



**City of  
Santa Clara**  
The Center of What's Possible

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# **MONTHLY FINANCIAL STATUS REPORT**

**December 2022**

This report summarizes the City's financial performance for the month ended December 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 \$284.0 million to reflect various budget amendments approved by the City Council through December 2022.

General Fund revenues are currently tracking to end the year above the budgeted level. Through December, departmental 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. Given this level of uncertainty, the December 2022 UCLA Forecast presented a two-scenario economic forecast. "One scenario is no recession, where economic growth is "just right", inflation ebbs, labor market constraints loosen, and the Federal Reserve takes a less aggressive approach to monetary policy tightening. The second scenario is a recession, where inflation would have continued to run hot if not for aggressive Federal Reserve action. In this scenario, the Federal Reserve forces a recession and accepts an economic contraction and higher unemployment to combat inflation. Importantly, the difference in the two scenarios is the exogenous decision of the Federal Reserve is setting monetary policy."<sup>1</sup> The U.S. Chamber of Commerce projects a mild but short recession in 2023. The consensus of its Chief Economists Committee is that "the U.S. will experience a mild but short recession in the middle of 2023 caused by consumer and business spending falling because of rising interest rates."<sup>2</sup> The Conference Board also forecasts a recession starting in early 2023, with projections for three quarters of negative GDP growth starting in the first quarter of 2023. Their projections call for a relatively brief and mild downturn with the expectation that growth should rebound in 2024 as inflation ebbs further and the Fed begins to loosen monetary policy.<sup>3</sup> The Conference Board Consumer Confidence Index decreased in January after gaining ground in December. "Consumers' assessment of present economic and labor market conditions improved at the start of 2023. However, the Expectations Index retreated in January reflecting their concerns about the economy over the next six months. Consumers were less upbeat about the short-term outlook for jobs. They also expect business conditions to worsen in the near term."<sup>4</sup>

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<sup>1</sup> UCLA Anderson Forecast, December 2022, Goldilocks or Bust: Will the Economy be "Just Right" or Will We have a Recession?

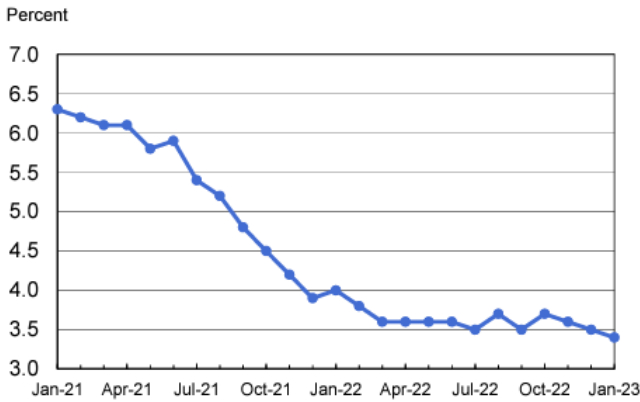
<sup>2</sup> [What to Expect for the Economy in 2023 | U.S. Chamber of Commerce \(uschamber.com\)](https://www.uschamber.com/economy/2023-forecast)

<sup>3</sup> [Economic Forecast for the US Economy \(conference-board.org\)](https://www.conference-board.org/economy/2023-forecast)

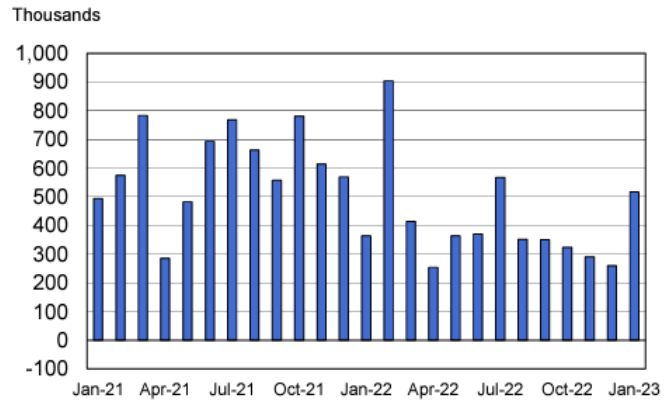
<sup>4</sup> <https://www.conference-board.org/topics/consumer-confidence>

On a national level, the unemployment rate remained fairly flat in January 2023 at 3.4%, compared to 3.5% in December 2022. This rate was well below the record setting high of 14.7% in April 2020, and slightly below the pre-pandemic unemployment rate of 3.5%. In January, the number of unemployed persons stayed at 5.7 million, which is consistent with the pre-pandemic level of 5.7 million.<sup>5</sup>

**Chart 1. Unemployment rate, seasonally adjusted, January 2021 – January 2023**

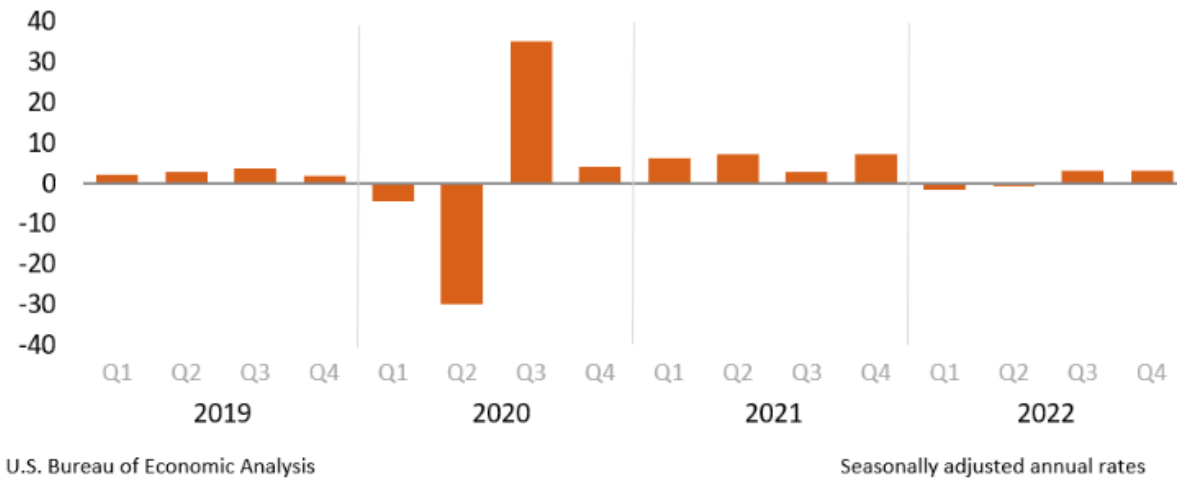


**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, January 2021 – January 2023**



In the fourth quarter 2022 advance estimate, the Gross Domestic Product (GDP) increased by 2.9%, following a GDP increase of 3.2% in the third quarter. The GDP decelerated in the fourth quarter compared to the third due to downturns in exports, State and local government spending as well as a slowing in consumer spending.<sup>6</sup>

**Real GDP: Percent change from preceding quarter**

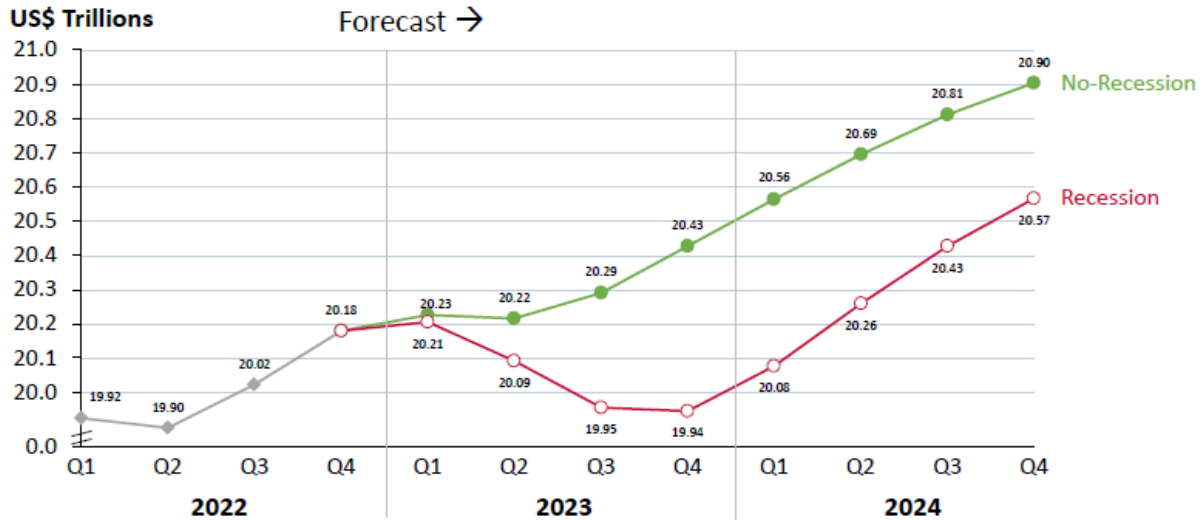


<sup>5</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

<sup>6</sup> [https://www.bea.gov/sites/default/files/2023-01/tech4q22\\_adv.pdf](https://www.bea.gov/sites/default/files/2023-01/tech4q22_adv.pdf)

The December 2022 UCLA Anderson Forecast projects strong GDP performance in the 4<sup>th</sup> quarter 2022 driven by consumption and business investment. After that point, the Forecast has differing projections based on the recession or no-recession scenarios as illustrated below. The real GDP gap between these scenarios totals \$490 billion by the end of 2023 and \$330 billion by 2024.

Real GDP Levels, US\$ Trillions, Chained 2012 Prices, Seasonally Adjusted Annual Rates



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

The December 2022 UCLA Forecast for California includes soft-landing and recession scenarios given the current economic uncertainty. In both scenarios, a milder impact is expected for the California economy. In the soft-landing scenario, California continues to grow at a faster rate than the US, led by more construction, ample state government rainy day funds, and increased demand for defense goods as well as labor saving equipment and software. In the recession scenario, the California economy declines but by less than the US.<sup>7</sup>

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 remained flat at 4.1% between November and December 2022. This rate is lower compared to the 5.8% rate in December 2021. California has now regained all of the 2.76 million nonfarm jobs lost due to COVID-19 in March and April 2020 and has outpaced the country’s job growth as a whole by 0.6%.<sup>8</sup>

The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) slightly decreased to 2.1% in December 2022, from a revised 2.4% in November 2022, and is below the December 2021 level of 2.9% and the February 2020 pre-pandemic level of 2.6%. Between December 2021 and December 2022, employment in this region increased by 47,100 jobs, or

<sup>7</sup> UCLA Anderson Forecast, A Tale of Two Scenarios: The California Report, December 2022

<sup>8</sup> [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-december-2022/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-december-2022/)

4.1%.<sup>9</sup> The largest increases were in professional and business services (up 12,200 jobs), private educational and health services (up 9,800 jobs), and leisure and hospitality (up by 8,600 jobs).

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

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<sup>9</sup> [https://labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pbs.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pbs.pdf)

### General Fund Revenues

As of December 31, 2022, \$97.2 million or 40.7% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$45.0 million have occurred as budgeted. Revenue collections are tracking to end the year above budget and are higher when compared to collections last 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 12/31/2022	Percentage Received	Actual Through 12/31/2021	Change From Prior Year	Percentage Change
<b>TAXES</b>							
Sales Tax	\$ 60,173,000	\$ 60,173,000	\$ 21,401,195	35.57%	\$ 18,592,585	\$ 2,808,610	15.11%
Property Tax	75,261,000	75,261,000	24,964,596	33.17%	19,061,389	5,903,207	30.97%
Transient Occupancy Tax	12,600,000	12,600,000	6,270,863	49.77%	2,497,314	3,773,549	151.10%
Other Taxes	6,260,000	6,260,000	1,907,136	30.47%	1,714,502	192,634	11.24%
<b>Total Taxes</b>	<b>154,294,000</b>	<b>154,294,000</b>	<b>54,543,790</b>	<b>35.35%</b>	<b>41,865,790</b>	<b>12,678,000</b>	<b>30.28%</b>
<b>LICENSES &amp; PERMITS</b>							
Business Licenses	900,000	900,000	430,508	47.83%	414,741	15,767	3.80%
Fire Operation Permits	2,100,000	2,358,000	957,531	40.61%	930,380	27,151	2.92%
Miscellaneous Permits	72,000	72,000	33,136	46.02%	36,200	(3,064)	-8.47%
<b>Total Licenses &amp; Permits</b>	<b>3,072,000</b>	<b>3,330,000</b>	<b>1,421,175</b>	<b>42.68%</b>	<b>1,381,321</b>	<b>39,854</b>	<b>2.89%</b>
<b>FINES &amp; PENALTIES</b>	<b>1,465,000</b>	<b>1,615,000</b>	<b>122,618</b>	<b>7.59%</b>	<b>166,995</b>	<b>(44,377)</b>	<b>-26.57%</b>
<b>INTERGOVERNMENTAL</b>	<b>310,000</b>	<b>310,000</b>	<b>253,516</b>	<b>81.78%</b>	<b>157,731</b>	<b>95,785</b>	<b>60.73%</b>
<b>CHARGES FOR SERVICES</b>	<b>31,258,098</b>	<b>31,258,098</b>	<b>15,834,348</b>	<b>50.66%</b>	<b>14,226,218</b>	<b>1,608,130</b>	<b>11.30%</b>
<b>SILICON VALLEY POWER TRANSFER</b>	<b>26,170,000</b>	<b>26,170,000</b>	<b>14,321,943</b>	<b>54.73%</b>	<b>12,886,688</b>	<b>1,435,255</b>	<b>11.14%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Interest	2,532,000	2,532,000	521,055	20.58%	567,271	(46,216)	-8.15%
Rent	10,584,266	10,584,266	5,216,896	49.29%	4,811,471	405,425	8.43%
<b>Total Use of Money &amp; Property</b>	<b>13,116,266</b>	<b>13,116,266</b>	<b>5,737,951</b>	<b>43.75%</b>	<b>5,378,742</b>	<b>359,209</b>	<b>6.68%</b>
<b>MISCELLANEOUS REVENUES</b>	<b>150,000</b>	<b>189,099</b>	<b>1,869,738</b>	<b>988.76%</b>	<b>308,331</b>	<b>1,561,407</b>	<b>506.41%</b>
<b>LAND PROCEED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>OTHER FINANCING SOURCES</b>							
Operating Transfer In - Storm Drain	1,454,000	1,454,000	1,454,000	100.00%	1,454,000	-	0.00%
Operating Transfer In - Reserves	25,812,244	36,719,079	36,719,079	100.00%	32,742,785	3,976,294	12.14%
Operating Transfer In - Fund Balances <sup>(2)</sup>	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	2,370,374	2,370,374	100.00%	5,427,399	(3,057,025)	-56.33%
<b>Total Other Financing Sources</b>	<b>33,878,344</b>	<b>45,028,179</b>	<b>45,028,179</b>	<b>100.00%</b>	<b>44,441,842</b>	<b>586,336</b>	<b>1.32%</b>
<b>STADIUM OPERATION</b>							
Charges for Services	7,889,147	7,889,147	2,447,480	31.02%	1,616,734	830,746	51.38%
Rent and Licensing	752,500	752,500	629,787	83.69%	39,691	590,096	1486.72%
<b>Total Stadium Operation</b>	<b>8,641,647</b>	<b>8,641,647</b>	<b>3,077,267</b>	<b>35.61%</b>	<b>1,656,425</b>	<b>1,420,842</b>	<b>85.78%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 272,355,355</b>	<b>\$ 283,952,289</b>	<b>\$ 142,210,525</b>	<b>50.08%</b>	<b>\$ 122,470,084</b>	<b>\$ 19,740,441</b>	<b>16.12%</b>

(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 December 31, 2022, approximately \$21.4 million has been collected. This reflects an increase of \$2.8 million when compared to collections through the same period last fiscal year. After a decline of 8.6% percent in the second quarter of calendar year 2022, sales tax receipts increased 15.7% in the third quarter when compared to the same quarter last year. The third quarter 2022 experienced growth in all sectors as follows: Transportation (up 31.2%), Food Products (up 20.7%), Construction (up 17.3%), General Retail (up 10.0%), and Business to Business (up 3.5%). Growth of 3% is needed in the remaining three quarters of Fiscal Year 2022/23 to meet the budgeted estimate of \$59.4 million. Internet sales represents a sizeable amount of the City's sales tax revenue. The County pool, which includes internet sales, accounts for approximately 20% of the sales tax the City receives.

**Property Tax:** Through December, 33.2% 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 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 December 31, 2022, approximately \$6.3 million has been received, which is significantly higher than receipts through the same period last fiscal year of \$2.5 million. As businesses continue to recover from the COVID-19 impacts, it is anticipated that TOT will increase compared to last fiscal year. Based on current collection trends, TOT receipts are expected to exceed the budgeted estimate of \$12.6 million.

**Other Taxes:** Includes franchise tax and documentary transfer tax. The City has collected \$1.9 million through December, which higher than prior year collection levels. Receipts through December reflect higher collections in the franchise tax category that is partially offset by lower receipts in the documentary transfer tax category. Based on current collection trends, Other Taxes collections are projected to exceed the budgeted estimate of \$6.3 million.

**Licenses & Permits:** Includes business licenses, fire operation permits, and miscellaneous permits and fees. Effective FY 2021/22, building, electric, plumbing, and mechanical permits are budgeted in the Building Development Services Fund, which is reflected in the Special Revenue section of this report. Licenses and permits revenue collections are tracking below par with receipts totaling \$1.4 million, or 42.7% of the budget of \$3.3 million, through December. This collection level is slightly above the prior fiscal year level.

**Fines & Penalties:** Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue of approximately \$0.1 million collected through December is tracking to end the year well below the budgeted estimate of \$1.6 million largely due to the waiving of late fees implemented in response to COVID-19.

**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 December 31, 2022, \$0.3 million has been received, which is higher than the prior year collection level.

**Charges for Services:** Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through December 31, 2022, collections are tracking within the budgeted estimate at \$15.8 million, or 50.7% of the budget. This reflects an 11% increase compared to last year's collections through the same period of \$14.2 million. This increase is a result of higher collections for planning and zoning fees, technology fee, engineering fees, and Fire EMS 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 December 31, 2022, \$14.3 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 \$5.7 million, or 43.8% of the budget. These collections are higher than collections through last fiscal year of \$5.4 million. Collections are expected to meet or exceed the budgeted estimate of \$13.1 million.

**Miscellaneous Revenues:** Includes developer fees, donations, damage recovery, sale of surplus, and one-time miscellaneous revenues. Through December 31, 2022, collections of \$1.9 million are higher than collections through the same period last fiscal year of \$0.3 million. This increase is primarily attributable to the settlement between the City, the Santa Clara Stadium Authority, and the Forty-Niners SC Stadium Company LLC and Forty Niners Stadium Management Company LLC (collectively, the Forty-Niners).

**Stadium Operation:** As of December 31, 2022, charges for services collected through the Stadium totaled \$3.1 million, which is below par for this time of year. This is still significantly higher than collections through the same period last year resulting from the reopening of Stadium for events.



**General Fund Expenditures**

As of December 31, 2022, \$136.1 million or 47.9% of the General Fund operating budget had been expended. This is significantly lower than last fiscal year due to lower budgeted 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 December. Departmental expenditures totaled \$119.4 million, or 45% of the budget, which is below the par level of 50% 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 12/31/2022	Percentage Used	Actual Through 12/31/2021	Change From Prior Year	Percentage Change
<b>GENERAL GOVERNMENT</b>							
Non-Departmental	\$ 7,514,334	\$ 9,689,394	\$ 2,682,366	27.68%	\$ 2,421,655	\$ 260,711	10.77%
City Council	861,105	862,396	313,572	36.36%	407,898	(94,326)	-23.12%
City Clerk	2,076,112	2,093,661	855,306	40.85%	703,916	151,390	21.51%
City Manager	6,085,321	6,292,428	2,140,300	34.01%	2,405,646	(265,346)	-11.03%
City Attorney	3,202,735	3,690,974	1,536,461	41.63%	1,144,623	391,838	34.23%
Human Resources	4,508,710	4,828,451	1,763,387	36.52%	1,750,963	12,424	0.71%
Finance	19,045,131	20,272,300	8,327,242	41.08%	7,670,152	657,090	8.57%
<b>Total General Government</b>	<b>43,293,448</b>	<b>47,729,604</b>	<b>17,618,634</b>	<b>36.91%</b>	<b>16,504,853</b>	<b>1,113,781</b>	<b>6.75%</b>
<b>PUBLIC WORKS</b>	<b>24,021,840</b>	<b>25,092,840</b>	<b>10,800,847</b>	<b>43.04%</b>	<b>10,858,986</b>	<b>(58,140)</b>	<b>-0.54%</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>5,398,007</b>	<b>5,665,420</b>	<b>2,198,022</b>	<b>38.80%</b>	<b>2,264,899</b>	<b>(66,877)</b>	<b>-2.95%</b>
<b>PARKS AND RECREATION</b>	<b>21,695,302</b>	<b>22,287,115</b>	<b>10,131,751</b>	<b>45.46%</b>	<b>8,901,614</b>	<b>1,230,137</b>	<b>13.82%</b>
<b>PUBLIC SAFETY</b>							
Fire	62,298,852	65,944,826	33,457,347	50.74%	30,530,572	2,926,775	9.59%
Police	84,615,023	85,779,549	40,014,699	46.65%	36,552,061	3,462,638	9.47%
<b>Total Public Safety</b>	<b>146,913,875</b>	<b>151,724,375</b>	<b>73,472,046</b>	<b>48.42%</b>	<b>67,082,633</b>	<b>6,389,413</b>	<b>9.52%</b>
<b>LIBRARY</b>	<b>11,889,451</b>	<b>12,277,870</b>	<b>5,142,282</b>	<b>41.88%</b>	<b>4,181,209</b>	<b>961,073</b>	<b>22.99%</b>
<b>DEPARTMENTAL TOTAL</b>	<b>253,211,923</b>	<b>264,777,224</b>	<b>119,363,582</b>	<b>45.08%</b>	<b>109,794,194</b>	<b>9,569,387</b>	<b>8.72%</b>
<b>OTHER FINANCING USES</b>							
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	8,641,613	8,641,613	100.00%	11,773,925	(3,132,312)	-26.60%
Operating Transfer Out - Reserves	-	-	-	N/A	3,309,009	(3,309,009)	-100.00%
<b>Total Other Financing Uses</b>	<b>11,779,285</b>	<b>11,795,397</b>	<b>11,795,397</b>	<b>100.00%</b>	<b>42,455,864</b>	<b>(30,660,467)</b>	<b>-72.22%</b>
<b>STADIUM OPERATION</b>	<b>7,364,147</b>	<b>7,379,668</b>	<b>4,969,509</b>	<b>67.34%</b>	<b>4,039,345</b>	<b>930,164</b>	<b>23.03%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 272,355,355</b>	<b>\$ 283,952,289</b>	<b>\$ 136,128,487</b>	<b>47.94%</b>	<b>\$ 156,289,403</b>	<b>\$ (20,160,916)</b>	<b>-12.90%</b>

### General Fund Expenditures

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

**Non-Departmental:** Includes expenditures that are not attributable to a single department, but a function of the City in general. As of December 31, 2022, expenditures totaled \$2.7 million, or 27.7% of the budget. These expenditures are below the par level of 50% but are higher than the prior year levels, primarily as a result of higher expenditures in the contractual services as well as salaries and benefits categories.

**City Attorney:** Through December, actual expenditures totaled approximately \$1.5 million, which is below expected levels at 41.6% of the budget. Spending is 34% above the total expenditures through the same time last fiscal year due to higher contractual legal services costs and salaries and benefits.

**City Clerk:** Through December, actual expenditures were tracking below budget at \$0.9 million or approximately 40.8% of the budget. This reflects a 25% increase in spending compared to prior year spend levels. This is a result of higher salaries and benefits costs in addition to one-time special election and Granicus costs that are paid every other year.

**City Council:** Through December, expenditures were at 36.4% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 23%, which is primarily the result of savings due to vacancies within the department.

**City Manager:** Expenditures through December totaled \$2.1 million, or 34% of the budget, which is below par for this time of the year. Expenditures are also 11% lower compared with the spending level through the same period last fiscal year. This decrease reflects lower spending in contractual services and salaries and benefits; however, this is offset by higher spending in the as-needed category.

**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 December, departmental expenditures for the Planning and Housing and Community Services divisions totaled \$2.2 million, or 38.8% of budget, which is below the par level of 50%. Expenditures were slightly below the spending through the same period last fiscal year due to lower non-personnel expenditures.

**Finance Department:** Through December, the Department's expenditures totaled \$8.3 million, or 41.1% of the budget, which is below par. This expenditure level was approximately 8.6% higher than expenditure levels through the same period last year. This is a result of higher expenditures primarily in the salaries and benefits categories, which is partially offset by lower spending in the contractual services category.

**Fire Department:** Through December 31, 2022, expenditures totaled \$33.5 million, or 50.7% of the budget, which is at par. These expenditures reflect a 10% increase from expenditures through the same period last fiscal year. This increase in spending reflects higher costs in the salaries and benefits,

as-needed, contractual services and capital outlay categories. Overtime expenditures are tracking at 87.7% of the budget, which is well 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. In addition, overtime costs are higher due to mutual aid efforts that will be reimbursed. It is currently anticipated that the City will receive approximately \$0.5 million in mutual aid funds, and a budget amendment will be brought forward in a future Monthly Financial Report to recognize and appropriate those funds once received.

**Library Department:** Through December, actual expenditures totaled \$5.1 million, or 42% of the budget, which is below par, but nearly 23% 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 December, actual expenditures totaled approximately \$10.1 million, or 45.5% of the budget, which is below par, but above the prior year actuals of \$8.9 million. This is due to the department resuming activities that were previously impacted by COVID-19 restrictions.

**Police Department:** Expenditures through December are tracking at expected levels at \$40.0 million, or 46.7% of the budget. This is approximately 9.5% higher when compared to spending levels through the same period last fiscal year, primarily reflecting higher charges in the salaries and benefits, as-needed, and contractual services categories.

**Stadium Operation:** Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled approximately \$5.0 million through December and are tracking above budgeted levels at 67.3%. This is 23% higher than expenditures through the same period last year, as a direct result of the reopening of the Stadium for events. While spending is above par, it is anticipated that spending will be slowing down for the remainder of the fiscal year.

**Special Revenue Funds**

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of December 31, 2022. The amended budget reflects carryover encumbrances from fiscal year 2021/22 and budget amendments approved by the City Council through December 2022. Effective July 1, 2021, all Building Division revenues and expenditures are budgeted and accounted for in the Building Development Services Fund, which is included in the table below.

Revenues totaled \$12.9 million, or 47.7% of budget, while expenditures totaled \$12.5 million, or 35.7% of budget through the end of December. Overall, revenues and expenditures are tracking below par of 50%. The negative expenditure in the City Affordable Housing Fund reflects an accounting change in the special disbursements category. Originally, the full loan amount was charged; however, the charges now only reflect the progress through the construction period.

**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 12/31/2022	Percentage received	Actual Through 12/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 280,000	\$ 252,495	\$ 41,515	16.44%	\$ 220,990	\$ (179,475)	-81.21%
City Affordable Housing Fund	682,000	7,162,700	207,347	2.89%	1,027,194	(819,847)	-79.81%
Housing Successor Fund	350,000	1,306,326	447,082	34.22%	374,483	72,599	19.39%
Housing and Urban Development	1,810,000	3,924,461	647,100	16.49%	1,331,527	(684,427)	-51.40%
Building Development Services Fee Fund	14,112,000	14,464,458	11,578,359	80.05%	7,817,065	3,761,294	48.12%
<b>TOTAL</b>	<b>\$ 17,234,000</b>	<b>\$ 27,110,440</b>	<b>\$ 12,921,403</b>	<b>47.66%</b>	<b>\$ 10,771,259</b>	<b>\$ 2,150,144</b>	<b>19.96%</b>

Fund Description	EXPENDITURES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2022	Percentage used	Actual through 12/31/2021	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 380,363	\$ 559,503	\$ 109,233	19.52%	\$ 61,853	\$ 47,380	76.60%
City Affordable Housing Fund	1,685,731	5,499,145	(363,050)	-6.60%	485,686	(848,736)	-174.75%
Housing Successor Fund	1,242,599	6,049,148	5,320,890	87.96%	391,199	4,929,691	1260.15%
Housing and Urban Development	2,355,815	5,199,984	987,424	18.99%	1,440,356	(452,932)	-31.45%
Building Development Services Fee Fund	13,360,809	17,682,237	6,444,779	36.45%	5,011,011	1,433,768	28.61%
<b>TOTAL</b>	<b>\$ 19,025,317</b>	<b>\$ 34,990,017</b>	<b>\$ 12,499,276</b>	<b>35.72%</b>	<b>\$ 7,390,105</b>	<b>\$ 5,109,171</b>	<b>69.14%</b>

**Governmental Capital Improvement Funds**

The table below lists the revenue for selected capital improvement funds. The amended budget reflects current year appropriations, prior year carryover, and budget amendments approved through December 2022. As of December 31, 2022, the capital fund revenue totaled \$31.5 million. In the Parks and Recreation Capital Fund, \$25.6 million has been collected, which includes \$25.2 million in Mitigation Fee Act revenue.

**CITY OF SANTA CLARA  
GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS  
REVENUE - OVERVIEW AND COMPARISON BY SELECTED FUND**

REVENUES - FISCAL YEAR 2022/23						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2022	Percentage Used	
Parks & Recreation	\$ 1,075,000	\$ 3,301,620	\$ 4,376,620	\$25,611,393	585.19%	
Streets & Highways	4,594,003	15,921,680	20,515,683	1,873,323	9.13%	
Storm Drain	1,454,000	-	1,454,000	725,879	49.92%	
Public Buildings	-	100,000	100,000	-	0.00%	
Related Santa Clara Developer	2,908,317	1,118,024	4,026,341	643,021	15.97%	
Patrick Henry Drive	69,205	-	69,205	-	0.00%	
Infrastructure Improvement Fund						
Tasman East Specific	2,413,605	-	2,413,605	2,419,501	100.24%	
Infrastructure Improvement Fund						
<b>TOTAL</b>	<b>\$ 12,514,130</b>	<b>\$ 20,441,324</b>	<b>\$ 32,955,454</b>	<b>\$ 31,467,927</b>	<b>95.49%</b>	

The table below lists the total amended budgeted amounts for expenditures in the Capital Improvement Funds. Similar to the revenue table, the amended expenditure budgets consist of current year appropriations, prior year carryover encumbrance balances in Governmental Capital Improvement Funds, and budget amendments approved through December 2022. As of December 31, 2022, capital fund expenditures totaled \$18.4 million, or 13.1% 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 were included as part of the Budgetary Year-End Report for FY 2021/22 approved on December 6, 2022. These adjustments are reflected in the table below.

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  
EXPENDITURE - OVERVIEW AND COMPARISON BY FUND**

EXPENDITURES - FISCAL YEAR 2022/23						
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2022	Percentage Used	
Parks & Recreation	\$ 8,316,782	\$ 20,913,971	\$ 29,230,753	\$ 1,920,233	6.57%	
Streets & Highways	24,525,308	53,175,624	77,700,932	9,514,320	12.24%	
Storm Drain	5,181,209	2,745,531	7,926,740	2,611,141	32.94%	
Fire	1,506,478	395,077	1,901,555	196,651	10.34%	
Library	413,111	35,747	448,858	26,535	5.91%	
Public Buildings	2,859,686	2,439,492	5,299,178	431,884	8.15%	
General Govt - Other	3,687,314	6,158,460	9,845,774	1,109,274	11.27%	
City Affordable Housing Capital	-	1,600,000	1,600,000	-		
Related Santa Clara Developer	3,506,699	-	3,506,699	1,171,581	33.41%	
Patrick Henry Drive	69,205	-	69,205	30,056	43.43%	
Infrastructure Improvement Fund						
Tasman East Specific Infrastructure Improvement Fund	3,221,395	-	3,221,395	1,434,638	44.53%	
<b>TOTAL</b>	<b>\$ 53,287,187</b>	<b>\$ 87,463,902</b>	<b>\$ 140,751,089</b>	<b>\$ 18,446,313</b>	<b>13.11%</b>	

**Enterprise Funds**

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

Revenues and expenditures are tracking above last fiscal year levels. Expenditures are tracking higher in the Water Recycling Fund as a result of higher spending in the resources category.

**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 12/31/2022	Percentage received	Actual Through 12/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 615,818,445	\$ 629,425,236	\$ 277,321,538	44.06%	\$ 245,381,152	\$ 31,940,386	13.02%
Water Utility Fund	48,358,520	48,358,520	24,538,107	50.74%	23,625,102	913,005	3.86%
Sewer Utility Fund	40,459,345	40,459,345	19,318,094	47.75%	18,569,928	748,166	4.03%
Cemetery Fund	600,000	600,000	295,966	49.33%	331,620	(35,654)	-10.75%
Solid Waste Utility Fund	37,245,092	37,245,092	16,160,274	43.39%	15,139,208	1,021,066	6.74%
Water Recycling Fund	5,708,446	5,708,446	3,322,223	58.20%	3,269,040	53,183	1.63%
<b>TOTAL REVENUE</b>	<b>\$ 748,189,848</b>	<b>\$ 761,796,639</b>	<b>\$ 340,956,202</b>	<b>44.76%</b>	<b>\$ 306,316,050</b>	<b>\$ 34,640,152</b>	<b>11.31%</b>

Fund Description	EXPENSES - FISCAL YEAR 2022/23				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 12/31/2022	Percentage Used	Actual through 12/31/2021	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 603,681,580	\$ 606,426,798	\$ 259,330,458	42.76%	\$ 244,227,199	\$ 15,103,259	6.18%
Water Utility Fund	46,797,065	48,768,438	22,803,607	46.76%	21,105,473	1,698,134	8.05%
Sewer Utility Fund	30,825,023	32,220,466	15,015,739	46.60%	14,343,157	672,582	4.69%
Cemetery Fund	1,539,796	1,545,944	727,474	47.06%	714,955	12,519	1.75%
Solid Waste Utility Fund	36,626,118	40,169,992	14,293,681	35.58%	14,138,060	155,621	1.10%
Water Recycling Fund	5,729,413	5,739,135	3,601,549	62.75%	2,982,662	618,887	20.75%
<b>TOTAL - Operating Appropriations</b>	<b>\$ 725,198,995</b>	<b>\$ 734,870,773</b>	<b>\$ 315,772,508</b>	<b>42.97%</b>	<b>\$ 297,511,506</b>	<b>\$ 18,261,002</b>	<b>6.14%</b>

Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category.

A summary of revenue and expenses in the Enterprise Capital Improvement Funds are detailed in the tables below. Actual revenue through December 31, 2022 totaled \$21.8 million, consisting primarily of developer contributions in the Electric Utility Fund and transfers from operating in the Sewer Utility Fund. Enterprise capital fund expenses totaled \$24.0 million, or 8.8% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 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 were approved as part of the Budgetary Year-End Report for FY 2021/22 on December 6, 2022 and are reflected below.

**CITY OF SANTA CLARA  
ENTERPRISE CAPITAL IMPROVEMENT FUNDS  
REVENUE - OVERVIEW AND COMPARISON BY SELECTED FUND**

REVENUES - FISCAL YEAR 2022/23					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2022	Percentage Used
Electric Utility Fund	\$ 37,850,877	\$ 14,554,461	\$ 52,405,338	\$ 13,048,564	24.90%
Street Lighting <sup>(1)</sup>	-	-	-	35,493	N/A
Sewer Utility Fund	-	-	-	8,675,392	N/A
Solid Waste Utility Fund	250,000	65,000	315,000	4,333	1.38%
<b>TOTAL - CIP Appropriations</b>	<b>\$ 38,100,877</b>	<b>\$ 14,619,461</b>	<b>\$ 52,720,338</b>	<b>\$ 21,763,782</b>	<b>41.28%</b>

**CITY OF SANTA CLARA  
ENTERPRISE CAPITAL IMPROVEMENT FUNDS  
EXPENDITURE - OVERVIEW AND COMPARISON BY FUND**

EXPENSES - FISCAL YEAR 2022/23					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 12/31/2022	Percentage Used
Electric Utility Fund	\$ 130,291,189	\$ 80,191,903	\$ 210,483,092	\$ 18,568,951	8.82%
Street Lighting <sup>(1)</sup>	239,338	5,637,312	5,876,650	58,857	1.00%
Water Utility Fund	8,012,986	-	8,012,986	1,228,137	15.33%
Sewer Utility Fund	22,399,877	23,316,657	45,716,534	3,821,650	8.36%
Cemetery Fund	53,642	233,980	287,622	17,092	5.94%
Solid Waste Utility Fund	891,521	4,488	896,009	284,758	31.78%
Water Recycling Fund	29,774	-	29,774	-	-
Convention Center Capital Fund	-	2,691,883	2,691,883	-	-
<b>TOTAL - CIP Appropriations</b>	<b>\$ 161,918,327</b>	<b>\$ 112,076,223</b>	<b>\$ 273,994,550</b>	<b>\$ 23,979,445</b>	<b>8.75%</b>

(1) Street Lighting fund is part of Electric Capital Improvement Funds



### Fund Reserves

By policy, City Council established the City's General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-day or 25% General Fund Adopted Operating Budget). In FY 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 ensure 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  
December 31, 2022**

**DETAIL OF SELECTED FUND RESERVE BALANCES:**

	<b>GENERAL FUND</b>	<b>ELECTRIC</b>	<b>WATER</b>
Budget Stabilization Reserve	\$ 40,843,152		
Capital Projects Reserve	11,959,656		
Land Sale Reserve	12,882,822		
Technology Fee Reserve	1,925,791		
Electric Rate Stabilization Fund Reserve		\$ 48,776,613	
Electric Operations and Maintenance Reserve		118,765,556	
Replacement & Improvement			\$ 303,090
<b>TOTALS</b>	<b>\$ 67,611,421</b>	<b>\$ 167,542,169</b>	<b>\$ 303,090</b>

**Long-Term Interfund Advances**

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

<b>DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:</b>			
<b>Fund Receiving Advance/Loan</b>	<b>Fund Making Advance/Loan</b>	<b>Type</b>	<b>Amount of Advance/Commitment</b>
Parks and Recreation Facilities	General Fund	Loan	5,539,540
<b>TOTALS</b>			<b>\$ 5,539,540</b>

**Donations to the City of Santa Clara**

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

<b>Department</b>	<b>Dec-22</b>	<b>Fiscal Year 2022/23 Year To Date</b>	<b>Designated Use</b>
City Manager's Office	\$ -	\$ 50	Help Your Neighbor
Parks & Recreation	1,000	1,249	Case Management
Parks & Recreation	-	1,748	Roberta Jones Jr. Theatre
Parks & Recreation	-	30,600	Wade Brummal
<b>TOTALS</b>	<b>\$ 1,000</b>	<b>\$ 33,647</b>	