



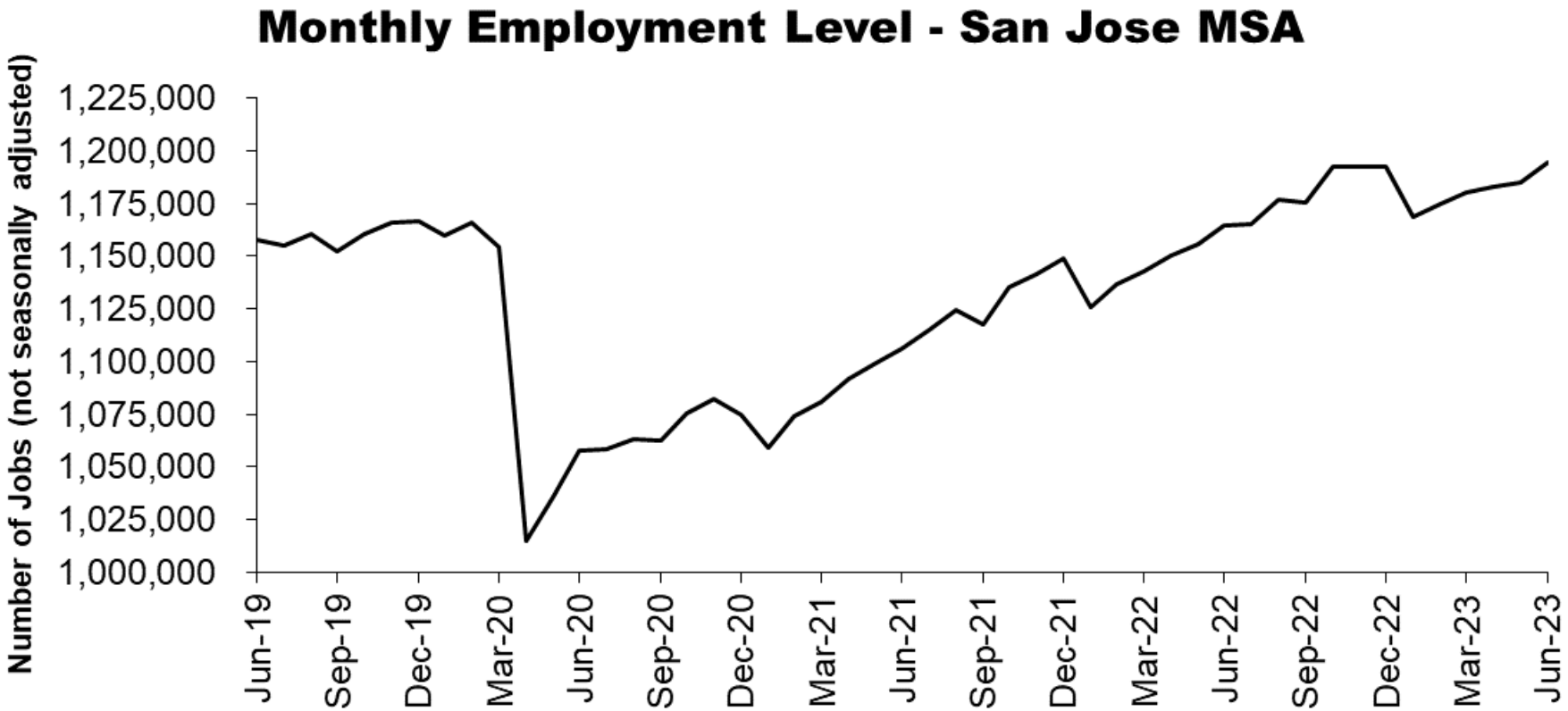
2022-2023 Annual Report

City Council Meeting – October 17, 2023; Item 3.3

2022-2023 Budget: Overall Performance Met Revised Expectations

- Revenues generally performed as expected
- Overall expenditures ended the year within or below budget
- General Fund had a very small 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 0.5% of Modified Budget revenues and expenditures
- Recommended actions close out 2022-2023, adjust 2023-2024 as necessary and in accordance with City Council Policy 1-18, recognize grants and reimbursements, and address several urgent needs in Special and Capital Funds.

Economic Conditions: Employment



San Jose MSA Unemployment Rate	
June 2022	2.7%
June 2023	3.7%

Economic Conditions: Real Estate

City of San José Real Estate Activity



	FY 2022	FY 2023
Median SFH Price (Jun)	\$1.56 M	\$1.60 M
Average Sales per Month	716	476

Major General Fund Revenues: Year-Over-Year Comparison

Revenue Category	2021-2022 Actuals (\$ Million)	2022-2023 Actuals (\$ Million)	\$ Change (\$ Million)	% Change
Property Tax	414.1	440.0	34.9	8%
Sales Tax	323.1	343.5	20.3	6%
Utility Taxes	103.6	124.3	20.7	20%
Real Property Transfer Tax (Measure E)	110.0	56.3	(53.7)	(49%)
Business Tax	85.4	89.6	4.3	5%
Fees, Rates and Charges	22.1	23.6	1.5	7%
Use of Money and Property	9.1	19.2	10.0	110%
Transient Occupancy Tax (TOT)	10.5	14.9	4.4	42%

General Fund: Additional Fund Balance

- General Fund ended the year with a gross fund balance of \$639.4 million; \$9.7 million above the estimate used to develop the 2023-2024 Adopted Budget (0.3% of the Modified Budget for revenues and expenditures)
- Net of required adjustments to close out 2022-2023, the Ending Fund Balance variance was \$18.6 million (0.5% of the Modified Budget for revenues and expenditures)
- Additional fund balance was primarily generated by:
 - Stronger than anticipated revenue performance amongst several categories at the end of the fiscal year (e.g., Sales Tax, Utility Tax, Property Tax, Business Taxes)
 - Expenditure savings within the City-Wide Expenses category

General Fund Performance: Comparing Estimates to Actuals (\$ Million)

Category	2022-2023 Budget	2022-2023 Estimate	2022-2023 Actuals	Actuals Less Estimate	Adopted Budget Net- Zero Adj.	Annual Report Rebud/ Clean-Up	Net Variance
Total Sources	2,321.6	2,322.1	2,316.1	(6.0)	5.6	12.7	12.4
Departmental	1,119.6	1,079.9	1,082.7	2.7	0.1	1.5	4.3
City-Wide	748.7	538.8	518.5	(20.1)	5.5	1.5	(13.0)
Capital	73.6	36.5	37.7	1.2	0	1.5	2.7
Transfers	37.8	37.8	37.8	0	0	0.1	0.1
Reserves	341.9	(0.5)	0	0.5	0	(0.8)	(0.3)
Total Uses	2,321.6	1,692.5	1,676.7	(15.7)	0	3.8	(6.2)
Fund Balance	0	629.6	639.4	9.7		8.9	18.6

General Fund: Proposed Allocation of Additional Fund Balance

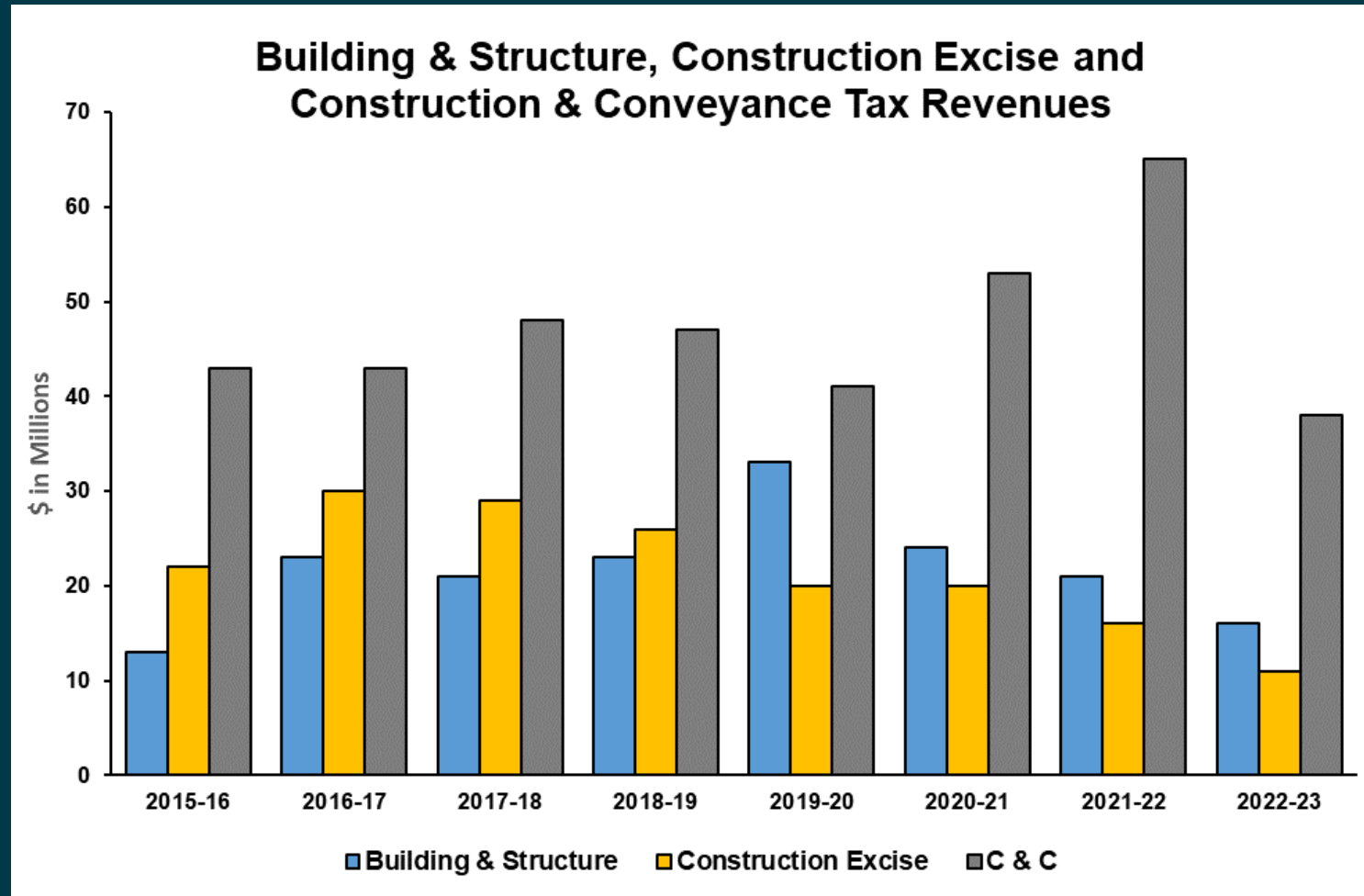
Recommended 2023-2024 General Fund Adjustments (\$000s)

Additional 2022-2023 Ending Fund Balance	\$9,732
Clean-Up/Rebudget Actions	\$8,857
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Fund Balance Available After Clean-up/Rebudget Actions	\$18,589
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	(\$18,589)
Grants/Reimbursements/Fee Activities	(\$0)
(Sources = (\$3.0 million); Uses = (\$3.0 million))	
Total Recommended Budget Adjustments	(\$18,589)

General Fund: Recommended Budget Adjustments

Required Technical/Rebalancing Actions	(\$ in 000s)
Emergency Interim Housing Construction and Operation	(\$15,000)
Community and Economic Recovery Reserve	(\$1,350)
Contingency Reserve	(\$1,000)
Solid Waste Code Enforcement Program Reserve	(\$680)
City Attorney's Office Outside Litigation Reserve	(\$510)
Unanticipated/Emergency Maintenance (Civic Center Elevator Repairs and Assessment)	(\$400)
Public Works Non-Personal/Equipment (City-Owned Property Management and Maintenance)	(\$375)
Transfers and Reimbursements (Transfer from American Rescue Plan Fund)	\$2,244

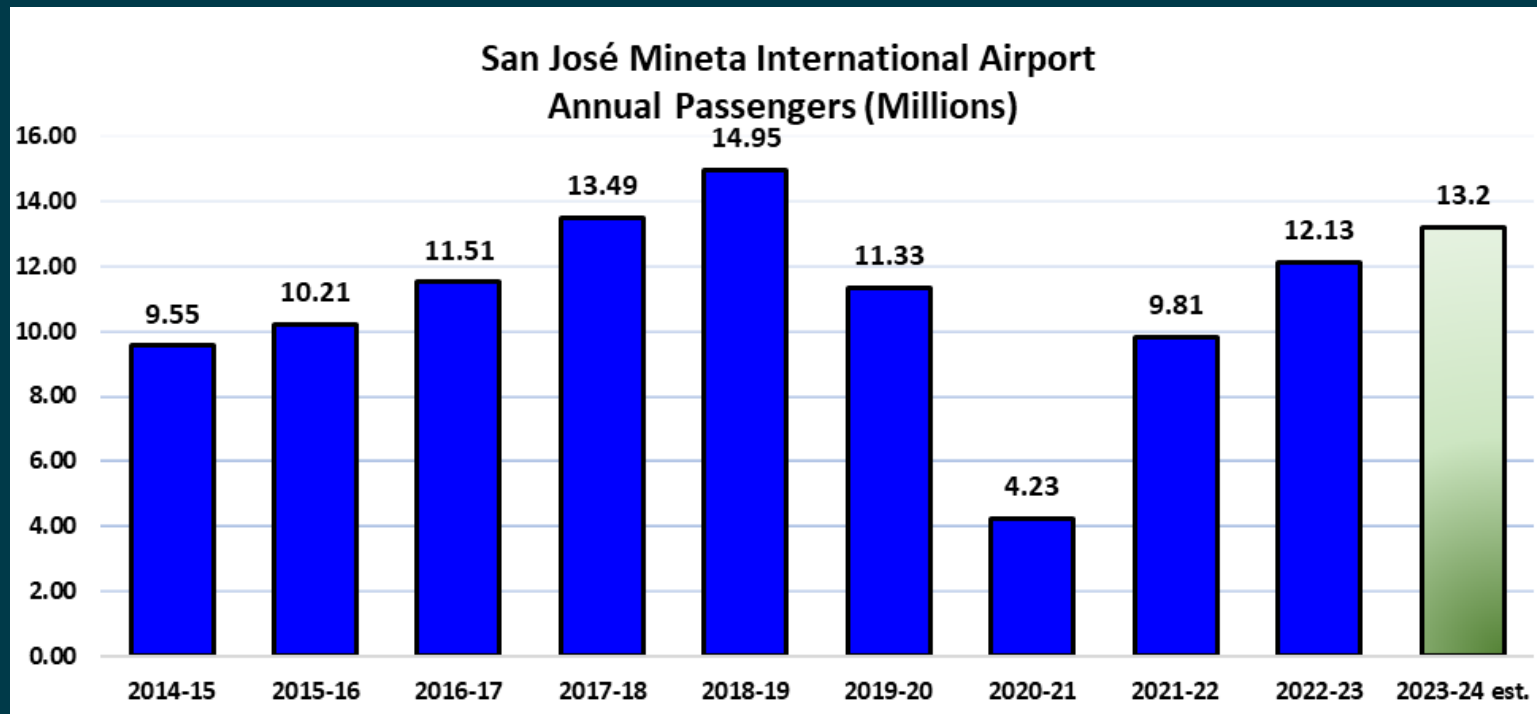
Selected Special/Capital Fund Performance



Selected Special/Capital Fund Performance

Airport Operating Funds

- Passenger activity significantly up by 23.6% from 9.8 million to 12.1 million
- Projected passenger activity for 2023-2024 is 13.2 million passengers



Selected Special/Capital Fund Performance

San José Clean Energy Fund

- Recent shift to new cost-of-service model and lower Power Charge Indifference Adjustment (PCIA) charges beginning January 2023 have resulted in a strong budgetary position
- Still working on building a 180-day operating reserve (approx. \$240 million)

Ending Fund Balance (\$ Million)				
2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Actual	2023-2024 Modified Budget Estimate*
23.5	8.1	80.6	173.7	219.3

* Includes the newly created Operating and Maintenance Reserve of \$136.0 million

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



2022-2023 Annual Report

Jim Shannon
Budget Director

Selena Ubando
Assistant to the City Manager

Bonny Duong
Assistant Budget Director

Bryce Ball
Assistant to the City Manager

Claudia Chang
Deputy Budget Director

William Yu
Assistant to the City Manager