



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

August 2022

This report summarizes the City's financial performance for the month ended August 31, 2022. 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 2022/23 was \$272.4 million. The amended budget for revenues and expenditures was adjusted to \$279.3 million to reflect various budget amendments approved by the City Council through August 2022.

While it is very early in the fiscal year and limited data is available, General Fund revenues are currently tracking within estimated levels. Through August, expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures.

Economic indicators are mixed, and there is a tremendous amount of uncertainty. According to the UCLA September 2022 Forecast, the labor market remains strong, consumers have continued to spend, supply chain constraints have eased, commodity prices - particularly crude oil prices - have started to decline, domestic manufacturing along with government defense purchases and investments associated with the shift to renewable energy sources are expected to increase. On the flip side, core inflation remains elevated, the Fed is expected to continue to increase interest rates that may constrain consumer spending, consumers are more pessimistic, housing markets are starting to turn with the increases in mortgage rates, U.S. exports have become more expensive for consumers in other countries with the appreciation of the dollar against other currencies, and there is labor unrest with the decline in real wages and a low unemployment rate. While the UCLA Forecast does not forecast a recession at this time, it did point to an increased risk of a recession over the next 12 months¹. Companies are anticipating a slowdown. A recent survey of 400 leaders of large U.S. companies by the KPMG consulting firm found that 91% of these CEOs are predicting a recession in the next 12 months with only 34% believing the recession will be mild and short.²

On a national level, the unemployment rate decreased slightly from 3.7% in August 2022 to 3.5% in September 2022. This rate was well below the record setting high of 14.7% in April 2020, and equal to the pre-pandemic unemployment rate of 3.5%. In September, the number of unemployed persons fell to 5.8 million from 6.0 million in August. This unemployment figure has dropped closer to the pre-pandemic level of 5.7 million.³

¹ UCLA Anderson Forecast, September 2022

² [CEOs are preparing for a recession, and they don't think it will be short | CNN Business](#)

³ <https://www.bls.gov/news.release/pdf/empsit.pdf>

Chart 1. Unemployment rate, seasonally adjusted, September 2019 – September 2022

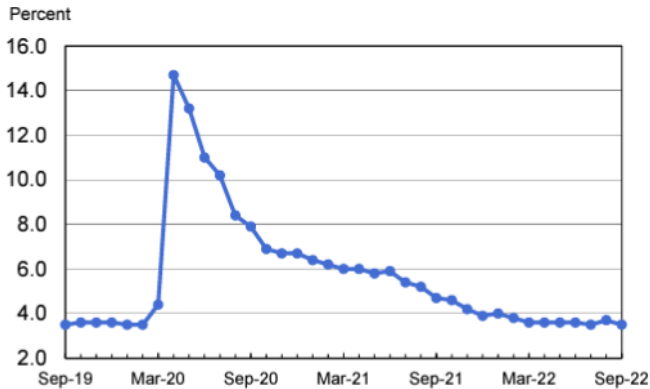
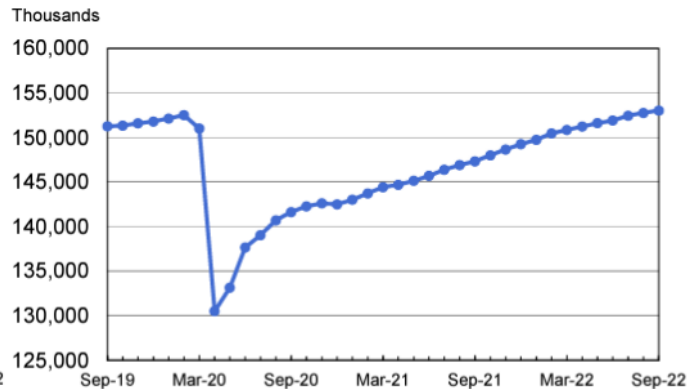


Chart 2. Nonfarm payroll employment, seasonally adjusted, September 2019 – September 2022



In the second quarter 2022 third estimate, the Gross Domestic Product (GDP) decreased by 0.6%, following a GDP decreased by 1.6% in the first quarter. The estimated decrease in the first quarter reflected increasing inflation, ongoing supply-chain issues as well as rising interest rates. The real GDP for the second quarter 2022 is 3.5% above the level experienced in the fourth quarter of 2019.⁴

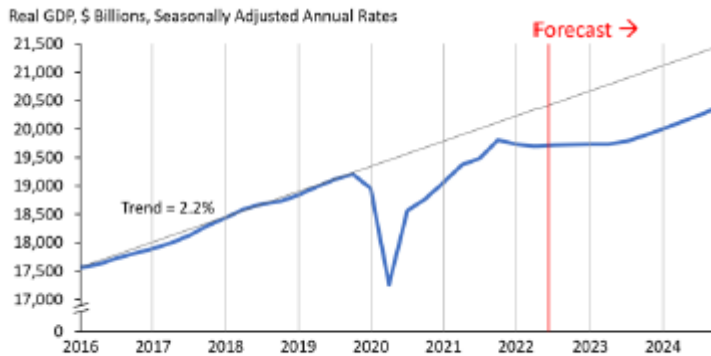
Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual

⁴ https://www.bea.gov/sites/default/files/2022-09/tech2q22_3rd.pdf



The UCLA Anderson Forecast projects slow year-over-year GDP growth over the next few years: 1.5% in 2022, 0.3% in 2023, and 2.0% in 2024. By 2024, the UCLA Forecast expects the economy to rebound and for growth to accelerate slightly above long-term trends.

Source: UCLA Anderson Forecast and U.S. Bureau of Economic Analysis
Notes: \$ Billions, chained 2012 prices, seasonally adjusted annual rates

At the state level, the September 2022 UCLA Forecast for California points to continued economic growth with solid employment gains in the leisure and hospitality, health care and social services, technology, and construction industries as well as increases in demand in the defense and technology industries. However, this forecast points to headwinds that represent real near-term risks to the economy. “As a consequence of slowing of growth in the U.S. our forecast is now a bit weaker than three months ago. Further risks to the forecast are the course of the pandemic and domestic migration on the downside and increased international immigration and accelerated onshoring of technical manufacturing on the upside” wrote Jerry Nickelsburg, Director of UCLA Anderson Forecast.⁵

The State and local employment levels remain strong. After the State’s largest increase in the unemployment rate in April 2020, the California unemployment rate rose slightly from 3.9% in July to 4.1% in August. This rate is slightly lower compared to the 4.2% rate in June 2022. California has now regained 98.3% of the 2.7 million jobs lost due to COVID-19 in March and April 2020.⁷

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 2.4% in August 2022, up from a revised 2.2% in July 2022, but below the August 2021 level of 4.7% and the February 2020 level of 2.6%. Between August 2021 and August 2022, employment in this region increase by 52,200 jobs, or 4.6%.⁸ The largest increases were in professional and business services (up 14,200 jobs), leisure and hospitality (up 14,000 jobs), and private educational and health services (up 7,800 jobs).

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

⁵ UCLA Anderson Forecast, California After Two Quarters of Negative GDP and CalExodus?, September 2022

⁷ https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-August-2022/

⁸ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

General Fund Revenues

As of August 31, 2022, \$10.5 million or 4.2% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$40.7 million have occurred as budgeted. This very low collection level through August is largely due to the timing of payments. In some categories, the revenues received through August account for activity that occurred in FY 2021/22 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 2022/23				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2022	Percentage Received	Actual Through 8/31/2021	Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 60,173,000	\$ 60,173,000	\$ -	0.00%	\$ -	\$ -	N/A
Property Tax	75,261,000	75,261,000	137,935	0.18%	46,714	91,221	195.28%
Transient Occupancy Tax	12,600,000	12,600,000	992,894	7.88%	459,117	533,777	116.26%
Other Taxes	6,260,000	6,260,000	215,174	3.44%	212,787	2,387	1.12%
Total Taxes	154,294,000	154,294,000	1,346,003	0.87%	718,618	627,385	87.30%
LICENSES & PERMITS							
Business Licenses	900,000	900,000	146,976	16.33%	159,930	(12,954)	-8.10%
Fire Operation Permits	2,100,000	2,100,000	301,265	14.35%	394,129	(92,864)	-23.56%
Building Permits	-	-	-	N/A	191,067	(191,067)	-100.00%
Electric Permits	-	-	-	N/A	45,302	(45,302)	-100.00%
Plumbing Permits	-	-	-	N/A	28,957	(28,957)	-100.00%
Mechanical Permits	-	-	-	N/A	35,417	(35,417)	-100.00%
Miscellaneous Permits	72,000	72,000	30,455	42.30%	12,983	17,472	134.58%
Total Licenses & Permits	3,072,000	3,072,000	478,696	15.58%	867,785	(389,089)	-44.84%
FINES & PENALTIES	1,465,000	1,615,000	28,881	1.79%	24,131	4,750	19.68%
INTERGOVERNMENTAL	310,000	310,000	24,666	7.96%	1,770	22,896	1293.56%
CHARGES FOR SERVICES	31,258,098	31,258,098	4,155,409	13.29%	4,332,894	(177,486)	-4.10%
SILICON VALLEY POWER TRANSFER	26,170,000	26,170,000	2,386,990	9.12%	4,295,563	(1,908,573)	-44.43%
USE OF MONEY & PROPERTY							
Interest	2,532,000	2,532,000	(153,222)	-6.05%	(567,735)	414,513	-73.01%
Rent	10,584,266	10,584,266	1,609,231	15.20%	1,774,697	(165,466)	-9.32%
Total Use of Money & Property	13,116,266	13,116,266	1,456,009	11.10%	1,206,962	249,047	20.63%
MISCELLANEOUS REVENUES	150,000	150,000	88,922	59.28%	52,734	36,188	68.62%
LAND PROCEED	-	-	-	N/A	-	-	N/A
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,454,000	-	0.00%
Operating Transfer In - Reserves	25,812,244	32,632,195	32,632,195	100.00%	32,390,871	241,324	0.75%
Operating Transfer In - Fund Balances ⁽²⁾	4,484,726	4,484,726	4,484,726	100.00%	4,817,658	(332,933)	-6.91%
Operating Transfer In - Miscellaneous	2,127,374	2,127,374	2,127,374	100.00%	5,005,399	(2,878,025)	-57.50%
Total Other Financing Sources	33,878,344	40,698,295	40,698,295	100.00%	43,667,928	(2,969,634)	-6.80%
STADIUM OPERATION							
Charges for Services	7,889,147	7,889,147	91,272	1.16%	137,323	(46,051)	-33.53%
Rent and Licensing	752,500	752,500	483,361	64.23%	-	483,361	N/A
Total Stadium Operation	8,641,647	8,641,647	574,633	6.65%	137,323	437,310	318.45%
TOTAL GENERAL FUND	\$ 272,355,355	\$ 279,325,306	\$ 51,238,503	18.34%	\$ 55,305,709	\$ (4,067,206)	-7.35%

(1) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2022 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 August 31, 2022, no sales tax has been collected. Given the timing of payments, the sales tax payments received through August accounted for activity in the prior fiscal year and those funds were accrued to last year.

Property Tax: Through August, 0.2% of the property tax budgeted estimate has been received. 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 above the Adopted Budget estimate of \$75.3 million.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's TOT rate is 11.5%. Through August 31, 2022, approximately \$1.0 million has been received, which is significantly higher than receipts through the same period last fiscal year of \$0.5 million. As businesses continue to recover from the COVID-19 impacts, it is anticipated that TOT will increase compared to last fiscal year. While it is early in the fiscal year, TOT receipts are expected to meet or exceed the budgeted estimate of \$12.6 million based on current collection trends.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$0.2 million through August, which is on par with prior year collection levels. Receipts through August reflect higher collections in the franchise tax category that is offset by lower receipts in the documentary transfer tax categories.

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. Licenses and permits revenue collections are tracking slightly below par with receipts totaling \$0.5 million, or 15.6% of the budget of \$3.1 million.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue of approximately \$29,000 collected in this category through August is tracking to end the year well below the budgeted estimate of \$1.6 million largely due to the waiving of late fees in response to COVID-19. The City is 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 motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through August 31, 2022, \$25,000 has been received, which is well above receipts through the same period last year. This is a result of a reimbursement received for the Police Department for POST training courses.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through

August 31, 2022, collections totaled approximately \$4.2 million or 13.3% of the budget. This reflects a 4% decrease compared to last year's collections through the same period of \$4.3 million. This decrease is a result of timing of differences in the booking of interdepartmental charges directly related to the cost allocation plan. These charges have not yet been reflected this fiscal year. This is partially offset by higher collections for engineering fees and Fire CUPA fees.

Silicon Valley Power Transfer: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues to the General Fund. As of August 31, 2022, \$2.4 million has been received. Transfers throughout the year are based on the budgeted estimate and will be trued up at the end of the fiscal year based on actual performance.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$1.6 million, or 11.1% of the budget. 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 August 31, 2022, collections of \$89,000 are higher than collections through the same period last fiscal year by approximately 68.6%. This increase is primarily attributable to the level of donations received compared to last fiscal year.

Stadium Operation: As of August 31, 2022, charges for services collected through the Stadium totaled \$0.6 million, which is below par for this time of year. However, this is higher than collections through the same period last year resulting from the reopening of Stadium for events.

General Fund Expenditures

As of August 31, 2022, \$50.5 million or 18.1% of the General Fund operating budget had been expended. This is significantly lower than last fiscal year due to lower transfers to other funds; last year included a one-time transfer of the Building Inspection Reserve to the new Building Development Services Fund as well as higher transfers to Capital Funds. Overall, expenditures in the General Fund are within budgeted levels through August. Departmental expenditures totaled \$37.5 million, or 14.4% of the budget, which is below the par level of 16.7% of the budget. Several cost-control measures that were implemented in FY 2019/20 remain in place to generate expenditure savings. 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 2022/23				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2022	Percentage Used	Actual Through 8/31/2021	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,514,334	\$ 7,656,881	\$ 681,834	8.90%	\$ 552,144	\$ 129,690	23.49%
City Council	861,105	861,105	82,105	9.53%	139,207	(57,102)	-41.02%
City Clerk	2,076,112	2,080,362	158,246	7.61%	209,620	(51,374)	-24.51%
City Manager	6,085,321	6,277,494	700,340	11.16%	824,047	(123,707)	-15.01%
City Attorney	3,202,735	3,690,974	596,938	16.17%	435,670	161,268	37.02%
Human Resources	4,508,710	4,692,801	522,687	11.14%	570,591	(47,904)	-8.40%
Finance	19,045,131	19,836,493	2,503,339	12.62%	2,606,321	(102,982)	-3.95%
Total General Government	43,293,448	45,096,110	5,245,489	11.63%	5,337,600	(92,111)	-1.73%
PUBLIC WORKS	24,021,840	24,978,624	3,296,895	13.20%	3,911,605	(614,710)	-15.72%
COMMUNITY DEVELOPMENT	5,398,007	5,590,765	679,554	12.15%	886,012	(206,458)	-23.30%
PARKS AND RECREATION	21,695,302	22,082,661	3,170,571	14.36%	2,988,349	182,222	6.10%
PUBLIC SAFETY							
Fire	62,298,852	65,454,697	10,895,343	16.65%	10,537,598	357,745	3.39%
Police	84,615,023	84,924,035	12,636,356	14.88%	12,639,429	(3,073)	-0.02%
Total Public Safety	146,913,875	150,378,732	23,531,699	15.65%	23,177,027	354,672	1.53%
LIBRARY	11,889,451	12,039,461	1,554,011	12.91%	1,391,424	162,587	11.68%
DEPARTMENTAL TOTAL	253,211,923	260,166,353	37,478,219	14.41%	37,692,017	(213,798)	-0.57%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	38,809	38,809	38,809	100.00%	23,250,142	(23,211,333)	-99.83%
Operating Transfer Out - Debt Services	1,402,275	1,402,275	1,402,275	100.00%	2,501,439	(1,099,164)	-43.94%
Operating Transfer Out - Maintenance Dtrct	842,700	842,700	842,700	100.00%	771,349	71,351	9.25%
Operating Transfer Out - Cemetery	870,000	870,000	870,000	100.00%	850,000	20,000	2.35%
Operating Transfer Out - CIP	8,625,501	8,625,501	8,625,501	100.00%	11,773,925	(3,148,424)	-26.74%
Operating Transfer Out - Reserves	-	-	-	N/A	3,309,009	(3,309,009)	-100.00%
Total Other Financing Uses	11,779,285	11,779,285	11,779,285	100.00%	42,455,864	(30,676,579)	-72.26%
STADIUM OPERATION	7,364,147	7,379,668	1,232,445	16.70%	956,189	276,256	28.89%
TOTAL GENERAL FUND	\$ 272,355,355	\$ 279,325,306	\$ 50,489,949	18.08%	\$ 81,104,070	\$ (30,614,121)	-37.75%

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. As of August 31, 2022, expenditures totaled \$0.7 million, or 8.9% of the budget. These expenditures are below the par level of 16.7% but are higher than the prior year levels, primarily as a result of higher expenditures in the advertising and community promotion as well as salaries.

City Attorney: As of August 31, 2022, actual expenditures totaled approximately \$0.6 million, which is within expected levels at 16.2% of the budget. Spending is 37% above the total expenditures through the same time last fiscal year due to higher contractual legal services costs.

City Clerk: Through August, actual expenditures were tracking below budget at \$0.2 million or approximately 7.6% of the budget. This reflects a decrease of 24.5% over last year's spending through the same period. This is a result of the timing of the internal service allocation charges, which are not all yet reflected in the August data, as well as lower as-needed spending.

City Council: Through August, expenditures were at 9.5% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 41%, which is primarily the result of the timing of internal service fund allocation charges. Additionally, lower spending is a result of savings due to vacancies within the department.

City Manager: The actual expenditures through August totaled \$0.7 million, or 11.2% of the budget, which is below par for this time of the year. Expenditures are 15% lower compared with the spending level through the same period last fiscal year. Similar to other departments, this is a result of the timing of the internal service allocation charges, which are not all yet reflected in the August data, as well as lower advertising spending.

Community Development Department: This department consists of three divisions: Planning, Building, and Housing and Community Services. The Building division of this department is reflected in the Building Development Services Fund, which falls under the special revenue section of this report. Through August, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$0.7 million, or 12.2%, which is below the par level of 16.7%. Expenditures were also well below the spending through the same period last fiscal year due to the timing of the internal service allocation charges, which are not all yet reflected in the August data, as well as lower contractual services spending.

Finance Department: Through August, the Department's expenditures totaled \$2.5 million, or 12.6% of the budget, which is below par. This expenditure level was approximately 4% lower than expenditure levels through the same period last year. Similar to other departments, the timing of when the internal service fund allocations charges being recorded is a factor in the decrease.

Fire Department: As of August 31, 2022, actual expenditures totaled \$10.9 million, or 16.7% of the budget, which is at par. These expenditures reflect a 3.4% increase from expenditures through the same period last fiscal year. While salaries and benefits spending is higher than last fiscal year, this increase is partially offset by the timing of the internal service fund allocation charges, which are not fully captured through August data. Overtime expenditures are tracking at 29.1% of the budget, 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 August, actual expenditures totaled \$1.6 million, or 12.9% of the budget, which is below par, but 11.7% higher than expenditure levels last fiscal year. This is a result of the resuming of full operations which began earlier this calendar year.

Parks and Recreation Department: Through August, actual expenditures totaled approximately \$3.2 million, or 14.4% of the budget, which is slightly below par, but above the prior year actuals of \$3.0 million. This is due to the department resuming activities that were previously impacted by COVID-19 restrictions.

Police Department: Expenditures as of August 2022 are tracking at expected levels at \$12.6 million, or 14.8% of the budget; this is consistent with prior year spending.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$1.2 million through August and are tracking below budgeted levels. However, this is 29% higher than expenditures through the same period last year, as a direct result of the reopening of the Stadium for events.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of August 31, 2022. The amended budget reflects carryover encumbrances from fiscal year 2021/22 and budget amendments approved by the City Council through August 2022. Effective July 1, 2021, all Building Division revenues and expenditures are now budgeted and accounted for in the Building Development Services Fund, which is included in the table below. Revenues totaled approximately \$3.5 million, while expenditures totaled approximately \$4.3 million through the end of August. Overall, both revenues and expenditures are tracking above par. In the Housing Successor Fund, the expenditures are currently showing as overbudget as a result of a special disbursements for a housing loan, which was budgeted in FY 2021/22. An adjustment to carryover this budget will be brought forward as part of the Budgetary Year-End Report for FY 2021/22, expected to go to Council in December 2022.

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

Fund Description	REVENUES - FISCAL YEAR 2022/23				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2022	Percentage received	Actual Through 8/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 280,000	\$ 280,000	\$ 17,897	6.39%	\$ 14,011	\$ 3,886	27.74%
City Affordable Housing Fund	682,000	682,000	75,663	11.09%	31,694	43,969	138.73%
Housing Successor Fund	350,000	350,000	136,440	38.98%	66,494	69,946	105.19%
Housing and Urban Development	1,810,000	1,810,000	78,408	4.33%	87,192	(8,784)	-10.07%
Building Development Services Fee Fund	14,112,000	14,112,000	3,208,522	22.74%	2,155,647	1,052,875	48.84%
TOTAL	\$ 17,234,000	\$ 17,234,000	\$ 3,516,930	20.41%	\$ 2,355,038	\$ 1,161,892	49.34%

Fund Description	EXPENDITURES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2022	Percentage used	Actual through 8/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 380,363	\$ 478,326	\$ 39,308	8.22%	\$ 31,440	\$ 7,868	25.03%
City Affordable Housing Fund	1,685,731	2,794,313	166,835	5.97%	176,890	(10,055)	-5.68%
Housing Successor Fund	1,242,599	1,374,178	1,755,713	127.76%	128,342	1,627,371	1268.00%
Housing and Urban Development	2,379,814	3,128,522	389,875	12.46%	888,910	(499,035)	-56.14%
Building Development Services Fee Fund	13,360,809	15,008,207	1,904,806	12.69%	1,482,855	421,951	28.46%
TOTAL	\$ 19,049,316	\$ 22,783,546	\$ 4,256,537	18.68%	\$ 2,708,437	\$ 1,548,100	57.16%

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 encumbrance balances in Governmental Capital Improvement Funds, and budget amendments approved through August 2022. As of August 31, 2022, these capital fund expenditures totaled \$6.0 million, or 4.5% of the amended budget. As part of the adoption of the FY 2022/23 and FY 2023/24 capital improvement program budget, some capital funds were carried over for projects that were not anticipated to be completed by June 30, 2022. Necessary additional adjustments to the capital carryover amounts will be brought forward as part of the Budgetary Year-End Report for FY 2021/22, expected to go to Council in December 2022.

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 2022/23						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 8/31/2022	Percentage Used	
Parks & Recreation	\$ 4,667,991	\$ 22,437,801	\$ 27,105,792	\$ 511,498	1.89%	
Streets & Highways	15,163,050	59,970,079	75,133,129	3,774,921	5.02%	
Storm Drain	963,432	6,657,501	7,620,933	863,170	11.33%	
Fire	661,766	1,768,679	2,430,445	43,000	1.77%	
Library	281,831	297,590	579,421	6,500	1.12%	
Public Buildings	1,189,532	4,061,069	5,250,601	125,265	2.39%	
General Gov't - Other	1,950,000	7,453,526	9,403,526	423,148	4.50%	
Related Santa Clara Developer	2,902,465	598,382	3,500,847	259,081	7.40%	
Patrick Henry Drive Infrastructure Improvement Fund	69,205	-	69,205	5,718	8.26%	
Tasman East Specific Infrastructure Improvement Fund	2,876,218	-	2,876,218	2,192	0.08%	
TOTAL	\$ 30,725,490	\$ 103,244,627	\$ 133,970,117	\$ 6,014,493	4.49%	

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of August 31, 2022. Overall, revenues and expenditures are tracking below budgeted levels.

While revenues are tracking above last fiscal year levels, expenditures are tracking lower than prior year levels, primarily in the Water Utility and Solid Waste Funds. The decrease in expenditures is primarily due to lower expenditures in the resources and the garbage, disposal, and recycling categories, respectively.

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

Fund Description	REVENUES - FISCAL YEAR 2022/23				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 8/31/2022	Percentage received	Actual Through 8/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 615,818,445	\$ 615,818,445	\$ 64,457,371	10.47%	\$ 53,823,384	\$ 10,633,987	19.76%
Water Utility Fund	48,358,520	48,358,520	8,128,611	16.81%	6,069,678	2,058,933	33.92%
Sewer Utility Fund	40,459,345	40,459,345	4,865,778	12.03%	4,095,652	770,126	18.80%
Cemetery Fund	600,000	600,000	134,321	22.39%	132,408	1,913	1.44%
Solid Waste Utility Fund	37,245,092	37,245,092	4,076,095	10.94%	3,785,465	290,630	7.68%
Water Recycling Fund	5,708,446	5,708,446	917,623	16.07%	1,097,574	(179,951)	-16.40%
TOTAL REVENUE	\$ 748,189,848	\$ 748,189,848	\$ 82,579,799	11.04%	\$ 69,004,161	\$ 13,575,638	19.67%

Fund Description	EXPENSES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 8/31/2022	Percentage Used	Actual through 8/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 603,681,580	\$ 606,315,831	\$ 69,650,517	11.49%	\$ 77,898,641	\$ (8,248,124)	-10.59%
Water Utility Fund	46,797,065	48,412,861	3,244,601	6.70%	5,119,682	(1,875,081)	-36.62%
Sewer Utility Fund	30,825,023	31,046,671	6,458,697	20.80%	6,576,816	(118,119)	-1.80%
Cemetery Fund	1,539,796	1,539,796	192,373	12.49%	237,326	(44,953)	-18.94%
Solid Waste Utility Fund	36,626,118	40,159,684	3,530,642	8.79%	4,517,524	(986,882)	-21.85%
Water Recycling Fund	5,729,413	5,729,413	1,431,021	24.98%	1,251,718	179,303	14.32%
TOTAL - Operating Appropriations	\$ 725,198,995	\$ 733,204,256	\$ 84,507,851	11.53%	\$ 95,601,707	\$ (11,093,856)	-11.60%

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 August 2022 totaled approximately \$11.3 million, or 4% 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 2022/23 and FY 2023/24 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 2022, as part of the FY 2021/22 year-end reconciliation process.

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

Fund Description	EXPENSES - FISCAL YEAR 2022/23					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 8/31/2022	Percentage Used	Actual Through 8/31/2021
Electric Utility Fund	\$ 96,088,981	\$ 118,664,746	\$ 214,753,727	\$ 8,412,359	3.92%	\$ 1,700,186
Street Lighting ⁽¹⁾	71,455	4,820,273	4,891,728	21,635	0.44%	43,022
Water Utility Fund	6,665,000	1,368,212	8,033,212	336,133	4.18%	441,284
Sewer Utility Fund	19,815,641	25,615,224	45,430,865	2,461,347	5.42%	5,078,831
Cemetery Fund	9,225	278,397	287,622	-	-	1,401
Solid Waste Utility Fund	743,000	148,520	891,520	42,107	4.72%	112,790
Water Recycling Fund	50,000	-	50,000	-	-	-
Convention Center Capital Fund		2,622,854	2,622,854	-	-	207,237
TOTAL - CIP Appropriations	\$ 123,443,301	\$ 153,518,227	\$ 276,961,528	\$ 11,273,581	4.07%	\$ 7,584,751

(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 2022/23, 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 Rate Stabilization Reserve and Operations and Maintenance Reserve assure sufficient operating cash is available to cover day-to-day expenses, address unforeseen cost increases or revenue shortfalls, and ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA
RESERVE BALANCES
August 31, 2022**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER
Budget Stabilization Reserve	\$ 39,701,399		
Capital Projects Reserve	5,364,822		
Land Sale Reserve	10,400,907		
Technology Fee Reserve	2,353,804		
Electric Rate Stabilization Fund Reserve		\$ 44,898,011	
Electric Operations and Maintenance Reserve		112,838,357	
Replacement & Improvement			\$ 303,090
TOTALS	\$ 57,820,932	\$ 157,736,368	\$ 303,090

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The balances reflected in the table are through August 2022. 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:

Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance/Commitment
Parks and Recreation Facilities	General Fund	Loan	5,539,540
TOTALS			\$ 5,539,540

Donations to the City of Santa Clara

Donations received by department during the month of August 2022 and for fiscal year 2022/23 are shown in the table below.

Department	Aug-22	Fiscal Year 2022/23 Year To Date	Designated Use
City Manager's Office	\$ 25	\$ 25	Help Your Neighbor
Parks & Recreation	99	99	Case Management
Parks & Recreation	568	594	Roberta Jones Jr. Theatre
Parks & Recreation	450	9,825	Wade Brummal
TOTALS	\$ 1,142	\$ 10,543	