

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



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



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023



**THE
MISSION CITY**

**CITY OF SANTA CLARA, CALIFORNIA
1500 WARBURTON AVENUE
SANTA CLARA, CA 95050-3796**

PREPARED BY DEPARTMENT OF FINANCE

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Introductory Section

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November 30, 2023

The Honorable Mayor and City Council and Residents of the City of Santa Clara
City of Santa Clara
Santa Clara, CA 95050

Dear Mayor and Members of the City Council and Residents of the City of Santa Clara:

It is our pleasure to submit for your information the Annual Comprehensive Financial Report (ACFR) of the City of Santa Clara (City) for the fiscal year ended June 30, 2023. The City compiles and prepares the annual financial report to provide interested parties with reliable information concerning the financial condition and results of operations for the City.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. Management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Per the City Charter (Section 1319, Independent Audit) the City's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require that agencies expending more than \$750,000 in federal monies, are required to have the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report, scheduled for release in March 2024.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

This report is divided into three sections:

- The Introductory Section includes this letter of transmittal, an organizational overview of the City government, and prior awards received.
- The Financial Section consists of the independent auditor’s report, Management’s Discussion and Analysis, Basic Financial Statements (which include the Government-Wide Financial Statements, Fund Financial Statements, and Notes to Basic Financial Statements), Required Supplementary Information, and a Supplementary Section containing the Combined and Individual Fund Financial Statements and Schedules.
- The Statistical Section includes a number of tables of unaudited data depicting the financial history of the City, demographics, and other selected information about the City.

PROFILE OF THE CITY OF SANTA CLARA

The City is located in the County of Santa Clara, California, and is approximately 45 miles southeast of San Francisco and three miles west of downtown San Jose. It is situated in the northern part of the County and occupies approximately 19.3 square miles.

The City enjoys a diversified industrial and commercial base. Santa Clara is headquarters to some of the nation's leading electronics, telecommunications, computer, and semiconductor firms. The City is also home to a university, a community college, an adult learning center, a general hospital, a theme park, and a stadium.

The City’s population is estimated at 132,476 indicating the City remains an attractive place both to live and work. The City is one of the most highly desirable areas to live because of the high- quality services it provides to residents and its business friendly environment.

The City of Santa Clara, also known as the Mission City, is a charter city incorporated in 1852 under the laws of the State of California. The City’s powers are exercised through a Council/Manager form of government. The City Council is made up of the Mayor, elected at large, and six councilmembers elected by district serving as the legislative authority. The City Council appoints a City Manager who is responsible for the overall management and administration of the City, a City Attorney to represent and advise the City Council and all City officers in all matters of law pertaining to their offices, and a City Auditor to audit and approve all bills, invoices, payrolls, demands or charges against the City government before payment and, with the advice of the City Attorney, advise the City Council as to the regularity, legality and correctness of such claims, demands or charges. The Police Chief and the City Clerk are also publicly elected officials.

The City provides a full range of services. These services include police, fire protection and emergency dispatch; electric, water, and sanitary sewer services; the construction and maintenance of streets and infrastructure; parks and recreational activities and cultural events; planning and zoning; library; cemetery; and general administrative and support services.

LOCAL ECONOMY

The local economy continued to improve during FY 2022/23 as the nation, State, and local economies continued to recover from COVID-19. On a national level, unemployment rates in June 2023 totaled 3.6%. This rate was well below the record setting high of 14.7% in April 2020, and almost at the pre-pandemic unemployment rate of 3.5%. The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 3.7% in June 2023.

At the local level, several of the City's General Fund revenues recovered from the lows experienced during the COVID-19 pandemic with transient occupancy tax, sales tax, and fees for services categories among revenue categories experiencing recovery. In response to the economic environment stemming from impacts of the COVID-19 pandemic, the City implemented various cost savings strategies at the end of March 2020. These actions included a hiring freeze in addition to more controls across overtime, as-needed staffing, marketing, travel, and technology and vehicle purchases. These controls were in place until the lifting of the COVID-19 emergency at the end of FY 2022/23.

While the nature of business travel, work, and how customers transact goods and services has evolved through the pandemic, FY 2022/23 saw the continued recovery of the impact of COVID-19 on the local economy. Sales Tax exceeded pre-pandemic levels, reflecting both a local recovery and the impact of inflation on the prices of goods for which this tax is applied. The City continued budget balancing efforts during the fiscal year in part through the use of one-time reserves and federal stimulus funds, expenditure reductions, and new revenues. As the City looks ahead, the City Council adopted a balanced FY 2023/24 and FY 2024/25 operating budget. Forecasts currently show a small deficit beyond the two-year budget. In addition, significant capital infrastructure needs have been identified. A workplan considering several options of new revenues is underway.

FINANCIAL INFORMATION

Long-term Financial Planning

The City Council has adopted key Council Strategic Pillars to guide long-term policy decisions and address the economic challenges that the City faces. The Council Strategic Pillars are:

- Promote and Enhance Economic, Housing and Transportation Development
- Deliver and Enhance High Quality Efficient Services and Infrastructure
- Enhance Community Sports, Recreational and Arts Assets
- Enhance Community Engagement and Transparency
- Ensure Compliance with Measure J and Manage Levi's Stadium
- Manage Strategically Our Workforce Capacity and Resources

- Promote Sustainability and Environmental Protection

In addition, the City produces an annual Ten-Year Financial Forecast. The purpose of the Forecast is to provide policy-makers and the public an updated assessment of the City's fiscal health that takes into account the latest economic developments. The report includes historical perspective on revenues and expenditures and a ten-year financial outlook beyond the adopted budget year. The value of this type of analysis is to give the City Council, staff, and the public a tool to assist with strategic decision-making as they work to adopt the budget for the coming year. The Forecast is a collaborative effort between the City Manager's Office, Finance Department, and City departments. Individual projections of revenues and expenditures are developed based on trend analyses, input from available economic reports, consultant recommendations, and input from other subject matter experts. The most current information available is incorporated into the Plan and refined on a moving forward basis as part of the City's commitment to fiscal responsibility.

The Forecast does not include the following:

- One-time funding sources and one-time expenditure needs;
- The cost to address unmet/deferred capital infrastructure needs;
- Revenue and staffing impacts of development projects; and
- Additional contributions to Reserves (Budget Stabilization Reserve, Capital Projects Reserve, Pension Reserve).

Historically, the City has funded many of capital infrastructure and equipment needs with one-time funds on a pay-as-you-go basis. The use of one-time funds as the funding mechanism for capital improvements and various equipment that rely on the General Fund creates challenges. The lack of sufficient one-time funding has resulted in a backlog of unmet/deferred infrastructure needs. As part of the budget process, in May 2021, staff presented an updated unmet/deferred infrastructure need of over \$570 million over the next five-years. Staff will continue to evaluate potential options to create capacity to address those funding needs including new revenue options at the November 2024 ballot.

In addition to the elements described above that are not factored into the Forecast, the City has identified various factors that could have potential positive or negative impacts on the Forecast. These include:

- Less economic recovery as a result of worsening COVID-19 impacts;
- Future economic slowdown/recession;
- State/federal legislative changes and legal challenges;
- Labor costs outside the budget assumptions;
- CalPERS actuarial changes or reform actions;
- Unanticipated critical capital/infrastructure needs; and
- Maintenance impacts and timing of development projects.

In June 2022, the Forecast indicated that the City was facing a \$27 million ongoing deficit starting in FY 2023/24. The City's financial position significantly improved during the latter half of FY 2022/23. The

Ten-Year General Fund Forecast produced in March 2023 showed smaller deficits of \$8.0 million and \$8.9 million in FY 2023/24 and FY 2024/25. This is well below the \$27 million deficit projected in June 2022 and reflects stronger revenue growth from the pandemic recovery.

While we continue to face impacts from the pandemic, and recovery has begun, many economists are now projecting a continued unsettled economic environment with high inflation, continued supply chain issues, geo-political instability, and the potential for a potential extended recession.

Internal Controls

The management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the stated framework. City management believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

As part of the City's internal controls, it maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the City Council. In addition, a two-year Capital Improvement Project Budget or a two-year Operating Budget is adopted annually and a Ten-Year Financial Forecast is updated and presented as part of the budget each year. The City Council is responsible for approving the appropriation of fiscal resources to cover estimated expenditures for each fiscal year. Expenditures are appropriated in each fund to departments, offices, and agencies for various goods, services, and capital projects described in the budget. The legal appropriation control is established at the department level in each fund. For select funds where expenditures are not allocated to a specific department, the appropriation control is established at the fund level. For capital funds, the appropriation control is at the project level. Transfers of funding between budgetary funds require City Council appropriation and approval. City Council approval is required for a budget amendment during the fiscal year which may include the use of reserves or fund balances, and approval of appropriations of grant monies. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbrances outstanding at year-end are included within the specific fund balance category of the underlying resource. Per Article XIII, Section 1305 of the City Charter, appropriations lapse at the end of each fiscal year; therefore, unencumbered funds allocated for specific projects, donations, and grants require City Council appropriation for use in the following fiscal year.

Budgetary transfers between accounts or expenditure category may be done through Finance Department as long as they are conducted within the legal appropriation control limit set by the City Council.

Independent Audit

The City Charter and State of California statutes require the City to have an annual audit by an independent certified public accountant. The City goes to the market with a formal Request for Proposal for audit services every five years. The accounting firm of Maze & Associates, Certified Public Accountants, was selected by the City Council again in 2021 after the City conducted a competitive procurement process. This is the second year of audit in the new contract with Maze & Associates. In addition to meeting the requirements set forth in the City Charter and State statutes, the audit is designed to meet the requirements

of the federal Single Audit Act of 1984, as amended in 1996 and by the recent Uniform Guidance. The auditors' report on the basic financial statements and the supplementary combining statements and schedules are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separately issued single audit document on file with the City Clerk's Office.

MAJOR INITIATIVES

Addressing our Capital Infrastructure

Looking ahead, the City Council took action to adopt a two-year capital investment plan that focuses on our capital infrastructure, supporting the facilities that serve our residents and community. The Biennial FY 2022/23 and FY 2023/24 Capital Budget totals \$588 million and the Five-Year CIP totals \$830 million, supporting infrastructure improvements throughout the City. Of this CIP amount, \$627 million (76%) funds capital projects for the City's utilities and there is sufficient funding in the associated utility funds to support these projects. The other projects total \$203 million and fund improvements to the parks, trails, libraries, transportation system, storm system, convention center and other City facilities. There are significant funding gaps in these areas and unfunded projects identified in this budget total \$571 million over the next five years. This funding gap does not fully represent all the unmet/deferred infrastructure needs throughout the City beyond the five-year CIP period. Long term funding strategies are needed to meet these infrastructure needs as the General Fund does not have sufficient funding to cover these capital costs. Staff discussed initial revenue options with the City Council in October 2023 with additional voter research required to determine if there will be a viable measure to generate new revenue to address the unmet infrastructure needs as part of the November 2024 ballot.

Fiscal Sustainability

The FY 2022/23 General Fund balancing strategy adopted as part of the FY 2021/22 and FY 2022/23 biennial budget remains in place. The use of one-time reserves and federal stimulus funds, new revenues, and expenditure reductions has balanced the competing goals of aligning ongoing revenues and expenditures and minimizing the service delivery impacts to the community. It has also allowed time for General Fund revenues to recover. This strategy has positioned the City well for the FY 2023/24 and FY 2024/25 Adopted Budget that solves a smaller projected General Fund deficit. While the financial picture is much better, it is important to note that significant economic uncertainty and the risk of a recession persist.

Development Projects

More than \$3 billion in new development projects are on the horizon for Santa Clara in the next few years, with the likelihood of more to come. There are many residential and commercial projects in various stages of planning. While these projects are underway, it is important to note that changes due to COVID-19 has caused some pause to activity as developers learn about the long-term impacts related to community gatherings, engagement, and regulations. Furthermore, the recent fiscal uncertainty with high inflation impacts to construction costs and a sharp interest rates increases resulting in higher borrowing costs creates a potential for a slowdown in economic activity. As these projects are both sensitive to new community requirements and an economic downturn: therefore, flexibility will be required. Below are highlights of a few of the larger projects:

Related Santa Clara Project

Related Santa Clara is a unique partnership between the City of Santa Clara and Related Companies to create a LEED-certified, multi-phased, mixed-use destination adjacent to Levi's Stadium. This urban center

will incorporate residential units, restaurants, entertainment venues, hotels, retail, and office space to establish a new neighborhood in a pedestrian oriented “live, work, play” environment.

Related Santa Clara consists of 9.2 million square feet of mixed-use development with a city center of commercial office, retail/entertainment including a globally inspired food market, 1,680 residential units, 700 hotel rooms and approximately 5 million square feet of corporate office space. The development will also feature new roadways and the creation of a 30-acre city park. The project site consists of 240 acres located at 5155 Stars & Stripes Drive in Santa Clara, CA.

Downtown Master Plan

The City of Santa Clara is in the process of planning for the revitalization of our Downtown by developing a Precise Plan that will provide guidance for new development within a portion of the Downtown Focus Area. Following an initial community engagement effort, three land use scenarios/conceptual plans have been developed. Additional review and testing of the land use/design options, a larger context study to understand compatibility and competition from other large development projects, and an El Camino Real intersection study to understand multi modal connectivity from regional transit to downtown will be performed. This work will focus on market feasibility, retail strategy and connectivity.

Freedom Circle Mixed Use Project

This project proposes a General Plan Amendment and Re-zoning to Planned Development to construct a mixed-use development project on a 13.3 acre site within the Freedom Circle focus plan area, that consists of up to 1,100 residential units With 1,540 parking spaces, up to 2,000 square feet of commercial space with 10 parking spaces and a two-acre public park.

Gateway Crossing Mixed Use Project

Developed by Hunter/Storm, this project currently under construction consists of up to 1,565 residential units, a 152,000 square foot, 225 room, full-service hotel, 45,000 square feet of supporting retail, a 2.1 acre park, structured parking facilities, private and public streets, and on and off-site public and private improvements. Phase One of this project is currently under construction.

Mission Point by Kylii Mixed Use Development Project

This project is in review for a General Plan amendment for a nine-parcel property to amend the designation from High-Intensity Office/Research to a newly-established mixed-use designation allowing a high-intensity mix of office, commercial, and residential uses. The Project proposes a rezone for the development of 3,000,000 +/- square feet of commercial office/lab space, 100,000 +/- square feet of neighborhood retail, 1,800 +/- new multi-family residential, a childcare facility, and indoor and outdoor community spaces, as well as a large network of diverse, accessible and interconnected park, trail, and open spaces, and related infrastructure improvements.

Patrick Henry Drive Specific Plan

The City has developed a Specific Plan to implement the City’s General Plan goals and policies for the Patrick Henry Drive plan area by providing more detailed guidance for future land uses and urban design elements. The vision is to transform a series of 1970s office parks several existing office parks into a cohesive, high-density mixed-use community that fosters economic vitality, helps ameliorate the State’s housing shortage, and enhances quality of life for those who live, work, and recreate in the area. The Patrick

Henry Drive Specific Plan planning area encompasses approximately 74-acres of land bounded by Calabazas Creek, Mission Community College, Great America parkway, and the SFPUC right of way, as shown below.

Lawrence Station Area Plan

The Lawrence Station Area Plan provides a mixed-use development on an approximately 72 acres site (65 acres of developable land area excluding existing public right-of-way) located in close proximity to the Caltrain Lawrence Station serving the communities of Santa Clara and Sunnyvale. The Plan will create a lively neighborhood that accommodates up to 3,500 residential dwelling units, roughly 100,000 square feet of neighborhood oriented and convenience retail, and approximately 6.3 acres of public open space in conjunction with various outdoor recreational facilities and landscape features, such as a community garden, a public plaza, pocket parks and paseos. The targeted residential density is 45 - 56 dwelling units per acre. An existing Santa Clara Fire Department Station will remain in place as a component of the Plan, potentially incorporating a Santa Clara Police Department Substation. Associated infrastructure improvements are also required, including an internal road network comprised of public and private streets, and upgrades to sewer, water, and storm drain systems.

Tasman East Specific Plan

The project area is an existing industrial neighborhood 45 acres in size, and is bounded by Tasman Drive to the south, the Guadalupe River to the East, the Santa Clara golf course to the north, and Lafayette Street to the west. The Plan creates a framework for the development of a high-density and transit-oriented neighborhood (currently proposed to be up to 100 Dwelling units per acre), along with supportive retail services. The specific plan will lay out allowed uses, densities, height limits and design criteria in the Tasman East area. Connections to the existing Guadalupe River trail, potential locations for parkland, and strategies for better access to transit will also be incorporated into the plan. The City is currently developing an amendment to the Tasman East Specific Plan that would allow an additional 1,500 units within the existing Specific Plan boundaries. City staff are currently exploring ways to provide additional dedicated parkland as a part of the Amendment.

FINANCIAL POLICIES

The City has adopted a comprehensive set of financial policies. These policies address items such as budget, cash management, interfund loans, investments, reserves, and debt management. The City Council reviews and approves budgetary policies as part of the annual budget process. Investment and debt policy statements are reviewed and approved by the City Council under separate cover.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports and is valid for a period of one year only. The City has received this prestigious award for the past thirty one consecutive years.

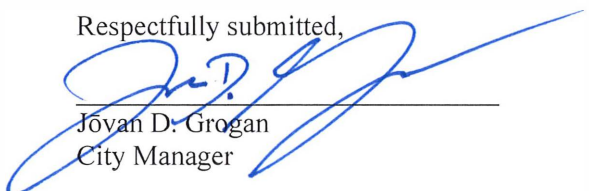
To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe that our

current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

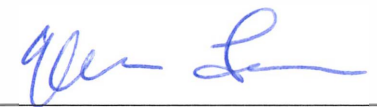
ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit and thanks are also due to the Mayor and City Councilmembers for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Jovan D. Grogan
City Manager



Kenn Lee
Director of Finance

ROSTER OF COUNCIL AND COMMISSION MEMBERS

CITY COUNCIL

Mayor	Lisa M. Gillmor
Councilmember District 1	Kathy Watanabe
Councilmember District 2	Raj Chahal
Councilmember District 3	Karen Hardy
Councilmember District 4	Kevin Park
Councilmember District 5	Sudhanshu “Suds” Jain
Councilmember District 6	Anthony J. Becker

BOARD OF LIBRARY TRUSTEES

Leonne Broughman, Jan Hintermeister, Stephen Ricossa, Debbie Tryforos, Jonathan Evans

CULTURAL COMMISSION

Candida A. Diaz, Neetu Garg, Debra von Huene, Jonathan Marinaro, Paul McNamara, Louis Samara, Siddarth Sundaram

PLANNING COMMISSION

Nancy A. Biagini, Mario Bouza, Eric Cruthchlow, Qian Huang, Lance Saleme, Priya Cherukuru, Yashraj Bhatnagar

SENIOR ADVISORY COMMISSION

Rick Andrews, Edmund Drozek, Tom Freitas, Judy Hubbard, Grant L. McCauley, Veena Sterling, Maria Vaz

YOUTH COMMISSION

Julianna Arias Hernandez (Alternate) Namita Gaidhani, Simren Garg, Aarav Gupta, Fatimah Ismail, Maryam Ismail, Khadeejah Khan, Ryan Kim, Kira Liang, Malia Martin, Samaira Mehta, Hiranya Parekh, Sudeepthi Ravipati, Samarth Suresh, Niharika Uppalapati (Alternate), Sarah Zuo

CIVIL SERVICE COMMISSION

Tahir Naim, Willie D. Brown Jr., Franklin J. Felizardo, Carolyn G. McAllister, Vacant

HISTORICAL AND LANDMARKS COMMISSION

Kathleen Romano, Michael Celso, Ivonne Inciarte, Amy Kirby, Patricia Leung, Ana Vargas-Smith, Ed Stocks

PARKS AND RECREATION COMMISSION

Burt Field, Sajid Hai, Maureen Reilly Chu, Kelly Gonzalez, Brittany Ricketts, Eversley Forte, Dana Caldwell

SALARY SETTING COMMISSION

Natasha Humphries, MV Kumar, Donald Lawson, John Sontag, Vacant

DOWNTOWN COMMUNITY TASK FORCE

Butch Coyne, Rob Mayer, Dan Ondrasek, Mathew Reed, Chan Thai, Adam Thompson, Ana Vargas-Smith, Atisha Varshney, Debra Von Huene

EXECUTIVE MANAGEMENT TEAM

CITY MANAGER

Jōvan D. Grogan

CITY ATTORNEY

Glen Googins

CITY AUDITOR

Vacant

CITY CLERK

Hosam Haggag

CHIEF OPERATING OFFICER

Nadine Nader

ASSISTANT CITY MANAGER

Cynthia Bojorquez

CHIEF ELECTRIC UTILITY OFFICER

Manuel Pineda

CHIEF OF POLICE

Pat Nikolai

FIRE CHIEF

Ruben Torres

DIRECTOR OF HUMAN RESOURCES

Aracely Azevedo

DIRECTOR OF FINANCE

Kenn Lee

DIRECTOR OF PARKS & RECREATION

James F. Teixeira

DIRECTOR OF INFORMATION TECHNOLOGY

Gaurav Garg

CITY LIBRARIAN

Patty Wong

DIRECTOR OF WATER AND SEWER UTILITIES

Gary Welling

DIRECTOR OF PUBLIC WORKS

Craig Mobeck

DIRECTOR OF COMMUNITY DEVELOPMENT

Andrew Crabtree



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**City of Santa Clara
California**

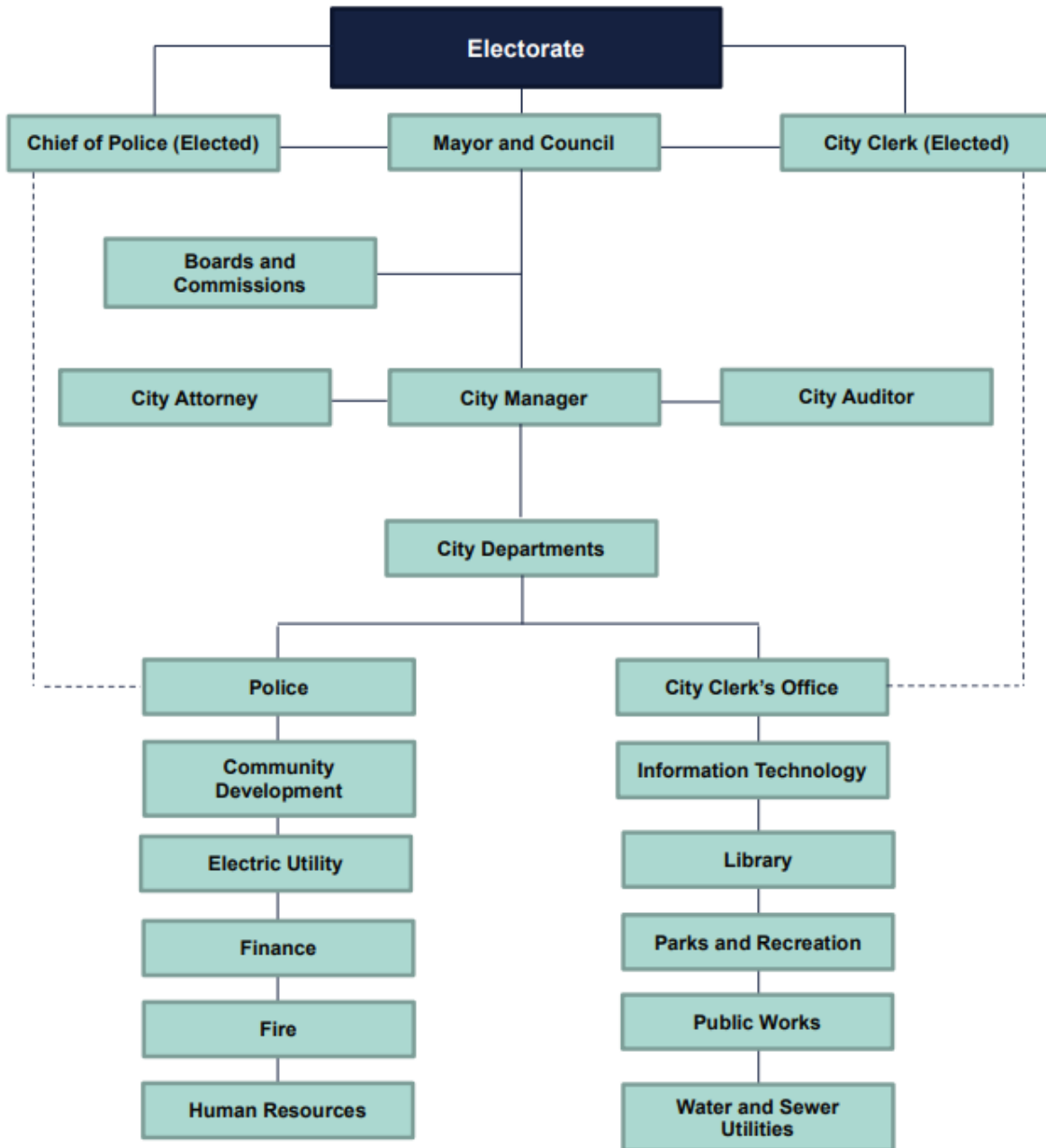
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY ORGANIZATION CHART





Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Santa Clara, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clara, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We did not audit the component unit financial statements of the Santa Clara Stadium Authority (Stadium Authority), as of and for the year ended March 31, 2023, which is both a major fund and 42.7%, 6.8%, and 8.8% of the assets, net position and revenues, respectively, of the business-type activities. The financial statements of the Stadium Authority were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stadium Authority, is based solely on the report of other auditors.

We also did not audit the financial statements of Northern California Power Agency (NCPA), Transmission Agency of Northern California (TANC), M-S-R Energy Authority (MSR EA), M-S-R Public Power Agency (MSR PPA), and San Jose-Santa Clara Regional Wastewater Facility and Clean Water Financing Authority (SJSC) as of and for the year ended June 30, 2023, related to the calculation of the Investments in Joint Ventures. The Investment in these Joint Ventures collectively represents 9.2%, 18.7%, and 0.8%, respectively, of total assets, net position and revenues of the business-type activities. The financial statements of the NCPA, TANC, MSR EA, MSR PPA and SJSC were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the calculation of the Investments in Joint Ventures, is based solely on the reports of the other auditors.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Changes in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*, which became effective during the year ended June 30, 2023. As a result, the balances of the SBITA payable and intangible right-to-use assets were \$3,834,441 as of July 1, 2022. The City restated and increased the balances in that amount, and the net effect on the beginning net position and fund balance was zero. See the SBITA disclosure in Note 9.

The Stadium Authority implemented GASB 87, *Leases*, during the year ended March 31, 2023. The GASB 87 reporting requirement for the Stadium Lease applies to the Citywide financial statements level and the results are included in the proprietary major fund statements. As a result, the net position was restated to increase by \$4,702,635. See disclosure in Note 6F.

The emphasis on these matters does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Maze & Associates". The script is cursive and fluid, with the ampersand being particularly stylized.

Pleasant Hill, California
November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the City of Santa Clara's (City) Annual Comprehensive Financial Report provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance. Readers should review the discussion and analysis in conjunction with the basic financial statements, as well as the notes to the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Financial highlights for fiscal year June 30, 2023 are as follows:

- In the fiscal year 2022-23, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2.3 billion. Out of this amount, \$(69) million represents unrestricted net position, which is \$101 million higher than in the fiscal year 2021-22. This deficit is made up of a negative balance of \$287 million for governmental activities and a positive balance of \$218 million for business-type activities. The negative net position in governmental activities primarily stems from a net pension liability of \$517 million and a net Other Post Employment Benefits (OPEB) liability of \$28 million as of June 30, 2023.
- The City's total net position, which grew by \$141 million, is comprised of a \$28 million increase in governmental activities, primarily driven by the moderately growing economy since the pandemic, and a \$113 million increase in business-type activities, mainly attributed to rate increases in the Electric Utility and higher revenue from NFL games, ticketed non-NFL events, and smaller special events.
- The total net pension liability, encompassing both governmental activities and business-type activities, experienced a significant increase of \$214 million or 47.8% during fiscal year 2022-23, reaching \$662 million from \$448 million. This increase was primarily driven by the adjustments in the change in assumption and discount rate in the liability calculation. As of June 30, 2023, there were deferred outflows of resources related to pensions amounting to \$176 million, reflecting an increase of \$89 million compared to the previous year. In contrast, there were deferred inflows of resources related to pensions totaling \$5 million at June 30, 2023, which marked a decrease of \$113 million from the prior fiscal year. This decrease is primarily attributed to a lower net return on investments from CalPERS. For more detailed information regarding the net pension liability, please refer to Note 13.
- The net OPEB liability decreased by \$3 million or 7.3% during fiscal year 2022-23, reducing it to \$38 million at June 30, 2023, compared to \$41 million in fiscal year 2021-22. More details on the net OPEB liability are included in Note 16.
- The City's total liabilities, excluding net pension liability and net OPEB liability, decreased by \$69 million to \$1,038 million at June 30, 2023. The reduction of the liabilities is mainly attributed to the repayment of \$46 million long term obligation in the enterprise funds and a decrease of \$27 million in accrued liabilities when compared to the fiscal year 2021-22. The prior year's total liabilities were also restated to increase by \$3 million as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), in fiscal year 2022-23.
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$369 million, an increase of \$44 million from the prior year. At June 30, 2023, \$93 million is in the unassigned fund balance and available for spending at the City's discretion.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- At the close of fiscal year 2022-23, the General Fund had assets of \$431 million and a fund balance of \$153 million. This represents an increase in fund balance of \$12 million, or 8.5% from prior fiscal year. The increase reflects the modest growth of the local economy since the pandemic. Of the total fund balance, \$125 million was unrestricted (the total of committed, assigned, and unassigned components of fund balance).
- In November 2012, the Santa Clara Stadium Authority (Stadium Authority) elected to adjust its fiscal year to April 1 through March 31 to conform with the fiscal year of Stadium Funding Trust (FinanceCo). This report covers the twelve month period from April 1, 2022 through March 31, 2023. As of March 31, 2023, the carrying value of Levi's Stadium, net of depreciation, is \$689 million, and the assets of the Stadium Authority exceeded its liabilities and deferred inflow of the lease revenues by \$112 million.
- The City's total outstanding long-term debt decreased by \$52 million, primarily as a result of the repayment of Stadium Authority debt and Electric revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City as a whole. This report consists of six parts – introductory section, financial/MD&A section, basic financial statements, required supplementary information, supplementary information, and statistical section.

The basic financial statements include two types of statements that present different views of the City:

- The *Government-wide Financial Statements* provide both long-term and short-term information about the City's overall financial status.
- The *Fund Financial Statements* focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

Government-wide Financial Statements

Government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. They include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Over time, increases or decreases in the City's net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities provides information about the City's revenues and expenses, regardless of the timing of related cash flows. The Statement of Activities explains in detail the change in net position for the fiscal year.

The Government-wide Financial Statements are divided into two categories:

- *Governmental Activities*—all of the City's basic services are governmental activities. Included in basic services are the City Council, City Manager, City Clerk, City Attorney, Information Technology, Human Resources, Finance, Parks and Recreation, Library, Planning and Inspection,

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Public Works, Police, and Fire. These services are principally supported by taxes and intergovernmental revenues.

- *Business-Type Activities*—unlike governmental services, these services are intended to recover all or a significant portion of their costs through user fees and charges. All the City's enterprise activities are reported as business-type activities, including the Major funds (Electric, Water, Sewer, Water Recycling utilities, and Stadium Authority) and Non-Major funds (Solid Waste, Cemetery, Santa Clara Convention Center, and Sports and Open Space Authority).

The City is the primary government in this report. These financial statements include four entities that, although legally separate, are important because they are blended component units of the City. These component units are the Santa Clara Stadium Authority, City of Santa Clara Sports and Open Space Authority, the Santa Clara Housing Authority, and the City of Santa Clara Public Facilities Financing Corporation. These component units have been included as an integral part of the City (that is, they have been "blended" with those of the City) and they are not reported as separate discrete component units in these financial statements.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. Each major fund is presented individually, with all non-major funds combined in a single column on each fund statement. The non-major fund statements are presented in the Supplementary Information section of this report. Major funds present the primary activities of the City for the year and may change from year to year as a result of changes in the pattern of the City's activities. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Most of the City's basic services are included in Governmental Funds which focus on how money flows into and out of these funds and the balance left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds: Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis of accounting, similar to that used by private sector companies. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. The City's Proprietary Funds are the same as the business-type activities reported in the Government-wide Statements but provide more detail and additional information, such as cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are only reported at the fund level. Internal Service Funds cannot be considered major funds because their revenues are derived from other City funds. Revenues between funds are eliminated in the Government-wide Financial Statements and any related profits or losses are returned to the activities in which they were created, along with any residual net position of the Internal Service Funds.

Fiduciary Funds: Fiduciary Funds are prepared on the full accrual basis, similar to the Proprietary Funds. The City has three types of Fiduciary Funds: the Custodial Funds (which includes Employee Supplemental Funds, Special Assessments, and Custodial Deposits), and the Private Purpose Trust Funds (which includes the Charitable Trust and Successor Agency). The City's fiduciary activities are reported separately in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These activities are excluded from the City's Financial Statements because the City cannot use these assets to finance its own operations.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements follow the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This information includes budgetary comparison schedules and the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found immediately following the Notes to the Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

Citywide Financial Statements

This section focuses on the City's net position and changes in net position of its governmental and business-type activities for the fiscal year ending June 30, 2023. As noted earlier, the City's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$2.3 billion at the end of the fiscal year, an increase in net position of \$141 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table 1
Governmental And Business-Type Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Cash and investments	\$ 407	\$ 371	\$ 746	\$ 688	\$ 1,153	\$ 1,059
Lease receivable	255	160	610	5	865	165
Other assets	134	145	490	539	624	684
Capital assets	652	640	1,470	1,465	2,122	2,105
Total Assets	1,448	1,316	3,316	2,697	4,764	4,013
Deferred outflows on derivative	-	-	1	-	1	-
Deferred outflows from refunding	-	-	5	6	5	6
Deferred outflows OPEB related	2	2	1	2	3	4
Deferred outflows pension related	141	69	35	18	176	87
Total Deferred Outflows of Resources	143	71	42	26	185	97
Long-term debt outstanding	11	12	400	451	411	463
Right-to-use assets liability	9	2	5	1	14	3
Net OPEB liability	28	23	10	18	38	41
Net pension liability	517	347	145	101	662	448
Other liabilities	80	89	533	552	613	641
Total Liabilities	645	473	1,093	1,123	1,738	1,596
Deferred inflows on derivative instruments	-	-	23	42	23	42
Deferred inflows from refunding	-	-	1	2	1	2
Deferred inflows Lease related	251	159	600	4	851	163
Deferred inflows OPEB related	3	2	1	1	4	3
Deferred inflows pension related	4	93	1	25	5	118
Total Deferred Inflows of Resources	258	254	626	74	884	328
Net investment in capital assets	632	626	1,089	1,080	1,721	1,706
Restricted	343	317	332	333	675	650
Unrestricted	(287)	(283)	218	113	(69)	(170)
Total Net Position	\$ 688	\$ 660	\$ 1,639	\$ 1,526	\$ 2,327	\$ 2,186

(1) The net positions in fiscal year 2021-22 were not restated for the implementation of GASB Statement No. 96, SBITA, discussed in Notes 2C and 10.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The largest portion of the City's net position, \$1.7 billion (74%), is its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment, right-to-use leased assets, and right-to-use SBITA), less any related outstanding debt that was used to acquire those assets and right-to-use liabilities. The City uses these capital assets to provide services to its residents and other stakeholders. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position of \$675 million (29%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(69) million (-3%) is unrestricted and is negative due to the City's net pension and OPEB liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position except for the Information Technology Services Internal Service Fund and Workers' Compensation Insurance Claims Internal Service Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table 2
Governmental and Business-Type Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 57	\$ 48	\$ 992	\$ 889	\$ 1,049	\$ 937
Operating grants and contributions	6	34	-	-	6	34
Capital grants and contributions	9	6	2	1	11	7
General revenues:						
Taxes:						
Sales	64	57	-	-	64	57
Ad valorem property	84	74	-	-	84	74
Transient occupancy	19	11	-	-	19	11
Other	7	7	-	-	7	7
Contribution in lieu of taxes	30	27	-	-	30	27
Investment earnings	13	6	29	12	42	18
Net increase (decrease) in fair value of investments	(6)	(14)	(4)	(27)	(10)	(41)
Equity in income of joint ventures	-	-	9	14	9	14
Rents and royalties	10	7	-	-	10	7
Other	43	59	-	-	43	59
Total revenues	<u>336</u>	<u>322</u>	<u>1,028</u>	<u>889</u>	<u>1,364</u>	<u>1,211</u>
Expenses:						
General Administration	33	38	-	-	33	38
City Clerk	1	1	-	-	1	1
City Attorney	3	2	-	-	3	2
Human Resources	2	2	-	-	2	2
Finance	10	10	-	-	10	10
Public Works	45	39	-	-	45	39
Parks and Recreation	26	20	-	-	26	20
Public Safety:						
Police	88	72	-	-	88	72
Fire	73	58	-	-	73	58
Planning and Inspection	19	15	-	-	19	15
Library	13	11	-	-	13	11
Utilities:						
Electric	-	-	659	552	659	552
Water	-	-	49	46	49	46
Sewer	-	-	86	30	86	30
Water Recycling	-	-	7	6	7	6
Solid Waste	-	-	34	33	34	33
Cemetery	-	-	1	1	1	1
Santa Clara Convention Center	-	-	17	12	17	12
Santa Clara Stadium Authority	-	-	62	65	62	65
Total expenses	<u>313</u>	<u>268</u>	<u>915</u>	<u>745</u>	<u>1,228</u>	<u>1,013</u>
Increase in net position before transfers	23	54	113	144	136	198
Transfers in (out)	5	(6)	(5)	6	-	-
Increase in net position	28	48	108	150	136	198
Change in accounting principal	-	-	5	-	5	-
Net position - July 1	660	612	1,526	1,376	2,186	1,988
Net position - June 30	<u>\$ 688</u>	<u>\$ 660</u>	<u>\$ 1,639</u>	<u>\$ 1,526</u>	<u>\$ 2,327</u>	<u>\$ 2,186</u>

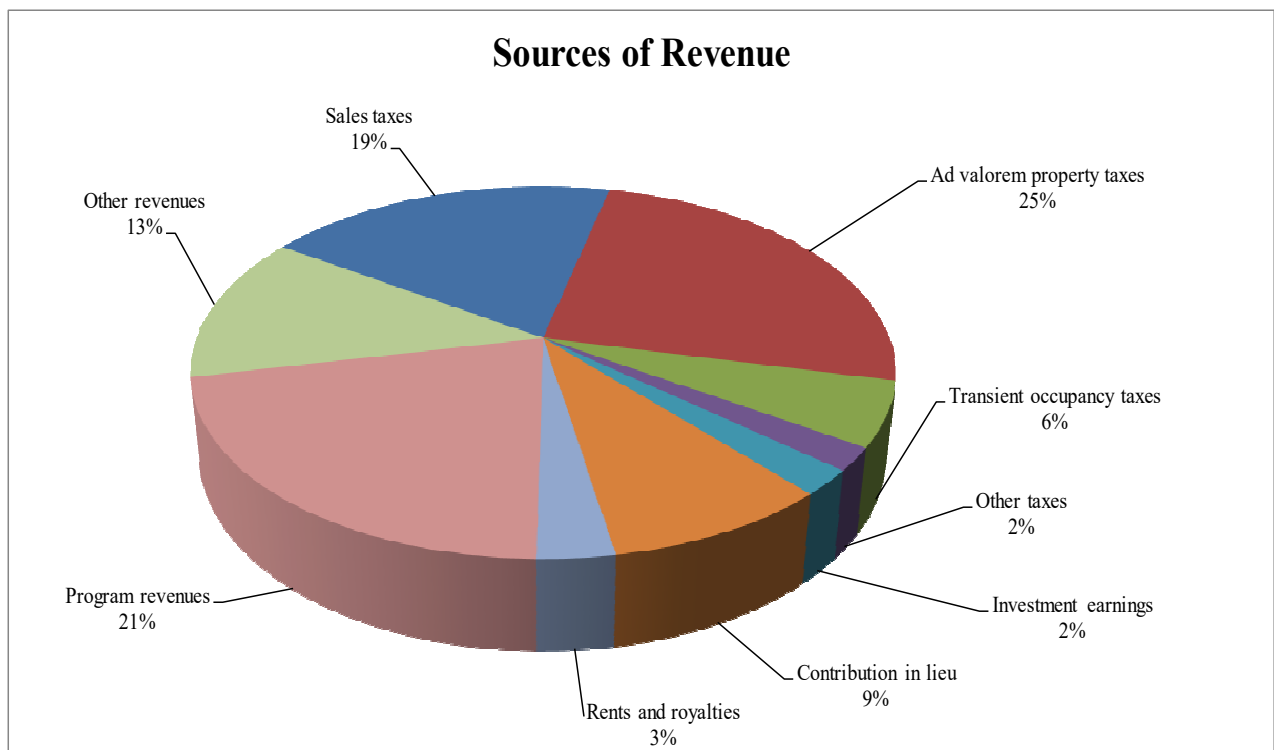
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities – the City's governmental activities boosted its net position by \$28 million, mainly attributed to the increased revenue from sales tax, property tax, and transient occupancy tax receipt in fiscal year 2022-23.

Business-type Activities – the City's business-type activities contributed to an increase of \$1113 million in the City's net position. This significant increase is primarily due to a \$100 million increase in the Electric Utility driven by a higher charge for services resulting from an 8% rate increase and a \$60 million recognized gain in the wholesale resources trading.

Governmental Activities

The chart below presents revenues by source for Governmental Activities. General revenues are composed of taxes and other revenues not specifically generated by, or restricted to, individual activities. All tax revenues and investment earnings are included in general revenues.



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following analysis presents a comparison of fiscal year 2022-23 and fiscal year 2021-22 by the total cost and net cost of each of the City's largest programs. Net cost is defined as total program cost less the revenues generated by those specific activities. It is common to see Governmental Activities as net cost generators, wherein costs of governmental activities are greater than the revenues they generate.

Table 3
Governmental Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Administration	\$ 33	\$ 38	\$ 17	\$ -
City Clerk	1	1	1	1
City Attorney	3	2	3	2
Human Resources	2	2	2	2
Finance	10	10	9	10
Public Works	45	39	26	24
Parks and Recreation	26	20	23	18
Public Safety:				
Police	88	72	86	70
Fire	73	58	64	49
Planning and Inspection	19	15	(3)	(6)
Library	13	11	13	11
Totals	<u>\$ 313</u>	<u>\$ 268</u>	<u>\$ 241</u>	<u>\$ 181</u>

In fiscal year 2022-23, the total cost of services increased by \$45 million, leading to a net cost increase of \$60 million. Within the General Administration, the total cost of services amounted to \$33 million, which was a \$5 million decrease from the previous fiscal year. However, the net total cost of services in the General Administration reached \$17 million, marking a substantial increase of \$17 million from the prior fiscal year. This increase in the net cost of services in General Administration is primarily attributed to the utilization of one-time federal stimulus funds amounting to \$26 million, which were used to sustain critical essential public safety services.

In the category of Public Safety, the total cost of services amounted to \$161 million, representing an increase of \$31 million from fiscal year 2021-22. This increase is primarily attributed to a \$21 million rise in the CalPERS pension expenditure due to lower investment earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

The following analysis provides the total costs and net costs of each of the City's enterprise funds. Net cost is defined as total program cost less the revenues generated by each enterprise fund.

Table 4
Business-Type Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Utilities:				
Electric	\$ 659	\$ 552	\$ (93)	\$ (59)
Water	49	46	(1)	(6)
Sewer	86	30	28	(86)
Water Recycling	7	6	-	-
Solid Waste	34	33	(2)	(2)
Cemetery	1	1	1	-
Santa Clara Convention Center	17	12	(1)	3
Santa Clara Stadium Authority	62	65	(13)	6
Totals	<u>\$ 915</u>	<u>\$ 745</u>	<u>\$ (81)</u>	<u>\$ (144)</u>

In fiscal year 2022-23, the City's business-type total cost of services surged by \$170 million, resulting in a net cost of services increase of \$63 million. Specifically, the net cost of services for the Sewer Utility reached \$28 million, marking a substantial increase of \$114 million from the previous year. This significant net cost increase is primarily attributed to an equity loss of \$51 million in the sewer joint project with the City of San Jose, which is a stark contrast to the \$55 million equity gain in the prior year.

The total cost of services in the Electric Utility Fund increased by \$107 million due to higher expenses related to resource purchases to meet the elevated demand in the City. The net cost of services in the Electric Utility Fund is now negative \$93 million, reflecting a decrease of \$34 million from fiscal year 2021-22. This reduction in net cost is primarily due to a \$60 million recognized gain in wholesale resources trading activities.

FUND FINANCIAL STATEMENTS

Financial Analysis of Governmental Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

At June 30, 2023, the City's governmental funds reported a combined fund balance of \$369 million, an increase of \$44 million or 13.4% in comparison with the prior fiscal year. Approximately 25.2% or \$93 million constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form, \$3 million, 2) restricted for particular purposes, \$162 million, 3) committed for particular purposes, \$97 million, or 4) assigned for particular purposes, \$14 million.

Governmental fund revenues were \$365 million, showing a substantial increase of \$43 million, or 13.4%, from \$322 million in the prior year. The majority of this increase is attributed to following factors:

- a \$14 million or 34.1% increase in the other revenue primarily due to a significant rise in the impact fee in the Park and recreation development projects.
- a \$13 million or 97.2% increase in the interest and rent revenues, stemming from the inclusion of income from three new ground leases with Related Santa Clara, LLC and higher interest earning in the fiscal year 2022-23.
- a \$8 million or \$75.6% increase in the transient occupancy tax revenue.
- a \$8 million or 57.5% less unrealized loss in the investment.

Governmental fund expenditures were \$332 million, reflecting an increase of \$29 million or 9.7% compared to the prior year. The increase is primarily due to a \$9 million increase in the personnel expenditure in the Public Safety program and a \$14 million increase in capital outlay within the Park and Recreation capital projects and Street and Highway construction.

General Fund

Revenues

The City's General Fund revenues totaled \$275 million in fiscal year 2022-23, an increase of \$54 million or 24.3% from the prior fiscal year.

Sales tax accounts for approximately 23.5% of direct General Fund revenues. Sales tax revenue increased \$7.6 million from the prior year to \$64.5 million. The growth was driven by the lifting of pandemic-related restrictions and overall improvement of in the economic environment. However, sales tax revenue was still a little lower than pre-pandemic levels.

Property tax (ad valorem) stands as the largest revenue source among General Fund revenues. In the fiscal year 2022-23, property tax revenues amounted to \$85 million, reflecting an increase of \$10 million, or a 13.4% growth compared to the previous year. This increase can be attributed to several factors, including reassessments following the sale of properties and the addition of new construction projects to the tax rolls. These factors have collectively contributed to the significant boost in property tax revenue for the fiscal year.

Transient occupancy taxes (TOT) are calculated as a percentage of the charges for hotel and motel rooms within the city. The City Council approved a rate increase from 9.5% to 11.5%, effective from January 1, 2022. This increase was the first step in implementing a rate adjustment, as previously approved by the voters in November 2020, allowing for a potential four percentage point increase. The COVID-19

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

pandemic, along with related safety restrictions, significantly impacted TOT revenues towards the end of the fiscal year 2019-20 and throughout fiscal year 2020-21. However, there has been a notable recovery in fiscal year 2022-23, with TOT revenues reaching \$19 million. This represents a substantial \$8 million increase, equivalent to a 75.6% growth when compared to fiscal year 2021-22. The resurgence in TOT revenues can be attributed to the robust growth in both occupancy rates and room rates within the city.

Licenses, permits, fines and penalties revenues excluding building related activities were \$6.6 million in business licenses, parking permit, and miscellaneous permit in fiscal year 2022-23 compared to \$5.4 million in the non-building related revenues in the previous year. The 22.9% increase is the result of a moderately growing local economy.

Intergovernmental revenues were \$1.7 million in fiscal year 2022-23 compared to \$3.1 million in the previous year. The decrease is due to \$1.4 million less mutual aid reimbursement revenues in the fire departments when comparing to the prior year.

Charges for service, which excludes building development related activities, totaled \$42 million in fiscal year 2022-23 compared to \$37 million in the prior fiscal year, an increase of 14.5%. This increase is largely attributed to the recovery in revenues from parks and recreation services and from reimbursements related to the stadium events.

Contributions in-lieu of taxes were approximately \$29.6 million in fiscal year 2022-23, a \$2.3 million increase from the prior fiscal year. The increase is the result of higher consumption and retail rates.

Interest and rent revenues were \$23 million in fiscal year 2022-23, a \$11 million increase from the prior fiscal year due to higher interest rates and the inclusion of three new long term ground leases with Related Santa Clara, LLC. in the current fiscal year.

Expenditures

General Fund expenditures totaled \$258 million for fiscal year 2022-23, 22.9% increase from the prior fiscal year total of \$210 million. This amount excludes encumbrances, re-appropriations, and building related activities.

Salaries and benefits expenditures were \$198 million in fiscal year 2022-23, a significant increase from the \$161 million spent in the previous fiscal year, 2020-21. This increase is mainly attributed to the one-time transfer of specific public safety expenditures to the ARPA (American Rescue Plan Act) fund in the prior year.

Other operating expenditures, encompassing various categories such as materials, services, supplies, internal service fund charges, debt service, and minor capital outlays were \$60 million in fiscal year 2022-23, an increase of \$11 million from the prior fiscal year. The increase can be primarily attributed to two key factors: a \$6 million rise in capital outlays and a \$1 million increase in debt service payments, primarily due to the implementation of GASB 96 standards, which have impacted the accounting and reporting of the debt service obligations.

The uses of the other financing sources for fiscal year 2022-23 were \$5 million, reflecting a substantial decrease of \$43 million when compared to the prior fiscal year. This decrease can be primarily attributed to a one-time transfer of funds from the building inspection reserve to the newly established New Development Service Fee fund in the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Balance

As of June 30, 2023, total fund balance in the General Fund was \$153 million, up \$12 million from the fiscal year 2021-22. Table 5A shows the breakdown of various components compared with the prior fiscal year.

Table 5A
General Fund Balance for the Fiscal Year Ended June 30, 2023
(in millions)

	2023	2022	Net Change
Nonspendable	\$ 3	\$ 7	\$ (4)
Restricted	25	23	2
Committed	18	24	(6)
Assigned	14	10	4
Unassigned	93	77	16
	<u>\$ 153</u>	<u>\$ 141</u>	<u>\$ 12</u>
Total General Fund Balance	<u>\$ 153</u>	<u>\$ 141</u>	<u>\$ 12</u>

General Fund Budgetary Highlights

The City's budget is a flexible-spending plan, which commits resources to the accomplishment of City Council goals and objectives. During the fiscal year, the City Council took action to amend the adopted General Fund budget. A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information following the notes to the financial statements, is shown in the following table:

Original Budget Compared to Final Budget

Table 5B
General Fund Budget for the Fiscal Year Ended June 30, 2023
(in millions)

	Original Budgeted Amount	Final Budgeted Amount	Net Change
Revenues	\$ 238	\$ 251	\$ 13
Expenditures	\$ 261	\$ 269	\$ 8
Other financing sources (uses)	\$ (8)	\$ (11)	\$ (3)

Adjustments to the original budget were based on the following:

- The \$13 million decrease in budgeted revenues is mainly due to a \$8.9 million mid-year budgetary adjustment in the property tax due to the solid growth of the projected receipts and a \$2.5 million

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

increase for charge for services due to the higher than anticipated revenues from events at Levi's Stadium.

- The increase in budgeted expenditures is primarily due to a \$7 million mid-year budget increase in the salary expenditure to reflect the latest negotiated salary adjustments and higher than anticipated personnel cost for the events at Lev's Stadium.
- The increase in budgeted Other Financing Uses is primarily due to a \$2.1 million transfer out for a fire engine purchase and \$764 thousand transfer to the Citywide financial and payroll system upgrade project.

Final Budget Versus Actual

Table 5C
General Fund Final Budget Versus Actual for the Fiscal Year Ended June 30, 2023
(in millions)

	Final Budgeted Amount	Actual Amount	Variance
Revenues	\$ 251	\$ 277	\$ 26
Expenditures	\$ 269	\$ 251	\$ (18)
Other financing sources (uses)	\$ (11)	\$ (11)	\$ -

The most significant differences between actual and final budgeted amounts are explained as follows:

- The final budgeted revenues resulted in a \$26 million positive variance mainly due to a \$6 million increase in the transient occupancy taxes, a \$4 million increase in the interest and rent, a \$4 million increase in the sales taxes, a \$3 million increase in the contribution in-lieu, and a \$2.3 million increase in the other revenues from Forty Niners Stadium Company LLC and the Stadium Authority for the revolving credit settlement.
- Actual expenditures were \$18 million lower than the final budget as a result of lower departmental costs. See the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget Actual (Non-GAAP Basis) for additional details.

Santa Clara Housing Successor

The Santa Clara Housing Successor (SCHS) Fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the Redevelopment Agency. The activities are governed by Community Redevelopment Law and must be used to provide housing for people with low and moderate incomes.

The SCHS's revenues were approximately \$1.2 million in fiscal year 2022-23. A decrease of \$5.3 million in other revenues is due to a one-time developer contribution on the Multi-family housing project at 2330 Monroe street in the prior year.

The general expenditures were \$628 thousand, \$16 thousand or 2.5% increase from the prior year. Expenditures are for case management services offered to persons experiencing (or at risk of) homelessness,

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

on-going administration and labor cost related to developing land held for development of affordable housing and managing and monitoring assets.

Non-Major Governmental Funds

These funds are not presented separately in the Basic Financial statements but are individually presented in the Supplemental Information section of this report.

Financial Analysis of Enterprise Funds

At the end of fiscal year 2022-23, the Enterprise Fund net position totaled \$1.6 billion, reflecting an increase of \$113 million or 7.3% compared to the prior fiscal year. The major contributor to this increase was the Electric Utility Fund, which shown a \$100 million increase. The increase in the Electric Utility Fund can be attributed to a \$57 million increase in the charge for service and a \$60 million recognized gain in the wholesale resources trading activities.

In fiscal year 2022-23, the equity of the joint venture experienced a loss of \$43 million, a significant change from the \$70 million gain recorded in the previous fiscal year. This decrease of \$113 million is mostly due to \$107 million in the equity loss associated with the San Jose Santa Clara Joint Wastewater Treatment Facility project.

Excluding joint venture activity and net change in the fair value of the investment, non-operating expenses in fiscal year 2022-23 were \$17 million, a decrease of \$1 million from the previous fiscal year.

Electric Utility

This fund accounts for the operation of the City's electric utility services. Charges for Services revenues were \$559 million in fiscal year 2022-23, an increase of \$57 million, or 11.3% from fiscal year 21-22. The primary driver for this increase was an 8% rate increase effective January 1, 2023 and increased consumption.

Retail operating expenses reached \$655 million in fiscal year 2022-23, making a significant increase from the \$550 million in fiscal year 2021-22. The increase of \$105 million or 19% in the operating expenses were primarily attributed to the higher costs in the purchased resources due to elevated prices.

Revenues from wholesale resource operations surged to \$85 million in the current fiscal year, a significant increase from the \$36 million recorded in fiscal year 2021-22. The increase is mainly attribute to a \$60 million gain recognized in the wholesale resources trading activities in fiscal year 2022-23. The costs related to wholesale resources purchases increased to \$19 million from \$18 million in the prior fiscal year. The slight increase in wholesale power in fiscal year 2022-23 was influenced by the overall high-priced resource market.

Interest revenues was \$8 million in fiscal year 2022-23, up from \$6 million recorded in fiscal year 2021-22. This increase is primarily due to a higher interest rate environment. Interest expense remains at \$3 million in the current year.

The Electric Utility Fund had a net position of \$1,071 million at June 30, 2023, an increase of \$99 million or 10.2% from the prior fiscal year. Of this amount, \$527 million was net investment in capital assets, \$6 million was restricted for contractual obligation, and \$538 million was unrestricted. The Electric Utility

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund is a participant in a number of joint ventures including Northern California Power Agency (NCPA), the Transmission Agency of Northern California (TANC), M-S-R Public Power Agency (MSR PPA), and M-S-R Energy Authority (MSR EA).

Water Utility

This fund accounts for the operation of the City's water utility services. Operating revenues were \$50 million for fiscal year 2022-23 which is consistent with the prior fiscal year.

Operating expenses were \$49 million in fiscal year 2022-23, compared to \$46 million in fiscal year 2021-22. The increase is primarily due to higher consulting fees and higher maintenance cost which includes emergency repairs for aging equipment. The Water Utility Fund's net position was \$76 million at June 30, 2023.

Sewer Utility

This fund accounts for the maintenance of the City's sewer lines and related facilities. Operating revenues of the Sewer Utility was \$51 million in fiscal year 2022-23 and non-operating revenue was \$7 million in the current year.

Operating expenses were \$33 million in fiscal year 2022-23. This increase is primarily due to the rise of the legal fees related to sewer operations.

The Sewer Utility Fund had a net position of \$339 million at June 30, 2023. Of this amount, \$32 million was net investment in capital assets, \$241 million was restricted for joint venture capital projects and \$66 million was unrestricted and other. The Sewer Utility, together with the City of San Jose, owns the San Jose/Santa Clara Regional Wastewater Facility which is administered by the City of San Jose. The Sewer Utility's ownership share is approximately 19.46% of the assets, capital, and operating costs. In fiscal year 2021-22, the City of San Jose reported that the loss of the Utility's equity in the Regional Wastewater Facility was \$52 million (fiscal year 2022-23 amounts were not available at the time of this report).

Water Recycling

This fund accounts for the ongoing maintenance and operations of the City's wastewater reclamation system. Operating revenues is \$6.3 million, an increase of \$0.2 million from the prior year and operation expenses is \$6.6 million, an increase of \$0.9 million from fiscal year 2021-22 due to higher resource cost. The net position at June 30, 2023 remained at \$6 million.

Santa Clara Stadium Authority (Stadium Authority)

These funds account for the development and operation of Levi's Stadium. As of March 31, 2023, the Stadium Authority recorded approximately \$72 million in operating revenue, \$21 million more than prior year. This was mainly due to increase in charges for services from NFL games, Non-NFL events and smaller special events being held, and increase in rents and licenses. Operating expenses were \$49 million, decreasing \$2 million from the prior fiscal year. This decrease is primarily due to higher Stadium Manager expenses and Non-NFL events expenses offsets by zero settlement expense true-up. The Stadium Authority recognized additional expenses for the unpaid Shared Stadium Expenses and Other Expenses in fiscal year 2021-22 as part of the Settlement Agreement. Net position at March 31, 2023 was \$110 million, an increase of \$30 million from the previous fiscal year. Refer to Note 6.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Solid Waste

This fund accounts for the administration of the City's garbage and rubbish collection service. Operating revenues were \$36 million in fiscal year 2022-23, an increase of \$1 million from the prior fiscal year. Operating expenses were \$34 million in fiscal year 2022-23, an increase of \$700 thousand from fiscal year 2021-22. The Solid Waste Fund's net position was \$1 million at June 30, 2023.

Cemetery

This fund accounts for the Mission City Memorial Park's operations. Operating revenues were \$932 thousand, down 9% over the prior fiscal year. Operating expenses remained consistent with the prior year at \$1.4 million. The net position at June 30, 2023 was \$3.0 million.

Santa Clara Convention Center

This fund accounts for the operations of the Santa Clara Convention Center. Operating revenues were \$17.4 million in fiscal year 2022-23 compared to \$8.5 million in fiscal year 2021-22. Expenses were \$16.6 million in the fiscal year 2022-23 compared to \$11.8 million in prior fiscal year. The increased costs are directly related to the increased events at the Convention Center. Net position at June 30, 2023 was \$26 million. On November 1, 2019, the City entered into an agreement with Levy Premium Foodservice Limited Partnership (Levy) to manage the foodservice operations at the Convention Center and Levy agreed to pay an operating investment of \$5.75 million to promote the economic development of the City. The investment is amortized on a straight-line basis over 15 years.

Sports and Open Space Authority (SOSA)

This fund accounts for the acquisition and preservation of open space within the City and the development of local sports activities. There were no operating revenues in fiscal year 2022-23 due to the expiration of the operating lease. Operating expenses were \$10 thousand, with a net position at June 30, 2023 of \$2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CAPITAL ASSETS

At June 30, 2023, the City's capital assets totaled \$652 million in Governmental Activities, and \$1.47 billion in Business-Type Activities, net of depreciation. Capital Assets are invested in a broad range of categories, as shown in Table 6.

Table 6
Capital Assets at June 30, 2023
(in millions)

	2023	2022	Net Change
Governmental Activities:			
Land	\$ 125	\$ 125	\$ -
Construction in progress	39	52	(13)
Land improvements	60	29	31
Buildings	217	217	-
Infrastructure	633	624	9
Machinery and equipment	87	86	1
Right-to-use leased Equipment	1	1	-
Right-to-use SBITA ⁽¹⁾	11	2	9
Less accumulated depreciation	(521)	(496)	(25)
Totals	<u>\$ 652</u>	<u>\$ 640</u>	<u>\$ 12</u>
Business-Type Activities:			
Land	\$ 19	\$ 19	\$ -
Construction in progress	74	64	10
Buildings	919	919	-
Infrastructure	1,262	1,223	39
Machinery and equipment	28	26	2
Right-to-use leased building	3	3	-
Right-to-use SBITA ⁽¹⁾	3	1	2
Less accumulated depreciation	(838)	(790)	(48)
Totals	<u>\$ 1,470</u>	<u>\$ 1,465</u>	<u>\$ 5</u>

⁽¹⁾ Certain amounts in the prior year have been restated due to the implementation of GASB 96.

The increase of \$31 million in the Governmental Funds land improvement was primarily due to a \$26 million youth soccer field and \$4 million of new neighborhood park and community garden. The \$39 million increase in Enterprise Funds infrastructure is mainly due to \$35 million in Electric infrastructure improvements related to substation and transformer projects, as well as a \$3 million project from replacement of the water distribution system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Capital Improvement Project Budget for fiscal year 2022-23 and the Five-Year Financial Plan for fiscal year 2022-23 through fiscal year 2026-27 contain more detailed discussions of Capital Projects planned for the City of Santa Clara. See Note 9 to the financial statements for additional details on fiscal year 2022-23 capital assets.

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 10 to the financial statements. At June 30, 2023 the City's debt was comprised of the following:

Table 7
Outstanding Debt at June 30, 2023
(in millions)

	Balance June 30, 2023	Balance June 30, 2022	Net Change
Governmental Activity Debt:			
Refunding Certificates of Participation, Series 2013	\$ 11	\$ 12	\$ (1)
Business-Type Debt:			
Electric Utility Revenue Bonds, net of unamortized discount	33	44	(11)
Electric Loan Agreements	95	99	(4)
Sewer Utility Loan Agreements	27	28	(1)
StadCo Subordinated Loan ⁽¹⁾	-	20	(20)
StadCo CFD Advance ⁽¹⁾	30	30	-
Stadium Funding Trust Loan ⁽¹⁾	215	230	(15)
Total Debt	<u>\$ 411</u>	<u>\$ 463</u>	<u>\$ (52)</u>

(1) Stadium Authority's long-term obligations are based on a March 31 fiscal year end.

SUCCESSOR AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (AB 26) that provided for the dissolution of all redevelopment agencies in the State of California. On February 1, 2012 all redevelopment agencies in California were effectively dissolved. The Successor Agency for the Santa Clara Redevelopment Agency is currently in the process of winding down the affairs of the former Redevelopment Agency.

See Notes 21 and 22 for further information on the Redevelopment Agency dissolution and Successor Agency activities.

ECONOMIC OUTLOOK

The economy of the City is discussed in the accompanying Transmittal Letter.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. A separate Annual Financial Report for Silicon Valley Power is available upon request. Questions about this Report should be directed to the City of Santa Clara Finance Department, 1500 Warburton Avenue, Santa Clara, California, 95050, telephone (408) 615-2340.

Basic Financial Statements

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CITY OF SANTA CLARA GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES
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The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the excess of the City's total assets and deferred outflows of resources over the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents similar information to the balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows from total assets and deferred outflows.

The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Debt Service, and Capital Projects funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net (expense) revenue of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-Type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the Santa Clara Housing Authority, the Santa Clara Stadium Authority, the City of Santa Clara Sports and Open Space Authority, and the City of Santa Clara Public Facilities Financing Corporation, which are legally separate but are component units of the City.

CITY OF SANTA CLARA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments (Note 7):			
Pooled cash and investments	\$ 381,870,430	\$ 673,249,316	\$ 1,055,119,746
Investments with fiscal agent	11,187	40,463,291	40,474,478
Receivables (net of allowance for uncollectible):			
Accounts	5,681,192	133,451,727	139,132,919
Interest	3,502,941	2,579,574	6,082,515
Intergovernmental	14,044,074	-	14,044,074
Leases receivable (Note 4)	3,248,448	11,978,951	15,227,399
Derivative financial instruments (Note 10D)	-	8,294,280	8,294,280
Materials, supplies and prepaid	980,351	18,148,225	19,128,576
Land held for development (Note 2H)	7,103,770	-	7,103,770
Total Current Assets	416,442,393	888,165,364	1,304,607,757
Noncurrent Assets			
Restricted Cash (Note 7)	24,711,385	10,078,956	34,790,341
Investment with fiscal agent (Note 7)	716,910	11,536,235	12,253,145
Derivative financial instruments (Note 10D)	-	15,163,920	15,163,920
Deposits (Note 7)	-	11,127,179	11,127,179
Leases receivable, noncurrent (Note 4)	251,626,055	598,146,262	849,772,317
Internal balances (Note 8D)	(5,589,090)	5,616,205	27,115
Long term loans, net	102,303,135	-	102,303,135
Capital assets (Note 9):			
Land and construction in progress	163,523,633	93,160,925	256,684,558
Capital assets being depreciated, net	488,589,345	1,376,612,598	1,865,201,943
Investment in joint ventures (Note 12)	5,836,493	305,928,066	311,764,559
Other	22,680	-	22,680
Total Noncurrent Assets	1,031,740,546	2,427,370,346	3,459,110,892
Total Assets	1,448,182,939	3,315,535,710	4,763,718,649
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments (Note 10D)	-	783,790	783,790
Refunding	-	5,333,697	5,333,697
OPEB related items (Note 16)	2,331,591	860,206	3,191,797
Pension related items (Note 13)	140,880,030	34,731,680	175,611,710
Total Deferred Outflows of Resources	143,211,621	41,709,373	184,920,994

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accrued liabilities	33,172,079	47,071,430	80,243,509
Deposits	4,857,612	-	4,857,612
Interest payable	349,024	7,328,829	7,677,853
Accrued compensated absences (Note 2K)	1,812,117	674,468	2,486,585
Unearned revenue, current portion	328,031	22,843,344	23,171,375
Landfill closure liability (Note 11)	-	765,000	765,000
Derivative financial instruments (Note 10D)	-	783,790	783,790
Current portion of lease obligation (Note 10H)	212,705	681,619	894,324
Current portion of SBITA (Note 10I)	1,638,865	392,381	2,031,246
Long-term debt due within one year (Note 10)	1,030,000	31,393,893	32,423,893
Total Current Liabilities	43,400,433	111,934,754	155,335,187
Noncurrent Liabilities			
Long-term portion estimated claims (Note 19)	21,715,000	-	21,715,000
Accrued compensated absences (Note 2K)	18,852,451	7,016,852	25,869,303
Landfill closure liabilities (Note 11)	-	5,367,036	5,367,036
Accrued liabilities	-	7,149,723	7,149,723
Unearned revenue	-	432,484,579	432,484,579
Long-term lease obligation (Note 10H)	39,413	951,003	990,416
Long-term SBITA obligation (Note 10I)	7,278,939	2,325,628	9,604,567
Long-term debt due after one year (Note 10)	9,530,097	369,182,938	378,713,035
Net OPEB liability due after one year (Note 16)	27,552,661	10,165,126	37,717,787
Net pension liability due after one year (Note 13)	516,806,096	144,831,507	661,637,603
Total Noncurrent Liabilities	601,774,657	979,474,392	1,581,249,049
Total Liabilities	645,175,090	1,091,409,146	1,736,584,236
DEFERRED INFLOWS OF RESOURCES			
Derivative instruments (Note 10D)	-	23,458,200	23,458,200
Refunding	-	1,280,797	1,280,797
Leases related (Note 4)	251,501,567	599,639,702	851,141,269
OPEB related items (Note 16)	2,654,666	979,401	3,634,067
Pension related items (Note 13)	4,091,705	1,124,061	5,215,766
Total Deferred Inflows of Resources	258,247,938	626,482,161	884,730,099
NET POSITION (Note 18)			
Net investment in capital assets	632,382,959	1,088,898,959	1,721,281,918
Restricted for:			
Capital projects and other agreements	140,457,105	323,516,269	463,973,374
Debt service	536,429	-	536,429
Housing activities	135,415,654	-	135,415,654
Community development	34,969,769	-	34,969,769
Transportation	3,831,532	-	3,831,532
Pension rate stabilization program	22,309,426	8,557,917	30,867,343
Other purposes	4,946,251	-	4,946,251
Total Restricted Net Position	342,466,166	332,074,186	674,540,352
Unrestricted Net Position	(286,877,593)	218,380,631	(68,496,962)
Total Net Position	\$ 687,971,532	\$ 1,639,353,776	\$ 2,327,325,308

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:					
General Administration	\$ 37,659,438	\$ (5,306,038)	\$ 14,252,163	\$ 952,723	\$ 215,724
City Clerk	1,710,963	(381,535)	38,170	-	-
City Attorney	2,981,363	(452,190)	-	-	-
Human Resources	3,677,884	(1,639,189)	-	-	-
Finance	16,347,529	(6,316,529)	1,354,388	-	-
Public Works	47,094,357	(2,255,682)	6,931,929	3,224,303	8,318,344
Parks and Recreation	25,906,726	-	3,225,156	133,466	-
Public Safety:					
Police	88,388,974	-	785,561	1,273,331	-
Fire	73,153,709	-	8,247,338	909,354	-
Planning and Inspection	19,218,408	-	21,754,872	-	-
Library	12,766,176	-	9,591	157,989	-
Interest on long term debt	348,521	-	-	-	-
Total Governmental Activities	329,254,048	(16,351,163)	56,599,168	6,651,166	8,534,068
Business-type Activities:					
Utilities:					
Electric	650,337,021	8,263,126	751,408,844	-	-
Water	46,132,420	2,877,531	50,518,737	-	-
Sewer	84,782,290	1,425,447	57,997,844	-	-
Water Recycling	6,513,067	91,784	6,394,638	-	-
Solid Waste	32,267,456	1,928,973	35,944,131	-	-
Cemetery	1,262,701	132,307	932,128	-	-
Sports and Open Space Authority	10,199	-	-	-	-
Santa Clara Convention Center	16,529,872	-	17,429,458	-	-
Santa Clara Stadium Authority	60,186,017	1,631,995	72,311,334	-	2,126,817
Total Business-type Activities	898,021,043	16,351,163	992,937,114	-	2,126,817
Total	\$ 1,227,275,091	\$ -	\$ 1,049,536,282	\$ 6,651,166	\$ 10,660,885
General Revenues:					
Taxes:					
Sales					
Ad valorem property					
Transient occupancy					
Other					
Contribution in lieu of taxes					
Investment earnings					
Net (decrease) in the fair value of investments					
Equity in gains/(losses) of joint ventures					
Rents and royalties					
Other					
Transfers (Note 8A)					
Total General Revenues and Transfers					
Change in Net Position					
Net Position - beginning					
GASB 87 implementation (Note 6F)					
Net Position - beginning, as restated					
Net Position - ending					

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (16,932,790)	\$ -	\$ (16,932,790)
(1,291,258)	-	(1,291,258)
(2,529,173)	-	(2,529,173)
(2,038,695)	-	(2,038,695)
(8,676,612)	-	(8,676,612)
(26,364,099)	-	(26,364,099)
(22,548,104)	-	(22,548,104)
 (86,330,082)	 -	 (86,330,082)
(63,997,017)	-	(63,997,017)
2,536,464	-	2,536,464
(12,598,596)	-	(12,598,596)
(348,521)	-	(348,521)
 (241,118,483)	 -	 (241,118,483)
 -	 92,808,697	 92,808,697
-	1,508,786	1,508,786
-	(28,209,893)	(28,209,893)
-	(210,213)	(210,213)
-	1,747,702	1,747,702
-	(462,880)	(462,880)
-	(10,199)	(10,199)
-	899,586	899,586
-	12,620,139	12,620,139
-	80,691,725	80,691,725
(241,118,483)	80,691,725	(160,426,758)
 64,497,774	 -	 64,497,774
84,046,735	-	84,046,735
18,989,011	-	18,989,011
6,737,707	-	6,737,707
29,584,030	-	29,584,030
13,299,082	28,656,562	41,955,644
(5,787,602)	(3,863,299)	(9,650,901)
-	8,532,699	8,532,699
10,030,584	-	10,030,584
43,058,186	-	43,058,186
4,963,654	(4,963,654)	-
269,419,161	28,362,308	297,781,469
28,300,678	109,054,033	137,354,711
659,670,854	1,525,597,108	2,185,267,962
-	4,702,635	4,702,635
659,670,854	1,530,299,743	2,189,970,597
\$ 687,971,532	\$ 1,639,353,776	\$ 2,327,325,308

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA FUND FINANCIAL STATEMENTS GOVERNMENTAL FUNDS
--

The funds described below were determined to be Major Funds by the City in fiscal year 2022-23. Individual non-major funds may be found in the Supplementary section.

MAJOR GOVERNMENTAL FUNDS
--

GENERAL FUND

The General Fund accounts for resources and services traditionally associated with government. The General Fund provides administrative, financial, police protection, fire protection, community development, recreation, and maintenance services to the community and other funds. The General Fund accounts for revenues that have unrestricted uses and are not required legally or by contractual agreement to be accounted for in another fund.

SANTA CLARA HOUSING SUCCESSOR FUND

The Santa Clara Housing Successor Fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by Community Redevelopment Law and must be used to provide housing for people with low and moderate incomes.

**CITY OF SANTA CLARA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023**

	General Fund	Santa Clara Housing Successor
ASSETS		
Cash and investments (Note 7):		
Pooled cash and investments	\$ 129,831,402	\$ 3,984,014
Investments with fiscal agent - current	-	-
Restricted cash	22,309,426	-
Receivables (net of allowance for uncollectibles):		
Accounts	3,608,162	-
Interest	3,502,941	-
Loans	4,244,948	102,753,161
Intergovernmental	12,797,709	-
Due from other funds (Note 8B)	170,011	-
Materials, supplies and prepaids	618	-
Land held for development (Note 2H)	-	7,103,770
Investments with fiscal agent - noncurrent (Note 7)	-	-
Leases Receivable (Note 4)	254,874,503	-
Other	22,680	-
Total Assets	<u>\$ 431,362,400</u>	<u>\$ 113,840,945</u>
LIABILITIES		
Accrued liabilities	\$ 17,114,267	\$ 189,163
Deposits	4,857,612	-
Unearned revenue	328,031	-
Total Liabilities	<u>22,299,910</u>	<u>189,163</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - Lease revenues (Note 4)	251,501,567	-
Unavailable revenue - Loans	4,244,948	102,753,161
Total Deferred Inflows of Resources	<u>255,746,515</u>	<u>102,753,161</u>
FUND BALANCES (Note 18)		
Nonspendable	3,396,234	-
Restricted	24,689,167	10,898,621
Committed	18,575,249	-
Assigned	13,862,662	-
Unassigned	92,792,663	-
Total Fund Balances	<u>153,315,975</u>	<u>10,898,621</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 431,362,400</u>	<u>\$ 113,840,945</u>

See accompanying notes to basic financial statements

**CITY OF SANTA CLARA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023**

Non-Major Governmental Funds	Total Governmental Funds
\$ 206,815,403	\$ 340,630,819
11,187	11,187
2,401,959	24,711,385
1,559,408	5,167,570
-	3,502,941
76,026,181	183,024,290
1,246,365	14,044,074
-	170,011
-	618
-	7,103,770
716,910	716,910
-	254,874,503
-	22,680
<u>\$ 288,777,413</u>	<u>\$ 833,980,758</u>
\$ 8,061,206	\$ 25,364,636
-	4,857,612
-	328,031
<u>8,061,206</u>	<u>30,550,279</u>
-	251,501,567
<u>76,026,181</u>	<u>183,024,290</u>
<u>76,026,181</u>	<u>434,525,857</u>
-	3,396,234
126,485,623	162,073,411
78,204,403	96,779,652
-	13,862,662
-	92,792,663
<u>204,690,026</u>	<u>368,904,622</u>
<u>\$ 288,777,413</u>	<u>\$ 833,980,758</u>

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

TOTAL GOVERNMENTAL FUND BALANCE	\$ 368,904,622
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CURRENT LIABILITIES	
The assets and liabilities below are due and payable in less than one year and more than 90 days and therefore are not reported in the Funds:	
Current portion of accrued compensated absences (excluding Internal Service Funds)	(1,752,366)
Interest payable	(208,995)
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and, therefore, are not reported in the Governmental Funds.	
	642,915,347
Right to use leases assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use asset equipment net of amortization	251,608
Right to use SBITA net of amortization	8,946,023
INVESTMENT IN NON-BUSINESS-TYPE JOINT VENTURE	5,836,493
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related (excluding Internal Service Funds)	2,271,925
Pension related (excluding Internal Service Funds)	138,646,090
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
Internal Service Funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position:	
Cash and investments	41,239,611
Accounts receivable	513,622
Materials, supplies and prepaid	979,733
Deferred outflows OPEB related items	59,666
Deferred outflows pension related items	2,233,940
Accrued liabilities, including short-term portion of estimated claims	(7,807,443)
Long-term portion of estimated claims	(21,715,000)
Compensated absences - current	(59,751)
Compensated absences - long-term	(621,626)
Internal balances	(5,759,101)
Lease obligations	(253,690)
SBITA obligations	(1,808,348)
Net OPEB liability	(705,080)
Net pension liability	(8,974,179)
Deferred inflows OPEB related items	(67,933)
Deferred inflows pension related items	(69,650)
LONG TERM LIABILITIES	
The assets and liabilities below are not due and payable in the current period and, therefore, are not reported in the Funds:	
Reserve against conditional grant balances	(9,679,750)
Long-term debt	(10,560,097)
Long-term liability associated with lease agreements (excluding Internal Service Funds)	(138,457)
Long-term liability associated with SBITA agreements (excluding Internal Service Funds)	(7,109,456)
Non-current portion of accrued compensated absences (excluding Internal Service Funds)	(18,230,825)
Net OPEB liability (excluding Internal Service Funds)	(26,847,581)
Net pension liability (excluding Internal Service Funds)	(507,831,917)
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues recorded in governmental funds financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in Government-Wide Financial Statements.	
	111,982,885
OPEB related (excluding Internal Service Funds)	(2,586,733)
Pension related (excluding Internal Service Funds)	(4,022,055)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 687,971,532</u>

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023

	<u>General Fund</u>	<u>Santa Clara Housing Successor</u>
REVENUES		
Taxes:		
Sales	\$ 64,497,774	\$ -
Ad valorem	84,599,469	-
Transient occupancy	18,989,011	-
Other	6,378,388	-
Licenses, permits, fines, and penalties	6,593,214	1,176
Intergovernmental	1,674,936	-
Charges for services	42,115,561	1,215
Contributions in-lieu of taxes	29,584,030	-
Interest and rents	23,336,037	75,550
Net increase (decrease) in the fair value of investments	(5,787,602)	-
Other	2,953,182	1,126,022
Total Revenues	<u>274,934,000</u>	<u>1,203,963</u>
EXPENDITURES		
Current:		
General Administration	18,332,449	5,627,859
City Clerk	1,793,016	-
City Attorney	3,062,065	-
Human Resources	3,697,722	-
Finance	18,110,951	-
Public Works	22,767,600	-
Parks and Recreation	20,190,175	-
Public Safety:		
Police	80,863,583	-
Fire	66,999,955	-
Planning and Inspection	4,226,819	-
Library	10,609,591	-
Capital outlay	6,486,020	-
Debt service (Note 10):		
Principal payments	992,539	-
Interest and fiscal fees	61,204	-
Total Expenditures	<u>258,193,689</u>	<u>5,627,859</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,740,311</u>	<u>(4,423,896)</u>
OTHER FINANCING SOURCES (USES)		
Subscription based IT Arrangement Liabilities (Note 9)	6,425,640	-
Transfers in (Note 8A)	4,693,804	-
Transfers (out) (Note 8A)	(15,658,501)	-
Total Other Financing Sources (Uses)	<u>(4,539,057)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	12,201,254	(4,423,896)
Fund balances - beginning	141,114,721	15,322,517
Fund balances - ending	<u>\$ 153,315,975</u>	<u>\$ 10,898,621</u>

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 64,497,774
-	84,599,469
-	18,989,011
359,319	6,737,707
11,795,557	18,389,947
11,624,119	13,299,055
9,859,269	51,976,045
-	29,584,030
2,653,160	26,064,747
-	(5,787,602)
52,301,850	56,381,054
88,593,274	364,731,237
12,343,023	36,303,331
-	1,793,016
-	3,062,065
-	3,697,722
-	18,110,951
7,407,851	30,175,451
2,320,459	22,510,634
272,243	81,135,826
1,136,609	68,136,564
14,879,572	19,106,391
122,776	10,732,367
28,312,328	34,798,348
1,084,186	2,076,725
442,905	504,109
68,321,952	332,143,500
20,271,322	32,587,737
1,776,143	8,201,783
22,306,913	27,000,717
(8,611,113)	(24,269,614)
15,471,943	10,932,886
35,743,265	43,520,623
168,946,761	325,383,999
\$ 204,690,026	\$ 368,904,622

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 43,520,623
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
ACCRUAL OF CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of financial resources over 90 days and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Current portion of accrued compensated absences	510,713
CAPITAL ASSET TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	26,596,565
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of Internal Service Fund depreciation of \$2,552,188 which has already been allocated to service funds.)	(22,252,639)
Retirements of capital assets (net of Internal Service Fund retirement of \$39,274)	(124)
Contributions of infrastructure improvements by developers and equipment are capitalized in the Statement of Activities, but are not recorded in the Governmental Fund Statements because no cash changed hands.	1,938,180
JOINT VENTURES - PROFIT FROM EQUITY	350,764
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	980,000
Amortization of bond premium	54,297
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Provision for reserve of conditional grants	(12,974,621)
Non-current portion of accrued compensated absences	(717,793)
Interest payable	20,417
Unavailable revenue	(1,499,288)
Lease related expense	(74)
SBITA related expense	(184,428)
OPEB related expense	(6,199,563)
Pension related expense	(8,290,382)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.	
The portion of the net revenue (expense) of these Internal Service Funds, arising out of their transactions with Governmental Funds, is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds, net	9,335,353
Change in Net Position of Internal Service Funds reported with Business-Type Activities	(2,887,322)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,300,678</u>

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA MAJOR PROPRIETARY FUNDS
--

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. Individual non-major Proprietary funds may be found in the Supplementary section.

The City has identified the funds below as major proprietary funds in fiscal year 2022-23.

GAAP does not require the disclosure of budget versus actual comparisons regarding proprietary funds that are major funds.

ELECTRIC UTILITY FUND

This fund accounts for the operation of the City's electric utility, a self-supporting activity that provides services on a user charge basis to residences and businesses.

WATER UTILITY FUND

This fund accounts for the operation of the City's water utility, a self-supporting activity that provides services on a user charge basis to residences and businesses.

SEWER UTILITY FUND

The sewer utility fund accounts for the maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

WATER RECYCLING UTILITY FUND

This fund accounts for the ongoing maintenance and operations of the City's waste water reclamation system. It is a self-supporting activity that provides services on a user charge basis from the sale of non-potable water for irrigation and landscaping.

SANTA CLARA STADIUM AUTHORITY FUND

The Santa Clara Stadium Authority Fund was established in 2011 to provide for development and operation of Levi's Stadium (home of the NFL's San Francisco 49ers). In November 2012, the Santa Clara Stadium Authority changed its fiscal year ending date from June 30th to March 31st to conform with the fiscal year of Stadium Funding Trust.

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

	Business-type Activities-Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current assets:			
Cash and investments (Note 7):			
Pooled cash and investments	\$ 461,055,857	\$ 25,653,223	\$ 88,849,468
Investments with fiscal agent	16,197,916	-	-
Receivables (net of allowance for uncollectible):			
Accounts	91,998,401	8,909,024	5,777,378
Interest	1,768,781	107,527	345,455
Other	-	-	-
Leases receivable (Note 4)	249,167	29,990	29,990
Derivative financial instrument (Note 10D)	8,294,280	-	-
Due from other funds (Note 8B)	3,209,849	1,278,857	964,694
Materials, supplies and prepaids	15,827,132	1,827,968	493,125
Total current assets	598,601,383	37,806,589	96,460,110
Noncurrent assets:			
Restricted cash (Note 7)	6,324,045	1,563,207	585,544
Investment with fiscal agent (Note 7)	-	-	-
Derivative financial instrument (Note 10D)	15,163,920	-	-
Deposits (Note 7)	11,127,179	-	-
Leases receivable, noncurrent (Note 4)	2,112,910	908,045	908,045
Capital assets (Note 9):			
Land	14,371,743	661,268	725,328
Construction in progress	71,262,465	46,977	196,473
Buildings, infrastructure and land improvements	1,101,647,613	108,697,517	62,579,441
Equipment	10,297,966	3,948,487	5,005,789
Right-to-use leased assets	2,916,623	-	-
Right-to-use SBITA	3,108,024	-	-
	1,203,604,434	113,354,249	68,507,031
Less accumulated depreciation	547,761,849	52,855,662	29,182,047
Net capital assets	655,842,585	60,498,587	39,324,984
Investment in joint ventures (Note 12)	65,844,941	-	240,083,125
Total noncurrent assets	756,415,580	62,969,839	280,901,698
Total assets	1,355,016,963	100,776,428	377,361,808
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments (Note 10D)	783,790	-	-
Refunding	5,333,697	-	-
OPEB related items (Note 16)	616,793	135,864	64,557
Pension related items (Note 13)	26,223,040	4,542,264	2,134,704
Total deferred outflows of resources	32,957,320	4,678,128	2,199,261

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

Business-type Activities-Enterprise Funds					Internal Service Funds (Note 2B)
Water Recycling Utility	Santa Clara Stadium Authority (as of March 31, 2023) restated (Note 6)	Non-Major Enterprise Funds	TOTAL		
\$ 6,992,755	\$ 66,012,284	\$ 22,168,191	\$ 670,731,778	\$ 43,757,149	
-	24,265,375	-	40,463,291	-	
1,038,772	18,657,911	7,070,241	133,451,727	513,622	
21,462	336,349	-	2,579,574	-	
-	-	-	-	-	
-	11,669,804	-	11,978,951	-	
-	-	-	8,294,280	-	
-	-	305,701	5,759,101	37,569	
-	-	-	18,148,225	979,733	
8,052,989	120,941,723	29,544,133	891,406,927	45,288,073	
103,323	-	1,502,837	10,078,956	-	
-	11,536,235	-	11,536,235	-	
-	-	-	15,163,920	-	
-	-	-	11,127,179	-	
-	594,217,262	-	598,146,262	-	
-	-	3,092,872	18,851,211	-	
-	2,095,393	708,406	74,309,714	-	
1,257,070	826,227,884	80,211,731	2,180,621,256	-	
-	6,141,531	3,012,143	28,405,916	42,896,174	
-	-	-	2,916,623	658,444	
-	-	-	3,108,024	2,397,211	
1,257,070	834,464,808	87,025,152	2,308,212,744	45,951,829	
184,496	145,388,928	63,066,239	838,439,221	32,590,788	
1,072,574	689,075,880	23,958,913	1,469,773,523	13,361,041	
-	-	-	305,928,066	-	
1,175,897	1,294,829,377	25,461,750	2,421,754,141	13,361,041	
9,228,886	1,415,771,100	55,005,883	3,313,161,068	58,649,114	
-	-	-	783,790	-	
-	-	-	5,333,697	-	
9,491	-	33,501	860,206	59,666	
363,122	-	1,468,550	34,731,680	2,233,940	
372,613	-	1,502,051	41,709,373	2,293,606	

(continued)

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

	Business-type Activities-Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current liabilities:			
Accrued liabilities	33,601,331	5,122,371	1,025,584
Interest payable	1,389,163	-	554,285
Unearned revenue	-	-	-
Due to other funds (Note 8B)	-	-	-
Accrued compensated absences (Note 2K)	566,004	75,510	22,068
Current portion of landfill closure liability (Note 11)	-	-	-
Current portion of long-term debt (Note 10)	15,140,000	-	794,893
Current portion derivative financial instruments (Note 10D)	783,790	-	-
Current portion of leases obligation (Note 10H)	681,619	-	-
Current portion of SBITA (Note 10I)	392,381	-	-
Total current liabilities	<u>52,554,288</u>	<u>5,197,881</u>	<u>2,396,830</u>
Noncurrent liabilities:			
Unearned revenue	-	-	-
Long-term accrued liabilities	-	-	-
Long-term portion estimated claims	-	-	-
Long-term compensated absences (Note 2K)	5,888,451	785,568	229,581
Landfill closure liability (Note 11)	-	-	-
Long-term debt (Note 10)	113,302,932	-	26,064,269
Long-term derivative financial instruments (Note 10D)	-	-	-
Long-term leases obligation (Note 10H)	951,003	-	-
Long-term SBITA (Nte 10I)	2,325,628	-	-
Net OPEB liability (Note 16)	7,288,705	1,605,510	762,876
Net pension liability (Note 13)	105,823,291	20,241,038	10,087,765
Total noncurrent liabilities	<u>235,580,010</u>	<u>22,632,116</u>	<u>37,144,491</u>
Total liabilities	<u>288,134,298</u>	<u>27,829,997</u>	<u>39,541,321</u>
DEFERRED INFLOWS OF RESOURCES			
Derivative instruments (Note 10D)	23,458,200	-	-
Refunding	1,280,797	-	-
Leases related (Note 4)	2,282,329	885,653	885,653
OPEB related items (Note 16)	702,262	154,690	73,502
Pension related items (Note 13)	821,311	157,094	78,293
Total deferred inflows of resources	<u>28,544,899</u>	<u>1,197,437</u>	<u>1,037,448</u>
NET POSITION (Note 18)			
Net investment in capital assets	527,101,920	60,498,587	32,465,822
Restricted for capital projects and other agreements	6,324,045	1,260,117	240,668,669
Unrestricted	537,869,121	14,668,418	65,847,809
Total net position	<u>\$ 1,071,295,086</u>	<u>\$ 76,427,122</u>	<u>\$ 338,982,300</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

Business-type Activities-Enterprise Funds				Internal Service Funds (Note 2B)
Water Recycling Utility	Santa Clara Stadium Authority (as of March 31, 2023) restated (Note 6)	Non-Major Enterprise Funds	TOTAL	
1,405,136	1,852,581	4,064,427	47,071,430	7,807,443
-	5,385,381	-	7,328,829	10,808
-	16,374,980	6,468,364	22,843,344	-
-	142,896	-	142,896	5,796,670
-	-	10,886	674,468	59,751
-	-	765,000	765,000	-
-	15,459,000	-	31,393,893	-
-	-	-	783,790	-
-	-	-	681,619	208,162
-	-	-	392,381	588,336
1,405,136	39,214,838	11,308,677	112,077,650	14,471,170
-	432,484,579	-	432,484,579	-
-	7,149,723	-	7,149,723	-
-	-	-	-	21,715,000
-	-	113,252	7,016,852	621,626
-	-	5,367,036	5,367,036	-
-	229,815,737	-	369,182,938	-
-	-	-	-	-
-	-	-	951,003	34,720
-	-	-	2,325,628	1,220,012
112,151	-	395,884	10,165,126	705,080
1,768,633	-	6,910,780	144,831,507	8,974,179
1,880,784	669,450,039	12,786,952	979,474,392	33,270,617
3,285,920	708,664,877	24,095,629	1,091,552,042	47,741,787
-	-	-	23,458,200	-
-	-	-	1,280,797	-
-	595,586,067	-	599,639,702	-
10,805	-	38,142	979,401	67,933
13,727	-	53,636	1,124,061	69,650
24,532	595,586,067	91,778	626,482,161	137,583
1,072,574	443,801,143	23,958,913	1,088,898,959	11,309,811
103,323	79,817,751	3,900,281	332,074,186	-
5,115,150	(412,098,738)	4,461,333	215,863,093	1,753,539
<u>\$ 6,291,047</u>	<u>\$ 111,520,156</u>	<u>\$ 32,320,527</u>	<u>1,636,836,238</u>	<u>\$ 13,063,350</u>

2,517,538
\$ 1,639,353,776

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023

	Business-type Activities-Enterprise Funds		
	Electric	Water	Sewer
	Utility	Utility	Utility
Operating revenues:			
Charges for services	\$ 559,165,545	\$ 50,019,592	\$ 50,905,071
Rents, royalties and licensing	-	-	-
Insurance refunds and other	-	-	-
Mandated program receipts	15,926,482	-	-
Renewable energy credits	3,916,420	-	-
Wholesale resource sales	85,035,267	-	-
Other	23,120,361	-	-
Total operating revenues	687,164,075	50,019,592	50,905,071
Operating expenses:			
Salaries and benefits	48,401,324	6,677,861	3,274,092
Materials, services and supplies	555,704,205	40,453,370	28,580,725
General and administrative	-	-	-
Mandated program disbursements	4,541,142	-	-
Wholesale resources purchases	19,474,055	-	-
Amortization- Right to use assets	1,051,552	-	-
Depreciation	25,934,672	1,878,604	1,319,796
Total operating expenses	655,106,950	49,009,835	33,174,613
Operating income (loss)	32,057,125	1,009,757	17,730,458
Nonoperating revenues (expenses):			
Interest revenue	8,392,327	433,387	1,424,290
Net change in the fair value of investments	(2,841,392)	(112,869)	(934,636)
Rents and royalties	3,845,365	54,223	54,223
Other revenue	60,399,404	444,922	7,038,550
Interest expense	(2,659,346)	-	(1,100,443)
Other expense	(3,763,379)	-	-
Equity in income (losses) of joint ventures	8,532,699	-	(51,843,992)
Gain (loss) on retirement of assets	-	-	-
Total nonoperating revenues (expenses)	71,905,678	819,663	(45,362,008)
Income (loss) before contributions and transfers	103,962,803	1,829,420	(27,631,550)
Contributions	-	-	-
Transfers in (Note 8A)	208,290	-	22,812
Transfers (out) (Note 8A)	(3,706,812)	(1,926,424)	(447,112)
Change in net position	100,464,281	(97,004)	(28,055,850)
Total net position - beginning	970,830,805	76,524,126	367,038,150
GASB 87 implementation (Note 6F)	-	-	-
Total net position - beginning as adjusted (Note 6F)	970,830,805	76,524,126	367,038,150
Total net position - ending	\$ 1,071,295,086	\$ 76,427,122	\$ 338,982,300

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

Change in net position of business-type activities

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023

Business-type Activities-Enterprise Funds				
Water Recycling Utility	Santa Clara Stadium Authority (as of March 31, 2023) restated (Note 6)	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 6,303,474	\$ 33,161,155	\$ 54,211,827	\$ 753,766,664	\$ 39,974,468
-	38,532,268	-	38,532,268	-
-	-	-	-	85,428
-	-	-	15,926,482	-
-	-	-	3,916,420	-
-	-	-	85,035,267	-
-	-	82,244	23,202,605	-
<u>6,303,474</u>	<u>71,693,423</u>	<u>54,294,071</u>	<u>920,379,706</u>	<u>40,059,896</u>
515,128	-	2,385,882	61,254,287	7,139,270
6,074,687	28,308,133	48,213,715	707,334,835	13,779,078
-	2,751,739	-	2,751,739	9,193,468
-	-	-	4,541,142	-
-	-	-	19,474,055	-
-	-	-	1,051,552	713,293
<u>25,141</u>	<u>17,207,818</u>	<u>1,568,405</u>	<u>47,934,436</u>	<u>2,512,914</u>
<u>6,614,956</u>	<u>48,267,690</u>	<u>52,168,002</u>	<u>844,342,046</u>	<u>33,338,023</u>
<u>(311,482)</u>	<u>23,425,733</u>	<u>2,126,069</u>	<u>76,037,660</u>	<u>6,721,873</u>
73,526	18,178,056	154,976	28,656,562	-
25,598	-	-	(3,863,299)	-
-	-	11,646	3,965,457	-
91,164	617,911	-	68,591,951	474,890
-	(13,550,322)	-	(17,310,111)	(54,687)
-	-	-	(3,763,379)	-
-	-	-	(43,311,293)	-
-	-	-	-	(39,274)
<u>190,288</u>	<u>5,245,645</u>	<u>166,622</u>	<u>32,965,888</u>	<u>380,929</u>
(121,194)	28,671,378	2,292,691	109,003,548	7,102,802
-	2,126,817	-	2,126,817	-
-	-	920,589	1,151,691	3,275,783
<u>(29,054)</u>	<u>-</u>	<u>(5,943)</u>	<u>(6,115,345)</u>	<u>(1,043,232)</u>
<u>(150,248)</u>	<u>30,798,195</u>	<u>3,207,337</u>	<u>106,166,711</u>	<u>9,335,353</u>
<u>6,441,295</u>	<u>76,019,326</u>	<u>29,113,190</u>		<u>3,727,997</u>
-	4,702,635	-		-
<u>6,441,295</u>	<u>80,721,961</u>	<u>29,113,190</u>		<u>3,727,997</u>
<u>\$ 6,291,047</u>	<u>\$ 111,520,156</u>	<u>\$ 32,320,527</u>		<u>\$ 13,063,350</u>
			<u>2,887,322</u>	
			<u>\$ 109,054,033</u>	

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	Business-type Activities-Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 587,190,157	\$ 50,325,034	\$ 54,098,205
Payments to suppliers	(583,494,659)	(40,440,811)	(30,054,104)
Payments to employees for salaries and benefits	(52,546,917)	(6,863,132)	(3,129,953)
Internal activity - payments to other funds	-	-	-
Claims paid	-	-	-
Rents, royalties and licenses received	3,774,218	49,163	49,163
Other receipts	69,427,502	452,265	7,048,661
Renewable energy credits	3,916,420	-	-
Wholesale resource sales	85,035,267	-	-
Wholesale resources purchases	(19,474,055)	-	-
Resource trading escrow deposit	8,391,775	-	-
Charges for joint project contributions	-	-	(11,669,577)
Net cash provided (used) by operating activities	<u>102,219,708</u>	<u>3,522,519</u>	<u>16,342,395</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
(Increase) in due from other funds	(522,955)	(809,925)	(214,460)
Increase in due to other funds	-	-	-
Deposits to (withdraws from) pension rate stabilization fund	177,687	(7,343)	(10,111)
Transfers in	208,290	-	22,812
Transfers (out)	<u>(3,706,812)</u>	<u>(1,926,424)</u>	<u>(447,112)</u>
Cash Flows from Noncapital Financing Activities	<u>(3,843,790)</u>	<u>(2,743,692)</u>	<u>(648,871)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Contribution from Community Facilities District	-	-	-
Acquisition and construction of capital assets, net	(45,362,719)	(3,228,631)	(428,689)
Principal payments on capital debt	(14,573,440)	-	(778,152)
Interest paid on capital debt	<u>(3,089,729)</u>	<u>-</u>	<u>(1,107,381)</u>
Cash Flows from Capital and Related Financing Activities	<u>(63,025,888)</u>	<u>(3,228,631)</u>	<u>(2,314,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease in the fair value of investments	(2,841,392)	(112,869)	(934,636)
Interest and dividends	8,236,726	408,753	1,330,916
Fiscal agent investment sales	16,555,791	-	-
Fiscal agent investment purchases	<u>(13,650,909)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities	<u>8,300,216</u>	<u>295,884</u>	<u>396,280</u>

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Business-type Activities-Enterprise Funds					
Water Recycling Utility	Santa Clara Stadium Authority (as of March 31, 2023)	Non-Major Enterprise Funds	Totals	Internal Service Funds	
\$ 6,161,295	\$ 32,312,422	\$ 55,611,120	\$ 785,698,233	\$ 39,899,743	
(5,984,870)	(30,064,398)	(50,017,321)	(740,056,163)	(15,081,383)	
(523,313)	-	(2,581,308)	(65,644,623)	(7,329,373)	
-	-	-	-	(324,190)	
-	-	-	-	(12,223,413)	
-	49,947,986	11,646	53,832,176	-	
96,556	-	-	77,024,984	475,304	
-	-	-	3,916,420	-	
-	-	-	85,035,267	-	
-	-	-	(19,474,055)	-	
-	-	-	8,391,775	-	
-	-	-	(11,669,577)	-	
<u>(250,332)</u>	<u>52,196,010</u>	<u>3,024,137</u>	<u>177,054,437</u>	<u>5,416,688</u>	
-	-	(24,747)	(1,572,087)	(2,589)	
-	629,529	-	629,529	1,574,676	
(5,392)	-	-	154,841	-	
-	-	920,589	1,151,691	3,275,783	
<u>(29,054)</u>	<u>-</u>	<u>(5,943)</u>	<u>(6,115,345)</u>	<u>(1,043,232)</u>	
<u>(34,446)</u>	<u>629,529</u>	<u>889,899</u>	<u>(5,751,371)</u>	<u>3,804,638</u>	
-	2,248,478	-	2,248,478	-	
-	(3,108,564)	(123,277)	(52,251,880)	(1,719,206)	
-	(35,038,955)	-	(50,390,547)	(785,978)	
<u>-</u>	<u>(13,918,397)</u>	<u>-</u>	<u>(18,115,507)</u>	<u>(54,687)</u>	
<u>-</u>	<u>(49,817,438)</u>	<u>(123,277)</u>	<u>(118,509,456)</u>	<u>(2,559,871)</u>	
25,598	-	-	(3,863,299)	-	
78,230	4,503,381	154,976	14,712,982	-	
-	(48,589,276)	-	(32,033,485)	-	
<u>-</u>	<u>51,327,563</u>	<u>-</u>	<u>37,676,654</u>	<u>-</u>	
<u>103,828</u>	<u>7,241,668</u>	<u>154,976</u>	<u>16,492,852</u>	<u>-</u>	
					(continued)

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	Business-type Activities-Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
Net increase (decrease) in cash and cash equivalents	43,650,246	(2,153,920)	13,775,582
Cash and cash equivalents at beginning of period	423,729,656	29,370,350	75,659,430
Cash and cash equivalents at end of period	<u>\$ 467,379,902</u>	<u>\$ 27,216,430</u>	<u>\$ 89,435,012</u>
Cash and cash equivalents:			
Pooled cash and investments	\$ 461,055,857	\$ 25,653,223	\$ 88,849,468
Restricted cash	6,324,045	1,563,207	585,544
Total cash and cash equivalents	<u>\$ 467,379,902</u>	<u>\$ 27,216,430</u>	<u>\$ 89,435,012</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 32,057,125	\$ 1,009,757	\$ 17,730,458
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Decrease) Increase in lease and SBITA obligation	1,006,894	-	-
(Decrease) Increase in due to OPEB system	(5,395,611)	(818,165)	(445,477)
(Decrease) Increase in due to retirement system	1,566,196	773,041	514,347
Depreciation	25,934,672	1,878,604	1,319,796
Change in assets and liabilities:			
Receivables, net	6,417,073	316,551	1,010,652
Prepaid expense	-	-	-
Inventory	(2,022,294)	(567,222)	-
Restricted Cash	(177,687)	7,343	10,111
Accrued liabilities	(25,723,647)	568,672	709,103
Long-term portion estimated claims	-	-	-
Compensated absences	(316,178)	(140,147)	75,269
Unearned revenue	-	-	-
Other receipts	64,244,769	494,085	7,087,713
Other expenses	(3,763,379)	-	-
Wholesale trading escrow deposit	8,391,775	-	-
Charges for joint project contributions	-	-	(11,669,577)
Net cash provided (used) by operating activities	<u>\$ 102,219,708</u>	<u>\$ 3,522,519</u>	<u>\$ 16,342,395</u>
NONCASH TRANSACTIONS:			
Joint Ventures			
Nonoperating income (loss)	\$ 8,532,699	\$ -	\$ (51,843,992)
Capital Contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Business-type Activities-Enterprise Funds				
Water Recycling Utility	Santa Clara Stadium Authority (as of March 31, 2023)	Non-Major Enterprise Funds	Totals	Internal Service Funds
(180,950)	10,249,769	3,945,735	69,286,462	6,661,455
7,277,028	55,762,515	19,725,293	611,524,272	37,095,694
<u>\$ 7,096,078</u>	<u>\$ 66,012,284</u>	<u>\$ 23,671,028</u>	<u>\$ 680,810,734</u>	<u>\$ 43,757,149</u>
\$ 6,992,755	\$ 66,012,284	\$ 22,168,191	\$ 670,731,778	\$ 43,757,149
103,323	-	1,502,837	10,078,956	-
<u>\$ 7,096,078</u>	<u>\$ 66,012,284</u>	<u>\$ 23,671,028</u>	<u>\$ 680,810,734</u>	<u>\$ 43,757,149</u>
\$ (311,482)	\$ 23,425,733	\$ 2,126,069	\$ 76,037,660	\$ 6,721,873
-	7,745,255	-	8,752,149	713,291
(99,956)	-	(433,405)	(7,192,614)	(369,571)
101,322	-	346,224	3,301,130	122,684
25,141	17,207,818	1,568,405	47,934,436	2,512,914
(142,179)	(5,689,607)	1,827,634	3,740,124	(70,451)
-	1,015,999	-	1,015,999	-
-	-	-	(2,589,516)	(694,383)
5,392	-	-	(154,841)	-
89,817	(539,569)	(1,803,606)	(26,699,230)	(1,847,757)
-	-	-	-	(2,204,000)
(9,551)	-	(108,245)	(498,852)	56,784
-	9,030,381	(510,585)	8,519,796	-
91,164	-	11,646	71,929,377	414
-	-	-	(3,763,379)	474,890
-	-	-	8,391,775	-
-	-	-	(11,669,577)	-
<u>\$ (250,332)</u>	<u>\$ 52,196,010</u>	<u>\$ 3,024,137</u>	<u>\$ 177,054,437</u>	<u>\$ 5,416,688</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,311,293)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 2,126,817</u>	<u>\$ -</u>	<u>\$ 2,126,817</u>	<u>\$ -</u>

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA FIDUCIARY FUNDS
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These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

PRIVATE PURPOSE TRUST FUNDS

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City for community or private organizations, or as an agent for its employees or for assessment districts. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Individual non-major Custodial funds may be found in the Supplementary section.

CITY OF SANTA CLARA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Current assets		
Cash and investments:		
Pooled cash and investments (Note 7)	\$ 1,320,265	\$ 834,036
Receivables (net of allowance for uncollectibles):		
Interest and rent	240,332	-
Leases receivable (Note 22)	874,098	-
Total current assets	<u>2,434,695</u>	<u>834,036</u>
Noncurrent assets		
Leases receivable-noncurrent (Note 22)	42,824,370	-
Investment with fiscal agent-noncurrent-noncurrent (Note 7)	2,895,085	-
Land held for resale	532,542	-
Total noncurrent assets	<u>46,251,997</u>	<u>-</u>
Total Assets	<u>48,686,692</u>	<u>834,036</u>
LIABILITIES		
Unearned revenues	110,917	-
Due to other agencies	640,000	-
Total Liabilities	<u>750,917</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Leases related (Note 22)	42,005,237	-
Total deferred inflows of resources	<u>42,005,237</u>	<u>-</u>
NET POSITION		
Held in trust for private purpose	3,588,728	-
Restricted for individuals, organization and other governments	2,341,810	834,036
Total Net Position	<u>\$ 5,930,538</u>	<u>\$ 834,036</u>

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employee contributions	\$ -	\$ 26,572
Other plans	-	2,631,584
Gifts and bequest	-	930
Total contributions	<u>-</u>	<u>2,659,086</u>
Investment income:		
Net change in fair value of investments	39,749	-
Interest and rents	3,625,559	4,869
Net investment income	<u>3,665,308</u>	<u>4,869</u>
Other	-	-
Total additions	<u>3,665,308</u>	<u>2,663,955</u>
DEDUCTIONS		
General and administrative	86,031	82,514
Benefits paid	-	51,403
Pass through to the Stadium Authority	-	2,489,168
Pass through to the County of Santa Clara	2,620,000	-
Total deductions	<u>2,706,031</u>	<u>2,623,085</u>
Net increase (decrease) in fiduciary net position	959,277	40,870
Net position - beginning	4,971,261	793,166
Net position - ending	<u>\$ 5,930,538</u>	<u>\$ 834,036</u>

See accompanying notes to basic financial statements

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CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 1 – DEFINITION OF THE REPORTING ENTITY

The City of Santa Clara (City), also known as the Mission City, is a charter city incorporated in 1852 under the laws of the State of California. The City Charter establishes the Council/Manager form of government. The City's citizens elect a City Council of seven citizens, six councilpersons and a Mayor elected at-large, who serve a term of four years each, and who, in turn, appoint a City Manager.

The City is located in the County of Santa Clara, California, approximately 45 miles southeast of San Francisco. It is situated in the northern part of the County and occupies approximately 18.41 square miles. The City's population of 132,476 accounts for 7.0% of the total Santa Clara County estimated population of 1.9 million.

The City provides a full range of municipal services, including police and fire, library, recreation, community services, public works, parks, sanitation, planning and community development, public improvements, electric, water and sewer services.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units which are described below are all blended.

A. City of Santa Clara Sports and Open Space Authority

The City of Santa Clara Sports and Open Space Authority (SOSA) was created by the City Council in 1974 for the acquisition and development of open space within the City. The members of the City Council are also members of SOSA's Board of Directors and, as such, are authorized to transact business and exercise power to purchase, lease or otherwise obtain and dispose of real and personal property, to acquire, construct, maintain, repair, manage and operate real and personal property, including leasing to private operators for commercial purposes, surplus space which is not economical to use for open space planning. The City performs all accounting and administrative functions of SOSA. The operations of SOSA have been included in the Supplementary Information section in the Non-Major Enterprise Funds.

B. City of Santa Clara Public Facilities Financing Corporation

The City of Santa Clara Public Facilities Financing Corporation (PFFC) was formed in 1997 for the purpose of issuing Certificates of Participation (COPs) to provide financing for the construction of the major City facilities. Members of the City Council are also members of the PFFC Board. Debt service on the COPs is secured by lease payments made by the City's General Fund to the PFFC for the use of the constructed facilities for public purposes. In accordance with lease agreements, the PFFC assigns lease payments received from the City to the trustee for payment to the certificate holders. The operations of PFFC have been included in the Supplementary Information section in the Non-Major Governmental Fund. The individual COPs and the related facilities are described in Note 10B.

C. Santa Clara Housing Authority

The Santa Clara Housing Authority (SCHA) was established by the City Council in 2011 to assume the responsibility of housing projects for the former Redevelopment Agency (former RDA). SCHA also assumes the responsibility for housing loans, which are long-term and were made under various programs, for

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 1 – DEFINITION OF THE REPORTING ENTITY (continued)

qualifying individuals and groups. The members of the City Council are also members of SCHAs Board of Directors and, as such, are authorized to transact business and exercise power to plan, engineer, and implement development projects. The City performs all accounting and administrative functions of SCHAs. The financial activities of SCHAs have been reported in the accompanying Non-Major Governmental Fund financial statements.

D. Santa Clara Stadium Authority

The Santa Clara Stadium Authority (SCSA) was established by the City Council in 2011 to provide for development and operation of Levi's Stadium. The members of the City Council are also members of SCSAs Board of Directors and, as such, are authorized to manage the stadium, transact business and exercise power to plan, engineer, and construct the stadium. The City performs all accounting and administrative functions of SCSA. The financial activities of SCSA have been reported in the accompanying Enterprise Fund financial statements.

On November 13, 2012, an amendment was made to the JPA Agreement to change SCSAs fiscal year end date from June 30th to March 31st. As such, the financial activities reported for SCSA are as of fiscal year ended March 31, 2023. In addition, the annual financial report was audited by KPMG, an independent auditing firm, and a copy of the report can be found on the City's website.

NOTE 2 - FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Basic Financial Statements

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The significant accounting policies are described below:

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund Services provided and used are allocated to governmental and business-type activities, as appropriate. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds, except for fiduciary funds.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for the City's enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B. Major Funds

Major funds are defined as funds that have either assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues or expenditures/expenses equal to 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount to all governmental and enterprise fund for the same item. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds. All other funds, called non-major funds, are combined, and reported in a single column, regardless of their fund-type.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Santa Clara Housing Successor Fund - This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by Community Redevelopment Law and must be used to provide housing for people with low and moderate incomes. Revenues received are primarily loan repayments on low income loans and investment earnings that are restricted for use on other low and moderate income housing loans and projects.

The City reported the following enterprise funds as major funds in the accompanying financial statements:

Electric Utility Fund - This fund accounts for the operation of the City's electric utility, a self-supporting activity that provides services on a user charge basis to residences and businesses.

Water Utility Fund - This fund accounts for the operation of the City's water utility, a self-supporting activity that provides services on a user charge basis to residences and businesses.

Sewer Utility Fund - This fund accounts for the maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Water Recycling Utility Fund - This fund accounts for the ongoing maintenance and operations of the City's wastewater reclamation system. It is a self-supporting activity that provides services on a user charge basis from the sale of non-potable water for irrigation and landscaping.

Santa Clara Stadium Authority Fund - The Stadium Authority was established to provide for development and operation of Levi's Stadium.

The City also reports the following fund types:

Internal Service Funds - These funds account for maintenance of vehicles and communication equipment, information technology, public works capital project management, general liability, and workers' compensation claims, all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - These funds account for assets held by the City in trust for community or private organizations, or as an agent for its employees or for assessment districts without city commitment. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Successor Agency to the Redevelopment Agency of the City of Santa Clara (Successor Agency) was created to serve as a custodian for the assets and to wind down the affairs of the former RDA. The Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: two County of Santa Clara (County) representatives; the Mayor of the City of Santa Clara; the County Superintendent of Education; the Chancellor of California Community Colleges; one Santa Clara Valley Water District representative; and one former RDA employee appointed by the Mayor. The City performs all accounting and administrative functions of the Successor Agency. The financial activities of the Successor Agency have been reported in the accompanying basic financial statements in the Private Purpose Trust Fund. See Notes 21 and 22 for information regarding the Successor Agency.

C. Basis of Accounting

The government-wide financial statements and the fund category, proprietary, and fiduciary fund category financial statements are reported using the *economic resources measurement* focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, including lease liabilities and subscription-based IT arrangement (SBITA) liabilities as well as claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including entering into contracts giving the City right to use leased assets and SBITA assets, are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing through leases are reported as *other financing sources*.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The City allocates certain indirect expenses incurred by the General Government activity to those activities that benefit from services received.

During the year ended June 30, 2023, the City implemented the following GASB Statements:

The GASB issued Statement No. 91, *Conduit Debt Obligation*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practices. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statement.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (LIBOR). The provisions of this Statement will be implemented during fiscal year 2023. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The provisions of this Statement were implemented during fiscal year 2023. The implementation required a change to the disclosure in Note 10.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to address issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statement.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The provisions of this Statement were implemented during fiscal year 2023.

As a result, the balances of the SBITA payable and intangible right-to-use asset were \$3,834,441 as of July 1, 2022. The City restated and increased the balances in that amount, and the net effect on beginning net position and fund balance was zero. See the SBITA disclosure in Note 10.

The GASB issued Statement No. 99, *Omnibus 2022*. The primary objective of this Statement is to enhance comparability in reporting and improve the consistency of authoritative literature by addressing practice issues identified during implementation and application of certain GASB statements. This statement becomes effective for periods beginning after June 15, 2022. The provisions of this Statement related to PPPs, SBITAS, and financial guarantees and the classification and reporting of derivative instructions within the scope of Statement 53 were implemented in fiscal year 2023.

The City is analyzing the effects of the following pronouncements and plans to adopt them by the effective dates:

The GASB issued Statement No. 100, *Accounting Changes and Errors Corrections*. The objective of this statement is to establish accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements. This statement becomes effective for periods beginning after June 15, 2023. The City is currently evaluating the impact on the financial statements.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to amend the existing requirements for the recognition of compensated absences liability. This statement becomes effective for periods beginning after December 15, 2023. The City is currently evaluating the impact on the financial statements.

D. Cash and Investments

While maintaining safety and liquidity, the City maximizes investment return by pooling its available cash for investment purposes. Unless there are specific legal or contractual requirements to do otherwise, interest earnings are apportioned among funds according to average monthly cash and investment balances. It is generally the City's intention to hold investments until maturity. City investments are stated at fair value (see Note 7).

Cash and cash equivalents for purposes of the statement of cash flows include pooled cash and investments and cash designated for construction. Transactions with City-wide cash management pools are similar to those with external investment pools; therefore, since pooled cash and investments have the same characteristics as demand deposits in that the City's individual funds and component units may withdraw additional monies at any time without prior notice or penalty, pooled cash and investments are considered essentially demand deposit accounts.

Cash and investments with fiscal agent, a bond reserve investment pool, and amounts classified as deposits are not considered cash and cash equivalents.

E. Interfund Transactions and Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The related receivables and payables are classified as "due from other funds," and "due to other funds" in the fund financial statements. Long-term interfund receivables and payables are recorded as advances to/from other funds in the fund financial statements.

Transactions constituting reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are generally recorded as expenditures/expenses in the reimbursing fund and as revenue in the fund that is reimbursed.

Internal balances represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities, and are reported only in the government-wide financial statements.

F. Inventory of Materials and Supplies

Inventory of materials and supplies is accounted for using the consumption method and is stated at average cost. Inventory consists of expendable supplies held for consumption by all departments of the City. The cost is recorded as an expenditure or expense in the appropriate fund at the time individual inventory items are withdrawn for use. The General Fund inventory amount is equally offset by a non-spendable fund balance, which indicates that it does not constitute available expendable resources.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Assets

Restricted assets are monies or other resources, the use of which is restricted by legal or contractual requirements.

H. Land Held for Development

The Santa Clara Housing Successor, through execution of an assignment and assumption agreement with the City and the former RDA has assumed responsibility for housing projects and parcels of land purchased to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for as investments on the balance sheet at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

Individual parcels which have experienced other than temporary fair value decline are written down to estimated current market value. No appreciation is recorded if the current estimated net realizable value of an individual parcel exceeds cost.

I. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for intangible right-to-use lease assets, the measurement of which is discussed in Note 2W below. Contributed capital assets are valued at their estimated acquisition value on the date contributed. The City's policy is to capitalize equipment and right-to-use leased equipment with costs exceeding \$5,000, buildings, improvements and infrastructure with costs exceeding \$20,000, and the right-to-use Subscription based IT Arrangement (SBITA) with costs exceeding \$400,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Public domain (infrastructure) assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and traffic signals, have been capitalized and reported in the government-wide financial statements. Depreciation has been calculated on all capital assets, including infrastructure, the right-to-use leased buildings and equipment, and the right-to-use SBITA assets on a straight-line basis over the estimated useful lives of the assets.

	Useful Lives Years	Capitalization Threshold
Buildings and improvements	20-50	\$ 20,000
Right-to-use leased buildings	20-50	20,000
Land improvements	20-50	20,000
Machinery and equipment	3-25	5,000
Right-to-use leased equipment	3-25	5,000
Right-to-use SBITA	3-25	400,000
Infrastructure	10-50	20,000

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets and the related obligations acquired under lease/purchase agreements are capitalized and accounted for in accordance with current accounting standards.

J. Subscription-Based Information Technology Arrangements (SBITAs) Accounting

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$400,000 or more for all funds.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Joint Ventures

The City participates in several joint ventures. In accordance with GAAP investments in these joint ventures are accounted for on the equity method (see Note 12). If the City's equity in net losses of joint ventures exceeds its investment, use of the equity method is suspended except to the extent that the City is obligated to provide further financial support or has guaranteed obligations of the joint ventures.

The City advances funds to certain of its joint ventures in the form of refundable advances, project advances and operating and maintenance advances. Refundable advances accrue interest at rates stated in the related agreements. Operating, maintenance and project advances are charged to operations when incurred.

Capitalized project costs are charged to operations in the event that a project is determined to be not economically feasible.

L. Compensated Absences

Amounts of vested or accumulated vacation leave and certain benefits that are not expected to be liquidated with expendable available financial resources are reported in the Governmental Activities portion of the government-wide financial statements only. Vested or accumulated vacation leave and benefits of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. Vacation time is earned based on length of service in amounts ranging between 10 and 24 days per year. City employees are allowed to carry over unused vacation earned. The maximum amount of time that can be carried over varies, depending on the employee's rate of accrual, with an upper limit of 400 hours for most employees. Employees are paid for unused vacation and certain benefits upon separation from employment.

In accordance with GAAP a liability for sick leave and benefits is accrued using the vesting method. The vesting method provides that a governmental entity estimates its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Amounts of sick leave payments that are not expected to be liquidated with expendable available financial resources are reported in the Governmental Activities portion of the government-wide financial statements only. No expenditure is reported for these amounts in the governmental fund financial statements.

That portion of compensated absences that is unused reimbursable leave still outstanding following an employee's resignation or retirement at year end, is an expense and current liability to the respective fund(s) that an employee charges their time to.

The accrual for compensated absences comprised the following at June 30, 2023. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 20,400,704	\$ 8,190,172	\$ 28,590,876
Additions	1,448,338	179,710	1,628,048
Payments	(1,184,474)	(678,562)	(1,863,036)
Ending Balance	<u>\$ 20,664,568</u>	<u>\$ 7,691,320</u>	<u>\$ 28,355,888</u>
Current Portions	<u>\$ 1,812,117</u>	<u>\$ 674,468</u>	<u>\$ 2,486,585</u>

M. Risk Management

The City is self-insured up to \$3 million to provide general liability protection. In addition to the City's self-insurance, the City also maintains excess general liability with coverage up to \$50 million.

The City is also self-insured up to \$750,000 per claim for Workers' Compensation Claims. These self-insurance programs are administered by outside agencies. The City also maintains excess workers' compensation insurance for workers' compensation claims over \$750,000 per claim with coverage up to statutory limits with PRISM (formerly CSAC Excess Insurance Authority).

The City maintains property damage coverage through the Public Entity Property Insurance Program (APIP), which has a plan limit of \$917 million. The City maintains boiler and machinery property coverage of \$100 million per occurrence in excess of self-insured amounts varying from \$25,000 to \$100,000 per occurrence. No claims settlement amount exceeded the City's insurance coverage in the past fiscal years.

The City also maintains a Faithful Performance, Crime Coverage Bond with a plan limit of \$10 million through PRISM.

N. Long-Term Obligations

Long-term obligations are reported in the Governmental Activities portion of the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Pensions

For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Santa Clara, California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to and deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Accounting for Encumbrances

The City utilizes an encumbrance system of accounting wherein encumbrances outstanding at year end, for which the goods or services have not been received, are not reported as expenditures, but are reported as a

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

component of the fund balance category available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The City Charter requires recording encumbrances as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received.

Under the modified accrual basis of accounting, in accordance with GAAP, expenditures are recorded when the goods or services are received. Adjustments to convert expenditures from the modified accrual basis to the budgetary basis are reflected in the schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP legal basis) (see Note 3 and Required Supplementary Information).

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category: deferred outflow related to the refunding of debt, pension and OPEB.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements the City reports deferred amounts related to derivative instruments, refunding of debt, leases and deferred amounts related to pension and OPEB.

R. Net Position and Fund Balance Equity

Fund balances and net position are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For governmental fund reporting, the City considers restricted fund balance to have been spent first when an expenditure is incurred, followed by committed, assigned and unassigned fund balances (in order of spending). For government-wide reporting, the City considers restricted net position to have been spent first when an expenditure is incurred, followed by unrestricted net position.

S. Bond Discounts/Premiums

In governmental funds, bond discounts and premiums are recognized in the current period. Bond discounts and premium for proprietary funds and entity-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method of accounting.

T. Property Taxes

The State of California Constitution Article XIII A provides that the combined maximum tax rate on any given property may not exceed 1% of its assessed value except for voter approved incremental property taxes adopted prior to the passage of Article XIII A and any additional amount for general obligation debt approved by voters subsequent to the passage of Article XIII A.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless there is a new construction on the property or the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from the 1% tax levy among the counties, cities, school districts and other districts.

Santa Clara County (County) assesses properties and bills and collects property taxes on behalf of the City as follows:

	Secured	Unsecured
Valuation dates	January 1	January 1
Lien/levy dates	January 1	January 1
Due dates	50% on November 1, 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (for November), April 10 (for February)	August 31

The term "unsecured" refers to taxes on property not secured by liens on real property and generally includes business use personal property.

The City participates in the Teeter Plan offered by the County whereby cities receive 100% of secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

Property taxes levied are recorded as revenue when received from the County. Property taxes expected to be collected within 60 days of the end of the fiscal year are recorded as revenue.

The City's net assessed valuation for the year ended June 30, 2023, was \$57 billion, an increase of 8.9% compared to the previous year. The average tax rate was 1.17% per \$100 of assessed valuation.

U. Contribution In-Lieu of Taxes

Contribution in lieu of taxes is a general revenue of the governmental funds. It is levied on receipts of the City-owned and operated Electric Utility (Silicon Valley Power) in accordance with the City Charter. Non-City owned and operated electric utilities pay a franchise fee, which is also a governmental activities general revenue source.

V. Special Assessment Districts with City Commitment

Recognition of revenue related to noncurrent receivables of special assessment district funds is deferred until such receivables become current. There is no reserve for delinquent receivables since liens exist against the related properties and hence the City's management believes the City will ultimately receive value equal to the delinquent receivables. Surplus fund balances remaining at the completion of a special assessment district project are disposed of in accordance with City Council resolutions and with the applicable assessment bond laws of the State of California.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Income Taxes

The City falls under the purview of Internal Revenue Code, Section 115 and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to federal or state income taxes.

X. Lease Agreements

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessee - The City is a lessee for noncancellable lease of equipment and buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The City is a lessor for noncancellable leases of land, building, and fiber optics. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Y. Arbitrage Rebate Liability

Arbitrage rebate liabilities, if any, are included in accrued liabilities.

Z. Revenue Recognition

Electric, Water, Sewer and Solid Waste Fund revenues are recognized based on cycle billings periodically rendered to customers. Revenues for services provided, but not billed at the end of a fiscal year, are recognized and accrued based on estimated consumption.

Governmental Activities revenues subject to accrual include taxes, intergovernmental revenues, interest and charges for services.

AA. Non-exchange Transactions

The City gives or receives value without directly receiving or giving equal value in exchange, including grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

BB. Financial Instruments

Financial instruments included in the City's basic financial statements, excluding cash and investments, consisted of accounts receivable, accrued liabilities and bonds payable. The carrying amounts are a reasonable estimate of fair value.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 2 – FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

CC. Conditional Grants

The City has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and moderate-income housing. Certain of these loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City accounts for these loans as conditional grants in the City-wide financial statements, and provides a reserve against their eventual forgiveness using the straight-line method over the life of the respective loan. As of June 30, 2023, conditional grants of \$24,357,245 were offset by reserves of \$9,679,750.

DD. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

EE. Vehicle Registration Fee

On November 2, 2010, Santa Clara County voters approved Measure B, which levies a \$10 annual vehicle registration fee (VRF). The statute requires that fees collected be used only to pay for programs and projects that have a relationship or benefit to the owners of motor vehicles paying the fee and are consistent with the regional transportation plan. All revenue collected by Santa Clara Valley Transportation Authority, administrator of VRF are allocated on a population basis to cities in Santa Clara County. The City has committed and used the revenue from Measure B towards various street maintenance and traffic signal timing upgrade projects. The Vehicle Registration Fees are reported in the Streets and Highways Improvement Capital Projects Fund.

As of June 30, 2023, the balance of the Vehicle Registration Fees are as follows:

	Vehicle Registration Fee
Beginning Balance July 1, 2022	\$ 2,746,489
Intergovernmental revenue	750,365
Interest	47,337
Expenditures	(45,524)
Ending Balance June 30, 2023	\$ 3,498,667

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

The budget of the City is a detailed operating plan that identifies estimated costs and activities in relation to estimated revenues. The budget includes: (1) the projects, services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan, and (3) the estimated spending requirements of the operating plan.

The budget process is the mechanism through which policy decisions are made, implemented and controlled. The City Charter requires that the City establish a budgetary system for general operations and prohibits expending funds for which there is no legal appropriation. The City is required to adopt a budget on or before June 30 for the ensuing fiscal year that begins July 1. Activities of the General Fund, the Santa Clara Housing Successor, and the Maintenance Special Revenue Funds are included in the annual appropriated operating budget. The procedures followed to establish the budgetary data reflected in the accompanying required supplementary information to the basic financial statements are as follows:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. This includes a Five-Year Financial Plan to aid in the planning and funding of operations and capital projects over the next five years.
2. Public hearings are conducted to obtain public comments.
3. The operating and capital budgets are legally enacted through the passage of a minute order.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the applicable governmental funds. The City Council may amend the budget by motion during the fiscal year. The legal appropriation control is established at the department level in each fund. For select funds where expenditures are not allocated to a specific department, the appropriation control is established at the fund level. Transfers of funding between budgetary funds require City Council appropriation and approval. City Council approval is required for a budget amendment during the fiscal year which may include the use of reserves or fund balances, and approval of appropriations of grant monies. Per Article XIII, Section 1305 of the City Charter, appropriations lapse at the end of each fiscal year; therefore, unencumbered funds allocated for specific projects, donations, and grants require City Council appropriation for use in the following fiscal year.

Budgetary transfers between accounts or expenditure category may be done through Finance Department or City Manager's Office approval as long as they are conducted within the legal appropriation control limit set by the City Council.

Budget information is presented on a non-GAAP budgetary basis. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations and transfers during the year. Budget amounts in the schedules of revenues, expenditures and changes in fund balances-budget and actual, include supplemental appropriations approved by the City Council during the year.

For the actual GAAP basis financial statements, encumbered appropriations are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures, based on the encumbered appropriation authority carried over to the next fiscal year.

In addition to the annual Operating Budget, each year the City Council adopts a project length Capital Improvement Project budget biennially.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 4 – LEASE AGREEMENTS

In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, Leases. GASB Statement No. 87 (GASB 87) increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB 87 replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset.

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement were implemented during fiscal year 2021-22.

The balances related to leases receivable and deferred inflows of resources as of June 30, 2023 are:

	<u>Leases Receivable</u>	<u>Deferred Inflow of Resources</u>
Governmental activities		
General Fund	\$ 254,874,503	\$ 251,501,567
Business-type activities		
Electric Utility	\$ 2,362,077	\$ 2,282,329
Water Utility	938,035	885,653
Sewer Utility	938,035	885,653
Stadium Authority (as of March 31, 2023)	605,887,066	595,586,067
	<u>\$ 610,125,213</u>	<u>\$ 599,639,702</u>
Total leases receivable	<u>\$ 864,999,716</u>	<u>\$ 851,141,269</u>

A discussion of the most significant leases follows:

A. Peddler's Plaza and Commerce Plaza Leases

During the current fiscal year, the City began leasing the two properties located at 1000 Lafayette Street, known as Peddler's Plaza, and 900 Lafayette Street, known as Commerce Plaza. In 1971, the City entered long-term ground leases which expired in September 2021 and April 2022 respectively. These two properties have been long discussed as integral components of a long-term vision for rebuilding downtown. The planning process on a specific plan for downtown is not complete and it will be several more years before any redevelopment of the properties could begin to occur. The two buildings are occupied, and it would be beneficial to the City if there is ongoing occupancy of the structures.

The City extended their respective current leases under generally the same terms for a limited period (up to two years) to allow time for the City and its new management company to transition into their new roles. The City recognized \$111,072 in lease revenue and \$517 in interest revenue for Peddler's Plaza, \$1,501,210 in lease revenue and \$5,539 in interest revenue for Commerce Plaza, during the current fiscal year related to these two leases.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 4 – LEASE AGREEMENTS (continued)

As of June 30, 2023, the City's receivable for lease payments was \$27,854 for Peddler's Plaza and \$1,404,649 for Commerce Plaza. Also, the City has deferred inflow of resources associated with leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$27,768 for Peddler's Plaza and \$1,402,733 for Commerce Plaza.

B. Irvine Company Ground Leases

Irvine Company Disposition and Development Agreement With Ground Lease (DDA) for Office Park Development

In April 2000, the former RDA entered into a Disposition and Development Agreement (DDA) with Ground Lease with The Irvine Company (Developer) for development of the site as an office/R&D complex. The DDA contemplated the former RDA obtaining title to the entire property from the City prior to entering into ground leases with the Developer. The site is subdivided into three parcels to accommodate the phased development of the project. Only Parcel 2 was conveyed to the former RDA. Parcels 1 & 3 were always held by the City and not subject to terms of the subsequent RDA dissolution.

In March 2006, the DDA and the Ground Lease were amended to update the status of conditions precedent; amend the schedule of performance; and clarify terms and conditions relating to Parcel 1 and Parcel 3. In October 2012, the City entered into two ground leases with the Irvine Company for Parcels 1 and 3. The term of both leases is 80 years after the effective date of October 31, 2012, and therefore both leases shall expire on October 31, 2092. The rent commencement date is November 1, 2012. Under the terms of the leases the City will receive specified amounts for minimum rent subject to certain events or time periods and then inflationary adjustments at times specified in the leases. For the fiscal year ended June 30, 2023, the City recognized \$1,313,233 in lease revenue and \$2,113,336 in interest revenue for Parcel 1 and \$633,168 in lease revenue and \$1,018,933 in interest revenue for Parcel 3. As of June 30, 2023, the City's receivable for lease payments for Parcel 1 was \$92,431,190 and the balance of the deferred inflow of resources was \$91,050,850. The City's receivable for lease payments for Parcel 3 was \$44,565,158 and the balance of the deferred inflow of resources was \$43,899,636.

C. City Leases Pursuant to the Terms of the January 8, 2016 Settlement Agreement

On March 8, 2011, the City and the former RDA adopted resolutions authorizing the execution of property conveyance agreements for the conveyance of certain real property owned by the former RDA. The agreements conveyed the properties subject to existing leases to the City. Properties included California's Great America Theme Park, Techmart, Hyatt Regency, and Hilton Hotel.

The actions taken by the former RDA related to the asset transfers were validly authorized and conformed with the requirements of the Community Redevelopment Law as it existed at the time of the actions. Pursuant to ABx1 26, the Redevelopment Dissolution Law, the State Controller's Office is to review any asset transfers that occurred between a redevelopment agency and any other public agency after January 1, 2011 and if the assets have not been contractually committed to a third party and to the extent allowed by state and federal law, the Controller, after completing its review is to order the return of the assets to the Successor Agency. The Successor Agency received a Controller's order on September 10, 2013 ordering the City to transfer the assets back to the Successor Agency. The validity of that order was the subject of litigation in Sacramento Superior Court (Sharma vs. City of Santa Clara). Additionally, on July 26, 2013, the Court granted the County of Santa Clara, the Santa Clara Unified School District, and the Santa Clara County Office of Education

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 4 – LEASE AGREEMENTS (continued)

(Petitioners) motion for a preliminary injunction (temporary restraining order), restricting the City from selling, transferring, encumbering, spending, or otherwise depleting or wasting any real property interests received from the former RDA.

On January 8, 2016 the City executed a Settlement Agreement in Sharma vs the City of Santa Clara. This Settlement Agreement calls for the City to return to the Successor Agency certain properties that the former Redevelopment Agency transferred to the City prior to dissolution. The properties returned are as follows: The Great America Theme Park Property, the Hilton Hotel Property, the North/South Parking Lots, the Gateway Parcel 2 Property, the Hyatt Hotel Property, The Techmart Property, and the Martinson Childcare Center Property. The Settlement Agreement requires the City to forego the long-term lease revenues generated by the properties. Lease revenues collected from July 1, 2012 to June 30, 2016 have been passed on to the Successor Agency. Additional information concerning the Settlement Agreement can be found in Note 22.

The Settlement Agreement provides clarity that the City retains title to the main parking lot property for the Great America Theme Park and the Hyatt Hotel Ballroom Space. The agreement provides that rental income from these properties beginning July 1, 2015 is the property of the City.

California's Great America Theme Park Parking Lot Lease

The City and Cedar Fair entered into various agreements to operate and manage the theme park. As agreed in the Settlement Agreement, the Great America Theme Park Main Parking Lot is and always has been owned by the City and the City is entitled to any lease revenues generated from the Main Parking Lot after June 30, 2015. Pursuant to the Fourth Amendment of the ground lease, the City allows Cedar Fair to use certain City property adjacent to the Theme Park property for parking. Under the terms of the amended Ground Lease, Cedar Fair pays the City annually for use of such property for parking. For the fiscal year ended June 30, 2023, the City recognized \$107,932 in lease revenue and \$7,251 in interest revenue. As of June 30, 2023, the City's receivable for lease payments was \$588,358 and the balance of the deferred inflow of resources was \$602,623.

Hyatt Ballroom Lease Agreement

In April 1985, the former RDA entered into various agreements for the development of a certain piece of land for the eventual operation of a high quality hotel and related facilities, including a ballroom. The resulting lease agreement pertaining to the City owned ballrooms for an initial term of 50 years. The Lessee has options to renew the lease for four additional periods of ten years each and one additional period of nine years. In 2013, Hyatt Equities, LLC. sold its interest to Inland American Lodging Acquisitions, Inc., the terms and conditions of the lease agreements remain in effect.

The minimum rent of the Ballroom lease is adjusted every three years according to the April 1985 agreement. Due to the COVID-19 impacts, the City agreed to waive and abate the ballroom lease from March 1, 2020 to October 1, 2021. For the fiscal year ended June 30, 2023, the City recognized \$327,695 in lease revenue and \$95,239 in interest revenue. As of June 30, 2023, the City's receivable for lease payments was \$4,040,082 and the balance of the deferred inflow of resources was \$3,877,726.

D. North South Parking Lot Lease

On May 22, 2018, the City Council authorized the City Manager to make an offer to purchase the Successor Agency owned North South Parcel and further authorized the execution of a Purchase and Sale Agreement for the property. The transfer of the property was settled on July 24, 2018. As part of the acquisition, the City

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 4 – LEASE AGREEMENTS (continued)

accepted and assumed all of the duties, obligations, liabilities, commitments and covenants of Successor Agency accruing from and after the settlement date with respect to or arising under the lease with Cedar Fair.

For the fiscal year ended June 30, 2023, the City recognized \$26,174 in lease revenue and \$5,263 in interest revenue. As of June 30, 2023, the City's receivable for lease payments was \$461,431 and the balance of the deferred inflow of resources was \$460,229.

E. Related Santa Clara Ground Lease

The City and Related Santa Clara, LLC, a Delaware limited liability company, entered into the certain Disposition and Development Agreement (City Place Santa Clara) on August 12, 2016. The duly adopted Development Agreement requires the City to convey the Property by lease in accordance with the DDA. In December 2022, the City entered into three ground leases with the Related Santa Clara for Phase 1-A, Phase 1-B, and Phase 1-C. The term of the three leases is 99 years after the effective date of January 1, 2023. The rent commencement date was on December 20, 2022. Under the terms of the lease, the City will receive specified amounts for minimum rent subject to certain events or time periods and then inflationary adjustments at times specified in the leases. For the fiscal year ended June 30, 2023, the City recognized \$216,295 in lease revenue and \$896,807 in interest revenue for Phase 1-A, recognized \$190,124 in lease revenue and \$788,295 in interest revenue for Phase 1-B, recognized \$86,847 in lease revenue and \$360,085 in interest revenue for Phase 1-C. As of June 30, 2023, the City's receivable for lease payments was \$42,785,031 and the balance of the deferred inflow of resources was \$42,596,142 for Phase 1-A, the lease receivable \$37,608,110 and the balance of the deferred inflow of resources was \$37,442,077 for Phase 1-B, \$17,179,016 and the balance of the deferred inflow of resources was \$17,103,173 for Phase 1-C.

F. Future Lease Payments

As of June 30, 2023, the City's receivable for future lease payments to maturity for the leasing assets to other entities with the funds in which payments will be received are as follows:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 4 – LEASE AGREEMENTS (continued)

For the Year Ending June 30	Governmental Activities		Business-Type Activities (excluding Santa Clara Stadium Authority)	
	Principal	Interest	Principal ⁽¹⁾	Interest
2024	\$ 3,248,448	\$ 4,296,876	\$ 309,146	\$ 101,919
2025	1,669,672	4,270,233	325,595	94,605
2026	1,693,898	4,257,475	342,725	86,924
2027	1,754,666	4,427,307	343,940	79,061
2028	1,808,507	4,428,058	356,180	71,459
2029-2033	9,491,046	23,145,603	1,192,367	247,143
2034-2038	10,152,556	23,949,212	1,051,829	117,059
2039-2043	10,593,543	25,470,828	316,365	6,405
2044-2048	7,134,125	29,957,926	-	-
2049-2053	7,616,094	32,714,481	-	-
2054-2058	8,497,947	35,596,650	-	-
2059-2063	9,523,459	39,746,545	-	-
2064-2068	10,668,090	44,033,034	-	-
2069-2073	11,961,266	49,457,447	-	-
2074-2078	13,404,835	55,963,589	-	-
2079-2083	15,022,650	62,441,118	-	-
2084-2088	16,834,648	72,464,209	-	-
2089-2093	16,226,898	81,403,902	-	-
2094-2098	-	95,636,297	-	-
2099-2103	-	110,687,354	-	-
2104-2108	-	131,380,290	-	-
2109-2113	-	152,056,671	-	-
2114-2118	-	180,483,577	-	-
2119-2123	97,572,155	42,570,894	-	-
	<u>\$ 254,874,503</u>	<u>\$ 1,310,839,576</u>	<u>\$ 4,238,147</u>	<u>\$ 804,575</u>

(1) Please refer to Santa Clara Stadium Authority 's separately issued Financial Statement Note 2k for the principal outstanding for Stadium Authority.

NOTE 5 - ENTERPRISE FUND MANAGEMENT AGREEMENTS

A. Santa Clara Convention Center

During fiscal year 2018-19, the City performed a competitive bidding process to select a new management company for the Convention Center. On March 12, 2019, the City Council approved a resolution to enter into a new agreement with Global Spectrum, LP, doing business as Spectra Venue Management (Spectra), to manage and operate the Convention Center effective March 18, 2019. The initial term of this agreement began on March 18, 2019 and runs through June 30, 2024 with the option to extend the agreement for two subsequent

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 5 – ENTERPRISE FUND MANAGEMENT AGREEMENTS (continued)

terms of five (5) years by serving notice to Spectra no later than 180 days from the expiration of the term period. Under the terms of this agreement, Spectra will receive an annual base management fee for its' operation of the Convention Center and an additional management fee if certain performance measures are met. For fiscal year ended June 30, 2023, the City paid Spectra \$167,475 in management fees.

In May 2019, the City issued a request for proposal (RFP) to select a qualified company to provide Food and Beverage Operations for the Convention Center. The City entered into an agreement with Levy Premium Foodservice Limited Partnership (Levy) on November 1, 2019 to manage the foodservice operations at the Convention Center. The initial term of this agreement began on November 1, 2019 and expires on June 30, 2025. Upon expiration of the initial term, the City has the option to extend this agreement for two subsequent terms of five (5) years each by serving notice to Levy no later than 180 calendar days from expiration of term period. Under the terms of this agreement, Levy will receive management fees equal to 4.5% of gross receipts plus an additional fee of 8% of net receipts. For the fiscal year ended June 30, 2023, the City paid Levy \$302,270 in fees.

In accordance with the November 1, 2019 executed agreement, Levy agreed to pay the City \$5,750,000 consisting of \$5,000,000 for an Operations Investment to be used for pre-opening expenses and other improvements to the foodservice facilities at the Convention Center, and a \$750,000 Community Enrichment Investment to be spent on programs that drive community enrichment, develop local partnerships and promote economic development of the City. Both of these are amortized on a straight-line basis over 15 years. In the event that this agreement terminates for any reason prior to full amortization of the investment funds, the City is obligated to reimburse Levy for the unamortized amount.

NOTE 6 – SANTA CLARA STADIUM AUTHORITY

A. Credit Agreement

The Restated Credit Agreement dated as of June 19, 2013 was entered into by and among Stadium Funding Trust (FinanceCo), SCSA, and Goldman Sachs Bank. Under the Restated Credit Agreement, FinanceCo issued private placement notes and obtained a loan from a consortium of lenders and will loan SCSA up to \$450 million and StadCo up to \$400 million. Additionally, SCSA and StadCo entered into the Restated StadCo Obligations Agreement on June 19, 2013 under which StadCo will loan up to \$500 Million to SCSA to pay costs associated with the development of Levi's Stadium.

B. Management Agreement

The Stadium Management Agreement dated as of March 28, 2012 was entered into by and among the SCSA, Forty Niners Stadium Management Company LLC (ManagementCo), and StadCo. The SCSA and StadCo selected ManagementCo to provide management services for the Stadium on each entity's behalf on a continual, year-round basis, including overseeing the day-to-day operations and maintenance of the Stadium. The Stadium Management Agreement has an initial term of 25 years, plus a 15-year renewal option. On November 13, 2012, the First Amendment to the Stadium Management Agreement was approved. This First Amendment establishes incentive management fees, clarifies certain responsibilities of ManagementCo, preserves the amount of concessions income earned by SCSA and StadCo, and addresses liability issues regarding a possible Solar Site License Agreement with NRG.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

The Stadium Management Agreement gives ManagementCo the responsibility to oversee the concessions agreements but not to enter into the concessions agreements without SCSA and StadCo's prior consent. The Concessions Operating Agreement dated February 2018 was reviewed by SCSA and StadCo and entered into by and between ManagementCo and Levy Premium Foodservice Limited Partnership (Levy). The Concessions Operating Agreement has an initial term of 12 years which runs from April 16, 2018 through April 15, 2030 and it grants Levy the exclusive right to provide food and beverage services and merchandise services at all events at Levi's Stadium.

The Stadium Management Agreement also authorizes ManagementCo to pay for services related to the Stadium operations on behalf of the SCSA. For the years ended March 31, 2023 and 2022, ManagementCo charged the SCSA \$8.1 million and \$6.8 million in Shared Expenses, and \$7.4 million and \$7.8 million in Other Operating and Management Expenses, respectively.

C. ManagementCo Expense Settlement

On August 31, 2022, SCSA, StadCo and ManagementCo settled the arbitration and disputes regarding the partially suspended Shared Expenses and Operating and Management Expenses from June 2019. As part of the settlement, under section 11(b)(iii), SCSA agreed to recognize the \$15.8 million unpaid expenses along with \$426 thousand interest expenses under the Revolving Loan incurred from fiscal year 2019-20 through fiscal year 2021-22, ManagementCo's prior unauthorized payments of the unpaid expenses through the Revolving Loan are now treated as timely SCSA payments, but without SCSA agreeing to ManagementCo's actions or draws under the Revolving Loan. The \$16.3 million in ManagementCo expenses were recorded in fiscal year ended March 31, 2022. These are the Shared Expenses and Operating and Management Expenses that were previously withheld in 2020 and 2021.

In addition, the SCSA agreed to discontinue the current practice of reviewing the prevailing wage documentations and sending it off to a labor consultant to review and approve prior to payments. The SCSA will rely on ManagementCo's new internal Prevailing Wage Laws compliance policy and procedures and process the Capital Expenditures invoice payments as they come in. The SCSA also agreed to restart paying the Operating and Management Expenses and Shared Stadium Expenses based on the approved budget and have ManagementCo provide a year-end true up of the actual expenses at the end of each fiscal year.

D. Ground Lease

On February 28, 2012, the SCSA entered into a lease (the Ground Lease) with the City whereby the City leases the Stadium site to the SCSA. The Ground Lease was amended on June 19, 2013.

The Ground Lease has an initial term of 40 years. The first lease year commenced on the first day following the substantial completion of construction (August 1, 2014) and ended on the next following March 31st. The subsequent lease years will start on April 1st and end on the following March 31st. The SCSA will have five successive extension options, each four years in duration, which would commence following the initial term expiration date.

The Ground Lease provides that the City will receive a fixed ground rent (Fixed Ground Rent) of \$180 thousand for the first year of Stadium operations payable by the SCSA. Beginning in the second year of Stadium operations and annually thereafter through the tenth year of Stadium operations, the Fixed Ground Rent will increase annually by \$35 thousand. Beginning in the 11th year of Stadium operations, Fixed Ground

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

Rent will be increased to equal \$1 million, and thereafter will be increased by \$100 thousand every five years through the end of the initial term of the Ground Lease. If the term of the Ground Lease is extended, then, during the first extension term, the Fixed Ground Rent will equal \$1.58 million; and if and to the extent the Ground Lease is further extended, the Fixed Ground Rent will be increased by \$80 thousand every four years thereafter through the expiration of the term of the Ground Lease. While the Fixed Ground Rent payments vary over the course of the Ground Lease, Ground Lease expense is recorded on a straight-line basis. Therefore \$979 thousand of ground lease expense was reported in each of the fiscal years ended March 31, 2022 and 2021.

The Ground Lease also provides that the City will receive a performance-based rent equal to 50% of the net income from non-NFL events, less certain credits including 50% of the Fixed Ground Rent, payable by the SCSA. If certain of the credits are not used within the year incurred or the next five succeeding years, the credits will expire. The SCSA reported a net Non-NFL event profit of \$8,809,167 for fiscal year 2022-23, which triggers the performance-based rent. However, the SCSA did not pay the performance-based rent due because there are excess public safety cost credits that may offset the performance-based rent for the year. The performance-based rent amount based on potential credits from public safety costs in excess of a disputed threshold are the subject of pending litigation. More details on the litigation are included in Note 20.

The following schedule summarizes the minimum future payments due under this lease:

Fiscal Year Ending March 31	Ground Lease Amount
2024	\$ 495,000
2025	1,000,000
2026	1,000,000
2027	1,000,000
2028	1,000,000
Thereafter	33,500,000
Total	<u>\$ 37,995,000</u>

E. Stadium Lease

On March 28, 2012, the SCSA entered into a lease with StadCo whereby the SCSA leases the Stadium to StadCo. On June 19, 2013, the same parties entered into an Amended and Restated Stadium Lease Agreement (the Stadium Lease).

The Stadium Lease has an initial term of 40 years commencing on the first day following the substantial completion of construction (August 1, 2014) and includes five successive options to extend the term by four years each. The Stadium Lease is divided into two seasons:

- the Tenant Season, which includes the NFL season (including preseason, regular season and postseason NFL games) and runs from August 1 through January 31; and
- the SCSA Season, which runs from February 1 through July 31.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

Pursuant to the Stadium Lease, the SCSA and StadCo will be entitled to receive and collect separate revenues. Initially, rent payable by StadCo to the SCSA was \$24.5 million per year. This amount was established pursuant to the Stadium Lease in connection with the take-out financing, which occurred on June 19, 2013. The Stadium Lease allowed for one opportunity to adjust the rent if operating or debt service expenses are either more or less than projected in determining the initial rent. Based on the changes to the projected operating and debt service expenses, the provisions for a one-time rent adjustment were triggered. At the SCSA Board (Board) meeting held on March 22, 2016, the Board decided not to adjust the rent, and instead passed a motion to pursue the informal dispute resolution procedures and to proceed to the arbitration process if necessary. Thereafter, on May 3, 2016 StadCo filed for arbitration with the SCSA.

On June 18, 2018, the arbitrator entered an Arbitration Award in favor of the SCSA and against StadCo. This award adjusted the facility rent from \$24.5 million to \$24.76 million, an increase of \$262,000. This increase is retroactive to the first lease year resulting in a total amount owed to the SCSA of \$1.31 million for the first five lease years, through March 31, 2019. In addition to the adjustment to the facility rent, the SCSA was entitled to reimbursement of its legal fees, determined by the arbitrator to be \$2.28 million. The lease also provides for a fair market rent adjustment in year 33.

The SCSA received \$24.7 million and \$25.3 million in stadium rent from StadCo in each of the fiscal years ended March 31, 2023 and 2022, respectively.

The SCSA may elect to expand the Tenant Season to consist of the entire lease year, from April 1 through the next succeeding March 31 (Stadium Authority Put Right), by delivering written notice to StadCo. The SCSA Put Right may be exercised at any time during lease year 13, or at any time that the Management Company Revolving Loan balance exceeds \$20 million. The expansion of the Tenant Season will be effective as of the applicable Tenant Season Expansion Date as set forth in the Stadium Lease. Effective from and after the Tenant Season Expansion Date, and continuing through the remainder of the Stadium Lease term, the Tenant Season will consist of the entire lease year.

F. GASB 87 Lease Agreements Implementation and Restatement

The SCSA implemented GASB 87, *Leases*, during the year ended March 31, 2023. The SCSA is a lessee for the Ground Lease with the City and is required to recognize the lease liability and intangible right-to-use lease asset in the statement of net position. The SCSA adjusted the statements of net position for fiscal year 2021-22 for the implementation and presented a two-year comparative data in its annual financial report. For the year ended March 31, 2023, the SCSA recognized \$29,321,106 in lease liability, \$27,934,663 in intangible right-to-use lease asset and \$562,904 in interest payable in the statement of net position, and \$460,000 in rents and licensing revenue, \$798,133 in depreciation expense and \$647,999 in interest expense in the statements of revenues, expenses, and change in net position for the Ground Lease. The GASB 87 reporting requirement for the Ground Lease does not apply at the Citywide financial statements level. As a result, the discreetly presented SCSA financial statements have been restated in the proprietary major fund statements. The right-to-use lease asset, lease liability and interest payable related to the Ground Lease were eliminated in statement of net position and the net impact in the unrestricted net position is \$1,949,347. The related rents and licensing revenue, depreciation expense and interest expense were also eliminated in the statements of revenues, expenses, and change in net position and the net impact in net position is \$986,132.

The SCSA is a lessor for the Stadium Lease with StadCo and is required to recognize the lease receivable and deferred inflow of resources in the statement of net position. The SCSA adjusted the statements of net position

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

for fiscal year 2021-22 to recognize \$617,305,447 in lease receivable and \$612,602,812 in deferred inflow of resources for the Stadium Lease. The GASB 87 reporting requirement for the Stadium Lease applies to the Citywide financial statements level and the results are included in the proprietary major fund statements. As a result, the net position was restated to increase by \$4,702,635. Refer to Note 4 for more information on the balances of lease receivable and deferred inflow of resources of the Stadium Lease.

NOTE 7 – CASH AND INVESTMENTS

A. Pooled Cash and Investments

The City pools cash from all sources and all funds except restricted cash and investments with fiscal agent. Allocable portions of the pooled portfolio for each fund type are reported under the captions “Pooled cash and investments” and “Restricted Cash”. Interest income earned on pooled cash and investments is allocated to various funds based on average cash balances of each fund unless there are specific legal or contractual requirements to do otherwise.

Total cash and investments of the City was \$1,158.8 million as of June 30, 2023. This amount includes the City’s pooled cash and cash investments of \$1,101.8 million, and cash and investments with fiscal agents of \$55.6 million.

Of the City's total cash and investments, the following shows the allocation as presented on the accompanying statements of net position:

Statement of Net Position	
Pooled cash and investments	\$ 1,055,119,746
Investments with fiscal agent - current	40,474,478
Restricted cash	34,790,341
Deposits	11,127,179
Investments with fiscal agent - noncurrent	12,253,145
Fiduciary Funds	
Pooled cash and investments	2,154,301
Investments with fiscal agent - noncurrent	2,895,085
Total Cash and Investments	<u><u>\$ 1,158,814,275</u></u>

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

The City’s cash and investments balances in Governmental Funds, Enterprise Funds, Internal Service Funds, Private Purpose Trust, and Fiduciary Funds were as follows:

	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
Pooled cash and investments	\$ 340,630,819	\$ 670,731,778	\$ 43,757,149	\$ 2,154,301	\$ 1,057,274,047
Investments with fiscal agent - current	11,187	40,463,291	-	-	40,474,478
Restricted cash	24,711,385	10,078,956	-	-	34,790,341
Investments with fiscal agent - noncurrent	716,910	11,536,235	-	2,895,085	15,148,230
Deposits	-	11,127,179	-	-	11,127,179
Total cash and investments	<u>\$ 366,070,301</u>	<u>\$ 743,937,439</u>	<u>\$ 43,757,149</u>	<u>\$ 5,049,386</u>	<u>\$ 1,158,814,275</u>

B. Investments Authorized by the California Government Code and the City’s Investment Policy

The City’s investment strategy is to invest cash not required for current obligations in U.S. government securities, federal government agency securities, highly rated money market instruments and other investments in accordance with the City’s investment policy for a maximum term of five years for the General Fund portfolio. The City Council has authorized the purchase of securities with maturities greater than five years, specifically for the Electric Cost Reduction Account. This strategy allows the City to minimize its exposure to credit, market, and liquidity risk while maintaining a reasonable return on its portfolio.

The City’s investment policy, in compliance with the City of Santa Clara Charter, Article IX, Section 904 (d) and (h), and the California Government Code authorizes the City to invest in securities that are consistent with the City’s cash management strategy and long-term goals and objectives. The City is authorized to invest in the following types of instruments, and the table also identifies certain provisions of the California Government Code, or the City’s investment policy where it is more restrictive:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	7 years	N/A	100%	100%
U.S. Agency Securities ^(A)	7 years	Top three ratings categories	80% ^(B)	40%
Negotiable Certificates of Deposit	5 years	A/A1	30%	5%
Bankers Acceptances	180 days	N/A	25%	5%
Commercial Paper	270 days	A1 / P1	25%	5% ^(C)
California Local Agency Investment Fund	N/A	N/A	None	\$75M Per A/C
Repurchase Agreements	60 days	N/A	50%	20%
Reverse Repurchase Agreements (requires City Council approval)	92 days	N/A	20%	10%
Municipal Obligations	7 years	N/A	20%	5%
Medium Term Corporate Notes	5 years	Top three ratings categories	25%	5%
Mutual Funds / Money Market Funds	N/A	Top rating category	20%	10%
Joint Power Authority Investment Pools	N/A	Top rating category	100%	100%
Supranational Obligations	5 years	AA	20%	10%
Asset-Backed Securities	5 years	AA	10%	5%
Non-Negotiable Certificates of Deposit	5 years	N/A	10%	5%
Mortgage-Backed Securities	12 years ^(D)	AA	15%	5%

(A) Securities issued by the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC), local agencies and other U.S. government -sponsored enterprises.

(B) Callable securities are limited to 30% of the portfolio.

(C) No more than 10% of the outstanding commercial paper of any single issuer.

(D) Maximum Weighted Average Life with Current Public Securities Association Assumptions =12 years at time of purchase for Mortgage-Backed Securities (MBS). Maximum Final Maturity for MBS's = 30 years with balloon payments.

C. Investments with Fiscal Agents

The City invests bond proceeds restricted for construction in instruments that are stated in the Investment Policy and in various return-guaranteed investment agreements. These investments are invested in accordance with bond indentures and the maturities of each investment should not exceed the final maturity of each bond. Bond proceeds investments are reported monthly to the City Council.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

The City also maintains required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code 53601 (L) allows these funds to be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, other agreements, or certificates of participation in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

Former RDA and Electric Reserve Fund bond proceeds restricted for construction projects are invested and held by the trustee as fiscal agent investments. All funds have been invested as permitted under the Code. These investments are usually scheduled to mature when cash is needed to fulfill the requirements of the underlying bond and trust agreements.

The City also invests funds in the Bentzien Trust in accordance with the investment policy of the Trust that allows investment in cash and short-term investments (up to 20%), fixed income investments including U.S. Government, U.S. Government Agency, Asset and Mortgage Backed securities, debt issued by U.S. Corporations and fixed income mutual funds (30% to 60% of portfolio's aggregate fair value), and equity securities or mutual funds (40% to 70% of portfolio's aggregate fair value). Investments in U.S. Corporate debt shall be limited to an amount per issuer not to exceed 10% of the aggregate fair value of the portfolio, and upon initial purchase by the Adviser, must be of investment grade as rated by Moody's and/or Standard and Poor's rating services. The maximum maturity of an individual bond shall not exceed fifteen years and the average maturity shall not exceed ten years. Individual equity purchases shall have an equivalent securities rating of B- or better. Individual equity purchases shall not exceed five percent of the portfolio's aggregate fair value.

D. Pension Rate Stabilization Program

In February 2017, the City Council approved a Pension Rate Stabilization Program, (PRSP) Trust administered by Public Agency Retirement Services (PARS). The PRSP is an irrevocable trust and qualifies as an Internal Revenue Section 115 trust. This trust will assist the City in mitigating the CalPERS contribution rate volatility. Investments of funds held in Pension Rate Stabilization Program (PRSP) are governed by the Investment Guideline Document for the investment account and by the agreement for administrative services with the Public Agency Retirement Services (PARS), rather than the general provisions of the California Government code or the City's investment policy. The City elected a discretionary investment approach which allows the City to maintain oversight of the investment management, control on target yield and the portfolio' risk tolerance. The assets in this program will eventually be used to fund Pension Plan obligations.

E. Interest Rate, Credit Risks and Fair Value Measurement

Interest rate risk is the risk that an investment's value will be adversely affected by a change in interest rates. In general, the longer the time to maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To reduce interest rate risk, the City diversifies the portfolio into a wide range of investments with different maturities, and maintains a reasonable average maturity of less than three years. This approach significantly mitigates adverse market volatility and maximizes returns.

The average maturity of the City's pooled investment portfolio at June 30, 2023 was approximately 2.05 years and the City has the ability to and generally intends to hold all investments to maturity. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

interest rate fluctuations is provided in the investment table that shows the distribution of the City's investments by maturity.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2023 for each investment type:

Type of Investment	Credit Rating	Maturity					Fair Value
		Under 180 Days	181 - 365 Days	1 - 3 Years	3 - 5 Years	Over 5 Years	
Cash and Investments - City Treasury:							
Cash	N/A	\$ 107,383,900	\$ -	\$ -	\$ -	\$ -	\$ 107,383,900
US Treasury Notes	Aaa	4,498,687	66,693,279	123,766,381	208,138,626	-	403,096,973
Federal Farm Credit Bank	Aaa	-	4,908,250	44,136,188	-	-	49,044,438
Federal Home Loan Bank	Aaa	9,890,100	4,878,500	4,822,900	-	-	19,591,500
Federal National Mortgage Association	Aaa	5,118,097	-	32,510,030	-	-	37,628,127
Federal Home Loan Mortgage Corporation	Aaa	-	-	18,103,354	-	-	18,103,354
Federal Home Loan Mortgage Corporation Mortgage-Backed Security	Aaa	-	-	-	5,090,101	-	5,090,101
Corporate Notes	Aaa	-	-	14,301,059	-	-	14,301,059
Corporate Notes	Aa	-	4,069,809	24,761,551	19,544,828	-	48,376,188
Corporate Notes	A	653,770	21,647,817	79,061,861	13,642,516	-	115,005,964
Supranational Notes	Aaa	-	-	10,424,890	-	-	10,424,890
Asset-Backed Securities	Aaa	-	-	7,497,590	1,976,562	-	9,474,152
Municipal Notes	Aaa	1,430,000	-	2,467,338	-	-	3,897,338
Municipal Notes	Not Rated	-	-	-	-	-	-
Certificates of Deposit	A-1	-	-	7,268,183	-	-	7,268,183
Money Market Funds	Not Rated	204,099,241	-	-	-	-	204,099,241
State Investment Pool (LAIF)	Not Rated	5,716,605	-	-	-	-	5,716,605
Total Cash and Investments - City Treasury		338,790,400	102,197,655	369,121,325	248,392,633	-	1,058,502,013
Cash and Investments - Other:							
Cash (Debt Fund)	N/A	6,195,375	-	-	-	-	6,195,375
Cash (Benzient Trust)	N/A	17,182	-	-	-	-	17,182
Cash (Pension Rate Stabilization Investment)	N/A	20,938	-	-	-	-	20,938
U.S. Treasury Notes (Benzient Trust)	Aaa	49,672	-	-	49,719	-	99,391
Federal Home Loan Bank (Benzient Trust)	Aaa	-	-	116,905	184,439	139,179	440,523
Federal Farm Credit Bank (Benzient Trust)	Aaa	-	-	-	-	-	-
Government Agency Notes (Benzient Trust)	Aaa	-	-	-	-	-	-
Municipal Notes (Benzient Trust)	Aaa	50,014	-	71,932	-	74,310	196,256
Municipal Notes (Benzient Trust)	Aa	34,981	-	103,909	36,769	100,508	276,167
Municipal Notes (Benzient Trust)	A	34,935	-	45,495	-	-	80,430
Municipal Notes (Benzient Trust)	BBB	-	-	-	9,001	-	9,001
Corporate Notes (Benzient Trust)	BBB	-	-	67,581	34,571	-	102,152
Corporate Notes (Benzient Trust)	A	-	24,625	-	57,640	-	82,265
Corporate Stock (Benzient Trust)	A & B	896,261	-	-	-	-	896,261

(continued)

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

Type of Investment	Credit Rating	Maturity					Fair Value
		Under 180 Days	181 - 365 Days	1 - 3 Years	3 - 5 Years	Over 5 Years	
Cash and Investments - Other: (continued)							
Mutual Fund - Dreyfus Money Market (Bond Proceeds)	Aaam	2,230,329	-	-	-	-	2,230,329
Mutual Fund - Blackrock Money Market (Debt Fund)	Aaam	728,097	-	-	-	-	728,097
Mutual Fund - JP Morgan Mutual Fund (Debt Fund)	Aaam	10,002,541	-	-	-	-	10,002,541
Mutual Fund - International Equities (Bentzien Trust)	Not Rated	166,857	-	-	-	-	166,857
Mutual Fund - Fixed Income (Bentzien Trust)	Not Rated	668,274	-	-	-	-	668,274
Mutual Fund - Equities (Bentzien Trust)	Not Rated	150,141	-	-	-	-	150,141
Exchange Traded Funds (Bentzien Trust)	Not Rated	45,241	-	-	-	-	45,241
Mutual Fund- Money Market (Bentzien Trust)	Not Rated	129,647	-	-	-	-	129,647
Mutual Fund - Fidelity Treasury (SCSA Debt Fund)	Not Rated	11,536,236	-	-	-	-	11,536,236
Morgan Stanley Institutional Liquidity Treasury Securities (SCSA Debt Fund)	Not Rated	24,265,375	-	-	-	-	24,265,375
Pension Rate Stabilization Investment (Cash Equivalents))	Not Rated	1,368,788	-	-	-	-	1,368,788
Pension Rate Stabilization Investment (Mutual Funds-Equity)	Not Rated	8,900,746	-	-	-	-	8,900,746
Pension Rate Stabilization Investment (Mutual Funds-Fixed Income)	Not Rated	20,576,870	-	-	-	-	20,576,870
Collateral Obligations (ADM & CAISO)	Not Rated	11,127,179	-	-	-	-	11,127,179
Total Cash and Investments - Other		99,195,679	24,625	405,822	372,139	313,997	100,312,262
Total Cash and Investments		\$ 437,986,079	\$ 102,222,280	\$ 369,527,147	\$ 248,764,772	\$ 313,997	\$ 1,158,814,275

The City accounts for investments in accordance with GAAP, which requires governmental entities to report certain investments at fair value based on quoted market information obtained from recognized sources. The City has reported its investments at fair value with the exception of its share of external investment pools and mutual funds, the carrying value of which approximates fair value. In determining the change in fair value of its investments, the City used an aggregate method of calculation.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

	Investments and Derivative Instruments Measured at Fair Value 6/30/2023	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2		Exempt ⁽¹⁾
Investments by Fair Value Level					
Short Term Investments					
U.S. Treasury Notes	\$ 403,096,973	\$ 403,096,973	\$ -	\$ -	-
Federal Farm Credit Bank	49,044,438	-	49,044,438		-
Federal Home Loan Bank	19,591,500	-	19,591,500		-
Federal National Mortgage Association	37,628,127	-	37,628,127		-
Federal Home Loan Mortgage Corporation	18,103,354	-	18,103,354		-
Federal Home Loan Mortgage Corporation Mortgage-Backed Security	5,090,101	-	5,090,101		-
Corporate notes	177,683,211	-	177,683,211		-
Municipal Notes	3,897,338	-	3,897,338		-
Asset-Backed Securities	9,474,152	-	9,474,152		-
Supranational Notes	10,424,890	-	10,424,890		-
Certificates of Deposit	7,268,183	-	7,268,183		-
Wells Fargo Money Market Fund	204,099,241	204,099,241	-		-
Total Short Term Investments	945,401,508	607,196,214	338,205,294		-
Debt Securities and Other					
U.S. Treasury Notes (Bentzien Trust)	99,391	99,391	-		-
Federal Home Loan Bank (Bentzien Trust)	440,523	-	440,523		-
Municipal Notes (Bentzien Trust)	196,256	-	196,256		-
Municipal Notes (Bentzien Trust)	276,167	-	276,167		-
Municipal Notes (Bentzien Trust)	80,430	-	80,430		-
Municipal Notes (Bentzien Trust)	9,001	-	9,001		-
Corporate Notes (Bentzien Trust)	102,152	-	102,152		-
Corporate Notes (Bentzien Trust)	82,265	-	82,265		-
Mutual Fund - Dreyfus Money Market (Bond Proceeds)	2,230,329	-	-		2,230,329
Mutual Fund - Blackrock Money Market (Debt Fund)	728,097	-	-		728,097
Mutual Fund - JP Morgan Money Market Funds (Debt Fund)	10,002,541	-	-		10,002,541
(continued)					

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

	Investments and Derivative Instruments Measured at Fair Value 6/30/2023	Fair Value Measurements Using		Exempt ⁽¹⁾
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	
Debt Securities and Other (continued)				
Mutual Fund - International Equities (Bentzien Trust)	166,857	-	166,857	-
Mutual Fund - Fixed Income (Bentzien Trust)	668,274	-	668,274	-
Mutual Fund - Equities (Bentzien Trust)	150,141	-	150,141	-
Mutual Fund- Money Market (Bentzien Trust)	129,647	-	129,647	-
Mutual Fund - Fidelity Treasury (SCSA Debt Fund)	11,536,236	-	-	11,536,236
Morgan Stanley Institutional Liquidity Treasury Securities (SCSA Debt Fund)	24,265,375	-	-	24,265,375
Pension Rate Stabilization Investment (Cash and Equivalents)	1,368,788	1,368,788	-	-
Pension Rate Stabilization Investment (Mutual Funds-Equity)	8,900,746	8,900,746	-	-
Pension Rate Stabilization Investment (Mutual Funds-Fixed Income)	20,576,870	18,603,770	1,973,100	-
Collateral Obligations (ADM & CAISO)	11,127,179	-	-	11,127,179
Total Debt Securities and Other	93,137,265	28,972,695	4,274,813	59,889,757
Equity Securities				
Corporate Stock (Bentzien Trust)	896,261	896,261	-	-
Exchange Traded Funds (Bentzien Trust)	45,241	45,241	-	-
Total Equity Securities	941,502	941,502	-	-
Total Investment by Fair Value Level	1,039,480,275	637,110,411	342,480,107	59,889,757
Investments Measured at the Amortized Cost				
State Investment Pool (LAIF)	5,716,605	-	-	5,716,605
Total Investments Measured at the Amortized Cost	5,716,605	-	-	5,716,605
Total Investments	1,045,196,880	\$ 637,110,411	\$ 342,480,107	\$ 65,606,362
Cash in Banks	113,617,395			
Total Cash and Investments	\$ 1,158,814,275			
Investments Derivative Instruments				
Open contract power trading - Current Assets	\$ 756,675		756,675	
Open contract power trading - liabilities	(667,540)		(667,540)	
Open contract gas trading - liabilities	(116,250)		(116,250)	
Open contract gas trading - Non-current Assets	22,701,525		22,701,525	
Total Investment Derivative Instruments	\$ 22,674,410		\$ 22,674,410	

(1) Accounts in exempt column are Mutual Fund-Money Market, Collateral Obligations, and LAIF investments which are exempt from the fair value hierarchy, or reported at amortized cost.

The City utilizes a third party pricing service to determine fair market prices for its individually held investments. Evaluations are based on market information available at the time and generated using proprietary evaluated pricing models and methodologies.

Bentzien Trust investment in stocks and U.S. Treasuries are valued using prices quoted in active markets for those securities. All other Bentzien Trust debt securities are valued using a Market Approach methodology by Standard & Poor's Securities Evaluation Inc. The Market Approach uses prices and other relevant information

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 7 – CASH AND INVESTMENTS (continued)

generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities.

Level 1 investments are valued using a marketable actively traded assets closing price for identical assets. Level 2 investments are determined by using quoted prices for similar assets.

F. Concentration of Credit Risk

None of the investments in the securities of any individual issuers is greater than 5% of total Citywide investments.

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depositary Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City, including collateral for repurchase agreements, be conducted on a delivery-versus-payment basis. Securities are to be held by a third-party custodian.

H. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments that are highly sensitive to interest rate fluctuations to a greater degree than already disclosed in the Interest Rate Risk Section above.

I. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF's investment portfolio mainly consists of Treasuries, loans, Federal Agency securities, and collateralized mortgage obligations. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to one time deposit with no cap and are set up with a monthly draw down schedule. The carrying value of LAIF approximates fair value.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES

A. Interfund Transfers

With Council approval, resources may be transferred from one City fund to another.

Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount	
General Fund	Non-Major Governmental	\$ 2,443,811	A
	Internal Service Fund	1,020,420	B
	Electric Utility	1,229,573	C
Non-Major Governmental	General Fund	12,596,912	D
	Cemetery	822	E
	Sewer Utility	407,381	E
	Solid Waste	5,121	E
	Water Utility	1,466,693	E
	Water Recycling Utility	20,226	E
	Electric Utility	1,642,456	E
	Non-Major Governmental	6,167,302	F
Internal Service Funds	General Fund	2,141,000	G
	Electric Utility	834,783	H
	Water Utility	300,000	I
Cemetery	General Fund	879,225	J
Electric Utility	Sewer Utility	39,731	K
	Water Utility	159,731	K
	Water Recycling Utility	8,828	K
Sewer Utility	Internal Service Funds	22,812	L
Solid Waste	General Fund	35,364	M
Santa Clara Open Space Authority	General Fund	6,000	N
Total Interfund Transfers		<u>\$ 31,428,191</u>	

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES (continued)

The reasons for material transfers are set forth below:

- (A) Transfer to general fund from capital project funds and special revenue funds to return the excess funding.
- (B) Return the savings from electric vehicle purchase in the Automotive Service fund and CIP Management Service Fee fund.
- (C) Transfer to general fund for the positions to support Electric Utility operation.
- (D) Transfer to fund various capital projects, maintenance district and to pay the debt.
- (E) Transfer to fund their respective share of financial, human resources software, utility billing, and other projects.
- (F) Transfer from Special Revenue fund to fund various street related capital projects.
- (G) Transfer to Automotive Service for fire engine purchase.
- (H) Transfer from electric Greenhouse Gas program to fund the vehicle revolving fund on the electric vehicle purchases.
- (I) Transfer to Automotive Services for replacement of two utility crew trucks.
- (J) Transfer to Cemetery fund to subsidize the cemetery operation.
- (K) Transfer to fund the Electric Utility fiber project and utility yard building and ground improvement project.
- (L) Returning the saving from CIP Management Service Fee fund to the original funding source.
- (M) Transfer to Solid Waste to subsidize the rate assistance program.
- (N) Transfer to Santa Clara Open Space Authority for the annual audit expenditures.

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of interfund balances as of June 30, 2023.

Receivable Fund	Payable Fund	Amount
General Fund	Santa Clara Stadium Authority	\$ 170,011
	Receivable by Governmental Funds	170,011
Electric Utility	Internal Service Funds	3,209,849
Water Utility	Internal Service Funds	1,278,857
Sewer Utility	Internal Service Funds	964,694
Cemetery	Internal Service Funds	305,701
	Receivable by Enterprise Funds	5,759,101
Internal Service Funds	Internal Service Funds	37,569
	Receivable by Internal Service Funds	37,569
	Total	\$ 5,966,681

Note: The City uses due to/due from as a balancing mechanism in funds with negative cash balances.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES (continued)

C. Long-Term Interfund Advances

On March 21, 2023, Parks and Recreation Facilities Fund has paid off the remaining balance of \$5,539,540 advance from the general fund with the year-to-date interest of \$58,675. As of June 30, 2023, the City does not have any long-term interfund advances.

D. Internal Balances

Internal balances represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental, successor agency and business-type activities. The \$27,115 net internal balance in the Statement of Net Position is due to the different fiscal year end dates between the City and the Santa Clara Stadium Authority (refer to Note 1D for more information).

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 9 – CAPITAL ASSETS

A. Capital Assets Summary

Capital Assets at June 30, 2023 are comprised of:

	Balance June 30, 2022 (Restated)	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2023
<i>Governmental Activities</i>					
Non Depreciable Assets:					
Land	\$ 124,518,835	\$ -	\$ -	\$ -	\$ 124,518,835
Construction in progress	52,256,469	26,117,294	-	(39,368,965)	39,004,798
Total Non Depreciable Assets	176,775,304	26,117,294	-	(39,368,965)	163,523,633
Capital assets being depreciated:					
Land improvements	29,082,674	-	-	31,134,218	60,216,892
Buildings	217,367,037	-	-	74,986	217,442,023
Infrastructure	624,299,954	1,938,180	-	6,940,659	633,178,793
Machinery & equipment	85,336,172	2,198,478	(1,488,178)	1,219,102	87,265,574
Right-to-use leased equipment	676,479	-	-	-	676,479
Right-to-use Subscription based IT arrangement	2,397,211	8,201,783	-	-	10,598,994
Total Capital assets being depreciated	959,159,527	12,338,441	(1,488,178)	39,368,965	1,009,378,755
Less accumulated depreciation for:					
Land improvements	(19,203,323)	(1,958,823)	-	-	(21,162,146)
Buildings	(78,219,413)	(4,259,040)	-	-	(82,478,453)
Infrastructure	(330,396,037)	(14,973,231)	-	-	(345,369,268)
Machinery & equipment	(67,576,022)	(3,574,459)	1,448,780	-	(69,701,701)
Right-to-use leased equipment	(212,436)	(212,436)	-	-	(424,872)
Right-to-use Subscription based IT arrangement	-	(1,652,970)	-	-	(1,652,970)
Total accumulated depreciation	(495,607,231)	(26,630,959)	1,448,780	-	(520,789,410)
Net Depreciable Assets	463,552,296	(14,292,518)	(39,398)	39,368,965	488,589,345
Governmental Activity Net Capital Assets	\$ 640,327,600	\$ 11,824,776	\$ (39,398)	\$ -	\$ 652,112,978

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 9 – CAPITAL ASSETS (continued)

	Balance June 30, 2022 (Restated)	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2023
<i>Business-Type Activities</i>					
Non Depreciable Assets:					
Land	\$ 18,851,211	\$ -	\$ -	\$ -	\$ 18,851,211
Construction in progress	64,337,733	49,224,174	(128,079)	(39,124,114)	74,309,714
Total Non Depreciable Assets	83,188,944	49,224,174	(128,079)	(39,124,114)	93,160,925
Capital Assets being depreciated:					
Land Improvements	102,407	-	-	-	102,407
Buildings	918,503,578	-	-	-	918,503,578
Infrastructure	1,222,891,157	-	-	39,124,114	1,262,015,271
Machinery & equipment	25,821,050	2,878,611	(293,746)	-	28,405,915
Right-to-use leased equipment	2,916,623	-	-	-	2,916,623
Right-to-use Subscription based IT arrangement	1,437,230	1,670,794	-	-	3,108,024
Total Capital Assets being depreciated	2,171,672,045	4,549,405	(293,746)	39,124,114	2,215,051,818
Less accumulated depreciation for:					
Land Improvements	(79,696)	(2,571)	-	-	(82,267)
Buildings & improvements	(194,037,651)	(18,219,533)	-	-	(212,257,184)
Infrastructure	(575,745,131)	(28,167,675)	-	-	(603,912,806)
Machinery & equipment	(19,211,433)	(1,544,657)	293,746	-	(20,462,344)
Right-to-use leased equipment	(673,067)	(673,067)	-	-	(1,346,134)
Right-to-use Subscription based IT arrangement	-	(378,485)	-	-	(378,485)
Total accumulated depreciation	(789,746,978)	(48,985,988)	293,746	-	(838,439,220)
Net Depreciable Assets	1,381,925,067	(44,436,583)	-	39,124,114	1,376,612,598
Enterprise Activity Net Capital Assets	\$ 1,465,114,011	\$ 4,787,591	\$ (128,079)	\$ -	\$ 1,469,773,523

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 9 – CAPITAL ASSETS (continued)

B. Construction in Progress Summary

Construction in Progress for governmental activities as of June 30, 2023 consisted of the following projects:

<u>Governmental Projects</u>	<u>Authorized</u>	<u>Expended</u>	<u>Future Commitments</u>
Transportation Improvements	\$ 43,300,056	\$ 17,427,624	\$ 25,872,432
Parks and Recreation Improvements	26,399,389	10,779,639	15,619,750
City Building Improvements	19,659,612	10,797,535	8,862,077
Total	<u>\$ 89,359,057</u>	<u>\$ 39,004,798</u>	<u>\$ 50,354,259</u>

Construction in Progress for business-type activities as of June 30, 2023 consisted of the following:

<u>Enterprise Fund Projects</u>	<u>Authorized</u>	<u>Expended</u>	<u>Future Commitments</u>
Electric Projects	\$ 190,726,842	\$ 71,262,465	\$ 119,464,377
Water and Sewer Projects	7,176,755	243,450	6,933,305
Stadium Authority Projects	21,586,935	2,095,393	19,491,542
Santa Clara Convention Center Projects	2,850,161	708,406	2,141,755
Total	<u>\$ 222,340,693</u>	<u>\$ 74,309,714</u>	<u>\$ 148,030,979</u>

Details of these projects are available from the City on request.

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets including the right-to-use leased assets. The amounts allocated to each function or program are as follows:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 9- CAPITAL ASSETS (continued)

Governmental Activities:

General Administration	\$ 2,202,403
Finance	5,033
Public Works	15,520,489
Parks and Recreation	2,617,655
Public Safety	
Police	1,011,127
Fire	572,832
Planning and Inspection	8,712
Library	1,466,501
	23,404,752

Capital assets held by the City's Internal Service

Funds are charged to the various functions based on their usage of the assets	3,226,207
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Total Governmental Activities	\$ 26,630,959
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Business-Type Activities:

Utility Funds:

Electric Utility	\$ 26,986,225
Water Utility	1,878,604
Sewer Utility	1,319,796
Water Recycling Utility	25,141
Solid Waste	6,079
Cemetery	6,287
Santa Clara Convention Center	1,556,039
Santa Clara Stadium Authority	17,207,818
Total Business-Type Activities	\$ 48,985,988

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS

A. Summary of Long-Term Obligations

Type of Indebtedness	Issue Date	Final Maturity	Interest rate
Governmental Activity Debt:			
General Long-Term Debt:			
General obligation bonds			
2013 Refunding Certificates of Participation	3/28/2012	2/1/2032	2%-3.75%
Unamortized Premium/Discount			
Subtotal Government Activity Debt			
Business-Type Activity Debt:			
Electric Utility:			
2013 Series A Revenue Bonds	4/24/2013	7/1/2022	3%-5%
2018 Series A Revenue Bonds	12/18/2018	7/1/2027	0.05
Unamortized Premium/Discount			
Santa Clara Stadium Authority ⁽²⁾ :			
Term A loan	6/19/2013	4/1/2039	5.00%
Subtotal Business Activity Debt-Bonds and Loan			
Direct borrowing:			
Electric Utility:			
2020-1 Series Revenue Bonds	4/10/2020	7/1/2032	1.74%
2020-2 Series Revenue Bonds	4/10/2020	7/1/2028	1.31%
2020-3 Series Revenue Bonds	4/10/2020	7/1/2024	0.58%
Sewer Utility:			
2016 Trimble Road Loan	3/8/2016	2/1/2031	2.14%
2020 Sewer Installment Sale Agreement	6/11/2020	7/1/2024	Variable
Santa Clara Stadium Authority ⁽²⁾ :			
StadCo CFD Advance ⁽¹⁾	4/1/2013	12/31/2054	5.73%
StadCo Subordinated Loan	3/28/2012	3/31/2043	5.50%
Subtotal Business Activity Debt from Direct Borrowing			
Subtotal Enterprise Activity Debt			
Total Long-Term Debt Obligations			

(1) Payments are made as the Mello-Roos tax is collected and transmitted to the Community Facilities District (CFD) by the hotels in the District.

(2) Stadium Authority's long-term obligations are based on a March 31 fiscal year end. (see Note 1D)

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

Authorized	Outstanding as of June 30, 2022	Additions, Transfers, and Amort. of Discounts	Debt Retired / Defeased	Outstanding as of June 30, 2023	Current Portion
\$ 18,540,000	\$ 11,065,000	\$ -	\$ 980,000	\$ 10,085,000	\$ 1,030,000
	529,394	(54,297)	-	475,097	-
18,540,000	11,594,394	(54,297)	980,000	10,560,097	1,030,000
64,380,000	4,545,000	-	4,545,000	-	-
48,800,000	35,325,000	-	5,110,000	30,215,000	5,440,000
	3,766,165	(753,233)	-	3,012,932	-
282,794,108	230,138,239	-	14,722,999	215,415,240	15,459,000
395,974,108	273,774,404	(753,233)	24,377,999	248,643,172	20,899,000
52,985,000	52,985,000	-	-	52,985,000	-
34,315,000	34,315,000	-	-	34,315,000	5,755,000
16,720,000	11,840,000	-	3,925,000	7,915,000	3,945,000
12,000,000	7,637,314	-	778,152	6,859,162	794,893
50,000,000	20,000,000	-	-	20,000,000	-
38,000,000	30,374,503	-	515,006	29,859,497	-
233,138,533	19,800,950	-	19,800,950	-	-
437,158,533	176,952,767	-	25,019,108	151,933,659	10,494,893
833,132,641	450,727,171	(753,233)	49,397,107	400,576,831	31,393,893
\$ 851,672,641	\$ 462,321,565	\$ (807,530)	\$ 50,377,107	\$ 411,136,928	\$ 32,423,893

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

B. City's Long-term Obligations

2013 Central Park Library Refunding Certificates of Participation (2013 COPs)

On March 28, 2013, the PFFC issued \$18.54 million to provide funds to refund outstanding 2002A COPs. The 2013 COPs mature annually beginning February 1, 2014 through February 1, 2032 and bear coupon rates ranging from 2% to 3.75%. Debt Service is secured by lease payments to be made by the City to the PFFC for use of the library. The PFFC assigns the lease payments to the certificate owners.

In the event of default there is no remedy of acceleration of the total lease payments nor the maturities of the Certificates. The City will be liable only for the lease payments on an annual basis, and in the event of default, the trustee would be required to seek a separate judgement each year for that year's defaulted lease payments.

Compliance

Various debt agreements governing the City's bonds contain a number of covenants, including continuing disclosure requirements. The City is in compliance with these specific covenants and all other material covenants governing the particular bond issues. No event of default, as defined in the bond indentures, has occurred or is occurring.

Various debt agreements governing the Enterprise Funds' revenue bonds contain a number of covenants, including those that require the City to maintain and preserve the respective enterprise in good repair and working order, to maintain certain levels of insurance and to fix and collect rates, fees and charges so as to maintain certain debt coverage ratios. The City is in compliance with these specific covenants and all other material covenants governing the particular revenue bond issues. No event of default as defined in the bond indentures has occurred or is occurring.

C. Enterprise Funds

Electric Utility

Electric Revenue Refunding Bonds, Series 2013A

On April 24, 2013, the City issued \$64.38 million of the Electric Revenue Bonds, Series 2013A (Electric 2013A Bonds), to provide funds, together with other available moneys, to refinance outstanding Electric 2003A Bonds. The Electric 2013A Bonds mature annually beginning on July 1, 2014 through July 1, 2028 and bear coupon rates ranging from 3.00% to 5.00%. Debt service on the Electric 2013A Bonds is secured by a pledge of net revenues of SVP.

As of April 1, 2020, \$43.705 million of the Electric 2013A Bonds were outstanding and \$30.725 million would be callable at par beginning January 1, 2023. With the passage of the Tax Cuts and Jobs Act on December 22, 2017 ("tax reform"), the tax legislation eliminated advance refunding of tax-exempt bonds beginning Jan 1, 2018, and therefore tax-exempt advance refunding is no longer a refinancing option.

On April 10, 2020, SVP refinanced \$30.725 million callable portion of the outstanding principal amount of Electric 2013 A Bonds through a direct placement with Bank of America, N.A. under a Taxable to Tax-Exempt Conversion structure. The refunding resulted in overall debt service savings of \$1,706,384. The net present value of the debt service savings is called an economic gain and after an addition for prior funds on hand of

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

\$203 amounted to \$1,703,470. See Notes below for Subordinated Electric Revenue Refunding Bonds, Series 2020-2.

As of June 30, 2023, the City's has paid off the Electric 2013A Revenue Refunding Bonds.

Electric Revenue Refunding Bonds, Series 2018A

On December 18, 2018, SVP issued \$48.8 million of Electric Revenue Refunding Bonds, Series 2018A (Electric 2018A Bonds) to refinance \$54.58 million outstanding principal amount of Variable Rate Demand Electric Revenue Refunding Bonds, Series 2008B and terminate a related swap agreement. The Electric 2018A Bonds bear 5% coupon rate, mature annually beginning on July 1, 2019 through July 1, 2027, and were sold at an All-In True Interest Cost of 2.32%. Debt service on the Electric 2018A Bonds is secured by a pledge of net revenues of SVP.

In the event of default, the City will transfer to the trustee all adjusted net revenues held by it and received thereafter and the Trustee will disburse all adjusted net revenues and any other funds then held or thereafter received by the trustee under the provisions of indenture. In the case of default, the trustee will be entitled to declare the bond obligation of all bonds then outstanding to be due and payable immediately.

Subordinate Electric Revenue Refunding Bonds, Series 2020-1

The City Council determined that it was in the best interests of the City to enter into a credit facility with a bank for the purpose of refunding all of the outstanding Electric 2011A Bonds; and for the indebtedness created under such credit facility to be evidenced by a subordinate electric revenue bond to be issued by the City and delivered to the Bank as authorized by Resolution No. 20-8834 adopted by the City Council on April 7, 2020.

On April 10, 2020, the City entered into a loan agreement with Bank of America, N.A., (the "Loan Agreement") and issued \$52.985 million of Subordinate Electric Revenue Refunding Bonds, Series 2020-1 (Electric 2020-1 Bonds) to refinance \$54.830 million outstanding principal amount of Electric Series 2011A Bonds under a Taxable to Tax-Exempt Conversion structure. The Electric 2020-1 Bonds were originally issued as taxable bonds with coupon rates of 1.74% and were converted to a tax-exempt rate of 1.36% per annum effective April 2, 2021. The Electric 2020-1 Bonds mature annually beginning on July 1, 2028 through July 1, 2032 and were sold at a true interest cost of 1.43% with an average coupon rate of 1.40%. Debt service on the Electric 2020-1 Bonds is secured by a pledge of Available Electric Revenues of SVP on a basis subordinate to outstanding Senior Electric Revenue Bonds, if any.

Subordinate Electric Revenue Refunding Bonds, Series 2020-2

The City Council determined that it was in the best interests of the City to enter into a credit facility with a bank for the purpose of refunding a portion of the outstanding Electric 2013A Bonds; and for the indebtedness created under such credit facility to be evidenced by a subordinate electric revenue bond to be issued by the City and delivered to the Bank as authorized by Resolution No. 20-8834 adopted by the City Council on April 7, 2020.

On April 10, 2020, the City entered into a loan agreement with Bank of America, N.A. and issued \$34.315 million of Subordinate Electric Revenue Refunding Bonds, Series 2020-2 (Electric 2020-2 Bonds) to refinance \$30.725 million of the callable portion of the outstanding Electric Revenue Refunding Bonds, Series 2013 A. The Electric 2020-2 Bonds bear 1.31% coupon rates, mature annually beginning on July 1, 2023 through July

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

1, 2028, and were sold at a true interest cost of 1.21% with an average coupon rate of 1.15%. Electric 2020-2 Bonds were priced at taxable rates and will convert to tax-exempt at the earlier of the call date of January 1, 2023 or the reversal of the advance refunding prohibition. Both the taxable rate and tax-exempt rate at conversion were fixed at the time of issuance. Debt service on the Electric 2020-2 Bonds is secured by a pledge of Available Electric Revenues of SVP on a basis subordinate to outstanding Senior Electric Revenue Bonds, if any.

Subordinate Electric Revenue Refunding Bonds, Series 2020-3

The City Council determined that it was in the best interests of the City to enter into a credit facility with a bank for the purpose of refunding of the outstanding Electric Series 2014; and for the indebtedness created under such credit facility to be evidenced by a subordinate electric revenue bond to be issued by the City and delivered to the Bank as authorized by Resolution No. 20-8834 adopted by the City Council on April 7, 2020.

On April 10, 2020, the City issued \$16.720 million of Subordinate Electric Revenue Refunding Bonds, Series 2020-3 (Electric 2020-3 Bonds) to refinance \$19.413 million outstanding principal amount of Subordinated Electric Revenue Bonds, Series 2014. The Electric 2020-3 Bonds bear 0.58% coupon rates, mature annually beginning on July 1, 2020 through July 1, 2024, and were sold at a true interest cost of 0.70%. Debt service on the Electric 2020-3 Bonds is secured by a pledge of Available Electric Revenues of SVP on a basis subordinate to outstanding Senior Electric Revenue Bonds, if any.

In the event of default under the loan agreement for the 2020-1 bonds, 2020-2 bonds or 2020-3 bonds (including a failure by the City to pay principal or interest on the related bonds, a failure by the City to perform or observe its covenants, a default in other specified indebtedness or obligations of the City, certain acts of bankruptcy or insolvency, or other specified events of default), the Bank has the right, upon written notice to the City, to accelerate and declare the City's obligation to repay the related bonds and all other obligations of the City to the Bank under such loan agreement to be immediately due and payable.

Pledges of Future Electric Revenues

The pledge of future Electric Fund revenues ends upon repayment of all outstanding principal on bonds and loans, which is scheduled to occur in fiscal year 2032-33. For fiscal year 2022-23, Electric Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$635.1million and operating costs including operating expenses, but not interest, depreciation or amortization whole amounted to \$602.4 million. Net revenues available for debt service amounted to \$32.7 million which represented a coverage ratio of 2.01 on the \$16.3 million of debt service.

Sewer Utility

Installment Sale Agreement, Series 2016

On March 8, 2016, the City entered into an Installment Sale Agreement with the PFFC in order to provide funds for the Trimble Road Trunk Sanitary Sewer Improvement Project (the "Project"). The PFFC entered into a separate Assignment Agreement with the DNT Asset Trust, a wholly owned subsidiary of JP Morgan Chase National Association (the "Agreement"), to assign its rights under the Installment Sale Agreement to DNT Asset Trust. The Agreement, in the amount of \$12,000,000, carries an interest rate of 2.14% and the final payment is due February 1, 2031. Installment payments on the Agreement are secured by a pledge of net

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

revenues of the Wastewater System. Net revenue of \$19.0 million was available for debt service payments of \$0.9 million.

In the event of default there is no remedy of acceleration of the total installment payments. The City will be liable only for the installment payments as they become due during the terms of the agreement. There are no significant finance-related consequences for termination.

Installment Sale Agreement, Series 2020

On June 11, 2020, the City entered into an Installment Sale Agreement (the “ISA”) with the PFFC to provide funds for the San Jose/Santa Clara Regional Wastewater Facility Project (the “Project”). The PFFC entered into a separate Assignment Agreement with JPMorgan Chase Bank, N.A. (the “Assignment Agreement”), to assign its rights under the ISA to JPMorgan Chase Bank, N.A. The ISA in the amount of \$50,000,000 carries a variable rate of interest equal to 80% of 1-month LIBOR (reset daily), plus .95% per annum. The City may draw on the Installment Sale Agreement as necessary with an initial \$20,000,000 drawn on the date of closing. Interest is due each January 1 and July 1, commencing January 1, 2021. Principal on outstanding advances is due on or before July 1, 2024. In addition, the PFFC shall pay an undrawn fee on any amount not yet drawn at a rate of .325% per annum on each interest payment date. Installment payments on the Agreement are secured by a pledge of net revenues of the Wastewater System on a subordinate basis to the Trimble Road Installment Payments. Net revenue of \$19.0 million less the Installment Sale Agreement, Series 2016 debt service payment of \$0.9 million are available for current year payments of \$0.9 million.

In the event of default there is no remedy of acceleration of the total installment payments. The City will be liable only for the installment payments as they become due during the terms of the agreement. There are no significant finance-related consequences for termination.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this statement is to address accounting and financial reporting implication that results from the replacement of an IBOR. The City amended the ISA with JPMorgan Chase Bank, N.A. which replaced LIBOR with SOFR (Secured Overnight Financing Rate administered by the New York Federal Reserve Bank) as the benchmark. Effective April 2023, interest expense for the drawn amount is calculated using a variable rate of interest equal to 80% of 1-month adjusted SOFR (SOFR plus adjustment of .10% per annum) plus .95% per annum.

The City is working with financial advisor on the ISA refunding and ISA is expected to be fully refunded by the end of the October 2023.

Santa Clara Stadium Authority

Stadium Funding Trust Loan

The Restated Credit Agreement by and among FinanceCo, the SCSA and Goldman Sachs Bank was entered into on June 19, 2013. FinanceCo agreed to loan the SCSA up to \$450 million. Under the Restated Credit Agreement, the loan from FinanceCo consists of the Term A Loan and the Term B Loan. On March 31, 2016, the SCSA paid the remaining amount due on the Term B Loan.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

Term A Loan

The Term A Loan was made in the amount of \$282.79 million. This loan bears interest at a fixed rate of 5.00%, payable semi-annually, with annual principal payments due beginning in April 2018. The Term A Loan has a maturity date of April 1, 2039 and is subject to certain prepayment premiums. The loan was fully drawn at closing. As of March 31, 2023, \$215.4 million was outstanding. Debt service on this loan is secured by a pledge of available SBL revenues of SCSA.

In the event of default under the loan agreement, FinanceCo has the right, upon written notice to the SCSA, to accelerate and declare the SCSA's obligation to repay the related loan to FinanceCo to be immediately due and payable.

StadCo CFD Advance

In May of 2010, the City of Santa Clara completed the proceedings to establish a Community Facilities District (CFD) for the purpose of financing certain publicly owned facilities and public services associated with Levi's Stadium.

On June 11, 2013, the CFD, the SCSA, and StadCo entered into a Reimbursement Agreement under which the CFD would agree to reimburse the SCSA for costs of certain publicly owned facilities and public services constructed for Levi's Stadium. The reimbursement can only be made from a special tax generated by the CFD, as and when received by the CFD.

StadCo has agreed to advance to the SCSA funds to pay for the CFD Infrastructure (StadCo CFD Advance). To evidence the SCSA's obligation to repay the StadCo CFD Advance, the SCSA and StadCo also executed a note on June 11, 2013. The StadCo CFD Advance has a maximum principal of \$38 million and an interest rate of 5.73%.

During the year ended March 31, 2023, as the special CFD tax was submitted to the SCSA, a number of payments were made on the StadCo CFD Advance. These payments were made mid-way through each quarter. The interest that accrued between the last StadCo CFD Advance payment and the end of the year is added to principal. These payments totaled \$1.7 million in interest and \$515 thousand in principal. As of March 31, 2023, \$29.9 million was outstanding.

StadCo Subordinated Loan

The Restated StadCo Obligations Agreement dated as of June 19, 2013 was entered into by and between StadCo and the SCSA as part of the take-out financing process. Under the Restated StadCo Obligations Agreement, StadCo will loan the SCSA an amount not to exceed \$500 million with a fixed 5.50% interest rate. Required principal repayments started in March 2016 and the SCSA may prepay the loan at any time.

Payments totaling \$20.8 million were made on the loan during the year. This included a \$19.8 million in principal prepayment and \$1 million in interest. As of March 31, 2023, the StadCo Subordinate Loan has been paid off.

In the event of default under the loan agreement, StadCo has the right, upon written notice to the SCSA, to accelerate and declare the SCSA's obligation to repay the related loan to StadCo to be immediately due and payable.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

Pledges of Future Stadium Revenues

The pledges of future revenues ends upon repayment of the \$215.4 million in outstanding principal on the Term A which is scheduled to occur in fiscal year 2039-40. For fiscal year 2022-23, revenues including operating revenues and nonoperating interest earnings amounted to \$90.3 million and operating costs including operating expenses, but not interest, depreciation, or amortization amounted to \$31.1 million. Net revenues available for debt service amounted to \$59.2 million, which represented a coverage ratio of 3.82 on the \$15.5 million of debt service.

D. Derivative Instruments

Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow hedge on the statement of net position. For the reporting period, all of SVP's derivatives meet the hedge effectiveness tests defined by GAAP.

Notional Amounts and Fair Values- SVP Future Derivative Instruments

SVP maintains a Market Risk Management Policy, which among other things, sets forth the guidelines for the purchase and sale of certain financial instruments defined as hedge instruments in support of market power purchase and sales transactions. The primary goal of these guidelines is to provide a framework for the operation of an energy price hedging program to better manage SVP's risk exposure in order to stabilize pricing and costs for the benefit of SVP and its customers.

Consistent with hedge accounting treatment meeting effectiveness tests, changes in fair value are reported as deferred flows of resources on the statement of net position until the contract expiration that occurs in conjunction with the hedged expected energy purchase/sales transaction. When hedging contracts expire, at the time the purchase/sales transactions occur, the deferred balance is recorded as a component of Purchased Power. For energy derivatives, fair values are estimated by comparing contract prices to forward market prices quoted by third party market participants.

SVP had the following future derivative instruments outstanding at June 30, 2023 with Archer Daniels Midland Company to hedge cash flows on sales of excess resources in CAISO market in June and purchase of power from CAISO in the future months.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

Notional Amount (MWh)		Effective Date	Maturity Date	Average Price	Fair Value		Change in Fair Value	
Long	Short				Classification	Amount	Classification	Amount
	18,720	6/1/2022	6/30/2023	\$54.00	Derivative Instrument	\$ 507,125	Deferred inflow	\$ 507,125
20,000		7/1/2022	7/31/2023	95.00	Derivative Instrument	(551,000)	Deferred outflow	(551,000)
21,600		8/1/2022	8/31/2023	95.00	Derivative Instrument	139,320	Deferred inflow	139,320
20,000		9/1/2022	9/30/2023	95.00	Derivative Instrument	88,000	Deferred inflow	88,000
8,600		6/1/2022	7/31/2023	67.75	Derivative Instrument	(110,940)	Deferred inflow	(110,940)
7,800		7/1/2022	8/31/2023	67.75	Derivative Instrument	22,230	Deferred outflow	22,230
8,000		8/1/2022	9/30/2023	67.75	Derivative Instrument	(5,600)	Deferred inflow	(5,600)
						<u>\$ 89,135</u>		<u>\$ 89,135</u>

Notional Amount (MMBtu)		Effective Date	Maturity Date	Average Price	Fair Value		Change in Fair Value	
Long	Short				Classification	Amount	Classification	Amount
3,655,000		7/1/2020	12/31/2025	\$2.42	Derivative Instrument	\$ 4,796,510	Deferred inflow	\$ 4,796,510
3,655,000		1/1/2021	12/31/2025	0.56	Derivative Instrument	3,597,425	Deferred inflow	3,597,425
8,840,000		1/1/2022	12/31/2025	2.64	Derivative Instrument	8,613,890	Deferred inflow	8,613,890
8,895,000		1/1/2022	12/31/2025	1.03	Derivative Instrument	5,693,700	Deferred inflow	5,693,700
155,000		1/1/2022	8/31/2023	2.70	Derivative Instrument	(116,250)	Deferred inflow	(116,250)
						<u>\$ 22,585,275</u>		<u>\$ 22,585,275</u>
Grand Total						<u>\$ 22,674,410</u>		<u>\$ 22,674,410</u>

Credit risk

Credit risk is the risk of loss due to a counterparty defaulting on its obligations. SVP is exposed to credit risk if hedging instruments are in asset positions. In order to eliminate counterparty credit risk, SVP has transacted both long term power and gas contracts on the Futures market on Intercontinental Exchange (ICE). As of June 30, 2023, \$23.5 million of SVP's open derivative power and gas contracts were in an asset position, and the fair values of those open contracts were positive. \$0.8 million of SVP's open derivative power contracts were in a liability position, and the fair values of those open contracts were negative. The open contract was with ADM Investor Service, Inc., a clearing member of ICE and a company of Archer Daniels Midland Company who was rated A by Standard & Poor's as of June 30, 2023.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

SVP's policy for requiring collateral on hedging instruments varies based on individual contracts and counterparty credit ratings. Under the brokerage agreements with Archer Daniels Midland Company, the accounts are prefunded by SVP. If the account value falls below zero, margin calls are invoked. At June 30, 2023, SVP had posted collateral of \$11,127,179 deposited with CAISO and Archer Daniels Midland Company for resource energy trading.

It is also SVP's policy to negotiate netting arrangements whenever it has entered into more than one bilateral transactions with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, the non-defaulting party may accelerate and terminate all outstanding transactions and net their fair values so that a single amount will be owed by (or to) the non-defaulting party.

Termination Risk

SVP's futures contracts are traded over the counter and have no termination risk.

Price Risk

With respect to price risk under power Futures contracts, on purchase contracts (long positions), SVP receives the CAISO NP15 average daily rate at settlement and pays the fixed contracted rate entered into on the trade date; on sales contracts (short positions), SVP pays the CAISO NP15 average daily rate at settlement and receives the fixed contracted rate entered into on the trade date. With respect to price risk under gas Futures contracts, on purchase contracts (long positions), SVP receives PG&E Citygate average daily price at settlement and pays the fixed contracted rate entered into on the trade date; on sales contracts (short positions), SVP pays the PG&E Citygate average daily price at settlement and receives the fixed contracted rate entered into on the trade date. SVP is exposed to risk because the contract prices are different from the settlement prices.

E. Repayment Requirements

As of June 30, 2023, the debt service requirements to maturity for the City's long-term obligations, with determinable payment dates and the funds from which payment will be made are as follows:

For the Year Ending June 30	Government Activities		Business-Type Activities (excluding Santa Clara Stadium Authority)			
	Certificates of Participation		Bonds		Debt from direct borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,030,000	\$ 371,275	\$ 5,440,000	\$ 1,374,750	\$ 10,494,893	\$ 1,218,281
2025	1,085,000	319,775	5,795,000	1,093,875	30,476,995	1,119,831
2026	1,120,000	285,869	6,005,000	798,875	6,739,465	1,031,663
2027	1,150,000	249,469	6,320,000	490,750	6,822,310	953,203
2028	1,195,000	209,219	6,655,000	166,375	6,915,540	873,647
2029-2033	4,505,000	389,581	-	-	60,624,959	1,963,429
	<u>\$ 10,085,000</u>	<u>\$ 1,825,188</u>	<u>\$ 30,215,000</u>	<u>\$ 3,924,625</u>	<u>\$ 122,074,162</u>	<u>\$ 7,160,054</u>

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

Reconciliation of Long-term Obligations	
Principal Outstanding as Reported in Government Activities	\$ 10,085,000
Principal Outstanding as Reported in Business Type Activities	152,289,162
Total Principal Outstanding as Reported	162,374,162
Principal Outstanding - Stadium Authority ⁽¹⁾	245,274,737
Unamortized Discount/Premium	3,488,029
Total Long-term Obligations	<u>\$ 411,136,928</u>

(1) The principal outstanding for Stadium Authority is as of March 31, 2023. Please refer to Santa Clara Stadium Authority's separately issued Financial Statements Note 5 for details.

F. Debt Limitations and Restrictions

The amounts of the City's legal debt limit and debt margin (as defined by Section 1309 of the City Charter) as of June 30, 2023, is \$8.5 billion. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations, covenants, and restrictions.

G. Arbitrage

According to the regulations set forth by the U. S. Treasury Department, for bond issues subject to arbitrage rebate, earnings in excess of the stated bond rate must be rebated to the federal government every five years. As of June 30, 2023, the City has twelve outstanding bond issues that are subject to the arbitrage rebate regulations. The City monitors the earnings on each of these issues and records any accrued rebate liability at the end of each individual bond year.

H. Lease Liabilities

The City has recorded right to use leased assets as result of implementing GASB87. The assets are right to use assets for leased equipment in governmental activities and leased building in the business-type activities. The lease liabilities are amortized on a straight-line basis over the terms of the related leases.

A summary of governmental activities and business-type activities lease payable transactions for the fiscal year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Addition	Retirement	Balance June 30, 2023	Current portion
Governmental activities					
Lease liabilities	\$ 464,409	\$ -	\$ (212,291)	\$ 252,118	\$ 212,705
Business-type activities					
Lease liabilities	\$ 2,286,666	\$ -	\$ (654,044)	\$ 1,632,622	\$ 681,619
Total Lease liabilities	<u>\$ 2,751,075</u>	<u>\$ -</u>	<u>\$ (866,335)</u>	<u>\$ 1,884,740</u>	<u>\$ 894,324</u>

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

The future principal and interest lease payments as of June 30, 2023, are as follows:

For the Year Ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2024	\$ 212,705	\$ 438	\$ 681,619	\$ 14,596
2025	39,413	102	710,181	6,920
2026	-	-	240,822	553
Total	<u>\$ 252,118</u>	<u>\$ 540</u>	<u>\$ 1,632,622</u>	<u>\$ 22,069</u>

I. Subscription Based IT Arrangements and Liabilities

In fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which required the City to record an intangible right-to-use subscription asset. As a result, a right-to-use subscription asset was recorded in the amount of \$10,598,995 in governmental activities and \$3,108,024 in business-type activities. As of June 30, 2023, the City has recorded a net intangible right-to-use subscription asset amounting to \$8,946,025 with accumulated amortization of \$1,652,970 in governmental activities and a net intangible right-to-use subscription asset amounting to \$2,729,539 with accumulated amortization of \$378,485 in business-type activities. The subscription assets are offset with subscription liabilities.

A summary of governmental activities and business-type activities SBITA payable transactions for the fiscal year ended June 30, 2023, are as follows:

	Balance June 30, 2022 (as restated)	Additions	Retirements	Balance June 30, 2023	Current Portion
Governmental activities					
SBITA liabilities	\$ 2,397,211	\$ 8,201,784	\$ (1,681,191)	\$ 8,917,804	\$ 1,638,865
Business-type activities					
SBITA liabilities	\$ 1,437,230	\$ 1,670,794	\$ (390,015)	\$ 2,718,009	\$ 392,381
Total SBITA liabilities	<u>\$ 3,834,441</u>	<u>\$ 9,872,578</u>	<u>\$ (2,071,206)</u>	<u>\$ 11,635,813</u>	<u>\$ 2,031,246</u>

As of June 30, 2023, the value of the subscription liability was \$8,917,804 in governmental activities and \$2,718,009 in business-type activities. The City is required to make annual principal and interest payments throughout the life of the subscription. The interest rate of the subscription is based on the State of California incremental borrowing rate for GASB96. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 9A.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 10 – LONG-TERM DEBT AND DERIVATIVE INSTRUMENTS (continued)

The future principal and interest SBITA payments as of June 30, 2023, are as follows:

For the Year Ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2024	\$ 1,638,865	\$ 245,753	\$ 392,381	\$ 78,573
2025	1,697,498	203,493	406,699	67,322
2026	1,742,255	158,736	421,745	55,433
2027	1,155,381	113,300	437,181	43,251
2028	617,562	82,012	453,148	30,634
2029-2033	1,740,883	170,361	606,855	35,448
2034-2038	325,360	16,038	-	-
Total	<u>\$ 8,917,804</u>	<u>\$ 989,693</u>	<u>\$ 2,718,009</u>	<u>\$ 310,661</u>

NOTE 11 – SOLID WASTE LANDFILL CLOSURE

The City of Santa Clara All Purpose Landfill (Landfill) was closed in September 1993. Federal and state laws and regulations require closure activities such as removal of landfill structures, decommissioning of environmental control systems, site security, and final cover construction and postclosure care such as ongoing monitoring of environmental impact. The City's postclosure plan (Plan) accepted by the California Integrated Waste Management Board, which is now the California Department of Resources Recycling and Recovery (CalRecycle), addresses all the attendant issues. Based on the Plan and pertaining laws and regulations, an estimated Landfill Postclosure Care Cost Obligation is recorded and updated annually. The postclosure care liability is accrued in the Solid Waste Enterprise Fund in accordance with GAAP. This obligation is payable from solid waste user fees.

The City also has a Pledge of Revenue Agreement establishing financial assurance for postclosure maintenance of the Landfill with CalRecycle, which was adopted on October 12, 1999. Financial assurance in the amount of \$600,000 will be maintained in a separate account. In addition, the agreement requires funds to be pledged annually for post-closure maintenance and corrective action costs.

The City has pledged \$262,210 for postclosure maintenance expenses and \$223,998 for corrective action in 2023-24. These amounts are subject to annual inflation factors, as stipulated by CalRecycle.

At June 30, 2023, a liability in the amount of \$6,132,036 was reported based on the estimated remaining postclosure care costs to meet the regulatory requirements. During fiscal year 2023, the City incurred post-closure expenses of \$739,167 and increased the liability by \$665,217 based on revised estimates of future costs. The estimated liability is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2023. However, the actual cost of postclosure care and corrective action may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES

A. Investments in Joint Venture

The City participates in significant joint ventures: Northern California Power Agency (NCPA), the Transmission Agency of Northern California (TANC), San Jose-Santa Clara Water Pollution Control Plant and Clean Water Financing Authority (SJSC), M-S-R Energy Authority (MSR EA), M-S-R Public Power Agency (MSR PPA) and Silicon Valley Animal Control Authority (SVACA).

The separately issued financial statements of these joint ventures (as noted below) are available on request.

	Date of latest audited financial statement	Joint Venture's address
NCPA	6/30/2022	651 Commerce Dr. Roseville, CA 95678
TANC	6/30/2022	P.O. Box 15129 Sacramento, CA 95851
SJSC	6/30/2022	200 E. Santa Clara St. San Jose, CA 95113
MSR EA	12/31/2022	P.O. Box 4060 Modesto, CA 95352
MSR PPA	12/31/2022	P.O. Box 4060 Modesto, CA 95352
SVACA	6/30/2022	3370 Thomas Road Santa Clara, CA 95051

The City's basic financial statements reflect the following investments in joint ventures as of June 30, 2022 (latest information available):

	Participating percentage	Investment	Method of accounting
NCPA			
Geothermal	44.39%		
Hydroelectric	37.02%		
Combustion Turbine	41.67%	\$44,467,652	Equity
Lodi Energy Center	25.75%		
TANC	9.64%	7,631,453	Equity
SJSC ⁽¹⁾	19.46%	240,083,125	Equity
MSR EA	33.40%	-	Suspended
MSR PPA	35.00%	13,745,836	Equity
SVACA	56.50%	5,836,493	Equity
Total		<u>\$311,764,559</u>	

(1) The investment in San Jose/Santa Clara Regional Wastewater Facility includes the current year capital contribution.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

B. Contingent Liability

Under the terms of the various joint venture agreements, the City is contingently liable for a portion of the long-term debt of the entities under take-or-pay agreements, letters of credit, guarantees or other similar agreements. Sewer revenue bonds issued by the San Jose-Santa Clara Clean Water Financing Authority were no longer outstanding as they were fully redeemed on November 15, 2020. Based on the most recent audited financial statements of the individual joint ventures as of June 30, 2022, the City was contingently liable for long-term debt as follows (in thousands):

	Total Debt	Participating Share	Contingent Liability
NCPA	\$ 547,666	34.84%	\$ 190,813
TANC	167,800	9.65%	16,195
Total	<u>\$ 715,466</u>		<u>\$ 207,008</u>

In addition, the City would, under certain conditions, be liable to pay a portion of the costs associated with the operations of the entities. Under certain circumstances, such as default or bankruptcy of the other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of those participants and seek reimbursement from those participants.

Take-or-Pay commitments expire upon final maturity of outstanding debt for each project. Final fiscal year debt expirations as of June 30, 2022 are as follows:

Project	Debt Expiration	Entitlement Share %	Debt Service Share %
NCPA - Geothermal Project (NGP)	July-2024	44.3905%	44.3905%
NCPA - Hydroelectric Project (NHP)	July-2032	37.0200%	37.0200%
NCPA - Lodi Energy Center (NLEC) ⁽¹⁾	June-2040	25.7500%	34.5385%
TANC - CA-OR Transmission Project (COTP)	May-2039	9.6514%	9.6512%
MSR PPA - San Juan Plant	July-2022	35.0000%	35.0000%

(1) The SVP's debt service share in NLEC on issue one is 46.1588%, on issue two is 0%.

A summary of the City's "Take-or-Pay" contracts and related projects and its contingent liability for the debt service including principal and interest payments at June 30, 2022 is as follows (latest information available):

Fiscal Year	NGP	NHP	NLEC	COTP	Total
2023	\$ 2,198,863	\$ 12,870,163	\$ 7,567,678	\$ 1,008,307	\$ 23,645,011
2024	1,541,819	14,375,558	7,565,130	1,348,027	24,830,534
2025	1,545,765	14,399,154	7,565,513	1,465,120	24,975,552
2026	-	7,912,261	7,581,031	1,464,903	16,958,195
2027-2031	-	39,516,428	38,615,584	7,324,369	85,456,381
2032-2036	-	17,218,945	38,621,715	7,324,877	63,165,537
2037-2041	-	-	37,973,144	4,394,758	42,367,902
Total	<u>\$ 5,286,447</u>	<u>\$ 106,292,509</u>	<u>\$ 145,489,795</u>	<u>\$ 24,330,361</u>	<u>\$ 281,399,112</u>

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

C. Northern California Power Agency (NCPA)

NCPA was formed in 1968 as a joint powers agency in the State of California. Its membership consists of sixteen public agencies. NCPA is generally empowered to sell, purchase, generate, transmit, manage electrical energy and provide regulatory and legislative advocacy. Members participate in the projects of NCPA on an elective basis. Therefore, the participation percentage varies for each project in which it participates.

A Commission comprised of one representative for each member governs NCPA. The Commission is responsible for the general management of the affairs, property, and business of NCPA. Under the direction of the General Manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA and its associated power corporations.

Project Financing and Construction

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Hydroelectric Project

NCPA is contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District (CCWD). In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA also has an option to purchase power from the project in excess of the CCWD's requirements for the subsequent 50 years, subject to regulatory approval.

Geothermal Project

The NCPA Geothermal Plants have historically experienced greater than anticipated declines in steam production from the existing geothermal wells. Although initially operated as baseload generation projects at full capability (238MW), NCPA changed its steam field production from baseload to load-following and reduced average annual steam production. Along with other steam field operators in the area, the Agency began implementing various operating strategies to further reduce the rate of decline in steam production. The Agency has modified both steam turbine units and the associated steam collection system to enable generation with lower pressure steam at higher mass-flow rates to optimize the utilization of the available steam resource. In fiscal year 2019-20, NCPA began a well-workover program to restore underperforming wells.

Based upon current operation protocols and forecasted operations, NCPA expects average annual generation and peak capacity to decrease further, reaching approximately 68 MW by the year 2040.

Combustion Turbine Project No. 1

NCPA owns five dual (natural gas and fuel oil) combustion turbine units, each of which is nominally rated at 25 MW, which are collectively known as the Combustion Turbine Project No. 1. These units were completed in 1986 and are designed to provide peak power and reserve requirements and emergency support. Each

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

purchaser is responsible under its power sales contract for paying an entitlement share in Combustion Turbine Project No. 1 of all NCPA's costs of such project.

Lodi Energy Center

On May 24, 2010, SVP entered into an agreement with NCPA for a 25.75% interest in the Lodi Energy Center, a 280 MW combined cycle natural gas fired power plant, located in Lodi, California. The project received approval from the California Energy Commission in April 2010 and was placed into operation in November 2012. In January 2020, the Lodi Energy Center suffered a catastrophic turbine failure. NCPA replaced the turbine with a newer state-of-the-art turbine which could use hydrogen as a cleaner fuel source. The majority of the replacement cost was covered by NCPA's insurance resulting in relatively minimal financial impact to project participants.

D. Transmission Agency of Northern California (TANC)

TANC was organized under the California Government Code pursuant to a joint powers agreement entered into by 15 Northern California utilities. The purpose of TANC is to provide electric transmission and other facilities for the use of its members through its authority to plan, acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or from user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro-rata share of the costs to operate TANC and for payment of debt service, and has the right to participate in future project agreements.

The joint powers agreement remains in effect until all debt obligations and interest thereon have been paid, unless otherwise extended by the members.

California-Oregon Transmission Project

TANC is a participant and also the Project Manager of the California-Oregon Transmission Project (Project), a 340-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. As Project Manager, TANC is responsible for the overall direction and coordination of all Project operations and maintenance, additions and betterments, and for general and administrative support.

The Project was declared commercially operable on March 24, 1993, with a rated transfer capability of 1,600 megawatts and provides a third transmission path between the electric systems of the Pacific Northwest and those in California. The Project has successfully met and completed the major environmental requirements. As of June 30, 2022, the most recent data available, TANC's investment in the Project was \$549.7 million, less accumulated depreciation and amortization of \$297.0 million.

In connection with its participation in the Project, TANC has an entitlement balance of the Project's transfer capability of approximately 1,362 megawatts and is obligated to pay an average of approximately 80% of the operating costs associated with the Project. TANC incurred and initially capitalized all costs for project construction since they were expected to be recovered through reimbursement from Project participants and from the successful operations of the Project's transmission lines. The Project agreement among the participating members provides that each member agrees to make payments, from its revenues, to TANC for project costs incurred and for payment of debt service.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

Santa Clara has historically been obligated to pay 20.47% of TANC's COTP operating and maintenance expenses and 20.70% of TANC's COTP debt service and 22.16% of the Vernon acquisition debt. Santa Clara has also been entitled to 20.4745% of TANC's share of COTP transfer capability (approximately 278 MW net of third party layoffs of TANC) on an unconditional take-or-pay basis. Starting on July 1, 2014 Santa Clara laid-off 147 MWs of this entitlement to other TANC members under a 25 year agreement. During the term of this agreement the parties taking on the entitlement will pay all associated debt service, operations and maintenance costs, and all administrative and general costs. Santa Clara's portion of the operating and maintenance expenses and the COTP debt service is 10.004 %.

E. San Jose/Santa Clara Regional Wastewater Facility and Clean Water Financing Authority (SJSC)

The City and the City of San Jose jointly own the San Jose/Santa Clara Regional Wastewater Facility, (RWF). The RWF provides wastewater treatment services to Santa Clara, San Jose, and seven other tributary agencies. The City of San Jose is the administering agency for the RWF. The San Jose/Santa Clara Clean Water Financing Authority (Authority) was created in 1981 to provide financing for capital improvements at the RWF.

In 1959, the City and the City of San Jose entered into an agreement to construct and operate the RWF, (formerly referred to as the San Jose/Santa Clara Water Pollution Control Plant). Under the terms of the agreement, the cities own an undivided interest in the RWF and share in the capital and operating costs on a pro rata basis, determined by the ratio of each city's assessed valuation to the sum of both cities assessed valuations. Such percentages are determined annually and applied to the capital and operating costs of the RWF, determined on an accrual basis. For the fiscal year ended June 30, 2022, the City's portion of the plant capacity was approximately 19.46%, which is also its interest in the net position of the RWF.

Zero Waste Energy Development Company Ground Lease

On June 21, 2011, the San Jose City Council approved a ground lease with Zero Waste Energy Development Company (ZWED) to lease a portion of the former Nine Par landfill, which is a part of the San Jose/Santa Clara Regional Wastewater Facility lands. ZWED would lease the property in three phases. Under the terms of the proposed lease, ZWED will lease 40.7 acres from the City of San Jose for an initial term of seven years from the date of execution for all three leaseholds. The base rent for the initial phase (Phase 1) of the property would be payable as a proportional credit against the expenditure of site development costs estimated at \$11.8 million or as a payment of \$850,000 per year. Rent for the subsequent phases will be based on the amount of organic waste processed at the facility. Over the 30-year life of the lease, the estimate payment is a minimum of \$16.5 million. The incoming revenue will be distributed between the City of Santa Clara, City of San Jose, and the tributary agencies to the RWF based on the master agreements with each agency.

South Bay Water Recycling Program

The South Bay Water Recycling Program (SBWR), a regional water reclamation program, is part of an action plan adopted by the Regional Water Quality Control Board (RWQCB) which limits the RWF on the amount of effluent discharged into San Francisco Bay in order to prevent conversion of salt marsh and destruction of endangered species habitat. Flow limits are not included in the current five year permit from the RWQCB. SBWR has a master plan to guide the continued operation and potential expansion of the SBWR in the absence

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

of the previous regulatory drivers. The master plan was completed in December of 2014 and accepted by the City of San Jose and the Santa Clara Valley Water District during fiscal year 2014-15.

Under the previously approved action plan, SBWR was required to reclaim 21.1 million gallons per day (MGD) of plant effluent for nonpotable use by November 1, 1997, (Phase 1) and an additional 24.30 MGD by December 31, 2000 (Phase 2). The action plan also requires assessment of alternatives for potable reuse, including a potable pilot plant to be coordinated with the Santa Clara Valley Water District. In addition to habitat preservation, the project reduces the mass trace contaminants discharged to the San Francisco Bay and provides a reliable source of water to offset potable water demands. The current master plan recognizes that primary drivers for the continued operation and expansion of the recycled water system are based in the need for water supply, rather than wastewater discharge reduction.

When first built, the SBWR distribution system included approximately 67 miles of pipe, a four million gallon reservoir, a transmission pump station, and two booster pump stations. These facilities were constructed between 1996 and 1998 at a capital cost of approximately \$140 million funded by the tributary agencies, grants and bond proceeds. Santa Clara's share of Phase 1 costs was approximately \$20.07 million. Within Santa Clara, seven miles of distribution mains were added to the system in 2010 and 2011 and the entire SBWR distribution system now consists of over 140 miles of pipeline.

Proceeds from the City of San Jose 1995 Series A and B Bonds and other funds were used to pay for the City of San Jose's share of Phase 1. The City contributed existing capital reserves, existing recycled water distribution system, and additional construction of system extensions. Other sources for funding of Phase 1 include U.S. Bureau of Reclamation grants, State of California Revolving Fund loans, \$6.45 million transferred in fiscal year 1995 from the Clean Water Financing Authority to the City of San Jose Wastewater Treatment Plant Capital Fund, and cash contributions from other participating agencies. The 2010 and 2011 extensions of the distribution system were funded in part by a combination of grants from the American Recovery and Reinvestment Act of 2009 (ARRA) and the United State Bureau of Reclamation totaling \$10.4 million.

In June 1997, the RWQCB approved the Proposed Revision to the South Bay Action Plan (the Plan), which describes the projects necessary to reduce average dry weather effluent flow from the RWF to below 120 MGD and protect salt marsh habitat for endangered species in the South Bay as required by RWQCB Order 94-117. These projects include expanding the Phase 1 nonpotable water distribution system by extending additional piping, placing greater emphasis on water conservation programs, reducing infiltration inflow, augmenting stream flow, and creating wetlands. The estimated costs of \$127.5 million has been funded through a combination of State Revolving Fund loans, Equipment Replacement Reserves, Sewage Treatment Plant Connection Fees, federal grants, in-kind services and cash contributions.

F. M-S-R Public Power Agency (MSR PPA)

MSR PPA is a joint power agency formed in 1980 by the Modesto Irrigation District, the City and the City of Redding, California, to develop or acquire and manage electric power resources for the benefit of the members. The personnel of its members and contract professional staff perform the administrative and management functions of MSR PPA. The member's income and expense sharing ratio is as follows: Modesto Irrigation District – 50%; City of Santa Clara – 35%; and City of Redding – 15%.

Prior to fiscal year ended December 31, 2020, SVP's equity in MSR PPA's net losses exceeds its investments and, therefore, the equity method of accounting for the investment was suspended. As of December 31, 2021,

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

the date of the latest available audited financial statements, SVP was in a positive equity position of \$7.9 million. The equity method of accounting of SVP's investment in MSR PPA was applied. Under the joint exercise of power agreement, which formed MSR PPA, the City is responsible for funding up to 35 percent of MSR PPA's operating cost, to the extent such funding is necessary. During the year ended June 30, 2023, the City funded its share of operating costs in the Electric Utility Enterprise Fund expenses.

MSR PPA's principal activity is a 28.8% ownership interest in a 507-megawatt unit of a coal-fired electricity generating plant located in New Mexico (San Juan Plant). The San Juan plant was jointly owned by the Public Service Company of New Mexico (PNM) (38.5%), MSR PPA (28.8%) and other municipal power entities (32.7%). On December 31, 2017, MSR PPA divested its ownership interest in the San Juan plant and no longer receives electric energy or capacity from the San Juan Generating Station.

In 2006, MSR PPA entered into a Wholesale Purchase and Sale Agreement and a Shaping and Firing Agreement with Avangrid Renewables, Inc. to provide renewable wind energy to the Members from the Big Horn I Wind Energy Project (Big Horn I Project) with a nominal installed capacity of approximately 199.5 MW. The City receives the power purchased by MSR PPA from the Big Horn I Project. The City's share equates to approximately a 105 MW share of the output. Power deliveries commenced on October 1, 2006 and will continue through September 30, 2026. Through an amendment of the original agreements MSR PPA has an obligation to continue to take the same output through September 30, 2031, or if the Big Horn Project is repowered MSR PPA will have a right of first offer to negotiate a long-term power purchase for such repowered project. The participation in this project is as follows: Modesto Irrigation District – 12.5%; City of Santa Clara – 52.5%; and City of Redding – 35%.

In 2009, MSR PPA entered into a Power Purchase Agreement and Redelivery Agreement with Avangrid Renewables Inc. to purchase additional wind power energy from the same site, called Big Horn II, with a nominal installed capacity of 50 MW for a twenty-year period. Deliveries of energy under this project began on November 1, 2010. The participation in this project is as follows: Modesto Irrigation District – 65%; City of Santa Clara – 35%.

M-S-R PPA San Juan

In 2015, the MSR PPA Commission approved a number of agreements (the "San Juan Restructuring Agreements") to provide for the interests of MSR PPA and certain other San Juan Participants (the "exiting participants") in the San Juan Generation Station to be transferred to the remaining San Juan Participants effective December 31, 2017. In addition to the ownership divestiture, the San Juan Restructuring Agreements provide for, among other things, the allocation of ongoing responsibility for decommissioning costs, mine reclamation costs and any environmental remediation obligations among the exiting participants and the remaining San Juan Participants, and the establishment and funding of mine reclamation and plant decommissioning trust funds. The San Juan Restructuring Agreements were subsequently executed by all nine San Juan Generation Station owners and PNM Resources Development Company (a non-utility affiliate of PNM) and, following receipt of regulatory approvals, became effective on January 31, 2016. Various other implementing agreements and amendments to existing San Juan project agreements to effect the restructuring have also been executed. Closing of the ownership restructuring of the San Juan Generation Station and the divestiture of MSR PPA's interests in San Juan Unit No. 4 was completed on schedule on December 31, 2017.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

G. M-S-R Energy Authority (MSR EA)

MSR EA is a joint power agency formed in 2008 by the Modesto Irrigation District, the City of Santa Clara, and the City of Redding, California, to develop or acquire and manage natural gas resources for the benefit of the members. The personnel of its members and contract professional staff perform the administrative and management functions of MSR EA. The member's income and expense sharing ratio is as follows: Modesto Irrigation District – 33.3%; City of Santa Clara – 33.4%; and City of Redding – 33.3%.

The City's equity in MSR EA's net losses exceeds its investment and, therefore, the equity method of accounting for the investment has been suspended. As of December 31, 2021, the date of the latest available audited financial statements, the City's unrecognized share of member's deficit of MSR EA was \$27.2 million. Under the joint exercise of power agreement, which formed MSR EA, the City is responsible for funding up to 33.4% of MSR EA's operating cost, to the extent such funding is necessary. During the year ended June 30, 2023, the City funded its share of operating in the Electric Utility Enterprise Fund expenses.

In 2009, the City of Santa Clara, along with the Cities of Modesto and Redding participated in the M-S-R Energy Authority Gas Prepay Project. The Gas Prepay Project provides the City of Santa Clara, through a Gas Supply Agreement with MSR EA dated September 10, 2009, a secure and long-term supply of natural gas of 7,500 MM Btu (Million British thermal unit) daily or 2,730,500 MM Btu annually through December 31, 2012, and 12,500 MM Btu daily, or 4,562,500 MM Btu annually thereafter until September 30, 2039. The agreement provides this supply at a discounted price below the spot market price (the Pacific Gas & Electric City gate index) over the next 30 years. As of December 31, 2021, bonds issued by MSR EA to finance the City's share of the Gas Prepay Project were outstanding in the principal amount of \$500,200,000. These bonds were initially sold on August 27, 2009. Under the Gas Supply Agreement, MSR EA will bill the City for actual quantities of natural gas delivered each month on a "take-and-pay" basis. MSR EA has contracted with Citigroup Energy, Inc. ("CEI") to use the proceeds of the Gas Prepay bond issue to prepay CEI for natural gas. CEI has guaranteed repayment of the bonds, and responsibility for bond repayment is non-recourse to the City of Santa Clara. Moreover, any default by the other Gas Prepay Project participants is also non-recourse to the City.

H. Silicon Valley Animal Control Authority

The City is a member of the Silicon Valley Animal Control Authority, (SVACA), established in 2000 to deliver animal control and sheltering services to three communities: the cities of Santa Clara, Campbell, and Monte Sereno. SVACA provides field and shelter services and staffing to support adoption and spay/neuter programs. SVACA purchased and retrofitted an existing cold-shell office building in Santa Clara that became a fully operating animal shelter. The shelter opened in the third quarter of 2006. SVACA is governed by a Board of Directors comprised of one appointed Councilmember from each of the four member cities.

During the fiscal year ended June 30, 2023, the City of Santa Clara contributed \$1,101,269 to SVACA. The City's equity interest in SVACA was \$5,836,493 at June 30, 2022 (the most recent audited information available). Audited financial statements are available from SVACA, located at 3370 Thomas Road, Santa Clara, CA 95051.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit plan, which is a public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS offers a menu of benefit provisions and other requirements that are established by State statutes within the Public Employee Retirement law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate Annual Comprehensive Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS website at www.calpers.ca.gov.

The City's defined benefit pension plans for Miscellaneous and Safety employees with CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All permanent (full-time and part-time) and eligible "as-needed" hourly City employees are required to participate in CalPERS. Employees fall under two categories, Classic and PEPR. Employees hired on or before December 31, 2012 are considered Classic PERS members. Employees hired on or after January 1, 2013 fall into the PEPR PERS members.

B. Pension Plan Benefits

On September 12, 2012, the State of California passed Assembly Bill (AB) 340, which created the Public Employees' Pension Reform Act (PEPRA). PEPRA implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA. Please refer to the Pension Reform section of the CalPERS website for more information regarding when an employee will be considered a new member under PEPRA.

Benefits for employees in the Miscellaneous Plan and Safety Plan vest after five years of CalPERS credited service. The retirement benefits are based on the retiree's age, years of CalPERS credited service, and benefit factor of 2.7% at 55 for the Classic Miscellaneous Plan members and 3% at 50 for the Classic Safety Plan members. For members under PEPRA, the benefit factor is reduced to 2% at 62 for the Miscellaneous Plan and 2.7% at 57 for the Safety Plan.

Miscellaneous Plan

Participants in this plan are eligible for service retirement and receive graduated benefits upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (2.7% at 55 for Classic members or 2% at 62 for PEPRA members), years of service, and final compensation (monthly average of member's highest 12 or 36 (for new members) consecutive months full-time equivalent monthly pay). The service retirement benefit for this group is not capped. The compensation limit for Classic members for the 2023 calendar year is \$330,000. Employees with membership dates prior to July 1, 1996 are not impacted by this limit. The compensation limit for PEPRA for calendar year 2023 is \$146,042 for employees covered by Social Security and is adjusted annually with the CPI for all Urban Consumers.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

Safety Plan

Participants in this plan are eligible for service retirement upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (3% at 50 for Classic members or 2.7% at 57 for new members), years of service, and final compensation. For Classic Fire Safety employees, the final compensation is the monthly average of member's highest 36 consecutive months full-time equivalent monthly pay for both Classic and new members, and for Classic Police Safety employees, it is the monthly average of the member's highest 12 or 36 (for new members) consecutive months full-time equivalent monthly

The service retirement benefit for the Safety Plan group is capped at 90% of final compensation for the Classic members. PEPPRA members have an annual compensation limit on reportable earnings. The compensation limit for calendar year 2023 is \$175,250 for employees not covered by Social Security and is adjusted annually with the CPI for all Urban Consumers.

The Plans provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous		Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50	50 - 57
Monthly benefits, as a % of eligible compensation	2.00% - 2.70%	1.00% - 2.50%	3.00%	2.00% - 2.70%
Required employee contribution rates	8.00%	6.50%		
Public Safety - Fire			9.00%	11.75%
Public Safety - Police			9.00%	11.75%
Required employer contribution rates	10.930%	10.930%	20.880%	20.880%
Required unfunded liability contribution	\$26,915,580		\$23,818,952	

Beginning in fiscal year 2015-16, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the miscellaneous plan's unfunded liability was \$26,915,580 in fiscal year 2022-23. The City's required contribution for the safety plan's unfunded liability was \$23,818,952 in fiscal year 2022-23.

Employees Covered

At the valuation date, June 30, 2021 and measurement date June 30, 2022, the following employees were covered by the benefits terms for each Plan:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,058	505
Inactive employees entitled to but not yet receiving benefits	548	80
Active employees	<u>709</u>	<u>272</u>
Total	<u>2,315</u>	<u>857</u>

C. Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2023, the City’s contributions to the miscellaneous and safety plans were \$36,763,760 and \$35,094,101, respectively.

D. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plans’ fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

	All Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return ⁽¹⁾	7.00%
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.3% until Purchasing Power applies, 2.3% thereafter
Mortality ⁽²⁾	Derived using CalPERS' membership data for all funds

(1) Net of pension plan investment and administrative expenses; including inflation

(2) The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS' November 2021 experience study report available on CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rates of return by asset class.

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return (1)&(2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	0.59%
	<u>100.00%</u>	

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

E. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 measurement date	\$ 826,996,697	\$ 599,409,321	\$ 227,587,376
Changes in the year:			
Service cost	16,172,784	-	16,172,784
Interest on the total pension liability	57,377,858	-	57,377,858
Changes of assumptions	24,297,391	-	24,297,391
Differences between expected and actual experience	(3,601,124)	-	(3,601,124)
Contributions - employer	-	34,036,195	(34,036,195)
Contributions - employees	-	6,369,047	(6,369,047)
Net investment income	-	(45,722,450)	45,722,450
Benefit payments, including refunds of employee contributions	(48,432,370)	(48,432,370)	-
Administrative expense	-	(373,396)	373,396
Net changes	45,814,539	(54,122,974)	99,937,513
Balance at June 30, 2022 measurement date	\$ 872,811,236	\$ 545,286,347	\$ 327,524,889

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

Safety Plan:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 measurement date	\$ 871,051,109	\$ 650,833,939	\$ 220,217,170
Changes in the year:			
Service cost	17,072,526	-	17,072,526
Interest on the total pension liability	60,648,121	-	60,648,121
Changes of assumptions	27,501,978	-	27,501,978
Differences between expected and actual experience	(3,595,795)	-	(3,595,795)
Contributions - employer	-	31,703,230	(31,703,230)
Contributions - employees	-	5,872,012	(5,872,012)
Net investment income	-	(49,438,525)	49,438,525
Benefit payments, including refunds of employee contributions	(49,070,549)	(49,070,549)	-
Administrative expense	-	(405,431)	405,431
Net changes	52,556,281	(61,339,263)	113,895,544
Balance at June 30, 2022 measurement date	\$ 923,607,390	\$ 589,494,676	\$ 334,112,714
Combined Total	\$ 1,796,418,626	\$ 1,134,781,023	\$ 661,637,603

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 437,654,553	\$ 457,776,872
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 327,524,889	\$ 334,112,714
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 236,109,309	\$ 232,689,310

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

F. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$39,886,300 for the Miscellaneous Plan and \$43,685,832 for the Safety Plan, for total pension expense of \$83,572,132.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 36,763,760	\$ -
Changes of assumptions	17,151,100	-
Differences between expected and actual experience	1,865,672	(2,541,970)
Net differences between projected and actual earnings on pension plan investments	27,105,090	-
Total	<u>\$ 82,885,622</u>	<u>\$ (2,541,970)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 35,094,101	\$ -
Changes of assumptions	20,450,189	-
Differences between expected and actual experience	7,664,177	(2,673,796)
Net differences between projected and actual earnings on pension plan investments	29,517,621	-
Total	<u>\$ 92,726,088</u>	<u>\$ (2,673,796)</u>
Combined Total	<u>\$ 175,611,710</u>	<u>\$ (5,215,766)</u>

The reported \$36,763,759 for the Miscellaneous Plan and \$35,094,101 for the Safety Plan deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 13 – RETIREMENT PLAN – DEFINED BENEFIT PENSION PLAN (continued)

resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Period Ended June 30	Miscellaneous Plan Annual Amortization	Safety Plan Annual Amortization
2023	\$ 11,971,571	\$ 15,619,377
2024	10,021,074	12,725,333
2025	4,236,300	7,837,514
2026	17,350,947	18,775,967

NOTE 14 – RETIREMENT PLAN - DEFINED CONTRIBUTION PLAN

The City's Public Agency Retirement System Plan (PARS Plan) is a compulsory retirement plan that qualifies under Section 401 of the Internal Revenue Code covering City employees who are not members of CalPERS. Under the provisions of the PARS Plan, the City makes no contributions; however, all administrative costs of the plan are funded by the City. The PARS Plan administrator is Phase II Systems. The total assets of the PARS Plan are held in trust for the employees and are not included in the City's assets or equity.

NOTE 15 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Internal Revenue Service.

The Plan is part of the public agency agent multiple-employer defined contribution plan that is administered by Nationwide. Benefit provisions under the Plan are established by City Resolution.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

The City has no liability for any losses incurred by the Plan and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City has a contract with Nationwide to manage and invest the assets of the Plan. The administrator pools the assets of the Plan with those of other participants and does not make separate investments for the City. The assets in the Plan are the sole property of the participants or their beneficiaries. Since the assets held under the Plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plan requires investments to be stated at fair market value and it requires all gains and losses on Plan investments to accrue directly to participant accounts.

Under the terms of the Memorandum of Understanding (MOU) with the Police Officers Association Unit 2, Police Officers Association Recruits Unit 2R, and the Unclassified Police Management Association, the City

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 15 – DEFERRED COMPENSATION PLAN (continued)

is required to make a monthly contribution of \$150 to each employee and under the MOU with the Public Safety Non-Sworn Employees Association Unit 10, the City is required to make a monthly contribution of \$300 to each employee. The City's required contributions for the year ended June 30, 2023 totaled \$424,403.

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City's agent multiple-employer defined benefit Other Post Employment Benefit (OPEB) Plan, which was established by City Council in fiscal year 2007-08 in accordance with GAAP, provides reimbursements to retirees for qualified expenses. Employees who have retired from the City with at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. Annual maximum reimbursement amounts differ depending on when an employee retired from City service. The majority of retirees may be eligible for a maximum of \$4,788 in annual reimbursements. Amendments to benefit provisions are negotiated by the various bargaining units at the City and must be approved by Council. In fiscal year 2007-08, the City established an irrevocable exclusive agent multiple-employer defined benefit trust which is administered by Public Agency Retirement Services (PARS). The City is the Plan administrator, and PARS administers the investment trust for the City's Plan. The trust is used to accumulate and invest assets necessary to reimburse retirees. Separate financial reports are issued by PARS for the OPEB Plan Trust. The report can be obtained by writing to PARS at 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660, or by calling 1-800-540-6369.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to and deduction from the OPEB's fiduciary net position have been determined on the same bases. For this purpose OPEB benefit payments are recognized when currently due and payable in accordance with the benefits terms. Investments are report at fair value.

Generally accepted accounting principles require that the reporting results must pertain to liability and asset information within certain defined timeframes. For the fiscal year 2022-23, the following time frames were used.

Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023
Actuarial valuation date ⁽¹⁾	June 30, 2022

(1) Update procedures were used to roll forward the Total OPEB liability from the valuation date to the measurement date.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

B. Plan Membership

As of June 30, 2023, membership in the plan consisted of the following:

	Number of Covered Employees
Inactive employees currently receiving benefits	641
Inactive employees entitled to but not yet receiving benefit payments	257
Active employees	988
Total	1,886

C. Contributions

The OPEB Plan trust annual contributions are based upon actuarial determine contributions. The contribution requirements are established and may be amended by the City Council. Plan members do not make contributions to the plan; the plan is funded entirely by employer contributions. For the fiscal year ending June 30, 2023 the City's cash contributions were \$3,842,000 in payments to the trust, \$18,934 in administrative expenses paid outside of the trust, and the estimated implied subsidy was \$1,054,000, for total contributions of \$4,914,034.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2022, rolled forward to June 30, 2023 using standard actuarial methods, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Significant Actuarial Assumptions Used in Total OPEB Liability	
Actuarial Assumption	June 30, 2022 Measurement Date
Actuarial valuation date	June 30, 2022
Discount rate	4.50% at June 30, 2023
	Crossover analysis showed benefit payments always fully funded by plan assets
Inflation	2.50%
Salary increases	Aggregate 2.75%
Investment rate of return	4.75% at June 30, 2022
Funding policy	Full pre-funding to PARS trust PARS portfolio: Moderately Conservative
Mortality, Disability, Termination, and Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Healthcare cost trend rates	Non-Medicare - 8.5% for 2023, scaling down to 3.45% in year 2076 Medicare (Non-Kaiser) - 7.5% for 2023 scaling down to 3.45% in year 2076 Medicare (Kaiser) - 6.25% for 2023 scaling down to 3.45% in year 2076
Healthcare participation for future retirees - Cash subsidy	PEMHCA minimum only: Currently covered: 50%, Waived: 25% Other plans: : Currently covered: 80%, Waived: 40%
Healthcare participation for future retirees - PEMHCA implied subsidy	PEMHCA minimum only: Currently covered: 50%, Waived: 25% Other plans: : Currently covered: 80%, Waived: 25%

E. Discount Rate

The discount rates used to measure the total OPEB liability was 4.50% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rate equal to the actuarially determined contributions rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	30%	4.56%
Mutual Funds - Fixed Income	65%	0.78%
Cash and equivalent	5%	-0.50%
	100%	
Expected Inflation		2.50%
Discount Rate		4.50%

F. Changes in the OPEB Liability

The changes in the Net OPEB liability and Fiduciary Net Position are as follows:

	Net OPEB Liability (In Thousands)	
	2023	2022
Total OPEB Liability	\$ 67,386	\$ 67,638
Fiduciary Net Position	(29,668)	(27,223)
Net OPEB Liability	<u>\$ 37,718</u>	<u>\$ 40,415</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	44.0%	40.2%

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

The changes in Net OPEB details as follow:

Changes in Net OPEB Liability (In Thousands)			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2022 measurement date	\$ 67,638	\$ 27,223	\$ 40,415
Changes in the year:			
Service cost	2,415	-	2,415
Interest	3,244	-	3,244
Differences between expected and actual experience	(1,652)	-	(1,652)
Change in Assumption	(760)	-	(760)
Contributions - employer ⁽¹⁾	-	4,915	(4,915)
Net investment income	-	1,094	(1,094)
Benefit payments	(3,499)	(3,499)	-
Administrative expense	-	(65)	65
Net changes	(252)	2,445	(2,697)
Balance at June 30, 2023 measurement date	\$ 67,386	\$ 29,668	\$ 37,718

(1) Includes implied subsidy of \$1,054 thousand

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the discount rate of 4.50%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate.

Sensitivity of Net OPEB Liability to Changes in Discount Rate (In Thousands)			
	1% Decrease (3.50%)	Current Rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability	\$ 46,329	\$ 37,718	\$ 30,590

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

H. Sensitivity of the Net OPEB Liability to Healthcare Cost Trend Rates

The following table presents the net OPEB liability of the City, as of June 30, 2023, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current rate.

	Sensitivity of Net OPEB Liability to Changes in Healthcare Care Trend Rates (In Thousands)		
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 29,178	\$ 37,718	\$ 48,291

I. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense as follows:

OPEB Expense (In Thousands)	
	2023
Fund level expense	\$ 3,861
Actuarial Expense	(309)
OPEB Expense	<u>\$ 3,552</u>

As of fiscal year ended June 30, 2023, the City reported deferred outflows as of resources related to OPEB from the following sources.

	Deferred Outflows and Inflows Balance (In Thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 895	\$ 1,763
Differences between expected and actual experience	-	1,871
Net differences between projected and actual earnings on OPEB plan investments	2,297	-
Total	<u>\$ 3,192</u>	<u>\$ 3,634</u>

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense (In Thousands)	
For the Year ending June 30	Amount
2024	\$ (766)
2025	239
2026	801
2027	(281)
2028	(395)
Thereafter	(40)

NOTE 17 – ELECTRIC UTILITY - SILICON VALLEY POWER (SVP)

The City's Electric Utility Department provides electricity to City residents and businesses under the name Silicon Valley Power (SVP).

A. Long-term Power Purchase Contracts

The City purchases wholesale electric power from various participants of the Western Systems Power Pool (WSPP), NCPA, MSR Public Power Agency (Note 12), Western Area Power Administration, and other sources to supply the power requirements of the City's electric utility customers under long-term power purchase agreements (PPAs). The City actively manages the financial risks inherent in these PPAs, including the risks arising from the changing spot market prices that move above and below the contract prices and from contract disputes that may arise from time to time. The proceeds and costs related to generation, either owned or under PPAs, except ancillary services are included in enterprise fund materials, services and supplies expense and excluded from wholesale resources purchase.

B. Restructuring of the California Electric Industry

Deregulation Legislation and Direct Access

The passage of AB1890 in 1998 triggered fundamental changes in the structure of the electric industry in California. Generally, AB1890 provided for creation of the California Power Exchange (Cal PX), which was to be a clearinghouse for energy transactions among investor-owned utilities, independent generators and power marketers, who in turn would serve so called direct-access customers. AB1890 also created the California Independent System Operator (CAISO), which was to manage the state's bulk transmission grid.

However, in 2000 and 2001, the price of electricity at the Cal PX became extremely high, and investor-owned utilities were unable to pay for the energy that they needed from the Cal PX. Eventually the Cal PX filed for bankruptcy and was dismantled. Investor-owned utility PG&E and several energy marketers would also file for bankruptcy and over a decade of litigation ensued.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 17 – ELECTRIC UTILITY – SILICON VALLEY POWER (SVP) (continued)

The CAISO, however, continues to manage the state’s bulk electric system and the day-ahead and day-of markets, and it has implemented various price controls and tariffs in an effort to avoid repeating the mistakes of 2000 and 2001. Along with balancing control area responsibility, the CAISO has also announced that it will take on the role of reliability coordinator for the region.

Energy Wholesale Trading and Risk Management

SVP participates in the wholesale gas and power market and the CAISO’s centralized market. Since CAISO’s Market Redesign and Technology Upgrade (MRTU), CAISO has become the ultimate buyer and seller in the California day ahead market. Therefore, SVP engages in the trading of commodity forward contracts (gas and electric energy contracts) to secure fuel supply and hedge daily power purchase/sales from/to CAISO. The primary type of forward contracts SVP currently engages in is the Futures contracts SVP transacts on Intercontinental Exchange (ICE). The Futures transactions for both natural gas and power are recorded on cash basis under Wholesale Trading activities starting fiscal year 2022-23. Activities during the fiscal year were substantially considered hedging transactions and, as such, have been accounted for using the settlement method of accounting. Accordingly, related gross sales and purchases totaling \$85.0 million and \$19.5 million, respectively, for fiscal year ended June 30, 2023, have been separately reported on the statement of revenues, expenses and changes in net position.

The restructured electric wholesale market exposes SVP to various risks including market, credit and operational risks. Active and effective management of these risks associated with the power trading activity is critical to its continued success and contribution to the entire utility. A Risk Management Committee, separate from the units that create the risk exposures, overseen by a Risk Oversight Committee that reports ultimately to the City Council, administers and monitors compliance with the risk policies and procedures on a regular basis. The City and SVP believe that it has the resource commitment, and effective policies and procedures, and is continuing to improve the control structure and oversight for evaluating and controlling the market and credit risks to which it is exposed.

Credit Arrangements

The City of Santa Clara electric utility maintains credit policies, procedures, and systems that help mitigate credit risk and minimize overall credit risk exposure. The policies include transacting only with investment grade counterparties, evaluating potential counterparties’ financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. Additionally, SVP is a signatory to the WSPP netting agreement supplement and otherwise, enters into master netting arrangements whenever possible and, where appropriate, obtains collateral prior to trade execution. Master netting agreements incorporate rights of setoff that provide for the net settlement of subject contracts with the same counterparty in the event of default.

NOTE 18 – NET POSITION/FUND EQUITY

Net Position is measured on the full accrual basis and presented in the Government-wide Financial Statements, while Fund Balance is measured on the modified accrual basis and presented in the Governmental Funds Financial Statements.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 18 – NET POSITION/FUND EQUITY (continued)

A. Government-wide Financial Statements - Net Position

Net Position is the excess of all the City's assets and deferred outflow of resources over all its liabilities and deferred inflow of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate-income purposes.

Unrestricted describes the portion of Net Position which is not restricted as to use.

B. Governmental Fund Financial Statements - Fund Balances

The City categorizes fund balance in accordance with GAAP. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

Amounts that cannot be spent either because they are in a nonspendable form or are required to be maintained intact.

Restricted Fund Balance

Amounts that are constrained to specific purposes by federal, state, county, local laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council, the City's highest level of decision-making authority, through resolutions. These committed amounts cannot be used for any other purpose unless the Council removes or changes the specific uses through the same type of formal action taken to establish the commitment. These Council actions must occur prior to June 30th of the applicable fiscal year.

Assigned Fund Balance

Amounts that are constrained by the City's intent are to be used for specific purposes, but are neither restricted nor committed. The City Council delegated the authority to assign amounts to be used for specific purposes to the City Manager per Ordinance 1784, September 16, 2003.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 18 – NET POSITION/FUND EQUITY (continued)

Unassigned Fund Balance

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories in the General Fund, or negative balances in all other funds. The Unassigned Fund Balance includes the Budget Stabilization (Emergency) and Capital Projects Reserves, and other undesignated fund balances. The balances in these accounts are \$50.0 million, \$11.8 million, and \$31.0 million, respectively. Additional information is described in the Stabilization Arrangement section of this note.

Under the City's encumbrance system of accounting, a portion of fund balance that has been encumbered for a specific future use is classified in the appropriate fund balance component based on the nature of the encumbrance.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 18 – NET POSITION/FUND EQUITY (continued)

Fund Balance Classification

	Major Funds		Non-Major Governmental Funds	Fund Balance June 30, 2023
	General Fund	Santa Clara Housing Successor		
Nonspendable:				
Receivables, inventory & prepaid	\$ 23,298	\$ -	\$ -	\$ 23,298
Leases	3,372,936	-	-	3,372,936
Total Nonspendable	3,396,234	-	-	3,396,234
Restricted For:				
Gas tax programs	-	-	3,831,532	3,831,532
Housing & Community Development	-	10,898,621	17,765,913	28,664,534
Maintenance districts	-	-	1,911,739	1,911,739
Operating grants	-	-	1,257,939	1,257,939
Debt service	-	-	745,424	745,424
Environmental enforcements	596,438	-	-	596,438
Parks & recreation	-	-	54,247,324	54,247,324
Streets and highway	-	-	43,430,147	43,430,147
Public safety	773,511	-	-	773,511
Library	19,488	-	-	19,488
Public facilities	235,055	-	2,380,881	2,615,936
Donations	755,249	-	480,756	1,236,005
Pension rate stabilization program	22,309,426	-	-	22,309,426
Storm drain	-	-	433,968	433,968
Total Restricted	24,689,167	10,898,621	126,485,623	162,073,411
Committed to:				
Housing programs	-	-	4,447,985	4,447,985
Parks & recreation	-	-	1,348,339	1,348,339
Streets and highway	-	-	11,970,617	11,970,617
Storm drain	-	-	4,456,615	4,456,615
Public safety	-	-	1,306,924	1,306,924
Library	-	-	301,104	301,104
Public facilities	-	-	20,581,186	20,581,186
Building inspection	-	-	33,791,633	33,791,633
Land investment	18,481,037	-	-	18,481,037
Historical preservation	94,212	-	-	94,212
Total Committed	18,575,249	-	78,204,403	96,779,652
Assigned to:				
General Government	13,758,389	-	-	13,758,389
Other purposes	104,273	-	-	104,273
Total Assigned	13,862,662	-	-	13,862,662
Unassigned:	92,792,663	-	-	92,792,663
Total Fund Balances	\$ 153,315,975	\$ 10,898,621	\$ 204,690,026	\$ 368,904,622

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 18 – NET POSITION/FUND EQUITY (continued)

C. Fund Balance Policy

When both restricted and unrestricted funds are available for expenditure, the City's Fund Balance Policy reduces all Governmental Funds Balances in the following order: Restricted, Committed, Assigned, and Unassigned fund balances unless disallowed by City Council or legal requirements.

Stabilization Arrangement

Maintaining financial stabilization is a necessity for sound financial management and fiscal accountability. Its purpose is to ensure funds are available to cover occasional budgetary shortfalls (i.e., when general unrestricted revenues decline) or other unexpected urgent events. The City's Budget Stabilization Reserves (Emergency) and Capital Projects Reserves are maintained for these purposes. As of June 30, 2023, the Budget Stabilization and Capital Projects Reserves were \$53.4 million and \$11.8 million, respectively, and are a component of the General Fund's Unassigned Fund Balance.

In 1985-86, the City Council established a policy regarding the City's General Contingency Reserve, under which two separate reserves were established.

- The Budget Stabilization Reserve is set aside primarily for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the cost of the City's General Fund operations for three months (90-days or 25% General Fund operating budget). Given the significant impacts of COVID-19 on the City's budget, the City Council Adopted the FY2021-22 budget principles that allow this reserve to drop to 15% of budgeted expenditures.
- The Capital Projects Reserve, earmarks funds for a five-year capital improvement program. The minimum target for this reserve is \$5 million.

One of the strategic objectives on the 2017-18 Council Goals and Strategic Objectives list is to continue to replenish City reserves and maintain strong, fiscally-sound management policies of City revenues with long term goals in mind.

Pension Rate Stabilization Program Trust

In fiscal year 2016-17, the City established an irrevocable trust account with PARS to pre-fund retirement plan obligations. The contributions placed in the trust will reduce the City's net pension liability for financial purposes as required by GAAP. As of June 30, 2023, the balances in the pension rate stabilization program trust for the General Fund and Enterprise Funds are listed as follows:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 18 – NET POSITION/FUND EQUITY (continued)

Fund Name	Pension Rate Stabilization Balances
General Fund:	\$ 22,309,426
Enterprise Funds:	
Electric Utility	6,324,045
Water Utility	1,260,117
Sewer Utility	585,544
Water Recycling	103,323
Solid Waste	284,887
	\$ 30,867,342

D. Net Position/Fund Balance Deficits

The funds listed below had an accumulated deficit as of June 30, 2023:

Fund Name	Accumulated Deficit
Internal Service Funds:	
Information Technology Services	\$ 630,972
Workers' Compensation Insurance Claims	\$ 10,344,962

The Solid Waste deficit is mainly due to liabilities incurred for landfill postclosure care and is expected to be funded by charges for services in future years. The Information Technology Service and Workers Compensation Insurance Claims' Internal Service Fund accumulated deficits are expected to be offset by future charges to the General Fund and the enterprise funds.

NOTE 19 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, errors and omissions, general liability, injuries to employees and unemployment claims. The City currently reports all of its risk management activities in its Internal Service Funds. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated using actuarial methods or other estimating techniques.

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims and workers' compensation claims. The estimated liabilities for general liability and workers' compensation claims are based on case reserves and include amounts for claims incurred but not reported

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 19 – RISK MANAGEMENT (continued)

(IBNR). At June 30, 2023, the estimated claims payable of \$28,120,000, consisting of reserves for both reported and IBNR losses, as well as, allocated loss adjustment expenses, have been recorded in the Special Liability and Workers' Compensation Internal Service Funds, respectively. The claims payable are reported at their present value using expected future investment yield assumptions of 2.5%, and the undiscounted claims at June 30, 2023, totaled \$8,351,000 and \$22,973,000 for general liability and workers' compensation claims, respectively.

The estimate of claims due in one year is the City's best estimate based upon available information which is included in accrued liabilities.

Changes in the reported liability since June 30, 2021 resulted from the following:

	<u>Special Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Liability as of June 30, 2021	\$ 6,934,000	\$ 21,803,000	\$ 28,737,000
Claims and changes in estimates during fiscal 2022	9,903,230	3,804,070	13,707,300
Claim payments	<u>(6,780,230)</u>	<u>(4,636,070)</u>	<u>(11,416,300)</u>
Liability as of June 30, 2022	\$ 10,057,000	\$ 20,971,000	\$ 31,028,000
Claims and changes in estimates during fiscal 2023	4,786,243	4,529,170	9,315,413
Claim payments	<u>(7,026,243)</u>	<u>(5,197,170)</u>	<u>(12,223,413)</u>
Liability as of June 30, 2023	<u>\$ 7,817,000</u>	<u>\$ 20,303,000</u>	<u>\$ 28,120,000</u>
Current Claims Payable	\$ 2,402,000	\$ 4,003,000	\$ 6,405,000
Long Term Claims Payable	<u>5,415,000</u>	<u>16,300,000</u>	<u>21,715,000</u>
Liability as of June 30, 2023	<u>\$ 7,817,000</u>	<u>\$ 20,303,000</u>	<u>\$ 28,120,000</u>

With respect to the Special Liability accrual of \$8 million, the City has numerous unsettled lawsuits filed or claims asserted against it as of June 30, 2023. The City has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate of the amount or ranges of potential loss to the City. As a result of such review, the City has categorized the various claims and lawsuits as "probable," "reasonably possible," and "remote" loss contingencies, as defined by current accounting standards.

The City has determined that the City's probable loss contingencies, which are accrued for as the estimated liability for claims and lawsuits as of June 30, 2023, are approximately \$10 million. The final outcome of claims and lawsuits, which have been categorized as reasonably possible loss contingencies, is not presently determinable and any associated potential loss cannot be estimated. Accordingly, no provision has been made in the accompanying basic financial statements relative to the potential outcome of such claims and lawsuits. However, the ultimate resolution of such claims and lawsuits is not expected to have a material effect on the accompanying basic financial statements.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 20 – COMMITMENTS AND CONTINGENCIES

A. Electricity Purchase Contracts

The City has future commitments under electricity purchase contracts as discussed in Note 17A, and is contingently liable under joint venture agreements discussed in Note 12B.

B. Grant Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executory contracts; and open purchase orders). Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted or committed governmental fund balance. As of June 30, 2023, total governmental fund encumbrance balances for the City are as follows:

General Fund	\$	4,796,278
Santa Clara Housing Successor		343,660
Nonmajor Governmental Funds		42,824,578
Total Governmental Funds	\$	<u>47,964,516</u>

D. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25 year agreement with the SFPUC. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$508,859 during fiscal year 2022-23, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2023-24 is estimated to be \$534,180.

E. Santa Clara Stadium Authority and Litigation

Asset Retirement Obligation

Pursuant to the Ground Lease, the SCSA may be required to demolish the Stadium and other improvements at the end of the lease term, upon written notice from the City. Pursuant to the Stadium Lease, the SCSA will establish reserves to fund the cost of demolishing the stadium at the end of the lease term. While such reserves are projected to cover the entire demolition cost, StadCo will be responsible for funding any shortfall.

Historical SBL Buffet Costs

On April 30, 2020, the SCSA received an invoice in the amount of \$4,388,709 for previously un-billed "complimentary" buffet costs associated with certain SBL holders for the NFL seasons from 2014 through 2018. On May 13, 2020, the SCSA issued a response letter disputing the newly-billed costs citing that the costs were not presented in a reasonable manner relative to the financial planning and reporting requirements of the Lease Agreement and Stadium Management Agreement and there is no justification for delaying presentment and demand for payment. The invoices presented also lack sufficient supporting documentations in order to confirm the validity of the costs and charges under the Lease Agreement terms. StadCo and ManagementCo have initiated arbitration proceedings to dispute the SCSA's position and dispute is still outstanding.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

In fiscal year 2021-22, ManagementCo invoiced an additional \$902,081 in new buffet costs to the SCSA through the fiscal year 2021-22 Non-NFL events' net loss. ManagementCo also issued a certificate of loan to the SCSA under the Management Company Revolving Loan for the buffet amount and subsequently paid off the loan through the year-end excess cash distribution. SCSA objected to and disputes ManagementCo's unauthorized payment of these buffet costs through the Revolving Loan, and also the payment of that loan through year-end excess cash. Pursuant to the parties' August 31, 2022 settlement agreement and stipulation, ManagementCo's draw under the Revolving Loan will be treated as a timely SCSA payment, under protest, and with a full reservation of SCSA's rights and claims. The SCSA recorded a receivable from ManagementCo for the loan draw on the buffet costs as of March 31, 2023.

In fiscal year 2022-23, ManagementCo reported \$1,164,668 in buffet costs to be charged to the SCSA for the 2022-23 season. The SCSA did not record a liability for this cost since the dispute is still outstanding.

Public Safety Costs

In June 2019, StadCo filed an Arbitration Demand regarding alleged amounts due from the SCSA under the public safety costs terms of the Stadium Lease, for fiscal year 2017-18. According to the Stadium Lease, StadCo is required to reimburse the City for the costs incurred for providing public safety services for NFL events that exceed the revenue from off-site parking permit fees. The Stadium Lease contains a provision that creates a "threshold" on the amount of public safety costs that StadCo must pay for each of the NFL seasons. If the total public safety costs exceed the threshold, then the Stadium Lease requires the SCSA to reimburse or credit to StadCo the costs above the threshold in the form of rent credits. The Stadium Lease includes an obligation for StadCo to negotiate a threshold increase in good faith if the total amounts are over the threshold for three consecutive years. The SCSA invoked the good faith negotiation process after costs exceeded the threshold for three seasons, which was in advance of the incurred public safety costs for fiscal year 2017-2018. StadCo filed several amended Arbitration Demands or formal demand letters for public safety costs damages for the subsequent NFL seasons and fiscal years 2018-2019, 2019-2020, 2021-2022, and 2022-2023.

The Ground Lease contains provisions that provide rent credits to the SCSA in the event that public safety costs exceed the threshold. The rent credit is equivalent to the public safety costs that exceed the threshold in a fiscal year. The SCSA is allowed to use these excess credits to apply against the performance-based rent owed to the City in the event that public safety costs exceed the threshold, and that excess amount is not paid directly by the SCSA. Both the performance-based rent credit from the City and rent credit from the SCSA expire in the next five succeeding years if not used within the year incurred. The public safety costs, threshold amount and calculations, and credits are currently under litigation with StadCo. As of March 31, 2023, the SCSA did not record a liability for this cost since the dispute is still outstanding and the amount in question is not estimable.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 21 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Defeased Bonds

Bayshore North Project 2011 Tax Allocation Bonds

On May 11, 2011, the former RDA issued \$31.41 million of Bayshore North Project 2011 Tax Allocation Bonds (RDA 2011 Bonds) with an interest rate ranging from 2% to 7.86%, and a final maturity of 2026, to finance various redevelopment activities associated with the former RDA's Bayshore North Project Area. The 2011 Bonds were defeased on June 1, 2017.

The following schedule summarizes the defeased 2011 Tax Allocation Bonds:

2011 Series	Principal Issued	Date Issued	Principal Defeased	Maturities Defeased	Redemption Date
Current Interest Bonds	\$ 11,440,000	May 18, 2011	\$ 11,315,000	June 1, 2026	June 1, 2021
Capital Appreciation Bonds	19,971,295	May 18, 2011	10,643,264	From June 1, 2022 to June 1, 2026	June 1, 2021
	<u>\$ 31,411,295</u>		<u>\$ 21,958,264</u>		

NOTE 22 – SUCCESSOR AGENCY LEASE AGREEMENTS

On January 8, 2016 the City executed the Settlement Agreement for Sharma vs Successor Agency to Redevelopment Agency of the City of Santa Clara. This Settlement Agreement calls for the City to return to the Successor Agency certain properties that the former Redevelopment Agency transferred to the City prior to dissolution. The properties transferred are as follows: the Great America Theme Park Property (not including the parking lot, see Note 4B), the Hilton Hotel Property, the North/South Parking Lots, the Gateway Parcel 2 Property, the Hyatt Hotel Property (not including the ballroom, see Note 4B), the Techmart Property, and the Martinson Childcare Center Property. All the properties, other than the Martinson Childcare Center Property will be sold by the Successor Agency. Until the properties are sold the rent revenues will be used to pay the Successor Agency's enforceable obligations. The Settlement Agreement requires the City to forego the long term lease revenues generated by the properties.

A. Techmart Office Building Ground Lease

In May 1998, the former RDA entered into a long-term ground lease of the Techmart parcel with CarrAmerica. The lease has a 55 year term with options for two additional ten-year terms. The former RDA received \$1 million annual rent for each of the first ten years of the lease, which lease revenues were paid by the former RDA to the City pursuant to the First Amended Cooperation Agreement. Rent increases are scheduled as follows: 10% in the eleventh year and every five years thereafter during the initial term and 15% in the first and sixth year of each option term. Under the terms of the lease, CarrAmerica assumed responsibility for all taxes and assessments levied against the Techmart parcel and the Lessor's interest in the ground lease is unsubordinated to any other financing. On July 13, 2006, CarrAmerica merged with Nantucket Acquisition, Inc., a wholly owned subsidiary of The Blackstone Group; the terms and conditions of the lease agreement remain in effect.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 22 – SUCCESSOR AGENCY LEASE AGREEMENTS (continued)

Lease revenues collected from July 1, 2012 to June 30, 2022 in the amount of \$12,604,167 were passed on to the Successor Agency. For the fiscal year ended June 30, 2023, the Successor Agency recognized \$1,268,251 in lease revenue and \$906,622 in interest revenue. As of June 30, 2023, the Successor Agency's receivable for lease payments was \$39,553,901 and the balance of the deferred inflow of resources was \$37,941,849.

B. Hyatt Regency Hotel Ground Lease and Ballroom Lease

In April 1985, the former RDA entered into a long-term ground lease with SCCC Associates (Lessee) for the development of a certain portion of that piece of land – the Bayshore North Redevelopment Project Area, and eventual operation of a high quality hotel and related facilities, amenities and improvements including one of the Ballrooms in the Convention Center. The lease is for an initial term of 50 years. The Lessee has options to renew the lease for four additional periods of ten years each and one additional period of nine years. In 2005, SHC New Santa Clara, LLC, the successor-in-interest to SCCC Associates at that time, sold the interest to Hyatt Equities, LLC. In 2013, Hyatt Equities, LLC. sold its interest to Inland American Lodging Acquisitions, Inc.; the terms and conditions of the lease agreements remain in effect. Under the terms of the lease, the former RDA is entitled to receive a specified amount of minimum rent subject to adjustment at times specified in the lease. Lessee may also have an obligation for additional rent calculated as a predetermined percentage of the hotel gross revenues which exceed the amount specified in the lease.

The Settlement Agreement states that a portion of the ground lease payments from the Hyatt Hotel are derived from the Convention Center Ballroom space rental and are not related to the Hyatt Hotel ground lease. The Settlement Agreement states the City shall retain all revenues generated from the Ballroom Agreement starting July 1, 2015. Lease revenues collected from July 1, 2012 to June 30, 2015 in the amount of \$921,270 were passed on to the Successor Agency. Additional information concerning the Ballroom Lease can be found in Note 4B.

Lease revenues collected from Hyatt from July 1, 2012 to June 30, 2022 in the amount of \$15,114,141 were passed on to the Successor Agency. For the fiscal year ended June 30, 2023, the Successor Agency recognized \$343,385 in lease revenue and \$97,702 in interest revenue. As of June 30, 2023, the Successor Agency's receivable for lease payments was \$4,144,566 and the balance of the deferred inflow of resources was \$4,063,388.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE 22 – SUCCESSOR AGENCY LEASE AGREEMENTS (continued)

C. Schedule of the Future Lease Payments

As of June 30, 2023, the future lease payments to be received by the Successor Agency for the above leases are as follows:

For the Year Ending June 30	Lease Receivable	
	Principal	Interest
2024	\$ 874,098	\$ 990,002
2025	896,947	967,153
2026	917,614	946,486
2027	938,757	925,343
2028	970,110	906,191
2029-2033	5,931,210	4,134,761
2034-2038	6,188,252	3,417,649
2039-2043	7,069,746	2,690,078
2044-2048	8,954,915	1,780,893
2049-2053	10,956,819	636,426
	<u>\$ 43,698,468</u>	<u>\$ 17,394,982</u>

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Required Supplementary Information

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CITY OF SANTA CLARA REQUIRED SUPPLEMENTARY INFORMATION

This part of the City of Santa Clara's Annual Comprehensive Report provides detailed information to better understand the data presented within the financial statements and note disclosures.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Discloses the changes and components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered payroll.

SCHEDULE OF PLAN CONTRIBUTIONS - PENSION PLAN

Contains information of the employer's contractually required contribution rates, contributions to the pension plan and related ratios.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Discloses the changes and components of the net OPEB liability and related ratios, including OPEB's Plan Trust Fund net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered employee payroll.

SCHEDULE OF PLAN CONTRIBUTIONS - OPEB PLAN

Contains information of the employer's contractually required contribution rates, contributions to the OPEB Plan and related ratios.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Presents the accompanying budget and actual comparison schedules in accordance with the budgetary process.

CITY OF SANTA CLARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

Miscellaneous Plan

	2022	2021
Total Pension Liability		
Service cost	\$ 16,172,784	\$ 15,428,984
Interest	57,377,858	56,183,036
Changes of assumptions	24,297,391	-
Differences between expected and actual experience	(3,601,124)	1,328,853
Benefit payments, including refunds of employee contributions	(48,432,370)	(45,355,148)
Net change in total pension liability	45,814,539	27,585,725
Total pension liability - beginning	826,996,697	799,410,972
Total pension liability - ending	\$ 872,811,236	\$ 826,996,697
Plan Fiduciary Net Position		
Contributions - employer	\$ 34,036,195	\$ 31,272,528
Contributions - employee	6,369,047	6,333,120
Net investment income	(45,722,450)	112,780,714
Benefit payments, including refunds of employee contributions	(48,432,370)	(45,355,148)
Plan to plan resource movement	-	-
Administrative expense	(373,396)	(494,347)
Other Misc Income/(Expense) ⁽²⁾	-	-
Net change in plan fiduciary net position	(54,122,974)	104,536,867
Plan fiduciary net position - beginning	599,409,321	494,872,454
Plan fiduciary net position - ending	\$ 545,286,347	\$ 599,409,321
Net Pension Liability - ending	\$ 327,524,889	\$ 227,587,376
Plan fiduciary net position as a percentage of the total pension liability	62.47%	72.48%
Covered payroll	\$ 92,642,754	\$ 89,321,766
Net pension liability as percentage of covered payroll	353.54%	254.79%

Notes to schedule:

(1) Fiscal year 2014-15 was the first year of implementation.

(2) During fiscal year 2017-18, as a result of GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB No. 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pension.

CITY OF SANTA CLARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

2020	2019	2018	2017	2016	2015	2014
\$ 15,079,332	\$ 14,448,007	\$ 13,159,021	\$ 11,975,850	\$ 10,415,730	\$ 9,909,421	\$ 10,345,749
54,277,035	51,858,572	49,394,806	47,384,580	46,283,869	44,755,550	42,969,016
-	-	(5,067,759)	37,018,109	-	(10,233,178)	-
9,229,485	10,888,358	10,229,369	(2,176,270)	(2,265,081)	108,957	-
<u>(43,050,194)</u>	<u>(41,003,947)</u>	<u>(38,252,869)</u>	<u>(35,744,281)</u>	<u>(33,491,738)</u>	<u>(31,858,297)</u>	<u>(29,847,146)</u>
35,535,658	36,190,990	29,462,568	58,457,988	20,942,780	12,682,453	23,467,619
763,875,314	727,684,324	698,221,756	639,763,768	618,820,988	606,138,535	582,670,916
<u>\$ 799,410,972</u>	<u>\$ 763,875,314</u>	<u>\$ 727,684,324</u>	<u>\$ 698,221,756</u>	<u>\$ 639,763,768</u>	<u>\$ 618,820,988</u>	<u>\$ 606,138,535</u>
\$ 28,827,466	\$ 25,715,248	\$ 22,508,822	\$ 22,015,885	\$ 18,464,042	\$ 15,625,285	\$ 14,887,751
6,650,350	6,182,683	5,957,917	5,247,078	5,151,548	4,755,791	5,439,513
24,008,623	30,342,401	36,908,188	44,308,442	2,186,435	9,037,882	61,358,126
(43,050,194)	(41,003,947)	(38,252,869)	(35,744,281)	(33,491,738)	(31,858,297)	(29,847,146)
-	-	(1,065)	-	(788)	(368)	-
(675,430)	(326,982)	(674,790)	(587,320)	(247,274)	(457,051)	-
-	1,065	(1,281,438)	-	-	-	-
15,760,815	20,910,468	25,164,765	35,239,804	(7,937,775)	(2,896,758)	51,838,244
479,111,639	458,201,171	433,036,406	397,796,602	405,734,377	408,631,135	356,792,891
<u>\$ 494,872,454</u>	<u>\$ 479,111,639</u>	<u>\$ 458,201,171</u>	<u>\$ 433,036,406</u>	<u>\$ 397,796,602</u>	<u>\$ 405,734,377</u>	<u>\$ 408,631,135</u>
<u>\$ 304,538,518</u>	<u>\$ 284,763,675</u>	<u>\$ 269,483,153</u>	<u>\$ 265,185,350</u>	<u>\$ 241,967,166</u>	<u>\$ 213,086,611</u>	<u>\$ 197,507,400</u>
61.90%	62.72%	62.97%	62.02%	62.18%	65.57%	67.42%
\$ 89,410,939	\$ 81,872,333	\$ 75,515,390	\$ 71,285,526	\$ 61,942,363	\$ 58,051,406	\$ 58,020,890
340.61%	347.76%	356.81%	371.95%	390.63%	367.07%	340.41%

Changes in assumptions: The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Effective with June 30, 2021 valuation date (2022 measurement date), the discount rate was reduced from 7.15% to 6.90%. The accounting discount rate was 7.15% for measurement dates 2017 through 2021. In 2015 and 2016, the discount rate was 7.65% to reflect an adjustment of administrative expense. In 2014, amounts reported were based on the 7.5% discount rate.

CITY OF SANTA CLARA
SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years Ended June 30 ⁽¹⁾

Miscellaneous Plan

	2023	2022	2021
Actuarially determined contribution	\$ 36,763,759	\$ 34,126,897	\$ 31,035,143
Contributions in relation to the actuarially determined contributions	(36,763,759)	(34,126,897)	(31,035,143)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 100,304,469	\$ 92,642,754	\$ 89,321,766
Contributions as a percentage of covered payroll	36.65%	36.84%	34.75%
Notes to schedule			
Valuation date	6/30/2020	6/30/2019	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years as of valuation date
Asset valuation method	Fair value of assets
Inflation	2.75% for 2015 to 2019, 2.675% for 2020 and 2.50% for 2021 through 2023
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7% for 2021 through 2023, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale, MP-2016 published by the Society of Actuaries.

(1) Fiscal year 2014-15 was the first year of implementation.

CITY OF SANTA CLARA
SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years Ended June 30 ⁽¹⁾

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 28,987,800	\$ 23,615,964	\$ 25,256,224	\$ 21,613,984	\$ 18,543,534	\$ 15,257,771
<u>(28,987,800)</u>	<u>(23,615,964)</u>	<u>(25,256,224)</u>	<u>(21,613,984)</u>	<u>(18,543,534)</u>	<u>(15,257,771)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 89,410,939	\$ 81,872,333	\$ 75,515,390	\$ 71,285,526	\$ 61,942,363	\$ 58,051,406
32.42%	28.84%	33.45%	30.32%	29.94%	26.28%
6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

CITY OF SANTA CLARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SAFETY PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

Safety Plan		
	2022	2021
Total Pension Liability		
Service cost	\$ 17,072,526	\$ 15,750,690
Interest	60,648,121	59,165,587
Changes of assumptions	27,501,978	-
Differences between expected and actual experience	(3,595,795)	7,316,002
Benefit payments, including refunds of employee contributions	(49,070,549)	(46,961,121)
Net change in total pension liability	52,556,281	35,271,158
Total pension liability - beginning	871,051,109	835,779,951
Total pension liability - ending	\$ 923,607,390	\$ 871,051,109
Plan Fiduciary Net Position		
Contributions - employer	\$ 31,703,230	\$ 29,084,516
Contributions - employee	5,872,012	5,742,937
Net investment income	(49,438,525)	122,207,114
Benefit payments, including refunds of employee contributions	(49,070,549)	(46,961,121)
Plan to plan resource movement	-	-
Administrative expense	(405,431)	(540,727)
Other Misc Income/(Expense) ⁽²⁾	-	-
Net change in plan fiduciary net position	(61,339,263)	109,532,719
Plan fiduciary net position - beginning	650,833,939	541,301,220
Plan fiduciary net position - ending	\$ 589,494,676	\$ 650,833,939
Net Pension Liability - ending	\$ 334,112,714	\$ 220,217,170
Plan fiduciary net position as a percentage of the total pension liability	63.83%	74.72%
Covered payroll	\$ 57,190,646	\$ 54,912,443
Net pension liability as percentage of covered payroll	584.21%	401.03%

Notes to schedule:

(1) Fiscal year 2014-15 was the first year of implementation.

(2) During fiscal year 2017-18, as a result of GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB No. 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pension.

CITY OF SANTA CLARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SAFETY PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

2020	2019	2018	2017	2016	2015	2014
\$ 15,518,467	\$ 14,861,460	\$ 13,999,625	\$ 13,111,358	\$ 10,985,005	\$ 10,678,931	\$ 10,748,085
56,740,930	54,154,256	51,713,042	49,741,737	48,410,844	46,944,730	45,454,864
-	-	(3,333,870)	40,842,398	-	(11,249,844)	-
10,124,845	8,480,853	5,782,119	(1,814,831)	(3,491,487)	(3,604,245)	-
(44,599,326)	(41,984,265)	(38,978,890)	(37,370,686)	(35,868,203)	(34,372,454)	(33,072,631)
37,784,916	35,512,304	29,182,026	64,509,976	20,036,159	8,397,118	23,130,318
797,995,035	762,482,731	733,300,705	668,790,729	648,754,570	640,357,452	617,227,134
<u>\$ 835,779,951</u>	<u>\$ 797,995,035</u>	<u>\$ 762,482,731</u>	<u>\$ 733,300,705</u>	<u>\$ 668,790,729</u>	<u>\$ 648,754,570</u>	<u>\$ 640,357,452</u>
\$ 26,654,865	\$ 23,458,623	\$ 20,510,633	\$ 19,580,881	\$ 16,679,012	\$ 14,692,277	\$ 12,839,821
5,589,396	5,781,715	5,395,755	4,913,868	4,376,079	4,079,023	4,866,079
26,348,251	33,408,137	40,902,179	49,621,113	2,362,110	10,236,992	70,347,760
(44,599,326)	(41,984,265)	(38,978,890)	(37,370,686)	(35,868,203)	(34,372,454)	(33,072,631)
-	-	(1,182)	-	788	-	-
(744,424)	(362,341)	(751,243)	(658,507)	(279,579)	(516,273)	-
-	1,182	(1,426,623)	-	-	-	-
13,248,762	20,303,051	25,650,629	36,086,669	(12,729,793)	(5,880,435)	54,981,029
528,052,458	507,749,407	482,098,778	446,012,109	458,741,902	464,622,337	409,641,308
<u>\$ 541,301,220</u>	<u>\$ 528,052,458</u>	<u>\$ 507,749,407</u>	<u>\$ 482,098,778</u>	<u>\$ 446,012,109</u>	<u>\$ 458,741,902</u>	<u>\$ 464,622,337</u>
<u>\$ 294,478,731</u>	<u>\$ 269,942,577</u>	<u>\$ 254,733,324</u>	<u>\$ 251,201,927</u>	<u>\$ 222,778,620</u>	<u>\$ 190,012,668</u>	<u>\$ 175,735,115</u>
64.77%	66.17%	66.59%	65.74%	66.69%	70.71%	72.56%
\$ 53,564,578	\$ 50,808,770	\$ 47,569,993	\$ 47,064,869	\$ 41,116,053	\$ 38,909,866	\$ 38,845,554
549.76%	531.29%	535.49%	533.74%	541.83%	488.34%	452.39%

Changes in assumptions: The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Effective with June 30, 2021 valuation date (2022 measurement date), the discount rate was reduced from 7.15% to 6.90%. The accounting discount rate was 7.15% for measurement dates 2017 through 2021. In 2015 and 2016, the discount rate was 7.65% to reflect an adjustment of administrative expense. In 2014, amounts reported were based on the 7.5% discount rate.

CITY OF SANTA CLARA
SCHEDULE OF PLAN CONTRIBUTIONS
SAFETY PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years Ended June 30 ⁽¹⁾

Safety Plan			
	2023	2022	2021
Actuarially determined contribution	\$ 35,094,101	\$ 32,084,531	\$ 29,295,456
Contributions in relation to the actuarially determined contributions	(35,094,101)	(32,084,531)	(29,295,456)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 62,842,726	\$ 57,190,646	\$ 54,912,443
Contributions as a percentage of covered payroll	55.84%	56.10%	53.35%
Notes to schedule			
Valuation date	6/30/2020	6/30/2019	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years as of valuation date
Asset valuation method	Fair value of asset
Inflation	2.75% for 2015 to 2019, 2.675% for 2020 and 2.50% for 2021 through 2023
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7% for 2021 through 2023, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale. N 2016 published by the Society of Actuaries.

(1) Fiscal year 2014-15 was the first year of implementation.

CITY OF SANTA CLARA
SCHEDULE OF PLAN CONTRIBUTIONS
SAFETY PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
Last Ten Fiscal Years Ended June 30 ⁽¹⁾

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 27,099,469	\$ 23,484,760	\$ 22,002,506	\$ 19,735,867	\$ 17,365,058	\$ 14,776,850
<u>(27,099,469)</u>	<u>(23,484,760)</u>	<u>(22,002,506)</u>	<u>(19,735,867)</u>	<u>(17,365,058)</u>	<u>(14,776,850)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 53,564,578	\$ 50,808,770	\$ 47,569,993	\$ 47,064,869	\$ 41,116,053	\$ 38,909,866
50.59%	46.22%	46.25%	41.93%	42.23%	37.98%
6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

AP-

CITY OF SANTA CLARA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 2,415	\$ 2,344	\$ 2,091	\$ 2,030	\$ 2,264	\$ 2,198	\$ 2,134
Interest	3,244	3,145	3,292	3,200	3,478	3,343	3,194
Differences between expected and actual experience	(1,652)	-	(326)	-	(1,644)	-	-
Changes of assumptions	(760)	-	1,709	-	(5,838)	-	-
Benefit payments including refunds	(3,499)	(3,437)	(3,592)	(3,498)	(3,096)	(3,036)	(2,034)
Net change in total OPEB liability	(252)	2,052	3,174	1,732	(4,836)	2,505	3,294
Total OPEB liability - beginning	67,638	65,586	62,412	60,680	65,516	63,011	59,717
Total OPEB liability - ending	\$ 67,386	\$ 67,638	\$ 65,586	\$ 62,412	\$ 60,680	\$ 65,516	\$ 63,011
Plan Fiduciary Net Position							
Contributions - employer	\$ 4,915	\$ 5,068	\$ 4,535	\$ 4,696	\$ 5,366	\$ 6,300	\$ 2,733
Net investment income	1,094	(3,222)	2,957	1,403	1,410	524	738
Benefit payments including refunds	(3,499)	(3,437)	(3,592)	(3,498)	(3,096)	(3,036)	(2,034)
Administrative expense	(65)	(62)	(59)	(100)	(91)	(71)	(73)
Net change in plan fiduciary net position	2,445	(1,653)	3,841	2,501	3,589	3,717	1,364
Plan fiduciary net position - beginning	27,223	28,876	25,035	22,534	18,945	15,228	13,864
Plan fiduciary net position - ending	\$ 29,668	\$ 27,223	\$ 28,876	\$ 25,035	\$ 22,534	\$ 18,945	\$ 15,228
Net OPEB Liability - ending	\$ 37,718	\$ 40,415	\$ 36,710	\$ 37,377	\$ 38,146	\$ 46,571	\$ 47,783
Plan fiduciary net position as a percentage of the total OPEB liability	44.0%	40.2%	44.0%	40.1%	37.1%	28.9%	24.2%
Covered payroll	\$ 180,100	\$ 169,613	\$ 163,594	\$ 164,431	\$ 151,453	\$ 135,297	\$ 102,468
Net OPEB liability as percentage of covered payroll	20.9%	23.8%	22.4%	22.7%	25.2%	34.4%	46.6%
Notes to schedule:							

(1) Fiscal year 2016-17 was the first year of implementation.

CITY OF SANTA CLARA
SCHEDULE OF PLAN CONTRIBUTIONS
OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
Last Ten Fiscal Years Ended June 30⁽¹⁾
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 4,896	\$ 4,748	\$ 4,826	\$ 4,681	\$ 5,306	\$ 5,466	\$ 2,981
Contributions in relation to the actuarially determined contributions	<u>4,914</u>	<u>5,068</u>	<u>4,535</u>	<u>4,696</u>	<u>5,366</u>	<u>6,300</u>	<u>2,981</u>
Contribution deficiency (excess)	<u>\$ (18)</u>	<u>\$ (320)</u>	<u>\$ 291</u>	<u>\$ (15)</u>	<u>\$ (60)</u>	<u>\$ (834)</u>	<u>\$ -</u>
Covered payroll	180,100	169,613	163,594	164,431	151,453	\$ 135,297	\$ 102,468
Contributions as a percentage of covered payroll	2.72%	2.99%	2.77%	2.86%	3.54%	4.66%	2.91%

Notes to schedule:

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(1) Fiscal year 2016-17 was the first year of implementation.

CITY OF SANTA CLARA

Notes to Schedule of Employer Contribution (OPEB Plan)

Methods and Assumptions for 2022-23 Actuarially Determine Contributions	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of payroll
Unfunded liability amortization	30 years (closed period) for initial UAAL (17 Years remaining on June 30, 2022) 20 years (closed period) for implied subsidy on 06/30/2019 (17 years remaining on June 30, 2022) 15 years (open period) for method, assumption, plan changes, and gains and losses Maximum 30-year combined period
Asset valuation method	Investment gains and losses spread over a 5-year rolling period. Not less than 80% nor greater than 120% of fair value
Discount rate	5.25%
General inflation	2.75%
Healthcare trend	Non-Medicare -7% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Non-Kaiser)- 6.10% for 2022 decreasing to an ultimate rate of 4% in 2076 Medicare (Kaiser)- 5% for 2022 decreasing to an ultimate rate of 4% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020

CITY OF SANTA CLARA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Sales	\$ 60,173,000	\$ 60,173,000	\$ 64,497,774	\$ 4,324,774
Ad valorem	75,261,000	84,125,000	84,599,469	474,469
Transient occupancy	12,600,000	12,600,000	18,989,011	6,389,011
Other	6,260,000	6,260,000	6,378,388	118,388
Licenses, permits, fines and penalties	5,062,000	5,212,000	6,541,566	1,329,566
Intergovernmental	310,000	891,638	1,635,314	743,676
Charges for services	38,622,245	41,865,031	43,239,022	1,373,991
Contributions in-lieu of taxes	26,170,000	26,170,000	29,584,030	3,414,030
Interest and rents	13,868,766	13,868,766	18,259,848	4,391,082
Other	150,000	215,761	2,928,860	2,713,099
Total Revenues	<u>238,477,011</u>	<u>251,381,196</u>	<u>276,653,282</u>	<u>25,272,086</u>
EXPENDITURES				
General Government:				
General Administration	22,443,226	23,388,964	18,623,994	4,764,970
City Clerk	2,076,112	2,089,411	2,077,196	12,215
City Attorney	3,202,735	3,202,735	2,860,231	342,504
Human Resources	4,508,710	4,394,360	3,716,192	678,168
Finance	19,045,131	19,230,938	18,130,187	1,100,751
Total General Government	<u>51,275,914</u>	<u>52,306,408</u>	<u>45,407,800</u>	<u>6,898,608</u>
Public Works	<u>24,021,840</u>	<u>24,136,056</u>	<u>22,978,066</u>	<u>1,157,990</u>
Parks and Recreation	<u>21,695,302</u>	<u>21,881,268</u>	<u>20,356,781</u>	<u>1,524,487</u>
Public Safety:				
Police	84,615,023	85,494,537	80,884,552	4,609,985
Fire	62,298,852	67,730,555	67,077,230	653,325
Total Public Safety	<u>146,913,875</u>	<u>153,225,092</u>	<u>147,961,782</u>	<u>5,263,310</u>
Planning and Inspection	<u>4,779,688</u>	<u>4,854,343</u>	<u>4,054,694</u>	<u>799,649</u>
Library	<u>11,889,451</u>	<u>12,127,860</u>	<u>10,569,401</u>	<u>1,558,459</u>
Total Expenditures	<u>260,576,070</u>	<u>268,531,027</u>	<u>251,328,524</u>	<u>17,202,503</u>

CITY OF SANTA CLARA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
For the year ended June 30, 2023
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,099,059)</u>	<u>(17,149,831)</u>	<u>25,324,758</u>	<u>42,474,589</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,581,374	4,425,680	4,425,214	(466)
Transfers (out)	<u>(11,779,285)</u>	<u>(15,658,501)</u>	<u>(15,658,501)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,197,911)</u>	<u>(11,232,821)</u>	<u>(11,233,287)</u>	<u>(466)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	<u>\$ (30,296,970)</u>	<u>\$ (28,382,652)</u>	\$ 14,091,471	<u>\$ 42,474,123</u>
ADJUSTMENTS TO BUDGETARY BASIS:				
Prior year encumbrances recognized on the GAAP basis			(4,445,951)	
Current year encumbrances recognized on the budgetary basis			4,761,429	
Net change in receivables recognized on the GAAP basis			(2,133,139)	
Net change in accrued liabilities recognized on the GAAP basis			(518,618)	
Net change in funds for GAAP Basis not included in annual budget			446,062	
Beginning Fund balance			<u>141,114,721</u>	
Ending Fund balance			<u>\$ 153,315,975</u>	

CITY OF SANTA CLARA
SANTA CLARA HOUSING SUCCESSOR
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Positive (Negative)</u>
REVENUES				
Licenses, permits, fines, and penalties	\$ -	\$ -	\$ 1,176	\$ 1,176
Charges for services	-	-	1,215	1,215
Interest and rents	32,000	32,000	75,550	43,550
Other	318,000	1,274,326	1,126,022	(148,304)
Total Revenues	350,000	1,306,326	1,203,963	(102,363)
EXPENDITURES				
Total General Administration	1,242,599	5,917,569	5,795,495	122,074
Total Expenditures	1,242,599	5,917,569	5,795,495	122,074
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(892,599)	(4,611,243)	(4,591,532)	19,711
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$(892,599)</u>	<u>\$ (4,611,243)</u>	(4,591,532)	<u>\$ 19,711</u>
ADJUSTMENTS TO BUDGETARY BASIS:				
Expenditures of prior year encumbrances recognized on the GAAP basis			(131,579)	
Current year encumbrances recognized on the budgetary basis			343,660	
Net change in accrued liabilities recognized on the GAAP basis			(44,445)	
Beginning Fund balance			15,322,517	
Ending Fund balance			<u>\$ 10,898,621</u>	

CITY OF SANTA CLARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1 – REQUIRED SUPPLEMENTARY INFORMATION

A. BUDGETS AND BUDGETARY ACCOUNTING

The results of operations are presented in the budget and actual comparison statement in accordance with the budgetary process (budgetary basis) to provide a meaningful comparison with the budget.

The major differences between the budgetary basis actual and GAAP basis actual are as follows:

- Year-end encumbrances are recognized as the equivalent of expenditures in the budgetary basis financial statements, while encumbered amounts are not recognized as expenditures on the GAAP basis until the liability is incurred.
- Expenditures of prior year encumbrances are recognized on the GAAP basis in the current year, while on the budgetary basis prior year encumbrances were recognized in the prior year.
- Accrued liabilities and compensated absences are recognized on the GAAP basis, while the budgetary basis does not recognize accrued liabilities.
- Revenues considered susceptible to accrual on the GAAP basis are not recognized on the budgetary basis until received.
- Special item resulted from dissolution of the Agency are included in the City's GAAP basis financial statements. However, formal budgets are not prepared for non-cash transactions, and as such are excluded from the budgetary basis financial schedules.
- Increases to certain GAAP basis advances to other funds are treated as expenditures for budgetary basis financial statements.

Supplementary Information

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CITY OF SANTA CLARA NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GAS TAX

The fund accounts for revenues and expenditures received from the State under Street and Highways Codes Sections 2105 (Gas Tax 2105), 2106 (Collier-Unruh) and 2107 (Special Gas Tax) and from the State under the Road Repair and Accountability Act of 2017 under the Streets and Highways Code Section 2030. The allocations must be spent for street maintenance or construction and a limited amount for engineering.

HUD PROGRAMS

This fund accounts for grant funds received from other governmental agencies for the purpose of developing viable urban communities.

CITY AFFORDABLE HOUSING

This fund accounts for the City's Below Market Housing Program for low and moderate income residents.

SANTA CLARA HOUSING AUTHORITY FUND

On February 22, 2011, the Santa Clara Housing Authority (SCHA), a special revenue fund, was established to account for housing loans to assist in providing affordable housing. On March 8, 2011, the City, former RDA, and the SCHA executed an assignment and assumption agreement whereby the SCHA assumed responsibility for housing loans for qualifying individuals and groups. Loans assigned were made under various programs; substantially all are long-term in nature.

MAINTENANCE

This fund accounts for the maintenance of the Lawrence Station Community Facility District and two Parking Districts located near the City's Convention Center and the downtown area. Funds are received by means of a Special Benefit Assessment levied against the property owners in the respective districts.

OPERATING GRANTS FUND

This fund accounts for grant funds received from other governmental agencies for various operating activities.

NEW DEVELOPMENT SERVICE FEE

This fund accounts for the revenues and expenditures from the new development-related fees that are imposed upon new development projects in the City.

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CITY OF SANTA CLARA NON-MAJOR GOVERNMENTAL FUNDS (continued)

DEBT SERVICE FUNDS

PUBLIC FACILITIES FINANCING CORPORATION (PFFC)

This fund accumulates monies for the repayment of Certificates of Participation, which are financed by lease payments made by the City's General Fund to the PFFC for use of the Police Administration Building and Library sites.

CAPITAL PROJECTS FUNDS

PARKS AND RECREATION FACILITIES

This fund was established to account for revenues, contributions and reimbursements received and costs incurred in connection with the acquisition and construction of the City parks.

STREETS AND HIGHWAYS IMPROVEMENT

This fund is used to account for revenues and expenditures related to road construction and traffic improvements.

STORM DRAIN IMPROVEMENT

This fund is used to account for revenues and expenditures related to the construction or modification of the City's storm drainage system.

FIRE DEPARTMENT IMPROVEMENT

This fund is used to account for revenues and expenditures related to the construction or modification of City fire stations.

LIBRARY DEPARTMENT IMPROVEMENT

This fund is used to account for revenues and expenditures related to the construction or modification of the City's library facilities.

PUBLIC FACILITIES

This fund is used to account for revenues and expenditures related to the construction, acquisition or modification of public improvements not accounted for in another Capital Projects Fund.

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023

SPECIAL REVENUE FUNDS

	<u>Gas Tax</u>	<u>HUD Programs</u>	<u>City Affordable Housing</u>
ASSETS			
Cash and investments:			
Pooled cash and investments	\$ 3,036,522	\$ 960,882	\$ 16,987,052
Investments with fiscal agent - current	-	-	-
Restricted cash	-	-	-
Receivables (net of allowance for uncollectibles):			
Accounts	-	-	-
Loans	-	11,045,173	58,575,000
Intergovernmental	795,010	200,358	-
Investments with fiscal agent - noncurrent	-	-	-
Total Assets	<u>\$ 3,831,532</u>	<u>\$ 12,206,413</u>	<u>\$ 75,562,052</u>
LIABILITIES			
Accrued liabilities	\$ -	\$ 250,798	\$ 131,581
Total Liabilities	<u>-</u>	<u>250,798</u>	<u>131,581</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Loans	-	11,045,173	58,575,000
Total Deferred Inflows of Resources	<u>-</u>	<u>11,045,173</u>	<u>58,575,000</u>
FUND BALANCES			
Restricted	3,831,532	910,442	16,855,471
Committed	-	-	-
Total Fund Balances	<u>3,831,532</u>	<u>910,442</u>	<u>16,855,471</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,831,532</u>	<u>\$ 12,206,413</u>	<u>\$ 75,562,052</u>

**CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

June 30, 2023

SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
Santa Clara Housing Authority	Maintenance	Operating Grants Fund	New Development Service Fee	Public Facilities Financing Corp.
\$ 4,455,408	\$ 1,346,510	\$ 1,350,601	\$ 34,969,769	\$ 17,327
-	-	-	-	11,187
-	171,630	-	-	-
-	393,004	-	-	-
6,406,008	-	-	-	-
-	674	44,786	-	-
-	-	-	-	716,910
<u>\$ 10,861,416</u>	<u>\$ 1,911,818</u>	<u>\$ 1,395,387</u>	<u>\$ 34,969,769</u>	<u>\$ 745,424</u>
<u>\$ 7,423</u>	<u>\$ 79</u>	<u>\$ 137,448</u>	<u>\$ 697,380</u>	<u>\$ -</u>
<u>7,423</u>	<u>79</u>	<u>137,448</u>	<u>697,380</u>	<u>-</u>
<u>6,406,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,406,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,911,739	1,257,939	480,756	745,424
4,447,985	-	-	33,791,633	-
4,447,985	1,911,739	1,257,939	34,272,389	745,424
<u>\$ 10,861,416</u>	<u>\$ 1,911,818</u>	<u>\$ 1,395,387</u>	<u>\$ 34,969,769</u>	<u>\$ 745,424</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023 (continued)

	CAPITAL PROJECTS FUNDS		
	Parks and Recreation Facilities	Streets and Highways Improvement	Storm Drain Improvement
ASSETS			
Cash and investments:			
Pooled cash and investments	\$ 58,238,274	\$ 56,328,448	\$ 5,011,382
Investments with fiscal agent - current	-	-	-
Restricted cash	-	2,230,329	-
Receivables (net of allowance for uncollectibles):			
Accounts	-	-	130,424
Loans	-	-	-
Intergovernmental	-	205,537	-
Investments with fiscal agent - noncurrent	-	-	-
Total Assets	<u>\$ 58,238,274</u>	<u>\$ 58,764,314</u>	<u>\$ 5,141,806</u>
LIABILITIES			
Accrued liabilities	<u>\$ 2,642,611</u>	<u>\$ 3,363,550</u>	<u>\$ 251,223</u>
Total Liabilities	<u>2,642,611</u>	<u>3,363,550</u>	<u>251,223</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Loans	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	54,247,324	43,430,147	433,968
Committed	<u>1,348,339</u>	<u>11,970,617</u>	<u>4,456,615</u>
Total Fund Balances	<u>55,595,663</u>	<u>55,400,764</u>	<u>4,890,583</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 58,238,274</u>	<u>\$ 58,764,314</u>	<u>\$ 5,141,806</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023 (continued)

CAPITAL PROJECTS FUNDS

Fire Department Improvement	Library Department Improvement	Public Facilities	Total Non-Major Governmental Funds
\$ 1,320,173	\$ 301,104	\$ 22,491,951	\$ 206,815,403
-	-	-	11,187
-	-	-	2,401,959
-	-	1,035,980	1,559,408
-	-	-	76,026,181
-	-	-	1,246,365
-	-	-	716,910
<u>\$ 1,320,173</u>	<u>\$ 301,104</u>	<u>\$ 23,527,931</u>	<u>\$ 288,777,413</u>
<u>\$ 13,249</u>	<u>\$ -</u>	<u>\$ 565,864</u>	<u>\$ 8,061,206</u>
<u>13,249</u>	<u>-</u>	<u>565,864</u>	<u>8,061,206</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>76,026,181</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>76,026,181</u>
-	-	2,380,881	126,485,623
<u>1,306,924</u>	<u>301,104</u>	<u>20,581,186</u>	<u>78,204,403</u>
<u>1,306,924</u>	<u>301,104</u>	<u>22,962,067</u>	<u>204,690,026</u>
<u>\$ 1,320,173</u>	<u>\$ 301,104</u>	<u>\$ 23,527,931</u>	<u>\$ 288,777,413</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023

	SPECIAL REVENUE FUNDS		
	Gas Tax	HUD Programs	City Affordable Housing
REVENUES			
Taxes:			
Other	\$ -	\$ -	\$ -
Licenses, permits, fines, and penalties	-	-	-
Intergovernmental	6,380,165	937,361	15,362
Charges for services	-	1,467	72,308
Interest and rents	289,821	3,578	262,053
Other	-	352,593	7,307,452
Total Revenues	6,669,986	1,294,999	7,657,175
EXPENDITURES			
Current:			
General Administration	-	1,517,834	6,895,177
Public Works	-	-	-
Parks and Recreation	-	-	-
Public Safety:			
Police	-	-	-
Fire	-	-	-
Planning and Inspection	-	-	-
Library	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and fiscal fees	-	-	-
Total Expenditures	-	1,517,834	6,895,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,669,986	(222,835)	761,998
OTHER FINANCING SOURCES (USES)			
Subscription based IT Arrangement Liabilities	-	-	-
Transfers in	527,565	-	-
Transfers (out)	(5,485,000)	(24,000)	-
Total Other Financing Sources (Uses)	(4,957,435)	(24,000)	-
NET CHANGE IN FUND BALANCE	1,712,551	(246,835)	761,998
Fund balances - beginning	2,118,981	1,157,277	16,093,473
Fund balances - ending	<u>\$ 3,831,532</u>	<u>\$ 910,442</u>	<u>\$ 16,855,471</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023

SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
Santa Clara Housing Authority	Maintenance	Operating Grants Fund	New Development Service Fee	Public Facilities Financing Corp.
\$ -	\$ 359,319	\$ -	\$ -	\$ -
-	-	-	11,795,557	-
-	-	1,061,781	-	-
-	1,047,559	75,746	6,926,293	-
66,431	13,904	423	864,346	23,843
339,440	-	-	27,935	-
<u>405,871</u>	<u>1,420,782</u>	<u>1,137,950</u>	<u>19,614,131</u>	<u>23,843</u>
186,806	-	-	-	-
-	1,717,720	-	-	-
-	4,748	157,760	-	-
-	-	272,243	-	-
-	-	521,747	-	-
-	-	404,193	14,475,379	-
-	-	113,945	-	-
-	-	309,706	-	-
-	-	-	-	980,000
-	-	-	-	423,235
<u>186,806</u>	<u>1,722,468</u>	<u>1,779,594</u>	<u>14,475,379</u>	<u>1,403,235</u>
<u>219,065</u>	<u>(301,686)</u>	<u>(641,644)</u>	<u>5,138,752</u>	<u>(1,379,392)</u>
-	-	-	-	-
-	842,700	319,604	60,000	1,402,275
-	(265,252)	(372,032)	(187,773)	-
-	<u>577,448</u>	<u>(52,428)</u>	<u>(127,773)</u>	<u>1,402,275</u>
219,065	275,762	(694,072)	5,010,979	22,883
4,228,920	1,635,977	1,952,011	29,261,410	722,541
<u>\$ 4,447,985</u>	<u>\$ 1,911,739</u>	<u>\$ 1,257,939</u>	<u>\$ 34,272,389</u>	<u>\$ 745,424</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023 (continued)

	CAPITAL PROJECTS FUNDS		
	Parks and Recreation Facilities	Streets and Highways Improvement	Storm Drain Improvement
REVENUES			
Taxes:			
Other	\$ -	\$ -	\$ -
Licenses, permits, fines, and penalties	-	-	-
Intergovernmental	-	3,129,450	-
Charges for services	-	-	1,447,370
Interest and rents	726,499	313,136	6,506
Other	37,171,022	1,231,625	-
Total Revenues	<u>37,897,521</u>	<u>4,674,211</u>	<u>1,453,876</u>
EXPENDITURES			
Current:			
General Administration	-	-	-
Public Works	-	3,117,731	704,945
Parks and Recreation	2,157,951	-	-
Public Safety:			
Police	-	-	-
Fire	-	-	-
Planning and Inspection	-	-	-
Library	-	-	-
Capital outlay	9,090,510	14,784,052	1,891,517
Debt service:			
Principal payments	-	-	-
Interest and fiscal fees	-	-	-
Total Expenditures	<u>11,248,461</u>	<u>17,901,783</u>	<u>2,596,462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>26,649,060</u>	<u>(13,227,572)</u>	<u>(1,142,586)</u>
OTHER FINANCING SOURCES (USES)			
Subscription based IT Arrangement Liabilities	-	-	-
Transfers in	527,529	10,468,911	973,623
Transfers (out)	-	(658,486)	(1,493,301)
Total Other Financing Sources (Uses)	<u>527,529</u>	<u>9,810,425</u>	<u>(519,678)</u>
NET CHANGE IN FUND BALANCE	<u>27,176,589</u>	<u>(3,417,147)</u>	<u>(1,662,264)</u>
Fund balances - beginning	<u>28,419,074</u>	<u>58,817,911</u>	<u>6,552,847</u>
Fund balances - ending	<u>\$ 55,595,663</u>	<u>\$ 55,400,764</u>	<u>\$ 4,890,583</u>

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2023 (continued)

CAPITAL PROJECTS FUNDS			
Fire Department Improvement	Library Department Improvement	Public Facilities	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 359,319
-	-	-	11,795,557
-	-	100,000	11,624,119
-	-	288,526	9,859,269
-	-	82,620	2,653,160
-	-	5,871,783	52,301,850
-	-	6,342,929	88,593,274
-	-	3,743,206	12,343,023
-	-	1,867,455	7,407,851
-	-	-	2,320,459
-	-	-	272,243
614,862	-	-	1,136,609
-	-	-	14,879,572
-	8,831	-	122,776
11,859	75,122	2,149,562	28,312,328
-	-	104,186	1,084,186
-	-	19,670	442,905
626,721	83,953	7,884,079	68,321,952
(626,721)	(83,953)	(1,541,150)	20,271,322
-	-	1,776,143	1,776,143
661,766	281,831	6,241,109	22,306,913
(61,054)	(57,300)	(6,915)	(8,611,113)
600,712	224,531	8,010,337	15,471,943
(26,009)	140,578	6,469,187	35,743,265
1,332,933	160,526	16,492,880	168,946,761
\$ 1,306,924	\$ 301,104	\$ 22,962,067	\$ 204,690,026

CITY OF SANTA CLARA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP LEGAL BASIS)
For the year ended June 30, 2023

	Maintenance		Variance
	Budget	Actual Amount Budgetary Basis	Positive (Negative)
REVENUES			
Taxes-Other	\$ 362,748	\$ 359,319	\$ (3,429)
Charges for services	1,047,681	654,555	(393,126)
Interest and rents	1,938	13,904	11,966
Total Revenues	<u>1,412,367</u>	<u>1,027,778</u>	<u>(384,589)</u>
EXPENDITURES			
Current:			
Total Public Works	<u>1,848,940</u>	<u>1,812,821</u>	<u>36,119</u>
Total Parks and Recreation	<u>362,401</u>	<u>37,141</u>	<u>325,260</u>
Total Expenditures	<u>2,211,341</u>	<u>1,849,962</u>	<u>361,379</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(798,974)</u>	<u>(822,184)</u>	<u>(23,210)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	842,700	842,700	-
Transfers out	<u>(420,728)</u>	<u>(265,252)</u>	<u>155,476</u>
Total Other Financing Sources (Uses)	<u>421,972</u>	<u>577,448</u>	<u>155,476</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (377,002)</u>	<u>(244,736)</u>	<u>\$ 132,266</u>
ADJUSTMENTS TO BUDGETARY BASIS:			
Expenditures of prior year encumbrances recognized on the GAAP basis		(180,782)	
Current year encumbrances recognized on the budgetary basis		308,276	
Net change in receivables recognized on the GAAP basis		393,004	
Beginning Fund balance		<u>1,635,977</u>	
Ending Fund balance		<u>\$ 1,911,739</u>	

CITY OF SANTA CLARA NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise Funds are used to finance and account for operations and activities performed by designated departments in the City or through third party agreements.

SOLID WASTE FUND

This fund accounts for the administration of the City's garbage and rubbish collection service.

CEMETERY FUND

This fund accounts for the activities of the Mission City Memorial Park.

SANTA CLARA CONVENTION CENTER FUND

The Santa Clara Convention Center Fund was established in 1984 to account for the operations of the City's Convention Center or through third party agreements.

SPORTS AND OPEN SPACE AUTHORITY FUND (SOSA)

SOSA was created by the City Council in 1974 for the acquisition and development of open space within the City and the development of local sports activities.

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Solid Waste	Cemetery
ASSETS		
Current assets:		
Cash and investments:		
Pooled cash and investments	\$ 7,198,489	\$ 3,190,512
Receivables (net of allowance for uncollectible):		
Accounts	5,920,942	-
Due from other funds	-	305,701
Total current assets	<u>13,119,431</u>	<u>3,496,213</u>
Noncurrent assets:		
Restricted cash	1,108,885	-
Capital assets:		
Land	-	1,096,874
Construction in progress	-	-
Buildings, infrastructure and land improvements	127,362	1,280,641
Equipment	<u>37,170</u>	<u>17,705</u>
	164,532	2,395,220
Less accumulated depreciation	<u>87,624</u>	<u>1,148,436</u>
Net capital assets	<u>76,908</u>	<u>1,246,784</u>
Total noncurrent assets	<u>1,185,793</u>	<u>1,246,784</u>
Total assets	<u>14,305,224</u>	<u>4,742,997</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related items	19,124	14,377
Pension related items	<u>991,339</u>	<u>477,211</u>
Total deferred outflows of resources	<u>1,010,463</u>	<u>491,588</u>

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

Santa Clara Convention Center	Sports and Open Space Authority	TOTAL Non-Major Enterprise Funds
\$ 11,778,689	\$ 501	\$ 22,168,191
1,149,299	-	7,070,241
-	-	305,701
12,927,988	501	29,544,133
393,952	-	1,502,837
-	1,995,998	3,092,872
708,406	-	708,406
78,803,728	-	80,211,731
2,957,268	-	3,012,143
82,469,402	1,995,998	87,025,152
61,830,179	-	63,066,239
20,639,223	1,995,998	23,958,913
21,033,175	1,995,998	25,461,750
33,961,163	1,996,499	55,005,883
-	-	33,501
-	-	1,468,550
-	-	1,502,051
		(continued)

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Solid Waste	Cemetery
LIABILITIES		
Current liabilities:		
Accrued liabilities	2,845,421	1,560
Unearned revenue	-	-
Accrued compensated absences	2,649	8,237
Current portion of landfill closure liability	765,000	-
Total current liabilities	<u>3,613,070</u>	<u>9,797</u>
Noncurrent liabilities:		
Long-term compensated absences	27,554	85,698
Landfill closure liability	5,367,036	-
Net OPEB liability	225,985	169,899
Net pension liability	<u>4,945,629</u>	<u>1,965,151</u>
Total noncurrent liabilities	<u>10,566,204</u>	<u>2,220,748</u>
Total liabilities	<u>14,179,274</u>	<u>2,230,545</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	21,773	16,369
Pension related items	<u>38,384</u>	<u>15,252</u>
Total deferred inflows of resources	<u>60,157</u>	<u>31,621</u>
NET POSITION		
Net investment in capital assets	76,908	1,246,784
Restricted for capital projects and other agreements	1,108,885	2,397,444
Unrestricted	<u>(109,537)</u>	<u>(671,809)</u>
Total net position (deficit)	<u>\$ 1,076,256</u>	<u>\$ 2,972,419</u>

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

Santa Clara Convention Center	Sports and Open Space Authority	TOTAL Non-Major Enterprise Funds
1,217,446	-	4,064,427
6,468,364	-	6,468,364
-	-	10,886
-	-	765,000
<u>7,685,810</u>	<u>-</u>	<u>11,308,677</u>
-	-	113,252
-	-	5,367,036
-	-	395,884
<u>-</u>	<u>-</u>	<u>6,910,780</u>
<u>-</u>	<u>-</u>	<u>12,786,952</u>
<u>7,685,810</u>	<u>-</u>	<u>24,095,629</u>
-	-	38,142
<u>-</u>	<u>-</u>	<u>53,636</u>
<u>-</u>	<u>-</u>	<u>91,778</u>
20,639,223	1,995,998	23,958,913
393,952	-	3,900,281
<u>5,242,178</u>	<u>501</u>	<u>4,461,333</u>
<u>\$ 26,275,353</u>	<u>\$ 1,996,499</u>	<u>\$ 32,320,527</u>

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023

	<u>Solid Waste</u>	<u>Cemetery</u>
Operating revenues:		
Charges for services	\$ 35,932,485	\$ 849,884
Other	-	82,244
Total operating revenues	<u>35,932,485</u>	<u>932,128</u>
Operating expenses:		
Salaries and benefits	1,251,870	829,319
Materials, services and supplies	32,867,010	557,227
Depreciation	6,079	6,287
Total operating expenses	<u>34,124,959</u>	<u>1,392,833</u>
Operating income (loss)	<u>1,807,526</u>	<u>(460,705)</u>
Nonoperating revenues (expenses):		
Interest revenue	-	35,851
Rents and royalties	11,646	-
Total nonoperating revenues (expenses)	<u>11,646</u>	<u>35,851</u>
Income (loss) before contributions and transfers	1,819,172	(424,854)
Transfers in	35,364	879,225
Transfers (out)	<u>(5,121)</u>	<u>(822)</u>
Change in net position	1,849,415	453,549
Total net position - beginning	<u>(773,159)</u>	<u>2,518,870</u>
Total net position - ending	<u>\$ 1,076,256</u>	<u>\$ 2,972,419</u>

**CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023**

Santa Clara Convention Center	Sports and Open Space Authority	TOTAL Non-Major Enterprise Funds
\$ 17,429,458	\$ -	\$ 54,211,827
-	-	82,244
17,429,458	-	54,294,071
298,598	6,095	2,385,882
14,785,374	4,104	48,213,715
1,556,039	-	1,568,405
16,640,011	10,199	52,168,002
789,447	(10,199)	2,126,069
119,087	38	154,976
-	-	11,646
119,087	38	166,622
908,534	(10,161)	2,292,691
-	6,000	920,589
-	-	(5,943)
908,534	(4,161)	3,207,337
25,366,819	2,000,660	29,113,190
\$ 26,275,353	\$ 1,996,499	\$ 32,320,527

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	Solid Waste	Cemetery
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 36,498,797	\$ 932,136
Payments to suppliers	(33,729,842)	(572,991)
Payments to employees for salaries and benefits	(1,336,733)	(939,882)
Rents and royalties received	11,646	-
Net cash provided (used) by operating activities	<u>1,443,868</u>	<u>(580,737)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
(Increase) in due from other funds	-	(24,747)
Transfers in	35,364	879,225
Transfers (out)	(5,121)	(822)
Cash Flows from Noncapital Financing Activities	<u>30,243</u>	<u>853,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets, net	-	-
Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	-	35,851
Cash Flows from Investing Activities	<u>-</u>	<u>35,851</u>
Net increase (decrease) in cash and cash equivalents	1,474,111	308,770
Cash and cash equivalents at beginning of period	<u>6,833,263</u>	<u>2,881,742</u>
Cash and cash equivalents at end of period	<u>\$ 8,307,374</u>	<u>\$ 3,190,512</u>
Cash and cash equivalents:		
Pooled cash and investments	\$ 7,198,489	\$ 3,190,512
Restricted cash	1,108,885	-
Total cash and cash equivalents	<u>\$ 8,307,374</u>	<u>\$ 3,190,512</u>

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Santa Clara Convention Center	Sports and Open Space Authority	TOTAL Non-Major Enterprise Funds
\$ 18,180,187	\$ -	\$ 55,611,120
(15,710,384)	(4,104)	(50,017,321)
(298,598)	(6,095)	(2,581,308)
-	-	11,646
<u>2,171,205</u>	<u>(10,199)</u>	<u>3,024,137</u>
-	-	(24,747)
-	6,000	920,589
-	-	(5,943)
<u>-</u>	<u>6,000</u>	<u>889,899</u>
<u>(123,277)</u>	<u>-</u>	<u>(123,277)</u>
<u>(123,277)</u>	<u>-</u>	<u>(123,277)</u>
<u>119,087</u>	<u>38</u>	<u>154,976</u>
<u>119,087</u>	<u>38</u>	<u>154,976</u>
2,167,015	(4,161)	3,945,735
<u>10,005,626</u>	<u>4,662</u>	<u>19,725,293</u>
<u>\$ 12,172,641</u>	<u>\$ 501</u>	<u>\$ 23,671,028</u>
\$ 11,778,689	\$ 501	\$ 22,168,191
393,952	-	1,502,837
<u>\$ 12,172,641</u>	<u>\$ 501</u>	<u>\$ 23,671,028</u>

(continued)

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	<u>Solid Waste</u>	<u>Cemetery</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,807,526	\$ (460,705)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Decrease) Increase in due to OPEB system	(368,160)	(65,245)
(Decrease) Increase in due to retirement system	307,385	38,839
Depreciation	6,079	6,287
Change in assets and liabilities:		
Receivables, net	566,312	8
Accrued liabilities	(862,832)	(15,764)
Compensated absences	(24,088)	(84,157)
Unearned revenue	-	-
Other receipts	11,646	-
Net cash provided (used) by operating activities	<u>\$ 1,443,868</u>	<u>\$ (580,737)</u>

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

<u>Santa Clara Convention Center</u>	<u>Sports and Open Space Authority</u>	<u>TOTAL Non-Major Enterprise Funds</u>
\$ 789,447	\$ (10,199)	\$ 2,126,069
-	-	(433,405)
-	-	346,224
1,556,039	-	1,568,405
1,261,314	-	1,827,634
(925,010)	-	(1,803,606)
-	-	(108,245)
(510,585)	-	(510,585)
-	-	11,646
<u>\$ 2,171,205</u>	<u>\$ (10,199)</u>	<u>\$ 3,024,137</u>

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CITY OF SANTA CLARA INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

AUTOMOTIVE SERVICES

This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. The source of revenue for this fund is rental fees charged to the various departments.

TECHNICAL EQUIPMENT SERVICES

This fund accounts for the maintenance and replacement of communication and computer equipment used by City departments. The source of revenue for this fund is rental fees charged to the various departments.

PUBLIC WORKS CAPITAL PROJECTS MANAGEMENT

This fund accounts for the Public Works staff time and non-personnel costs utilized to manage and work on specific capital improvement programs of the City. The source of revenue for this fund is fees charged to the departments requiring Public Works capital project services.

INFORMATION TECHNOLOGY SERVICES

This fund accounts for citywide cost associated with computer and telephone equipment replacement as well as other services including new or upgraded software, additional licenses for new users, and general information technology services provided to all City departments. The source of revenue for this fund is fees charged to the departments that require information technology services.

SPECIAL LIABILITY INSURANCE CLAIMS

This fund was established to account for the cost of claims and administrative costs for the City's self-insured general liability program.

WORKERS' COMPENSATION INSURANCE CLAIMS

This fund is used to account for the cost of claims for service connected with injuries and illnesses sustained by members of the City's work force.

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Automotive Services	Technical Equipment Services	PW Capital Projects Management
ASSETS			
Current assets:			
Cash and investments:			
Pooled cash and investments	\$ 16,110,921	\$ 2,287,234	\$ 1,038,829
Receivables (net of allowance for uncollectible):			
Accounts	62,741	-	-
Due from other funds	37,569	-	-
Materials, supplies and prepaids	979,733	-	-
Total current assets	17,190,964	2,287,234	1,038,829
Noncurrent assets:			
Capital assets:			
Equipment	39,510,957	3,379,177	-
Right-to-use leased assets	-	-	-
Right-to-use SBITA	-	-	-
Total capital assets	39,510,957	3,379,177	-
Less accumulated depreciation	28,339,133	3,325,701	-
Net capital assets	11,171,824	53,476	-
Total noncurrent assets	11,171,824	53,476	-
Total assets	28,362,788	2,340,710	1,038,829
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	42,413	-	-
Pension related items	1,395,778	-	-
Total deferred outflows of resources	1,438,191	-	-

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

Information Technology Services	Special Liability Insurance Claims	Workers' Compensation Insurance Claims	TOTAL
\$ 2,681,176	\$ 12,001,300	\$ 9,637,689	\$ 43,757,149
-	-	450,881	513,622
-	-	-	37,569
-	-	-	979,733
2,681,176	12,001,300	10,088,570	45,288,073
6,040	-	-	42,896,174
658,444	-	-	658,444
2,397,211	-	-	2,397,211
3,061,695	-	-	45,951,829
925,954	-	-	32,590,788
2,135,741	-	-	13,361,041
2,135,741	-	-	13,361,041
4,816,917	12,001,300	10,088,570	58,649,114
17,253	-	-	59,666
838,162	-	-	2,233,940
855,415	-	-	2,293,606

(continued)

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Automotive Services	Technical Equipment Services	PW Capital Projects Management
LIABILITIES			
Current liabilities:			
Accrued liabilities	422,127	-	42,328
Interest payable	-	-	-
Due to other funds	4,765,784	1,030,886	-
Accrued compensated absences	26,177	-	-
Current portion of lease obligation	-	-	-
Current portion of SBITA	-	-	-
Total current liabilities	<u>5,214,088</u>	<u>1,030,886</u>	<u>42,328</u>
Noncurrent liabilities:			
Long-term portion estimated claims	-	-	-
Long-term compensated absences	272,337	-	-
Long-term lease obligation	-	-	-
Long-term SBITA	-	-	-
OPEB pension liability	501,200	-	-
Net pension liability	<u>6,157,465</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	6,931,002	-	-
Total liabilities	<u>12,145,090</u>	<u>1,030,886</u>	<u>42,328</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	48,290	-	-
Pension related items	<u>47,789</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>96,079</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	11,171,824	53,476	-
Unrestricted	<u>6,387,986</u>	<u>1,256,348</u>	<u>996,501</u>
Total net position (deficit)	<u>\$ 17,559,810</u>	<u>\$ 1,309,824</u>	<u>\$ 996,501</u>

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

Information Technology Services	Special Liability Insurance Claims	Workers' Compensation Insurance Claims	TOTAL
796,305	2,413,151	4,133,532	7,807,443
10,808	-	-	10,808
-	-	-	5,796,670
33,574	-	-	59,751
208,162	-	-	208,162
588,336	-	-	588,336
<u>1,637,185</u>	<u>2,413,151</u>	<u>4,133,532</u>	<u>14,471,170</u>
-	5,415,000	16,300,000	21,715,000
349,289	-	-	621,626
34,720	-	-	34,720
1,220,012	-	-	1,220,012
203,880	-	-	705,080
<u>2,816,714</u>	<u>-</u>	<u>-</u>	<u>8,974,179</u>
4,624,615	5,415,000	16,300,000	33,270,617
<u>6,261,800</u>	<u>7,828,151</u>	<u>20,433,532</u>	<u>47,741,787</u>
19,643	-	-	67,933
<u>21,861</u>	<u>-</u>	<u>-</u>	<u>69,650</u>
<u>41,504</u>	<u>-</u>	<u>-</u>	<u>137,583</u>
84,511	-	-	11,309,811
<u>(715,483)</u>	<u>4,173,149</u>	<u>(10,344,962)</u>	<u>1,753,539</u>
<u>\$ (630,972)</u>	<u>\$ 4,173,149</u>	<u>\$ (10,344,962)</u>	<u>\$ 13,063,350</u>

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023

	Automotive Services	Technical Equipment Services	PW Capital Projects Management
Operating revenues:			
Charges for services	\$ 7,777,112	\$ 702,589	\$ 3,962,226
Insurance refunds and other	-	-	-
Total operating revenues	<u>7,777,112</u>	<u>702,589</u>	<u>3,962,226</u>
Operating expenses:			
Salaries and benefits	2,399,220	-	2,912,453
Materials, services and supplies	3,128,935	320,897	680,533
General and administrative	-	-	-
Amortization - Right to use assets	-	-	-
Depreciation	2,402,803	108,903	-
Total operating expenses	<u>7,930,958</u>	<u>429,800</u>	<u>3,592,986</u>
Operating income (loss)	<u>(153,846)</u>	<u>272,789</u>	<u>369,240</u>
Nonoperating revenues (expenses):			
Other revenue	474,890	-	-
Interest expense	-	-	-
Gain (loss) on retirement of assets	(39,274)	-	-
Total nonoperating revenues (expenses)	<u>435,616</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	281,770	272,789	369,240
Transfers in	3,275,783	-	-
Transfers (out)	(960,000)	-	(83,232)
Change in net position	<u>2,597,553</u>	<u>272,789</u>	<u>286,008</u>
Total net position - beginning	14,962,257	1,037,035	710,493
Total net position - ending	<u>\$ 17,559,810</u>	<u>\$ 1,309,824</u>	<u>\$ 996,501</u>

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the year ended June 30, 2023

Information Technology Services	Special Liability Insurance Claims	Workers' Compensation Insurance Claims	TOTAL
\$ 12,259,628	\$ 9,460,774	\$ 5,812,139	\$ 39,974,468
-	19,275	66,153	85,428
12,259,628	9,480,049	5,878,292	40,059,896
1,827,597	-	-	7,139,270
9,648,713	-	-	13,779,078
-	4,525,646	4,667,822	9,193,468
713,293	-	-	713,293
1,208	-	-	2,512,914
12,190,811	4,525,646	4,667,822	33,338,023
68,817	4,954,403	1,210,470	6,721,873
-	-	-	474,890
(54,687)	-	-	(54,687)
-	-	-	(39,274)
(54,687)	-	-	380,929
14,130	4,954,403	1,210,470	7,102,802
-	-	-	3,275,783
-	-	-	(1,043,232)
14,130	4,954,403	1,210,470	9,335,353
(645,102)	(781,254)	(11,555,432)	3,727,997
\$ (630,972)	\$ 4,173,149	\$ (10,344,962)	\$ 13,063,350

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	Automotive Services	Technical Equipment Services	PW Capital Projects Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,721,505	\$ 702,589	\$ 3,962,226
Payments to suppliers	(3,522,031)	(320,897)	(700,243)
Payments to employees for salaries and benefits	(2,372,610)	-	(2,912,453)
Internal activity - payments to other funds	(254,717)	-	-
Claims paid	-	-	-
Other receipts	474,890	-	-
Net cash provided (used) by operating activities	2,047,037	381,692	349,530
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
(Increase) in due from other funds	(2,589)	-	-
Increase in due to other funds	1,447,907	126,769	-
Transfers in	3,275,783	-	-
Transfers (out)	(960,000)	-	(83,232)
Cash Flows from Noncapital Financing Activities	3,761,101	126,769	(83,232)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets, net	(1,719,206)	-	-
Principal payment on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Cash Flows from Capital and Related Financing Activities	(1,719,206)	-	-
Net increase (decrease) in cash and cash equivalents	4,088,932	508,461	266,298
Cash and investments at beginning of period	12,021,989	1,778,773	772,531
Cash and investments at end of period	\$ 16,110,921	\$ 2,287,234	\$ 1,038,829
Cash and cash equivalents:			
Pooled cash and investments	\$ 16,110,921	\$ 2,287,234	\$ 1,038,829
Total cash and cash equivalents	\$ 16,110,921	\$ 2,287,234	\$ 1,038,829

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Information Technology Services	Special Liability Insurance Claims	Workers' Compensation Insurance Claims	TOTAL
\$ 12,270,372	\$ 9,460,774	\$ 5,782,277	\$ 39,899,743
(10,538,212)	-	-	(15,081,383)
(2,044,310)	-	-	(7,329,373)
(69,473)	-	-	(324,190)
-	(7,026,243)	(5,197,170)	(12,223,413)
-	414	-	475,304
(381,623)	2,434,945	585,107	5,416,688
-	-	-	(2,589)
-	-	-	1,574,676
-	-	-	3,275,783
-	-	-	(1,043,232)
-	-	-	3,804,638
-	-	-	(1,719,206)
(785,978)	-	-	(785,978)
(54,687)	-	-	(54,687)
(840,665)	-	-	(2,559,871)
(1,222,288)	2,434,945	585,107	6,661,455
3,903,464	9,566,355	9,052,582	37,095,694
<u>\$ 2,681,176</u>	<u>\$ 12,001,300</u>	<u>\$ 9,637,689</u>	<u>\$ 43,757,149</u>
<u>\$ 2,681,176</u>	<u>\$ 12,001,300</u>	<u>\$ 9,637,689</u>	<u>\$ 43,757,149</u>
<u>\$ 2,681,176</u>	<u>\$ 12,001,300</u>	<u>\$ 9,637,689</u>	<u>\$ 43,757,149</u>

(continued)

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

	Automotive Services	Technical Equipment Services	PW Capital Projects Management
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (153,846)	\$ 272,789	\$ 369,240
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Decrease) Increase in lease and SBITA obligation	-	-	-
(Decrease) Increase in due to OPEB system	(235,947)	-	-
(Decrease) Increase in due to retirement system	221,176	-	-
Depreciation	2,402,803	108,903	-
Change in assets and liabilities:			
Receivables, net	(55,607)	-	-
Inventory	(720,321)	-	-
Accrued liabilities	72,508	-	(19,710)
Long-term portion estimated claims	-	-	-
Compensated absences	41,381	-	-
Other receipts	-	-	-
Other expenses	474,890	-	-
Net cash provided (used) by operating activities	<u>\$ 2,047,037</u>	<u>\$ 381,692</u>	<u>\$ 349,530</u>

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Information Technology Services	Special Liability Insurance Claims	Workers' Compensation Insurance Claims	TOTAL
\$ 68,817	\$ 4,954,403	\$ 1,210,470	\$ 6,721,873
713,291	-	-	713,291
(133,624)	-	-	(369,571)
(98,492)	-	-	122,684
1,208	-	-	2,512,914
10,744	4,274	(29,862)	(70,451)
-	-	25,938	(694,383)
(958,970)	(1,054,146)	112,561	(1,847,757)
-	(1,470,000)	(734,000)	(2,204,000)
15,403	-	-	56,784
-	414	-	414
-	-	-	474,890
<u>\$ (381,623)</u>	<u>\$ 2,434,945</u>	<u>\$ 585,107</u>	<u>\$ 5,416,688</u>

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CITY OF SANTA CLARA COMBINING FIDUCIARY FUNDS
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PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The Private Purpose Trust Funds are described below:

CHARITABLE TRUST

This fund accounts for the various gifts, donations and bequests received by the City for distribution to various nonprofit organizations as determined by the Mission City Community Fund.

SUCCESSOR AGENCY

California State laws ABx1 26 and AB 1484 provided for the dissolution of California Redevelopment Agencies effective January 31, 2012 and the transfer of all non-housing Agency assets to the Successor Agency Redevelopment Obligation Retirement Fund.

CUSTODIAL FUNDS

Custodial Funds are presented separately from the Government-wide and Fund financial statements.

Custodial Funds account for assets held by the City as an agent for individuals, governmental entities, and non-public organizations. These funds include the following:

EMPLOYEE CONTRIBUTED EMERGENCY PAID LEAVE POOL FUND

This fund is used to account for monies collected and disbursed for the employees paid leave program that is administered by respective bargaining units. The City does not make contribution to this fund.

SPECIAL ASSESSMENTS

This fund accounts for monies collected and disbursed from special assessment districts where the City is not obligated for the outstanding debt payments.

CUSTODIAL DEPOSITS

This fund accounts for various miscellaneous deposits for other entities.

**CITY OF SANTA CLARA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023**

	Charitable Trust	Successor Agency	Total Private Purpose Trust
ASSETS			
Current assets			
Cash and investments:			
Pooled cash and investments	\$ 676,461	\$ 643,804	\$ 1,320,265
Receivables (net of allowance for uncollectibles):			
Interest and rent	17,182	223,150	240,332
Leases receivable	-	874,098	874,098
Total current assets	<u>693,643</u>	<u>1,741,052</u>	<u>2,434,695</u>
Noncurrent assets			
Leases receivable- noncurrent	-	42,824,370	42,824,370
Investment with fiscal agent-noncurrent	2,895,085	-	2,895,085
Land held for resale	-	532,542	532,542
Total noncurrent assets	<u>2,895,085</u>	<u>43,356,912</u>	<u>46,251,997</u>
Total Assets	<u>3,588,728</u>	<u>45,097,964</u>	<u>48,686,692</u>
LIABILITIES			
Unearned revenues	-	110,917	110,917
Due to other agencies	-	640,000	640,000
Total Liabilities	<u>-</u>	<u>750,917</u>	<u>750,917</u>
DEFERRED INFLOWS OF RESOURCES			
Leases related	-	42,005,237	42,005,237
Total deferred inflows of resources	<u>-</u>	<u>42,005,237</u>	<u>42,005,237</u>
NET POSITION			
Held in trust for private purpose	3,588,728	-	3,588,728
Restricted for individuals, organization and other governments	-	2,341,810	2,341,810
Total Net Position	<u>\$ 3,588,728</u>	<u>\$ 2,341,810</u>	<u>\$ 5,930,538</u>

CITY OF SANTA CLARA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2023

	<u>Charitable Trust</u>	<u>Successor Agency</u>	<u>Total Private Purpose Trust</u>
ADDITIONS			
Investment income:			
Net change in fair value of investments	\$ 39,749	\$ -	\$ 39,749
Interest and rents	125,893	3,499,666	3,625,559
Net investment income	<u>165,642</u>	<u>3,499,666</u>	<u>3,665,308</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>165,642</u>	<u>3,499,666</u>	<u>3,665,308</u>
DEDUCTIONS			
General and administrative	85,180	851	86,031
Pass through to the County of Santa Clara	<u>-</u>	<u>2,620,000</u>	<u>2,620,000</u>
Total deductions	<u>85,180</u>	<u>2,620,851</u>	<u>2,706,031</u>
Net increase (decrease) in fiduciary net position	80,462	878,815	959,277
Net position - beginning	3,508,266	1,462,995	4,971,261
Net position - ending	<u>\$ 3,588,728</u>	<u>\$ 2,341,810</u>	<u>\$ 5,930,538</u>

**CITY OF SANTA CLARA
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023**

	Employee Contributed Emergency Paid Leave Pool	Special Assessments	Custodial Deposits	Total Custodial Funds
ASSETS				
Cash and investments:				
Pooled cash and investments	\$ 402,308	\$ 409,793	\$ 21,935	\$ 834,036
Total cash	402,308	409,793	21,935	834,036
Total Assets	402,308	409,793	21,935	834,036
NET POSITION				
Restricted for individuals, organization and other governments	402,308	409,793	21,935	834,036
Total Net Position	\$ 402,308	\$ 409,793	\$ 21,935	\$ 834,036

CITY OF SANTA CLARA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2023

	Employee Contributed Emergency Paid Leave Pool	Special Assessments	Custodial Deposits	Total Custodial Funds
ADDITIONS				
Contributions:				
Employee contributions	\$ 26,572	\$ -	\$ -	\$ 26,572
Other plans	-	2,631,584	-	2,631,584
Gifts and bequest	-	-	930	930
Total contributions	<u>26,572</u>	<u>2,631,584</u>	<u>930</u>	<u>2,659,086</u>
Investment income:				
Interest and rents	<u>4,869</u>	<u>-</u>	<u>-</u>	<u>4,869</u>
Net investment income	<u>4,869</u>	<u>-</u>	<u>-</u>	<u>4,869</u>
Total additions	<u>31,441</u>	<u>2,631,584</u>	<u>930</u>	<u>2,663,955</u>
DEDUCTIONS				
General and administrative	-	80,000	2,514	82,514
Benefits paid	51,403	-	-	51,403
Pass through to the Stadium Authority	-	2,489,168	-	2,489,168
Total deductions	<u>51,403</u>	<u>2,569,168</u>	<u>2,514</u>	<u>2,623,085</u>
Net increase (decrease) in fiduciary net position	(19,962)	62,416	(1,584)	40,870
Net position - beginning	<u>422,270</u>	<u>347,377</u>	<u>23,519</u>	<u>793,166</u>
Net position - ending	<u>\$ 402,308</u>	<u>\$ 409,793</u>	<u>\$ 21,935</u>	<u>\$ 834,036</u>

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Statistical Section (Unaudited)

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CITY OF SANTA CLARA STATISTICAL SECTION
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This part of the City of Santa Clara's Annual Comprehensive Report provides detailed information to better understand the data presented within the financial statements, note disclosures, and required supplementary information.

TABLES

FINANCIAL TRENDS

1 - 4

Contains trend information to help the reader understand how the City's financial performance has changed over time.

REVENUE CAPACITY

5 - 10

Contains information to help the reader assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY

11 - 15

Presents information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

16 - 17

Offers information to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

18 - 21

Contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

CITY OF SANTA CLARA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

Table 1

	2023	2022	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 632,383	\$ 625,872	\$ 626,115	\$ 613,187	\$ 585,201	\$ 553,135	\$ 532,255	\$ 507,390	\$ 524,645	\$ 528,043
Restricted	342,466	317,290	275,653	260,872	244,775	246,048	242,393	207,996	198,316	189,618
Unrestricted	(286,878)	(283,492)	(289,637)	(224,176)	(169,513)	(180,368)	(135,818)	(125,913)	(186,423)	102,421
Total Governmental Activities										
Net Assets:	<u>\$ 687,971</u>	<u>\$ 659,670</u>	<u>\$ 612,131</u>	<u>\$ 649,883</u>	<u>\$ 660,463</u>	<u>\$ 618,815</u>	<u>\$ 638,830</u>	<u>\$ 589,473</u>	<u>\$ 536,538</u>	<u>\$ 820,082</u>
Business - Type Activities:										
Net Investment in Capital Assets	\$ 1,088,899	\$ 1,079,607	\$ 1,042,058	\$ 974,612	\$ 953,098	\$ 917,738	\$ 882,187	\$ 844,911	\$ 760,150	\$ 496,107
Restricted	332,074	333,069	234,289	249,516	185,267	174,595	142,459	133,718	93,891	96,318
Unrestricted	218,381	112,922	100,116	80,997	31,258	(24,141)	(13,132)	(61,843)	(1,573)	325,633
Total Business - Type Activities										
Net Position	<u>\$ 1,639,354</u>	<u>\$ 1,525,598</u>	<u>\$ 1,376,463</u>	<u>\$ 1,305,125</u>	<u>\$ 1,169,623</u>	<u>\$ 1,068,192</u>	<u>\$ 1,011,514</u>	<u>\$ 916,786</u>	<u>\$ 852,468</u>	<u>\$ 918,058</u>
Primary Government										
Net Investment in Capital Assets	\$ 1,721,282	\$ 1,705,479	\$ 1,668,173	\$ 1,587,799	\$ 1,538,299	\$ 1,470,873	\$ 1,414,442	\$ 1,352,301	\$ 1,284,795	\$ 1,024,150
Restricted	674,540	650,359	509,942	510,388	430,042	420,643	384,852	341,714	292,207	285,936
Unrestricted	(68,497)	(170,570)	(189,521)	(143,179)	(138,255)	(204,509)	(148,950)	(187,756)	(187,996)	428,054
Total Primary Government										
Net Position	<u>\$ 2,327,325</u>	<u>\$ 2,185,268</u>	<u>\$ 1,988,594</u>	<u>\$ 1,955,008</u>	<u>\$ 1,830,086</u>	<u>\$ 1,687,007</u>	<u>\$ 1,650,344</u>	<u>\$ 1,506,259</u>	<u>\$ 1,389,006</u>	<u>\$ 1,738,140</u>

Note:

(1) Certain amounts cannot be compared to fiscal year 2015 due to the implementation of GASB Staetment No. 68.

Source: Finance Office, City of Santa Clara.

CITY OF SANTA CLARA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental Activities:										
General Administration	\$ 32,353	\$ 37,676	\$ 33,671	\$ 26,436	\$ 30,328	\$ 25,467	\$ 20,636	\$ 22,692	\$ 18,310	\$ 15,208
City Clerk	1,329	1,171	1,414	1,292	1,263	864	1,020	309	389	263
City Attorney	2,529	2,079	1,890	1,945	1,700	1,000	860	270	194	102
Human Resources	2,039	2,136	1,616	2,751	2,011	1,886	1,675	748	654	502
Finance	10,031	10,325	10,188	10,497	7,111	6,253	5,323	1,633	1,357	844
Public Works	44,839	38,837	41,951	46,176	45,725	38,276	34,314	30,365	29,713	30,287
Parks and Recreation	25,907	20,520	20,266	27,491	23,285	21,369	18,616	17,106	16,135	15,913
Public Safety:										
Police	88,389	71,575	87,563	89,477	72,449	76,742	63,612	58,599	54,252	47,105
Fire	73,154	58,117	71,025	67,767	58,120	55,372	43,384	37,120	35,341	34,099
Planning and Inspection	19,218	15,487	15,537	16,281	12,879	10,614	9,162	7,855	7,593	6,848
Library	12,766	10,925	10,864	13,773	12,687	12,302	10,553	10,718	8,851	8,161
Interest on long term debt	349	408	487	560	630	695	749	803	853	1,125
Total Governmental Activities Expenses (Net)	312,903	269,256	296,472	304,446	268,188	250,840	209,904	188,218	173,642	160,457
Business-Type Activities:										
Utilities:										
Electric	658,600	552,552	454,503	453,112	408,812	437,419	402,977	386,239	377,017	362,303
Water	49,010	45,578	45,353	43,196	46,067	41,777	35,649	32,254	29,482	28,181
Sewer	86,208	30,523	30,103	28,614	29,462	25,689	23,047	19,081	17,981	17,237
Water Recycling	6,605	5,700	5,844	6,344	5,909	4,972	4,858	2,672	2,902	2,030
Solid Waste	34,196	32,997	29,769	25,567	25,393	23,363	26,621	20,142	19,717	18,486
Cemetery	1,395	1,350	1,359	1,659	1,257	1,174	820	781	676	901
Sports and Open Space Authority	10	9	8	10	9	10	53	102	97	95
Santa Clara Golf and Tennis Club	-	-	-	1,675	2,837	2,951	2,772	2,777	2,754	2,827
Santa Clara Convention Center	16,530	11,829	4,667	16,738	12,967	8,423	8,478	9,075	9,006	8,926
Santa Clara Stadium Authority	61,818	65,308	41,181	79,539	103,899	111,210	105,593	147,435	98,363	21,913
Total Business-Type Activities Expenses	914,372	745,846	612,787	656,454	636,612	656,988	610,868	620,558	557,995	462,899
Total Primary Expenses	\$ 1,227,275	\$ 1,015,102	\$ 909,259	\$ 960,900	\$ 904,800	\$ 907,828	\$ 820,772	\$ 808,776	\$ 731,637	\$ 623,356

Source: Finance Office, City of Santa Clara

CITY OF SANTA CLARA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)
(continued)

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Administration	\$ 14,252	\$ 9,592	\$ 3,475	\$ 8,837	\$ 7,904	\$ 398	\$ 1,651	\$ 1,247	\$ 416	\$ 355
Parks and Recreation	3,225	2,049	891	1,495	3,431	3,126	3,169	3,114	4,207	3,157
Planning and Inspection	21,755	21,274	16,470	15,564	19,048	12,837	13,658	15,065	13,944	9,299
Other Programs	17,368	15,282	12,604	15,057	17,476	21,303	19,658	23,022	16,281	12,296
Operating Grants and Contributions	6,651	34,060	17,053	9,455	8,457	7,172	4,723	5,809	8,240	6,566
Capital Gains and Contributions	8,534	6,072	11,598	29,619	23,634	20,273	14,280	12,100	5,848	10,347
Total Governmental Activities Program Revenues	71,785	88,329	62,091	80,027	79,950	65,109	57,139	60,357	48,936	42,020
Business-Type Activities:										
Utilities:										
Electric	751,409	611,549	526,710	507,494	460,263	475,434	459,849	412,441	381,858	364,280
Equity in income (losses) of joint ventures ⁽¹⁾	-	-	-	-	-	-	-	-	(4,719)	4,214
Water	50,519	51,606	52,530	51,373	47,017	46,685	39,953	31,955	31,462	30,979
Sewer	57,998	116,443	16,587	71,041	44,763	50,942	43,176	41,659	43,400	34,585
Equity in income (losses) of joint ventures ⁽¹⁾	-	-	-	-	-	-	-	-	(10,036)	(3,383)
Water Recycling	6,395	6,072	6,182	6,304	6,299	5,479	4,834	3,841	3,381	3,136
Solid Waste	35,944	34,851	26,603	26,645	25,983	23,544	22,585	21,854	20,404	20,154
Cemetery	932	1,024	844	585	634	666	799	693	649	528
Sports and Open Space Authority	-	-	-	-	-	-	58	72	66	82
Santa Clara Golf and Tennis Club	-	-	-	674	2,001	1,991	1,780	1,666	2,207	2,857
Santa Clara Convention Center	17,429	8,527	1,221	14,252	12,734	9,061	9,581	7,399	7,112	7,240
Santa Clara Stadium Authority	74,438	59,528	38,682	87,976	112,550	112,039	110,059	146,619	102,908	33,193
Total Business-Type Activities Program Revenues	995,064	889,600	669,359	766,344	712,244	725,841	692,674	668,199	578,692	497,865
Total Primary Government Program Revenues	1,066,849	977,929	731,450	846,371	792,194	790,950	749,813	728,556	627,628	539,885
Net (Expense) Revenues:										
Governmental Activities	(241,118)	(180,927)	(234,381)	(224,419)	(188,238)	(185,731)	(152,765)	(127,861)	(124,706)	(118,437)
Business-Type Activities	80,692	143,754	56,572	109,890	75,632	68,853	81,806	47,641	20,697	34,966
Total Primary Government Net (Expense) Revenues	\$ (160,426)	\$ (37,173)	\$ (177,809)	\$ (114,529)	\$ (112,606)	\$ (116,878)	\$ (70,959)	\$ (80,220)	\$ (104,009)	\$ (83,471)

Note:

(1) Equity in income (losses) of joint ventures were included in the Electric and Sewer Business-Type Activities beginning in fiscal year 2016

Source: Finance Office, City of Santa Clara

CITY OF SANTA CLARA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)
(continued)

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenue and other changes in Net Position										
Governmental Activities:										
Taxes:										
Sales	\$ 64,498	\$ 56,902	\$ 56,178	\$ 55,270	\$ 65,036	\$ 56,320	\$ 55,751	\$ 57,797	\$ 49,648	\$ 46,736
Ad Valorem Property	84,047	74,188	68,358	65,132	58,502	54,965	50,943	45,627	37,574	39,187
Transient occupancy	18,989	10,812	2,949	15,994	23,229	20,580	20,484	20,557	18,186	15,141
Other	6,738	7,317	6,019	5,967	5,955	6,392	5,671	5,510	5,173	5,191
Internal Governmental, unrestricted:										
Motor Vehicle in-lieu	-	-	-	-	-	-	55	49	50	-
Contribution in-lieu of taxes	29,584	27,259	24,548	22,710	21,304	21,986	21,117	19,057	17,493	16,591
Investment earnings	13,299	5,709	6,451	8,700	6,990	4,600	3,466	2,178	1,702	3,380
Net increase (decrease) in the fair value of investments	(5,788)	(13,688)	(5,207)	6,531	8,082	(2,452)	(3,217)	1,049	496	1,815
Equity in income (losses) of joint ventures	-	-	-	95	28	25	49	44	(40)	(106)
Rents and royalties	10,030	7,205	9,852	9,032	9,762	10,494	11,410	13,642	11,189	3,781
Other	43,058	58,511	24,590	22,513	30,257	16,243	39,956	8,551	12,154	4,317
Special item	-	-	-	-	-	-	-	(24,451)	(9,224)	(80,152)
Total Government General Revenue and Special Item	264,455	234,215	193,738	211,944	229,145	189,153	205,685	149,610	144,401	55,881
Business-Type Activities: ⁽²⁾										
Investment earnings	28,656	11,587	13,569	16,709	16,618	15,755	13,031	16,894	15,602	2,863
Net increase (decrease) in the fair value of investments	(3,863)	(26,594)	(6,246)	10,798	9,921	(3,584)	(3,672)	1,218	544	2,356
Equity in gains of joint venture	8,533	14,639	-	-	-	-	-	-	-	-
Gain (loss) on retirement of assets	-	-	1,678	-	-	-	-	29,751	64	-
Total Business-Type General Revenue	33,326	(368)	9,001	27,507	26,539	12,171	9,359	47,863	16,210	5,219
Total Primary Government General Revenue	297,781	233,847	202,739	239,451	255,684	201,324	215,044	197,473	160,611	61,100
Change in Net Position - Total Primary Government	137,355	196,674	24,930	124,922	143,078	84,446	144,085	117,253	56,602	(22,371)
Net Position - Beginning of Year (2015 Adjusted)	2,185,268	1,988,594	1,955,007	1,830,085	1,687,007	1,650,344	1,506,259	1,389,006	1,738,140	1,760,511
GASB68 Implementation	-	-	-	-	-	-	-	-	(405,736)	-
GASB75 Implementation	-	-	-	-	-	(47,783)	-	-	-	-
GASB84 Implementation	-	-	8,657	-	-	-	-	-	-	-
GASB87 Implementation	4,702	-	-	-	-	-	-	-	-	-
Net Position - End of Year - Total Primary Government	\$ 2,327,325	\$ 2,185,268	\$ 1,988,594	\$ 1,955,007	\$ 1,830,085	\$ 1,687,007	\$ 1,650,344	\$ 1,506,259	\$ 1,389,006	\$ 1,738,140

CITY OF SANTA CLARA
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Table 3

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	\$ 3,396	\$ 7,244	\$ 13,767	\$ 24,260	\$ 24,421	\$ 25,002	\$ 13,837	\$ 13,517	\$ 13,247	\$ 12,850
Restricted	24,689	23,291	25,943	28,507	17,652	13,585	7,083	11,865	9,546	9,641
Committed	18,575	23,985	40,280	36,978	30,902	41,914	58,580	64,111	55,121	78,125
Assigned	13,863	9,844	7,131	5,861	7,879	7,473	4,639	4,875	6,761	4,752
Unassigned	92,793	76,751	90,681	122,969	147,739	107,801	107,404	103,430	58,946	23,910
Total General Fund	153,316	141,115	177,802	218,575	228,593	195,775	191,543	197,798	143,621	129,278
All other Governmental Funds:										
Restricted	137,384	110,448	88,486	89,256	86,802	91,290	89,818	67,612	76,848	60,489
Committed	78,205	73,821	50,558	44,757	45,345	40,473	44,936	38,953	20,237	25,697
Total All Other Governmental Funds	215,589	184,269	139,044	134,013	132,147	131,763	134,754	106,565	97,085	86,186
Total Governmental Funds	\$ 368,905	\$ 325,384	\$ 316,846	\$ 352,588	\$ 360,740	\$ 327,538	\$ 326,297	\$ 304,363	\$ 240,706	\$ 215,464

CITY OF SANTA CLARA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Table 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES:										
Taxes:										
Sales	\$ 64,498	\$ 56,902	\$ 56,178	\$ 55,270	\$ 65,036	\$ 56,321	\$ 55,750	\$ 57,796	\$ 49,649	\$ 46,736
Ad valorem property	84,599	74,630	68,773	65,498	58,502	54,965	50,943	45,627	37,574	39,187
Transient occupancy	18,989	10,812	2,949	15,994	23,229	20,580	20,484	20,557	18,186	15,141
Other	6,738	7,317	5,824	5,967	5,955	6,392	5,671	5,510	5,173	5,191
Licenses, permits, fees and penalties	18,390	16,182	12,568	11,476	16,478	8,665	10,536	11,530	9,508	6,860
Intergovernmental	13,299	39,929	22,589	19,905	29,685	13,920	15,269	8,570	13,766	10,611
Charges for services	51,976	47,194	38,171	44,029	49,067	45,237	42,941	46,938	39,012	32,749
Contribution in-lieu of taxes	29,584	27,259	24,548	22,710	21,304	21,986	21,117	19,057	17,493	16,591
Interest and rents	26,065	13,220	16,161	17,673	16,927	15,223	14,636	15,617	10,692	7,672
Net increase (decrease) in the fair value of investments	(5,788)	(13,688)	(5,207)	6,531	8,082	(2,452)	(3,217)	1,049	496	1,815
Other	56,381	42,033	17,161	17,955	15,021	11,957	32,209	9,578	13,792	6,740
TOTAL REVENUES	\$ 364,731	\$ 321,790	\$ 259,715	\$ 283,008	\$ 309,286	\$ 252,794	\$ 266,339	\$ 241,829	\$ 215,341	\$ 189,293

Source: Finance Office, City of Santa Clara.

CITY OF SANTA CLARA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)
(continued)

Table 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENDITURES										
Current:										
General Administration	\$ 36,303	\$ 42,252	\$ 37,273	\$ 28,927	\$ 36,093	\$ 28,997	\$ 24,265	\$ 23,743	\$ 18,684	\$ 17,101
City Clerk	1,793	1,618	1,697	1,429	1,440	1,361	1,594	1,007	1,060	863
City Attorney	3,062	2,681	2,330	2,154	2,006	1,690	1,658	1,500	1,329	1,335
Human Resources	3,698	3,837	3,201	3,876	3,151	3,175	2,993	2,616	2,322	2,279
Finance	18,111	16,576	15,852	14,924	11,697	10,484	9,725	9,319	8,455	8,231
Public Works	30,175	28,158	28,443	28,186	31,595	25,595	24,018	20,088	18,424	17,562
Parks and Recreation	22,511	19,890	17,822	22,551	20,026	18,882	17,364	16,162	14,506	14,428
Public Safety:										
Police	81,136	77,590	74,918	74,168	62,799	67,841	62,290	61,015	54,344	45,584
Fire	68,137	62,203	59,799	56,421	50,975	49,043	42,550	39,129	35,144	33,267
Planning and Inspection	19,106	16,174	14,712	13,534	11,521	9,896	9,156	8,231	7,620	6,938
Library	10,732	10,011	8,879	10,392	10,234	10,426	9,113	9,479	7,611	7,206
Capital Outlay	34,798	19,261	30,514	24,021	30,382	19,933	29,329	13,434	10,730	8,736
Debt Service:										
Principal payments	2,077	2,009	1,930	1,859	1,786	1,731	1,674	1,620	1,576	8,520
Interest and fiscal fees	504	498	572	644	712	767	825	879	925	1,174
Bond issuance cost	-	-	-	-	-	7	2	1	2	5
TOTAL EXPENDITURES	332,143	302,758	297,942	283,086	274,417	249,828	236,556	208,223	182,732	173,229
EXCESS (DEFICIENCY) OF REVENUES										
OVER (UNDER) EXPENDITURES	32,588	19,032	(38,227)	(78)	34,869	2,966	29,783	33,606	32,609	16,064
OTHER FINANCING SOURCES (USES):										
SBITA liabilities issued	8,202	-	-	-	-	-	-	-	-	-
Lease liabilities issued	-	18	-	-	-	-	-	-	-	-
Transfers in	27,001	56,105	49,402	29,003	43,334	21,381	44,983	58,473	14,152	27,961
Transfers out	(24,270)	(66,617)	(55,575)	(37,076)	(45,001)	(23,106)	(52,832)	(27,581)	(12,295)	(25,918)
TOTAL OTHER FINANCING SOURCES (USES)	10,933	(10,494)	(6,173)	(8,073)	(1,667)	(1,725)	(7,849)	30,892	1,857	2,043
NET CHANGE IN FUND BALANCES										
BEFORE SPECIAL ITEM	\$ 43,521	\$ 8,538	\$ (44,400)	\$ (8,151)	\$ 33,202	\$ 1,241	\$ 21,934	\$ 64,498	\$ 34,466	\$ 18,107
SPECIAL ITEM-ASSET TRANSFERRED										
TO LIABILITIES ASSUMED BY SUCCESSOR AGENCY	-	-	-	-	-	-	-	(842)	(9,224)	(80,152)
NET CHANGE IN FUND BALANCES AFTER										
SPECIAL ITEM	\$ 43,521	\$ 8,538	\$ (44,400)	\$ (8,151)	\$ 33,202	\$ 1,241	\$ 21,934	\$ 63,656	\$ 25,242	\$ (62,045)
DEBT SERVICE AS A PERCENTAGE OF										
NON-CAPITAL EXPENDITURES	1%	1%	1%	1%	1%	1%	1%	1%	1%	6%

Source: Finance Office, City of Santa Clara.

CITY OF SANTA CLARA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(In Thousands)

Table 5

Fiscal Year Ending June 30	Net Local Secured Roll ⁽¹⁾	State Assessed Valuation	Net Unsecured Roll	Net Assessed Valuation	Total Assessed Valuation	Ratio of Net Assessed Valuation To Total Assessed Valuation	% Growth of Assessed Valuation	Total Direct Tax Rate
2013 / 14	\$ 22,216,962	\$ 4,641	\$ 4,680,536	\$26,902,139	\$ 27,012,697	99.59%	6.83%	1.14%
2014 / 15	24,294,056	4,183	4,352,204	28,650,443	28,758,679	99.62%	6.50%	1.13%
2015 / 16	27,659,960	4,183	5,157,346	32,821,489	32,927,777	99.68%	14.56%	1.16%
2016 / 17	30,672,596	4,183	5,856,885	36,533,664	36,638,297	99.71%	11.31%	1.15%
2017 / 18	33,449,607	3,896	6,553,560	40,007,063	40,109,539	99.74%	9.51%	1.16%
2018 / 19	36,596,483	354	7,266,592	43,863,429	43,964,914	99.77%	9.64%	1.13%
2019 / 20	38,502,828	870	7,629,244	46,132,942	46,232,453	99.78%	5.17%	1.20%
2020 / 21	42,047,766	870	7,972,493	50,021,129	50,118,954	99.80%	8.43%	1.18%
2021 / 22	44,162,052	870	8,007,077	52,170,000	52,264,729	99.82%	4.30%	1.19%
2022 / 23	48,144,003	870	8,668,804	56,833,678	56,926,788	99.84%	8.94%	1.17%

Note:

(1) Net of Home Owner Property Tax Relief.

Source: County of Santa Clara, Department of Finance

**CITY OF SANTA CLARA
PROPERTY TAX RATES
(Per \$100 Assessed Valuation)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 6

Fiscal Year Ending June 30	Santa Clara County	School Districts	Special Districts	Total
2013 / 14	1.0388%	0.0962%	0.0070%	1.1420%
2014 / 15	1.0388%	0.0824%	0.0065%	1.1277%
2015 / 16	1.0388%	0.1174%	0.0057%	1.1619%
2016 / 17	1.0388%	0.1014%	0.0086%	1.1488%
2017 / 18	1.0388%	0.1028%	0.0062%	1.1478%
2018 / 19	1.0388%	0.0905%	0.0042%	1.1335%
2019 / 20	1.0388%	0.1472%	0.0041%	1.1901%
2020 / 21	1.0388%	0.1356%	0.0037%	1.1781%
2021 / 22	1.0388%	0.1318%	0.0051%	1.1757%
2022 / 23	1.0388%	0.1150%	0.0044%	1.1582%
Tax rate limit: A state constitutional amendment (Proposition 13) commencing with fiscal 1979 provided that the tax rate was limited to 1% of full cash value, levied only by the County and shared with all other jurisdictions. All jurisdictions may levy a tax rate for voter approved debt. Due date for current taxes: First installment - November 1; second installment - February 1. Penalties for delinquency: 10% and 1.5% of tax per month after date taxes become delinquent. Collected by government unit: County of Santa Clara. Basis upon which collections are distributed: Taxing jurisdictions assessed valuations and tax rates for voter approved debt to taxing jurisdictions, County rate (1% of full cash value) shared by all jurisdictions. Compensation paid to collecting government unit for fiscal year 2022-23 is \$552,563				

Note: Tax rates stated are the rates applicable to the tax rate area 7-000 as typical tax rate area within the City. Rates are based on \$100 assessed valuation.

Source: County of Santa Clara, Department of Finance

**CITY OF SANTA CLARA
PRINCIPAL PROPERTY TAX PAYERS
2022-23 AND 2013-14 COMPARISON FOR GENERAL FUND
(In Thousands)**

Table 7

Taxpayers	2022-23		2013-14	
	Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Intel Corporation	\$ 2,193,816	3.85%	\$ 1,251,884	4.63%
Santa Clara Square Office 2B LLC	1,831,503	3.22%	-	-
Nvidia Corporation (formerly Nvidia Land Development LLC)	1,544,984	2.71%	354,965	1.31%
Microsoft Corporation	1,201,470	2.11%	-	-
SI LLC	890,736	1.56%	656,066	2.43%
Vantage Data Centers LLC	867,314	1.52%	-	-
Forty Niners SC Stadium Company LLC	777,020	1.36%	-	-
Santa Clara Phase III EFH LLC	712,919	1.25%	-	-
Apple Inc	689,186	1.21%	-	-
Coresite Real Estate	539,535	0.95%	-	-
Xeres Venture LLC	-	-	208,597	0.77%
Agilent Technologies	-	-	249,912	0.93%
Applied Materials, Inc.	-	-	199,058	0.74%
Oracle America Inc (formerly Sun Microsystems)	-	-	296,608	1.10%
Marvell Technology Inc	-	-	211,070	0.78%
M West Propco XIII LLC	-	-	266,765	0.99%
City of Santa Clara/Hyatt Equities LLC	-	-	194,263	0.72%
Top Ten Total	\$ 11,248,483	19.74%	\$ 3,889,188	14.40%
City Total	<u>\$ 56,926,509</u>		<u>\$ 27,012,697</u>	

Sources: Santa Clara County Assessor 2022-23 and 2013-14 Combined Tax Rolls through HdL Coren & Cone.

CITY OF SANTA CLARA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(In Thousands)

Table 8

Fiscal Year Ending June 30	Gross Tax Levy	Current Tax Collections	Percentage of Current Levy Collected	Delinquent Tax Collected	Total Collections	Percentage of Total Levy Collected
2013 / 14	\$ 24,027	\$ 24,027	100.00%	-	\$ 24,027	100.00%
2014 / 15	25,550	25,550	100.00%	-	25,550	100.00%
2015 / 16	27,603	27,603	100.00%	-	27,603	100.00%
2016 / 17	30,605	30,605	100.00%	-	30,605	100.00%
2017 / 18	33,312	33,312	100.00%	-	33,312	100.00%
2018 / 19	37,374	37,374	100.00%	-	37,374	100.00%
2019 / 20	40,288	40,288	100.00%	-	40,288	100.00%
2020 / 21	43,680	43,680	100.00%	-	43,680	100.00%
2021 / 22	45,539	45,539	100.00%	-	45,539	100.00%
2022 / 23	57,619	57,619	100.00%	-	57,619	100.00%

Sources: City of Santa Clara and County of Santa Clara, Department of Finance

**CITY OF SANTA CLARA
PRINCIPAL SALE/USE TAX CONTRIBUTORS
June 30, 2023**

Table 9

**This list is in alphabetical order and represents sales from July 2022 to June 2023
The Top 25 Sales / Use Tax contributors generate 43.% of Santa Clara's total sales and use tax revenue**

AG Electronic Materials	NVIDIA Corporation
Applied Materials	One Workplace
Arista Networks	Oracle America
Bell Electrical Supply	Pace Supply
Costco Wholesale	Pivot Interiors
Frontier Ford	Porsche Stevens Creek
Home Depot	Stevens Creek Auto Imports
Intel Corporation	Stevens Creek BMW
Keysight Technologies	Tesla
Lenovo Global Technology	Wiwynn International
Levi's Stadium	World Wide Technology
Lexus of Stevens Creek	ZT Systems
Norman S. Wright Mechanical Equipment Corp	

Sources: From Muni Services Sales Tax Digest Summary.

CITY OF SANTA CLARA
Electric Utility Charge For Services by Source
Last Ten Fiscal Years
(In Thousands)

Table 10

Fiscal Year Ending June 30	Residential	Commercial	Industrial	Other	Total
2013 / 14	\$ 25,653	\$ 13,770	\$ 267,169	\$ 2,578	\$ 309,169
2014 / 15	27,139	13,783	277,079	14,936	332,938
2015 / 16	27,789	15,409	321,491	7,112	371,801
2016 / 17	28,007	15,855	341,865	4,682	390,410
2017 / 18	29,082	15,774	355,279	3,562	403,698
2018 / 19	29,734	15,378	359,407	2,428	406,947
2019 / 20	31,867	15,472	383,704	2,815	433,858
2020 / 21	35,440	16,489	399,940	1,394	453,264
2021 / 22	33,275	16,395	448,257	4,447	502,373
2022 / 23	38,021	17,991	500,189	2,964	559,165

Sources: City of Santa Clara

CITY OF SANTA CLARA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands)

Table 11

Fiscal Year Ending June 30	Governmental Activities		Business Activities	Santa Clara Stadium Authority	Total Primary Government	Population	Debt per Capita	Total Personal Income (\$000)	Debt/ Income Ratio
	Public Facilities Financing Corporation		Revenue Bonds	Revenue Bonds					
	Certificates of Participation	Total Governmental Activities							
2013 / 14	\$ 26,210	\$ 26,210	\$ 227,163	\$ 653,367	\$ 906,740	121,229	\$ 7,480	\$ 4,739,710	19.13%
2014 / 15	24,579	24,579	226,828	561,556	812,963	120,973	6,720	4,952,711	16.41%
2015 / 16	22,905	22,905	229,719	464,720	717,344	123,752	5,797	5,194,006	13.81%
2016 / 17	21,177	21,177	220,800	429,773	671,750	123,983	5,418	5,454,137	12.32%
2017 / 18	19,392	19,392	208,117	394,827	622,336	129,604	4,802	6,064,143	10.26%
2018 / 19	17,551	17,551	189,158	340,217	546,926	128,717	4,249	6,121,909	8.93%
2019 / 20	15,638	15,638	196,012	325,265	536,915	129,104	4,159	6,180,008	8.69%
2020 / 21	13,654	13,654	184,933	296,796	495,383	130,746	3,789	6,596,037	7.51%
2021 / 22	11,594	11,594	170,413	280,314	462,321	130,127	3,553	7,540,481	6.13%
2022 / 23	10,560	10,560	155,302	245,275	411,137	132,476	3,103	8,953,977	4.59%

Sources: Finance Office, City of Santa Clara and MuniServices LLC.

CITY OF SANTA CLARA
POPULATION AND ASSESSED VALUATION
Last Ten Fiscal Years
(In Thousands)

Table 12

Fiscal Year Ending June 30	Population	Total Assessed Valuation
2013 / 14	121.2	\$ 27,012,697
2014 / 15	121.0	28,758,679
2015 / 16	123.8	32,927,777
2016 / 17	123.9	36,638,297
2017 / 18	129.6	40,109,539
2018 / 19	128.7	43,964,914
2019 / 20	129.1	46,232,453
2020 / 21	130.7	50,118,954
2021 / 22	130.1	52,264,729
2022 / 23	132.5	56,926,788

Sources: State of California, Department of Finance
County of Santa Clara, Department of Finance

CITY OF SANTA CLARA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2023

Table 13

Description	% Applicable	Debt
<u>Direct Debt:</u>		
2013 Refunding Certificates of Participation	100%	\$ 10,085,000
Total Gross Direct Debt		10,085,000
Unamortized Premium/Discount	100%	475,097
Total Net Direct Debt		10,560,097
<u>Overlapping Debt:</u>		
Santa Clara County General Fund Obligations		103,032,404
Santa Clara County Pension Fund Obligations		30,323,060
Santa Clara Valley Water District Benefit Assessment District		3,577,244
Santa Clara County Board of Education Certificates of Participation		85,983
San Jose-Evergreen Community College District OPEB Obligations		24,575
West Valley-Mission Community College District General Fund Obligations		2,486,923
Foothill-DeAnza Community College District		7,280,064
San Jose-Evergreen Community College District		532,927
West Valley Community College District		211,607,906
Fremont Union High School District		20,850,931
Campbell Union High School District General Fund Obligations		325,380
Campbell Union School District		9,809,044
Campbell Union High School District		7,945,667
Campbell Union School District General Fund Obligations		75,033
El Camino Hospital District		1,902,859
San Jose Unified School District		694,469
Cupertino Union School District		12,795,141
Santa Clara Unified School District		696,781,863
San Jose Unified School District General Fund Obligations		7,169
Santa Clara County		95,741,855
Foothill-DeAnza Community College District Certificates of Participation		248,979
Santa Clara Unified School District Certificates of Participation		7,468,086
Santa Clara County Vector Control District Certificates of Participation		113,111
Total Overlapping Debt		1,213,710,673
Total Gross Direct and Overlapping Bonded Debt ⁽¹⁾		1,223,795,673
Direct Unamortized Premium/Discount		-
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$ 1,223,795,673
2022 / 23 Assessed Value	\$ 56,926,787,704	
<u>Ratios to Assessed Valuation:</u>		
Direct Debt	\$ 10,560,097	0.020%
Total Gross Debt		2.150%
Total Net Debt		2.150%

Note: (1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds.

Source: California Municipal Statistics, Inc.

**CITY OF SANTA CLARA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(In Thousands)**

Table 14

Fiscal Year Ending June 30	Net Assessed Valuation	Debt Limit- 15% of Assessed Valuation ⁽¹⁾	Debt Applicable to Limit	Legal Debt Margin
2013 / 14	\$ 26,902,139	\$ 4,035,321	-	\$ 4,035,321
2014 / 15	28,650,443	4,297,566	-	4,297,566
2015 / 16	32,821,489	4,923,223	-	4,923,223
2016 / 17	36,533,664	5,480,050	-	5,480,050
2017 / 18	40,007,063	6,001,059	-	6,001,059
2018 / 19	43,863,429	6,579,514	-	6,579,514
2019 / 20	46,132,942	6,919,941	-	6,919,941
2020 / 21	50,021,129	7,503,169	-	7,503,169
2021 / 22	52,170,000	7,825,500	-	7,825,500
2022 / 23	56,833,678	8,525,052	-	8,525,052

Note:

(1) Section 1309 of the City Charter of the City states: "Bonded Debt Limit. The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen percent (15%) of the total assessed valuation of property within the City, exclusive of revenue bonds or any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned utilities for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and this Charter."

Sources: County of Santa Clara, Department of Finance and City of Santa Clara

**CITY OF SANTA CLARA
PLEDGED REVENUE COVERAGE
ELECTRIC REVENUE BOND
Last Ten Fiscal Years
(In Thousands)**

Table 15

Fiscal Year Ending June 30	Gross Revenue	Less Operating Expense	Net Revenue Available For Debt Service	Principal	Interest	Letter Of Credit Fees	Total	Coverage ⁽¹⁾
2013 / 14	\$ 314,847	\$ 288,954	\$ 25,893	\$ 3,550	\$ 7,994	\$ 637	\$ 12,181	2.13
2014 / 15	332,178	297,846	34,332	6,485	7,990	459	14,934	2.30
2015 / 16	359,084	316,578	42,506	8,958	8,348	358	17,664	2.41
2016 / 17	352,828	317,237	35,591	7,640	8,434	335	16,409	2.17
2017 / 18	383,662	346,825	36,837	11,416	6,594	302	18,312	2.01
2018 / 19	414,975	331,141	83,834	11,897	11,565	607	24,069	3.48
2019 / 20	445,142	368,162	76,980	11,700	6,787	316	18,803	4.09
2020 / 21	465,675	407,627	58,048	9,580	3,862	349	13,791	4.21
2021 / 22	550,445	493,302	57,143	13,005	3,232	8	16,245	3.52
2022 / 23	635,066	602,370	32,696	13,580	2,696	15	16,291	2.01

Notes:

(1) The required coverage is 1.00.

Source: City of Santa Clara

**CITY OF SANTA CLARA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Table 16

Year	Population	Personal Income (\$000)	Per Capita Buying Income	Median Age	Public School Enrollment	County Unemployment Rate	City Unemployment Rate
2013 / 14	121,229	\$ 4,739,710	\$ 39,097	35.0	15,169	5.4%	4.9%
2014 / 15	120,973	4,952,711	40,941	34.4	15,169	3.9%	3.6%
2015 / 16	123,752	5,194,006	41,971	34.3	15,388	4.2%	3.7%
2016 / 17	123,983	5,454,137	43,991	34.3	15,409	3.8%	3.4%
2017 / 18	129,604	6,064,143	46,790	34.3	15,509	2.9%	2.7%
2018 / 19	128,717	6,121,909	47,561	33.9	15,387	2.1%	1.9%
2019 / 20	129,104	6,180,008	47,868	34.2	15,306	11.0%	9.0%
2020 / 21	130,746	6,596,037	50,449	33.9	14,808	7.0%	5.9%
2021 / 22	130,127	7,540,481	57,947	34.0	14,028	1.8%	1.6%
2022 / 23	132,476	8,953,977	67,589	34.5	13,919	3.2%	2.9%

Sources: MuniServices, LLC \ Avenu Insights & Analytics

(1) Population data by the California Department of Finance Projections.

(2) The California Department of Finance demographics estimates now incorporate 2010 Census counts as a benchmark.

(3) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.

(4) Student Enrollment reflects the total number of students enrolled in the Santa Clara Unified School District.

Other school districts within the City are not accounted for in this report.

**CITY OF SANTA CLARA
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago**

Table 17

Company	2023		2014	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Applied Materials, Inc.	8,500	20.9%	8,554	7.1%
Intel Corporation	7,801	19.1%	10,801	9.0%
Advanced Micro Devices Inc.	3,000	7.4%		
Nvidia	2,700	6.6%		
California's Great America	2,500	6.1%	2,500	2.1%
Dell	2,088	5.1%		
Santa Clara University	2,000	4.9%	1,201	1.0%
City of Santa Clara	1,650	4.0%	1,413	1.2%
SVB Financial Group	1,250	3.1%		
Macy's	1,200	2.9%	1,400	1.2%
Avaya Inc.	-	-	2,000	1.7%
EMC Corporation	-	-	1,418	1.2%
ON Semiconductor Corporation	-	-	1,100	0.9%
Texas Instruments	-	-	3,500	2.9%
Total Top Ten	32,689	80.1%	33,887	28.3%
All Others	8,060	19.9%	86,438	71.7%
Total Employment	40,749	100%	120,325	100%

Sources: Fiscal year 2023: Reference Solutions database, Infogroup, Inc., Papillion, Nebraska

Sources: Fiscal year 2014: ReferenceUSA database, infogroup, Inc., Papillion, Nebraska

CITY OF SANTA CLARA
FULL-TIME EQUIVALENT BUDGETED CITY EMPLOYEES BY PROGRAM/FUNCTION
Last Ten Fiscal Years

Table 18

	Fiscal Year Ending June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City Council	9.00	9.00	9.00	10.00	10.00	11.00	10.00	9.00	8.50	8.50
City Clerk	7.00	6.00	7.00	5.00	6.00	7.00	7.00	5.00	5.00	5.00
City Attorney	8.00	8.00	8.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
City Auditor	3.00	3.00	3.00	3.00	-	-	-	-	-	-
City Manager	19.00	19.00	13.00	13.00	13.00	14.00	13.00	16.00	9.00	9.00
Information Technology	6.00	6.00	7.00	7.00	7.00	7.00	7.00	5.00	5.00	4.00
Human Resources	15.00	14.00	15.75	15.75	15.00	15.00	15.00	14.50	14.50	14.50
Finance	69.75	68.75	69.75	61.75	61.00	61.00	61.75	60.25	58.25	58.00
Parks & Recreation	77.75	77.75	82.75	82.75	80.75	80.75	79.00	82.75	82.75	82.00
Library	42.50	42.50	46.75	46.75	46.75	45.50	45.50	47.00	46.50	46.50
Community Development	73.00	72.00	68.75	66.00	65.00	64.00	56.00	42.00	44.00	40.00
Engineering	40.25	39.25	42.25	39.25	39.92	40.92	39.25	38.25	38.00	38.00
Building Maintenance	13.00	13.00	13.00	13.00	13.23	13.23	12.90	10.90	11.40	11.50
Street	55.60	55.50	60.60	60.60	58.60	58.60	59.60	65.35	63.10	62.00
Automotive Services	14.65	14.75	15.65	15.65	15.75	15.75	15.75	15.00	15.00	15.00
Police	231.00	221.00	239.00	239.00	239.00	239.00	231.00	222.00	219.00	222.00
Fire	155.50	154.50	168.25	167.25	167.25	167.50	166.50	179.50	179.50	179.50
Non-Departmental	-	-	11.00	9.00	4.00	-	-	-	-	-
Electric Utility	214.00	198.00	198.00	197.00	189.00	186.00	179.00	166.00	156.00	142.00
Water Utility	50.55	50.55	50.80	50.80	50.35	50.85	52.70	50.10	47.10	45.40
Sewer Utility	22.45	22.45	22.20	22.20	22.65	22.15	21.30	19.90	17.90	15.60
TOTAL	1,127.00	1,095.00	1,151.50	1,131.75	1,111.25	1,105.25	1,078.25	1,054.50	1,026.50	1,004.50

Source: City of Santa Clara Annual Budget

CITY OF SANTA CLARA
OPERATING INDICATORS BY FUNCTION/ACTIVITY
Last Ten Fiscal Years

Table 19

	Fiscal Year Ending June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Culture and Recreation:										
Number of library items circulated	2,152,877	1,268,965	736,301	1,598,171	2,509,201	2,612,102	2,700,315	2,479,126	2,491,553	2,260,844
Fire Protection:										
Number of calls answered	10,688	10,391	8,853	9,339	9,456	8,849	8,850	8,933	8,403	8,336
Number of inspections conducted		10,143	4,004	4,303	6,404	8,470	9,696	8,260	8,067	8,784
Police Protection:										
Number of calls for service ⁽¹⁾	43,306	61,421	67,211	63,860	58,912	53,865	50,429	51,853	60,208	59,474
Electric System:										
Maximum annual demand (MW)	693.9	649.4	590.6	579.3	587.8	586.6	568.1	526.4	491.1	482.4
Total annual energy (Mwh)	4,568,293	4,361,658	3,956,474	3,773,864	3,693,251	3,733,800	3,628,200	3,488,004	3,238,372	3,145,100
Sewer System:										
Number of service connections	26,105	25,682	25,948	25,359	25,481	26,236	26,162	25,744	25,656	25,660
Peak flow (5-day average, WPCP) (MG)	110	110	110	110	110	110	110	110	121	121
Maximum daily capacity of treatment plant (WPCP) (MGD)	167	167	167	167	167	167	167	167	167	167
Peak flow (5-day average, City) (MGD)	16	16	16	16	16	16	16	16	16	16
Water System:										
Number of service accounts	25,894	25,371	25,592	24,904	25,293	25,670	25,714	25,716	25,656	25,530
Daily Average consumption (MG)	14	13	16	16	16	15	15	15	16.8	18.8
Maximum daily capacity of plant:										
Potable Water (MGD)	80	80	80	80	80	80	80	96	87	87
Recycled Water (MGD)	15	15	15	15	15	15	30	14	15	15

Note: (1) Data Based on Calendar Year

Source: City of Santa Clara

**CITY OF SANTA CLARA
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years**

Table 20

	Fiscal Year Ending June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Culture and Recreation:										
Number of community centers	4	4	4	4	4	4	4	4	4	4
Number of parks	44	44	44	44	39	39	35	34	34	32
Park acreage	353	367	367	353	254	311	330	274	273	273
Number of golf courses	-	-	-	-	1	1	1	1	1	1
Number of swimming pools	11	11	11	11	11	11	11	5	5	5
Number of tennis courts	27	27	27	27	28	28	28	28	28	28
Number of lawn bowling greens	1	1	1	1	1	1	1	1	1	1
Number of lighted soccer fields	7	7	7	7	3	3	3	3	3	3
Number of lighted softball fields	4	4	4	4	7	7	7	7	7	7
Number of neighborhood park buildings	10	10	10	10	8	8	8	8	8	8
Number of gymnastic centers	1	1	1	1	1	1	1	1	1	1
Number of skate parks	1	1	1	1	1	1	1	1	1	1
Number of community theaters	1	1	1	1	1	1	1	1	1	1
Number of libraries	3	3	3	3	3	3	3	3	2	2
Cemetery	2	2	2	2	2	2	2	2	2	2
Fire Protection:										
Number of stations	10	10	9	10	10	10	10	10	10	10
Police Protection:										
Number of stations	1	1	1	2	2	2	2	2	2	2
Electric System:										
Number of meters	59,297	59,227	58,230	57,066	55,971	55,139	54,942	53,824	53,360	52,775
Miles of high voltage lines	631	622	618	616	613	612	608	605	591	590
Number of substations	31	29	29	29	28	27	27	27	27	26
Sewerage and Storm Drain System:										
Miles of sanitary sewers	288	288	288	288	288	288	288	288	288	288
Number of sanitary sewer pump stations	6	6	6	6	6	6	6	6	6	6
Miles of storm sewers	194	194	196	195	195	195	195	195	195	-
Number of treatment plants	1	1	1	1 Tertiary	1 Tertiary	1 Tertiary	1 Tertiary	1 Tertiary	1 Tertiary	1 Tertiary
Number of storm drain pump stations	22	22	22	22	22	22	22	22	22	22
Water System:										
Miles of water mains	306	306	306	306	335	335	335	310	335	335
Number of fire hydrants	3,437	3,437	3,248	3,429	3,404	3,382	3,501	3,383	3,315	3,315
Miles of recycled watermain	34	34	34	34	33	33	33	33	33	33
Streets:										
Miles of Streets	252	252	252	252	252	252	252	252	252	249
Number of Street Lights	8,431	8,429	8,404	8,235	8,187	8,118	8,112	8,103	8,097	8,054
Number of Traffic Signals	157	186	183	182	207	207	207	206	200	196

Source: City of Santa Clara

**CITY OF SANTA CLARA
STATEMENT OF INSURANCE COVERAGE
June 30, 2023**

Table 21

TYPE OF POLICY	INSURANCE COMPANY	LIMITS ⁽¹⁾	ANNUAL PREMIUM ⁽³⁾	TERM YEARS	EXPIRATION DATE ⁽²⁾
<u>Liability</u>					
Comprehensive General	Self-insured (Since 1987)	\$3 million	n/a	-	Ongoing
Excess Liability	PRISM and various other carriers	\$50 million	\$1,823,232	1	7/1/2023
Workers' Compensation	Self-insured (since 1973)	\$750 thousand	n/a	-	Ongoing
Excess Workers' Compensation	PRISM and various other carriers	\$5 million	\$954,076	1	7/1/2023
<u>Property Coverage</u>					
All Risks, including flood, excluding earthquake	Alliant Property Insurance Program (APIP) Various excess carriers	\$800 million	\$1,332,290	1	7/1/2023
Boiler and Machinery	Alliant Property Insurance Program (APIP) Various excess carriers	\$100 million	not available	1	7/1/2023
<u>Financial Loss Bonds</u>					
Crime Coverage Bond	PRISM	\$10 million	\$13,403	1	6/30/2023

Notes:

(1) Limits are per occurrence

(2) All policies have been renewed

(3) Boiler and Machinery APIP premium is included in All Risks premium, \$1,332,290. Breakdown is unavailable.

Source: City of Santa Clara

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SUCCESSOR AGENCY CITY OF SANTA CLARA STATISTICAL SECTION

This part of the City of Santa Clara’s Annual Comprehensive Report provides detailed information to better understand the data presented within the financial statements, note disclosures, and required supplementary information.

TABLES

REVENUE CAPACITY

1 - 3

Contains information to help the reader assess the Successor Agency’s most significant local revenue source, the property tax.

DEBT CAPACITY

4

Presents information to assess the affordability of the Successor Agency’s current levels of outstanding debts.

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SUCCESSOR AGENCY OF THE CITY OF SANTA CLARA BAYSHORE NORTH PROJECT AREA HISTORICAL TAX INCREMENT Last Ten Fiscal Years (In Thousands)										
										Table 1
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Real Property Value	\$ 5,996,569	\$ 5,790,301	\$ 5,708,617	\$ 5,372,322	\$ 6,024,538	\$ 6,136,642	\$ 5,710,559	\$ 4,474,495	\$ 2,504,578	\$ 2,428,787
Other Property Value	26,855	33,102	28,733	25,324	22,913	25,857	27,877	796,082	551,425	450,943
Total Project Value	<u>6,023,424</u>	<u>5,823,403</u>	<u>5,737,350</u>	<u>5,397,646</u>	<u>6,047,451</u>	<u>6,162,499</u>	<u>5,738,436</u>	<u>5,270,577</u>	<u>3,056,003</u>	<u>2,879,730</u>
Less Base Value	(8,838)	(8,838)	(8,838)	(8,838)	(8,838)	(8,838)	49,632	49,322	(8,829)	(8,838)
Increment Over Base Value	6,014,586	5,814,565	5,728,512	5,388,808	6,038,613	6,153,661	5,788,068	5,319,899	3,047,174	2,870,892
Redevelopment Property										
Tax Trust Fund (RPTTF) ⁽¹⁾	-	-	-	-	-	-	-	5,697	9,365	26,759
Total Tax Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,697</u>	<u>\$ 9,365</u>	<u>\$ 26,759</u>

Notes:

(1) With the State dissolving all RDAs on 02/01/2012, the structure of Tax Increment Revenue has changed. Starting in fiscal year 2012-13, the County's property tax distribution to the Successor Agency was changed to the Redevelopment Property Tax Trust Fund (RPTTF). The RPTTF reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

Source: City of Santa Clara / Santa Clara County Auditor

**SUCCESSOR AGENCY OF THE CITY OF SANTA CLARA
BAYSHORE NORTH PROJECT AREA
TEN LARGEST ASSESSEES - TAXABLE VALUE
June 30, 2023**

Table 2

	ASSESSEE	ASSESSED PROPERTY USE	ASSESSED PROPERTY VALUATION	PERCENT OF TOTAL
1	Forty Niners SC Stadium Company LLC	Commercial Office Building	\$ 777,020,014	12.90%
2	SI LLC	Commercial Office Building	581,049,978	9.65%
3	Innovation Commons Owner LLC	Commercial Office Building	284,347,972	4.72%
4	The Irvine Company	Commercial Office Building	235,748,455	3.91%
5	PC Santa Clara Gateway 2 LLC	Commercial Office Building	217,295,750	3.61%
6	SCT Owner LLC	Commercial Office Building	200,960,600	3.34%
7	Apple Inc	Commercial Office Building	196,394,587	3.26%
8	STC Venture LLC	Commercial Office Building	185,164,569	3.07%
9	PRII Towers at Great America Owner LLC	Commercial Office Building	174,383,234	2.90%
10	PR 3975 Freedom Circle	Commercial Office Building	172,013,069	2.86%
		TOTAL	\$ 3,024,378,228	50.22%
		TOTAL AGENCY ASSESSED VALUE	\$ 6,023,423,770	

Source: HDL Coren & Cone

**SUCCESSOR AGENCY OF THE CITY OF SANTA CLARA
BAYSHORE NORTH PROJECT AREA
ASSESSMENT APPEAL ACTIVITY OF TOP 20 ASSESSEES
2022-23 Impacts**

Table 3

TAX ROLL		ASSESSED			HEARING		APPLICANT'S	
NUMBER	ASSESSEE	VALUATION/ORIGINAL	S/U ⁽¹⁾	APPEAL NUMBER	DATE DEADLINE	STATUS	VALUATION	LAND USE
984-92-103	FORTY NINERS	\$ 555,214,000	S	15.0278			\$ 88,000,000	Commerical
984-92-104	FORTY NINERS	555,214,000	S	15.0279			88,000,000	Commerical
984-92-103	FORTY NINERS	555,214,000	S	15.028			88,000,000	Commerical
984-92-104	FORTY NINERS	555,214,000	S	15.0281			88,000,000	Commerical
984-92-103	FORTY NINERS	554,267,314	S	17.0232			140,000,000	Commerical
984-92-104	FORTY NINERS	554,267,314	S	17.0233			140,000,000	Commerical
984-92-104	FORTY NINERS	548,980,708	S	16.0256			100,000,000	Commerical
984-92-103	FORTY NINERS	548,980,708	S	16.0257			100,000,000	Commerical
984-92-103	FORTY NINERS	253,784,158	S	18.1918			250,500,000	Commerical
22-012522	APPLE INC	160,776,054	U	22.1293			50,100,000	N/A
21-081107	CEDAR FAIR S	93,154,425	U	21.3482			46,577,214	N/A
21-081108	CEDAR FAIR S	86,769,758	U	21.3483			42,989,135	N/A
21-081109	CEDAR FAIR S	62,482,975	U	21.3484			35,620,612	N/A
21-081110	CEDAR FAIR S	59,777,200	U	21.3485			29,888,601	N/A
17-018611	CEDAR FAIR S	59,280,246	U	17.1041			58,852,511	N/A
18-018278	CEDAR FAIR S	58,493,748	U	18.0594			50,547,232	N/A
18-042920	CYXTERA COMM	46,130,484	U	22.416			16,130,000	N/A
104-50-025	COHERENT INC	46,023,273	S	15.0256			15,251,322	Commerical
10-037856	SAVVIS COMMU	45,935,890	U	10.5814			40,000,000	N/A
14-032002	SAVVIS COMMU	44,195,581	U	14.171			22,000,000	N/A
		\$ 5,444,155,836					\$ 1,490,456,627	

Note:

(1) S=secured roll, U=unsecured roll

Source: Santa Clara County Assessor's Office

**SUCCESSOR AGENCY OF THE CITY OF SANTA CLARA
BAYSHORE NORTH PROJECT AREA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2023**

Table 4

2022-23 Assessed Valuation:	\$ 6,023,423,770		
Base Year Valuation:	(8,837,956)		
Incremental Valuation:	\$ 6,014,585,814		
	Total Debt		Project Area's Share of
		%	
	6/30/2023	Applicable ⁽¹⁾	Debt 6/30/23
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Santa Clara Unified School District	\$ 1,076,510,000	7.385%	\$ 79,500,264
West Valley-Mission Community College District	694,320,000	3.387%	23,516,618
Santa Clara County	1,041,125,000	0.973%	10,130,146
Santa Clara Valley Water District Benefit Assessment District	38,900,000	0.973%	378,497
El Camino Hospital District	105,480,000	0.008%	8,438
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 113,533,963
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$ 1,120,404,570	0.973%	\$ 10,901,536
Santa Clara County Pension Obligations	329,741,844	0.973%	3,208,388
Santa Clara County Board of Education Certificates of Participation	935,000	0.973%	9,098
West Valley-Mission Community College District General Fund Obligations	8,160,000	3.387%	276,379
Santa Clara Unified School District Certificates of Participation	11,538,000	7.385%	852,081
City of Santa Clara General Fund Obligations	10,085,000	10.581%	1,067,094
Santa Clara County Vector Control District Certificates of Participation	1,230,000	0.973%	11,968
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 16,326,544
Less: Santa Clara County supported obligations			(102,362)
COMBINED TOTAL DIRECT AND OVERLAPPING DEBT			\$ 129,860,507 ⁽²⁾
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT			\$ 129,758,145
(1) Percentage of overlapping agency's assessed valuation located within boundaries of the project area			
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations			
<u>Ratios to 2022-23 Assessed Valuation:</u>			
Combined Total Direct and Overlapping Debt	2.16%		
Net Combined Total Direct and Overlapping Debt	2.15%		

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