however, a few appropriations are tracking close to or slightly above estimated levels. A limited number of budget adjustments

OVERVIEW (CONT'D.)

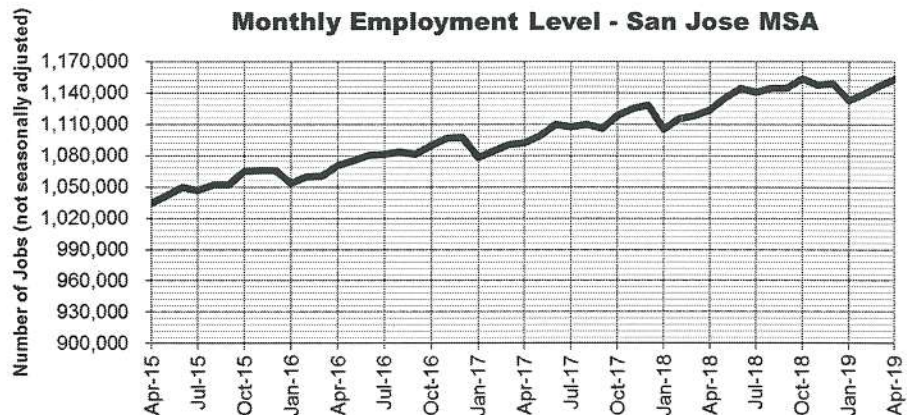
are included in the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum to address projected overages.

- The 2019-2020 Budget assumed \$43.7 million would be available from a combination of excess revenues, expenditure savings and the liquidation of prior year carryover encumbrances in 2018-2019 for use in 2019-2020. As part of the 2018-2019 Mid-Year Budget Review actions, \$15.0 million of excess revenue was recognized and set aside in a 2018-2019 Ending Fund Balance Reserve. In the year-end budget actions, an additional \$16.3 million of excess revenue is recommended to be added to the Ending Fund Balance Reserve, bringing the reserve to \$31.3 million. Additional revenue, expenditure savings, and the liquidation of carryover encumbrances is projected to be realized by year-end to fully meet the \$43.7 million assumed in the 2019-2020 budget.
- Construction and Conveyance Tax, Building and Structure Construction Tax, and Construction Excise Tax receipts are anticipated to end the year above budgeted estimates.
- The Building and Fire development-related revenues in the General Fund are tracking to exceed budgeted levels, while the Planning and Public Works development-related fees are tracking below budgeted estimates. For the larger variances, year-end adjustments are recommended, including an increase to the Building Development Fee Program revenue estimate of \$2.5 million (from \$32.5 million to \$35.0 million), a decrease to the Planning Development Fee Program estimate of \$1.0 million (from \$9.0 million to \$8.0 million), and a decrease of \$1.3 million to the Public Works Development Fee Program estimate (from \$8.9 million to \$7.6 million). The lower collection levels are offset by expenditure savings and/or the use of Development Fee Program reserves.
- The Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 12.2 million passengers through April, an increase of 11.2% from the figures reported through April of the prior year. This follows extremely strong growth experienced over the last two years. In 2016-2017, annual passenger growth increased by 12.7% (11.7% growth experienced through February of that fiscal year), and annual passenger growth increased by 17.2% in 2017-2018 (17.3% growth experienced through April of that fiscal year).
- In Silicon Valley, general economic conditions remain positive, but some of the economic indicators are starting to moderate from the strong levels experienced in recent years. The Administration will closely monitor the City's economically sensitive revenues to identify any changes in collection trends as appropriate.

OVERVIEW (CONT'D.)

Economic Environment

Silicon Valley continues to show positive economic performance. The April 2019 employment level in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) of 1.15 million was 2.7% above the April 2018 level of 1.12 million.



Between April 2018 and April 2019, employment in the San José MSA expanded by 29,900 jobs. This growth includes an increase of 9,200 jobs in the information sector, 5,500 jobs in the manufacturing sector, 3,900 jobs in the professional and business services industry, and 3,700 jobs in the private educational and health services industry.¹

Unemployment Rate (Unadjusted)			
	April 2018	March 2019	April 2019**
San Jose Metropolitan Statistical Area*	2.6%	3.0%	2.4%
State of California	4.0%	4.6%	3.9%
United States	3.7%	3.9%	3.3%

* San Benito and Santa Clara Counties
 Source: California Employment Development Department.
 ** April 2019 estimates are preliminary and may be updated.

The unemployment rates at the local, State, and national levels have continued to slightly drop compared to the prior year. In April 2019, the unemployment rate for the San José Metropolitan Statistical Area of 2.4% is below the March 2019 unemployment rate of 3.0% and the April 2018 unemployment rate of 2.6%. In this region, the April 2019 unemployment rate continues to be lower than the unadjusted unemployment rate for the State (3.9%) and the nation (3.3%).

Overall construction activity through April 2019 decreased 10.9% from 2017-2018 levels. The 2018-2019 budget was developed with the expectation that private development activity would drop because activity in 2017-2018 was exceptionally high due to new construction and that level of activity was not expected to continue.

¹ State of California Employment Development: Labor Market Information Division Press Release, May 17, 2019

OVERVIEW (CONT'D.)

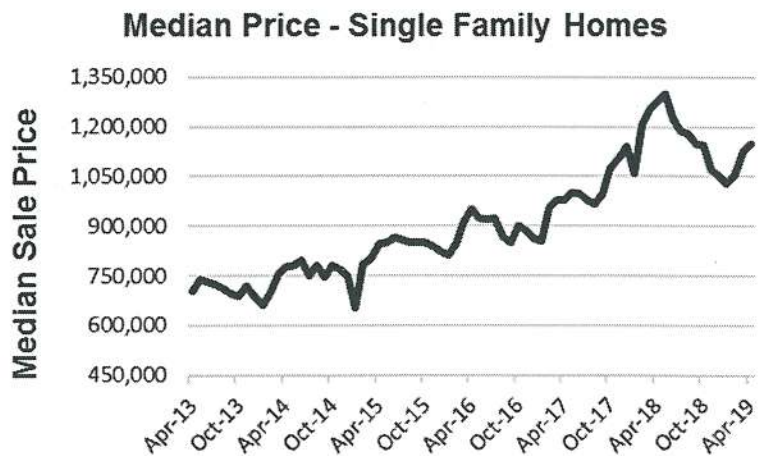
Through April, overall residential permit valuation decreased 11.5% from prior year levels (\$482.9 million in 2018-2019 and \$545.5 million in 2017-2018). Residential activity through April included 2,207 multi-family units and 369 units for single family construction for a total of 2,576 units. Notable projects for March and April include permits for two five-unit townhome buildings (located east of Santa Teresa Boulevard and south of Blossom Hill Road) and a 135-unit apartment building (located on Bassett Avenue, south of Coleman Avenue, and East of Highway 87).

Commercial valuation of \$430.3 million through April 2019 is 18.3% lower than the 2017-2018 level of \$526.9 million. The commercial activity in the month of April was modest (\$46.9 million) with alterations accounting for 86% of the commercial activity (\$40.2 million). A notable project includes a permit for finished interior work on a shell office building located on North 1st Street north of Highway 237.

Private Sector Construction Activity (Valuation in \$ Millions)			
	YTD April 2018	YTD April 2019	% Change
Residential	\$ 545.5	\$ 482.9	(11.5%)
Commercial	\$ 526.9	\$ 430.3	(18.3%)
Industrial	\$ 392.8	\$ 391.9	(0.2%)
TOTAL	\$ 1,465.2	\$ 1,305.1	(10.9%)

Industrial construction valuation of \$391.9 million through April is slightly below the prior year level of \$392.8 million. Alterations accounted for all industrial activity in April. A notable project includes a permit for a new self-storage warehouse located on Monterey Road south of Tully Road.

After seven years of year-over-year home price growth, the local real estate market began slowing down over the past year. According to data from the Santa Clara County Association of Realtors, the single-family home price peaked at \$1.3 million in May 2018 (which represented a 30.0% increase from the May 2017 home price), but then began steadily decreasing. In addition, year-over-year median prices have steadily decreased each month since November 2018, with drops ranging from 3%-13% compared to the prior year level. In April 2019, the median single-family home price totaled \$1.15 million, which represents a 9.8% decrease from the April 2018 price of \$1.3 million, but is over 17% above the April 2017 price of \$980,000. In addition to the median home prices dropping, the number of property transfers (sales) has also continued to steadily decline.



OVERVIEW (CONT'D.)

The number of property transfers in April 2019 totaled 659, which represents a 7% drop from the 711 transfers that occurred in April 2018. In addition, the total number of property transfers that occurred year-to-date through April has dropped over 9% compared to the prior year. Lastly, while single-family and multi-family dwellings are continuing to sell quickly, they are on the market longer than the prior year. The average days-on-market for single-family and multi-family dwellings in April 2019 totaled 28 days, which is almost compared to the extremely low 11 days experienced in April 2018.

On a national level, consumer confidence improved in April, following a decline in March. Lynn Franco, Senior Director of Economic Indicators at The Conference Board, stated "Consumer Confidence partially rebounded in April, following March's decline, but still remains below levels seen last Fall. The Present Situation Index, which had decreased sharply last month, improved in April, as did consumers' short-term outlook. Overall, consumers expect the economy to continue growing at a solid pace into the summer months. These strong confidence levels should continue to support consumer spending in the near-term."²

As suggested by a number of economic indicators, the local economy is continuing to experience growth, but at a more moderate level than previous years. These economic conditions were taken into consideration in the development of the 2019-2020 Proposed Budget, which was released May 1, 2019.

GENERAL FUND

REVENUES

General Fund revenues through April 2019 totaled \$1.1 billion, which represents an increase of \$90.3 million (9.0%) from the April 2018 level of \$1.0 billion. This increase is primarily due to higher receipts in several categories, including Other Revenue (\$29.3 million), Sales Tax (\$31.9 million) and Property Tax (\$24.3 million). Other Revenue receipts include revenue related to the sale of properties (\$45.0 million), the largest of which are seven properties that were previously owned by the Successor Agency to the Redevelopment Agency (SARA) and the Coleman Avenue property.

While most revenues are performing stronger than the prior year through April, there are several categories experiencing declines compared to prior year levels, including Revenue from the Federal Government, Revenue from the State of California, Franchise Fees, and Revenue from Local Agencies. The lower collections in these categories are primarily due to timing of payments and declines in the budgeted line items.

² The Conference Board, Consumer Confidence Survey, April 30, 2019

GENERAL FUND

General Fund revenues are anticipated to exceed the budgeted estimates by approximately \$20 million - \$22.0 million due to higher than anticipated in various categories, including Sales Tax, Property Tax, Business Taxes, Transient Occupancy Tax, Revenue from the State of California, Other Revenue, and Transfers/Reimbursements. To better align the budget with current projections, revenue adjustments totaling \$17 million (excluding adjustments related to grants/debt service payments/fee revenue) are recommended as part of the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum, which will be reviewed by the City Council on June 18, 2019 (Item 3.4). Of the additional revenue included in that memorandum, \$16.3 million is set aside in the 2018-2019 Ending Fund Balance Reserve, with the remaining \$700,000 used to offset other budget actions in that memorandum.

In the 2019-2020 Budget, it was assumed that a combination of excess General Fund revenues, expenditure savings and the liquidation of prior year carry-over encumbrances in 2018-2019 would generate \$43.7 million as 2018-2019 Ending Fund Balance/2019-2020 Beginning Fund Balance. This fund balance was included as a 2019-2020 funding source. As part of the 2018-2019 Mid-Year Budget Review actions, \$15.0 million of excess revenue was recognized and set aside in a 2018-2019 Ending Fund Balance Reserve. In the year-end budget actions, an additional \$16.3 million of excess revenue is recommended to be added to the Ending Fund Balance Reserve, bringing the reserve to \$31.3 million. Additional revenue, expenditure savings, and the liquidation of prior year carryover encumbrances are also anticipated to be realized by year-end to fully meet the 2019-2020 Beginning Fund Balance estimate.

The following discussion highlights General Fund revenue activities through April.

KEY GENERAL FUND REVENUES

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Property Tax	\$ 324,450,000	\$ 286,106,963	\$ 261,856,825

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner's Property Tax Relief. In 2018-2019, based on information provided by Santa Clara County, Property Tax receipts are estimated at \$329.9 million, which is \$5.5 million above the modified budget estimate. This figure reflects growth of \$23.7 million, or 7.7%, over the 2017-2018 collections, primarily due to higher Secured Property Tax receipts (\$21.2 million), Unsecured Property Receipts (\$2.0 million), and SB813 Property Tax receipts (\$736,000), partially offset by declining Aircraft Property Tax receipts (\$261,000). Additional information about each of the Property Tax sub-categories is provided below.

GENERAL FUND

Secured Property Taxes represent over 90% of the revenue in the Property Tax category. Based on the most recent information provided by Santa Clara County, Secured Property receipts are anticipated to total \$302.4 million in 2018-2019. The revised estimate is comprised of General Secured Property Tax receipts of \$278.3 million, excess Education Revenue Augmentation Fund (ERAF) funds of \$15.9 million, and Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax receipts of \$8.2 million. The revised Secured Property receipts estimate is \$6.9 million higher than the Adopted Budget estimate; however, a significant portion of the additional revenue (\$4.0 million) was anticipated and allocated in the 2018-2019 Mid-Year Budget Review that was approved by the City Council on February 12, 2019. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Secured Property Taxes estimate by \$2.0 million (from \$299.5 million to \$301.5 million) to reflect higher excess ERAF funds.

General Secured Property receipts represent the largest portion of the Secured Property Taxes category and are anticipated to total \$278.3 million in 2018-2019, representing growth of \$17.4 million from the 2017-2018 actual receipts and growth of \$3.2 million from the 2018-2019 Adopted Budget level. The 2018-2019 Adopted Budget was built with the assumption that Secured Property receipts would grow by 5.5% from 2017-2018 receipts, however, based on the most recent information provided by Santa Clara County, it is now anticipated receipts will increase by 6.6%. A significant portion of the additional revenue (\$2.7 million) was anticipated and allocated as part of the 2018-2019 Mid-Year Budget Review.

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, which generally occurs in March of each fiscal year. In March 2019, the City received notification from Santa Clara County (whom receives information from the State of California) that the City would receive excess ERAF funds of \$15.8 million in the current year. This figure is approximately \$7.4 million higher than the 2017-2018 actual collection level and the 2018-2019 Adopted Budget estimate of \$8.4 million. Based on preliminary information provided by the County on the anticipated ERAF receipts, a significant portion of the additional ERAF funds (\$5.4 million) was anticipated and allocated as part of the 2018-2019 Mid-Year Budget Review. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the ERAF estimate by an additional \$2.0 million (from \$13.8 million to \$15.8 million) to align the budget with estimated levels.

GENERAL FUND (CONT'D.)

As a result of the SARA bond refunding that occurred in December 2017, the City received a residual property tax distribution of \$11.8 million in 2017-2018. The Adopted 2018-2019 Budget assumed receipts would remain fairly flat at \$12.0 million. However, due to outstanding Supplemental Education Revenue Augmentation Fund (SERAF) loans anticipated to be paid off within the next year, the SARA residual property tax revenue was reduced on a one-time basis to an \$8.2 million in 2018-2019, but is anticipated to increase again in 2019-2020. The City is also expected to receive the SERAF loan repayment revenue in 2019-2020 due to the timing of payments. The 2018-2019 Mid-Year Budget Review included an adjustment to the SARA Residual Property Tax estimate, reducing the budget by \$4.1 million (from \$12.0 million to \$7.9 million) to more closely align with anticipated receipts.

In the **Unsecured Property Tax** category, collections through April totaled \$15.8 million, which is 12.3% above the prior year collections. Most of the revenue for this category is received in October of each year, with only minimal funding received throughout the remainder of the year. Based on information provided by Santa Clara County as well as actual revenue performance through April, it is anticipated Unsecured Property Tax receipts will end the year at \$16.1 million, which is approximately \$1.6 million above the budgeted level. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Unsecured Property Tax by \$500,000 (from \$14.5 million to \$15.0 million), to more closely align the budget with estimated levels.

For the **SB 813 Property Tax** category, collections totaled \$5.7 million through April, which is 8.4% above the \$5.2 million received last year at this time. The 2018-2019 Adopted Budget estimate of \$6.9 million is almost 7% below the 2017-2018 actual collection level of \$7.4 million as collections in this category ended 2017-2018 stronger than anticipated. Based on recent information provided by Santa Clara County, the 2018-2019 estimate is now \$8.1 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the SB813 Property Tax estimate by \$1.0 million (from \$6.9 million to \$7.9 million), to more closely align the budget with estimated levels.

Aircraft Property Tax receipts of \$2.5 million have been received through April, which represents a decline of 9.6% from the prior year collection level of \$2.7 million. Typically, all the receipts for this category are collected by April. Based on information provided by Santa Clara County and actual receipts, it is anticipated receipts will remain at \$2.5 million, which is approximately \$200,000 below the 2017-2018 actual collection level and the 2018-2019 Adopted Budget estimate of \$2.7 million.

In the **Homeowners Property Tax Relief** category, revenues in 2018-2019 are expected to end the year at the budgeted estimate of \$950,000, which is consistent with the 2017-2018 collection level.

June 12, 2019

Subject: Bi-Monthly Financial Report for March/April 2019

Page 9

GENERAL FUND (CONT'D.)

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Sales Tax	\$ 250,500,000	\$ 179,975,699	\$ 148,046,421

The Sales Tax category includes General Sales Taxes, Local Sales Taxes, and Proposition 172 Sales Taxes. When the 2018-2019 Adopted Budget was developed, it was projected that Sales Tax receipts would end 2017-2018 at \$230.8 million and grow 1.2% to \$233.5 million in 2018-2019. In 2017-2018 Sales Tax receipts, however, ended the year at only \$226.3 million. This lower collection level was due to the under-distribution of sales tax revenue throughout the State.

The California Department of Tax and Fee Administration (CDTFA), which is responsible for distributing Sales Tax revenue to jurisdictions in California, implemented a new automated system that resulted in 3rd quarter and 4th quarter 2017-2018 receipts not being fully disbursed to jurisdictions during the quarter in which the tax revenue was received. The CDTFA processed the outstanding payments, which were estimated at approximately \$10 million for San José, and included the additional revenue in the 1st quarter 2018-2019 disbursement that was received in November 2018. Based on receipts for the first three quarters (including the \$10 million that is attributed to the prior fiscal year), and estimated collections for the final quarter, the 2018-2019 Sales Tax revenue is projected to reach \$263.5 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Sales Tax estimate by \$13.0 million (from \$250.5 million to \$263.5 million), to align the budget with estimated levels.

When the 2018-2019 Adopted Budget was developed, **General Sales Tax** was anticipated to total \$181.2 million in 2017-2018 and, after factoring out accrual and one-time adjustments, would grow by approximately 2% to \$184.3 million in 2018-2019. However, due to the under-distribution of 2017-2018 Sales Tax by the CDTFA, the General Sales Tax actual receipts in 2017-2018 of \$177.4 million were under-stated by approximately \$9 million. The CDTFA has since processed the outstanding payments and included the additional revenue in the 1st quarter 2018-2019 disbursement that was received in November 2018. Based on the actual receipts through the first three quarters, including the one-time funds from the prior year, and estimated receipts for the last quarter, the 2018-2019 General Sales Tax receipts are anticipated to total \$210.3 million, which is \$10.0 million above the modified budget estimate and 18.5% above the understated 2017-2018 collection level. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum included actions to increase the Sales Tax estimate by \$10.0 million, to align the budget with estimated levels. This additional revenue was assumed in development of the 2019-2020 Operating Budget, including the recognition of \$4.5 million of additional 2018-2019 fund balance due to higher receipts in the third quarter of 2018-2019.

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which was implemented in October 2016. The 2018-2019 Local Sales Tax budget was built on the assumption 2017-2018 receipts would total \$42.6 million and after factoring out accrual adjustments would grow by

GENERAL FUND (CONT'D.)

approximately 2% to 43.0 million in 2018-2019. However, due to the CDTFA under-distributing payments, the Local Sales Tax actual receipts in 2017-2018 of \$42.6 million were understated by an estimated \$1 million - \$2 million. The CDTFA has since processed the outstanding payments and included the additional revenue in the 1st quarter 2018-2019 disbursement that was received in November 2018. Based on actual receipts through the first three quarters, including the one-time funds from the prior year and slight growth for the final quarter of the fiscal year, the 2018-2019 Local Sales Tax receipts is anticipated to total \$47.0 million, which is \$3.0 million above the modified budget estimate of \$44.0 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Sales Tax estimate by \$3.0 million, to align the budget with estimated levels. This additional revenue was assumed in development of the 2019-2020 Proposed Operating Budget.

Proposition 172 Sales Tax collections (representing the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs) totaled \$4.4 million through April and are expected to meet or slightly exceed the 2018-2019 budgeted estimate of \$6.2 million.

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Transient Occupancy Tax	\$ 19,700,000	\$ 14,586,389	\$ 13,539,357

The 2018-2019 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$19.7 million, which was built assuming growth of approximately 5% from the 2017-2018 estimated collection level of \$18.7 million. However, since 2017-2018 actual receipts came in above estimated levels at \$19.5 million, growth of less than 1% is needed to meet the 2018-2019 budget estimate. Year-to-date TOT receipts through April of \$14.6 million are 7.7% above the prior year collection level of \$13.5 million. Based on year-to-date receipts and continued hotel occupancy and room rate performance through April, TOT collections are anticipated to exceed the budgeted estimate by approximately \$1 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the TOT estimate by \$1.0 million to align the budget with estimated levels.

The April 2019 cumulative average revenue-per-available-room increased by 4.6% to \$152.98, and the cumulative average daily room rate of \$199.20 exceeded the prior year level of \$188.45 by 5.7%, while overall occupancy slightly declined (0.8%). Overall demand for hotel rooms is anticipated to continue through the remainder of 2018-2019, and the outlook for sustained performance in 2019-2020 remains strong.

GENERAL FUND (CONT'D.)

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Utility Tax	\$ 102,400,000	\$ 76,774,328	\$ 77,045,067

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Water Utility Tax, and the Telephone Utility Tax. Through April, Utility Tax receipts of \$76.8 million are fairly consistent with prior year levels. The 2018-2019 Adopted Budget was built on the assumption that 2017-2018 Utility Tax revenue would end the year at \$101.3 million and grow 1.5% to \$102.4 million in 2018-2019. However, since 2017-2018 ended the year only at \$99.8 million, growth of almost 3% is needed in 2018-2019 to meet the budgeted estimate. Based on historical collection trends and performance through April, it is anticipated that Utility Tax revenue will end the year approximately \$4 million below budgeted levels. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to decrease the Utility Tax estimate by \$4.0 million (to \$98.4 million) to align the budget with projected levels.

In the **Electricity Utility Tax** category, collections through April totaled \$35.3 million, which is 3.5% below the \$36.6 million received in the prior fiscal year. The 2018-2019 Adopted Budget assumed that 2017-2018 receipts would total \$48 million, and grow approximately 2% to \$49 million in 2018-2019. However, since 2017-2018 ended the year at \$46.8 million, growth of almost 5% is needed to meet the budgeted estimate. Based on current collection trends, receipts in this category are anticipated to fall approximately \$3 million below the budgeted estimate by year-end. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to decrease the Electricity Utility Tax estimate by \$3.0 million to align the budget with projected levels.

In the **Gas Utility Tax** category, receipts through April totaled \$9.1 million, a 10.6% increase from the previous year collection of \$8.2 million. The 2018-2019 Adopted Budget estimate of \$10.0 million assumed no growth from the 2017-2018 estimate of \$10.0 million. However, revenues in 2017-2018 ended the year at \$10.6 million, therefore the 2018-2019 estimate allows for an almost 5% drop from the prior year collections. It is currently anticipated receipts will meet the budgeted estimate by year-end, which takes into consideration lower Gas Utility Tax collections in October 2018 and April 2019 due to the California Climate Credit.

Water Utility Tax collections of \$12.2 million through April are 2.1% above the prior year level of \$11.9 million. The 2018-2019 Adopted Budget was built on the assumption that \$16.7 million would be received in 2017-2018, then grow approximately 3% to \$17.2 million in 2018-2019. However, since 2017-2018 receipts only totaled \$15.6 million, growth of 10.4% is required to meet the 2018-2019 budgeted level. Based on current collection trends, receipts in this category are anticipated to fall approximately \$1 million below the budgeted estimate by year-end. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to decrease the Water Utility Tax estimate by \$1.0 million to align the budget with projected levels.

June 12, 2019

Subject: Bi-Monthly Financial Report for March/April 2019

Page 12

GENERAL FUND (CONT'D.)

Collections in the **Telephone Utility Tax** category of \$20.2 million through April are consistent with prior year collections. The 2018-2019 collections include compliance revenue of \$1.3 million that was received on a one-time basis. When the compliance revenue is excluded, the 2018-2019 collections are 6.6% below the prior year levels. Revenues in this category have been consistently declining in recent years as a result of wireless consumers shifting to less expensive prepaid wireless plans, competition with cellular companies that keep prices down, and the taxable base of wireless communications not including data plans. The 2018-2019 Adopted Budget estimate of \$26.2 million allows for a 2.4% decrease from the 2017-2018 collection level of \$26.9 million. It is currently anticipated receipts will meet or slightly exceed budgeted levels at year-end due to the receipt of compliance revenues.

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Business Taxes	\$ 69,400,000	\$ 59,735,942	\$ 57,306,073

The Business Taxes category consists of the Cardroom Tax, Disposal Facility Tax, General Business Tax, and Marijuana Business Tax. Through April, overall collections of \$59.7 million are 4.2% above the prior year collection levels of \$57.3 million, primarily reflecting higher Marijuana Business Tax and General Business Tax collections. The 2018-2019 Adopted Budget estimate of \$69.4 million allows for almost 2% decline from 2017-2018 levels as the result of 2017-2018 ending the year approximately \$2.3 million above the estimated level. It is currently anticipated Business Tax collections will exceed the budget estimate by year-end by \$2.5 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Business Taxes estimate by \$2.5 million to align the budget with projected levels.

Through April, **Cardroom Tax** receipts of \$14.1 million are consistent with the prior year collections and are projected to meet or slightly exceed the budgeted estimate of \$18.7 million. Because receipts in 2017-2018 slightly exceeded expectations, collections in the category can drop by 1% in 2018-2019 and reach the budgeted estimate.

Disposal Facility Tax revenue of \$8.7 million is consistent with the prior year. The 2018-2019 budgeted estimate of \$11.5 million allows for a 6% drop from the 2017-2018 actual receipts of \$12.3 million, as collections in the last quarter of 2017-2018 exceeded expectations. Based on current collection trends, receipts are anticipated to meet or slightly exceed the budgeted estimate by year-end. Multiple factors impact collections including construction activity, population density, and the hauling of solid waste from outside the immediate area as other facilities might be farther away or costlier. Therefore, this revenue source can fluctuate from year to year.

GENERAL FUND (CONT'D.)

Through April, **General Business Tax** receipts of \$25.4 million are almost 2% above the prior year level. The 2018-2019 budgeted estimate assumed 2017-2018 collections would reach \$23.7 million and increase to \$25.7 million in 2018-2019. This factored in 2% underlying growth for inflation adjustments from the 2017-2018 estimate, plus an additional \$1.5 million revenue as the result of the General Business Tax Amnesty Program, which was approved to be implemented in 2018-2019 and would encourage the enrollment of non-compliant businesses. Since actual 2017-2018 receipts totaled \$26.5 million, the 2018-2019 estimate allows for a 3% drop from the prior year. While the General Business Tax Amnesty Program is not expected to begin until 2019-2020, receipts are projected to exceed the budgeted estimate by at least \$1 million based on prior year actuals and current year activity. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the General Business Tax estimate by \$1.0 million (from \$25.7 million to \$26.7 million) to more closely align the budget with projected levels.

Marijuana Business Tax revenue through April totaled \$11.5 million, which is well above the \$9.3 million received through the same period last year. The 2018-2019 Adopted Budget for the Marijuana Business Tax totals \$13.5 million, which requires approximately 4% growth from 2017-2018 collections. With the passage of the California Marijuana Legalization Initiative (Proposition 64) in November 2016, recreational marijuana use was legalized in California. The sale of recreational cannabis at the 16 licensed dispensaries in San José began in January 2018, which was anticipated to generate additional revenue. Based on collections through April, revenues are projected to exceed the budgeted level by year end by approximately \$1.5 million. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum includes actions to increase the Marijuana Business Tax estimate by \$1.5 million (from \$13.5 million to \$15.0 million) to more closely align the budget with projected levels.

June 12, 2019

Subject: Bi-Monthly Financial Report for March/April 2019

Page 14

GENERAL FUND (CONT'D.)

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Licenses and Permits	\$ 60,893,631	\$ 56,781,360	\$ 52,594,011

The Licenses and Permits category contains fees and charges collected by various departments. The most significant revenue sources are development-related fees, which include Building Permits and Fire Permits. Through April, revenue of \$56.8 million are 8.0% above the prior year level of \$52.6 million. The 2018-2019 Adopted Budget estimate of \$60.9 million requires growth of almost 1% from the 2017-2018 collection level of \$60.5 million. Based on activity through April, Licenses and Permits receipts are estimated to meet or slightly exceed budgeted levels at year-end.

Building Permit revenues of \$30.6 million through April are approximately 11% higher than the 2017-2018 collection level for the same period. The 2018-2019 Adopted Budget estimate of \$32.5 million assumed that receipts would remain at the estimated 2017-2018 levels of \$32.5 million. However, since actual 2017-2018 Building Permit revenues totaled \$33.5 million, receipts can drop 3.1% in 2018-2019 and still meet the revenue estimate.

Residential building permit revenues through April are below the budgeted estimate, with the exception of building permit building plan check fees, building permits for new residential buildings, and electrical permits. However, non-residential and miscellaneous building permit revenues are tracking higher than estimated through April.

For 2018-2019, the Building Fee Program continued the phased implementation of the new fees and/or fee modifications recommended for the program as part of the *City of San José Development Services Cost Recovery Analysis, Process Improvements, Calculation of Unearned Revenues, and Refund Processing Report* accepted by the City Council in December 2016. However, these changes, implemented on August 13, 2018, had no net impact to the overall revenue estimate for 2018-2019 of \$32.5 million. It is currently anticipated Building Permit revenues will end the year at \$35 million, which is \$2.5 million above the 2018-2019 budget revenue estimate of \$32.5 million. Adjustments are included in the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum to increase the revenue estimate by \$2.5 million, offset by an increase to the Building Development Fee Program Reserve. Additionally, the Reserve is increased by \$2.0 million, offset by reductions to expenditure appropriations based on year-end projections. The Reserve is also increased by \$131,784 to reflect the use of the 2017 Flood - Building Permit and Inspection Fee Waivers appropriation to offset loss of Building Fee revenue (\$131,784). After these adjustments, the Building Development Fee Program Reserve will increase by \$4.6 million to \$26.1 million.

As discussed in the Economic Impact section of this report, residential activity through April 2019 consisted of 2,207 multi-family units and 369 single-family units for a total of 2,576 units. Commercial activity through April amounted to a valuation of \$430.3 million (new construction

GENERAL FUND (CONT'D.)

of \$196.3 million, alterations of \$234.1 million). Industrial activity through April reached a valuation of \$391.9 million (new construction of \$104.8 million, alterations of \$287.1 million). Alteration activity accounted for all the industrial activity in April.

Fire Permits, which consist of development and non-development related permits, totaled \$12.6 million through April, which represents a 6.4% increase from the prior year collections. To meet the 2018-2019 budgeted revenue estimate of \$13.3 million, growth of less than 1% from the 2017-2018 actual collection level of \$13.2 million is needed; at this point of the year, collections are anticipated to slightly exceed budgeted levels by year-end.

Development related receipts through April of \$7.0 million are \$400,000 higher than the prior year collections. The budgeted estimate of \$8.1 million is consistent with the prior year's actual collections of \$8.1 million and it is anticipated that receipts will slightly exceed the budgeted estimate by year-end.

Non-Development receipts of \$5.5 million represents 105.4% of the budget and are 6.9% above revenues received through April 2018. This collection represents all four of the major billing cycles for non-development fire permits for this fiscal year. Although the budget has been exceeded, the allowance for bad debt adjustment estimated at \$236,000 has yet to occur, which will bring the actuals slightly above the budgeted level.

Revenue	2018-2019 Estimate	YTD Actual	Prior YTD Collections
Fees, Rates, and Charges	\$ 55,821,726	\$ 44,884,750	\$ 40,143,298

The Fees, Rates, and Charges category contains various fees and charges levied to recover costs of services provided by several City departments, including Library; Parks, Recreation and Neighborhood Services; Planning, Building and Code Enforcement; Police; Public Works; and Transportation. Through April, revenues totaled \$44.9 million, which is 11.8% above the \$40.1 million received in the prior year. The 2018-2019 Modified Budget estimate of \$55.8 million requires a 9.3% increase from the actual 2017-2018 collection level. The higher receipts in 2018-2019 is partially due to the timing of small cell permitting payments to the Public Works Department, which is discussed in the Public Works revenue section below. With the exception of the Planning Fees, the departmental fee categories are generally tracking within estimated levels through April and are expected to meet or exceed the budgeted estimates by year-end.

Through April, **Planning Fee** revenues of \$6.5 million were 28.6% above the prior year collection level of \$5.1 million. However, to meet the 2018-2019 Adopted Budget estimate of \$9.0 million, an increase of 36.7% is needed from prior year actual revenue of \$6.6 million. The budgeted increase in revenue was anticipated in 2018-2019 due to City Council-approved fee changes that were implemented on August 13, 2018.

GENERAL FUND (CONT'D.)

Through April, revenue was strong for several of the Planning Fees, including residential General Plan amendments, non-residential conventional rezonings/rezonings, non-residential environmental clearances, non-residential planned development permits, non-residential development permit adjustments, and non-residential conditional use permits. However, partially offsetting these collections were lower than estimated revenues from several fees, including non-residential tentative maps, public noticing, non-residential General Plan amendments, residential and non-residential planned development rezonings/rezonings, residential conventional rezonings/rezonings, residential environmental clearances, residential and non-residential site development permits, residential planned development permits, residential development permit adjustments, residential conditional use permits, and single-family design review.

Based on current collection trends, Planning Fee revenues are anticipated to end the year below the budgeted estimate by \$1.0 million. A portion of this lower collection level can be offset by projected expenditure savings. Adjustments are included in the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum to decrease the revenue estimate by \$1.0 million, offset by a decrease to the personal services budget of \$600,000 due to vacancy savings, and a decrease to the Planning Development Fee Reserve of \$400,000 (from \$507,817 to \$107,817).

Public Works revenues through April of \$12.2 million increased 22.5% from the prior year level of \$8.1 million, primarily due to receipt of Small Cell Permitting fee (\$1.8 million) deposits from multiple telecommunications companies for anticipated permitting activity during 2018-2019. In contrast, one deposit of \$850,000 was received during the final quarter of 2017-2018, consistent with the execution of relevant agreements. The Public Works total revenue collections are comprised of \$6.4 million from the Development Services Fee Program, \$4.0 million from the Utility Fee Program, and \$1.8 million for Small Cell Permitting. Revenue received for Small Cell Permitting is a deposit for works-in-progress that will be spent through the remainder of the fiscal year. Based on activity through April, collections in Public Works revenues are projected to end the year below budgeted levels, primarily due to lower revenues in the Development Services Fee Program.

Development Services Fee Program revenues are below anticipated year-to-date levels, primarily in engineering residential fees due to lower activity levels. This trend is partially offset by higher than estimated collections in Engineering Non-Residential and Grading Permit fees. Based on current collections, Public Works' Development Fee revenues are anticipated to end the year below the budgeted estimate, while Utility Fee Program revenues are expected to exceed budgeted estimates by year-end. A \$1.3 million reduction to the Public Works Development Fee revenue estimate (from \$8.9 million to \$7.6 million) is included in the Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum that will be brought forward for City Council consideration on June 18, 2019. This decrease is offset by a reduction to the Public Works Development Fee Program Reserve (from \$6.9 million to \$5.6 million).

GENERAL FUND (CONT'D.)**EXPENDITURES**

Through April, General Fund expenditures (without encumbrances) of \$1.05 billion were 2.9% above the prior year level of \$1.02 billion. Encumbrances of \$57.6 million were 2.0% above the prior year level of \$56.5 million. In total, the General Fund expenditures and encumbrances through April totaled \$1.11 billion, which constitutes 68.8% of the total budget including reserves, and 78.4% of the budget excluding reserves. Overall, expenditures are within estimated levels through April and should generate savings of approximately \$10.0 million - \$12.0 million by year end. As discussed in the Overview section, these savings have been factored into the 2018-2019 Ending Fund Balance estimate that was used as a funding source in the 2019-2020 Operating Budget.

Through April, personal services expenditures in a few departments were tracking slightly above estimated levels, including the Environmental Services, Library, and Public Works Departments. With the exception of the Public Works Department, the other appropriations are anticipated to end the year within the approved levels. The Approval of Various Budget Actions for Fiscal Year 2018-2019 memorandum included actions to increase Public Works Department Personal Services allocation by \$500,000 to support higher than anticipated retirement (\$300,000) and overtime (\$200,000) costs. Adjustments to a limited number of other expenditure appropriations are recommended to ensure the appropriations remain within budget by year-end.

Following is a discussion of the performance of the Police and Fire Departments, the largest General Fund departments.

KEY GENERAL FUND EXPENDITURES

<u>Department</u>	<u>2018-2019 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Police	\$ 416,962,393	\$ 332,751,172	\$ 313,625,093

Overall, the Police Department's expenditures are currently tracking to end the year within budgeted levels. Personal services expenditures through April of \$310.0 million were slightly below the par level (80.07% compared to the par of 80.55%) and are tracking to yield potential savings of \$1.5 million. Overtime expenditures of \$32.0 million have exceeded the \$23.9 million budget, requiring a rebalancing of budgeted funds between salary and benefits expenses and overtime through recommended 2018-2019 Year End adjustments. Overtime funding was increased by \$4.0 million as part of the actions included in the 2017-2018 Annual Report and increased by \$312,000 as part of the actions included in the 2018-2019 Midyear Review. Non-Personal/equipment expenditures are expected to remain within budgeted levels.

GENERAL FUND (CONT'D.)

Personal services expenditures are tracking to provide savings of approximately \$1.5 million by year-end, which represents approximately 0.4% of the personal services budget. This estimate accounts for many factors, such as anticipated recruit academies, special events, projected attrition, overtime trends, and compensatory time payouts, that are subject to change. The potential savings is primarily attributed to vacancies, coupled with active monitoring and control of overtime costs for the backfilling sworn positions while recruits are in training and payouts for sworn personnel that have reached the compensatory time limit. The Police Department has worked diligently to fill vacancies in both sworn and civilian positions, using vacancy savings in the meantime to pay for Police Academy Recruits as well as to backfill Patrol positions. While the goal is to fill the vacancies and eliminate the need to backfill positions, academy and field training of new recruits takes 10-12 months, necessitating overtime to backfill until the new recruits are ready to serve as solo beat officers. Vacancy levels have also contributed to the build-up of compensatory time balances for sworn personnel. There is a limit of 480 hours of compensatory time balances after which sworn personnel are paid in overtime for any additional hours worked. Currently, 295 sworn personnel are at the 480-hour limit.

Overtime consists of overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time. The compensatory time balance at the end of April 2019 was 284,353 hours for sworn personnel. This represents an increase of 25,863 hours or 10.0% compared to the April 2018 balance of 258,490. As described above, 295 sworn personnel have reached the compensatory balance limit of 480 hours and all overtime worked by these employees is paid overtime. The Department is enforcing compensatory time reduction by requiring all sworn staff, outside of the Bureau of Field Patrol (BFO), to reduce compensatory time balances by the end of the calendar year or submit a request for an extension, per the MOA. Due to staffing levels needed to respond to calls for service, BFO is currently exempted until such time the Department reaches full street-ready sworn staffing (sworn who are fully trained and able to work as solo beat officers).

Marking an end to the long period of high levels of sworn vacancies, most sworn vacancies are currently filled. Please note that the authorized staffing level of 1,110 does not yet include the 41 sworn positions added in the 2018-2019 Adopted Budget effective June 2019. While the sworn positions are filled, there is still a significant gap between filled positions and working street-ready positions.

June 12, 2019

Subject: Bi-Monthly Financial Report for March/April 2019

Page 19

GENERAL FUND (CONT'D.)

	2017-2018 (as of 4/27/2018)	2018-2019 (as of 4/26/2019)
Authorized Sworn Staffing	1,109	1,110
Vacancies	(72)	(23)
Filled Sworn Staffing	1,037	1,087
Field Training Officer/Recruits	(129)	(131)
Street-Ready Sworn Positions Available	908	956
Disability/Modified Duty/Other Leaves	(82)	(64)
Street-Ready Sworn Positions Working	826	892

To fill the vacant sworn positions and put more Police Officers back on patrol, the Department is conducting three Police Recruit Academies in 2018-2019; the first academy began in October 2018, the second one began in February 2019, and the third academy will begin in late June 2019. The October 2018 Academy recently graduated 46 recruits and the February 2019 Academy has 41 recruits. It is anticipated that the June 2019 Academy will have 53 recruits. These recruits will fill the remaining vacancies as of the end of April 2019 as well as a portion of the 41 new sworn positions effective June 1, 2019.

A total of \$22.8 million (76.3%) of the Department's Non-Personal/Equipment budget (including carryover encumbrances) was expended or encumbered through April. Excluding projected expenses (\$6.2 million) for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$878,000 of its remaining \$7.1 million balance of Non-Personal/Equipment funding available for the remainder of the fiscal year.

<u>Department</u>	<u>2018-2019 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$ 228,793,261	\$ 182,766,709	\$ 177,522,337

Overall, Fire Department expenditures are tracking at estimated levels through April. Personal services expenditures of \$175.3 million, or 80.34% of the Modified Budget, are slightly below the expected level of 80.55% at this point of the year, with an anticipated savings of \$500,000 - \$1 million. The Fire Department's Non-Personal/Equipment budget of \$9.3 million was 79.9% expended or encumbered through April 2019 and is expected to end the year within budgeted levels.

Overall, the average sworn vacancy rate of 5.8% through April 2019 is approximately 0.4% higher than the vacancy rate experienced this time last year; and vacancies have been above the budgeted rate of 2.5%. However, a second 2018-2019 Firefighter Recruit Academy consisting of 25 recruits began in June 2019 and will carry over into 2019-2020, with no firefighter vacancies anticipated at the beginning of July.

GENERAL FUND (CONT'D.)

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of February, of the 32 current authorized staffing level, the Fire Department had 31 sworn personnel on administrative assignments.

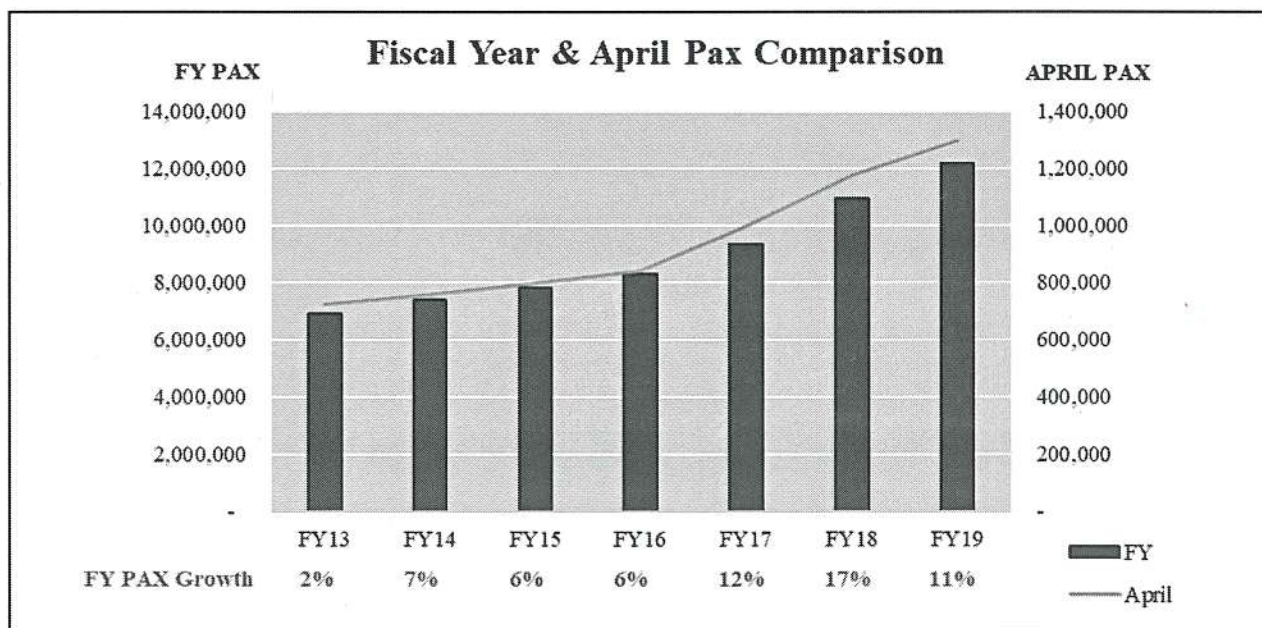
CONTINGENCY RESERVE

The General Fund Contingency Reserve was amended as part of the 2017-2018 Annual Report, increasing the reserve by \$500,000; from \$36.5 million to \$37.0 million. This reserve level complies with Council Policy 1-18, Operating Budget and Capital Improvement Program Policy, that requires the Contingency Reserve to be at a minimum of 3% of the operating budget. The Contingency Reserve has not been used in 2018-2019.

OTHER FUNDS

Airport Funds

On a fiscal year-to-date basis, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 12.2 million passengers, an increase of 11.2% from the figures reported through April of the prior year. International passengers represent an increase of 3.0% while Domestic passengers increased 12% from prior fiscal year-to-date totals. The chart below depicts the year-over-year change for the month of April and Fiscal Year-to-Date for the last seven years.



OTHER FUNDS (CONT'D.)

Fiscal year-to-date mail, freight and cargo totaled 96.6 million pounds, which represents a 3.7% decrease from the prior year. Revenue-generating activities posted increases over the same period of the prior fiscal year: Traffic Operations (landings and takeoffs) by 15.3%, Landed Weights by 9.3%, gallons of Aviation Fuel sold by 3.8%, and Ground Transportation (taxicabs & TNC's) operations by 46.0%. Although Parking exits were down 3.9% from the prior year, parking revenues are tracking above budgeted levels.

Through April, overall revenue performance at the Airport tracked 11% above estimated levels. Airfield revenues tracked 10% higher than the benchmark substantially due to in-flight kitchen and ground support concession revenues. Terminal Concessions tracked 25% higher than the benchmark due to increased revenues from food & beverage, advertising, and retail sales. Parking & Roadway tracked 20% higher than benchmark due to changes in public parking rates, rental car concession, and ground transportation trip fee revenue. General and Non-Aviation revenue tracked 16% higher than the benchmark primarily due to additional premises leased by Signature, a return of bond reserves in excess of the reserve requirement, and interest income earnings.

Through April, both the Airport Customer Facility and Transportation Fee Fund and Airport Maintenance and Operation Fund expenditures tracked below budgeted levels. In the Maintenance and Operation Fund Personal Service expenditures were 80.0% of budget compared to the benchmark of 80.8%, while Non-Personal/Equipment expenditures were 57.6% compared to the benchmark of 75.0%. Non-Personal/Equipment expenditures in the Customer Facility and Transportation Fee Fund were 76.4% compared to the straight-line benchmark of 83.3%.

Construction and Conveyance Tax Funds

Through April 2019, Construction and Conveyance (C&C) Tax receipts totaled \$33.6 million, which represents almost 89% of the 2018-2019 Adopted Budget estimate (\$38.0 million). In addition, the City has received the May Conveyance receipts from Santa Clara County, which total \$3.5 million, a 13.6% decrease from the May 2018 collection level. Total C&C collections through May of \$37.2 million are 3.6% below receipts through the same time period in the prior year.

The 2018-2019 Adopted Capital Budget was built on the assumption that C&C Tax receipts in 2017-2018 would total \$42.0 million, then drop by almost 10% to \$38.0 million in 2018-2019. However, due to stronger than anticipated performance in the last half of the fiscal year, 2017-2018 receipts totaled \$48.1 million. Therefore, the 2018-2019 revenue estimate of \$38.0 million allows for a 21% decline in tax revenue from the 2017-2018 actual tax collection. Based on actual receipts and taking into account recent downward collection trends, it is estimated that 2018-2019 receipts will end the year at \$42 million, which falls short of the 2017-2018 actuals, but exceeds the budgeted estimate by approximately \$4 million. The higher 2018-2019 revenue estimate (\$42 million) was factored into the development of the 2019-2020 Capital Budget.

OTHER FUNDS (CONT'D.)

Over 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). As discussed in the Economic Environment section of this Bi-Monthly Financial Report, the local real estate market continues to experience declining single family median home prices coupled with declining sales activity. Since housing statistics are a key driver for the overall C&C collection levels, significant changes in the housing market will drastically affect the C&C Tax receipts. Local real estate information will therefore continue to be closely monitored.

Other Construction-Related Revenues

Revenues associated with construction activity are currently anticipated to meet their budgeted levels by year end. As discussed below, the Construction Excise Tax and Building and Structure Construction Tax receipts through April are lower than prior year levels. Construction activities drive revenue collection in several categories, including the Construction Excise Tax and the Building and Structure Construction Tax, and are an indicator of future activity for several other categories, such as storm and sanitary sewer system fees

Through April, the **Construction Excise Tax** collection level of \$20.1 million is 19.4% below the prior year receipts of \$25.0 million. This revenue level represents 95.8% of the 2018-2019 Budget of \$21.0 million. When the 2018-2019 Adopted Capital Budget was developed it was assumed that high collection receipts experienced in 2016-2017 (\$30.2 million) and 2017-2018 (estimated at \$27.0 million) would not be sustainable, therefore, the 2018-2019 estimate was decreased by 22.2%, to \$21.0 million. However, since 2017-2018 receipts of \$29.4 million ended the year above the estimated level, the 2018-2019 budgeted estimate allows for a 28.5% drop from the prior year collection level. While this tax is extremely volatile, it is currently anticipated receipts will exceed budgeted levels by at least \$1.0 million.

Through April, the **Building and Structure Construction Tax** collection level of \$16.5 million is 10.7% below the prior year receipts of \$18.5 million. This revenue level represents 103.3% of the 2018-2019 Budget of \$16.0 million. When the 2018-2019 Adopted Capital Budget was developed it was assumed that high collection receipts experienced in 2016-2017 (\$23.3 million) and 2017-2018 (estimated at \$20.0 million) would not be sustainable, therefore, the 2018-2019 estimate was decreased by 20%, to \$16.0 million. However, since 2017-2018 receipts of \$21.5 million ended the year above estimated levels, the 2018-2019 budgeted estimate allows for a 25.5% drop from the prior year collection level. While this tax is extremely volatile, it is currently anticipated receipts will exceed budgeted levels by at least \$2.0 million.

CONCLUSION

As has been reported in previous Bi-Monthly Financial Reports, the 2018-2019 Mid-Year Report, and the 2019-2020 Proposed Budget, the local economy continues to show positive economic performance. With this continued solid performance, the economically sensitive revenues are generally meeting or exceeding the budgeted estimates for 2018-2019.

Overall, the City's funds appear to be performing within budgeted expectations through April with some variances in individual funds. In the General Fund, revenues are tracking to exceed the budgeted estimate by approximately \$20 million - \$22 million. General Fund expenditures in most categories are tracking to end the year at or below budgeted levels with overall savings of \$10 million - \$12.0 million projected by year-end. However, a few departmental and City-Wide Expenses appropriations are tracking above the budgeted estimates. Adjustments are included in the 2019-2020 Year-End Budget Clean-Up memorandum to address projected overages in individual appropriations. There is sufficient revenue as well as expenditure savings to completely offset the year-end expenditure adjustments.

Excess revenue, expenditure savings, and the liquidation of prior year carryover encumbrances in the General Fund were assumed as a funding source in development of the 2019-2020 Budget. These sources were expected to generate \$43.7 million in 2018-2019 Ending Fund Balance/2019-2020 Beginning Fund Balance and were programmed as a funding source in 2019-2020. The 2018-2019 Year-End Budget Clean-Up memorandum, which is agendaized for the June 18, 2019 City Council meeting, increases the 2018-2019 Ending Fund Balance Reserve to \$31.3 million in the General Fund. Additional revenue, expenditure savings, and liquidation of carryover encumbrances are anticipated to be realized by year-end to fully meet the 2019-2020 Beginning Fund Balance estimate.

The 2018-2019 Year-End Budget Clean-Up memorandum also includes recommendations to adjust both the General Fund and various Special and Capital Funds to align the budget with current estimates to avoid any overages in individual appropriations, and to recognize new revenues and associated expenditures and reserves. The final outcome of the 2018-2019 budget performance will be reported through the 2018-2019 Annual Report, scheduled to be released on September 30, 2019 and reviewed by the City Council in mid-October 2019.



MARGARET MCCAHAN
Budget Director



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Month Ended April 30, 2019

Fiscal Year 2018-2019

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended April 30, 2019
Fiscal Year 2018-2019
(UNAUDITED)

Table of Contents

*Page
Reference*

General Fund

Comparison of Current Year's Monthly Cash Balance vs. Prior Year's Balance.....	1
Comparison of Current Year-to-Date Revenues vs. Prior Year-to-Date Revenues.....	2
Comparison of Current Year-to-Date Expenditures vs. Prior Year-to-Date Expenditures.....	2
Comparison of Current Year-to-Date Revenues for Major Revenue Sources vs. Prior Year-to-Date Revenues.....	3
Comparison of Current Year-to-Date Expenditures by Type vs. Prior Year-to-Date Expenditures.....	3
Source and Use of Funds.....	4
Supplemental Schedule of Departmental Revenues.....	7

Other Funds

Special Funds

Comparison of Current Year-to-Date Construction & Conveyance Tax Revenues vs. Prior Year-to-Date Revenues.....	8
Comparison of Current Year-to-Date Construction & Conveyance Tax Expenditures vs. Prior Year-to-Date Expenditures.....	8
Comparison of Year-to-Date Revenues and YTD Expenditures vs. Prior Year-to-Date Revenue and Expenditures for:	
Airport Revenue Fund 521 and Airport Maintenance & Operation Fund 523.....	9
WPCP Operation Fund 513.....	10
General Purpose Parking Fund	11
Source and Use of Funds	12

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended April 30, 2019
Fiscal Year 2018-2019
(UNAUDITED)

Table of Contents

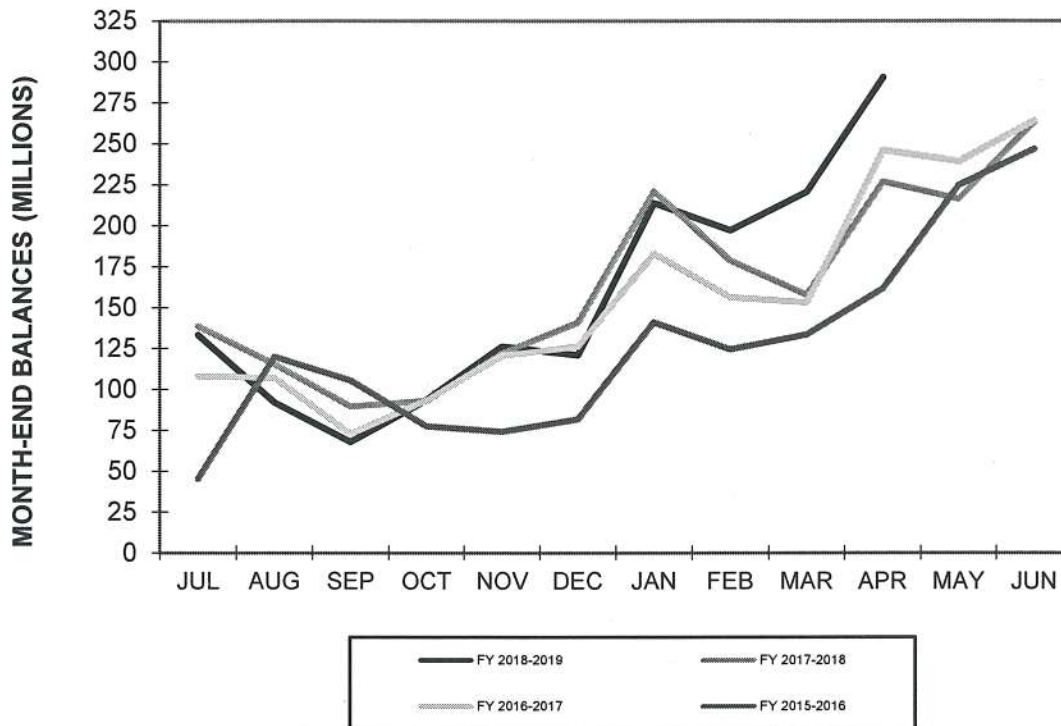
	<i>Page Reference</i>
Other Funds (Cont'd)	
<i>Capital Project Funds</i>	
Source and Use of Funds.....	15
<i>Other Fund Types</i>	
Source and Use of Funds.....	16

Submitted by:



JULIA H. COOPER
Director, Finance Department

GENERAL FUND
Comparison of Cash Balances vs. Prior Year's Balance

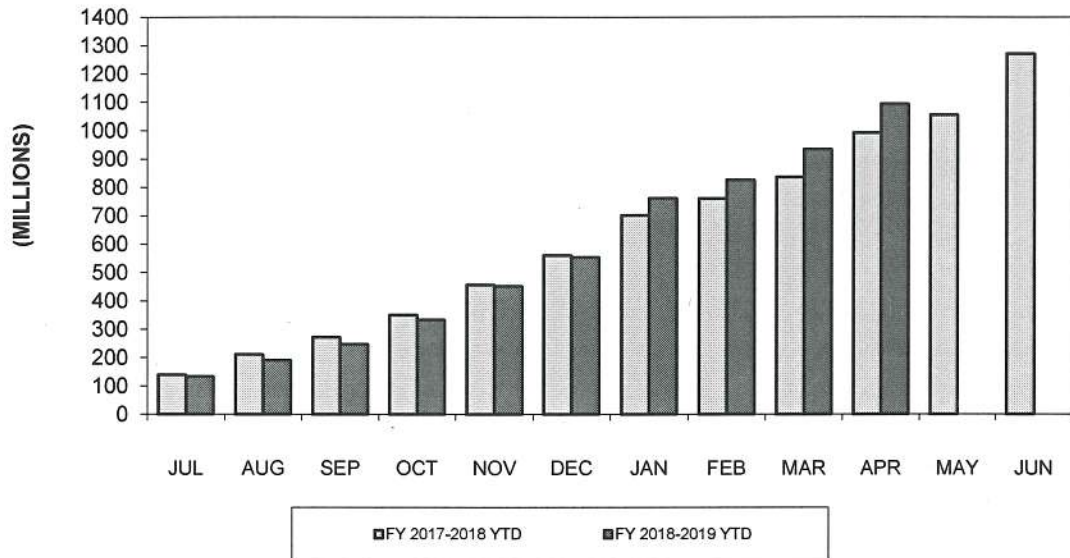


GENERAL FUND MONTHLY CASH BALANCES

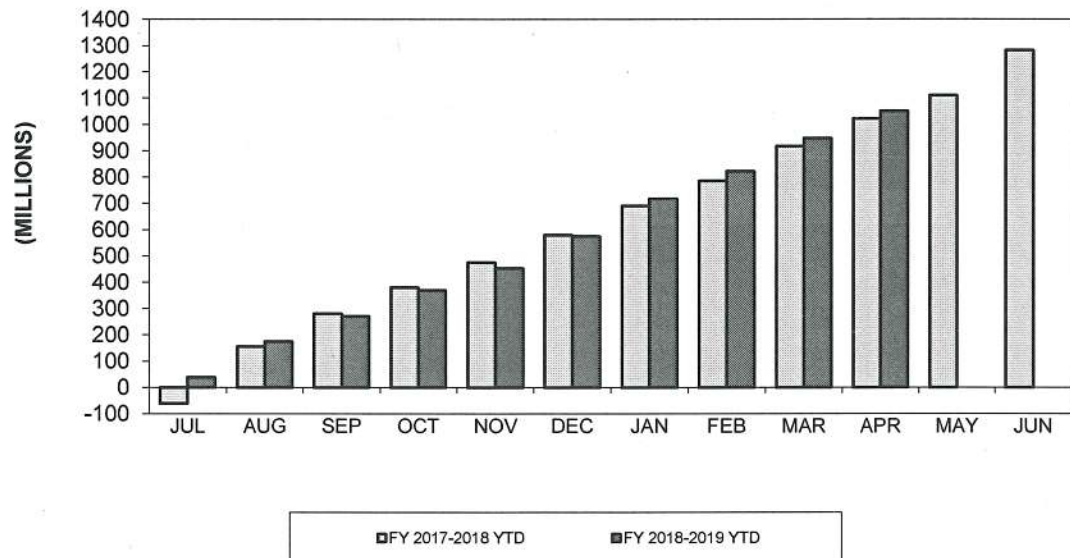
MONTH	FY 2018-2019	FY 2017-2018	FY 2016-2017	FY 2015-2016
JULY (1)	\$ 133,276,057	\$ 138,576,379	\$ 108,012,647	\$ 45,401,908
AUGUST	91,972,139	115,540,880	107,081,005	119,988,835
SEPTEMBER	67,970,290	89,537,017	72,718,873	105,422,447
OCTOBER	93,654,030	93,031,593	93,456,157	77,571,562
NOVEMBER	126,316,418	122,022,698	120,485,944	74,153,007
DECEMBER	121,024,958	140,886,445	126,203,310	81,796,424
JANUARY	214,000,120	220,937,707	183,072,948	141,189,103
FEBRUARY	197,277,698	178,836,751	156,320,836	124,444,495
MARCH	220,734,066	157,759,493	153,282,389	133,493,608
APRIL (2)	290,493,766	227,063,040	246,281,183	161,690,247
MAY	-	216,439,757	239,467,743	224,983,657
JUNE	-	263,800,843	264,266,135	247,092,735

- (1) The General Fund cash balance decreases each July and August mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.
- (2) The General Fund cash balance increases in April or May of every year mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual

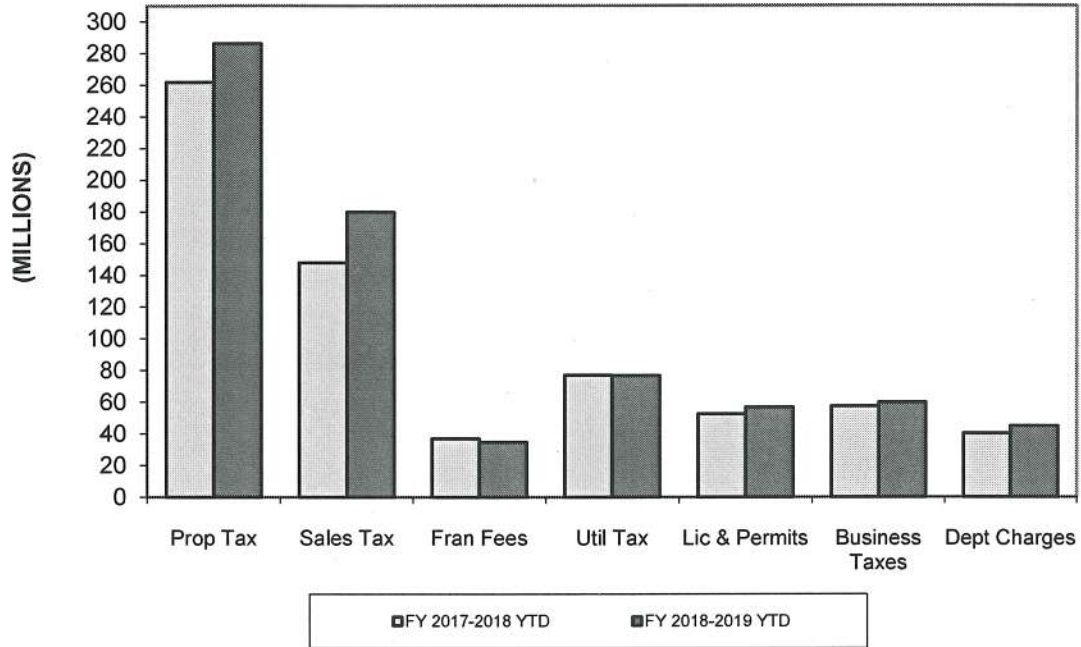


GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual

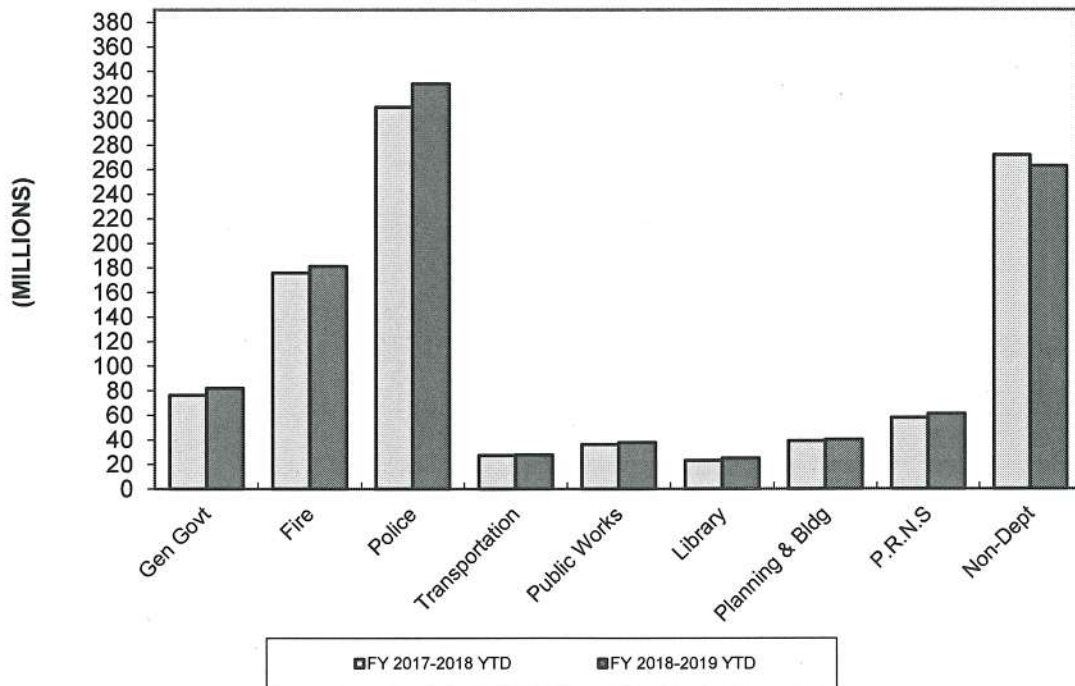


Negative prior YTD expenditures were due to year-end adjustments (accruals/reversals).

GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$'000's)

	ADOPTED FY 2018-2019 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2018-2019 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	39,039	39,039	39,039	100.00%	46,640	101.24%	46,067	(7,601)	-16.30%
Available Balance	233,635	16,318	-	249,953	249,953	100.00%	241,173	100.00%	241,173	8,780	3.64%
Total Fund Balance	233,635	16,318	39,039	288,992	288,992	100.00%	287,813	100.20%	287,240	1,179	0.41%
General Revenues											
Property Tax	320,450	4,000	-	324,450	286,107	88.18%	261,857	85.51%	306,222	24,250	9.26%
Sales Tax (1)	233,500	17,000	-	250,500	179,976	71.85%	148,046	65.41%	226,337	31,930	21.57%
Telephone Line Tax	20,000	-	-	20,000	16,494	82.47%	15,151	73.98%	20,481	1,343	8.86%
Transient Occupancy Tax	19,700	-	-	19,700	14,586	74.04%	13,539	69.32%	19,531	1,047	7.73%
Franchise Fees	50,475	-	-	50,475	34,744	68.83%	36,974	72.24%	51,180	(2,230)	-6.03%
Utility Tax	102,400	-	-	102,400	76,774	74.97%	77,045	77.24%	99,753	(271)	-0.35%
Business Taxes	69,400	-	-	69,400	59,736	86.07%	57,306	81.09%	70,673	2,430	4.24%
Licenses and Permits	60,894	-	-	60,894	56,781	93.25%	52,594	86.93%	60,503	4,187	7.96%
Fines, Forfeits and Penalties	14,983	-	-	14,983	13,493	90.06%	11,047	76.96%	14,354	2,446	22.14%
Use of Money and Property	6,897	-	-	6,897	7,249	105.10%	6,350	80.08%	7,930	899	14.16%
Revenue from Local Agencies	13,711	2,394	-	16,105	7,851	48.75%	11,427	29.73%	38,441	(3,576)	-31.29%
Revenue from State of CA	12,692	1,662	-	14,354	2,763	19.25%	15,022	95.55%	15,721	(12,259)	-81.61%
Revenue from Federal Government	2,212	4,085	-	6,297	1,679	26.66%	2,346	41.96%	5,591	(667)	-28.43%
Fees, Rates and Charges	53,860	1,962	-	55,822	44,889	80.41%	40,146	79.18%	50,703	4,743	11.81%
Other Revenues	13,641	202,112	-	215,753	209,233	96.98%	165,204	75.45%	218,951	44,029	26.65%
Total General Revenues	994,815	233,215	-	1,228,030	1,012,355	82.44%	914,054	75.77%	1,206,371	98,301	10.75%
Transfers & Reimbursements											
Overhead Reimbursements	52,550	-	-	52,550	49,447	94.10%	43,759	92.62%	47,245	5,688	13.00%
Transfers from Other Funds	25,565	(2,003)	-	23,562	9,922	42.11%	9,533	36.24%	26,306	389	4.08%
Reimbursements for Services	18,225	313	-	18,538	23,175	125.01%	25,502	147.16%	17,329	(2,327)	-9.12%
Total Transfers & Reimbursements	96,340	(1,690)	-	94,650	82,544	87.21%	78,794	86.70%	90,880	3,750	4.76%
Total Sources	1,324,790	247,843	39,039	1,611,672	1,383,891	85.87%	1,280,661	80.82%	1,584,491	103,230	8.06%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		ACTUAL	PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL (*)	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	ACTUAL	ACTUAL (1)(*)	ACTUAL (1)	ACTUAL
General Government												
Mayor and Council	14,651	960	105	15,716	9,715	166	61.82%	9,292	83.92%	11,072	423	4.55%
City Attorney	15,512	1,085	857	17,454	13,191	1,188	75.58%	12,573	80.81%	15,558	618	4.92%
City Auditor	2,543	61	-	2,604	2,058	29	79.03%	1,840	79.69%	2,309	218	11.85%
City Clerk	2,767	(11)	27	2,783	1,962	97	70.50%	2,164	81.11%	2,668	(202)	-9.33%
City Manager	20,672	360	1,367	22,399	15,081	1,736	67.33%	13,840	84.40%	16,399	1,241	8.97%
Finance	17,655	89	359	18,103	13,478	830	74.45%	12,631	80.57%	15,678	847	6.71%
Information Technology	24,162	497	1,317	25,976	13,472	1,665	51.86%	12,173	69.99%	17,393	1,299	10.67%
Human Resources	10,283	108	221	10,612	7,865	1,532	74.11%	6,802	77.76%	8,747	1,063	15.63%
Independent Police Auditor	1,354	29	19	1,402	1,125	2	80.24%	1,027	81.57%	1,259	98	9.54%
Office of Economic Development	5,826	244	742	6,812	4,227	645	62.05%	4,163	81.55%	5,105	64	1.54%
Total General Government	115,425	3,422	5,014	123,861	82,174	7,890	66.34%	76,505	79.54%	96,188	5,669	7.41%
Public Safety												
Fire	220,582	7,283	928	228,793	181,333	1,434	79.26%	175,846	80.81%	217,603	5,487	3.12%
Police	410,039	5,746	1,177	416,962	329,853	2,898	79.11%	310,876	80.57%	385,855	18,977	6.10%
Total Public Safety	630,621	13,029	2,105	645,755	511,186	4,332	79.16%	486,722	80.66%	603,458	24,464	5.03%
Capital Maintenance												
Transportation	35,828	958	380	37,166	28,027	2,113	75.41%	27,457	78.66%	34,906	570	2.08%
Public Works	47,027	2,157	288	49,472	37,724	2,805	76.25%	36,284	80.11%	45,293	1,440	3.97%
Total Capital Maintenance	82,855	3,115	668	86,638	65,751	4,918	75.89%	63,741	79.48%	80,199	2,010	3.15%
Community Service												
Housing	689	196	134	1,019	329	307	32.29%	248	35.84%	692	81	32.66%
Library	33,252	159	41	33,452	24,975	2,962	74.66%	23,204	72.47%	32,017	1,771	7.63%
Planning, Bldg & Code Enf.	57,714	(57)	2,022	59,679	40,206	1,892	67.37%	39,134	80.64%	48,529	1,072	2.74%
Parks, Rec & Neigh Svcs	79,151	1,360	547	81,058	60,908	3,091	75.14%	57,882	76.91%	75,255	3,026	5.23%
Environmental Services	3,064	208	(3)	3,269	2,319	410	70.94%	2,034	72.98%	2,787	285	14.01%
Total Community Services	173,870	1,866	2,741	178,477	128,737	8,662	72.13%	122,502	76.91%	159,280	6,235	5.09%
Total Dept. Expenditures	1,002,771	21,432	10,528	1,034,731	787,848	25,802	76.14%	749,470	79.81%	939,125	38,378	5.12%

(1) Does not include encumbrance balance.

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE	
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL (*)	ENCUMBR	OF BUDGET	YTD	OF PRIOR		ACTUAL	PRIOR YEAR-END	PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL (*)	ENCUMBR	ACTUAL %	ACTUAL (1)(*)	ACTUAL	ACTUAL (1)(*)	ACTUAL (1)	LESS PRIOR YTD	ACTUAL
Non-Dept Expenditures													
City-wide Expenditures:													
Econ & Neighborhood Develop.	17,707	1,547	5,307	24,561	10,780	5,841	43.89%	10,705	41.44%	25,835	75	0.70%	
Environmental & Utility Services	1,386	1,221	141	2,748	1,410	105	51.31%	1,650	82.25%	2,006	(240)	-14.55%	
Public Safety	19,728	4,335	1,666	25,729	16,253	74	63.17%	17,339	79.57%	21,792	(1,086)	-6.26%	
Recreation & Cultural Services	10,052	964	602	11,618	6,997	1,404	60.23%	6,351	67.04%	9,474	646	10.17%	
Transportation Services	3,499	(41)	-	3,458	2,368	74	68.48%	1,840	62.06%	2,965	528	28.70%	
Strategic Support	43,000	154,977	4,199	202,176	172,185	5,223	85.17%	175,599	75.82%	231,602	(3,414)	-1.94%	
Total City-wide Expenditures	95,372	163,003	11,915	270,290	209,993	12,721	77.69%	213,484	72.69%	293,674	(3,491)	-1.64%	
Other Non-Dept Expenditures:													
Capital Improvements	32,535	11,148	14,946	58,629	8,251	19,104	14.07%	25,968	80.13%	32,408	(17,717)	-68.23%	
Transfers to Other Funds	38,536	9,295	1,650	49,481	44,759	-	90.46%	32,445	94.46%	34,347	12,314	37.95%	
Total Non-Dept Expenditures	166,443	183,446	28,511	378,400	263,003	31,825	69.50%	271,897	75.44%	360,429	(8,894)	-3.27%	
Reserves													
Contingency Reserve	36,500	500	-	37,000	-	-	0.00%	-	0.00%	-	-	0.00%	
Earmarked Reserves	119,076	42,465	-	161,541	-	-	0.00%	-	0.00%	-	-	0.00%	
Total Reserves	155,576	42,965	-	198,541	-	-	0.00%	-	0.00%	-	-	0.00%	
Total Uses	1,324,790	247,843	39,039	1,611,672	1,050,851	57,627	65.20%	1,021,367	78.59%	1,299,554	29,484	2.89%	

(1) Does not include encumbrance balance.

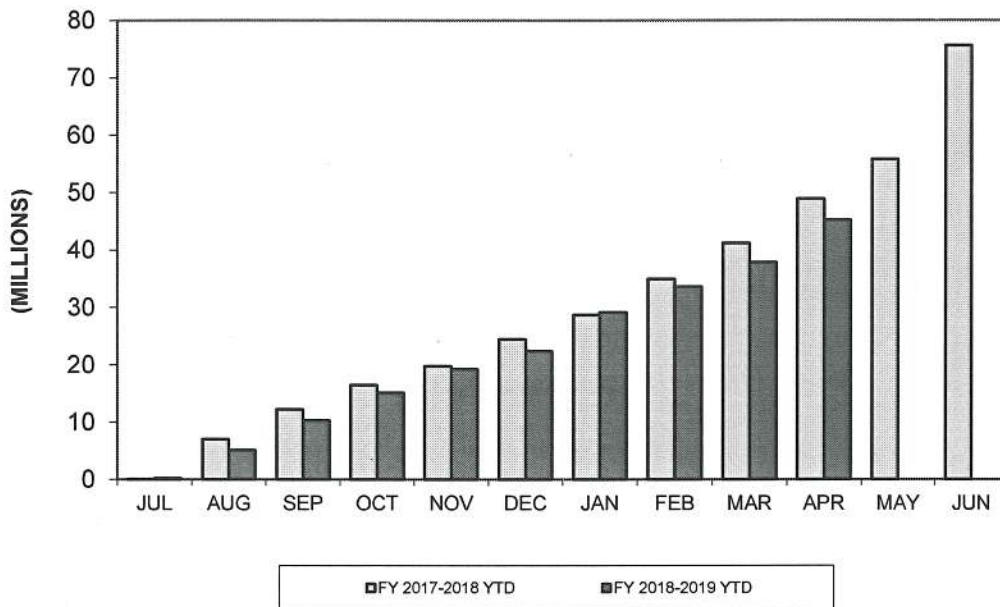
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

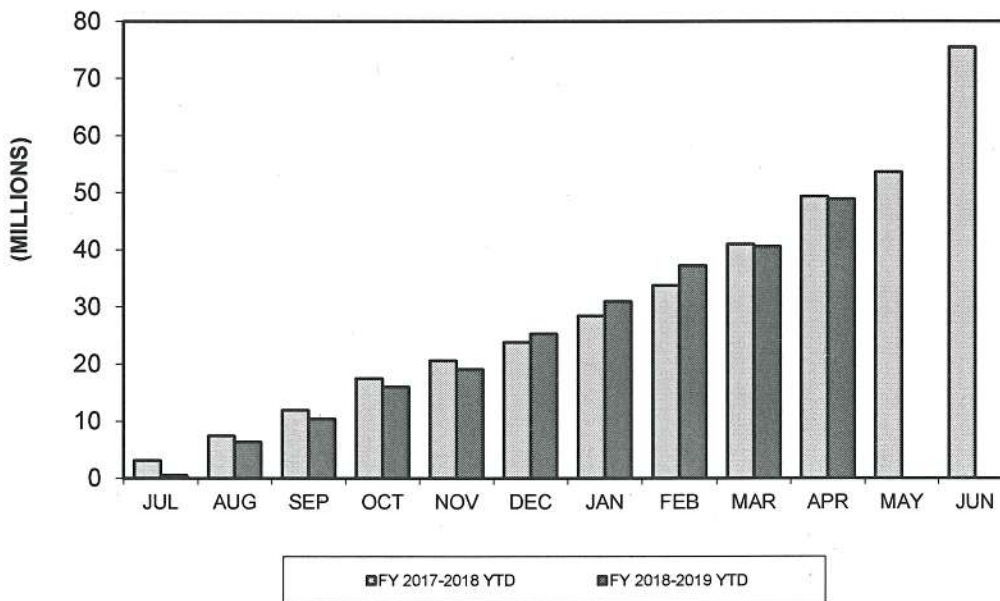
	ADOPTED FY 2018-2019 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2018-2019 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR- END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,381	-	-	1,381	1,228	88.92%	1,083	81.00%	1,337	145	13.39%
Public Works	14,084	-	-	14,084	12,241	86.91%	10,218	71.35%	14,321	2,023	19.80%
Transportation	1,712	-	-	1,712	1,521	88.84%	1,579	83.24%	1,897	(58)	-3.67%
Library	332	-	-	332	272	81.93%	465	79.08%	588	(193)	-41.51%
Planning, Bldg & Code Enforcement	8,959	-	-	8,959	6,430	71.77%	4,947	78.13%	6,332	1,483	29.98%
Parks Rec & Neigh Svcs	22,045	-	-	22,045	18,577	84.27%	18,793	85.36%	22,016	(216)	-1.15%
Miscellaneous Dept Charges	5,347	1,962	-	7,309	4,620	63.21%	3,061	72.67%	4,212	1,559	50.93%
Total Fees, Rates, and Charges	53,860	1,962	-	55,822	44,889	80.41%	40,146	79.18%	50,703	4,743	11.81%

(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

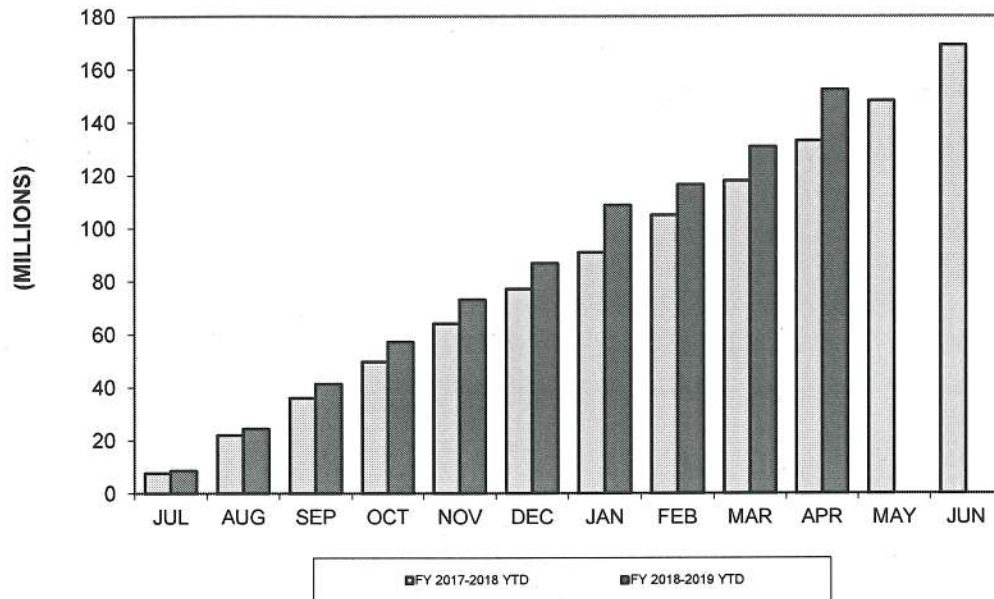
CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues vs. Prior YTD Revenues



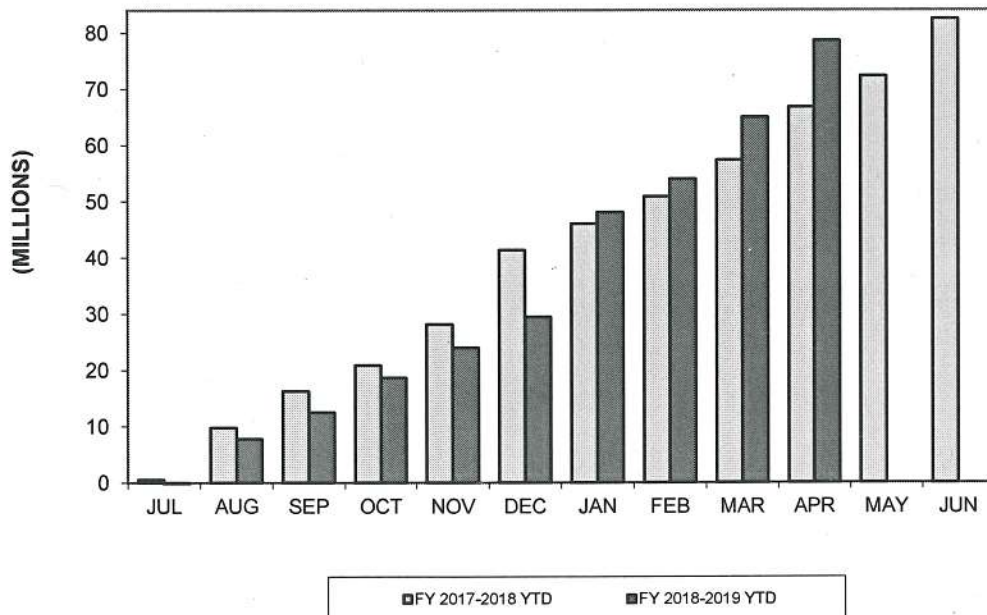
CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures vs. Prior YTD Expenditures



AIRPORT REVENUE FUND 521
Comparison of YTD Revenues vs. Prior YTD Revenues

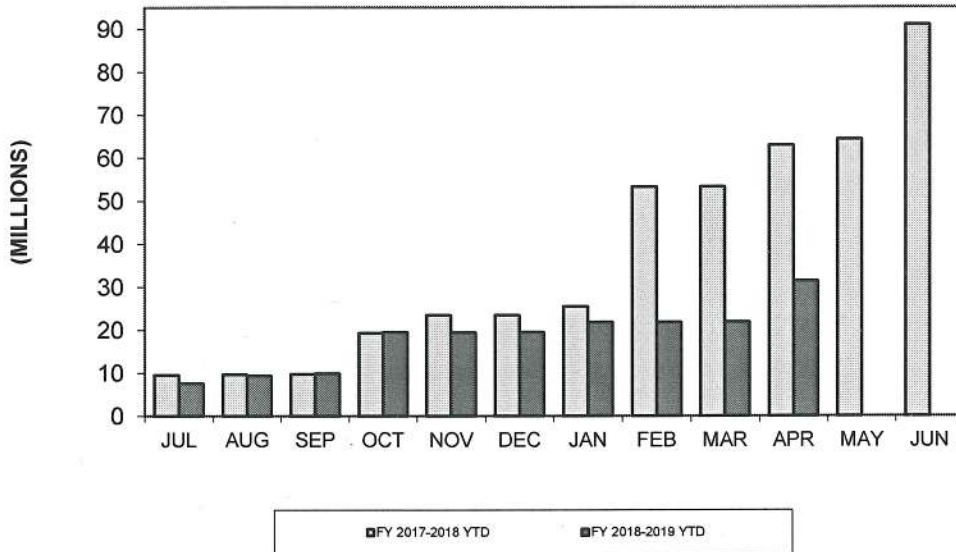


AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures

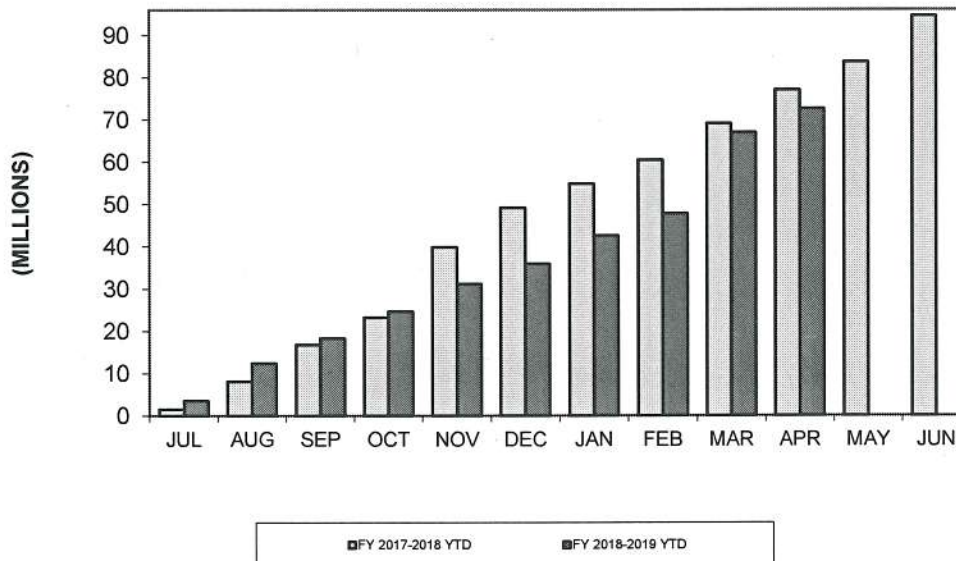


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

WPCP OPERATION FUND 513
Comparison of YTD Revenues vs. Prior YTD Revenues

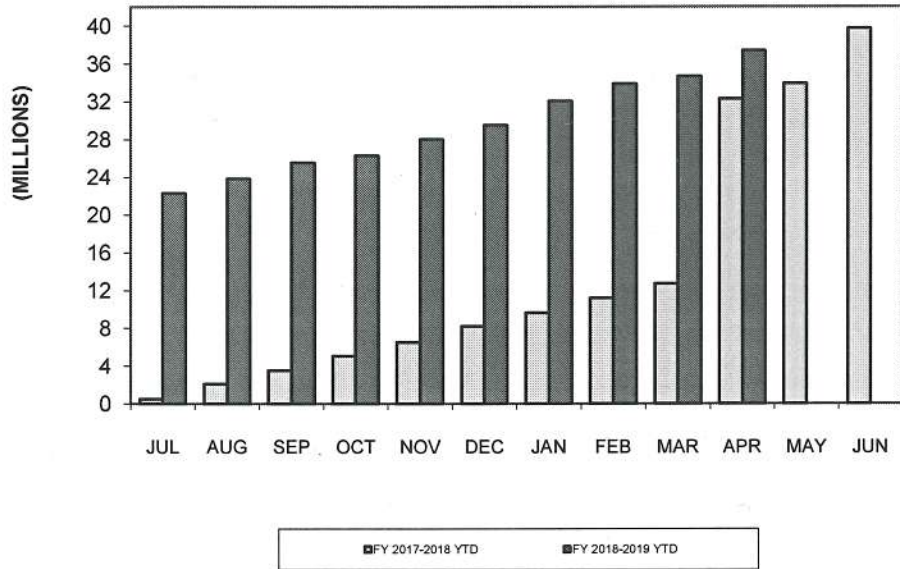


WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures

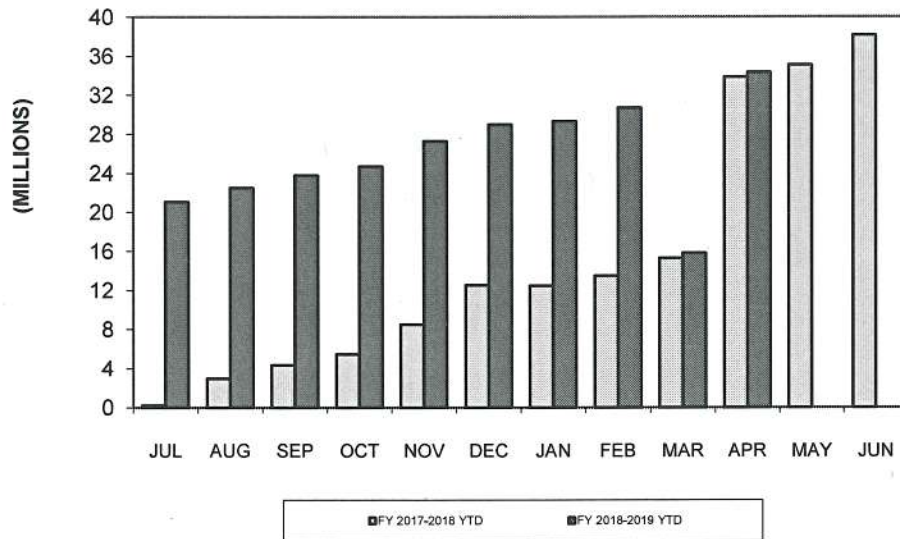


- Note: 1. The graphs above are only for the WPCP Operation Fund (513).
 2. Decrease in revenues between the months of February - April 2019 is primarily due to the transfer out between the WPCP Operation Fund (513) and Sewer Service & Use Charge Fund (541).

GENERAL PURPOSE PARKING FUND
Comparison of YTD Revenues vs. Prior YTD Revenues



GENERAL PURPOSE PARKING FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures



Note: The graphs above include the General Purpose Parking Fund (533) and General Purpose Parking Capital Fund (559). The existing General Purpose Parking (533) have historically been budgeted and jointly reporting both operating and capital activities. To improve transparency and better align budget processes with the deployment of the City's new budget system, General Purpose Parking Capital Fund (559) was newly established in April 2018, separating the corresponding capital project appropriations via transfer to the new fund. The increases in revenue and expenditures are due to the transfer in and out between the two funds.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019 BUDGET	BUDGET AMENDMENTS		FY 2018-2019 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	10,796	10,796	10,796	-	11,363
Beginning Fund Balance	69,778	7,533	-	77,311	77,311	-	76,180
Revenues	70,760	215	-	70,975	45,289	-	48,952
Total Sources	140,538	7,748	10,796	159,082	133,396	-	136,495
Total Uses	140,538	7,748	10,796	159,082	48,895	10,673	49,292
Airport							
Prior Year Encumbrance	-	-	19,203	19,203	19,203	-	18,907
Beginning Fund Balance	286,078	(9,443)	-	276,635	276,635	-	285,159
Revenues	596,773	(15,294)	-	581,479	474,373	-	380,818
Total Sources	882,851	(24,737)	19,203	877,317	770,211	-	684,884
Total Uses	882,851	(24,737)	19,203	877,317	410,785	46,829	336,467
Waste Water Treatment							
Prior Year Encumbrance	-	-	284,970	284,970	284,970	-	194,166
Beginning Fund Balance	175,626	(49,994)	-	125,632	125,632	-	209,274
Revenues	415,278	75,328	-	490,606	309,522	-	313,079
Total Sources	590,904	25,334	284,970	901,208	720,124	-	716,519
Total Uses	590,904	25,334	284,970	901,208	270,453	259,470	265,522
Parking							
Prior Year Encumbrance	-	-	2,854	2,854	2,854	-	2,939
Beginning Fund Balance	21,869	10,790	-	32,659	32,659	-	28,626
Revenues	40,160	27	-	40,187	37,403	-	32,293
Total Sources	62,029	10,817	2,854	75,700	72,916	-	63,858
Total Uses	62,029	10,817	2,854	75,700	34,357	12,174	33,854
Municipal Water							
Prior Year Encumbrance	-	-	2,636	2,636	2,636	-	3,748
Beginning Fund Balance	24,891	1,612	-	26,503	26,503	-	22,785
Revenues	56,090	-	-	56,090	43,081	-	40,389
Total Sources	80,981	1,612	2,636	85,229	72,220	-	66,922
Total Uses	80,981	1,612	2,636	85,229	42,385	2,428	39,756

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$'000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Community Energy							
Prior Year Encumbrance	-	-	49	49	49	-	-
Beginning Fund Balance	500	(752)	-	(252)	(252)	-	-
Revenues	137,672	6,047	-	143,719	23,058	-	-
Total Sources	138,172	5,295	49	143,516	22,855	-	-
Total Uses	138,172	5,295	49	143,516	30,635	29,369	667
Gas Tax							
Revenues	17,300	-	-	17,300	12,213	-	11,119
Total Sources	17,300	-	-	17,300	12,213	-	11,119
Total Uses	17,300	-	-	17,300	10,962	-	11,119
Building and Structures							
Prior Year Encumbrance	-	-	8,985	8,985	8,985	-	10,831
Beginning Fund Balance	33,780	8,660	-	42,440	42,440	-	45,814
Revenues	22,171	5,912	-	28,083	20,369	-	23,285
Total Sources	55,951	14,572	8,985	79,508	71,794	-	79,930
Total Uses	55,951	14,572	8,985	79,508	13,549	6,710	31,071
Residential Construction							
Beginning Fund Balance	1,914	134	-	2,048	2,048	-	2,079
Revenues	205	5	-	210	305	-	297
Total Sources	2,119	139	-	2,258	2,353	-	2,376
Total Uses	2,119	139	-	2,258	51	-	380
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	832	832	832	-	642
Beginning Fund Balance	3,660	4,103	-	7,763	7,763	-	7,810
Revenues	29,368	-	-	29,368	22,039	-	20,377
Total Sources	33,028	4,103	832	37,963	30,634	-	28,829
Total Uses	33,028	4,103	832	37,963	22,636	3,082	22,475
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	322	322	322	-	2,686
Beginning Fund Balance	9,603	2,458	-	12,061	12,061	-	13,173
Revenues	25,824	46,583	-	72,407	68,637	-	22,036
Total Sources	35,427	49,041	322	84,790	81,020	-	37,895
Total Uses	35,427	49,041	322	84,790	69,471	501	20,153

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019	BUDGET		FY 2018-2019	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Golf							
Beginning Fund Balance	307	331	-	638	638	-	206
Revenues	3,138	-	-	3,138	3,050	-	3,236
Total Sources	3,445	331	-	3,776	3,688	-	3,448
Total Uses	3,445	331	-	3,776	2,822	-	2,654
Other Funds							
Prior Year Encumbrance	-	-	36,183	36,183	36,183	-	39,468
Beginning Fund Balance	334,033	59,598	-	393,631	393,631	-	344,662
Revenues	441,185	(8,408)	-	432,777	386,141	-	403,878
Total Sources	775,218	51,190	36,183	862,591	815,955	-	788,008
Total Uses	775,218	51,190	36,183	862,591	310,120	92,192	345,750

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019 BUDGET	BUDGET AMENDMENTS		FY 2018-2019 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	41,446	41,446	41,446	-	24,764
Beginning Fund Balance	64,483	18,325	-	82,808	82,808	-	83,442
Revenues	115,333	1,680	-	117,013	53,443	-	54,739
Total Sources	179,816	20,005	41,446	241,267	177,697	-	162,945
Total Uses	179,816	20,005	41,446	241,267	56,953	24,215	42,518
Other							
Prior Year Encumbrance	-	-	7,939	7,939	7,939	-	383
Beginning Fund Balance	17,242	3,067	-	20,309	20,309	-	32,157
Revenues	9,273	4,722	-	13,995	452	-	549
Total Sources	26,515	7,789	7,939	42,243	28,700	-	33,089
Total Uses	26,515	7,789	7,939	42,243	5,750	4,247	1,224

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED APRIL 30, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2018-2019 BUDGET	BUDGET AMENDMENTS		FY 2018-2019 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	171	171	171	-	39
Beginning Fund Balance	7,547	1,376	-	8,923	8,923	-	8,651
Revenues	4,178	759	-	4,937	5,043	-	3,405
Total Sources	11,725	2,135	171	14,031	14,137	-	12,095
Total Uses	11,725	2,135	171	14,031	3,274	198	3,125