



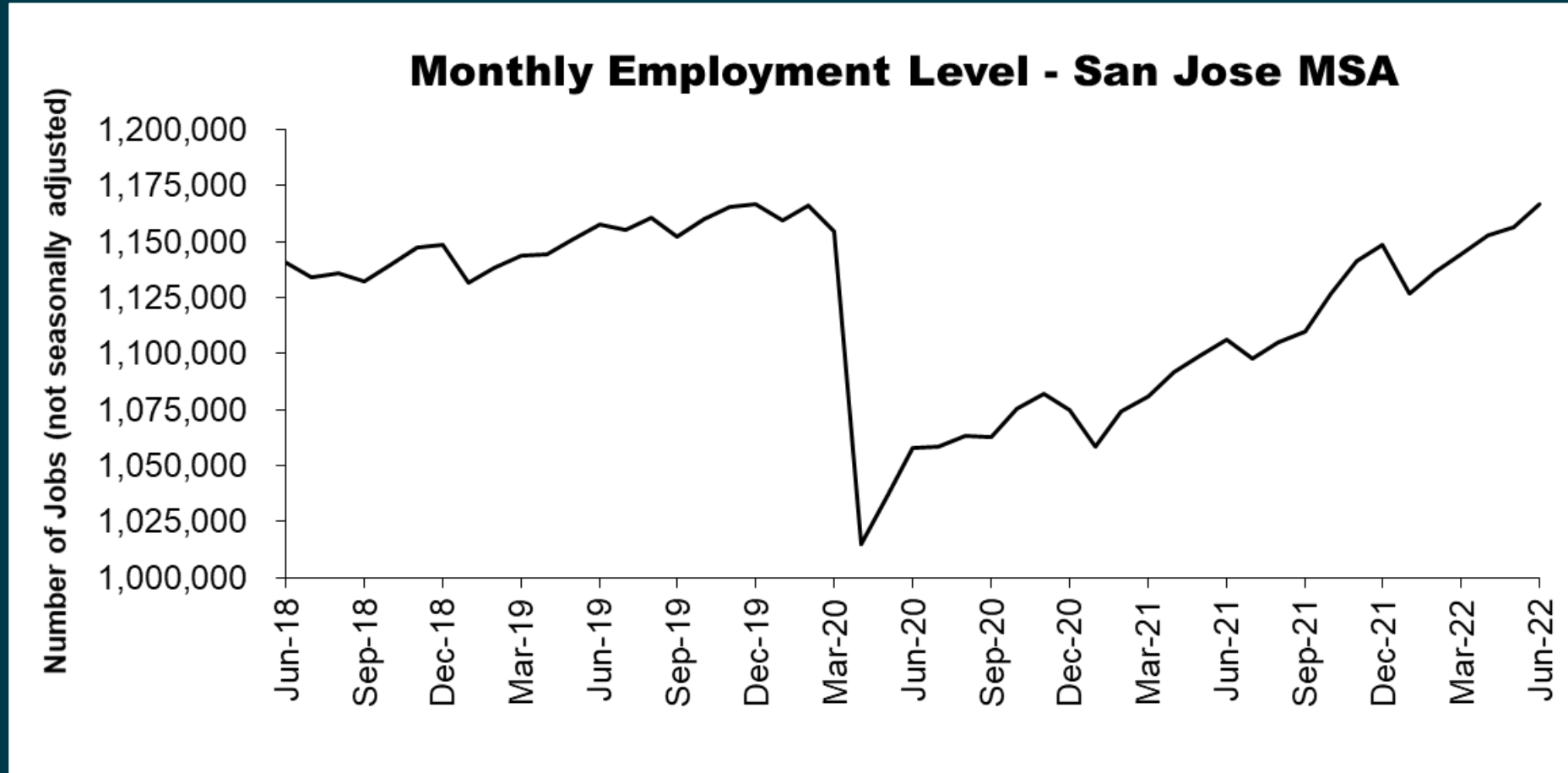
2021-2022 Annual Report

City Council Meeting – October 18, 2022; Item 3.3

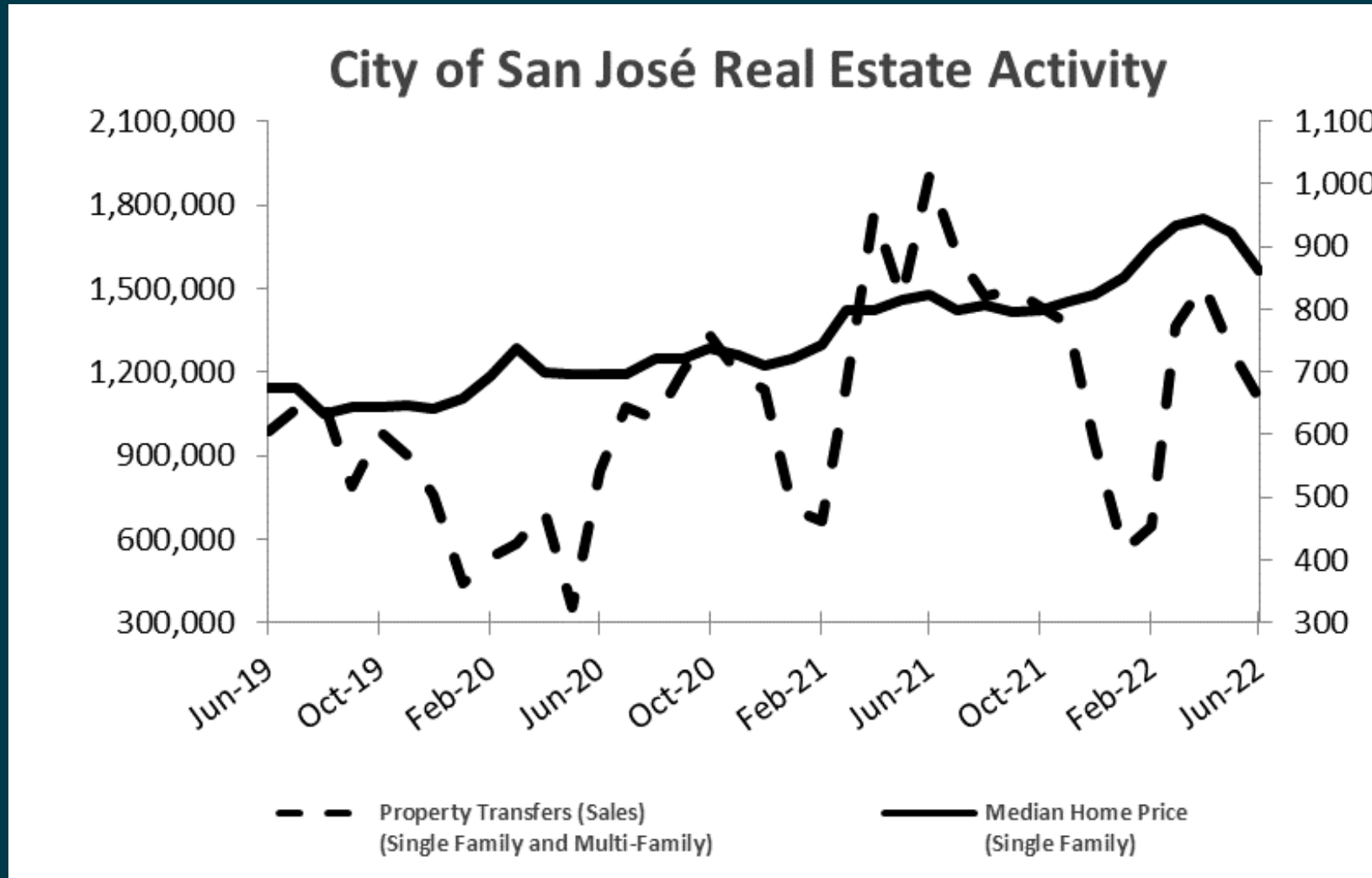
2021-2022 Budget: Overall Performance Met Revised Expectations

- Revenues generally performed as expected
- Overall expenditures ended the year within or below budget
- General Fund had a surplus and most other funds ended the year with balances at or above estimated levels
 - After rebudgets and clean-ups, GF fund balance variance of 1.6% compared to Modified Budget
- Recommended actions close out 2021-2022, adjust 2022-2022 as necessary and in accordance with City Council Policy 1-18, recognize grants and reimbursements, and address several urgent needs in the General Fund and Special/Capital Funds.

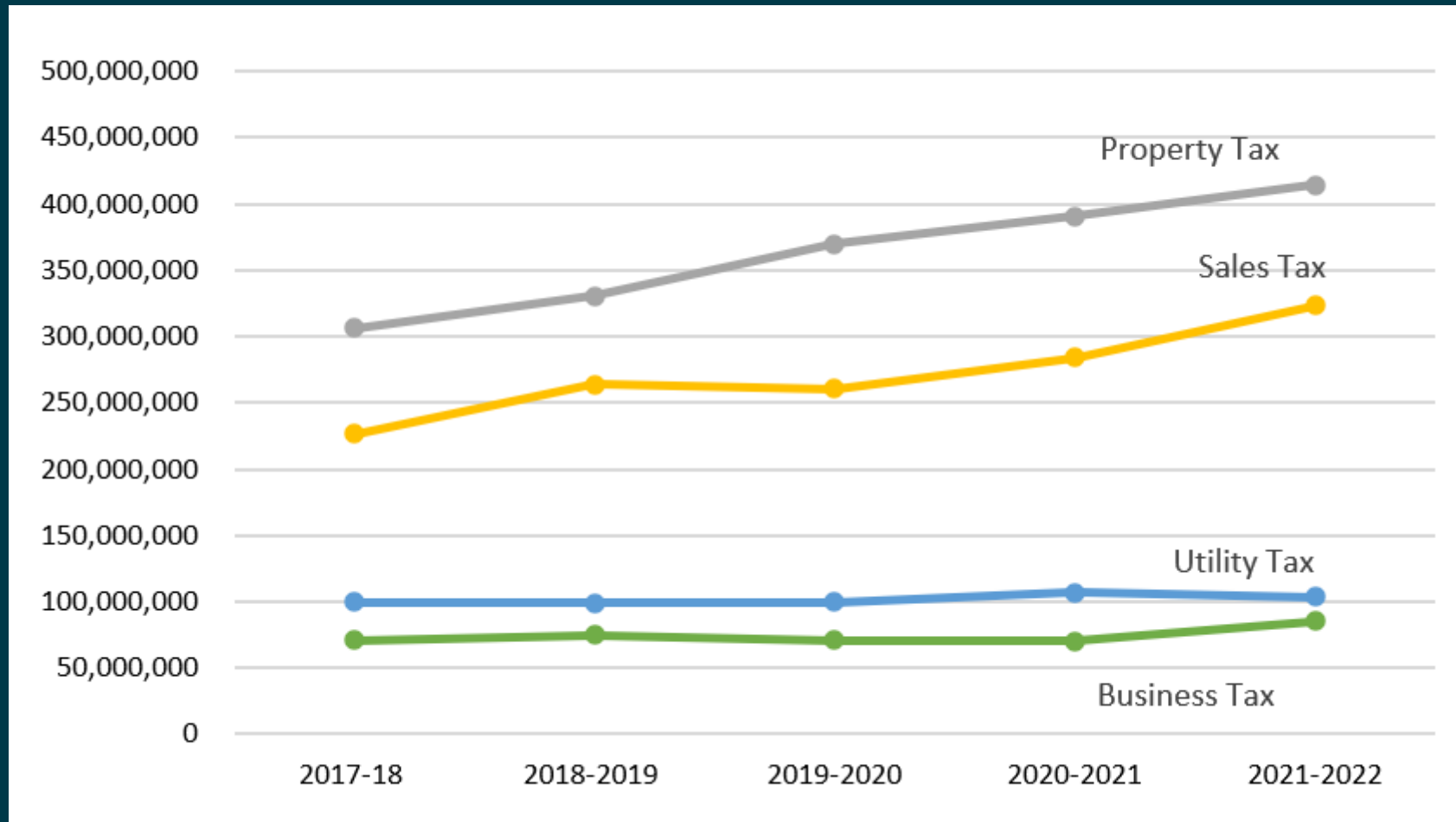
Economic Conditions: Unemployment Rate



Economic Conditions: Real Estate



Major General Fund Revenue Trends



Major General Fund Revenues: Year-Over-Year Comparison

Revenue Category	2020-2021 Actuals (\$ Million)	2021-2022 Actuals (\$ Million)	\$ Change (\$ Million)	% Change
Property Tax	390.9	414.1	23.2	6%
Sales Tax	284.0	323.1	39.1	14%
Utility Taxes	107.0	103.6	(3.4)	(3%)
Business Tax	70.0	85.4	15.3	22%
Fees, Rates and Charges	7.4	22.1	14.7	197%
Fines, Forfeitures and Penalties	9.8	15.0	5.2	53%
Transient Occupancy Tax (TOT)	5.4	10.5	5.1	94%
Real Property Transfer Tax (Measure E)	50.5	110.0	59.5	118%

General Fund: Additional Fund Balance

- General Fund ended the year with a gross fund balance of \$559.0 million; \$51.4 million above the estimate used to develop the 2022-2023 Adopted Budget (2.4% of the Modified Budget)
- Net of required adjustments to close out 2021-2022, the Ending Fund Balance variance was \$33.7 million (1.6% of the Modified Budget)
- Additional fund balance was primarily generated by:
 - Stronger than anticipated revenue performance amongst several categories at the end of the fiscal year (e.g., Fees, Rates and Charges; Utility Tax; Cardroom Business Tax; TOT)
 - Expenditure savings in all categories (Personal Services, Non-Personal/Equipment, City-Wide, Capital)

General Fund: Proposed Allocation of Additional Fund Balance

Recommended 2022-2023 General Fund Adjustments (\$000s)

Additional 2021-2022 Ending Fund Balance	\$51,379
Clean-Up/Rebudget Actions	(\$17,637)
Fund Balance Available After Clean-up/Rebudget Actions	\$33,742
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	(\$18,842)
Grants/Reimbursements/Fee Activities	(\$0)
(Sources = (\$125,000); Uses = (\$125,000))	
Urgent Fiscal/Program Needs	(\$4,500)
Total Recommended Budget Adjustments	(\$23,342)
Remaining Fund Balance After Clean-up/Recommended Adjustments	\$10,400
Distribution of Remaining Fund Balance Per City Council Policy I-18	
Budget Stabilization Reserve	(\$7,600)
Information Technology Sinking Fund Reserve	(\$2,800)
Total Fund Balance Distributed Per Council Policy I-18	(\$10,400)

General Fund: Recommended Budget Adjustments

Required Technical/Rebalancing Actions	(\$ in 000s)
Contingency Reserve	(\$5,000)
Fire Station and FF&E Reserve	(\$3,800)
Transfer to the City Hall Debt Service Fund	(\$3,780)
Community and Economic Recovery Reserve	(\$1,388)
City Hall Rehabilitation Projects (Lease Revenue Bond Savings)	(\$1,250)
Fire Station 8 Garage Demolition and Site Clean-up	(\$750)
Police Helicopter Engine Overhaul Reserve	(\$700)
Business Tax (Net-Zero Adjustments)	\$0

General Fund: Recommended Budget Adjustments

Urgent Fiscal/Program Needs **(\$ in 000s)**

Homelessness Management Services	(\$3,000)
Fire Department Personal and Non-Personal/Equipment (Lateral Firefighter/Paramedic Academy)	(\$1,500)

Recommended Distribution of Remaining Fund Balance per City Council Policy 1-18 **(\$ in 000s)**

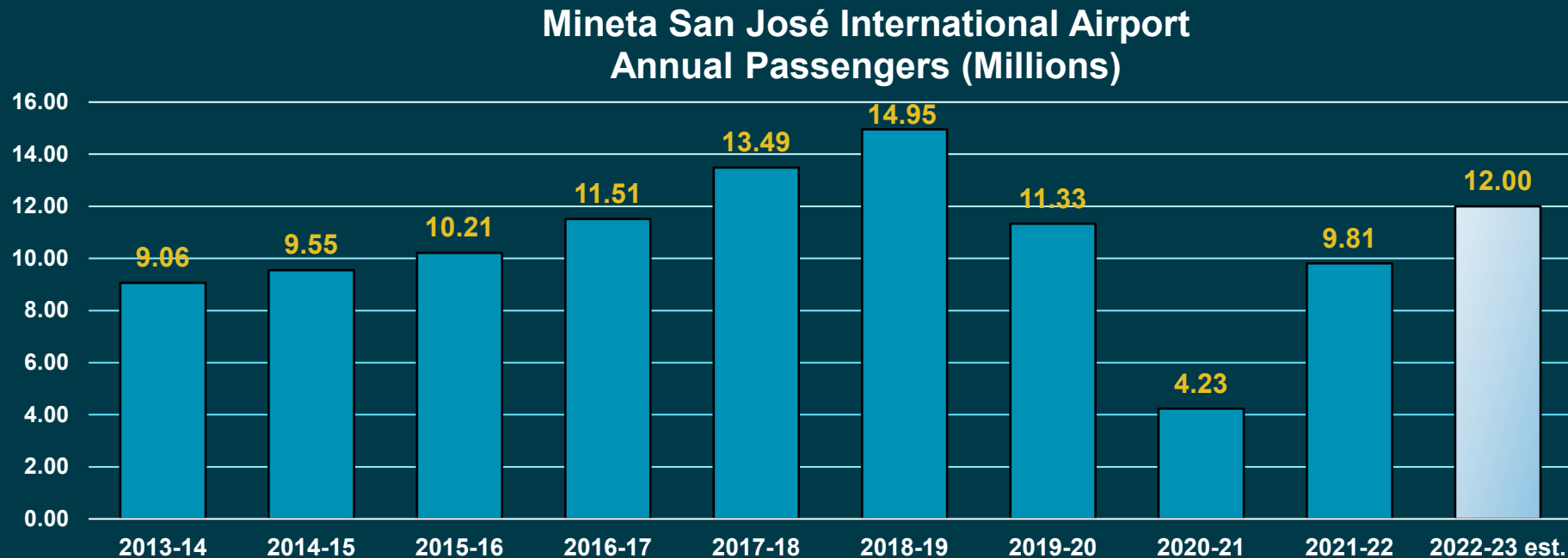
Budget Stabilization Reserve	(\$7,600)
Information Technology Sinking Fund Reserve	(\$2,800)

Special/Capital Funds

Performance in Selected Funds

Airport Operating Funds

- Passenger activity significantly up by 132.2% from 4.2 million to 9.8 million; overall revenue performance exceeded budgeted estimates by \$6.2 million (3.1%); projected passenger activity for 2022-2023 is 12.0 million passengers



Special/Capital Funds

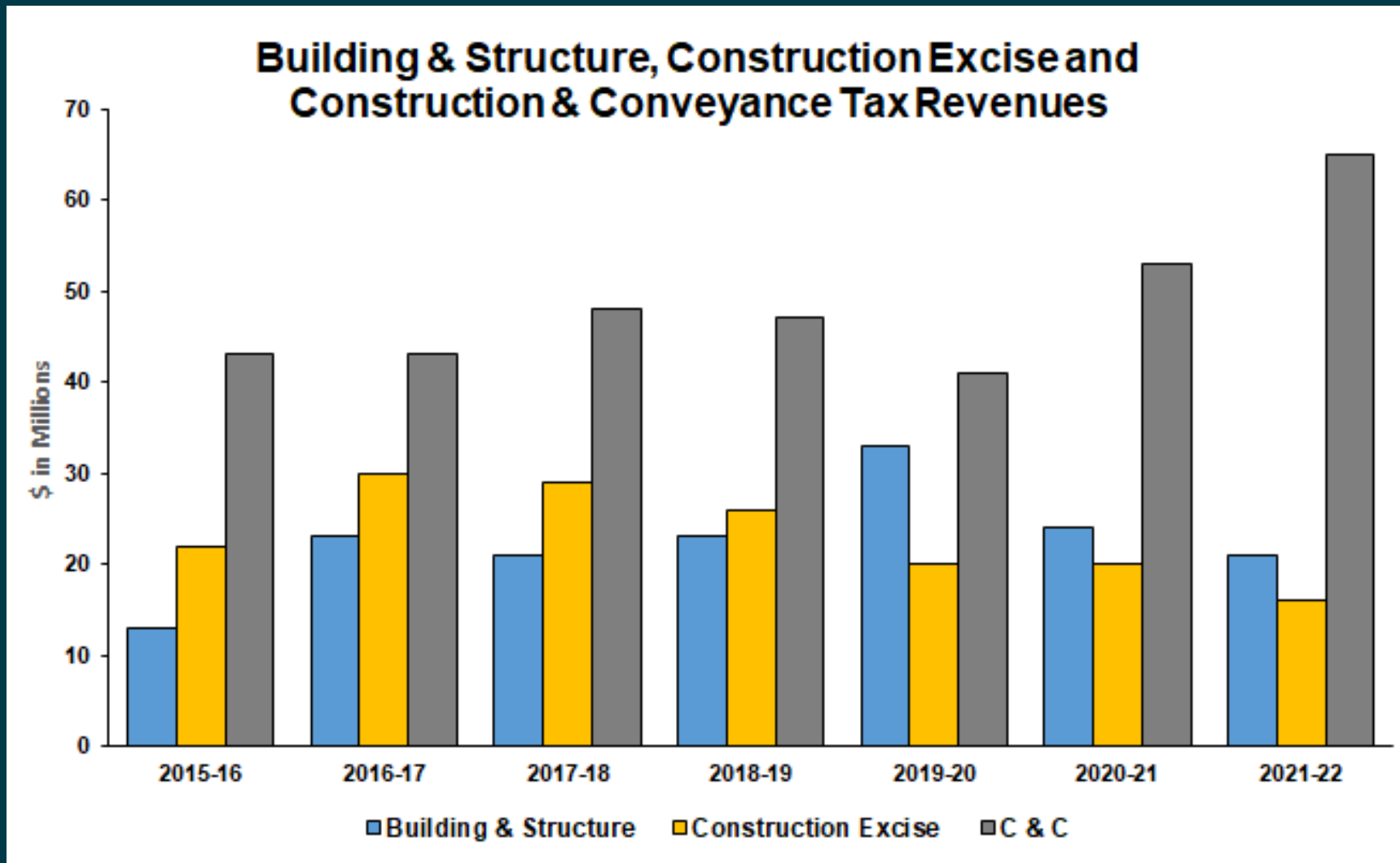
Performance in Selected Funds

San José Clean Energy Fund

- Rate adjustments enacted by the City Council in December 2021 and lower Power Charge Indifference Adjustment charges beginning in early 2022 significantly improved the budgetary position of the San José Clean Energy Fund

Unrestricted Ending Fund Balance			
2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Modified Budget
\$23,519,000	\$8,124,000	\$80,614,000	\$170,986,000

Special/Capital Funds Performance in Selected Funds



Special/Capital Funds Recommended Budget Adjustments

- Clean-Up Actions
 - Fund Balance Reconciliations
 - Rebudget Adjustments
 - Technical Adjustments (e.g., Net-Zero Transfers/Reallocations)
- Recommended Adjustments
 - Recognize Grants and Reimbursements
 - Update Cost/Revenue Estimates and Project Timing
 - Urgent Needs for Projects and Programs



2021-2022 Annual Report

Jim Shannon
Budget Director

Selena Ubando
Financial Status Coordinator

Bonny Duong
Assistant Budget Director

Bryce Ball
Operating Budget Coordinator

Claudia Chang
Deputy Budget Director

Stewart Patri
Capital Budget Coordinator