



2023-2024 Annual Report

City Council Meeting – October 22, 2024; Item 3.3

2023-2024 Budget: Overall Performance Met Revised Expectations

- Revenues generally performed as expected
- Overall expenditures ended the year within or below budget
- General Fund had an extremely 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 0.05% of Modified Budget revenues and expenditures
- Recommended actions close out 2023-2024, adjust 2024-2025 as necessary and in accordance with City Council Policy 1-18, recognize grants and reimbursements, and address several urgent needs in the General Fund, Special Funds, and Capital Funds.

Key Economic Indicators

| | 2022-2023 | 2023-2024 | % Change |
|--|--------------------------|--------------------------|----------|
| Employment/Jobs (June) | 1.2 million | 1.2 million | 0.3% |
| SJ MSA Unemployment Rate (June) | 3.7% | 4.1% | 0.4% |
| Residential Real Estate Property Sales | Average 476 per month | Average 460 per month | (3.3%) |
| Median Single-Family Home Price (June) | \$1.6 million | \$1.7 million | 6.3% |
| Construction Activity Valuation | \$1.3 billion | \$1.6 billion | 21.7% |

Major General Fund Revenues: Year-Over-Year Comparison

| Revenue Category | 2022-2023 Actuals (\$ Million) | 2023-2024 Actuals (\$ Million) | \$ Change (\$ Million) | % Change |
|---|--------------------------------------|--------------------------------------|---------------------------|-------------|
| Property Tax | 449.0 | 473.7 | 24.7 | 6% |
| Sales Tax | 343.5 | 333.4 | (10.1) | (3%) |
| Utility Taxes | 124.3 | 129.8 | 5.5 | 4% |
| Business Tax | 89.6 | 86.1 | (3.6) | (4%) |
| Real Property Transfer Tax (Measure E) | 56.3 | 50.7 | (5.5) | (10%) |
| Franchise Fees | 44.8 | 52.5 | 7.7 | 17% |
| Fees, Rates, and Charges | 23.6 | 25.0 | 1.4 | 6% |
| Transient Occupancy Tax (TOT) | 14.9 | 15.9 | 1.0 | 6% |

General Fund: Additional Fund Balance

- General Fund ended the year with a gross fund balance of \$600.9 million; \$24.5 million above the estimate used to develop the 2024-2025 Adopted Budget (0.6% of the Modified Budget for revenues and expenditures)
- Net of required adjustments to close out 2023-2024, the Ending Fund Balance variance was \$2.4 million (0.05% of the Modified Budget for revenues and expenditures)
- As revenues ended the year slightly below estimated levels, this marginal amount of fund balance was solely generated by expenditure savings, primarily within the City-Wide expenses category

General Fund: Proposed Allocation of Additional Fund Balance

Recommended 2024-2025 General Fund Adjustments (\$000s)

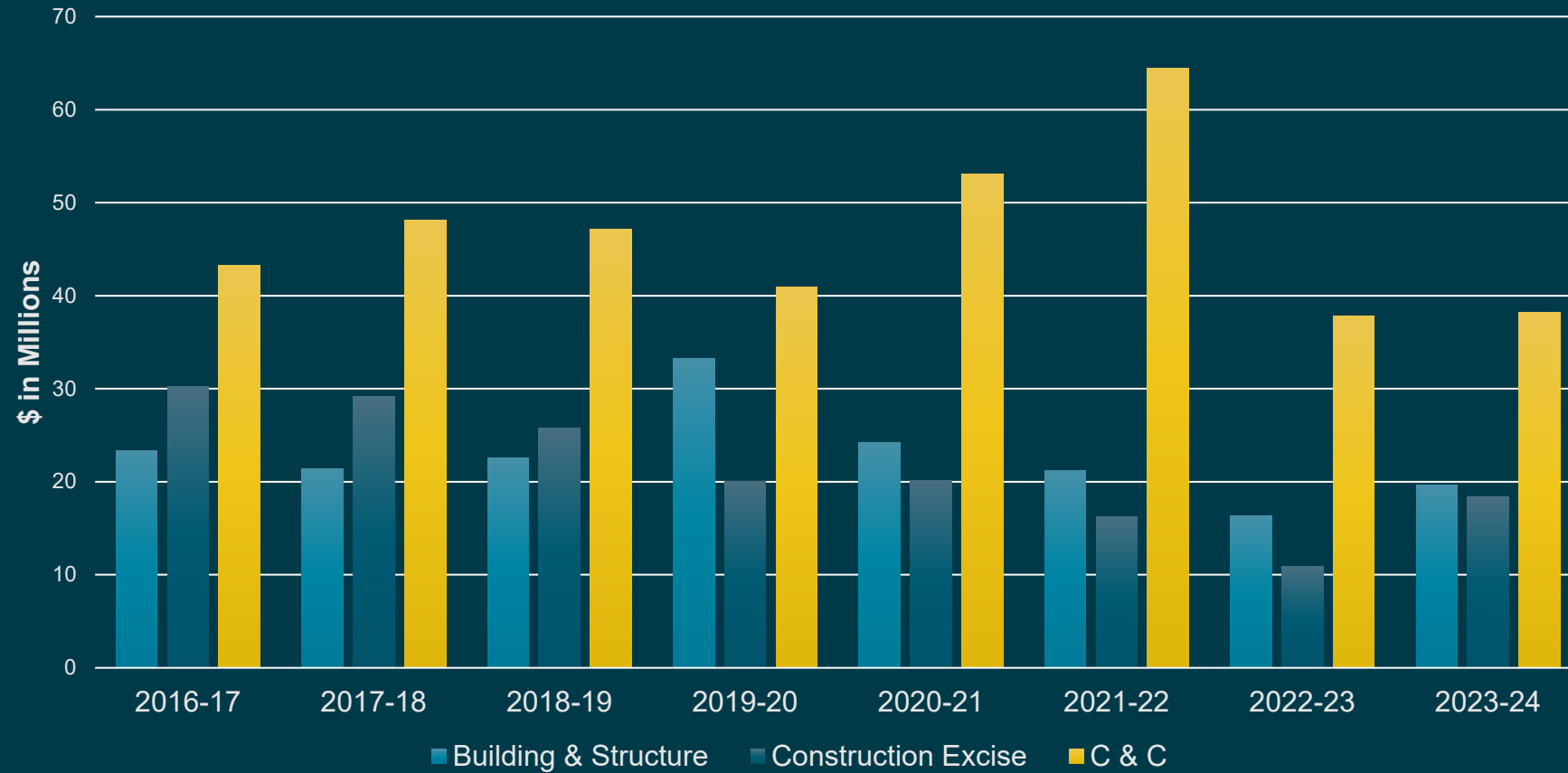
| | |
|---|-------------------|
| Additional 2023-2024 Ending Fund Balance | \$24,452 |
| Clean-Up/Rebudget Actions | (\$22,061) |
| <hr/> | |
| Fund Balance Available After Clean-up/Rebudget Actions | \$2,391 |
| | |
| Recommended Budget Adjustments | |
| Required Technical/Rebalancing Actions | (\$1,601) |
| Grants/Reimbursements/Fee Activities | (\$0) |
| (Sources = (\$3.3 million); Uses = (\$3.3 million)) | |
| Urgent Fiscal/Program Needs | (\$790) |
| Total Recommended Budget Adjustments | (\$2,391) |

General Fund: Recommended Budget Adjustments (Partial List)

| Required Technical/Rebalancing Actions | (\$ in 000s) |
|--|---------------------|
| General Liability Claims | (\$5,000) |
| Coyote Creek Project Reaches 5-7 (Valley Water) | (\$1,939) |
| Contingency Reserve | (\$1,000) |
| Election Polling | (\$250) |
| Elections and Ballot Measures | \$2,250 |
| FEMA Non-Reimbursable Expense Reserve | \$2,000 |
| Transfer from Emergency Reserve Fund (Excess Funds) | \$2,000 |
| Transfer from Water Utility Fund (Late Fees) | \$1,000 |
| Urgent Fiscal/Program Needs | |
| Animal Care and Services – 4.0 Animal Health Technicians | (\$440) |
| Road to 2026 Executive Leadership | (\$350) |

Selected Special/Capital Fund Performance

Building & Structure, Construction Excise, and Construction and Conveyance Tax Revenues



Selected Special/Capital Fund Performance

Airport Operating Funds

- Passenger activity decreased slightly by 1.5% from 12.1 million to 11.9 million
- Adopted Budget assumes passenger activity for 2024-2025 is 12.5 million passengers



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



2023-2024 Annual Report

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Budget Director

Selena Ubando
Assistant to the City Manager

Jennifer Tell
Assistant to the City Manager

Bonny Duong
Assistant Budget Director

Bryce Ball
Assistant to the City Manager

Claudia Chang
Deputy Budget Director

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Assistant to the City Manager