

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 29, 2026

NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "Aaa"

S&P: "AAA"

See "RATINGS" herein

In the opinion of Jones Hall LLP, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption."



\$97,645,000*

\$72,105,000*

CITY OF SANTA CLARA

(County of Santa Clara, California)

Election of 2024 General Obligation Bonds,
2026 Series A

\$25,540,000*

CITY OF SANTA CLARA

(County of Santa Clara, California)

Election of 2024 General Obligation Bonds,
2026 Series B

(Qualified 501(c)(3) Bonds)

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

Authority and Purpose. The above-captioned Election of 2024 General Obligation Bonds, 2026 Series A (the "Series A Bonds") and the Election of 2024 General Obligation Bonds, 2026 Series B (Qualified 501(c)(3) Bonds) (the "Series B Bonds") and, together with the Series A Bonds, the "Bonds"), are being issued by the City of Santa Clara (the "City") pursuant to certain provisions of the California Government Code, a resolution of the City Council of the City adopted on January 13, 2026, and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as paying agent for the Bonds (the "Paying Agent"), dated as of February 1, 2026 (the "Paying Agent Agreement"). The Bonds were authorized at an election of the registered voters of the City held on November 5, 2024, which authorized the issuance of \$400,000,000 principal amount of general obligation bonds for the purpose of providing funds for certain municipal improvements within the City. The Series A Bonds and the Series B Bonds are the first and second series of bonds, respectively, to be used under the Bond Measure (as defined herein). See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN" herein.

Security. The Bonds are general obligations of the City, payable solely from ad valorem property taxes levied by the City and collected by Santa Clara County (the "County"). The City Council is empowered and is obligated to annually levy ad valorem property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates). See "SECURITY FOR THE BONDS."

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2026. Payments of principal of and interest on the Bonds will be paid by the Paying Agent, the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption.* The Series A Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. The Series B Bonds are not subject to redemption prior to maturity. See discussion of redemption under the heading "THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive physical certificates representing their interests in the Bonds. See APPENDIX E for additional information about the book-entry only system.

Maturity Schedules
(See inside cover)

The Bonds will be sold and awarded through two separate competitive bidding processes both to be held on February 10, 2026, as set forth in the two separate Official Notices of Sale for the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall LLP, Bond Counsel. Certain legal matters also will be passed upon for the City by Jones Hall LLP, as Disclosure Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about February 24, 2026*.

The date of this Official Statement is February , 2026.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULES*

\$72,105,000*
CITY OF SANTA CLARA
(County of Santa Clara, California)
Election of 2024 General Obligation Bonds,
2026 Series A
(Base CUSIP†: 801400)

| Maturity Date (August 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|---------------|
| 2027 | \$7,200,000 | | | | |
| 2028 | 1,085,000 | | | | |
| 2029 | 1,140,000 | | | | |
| 2030 | 1,200,000 | | | | |
| 2031 | 1,260,000 | | | | |
| 2032 | 1,325,000 | | | | |
| 2033 | 1,395,000 | | | | |
| 2034 | 1,465,000 | | | | |
| 2035 | 1,545,000 | | | | |
| 2036 | 1,620,000 | | | | |
| 2037 | 1,705,000 | | | | |
| 2038 | 1,795,000 | | | | |
| 2039 | 1,885,000 | | | | |
| 2040 | 1,985,000 | | | | |
| 2041 | 2,085,000 | | | | |
| 2042 | 2,190,000 | | | | |
| 2043 | 2,305,000 | | | | |
| 2044 | 2,425,000 | | | | |
| 2045 | 2,550,000 | | | | |
| 2046 | 2,680,000 | | | | |
| 2047 | 2,820,000 | | | | |
| 2048 | 2,965,000 | | | | |
| 2049 | 3,115,000 | | | | |
| 2050 | 3,275,000 | | | | |
| 2051 | 3,445,000 | | | | |
| 2052 | 3,620,000 | | | | |
| 2053 | 3,810,000 | | | | |
| 2054 | 4,005,000 | | | | |
| 2055 | 4,210,000 | | | | |

[Continued on the next page]

**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Series A Bonds Purchaser take any responsibility for the accuracy of the CUSIP data.

MATURITY SCHEDULES*

[Continued from Previous Page]

\$25,540,000*
CITY OF SANTA CLARA
(County of Santa Clara, California)
Election of 2024 General Obligation Bonds,
2026 Series B
(Qualified 501(c)(3) Bonds)
(Base CUSIP†: 801400)

| Maturity Date (August 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|---------------|
| 2026 | \$16,000,000 | | | | |
| 2027 | 9,540,000 | | | | |

**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Series B Bonds Purchaser take any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the City or the Purchasers.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the City or the Purchasers to give any information or to make any representations relating other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Purchasers.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City or any other entity described or referenced herein since the date hereof.

Stabilization of and Changes to Offering Prices. The Purchasers may over allot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchasers may discontinue such market stabilization at any time. The Purchasers may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchasers.

Document Summaries. All summaries of the Paying Agent Agreement or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, or the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

**CITY OF SANTA CLARA
(SANTA CLARA COUNTY, CALIFORNIA)**

MEMBERS OF THE CITY COUNCIL

Lisa M. Gillmor, Mayor
Albert Gonzalez, Vice Mayor
Raj Chahal, Councilmember
Kelly G. Cox, Councilmember
Karen Hardy, Councilmember
Kevin Park, Councilmember
Sudhanshu Jain, Councilmember

CITY OFFICIALS AND STAFF

Jōvan Grogan, City Manager
Bob O'Keefe, City Clerk
Glen R. Googins, City Attorney
Kenn Lee, Director of Finance

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

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CITY OF SANTA CLARA AND SANTA CLARA COUNTY

APPENDIX B - ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2025

APPENDIX C - PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

APPENDIX D - FORMS OF CONTINUING DISCLOSURE CERTIFICATES

APPENDIX E - DTC AND THE BOOK-ENTRY ONLY SYSTEM

OFFICIAL STATEMENT

\$72,105,000*

CITY OF SANTA CLARA
(County of Santa Clara, California)

**Election of 2024 General Obligation Bonds,
2026 Series A**

\$25,540,000*

CITY OF SANTA CLARA
(County of Santa Clara, California)

**Election of 2024 General Obligation Bonds,
2026 Series B
(Qualified 501(c)(3) Bonds)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of (i) Election of 2024 General Obligation Bonds, 2026 Series A (the “**Series A Bonds**”), and (ii) Election of 2024 General Obligation Bonds, 2026 Series B (Qualified 501(c)(3) Bonds) (the “**Series B Bonds**” and, together with the Series A Bonds, the “**Bonds**”) by the City of Santa Clara (the “**City**”).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City

The City is located in Santa Clara County (the “**County**”) at the southern end of the San Francisco Bay, approximately 45 miles southeast of San Francisco and three miles west of downtown San José. Encompassing a total area of approximately 18.28 square miles within northern Santa Clara County, the City is situated in the heart of “Silicon Valley” and is surrounded by the Diablo Mountain Range to the east and the Santa Cruz mountains to the west. The City is a charter city and is comprised of a mix of residential, office and commercial retail businesses. The City regularly hosts large events, and is scheduled to host the Superbowl and FIFA World Cup games in 2026. For more information regarding the City and its finances, see APPENDIX A and APPENDIX B.

Source of Payment for the Bonds

The Bonds are general obligations of the City payable solely from *ad valorem* property taxes levied by the City and collected by the County. The City Council is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except

with respect to certain personal property that is taxable at limited rates). See “SECURITY FOR THE BONDS” and “PROPERTY TAXATION.”

Purposes for Issuance

The net proceeds of the Bonds will be used to finance the costs of acquiring and constructing certain public capital improvements within the City, as approved at an election of the City’s voters, and to pay costs of issuing the Bonds. See “THE FINANCING PLAN.”

Authority for Issuance

The Bonds are being issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Bond Law**”), and pursuant to and consistent with a resolution adopted by the City Council of the City on January 13, 2026 (the “**Bond Resolution**”), and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “**Paying Agent Agreement**”), dated as of February 1, 2026 (the “**Paying Agent Agreement**”).

See “THE BONDS - Authority for Issuance.”

Description of the Bonds

Generally. The Bonds will be issued as current interest bonds, will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2026. See “THE BONDS – Description of the Bonds” and APPENDIX E.

Redemption.* The Bonds are subject to redemption prior to maturity as described under the heading “THE BONDS – Redemption.”

Legal Matters

Issuance of the Bonds is subject to the approving opinions of Jones Hall LLP, San Mateo, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the respective forms attached hereto as APPENDIX C. Jones Hall LLP, San Mateo, California, will also serve as disclosure counsel to the City (“**Disclosure Counsel**”).

Tax Matters

In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from State of California (the “**State**”) personal income taxes. See “LEGAL MATTERS – Tax Exemption” for additional information, and APPENDIX C for the forms of Bond Counsel’s opinions to be delivered concurrently with the Bonds.

* Preliminary; subject to change.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued and received by the Purchasers, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about the date set forth on the front cover.

Continuing Disclosure

The City has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificates with respect to the Series A Bonds and the Series B Bonds. The forms of the Continuing Disclosure Certificates are included in APPENDIX D. See also "CONTINUING DISCLOSURE."

Cyber Risks

The City, like other governmental and business entities, faces risks relating to the use and application of computer software and hardware for operational and management purposes. The City collects, processes, and distributes a large amount of private, protected and personal information and, as the custodian of such information, may face cybersecurity threats, attacks or incidents. No assurance can be given that future cyber threats or attacks against the City or third-party entities or service providers will not directly or indirectly impact the City or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the City's continuing disclosure undertakings, described in more detail herein. See APPENDIX A "FINANCIAL INFORMATION – Disclaimer Regarding Cyber Risks."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the City of Santa Clara City Clerk, 1500 Warburton Avenue, Santa Clara, California 95050, (408) 615-2220. The City may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract between any bond owner and the City or the Purchasers. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE FINANCING PLAN

Purpose of Issue

The proceeds of the Bonds will be used to finance projects approved by more than the requisite two-thirds of City voters that voted at an election held in the City on November 5, 2024 (the “**Bond Election**”), and to pay the costs of issuing the Bonds. The abbreviated form of the ballot measure, labeled Measure I (the “**Bond Measure**”), is set forth below:

“To improve 911 emergency response; fix streets to reduce potholes and provide safer roads and routes for drivers, pedestrians, and cyclists; upgrade storm drains/pipes to prevent flooding/sinkholes; and renovate/replace recreation, library and other community facilities; shall the City of Santa Clara’s measure authorizing \$400,000,000 in bonds, funded by levying an estimated \$19 per \$100,000 of assessed value while bonds are outstanding, generating approximately \$21,674,000 annually, with annual audits and citizen oversight of spending, be adopted?”

The Series A Bonds and the Series B Bonds will be the first and second series of bonds, respectively, issued pursuant to the authority received at the Bond Election. Following the issuance of the Bonds, \$302,355,000* of unissued capacity will remain under the Bond Election.

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, City voters were presented with a full text of the ballot measure, which, among other items, included an expenditure plan identifying to City voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Bond Measure Expenditure Plan**”).

The City expects to use net proceeds of the Bonds to make capital improvements to City facilities, including: streets and transportation; fire stations and emergency response facilities; public facilities; parks, library, senior center and aquatic facilities; storm drain systems; and historic buildings (collectively, the “**Project**”).

The City makes no representation as to the specific application of the proceeds of the Bonds attributable to the Bond Measure, the completion of any projects listed on the Bond Measure Expenditure Plan, or whether bonds authorized by the Bond Measure will provide sufficient funds to complete any particular project listed in the Bond Measure Expenditure Plan.

* Preliminary; subject to change.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

| <u>Sources of Funds</u> | <u>Series A Bonds</u> | <u>Series B Bonds</u> | <u>Total</u> |
|------------------------------------|-----------------------|-----------------------|--------------|
| Principal Amount of Bonds | | | |
| Plus: [Net] Original Issue Premium | | | |
| Total Sources | | | |
| <u>Uses of Funds</u> | | | |
| Deposit to Series A Project Fund | | | |
| Deposit to Series B Project Fund | | | |
| Deposit to Debt Service Fund | | | |
| Costs of Issuance* | | | |
| Total Uses | | | |

**All estimated costs of issuance including, but not limited to, Purchasers' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent and the rating agency.*

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, the Bond Resolution and the Paying Agent Agreement.

Description of the Bonds

Book-Entry Form. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

None of the Paying Agent, the City, or the Purchasers have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds. See APPENDIX E for additional information.

Interest. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (the “**Interest Payment Dates**”), commencing August 1, 2026.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

1. a Bond is authenticated as of an Interest Payment Date, in which event it will bear interest from such date,
2. a Bond is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date,
3. a Bond is authenticated on or before July 15, 2026, in which event it shall bear interest from the Closing Date, or
4. at the time of authentication of a Bond, interest is in default thereon, in which event it will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Denominations and Maturity. The Bonds shall be issued in the denomination of \$5,000 each or any integral multiple of \$5,000. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

See the maturity schedule on the inside cover page hereof and “DEBT SERVICE SCHEDULE” below.

Payment

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Paying Agent mailed on the applicable Interest Payment Date to the owner thereof at such owner’s address as it appears on the Registration Books (as defined below) maintained by the Paying Agent at the close of business on the preceding Record Date, or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided that an owner of \$1,000,000 or more aggregate principal amount of Bonds, or the owner of all of the Bonds at the time outstanding, shall, at his or her option, receive payment of interest by wire transfer to an account in the United States of America designated by such owner to the Paying Agent no later than the 15 day of the month immediately preceding the applicable Interest Payment Date.

Principal of the Bonds is payable in lawful money of the United States of America at the Principal Office of the Paying Agent.

Redemption*

Optional Redemption – Series A Bonds. The Series A Bonds maturing on or before August 1, 2035, are not subject to redemption prior to their respective maturity dates. The Series A Bonds maturing on or after August 1, 2036, are subject to redemption prior to their respective maturity dates, at the option of the City, on any date on and after August 1, 2035, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

No Optional Redemption – Series B Bonds. The Series B Bonds are not subject to redemption prior to their respective maturity dates.

Mandatory Sinking Fund Redemption – Series A Bonds. The Series A Bonds maturing on August 1, 20__ (the “**Series A Term Bonds**”), are subject to mandatory sinking payment redemption in part on August 1, 20__, and on each August 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

* Preliminary; subject to change.

Series A Term Bonds Maturing August 1, 20__

| Redemption Date (August 1) | Sinking Payments |
|---------------------------------------|-----------------------------|
| <hr/> | |

20__ (maturity)

The amounts in the foregoing table shall be reduced as a result of any prior partial optional redemption of the Series A Bonds as specified in writing by an Authorized Officer to the Paying Agent.

Redemption Procedure. The Paying Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective registered owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the principal office of the Paying Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

The City may rescind any optional redemption of the Bonds and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the City nor the Paying Agent will have any liability to the owner of any Bonds, or any other party, as a result of the City's decision to rescind a redemption of any Bonds under the Paying Agent Agreement.

A redemption notice will (i) state the series of Bonds to be redeemed and the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption; (ii) state as to any Bond called in part the principal amount thereof to be redeemed; (iii) require that the Bonds be then surrendered at the principal office of the Paying Agent for redemption at the said redemption price or such other place of payment as may be designated in said notice; (iv) state that further interest on the Bonds will not accrue from and after the redemption date; and (v) for optional redemption state whether the notice is conditioned on the availability of funds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the City will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the City, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and premium, if any, on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Paying Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in APPENDIX E is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the “**Registration Books**”), which will at all times be open to inspection by the City upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The City may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds are surrendered for transfer, the City will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Defeasance

The City has the option to pay and discharge the entire indebtedness on all or any portion of the outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, and interest and any premium on, such Bonds outstanding, as and when the same become due and payable;
- (b) by depositing with the Paying Agent or other agent designated by the City, in trust, at or before maturity, money which, together with, in the event of a discharge of all of the Bonds, the amounts then on deposit in the funds and accounts provided for

in the Paying Agent Agreement is fully sufficient to pay such Bonds outstanding, including all principal, interest and redemption premiums; or

- (c) by irrevocably depositing with the Paying Agent or other agent designated by the City, in trust, cash and Federal Securities (as defined below) in such amount as the City shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and, in the event of a discharge of all of the Bonds, moneys then on deposit in the fund and accounts provided for in the Paying Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

“Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Series A Bonds. The following table shows the debt service schedule with respect to the Series A Bonds, assuming no optional redemptions.

CITY OF SANTA CLARA
Annual Debt Service Schedule
Election of 2024 General Obligation Bonds, 2026 Series A

| Bond Year Ending August 1 | Principal | Interest | Total Debt Service |
|---------------------------------|-----------|----------|-----------------------|
|---------------------------------|-----------|----------|-----------------------|

Total

The Series B Bonds. The following table shows the debt service schedule with respect to the Series B Bonds.

CITY OF SANTA CLARA
Annual Debt Service Schedule
Election of 2024 General Obligation Bonds,
2026 Series B
(Qualified 501(c)(3) Bonds)

| Bond Year Ending August 1 | Principal | Interest | Total Debt Service |
|---------------------------------|-----------|----------|-----------------------|
| Total | | | |

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the City, payable solely from *ad valorem* property taxes levied by the City and collected by the County. The City is empowered and is obligated, and under the Paying Agent Agreement has covenanted, to annually levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates).

Levy and Collection. The City will levy and the County will collect such *ad valorem* property taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the City and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

City property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* property taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as do the other *ad valorem* property taxes on real property. As described below, the County has adopted a Teeter Plan and the City has elected to participate in the Teeter Plan. See “PROPERTY TAXATION – Alternative Method of Tax Apportionment – Teeter Plan.”

Statutory Lien on Ad Valorem Tax Revenues. Under California law, voter-approved general obligation bonds which are secured by *ad valorem* property tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the City, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* property tax levied by the City to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the City and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the City may cause the annual tax rate to fluctuate.

Natural Disasters. Economic and other factors beyond the City’s control, such as economic recession, deflation of property values, pandemics, a relocation out of the City or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought, climate change or other natural disaster, could cause a reduction in the assessed value within the City and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuations – Certain Risk Factors Relating to Assessed Value.”

Debt Service Funds

Pursuant to the Paying Agent Agreement, the City will establish a debt service fund for the Bonds (the “**Debt Service Fund**”), which will be held by the City as a separate fund, to be maintained distinct from all other funds of the City. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds, as directed by the City in the Paying Agent Agreements will be deposited in the Debt Service Fund by the City promptly upon receipt from the County. Alternatively, the City may direct the County to transfer such taxes, in whole or in part, directly to the Paying Agent for deposit in the Bond Fund (as defined below). The purpose of making payments of principal of and interest and premium (if any) on the Bonds.

The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds, when and as the same become due.

At least 5 Business Days prior to each Interest Payment Date, the City will transfer to the Paying Agent moneys on deposit in the Debt Service Fund, for deposit by the Paying Agent in the Bond Fund, in an amount sufficient for the payment of principal of and interest on the Bonds on the next succeeding Interest Payment Date.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the City shall transfer such amounts to its General Fund, to be applied solely in a manner that is consistent with the requirements of applicable state and federal tax law.

Bond Fund

Pursuant to the Paying Agent Agreement, a separate fund is established as the Bond Fund (the “**Bond Fund**”), to be held by the Paying Agent. All moneys received by the Paying Agent from the City or the County under “SECURITY FOR THE BONDS – Debt Service Funds” above, shall be deposited into the Bond Fund. The moneys on deposit in the Bond Fund shall be used solely to pay principal and interest on the Bonds when due.

Limited Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* property tax levied by the City, and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* property tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing State-assessed utilities’ real property and other real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (“**SB 813**”), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31st. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“SBE”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

Assessed Valuation History. The following is a table summarizing the historical assessed valuation of the taxable property in the City.

Table 1
CITY OF SANTA CLARA
Assessed Valuations of All Taxable Property
Fiscal Years 2015-16 to 2025-26

| <u>Fiscal Year</u> | <u>Local Secured</u> | <u>Utility</u> | <u>Unsecured</u> | <u>Total</u> | <u>Percent Change</u> |
|--------------------|----------------------|----------------|------------------|------------------|-----------------------|
| 2015-16 | \$27,766,247,318 | \$4,183,382 | \$5,157,346,239 | \$32,927,776,939 | 14.5% |
| 2016-17 | 30,777,228,941 | 4,183,382 | 5,856,884,904 | 36,638,297,227 | 11.3 |
| 2017-18 | 33,552,082,786 | 3,895,886 | 6,553,560,299 | 40,109,538,971 | 9.5 |
| 2018-19 | 36,697,967,976 | 354,176 | 7,266,591,589 | 43,964,913,741 | 9.6 |
| 2019-20 | 38,602,338,978 | 870,356 | 7,629,243,714 | 46,232,453,048 | 5.2 |
| 2020-21 | 42,145,591,340 | 870,356 | 7,972,492,749 | 50,118,954,445 | 8.4 |
| 2021-22 | 44,256,781,598 | 870,356 | 8,007,077,214 | 52,264,729,168 | 4.3 |
| 2022-23 | 48,237,113,081 | 870,356 | 8,688,804,267 | 56,926,787,704 | 8.9 |
| 2023-24 | 52,239,283,662 | 1,074,412 | 8,829,840,150 | 61,070,198,224 | 7.3 |
| 2024-25 | 56,510,487,489 | 1,074,412 | 9,026,762,852 | 65,538,324,753 | 7.3 |
| 2025-26 | 59,730,203,694 | 1,074,412 | 10,069,811,602 | 69,801,089,708 | 6.5 |

Source: California Municipal Statistics, Inc.

Certain Risk Factors Relating to Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year due to a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning; and natural disasters, such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The City cannot predict or make any representations regarding the effects that natural disasters or other conditions have or may have on the value of taxable property within the City, or to what extent natural disasters might impact economic activity in the City or throughout the State.

Wildfires. In the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region’s power grids, making some power lines unreliable. The Governor has

issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires. The City cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the City, or to what extent wildfires might negatively impact economic activity and assessed valuation in the City or throughout the State

In August 2020, the Santa Clara Unit (the “**SCU**”) Lightning Complex fire was sparked by lightning from remnants of a tropical storm, as it moved northward through the bay area. The SCU Lightning Complex fire threatened certain of the City’s neighborhoods, and ultimately burned 396,624 acres, destroyed 222 buildings, and impacted six counties. The City itself did not experience damage from the SCU Lightning Complex Fire, although certain portions of the County were burned.

As an urban environment with a historically low level of wildfire risk, the City’s mitigation strategy focuses primarily on preventative measures, including vegetation management in urban green spaces, utility infrastructure safety, working with utility providers, and community preparedness are awareness campaigns.

Seismic Events. The City is located in a seismically active region. An earthquake of large magnitude could result in extensive damage to property within the City and could adversely affect the assessed valuation of property within the City, or more generally the region’s economy.

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of October 9, 2025, the U.S. Drought Monitor indicates that the State is classified as abnormally dry and is experiencing moderate drought conditions in the central part of the State, and moderate and severe drought conditions in the southern part of the State, with pockets of extreme drought conditions on the southern border.

During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules. The City cannot predict the future impacts of these statewide measures on its water or wastewater systems, or on the City more broadly.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the City. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the City’s control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the

City is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 ("**COVID-19**"), an upper respiratory tract illness, that spread across the world and materially impacted the global economy. While the national and global health emergencies have passed, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City's operations and finances. In addition, the City cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("**Proposition 19**"), which: (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

Assessed Valuation by Land Use. The following table shows the land use of parcels in the City, according to assessed valuation. As shown, the majority of land in the City is used for residential purposes.

Table 2
CITY OF SANTA CLARA
Assessed Valuation and Parcels by Land Use
Fiscal Year 2025-26

| | 2025-26 Assessed Valuation ⁽¹⁾ | % of Total | No. of Parcels | % of Total |
|---------------------------------|--|-----------------------|---------------------------|-----------------------|
| Non-Residential: | | | | |
| Commercial/Office | \$12,208,155,933 | 20.44% | 957 | 3.17% |
| Industrial/Manufacturing | 14,537,820,804 | 24.34 | 941 | 3.11 |
| Recreational | 701,082,340 | 1.17 | 19 | 0.06 |
| Government/Social/Institutional | 48,337,655 | 0.08 | 196 | 0.65 |
| Miscellaneous | <u>77,525,447</u> | <u>0.13</u> | <u>25</u> | <u>0.08</u> |
| Subtotal Non-Residential | \$27,572,922,179 | 46.16% | 2,138 | 7.08% |
| Residential: | | | | |
| Single Family Residence | \$16,239,609,235 | 27.19% | 18,389 | 60.85% |
| Condominium/Townhouse | 5,880,348,242 | 9.84 | 7,485 | 24.77 |
| 2-4 Residential Units | 1,273,824,476 | 2.13 | 1,415 | 4.68 |
| 5+ Residential Units/Apartments | <u>7,809,174,231</u> | <u>13.07</u> | <u>612</u> | <u>2.03</u> |
| Subtotal Residential | \$31,202,956,184 | 52.24% | 27,901 | 92.33% |
| Vacant Parcels | <u>\$954,325,331</u> | <u>1.60%</u> | <u>180</u> | <u>0.60%</u> |
| Total | \$59,730,203,694 | 100.00% | 30,219 | 100.00% |

(1) Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the City, according to assessed valuation.

Table 3
CITY OF SANTA CLARA
Per Parcel 2025-26 Assessed Valuation
of Single-Family Homes

| | <u>No. of Parcels</u> | <u>2025-26 Assessed Valuation</u> | <u>Average Assessed Valuation</u> | <u>Median Assessed Valuation</u> |
|---------------------------|---------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Single Family Residential | 18,389 | \$16,239,609,235 | \$883,115 | \$774,498 |

| <u>2025-26 Assessed Valuation</u> | <u>No. of Parcels ⁽¹⁾</u> | <u>% of Total</u> | <u>Cumulative % of Total</u> | <u>Total Valuation</u> | <u>% of Total</u> | <u>Cumulative % of Total</u> |
|---------------------------------------|--|-----------------------|----------------------------------|----------------------------|-----------------------|----------------------------------|
| \$0 - \$99,999 | 1,630 | 8.864% | 8.864% | \$ 123,565,566 | 0.761% | 0.761% |
| \$100,000 - \$199,999 | 1,142 | 6.210 | 15.074 | 164,532,181 | 1.013 | 1.774 |
| \$200,000 - \$299,999 | 1,009 | 5.487 | 20.561 | 253,250,392 | 1.559 | 3.334 |
| \$300,000 - \$399,999 | 1,154 | 6.275 | 26.837 | 404,819,422 | 2.493 | 5.826 |
| \$400,000 - \$499,999 | 1,177 | 6.401 | 33.237 | 529,400,462 | 3.260 | 9.086 |
| \$500,000 - \$599,999 | 1,103 | 5.998 | 39.235 | 607,712,799 | 3.742 | 12.828 |
| \$600,000 - \$699,999 | 1,076 | 5.851 | 45.087 | 699,045,896 | 4.305 | 17.133 |
| \$700,000 - \$799,999 | 1,225 | 6.662 | 51.748 | 919,807,302 | 5.664 | 22.797 |
| \$800,000 - \$899,999 | 1,111 | 6.042 | 57.790 | 942,105,903 | 5.801 | 28.598 |
| \$900,000 - \$999,999 | 1,076 | 5.851 | 63.641 | 1,021,015,878 | 6.287 | 34.885 |
| \$1,000,000 - \$1,099,999 | 814 | 4.427 | 68.068 | 852,450,206 | 5.249 | 40.135 |
| \$1,100,000 - \$1,199,999 | 722 | 3.926 | 71.994 | 830,125,100 | 5.112 | 45.246 |
| \$1,200,000 - \$1,299,999 | 585 | 3.181 | 75.175 | 730,475,004 | 4.498 | 49.744 |
| \$1,300,000 - \$1,399,999 | 573 | 3.116 | 78.291 | 773,418,313 | 4.763 | 54.507 |
| \$1,400,000 - \$1,499,999 | 598 | 3.252 | 81.543 | 867,570,439 | 5.342 | 59.849 |
| \$1,500,000 - \$1,599,999 | 576 | 3.132 | 84.676 | 891,844,341 | 5.492 | 65.341 |
| \$1,600,000 - \$1,699,999 | 538 | 2.926 | 87.601 | 887,359,890 | 5.464 | 70.805 |
| \$1,700,000 - \$1,799,999 | 462 | 2.512 | 90.114 | 807,689,195 | 4.974 | 75.779 |
| \$1,800,000 - \$1,899,999 | 432 | 2.349 | 92.463 | 798,078,710 | 4.914 | 80.693 |
| \$1,900,000 - \$1,999,999 | 318 | 1.729 | 94.192 | 619,518,743 | 3.815 | 84.508 |
| \$2,000,000 and greater | <u>1,068</u> | <u>5.808</u> | <u>100.000</u> | <u>2,515,823,493</u> | <u>15.492</u> | <u>100.000</u> |
| | 18,389 | 100.000% | | \$16,239,609,235 | 100.000% | |

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

The County Board of Supervisors approved an alternative method of distribution of tax levies and collections of tax sale proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan taxing entities, including the City, receive 100% of their secured ad valorem property tax levy assessed by the County. The County funds current year delinquencies from certain moneys in its treasury, including, currently, tax payments from prior years’ delinquencies. The County then receives all future delinquent payments, penalties, and interest. The Teeter Plan will remain in effect unless the County orders its discontinuance or unless the County receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors of the County shall order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. Additionally, the County may discontinue the procedures under the Teeter Plan with respect to any political subdivision in the County if the rate of secured property tax

delinquency in that political subdivision in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that political subdivision. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency. For further information, please see APPENDIX A – “FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA CLARA AND SANTA CLARA COUNTY – CITY FINANCIAL INFORMATION – Ad Valorem Property Taxes” herein.

There can be no assurance that the County will continue to utilize the Teeter Plan with respect to the tax levy for the Bonds or for the City. Further, the amounts expected to be available to the County may not be sufficient to fund all delinquencies in current tax levies, in which case the City may not receive the full amount required for the payment of debt service on the Bonds on a timely basis.

Property tax delinquencies may be impacted by economic and other factors beyond the City’s control or the control of the County, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the City, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer-Tax Collector of the respective County may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the City.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, when adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The City cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or reductions initiated by the County Assessor. Any reduction in aggregate City assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

The table below shows historical property tax rates within the City:

Table 4
CITY OF SANTA CLARA
TYPICAL TAX RATE PER \$100 ASSESSED VALUATION
(Tax Rate Area 7-014 – 2025-26 Assessed Valuation: \$36,600,075,154⁽¹⁾)

| | Fiscal Year <u>2021-22</u> | Fiscal Year <u>2022-23</u> | Fiscal Year <u>2023-24</u> | Fiscal Year <u>2024-25</u> | Fiscal Year <u>2025-26</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| General Tax Rate | \$1.00000 | 1.00000 | \$1.00000 | \$1.00000 | \$1.00000 |
| County Retirement Levy | .03880 | .03880 | .03880 | .03880 | .03880 |
| County Hospital Bonds | .00610 | .00630 | .00550 | .00550 | .00520 |
| County Housing Bonds | .01266 | .01080 | .00950 | .00430 | .00560 |
| Santa Clara Unified School District | .10140 | .08670 | .08890 | .08260 | .08110 |
| West Valley Community College District | <u>.03040</u> | <u>.02830</u> | <u>.02580</u> | <u>.02590</u> | <u>.01920</u> |
| Total All Property Tax Rate | \$1.18936 | \$1.17090 | \$1.16850 | \$1.15710 | \$1.14990 |
| Santa Clara Valley Water District State Water Project | <u>\$.00510</u> | <u>\$.00440</u> | <u>\$.00410</u> | <u>\$.00410</u> | <u>\$.00390</u> |
| Total Land and Improvement Tax Rate | \$.00510 | \$.00440 | \$.00410 | \$.00410 | \$.00390 |

(1) 2025-26 assessed valuation of Tax Rate Area 7-014 is \$36,600,075,154, which is 52.43% of the City's total assessed valuation.

Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the twenty largest taxpayers in the City as determined by their secured assessed valuations in fiscal year 2025-26.

Table 5
CITY OF SANTA CLARA
Twenty Largest Local Secured Property Taxpayers
Fiscal Year 2025-26

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2025-26 Assessed Valuation</u> | <u>% of Total ⁽¹⁾</u> |
|-----|--|-------------------------|---------------------------------------|--------------------------------------|
| 1. | Santa Clara Square Office LLC | Office Building | \$ 1,878,426,320 | 3.14% |
| 2. | Vantage Data Centers LLC | Industrial | 1,697,226,732 | 2.84 |
| 3. | Intel Corporation | Manufacturing/Office | 1,619,367,240 | 2.71 |
| 4. | SI LLC / Sobrato Interests | Office Building | 1,311,070,708 | 2.19 |
| 5. | NVIDIA Corporation | Office Building | 1,288,872,462 | 2.16 |
| 6. | Coresite Real Estate | Industrial | 877,844,122 | 1.47 |
| 7. | Santa Clara Phase III EFH LLC | Office Building | 758,740,333 | 1.27 |
| 8. | Forty Niners SC Stadium Company LLC | Stadium | 577,526,170 | 0.97 |
| 9. | Applied Materials Inc. | Manufacturing/Office | 532,989,194 | 0.89 |
| 10. | Augustine Bowers LLC | Office Building | 528,782,983 | 0.89 |
| 11. | 3515-3585 Monroe Street LLC | Apartments | 521,016,241 | 0.87 |
| 12. | Lick Mill Creek Apartments | Apartments | 478,877,330 | 0.80 |
| 13. | Xeres Ventures LLC | Industrial | 471,890,176 | 0.79 |
| 14. | 1220 Santa Clara Propco LLC | Industrial | 388,682,572 | 0.65 |
| 15. | Santa Clara Holdco LLC | Industrial | 381,785,998 | 0.64 |
| 16. | Intuitive Surgical Inc. | Industrial | 368,980,875 | 0.62 |
| 17. | Columbia California Campus 3333 Office | Office Building | 361,144,865 | 0.60 |
| 18. | Agilent Technologies Inc. | Industrial | 334,348,298 | 0.56 |
| 19. | Exchange Santa Clara | Vacant/Undeveloped | 328,974,479 | 0.55 |
| 20. | Innovation Commons Owner LLC | Vacant/Undeveloped | <u>301,752,322</u> | <u>0.51</u> |
| | | | \$15,008,299,420 | 25.13% |

(1) 2025-26 local secured assessed valuation: \$59,730,203,694.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of November 1, 2025. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage that the City’s assessed valuation represents of the total assessed valuation of each public agency identified in the first column; and

(3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in the second column.

Table 6
CITY OF SANTA CLARA
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
(Debt Issued as of November 1, 2025)

2025-26 Assessed Valuation: \$69,801,089,708

| OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 11/1/25 |
|---|---------------------|--------------------------------------|
| Santa Clara County | 9.636% | \$ 113,276,480 |
| Foothill-DeAnza Community College District | 1.235 | 8,511,352 |
| San Jose-Evergreen Community College District | 0.049 | 443,465 |
| West Valley Community College District | 31.501 | 189,521,041 |
| Santa Clara Unified School District | 67.103 | 736,421,874 |
| San Jose Unified School District | 0.135 | 706,481 |
| Campbell Union High School District | 2.169 | 6,488,347 |
| Fremont Union High School District | 2.761 | 19,206,485 |
| Campbell Union School District | 4.659 | 10,224,144 |
| Cupertino Union School District | 5.075 | 14,149,268 |
| El Camino Hospital District | 1.877 | 1,790,240 |
| Santa Clara Valley Water District Benefit Assessment District | 9.636 | 2,403,218 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | \$1,103,142,395 |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | |
| Santa Clara County General Fund Obligations | 9.636% | \$ 96,343,130 |
| Santa Clara County Pension Obligation Bonds | 9.636 | 30,016,169 |
| Santa Clara County Board of Education Certificates of Participation | 9.636 | 1,163,260 |
| San Jose-Evergreen Community College District OPEB Obligations | 0.049 | 22,569 |
| West Valley-Mission Community College District General Fund Obligations | 31.501 | 793,825 |
| Santa Clara Unified School District Certificates of Participation | 67.103 | 7,051,854 |
| Campbell Union High School District General Fund Obligations | 2.169 | 271,125 |
| Campbell Union School District General Fund Obligations | 4.659 | 39,834 |
| Cupertino Union School District General Fund Obligations | 5.075 | 2,043,703 |
| City of Santa Clara General Fund Obligations | 100.000 | 7,970,000⁽¹⁾ |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND BONDED DEBT | | \$145,715,469 |
| Less: Santa Clara County supported obligations | | 208,619 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND BONDED DEBT | | \$145,506,850 |
| GROSS COMBINED TOTAL BONDED DEBT | | \$1,248,857,864⁽²⁾ |
| NET COMBINED TOTAL BONDED DEBT | | \$1,248,649,245 |

Ratios to 2025-26 Assessed Valuation:

| | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.58% |
| Total Direct Debt (\$7,970,000) | 0.01% |
| Gross Combined Total Debt | 1.79% |
| Net Combined Total Debt | 1.79% |

(1) Excludes the Bonds issued for sale hereunder.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the City for the payment thereof. See “THE BONDS” and “SECURITY FOR THE BONDS.” Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111 and 218 and 1A, and certain other provisions of law discussed below are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the City to levy taxes for payment of the Bonds. The tax levied by the City for payment of the Bonds was approved by the City’s voters in compliance with Article XIII A and all applicable laws.

Article XIII A of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on Bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have their own appropriations limits. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit. Because the issuance of the Bonds has been approved by the voters, the tax levy that is required to pay debt service on the Bonds is not subject to the limitations of Article XIII B.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support these activities.

Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County*

Transportation Authority v. Guardino. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the State's fiscal year 2004-05 Budget, approved by the voters in November 2004 and generally effective in fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must to be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Proposition 22

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 amended the state Constitution to eliminate or reduce the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues. Notwithstanding the passage of Proposition 22, the State successfully dissolved redevelopment agencies.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218, 1A and 22 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

LEGAL MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall LLP, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continues to be, excludable from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

In addition, Bond Counsel has relied on representations of the City regarding the qualifications of the current and future users of those portions of the Project to be financed with the proceeds of the Series B Bonds (the "**Series B Project**") as organizations described in Section 501(c)(3) of the Tax Code, and other matters. Bond Counsel has also relied upon representations of the City regarding the "unrelated trade or business" activities (as defined in Section 513(a) of the Tax Code) of the current and future users of the Series B Project. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Tax Code and Bond Counsel can not give nor has given any opinion or assurance about the future activities of the current and future users of the Series B Project, or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of any current or future users of the Series B Project to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their respective status as organizations described in Section 501(c)(3) of the Tax Code or to operate the Series B Project in a manner that is substantially related to the charitable purpose of such current or future users of the Series B Project under Section 513(a) of the Tax Code may result in interest on the Series B Bonds being included in federal gross income, possibly from the date of original issuance of the Series B Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original

bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other

than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Forms of Opinions. Copies of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix C.

Continuing Disclosure

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than April 1 after the end of each fiscal year of the City (currently June 30), commencing with the report for the 2025-26 fiscal year (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events.

The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the forms of Continuing Disclosure Certificates attached as APPENDIX D. These covenants will be made in order to assist the Purchasers (as defined below) in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

The City and its related governmental entities have previously entered into numerous continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and have provided annual financial information and event notices in accordance with those undertakings. Based on a third-party compliance survey, during the past five years, the City and its related entities have never failed to comply in all material respects with their prior continuing disclosure undertakings.

Neither the County nor any other entity other than the City shall have any obligation or incur any liability whatsoever with respect to the performance of the City’s duties regarding continuing disclosure.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to the purchasers at the time of the original delivery of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City’s ability to receive ad valorem taxes or to collect other revenues or contesting the City’s ability to issue and repay the Bonds.

RATINGS

Upon issuance of the Bonds, Moody's Investors Service ("**Moody's**") will assign the Bonds a rating of "Aaa" and Standard & Poor's Financial Services LLC ("**S&P**"), will assign the Bonds a rating of "AAA."

The City has furnished to Moody's and S&P information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by the rating agencies. The ratings reflect only the view of such organization and an explanation of the significance of such rating may be obtained from Moody's and S&P.

There is no assurance that the rating will continue for any given period of time or will not be revised downward or withdrawn entirely by either such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The City has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("**EMMA**") notices of any ratings changes on the Bonds. See "APPENDIX D – FORMS OF CONTINUING DISCLOSURE CERTIFICATES" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the City and prior to the date the City is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, San Francisco, California, as its municipal advisor (the "**Municipal Advisor**") in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Municipal Advisor's compensation is contingent upon the delivery of the Bonds.

COMPETITIVE SALE OF BONDS

The Bonds were sold pursuant to two separate competitive bidding processes held pursuant to the terms set forth in two separate Official Notices of Sale with respect to each series of the Bonds.

The Series A Bonds were awarded to _____ (the “**Series A Bond Purchaser**”), whose proposal represented the lowest combined true interest cost for the Series A Bonds as determined in accordance with the Official Notice of Sale for the Series A Bonds, at a purchase price of \$_____, which is equal to the initial principal amount of the Series A Bonds of \$_____, plus [net] original issue premium of \$_____, less a Purchaser’s discount of \$_____.

The Series B Bonds were awarded to _____ (the “**Series B Bond Purchaser**” and, together with the Series A Bond Purchaser, the “**Purchasers**”), whose proposal represented the lowest combined true interest cost for the Series B Bonds as determined in accordance with the Official Notice of Sale, at a purchase price of \$_____, which is equal to the initial principal amount of the Series B Bonds of \$_____, plus [net] original issue premium of \$_____, less a Purchaser’s discount of \$_____.

EXECUTION

The execution of this Official Statement and its delivery have been approved by the City Council.

CITY OF SANTA CLARA

By: _____
Director of Finance

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA CLARA AND SANTA CLARA COUNTY

Introduction

The City of Santa Clara (the "**City**") is located in Santa Clara County (the "**County**") at the southern end of the San Francisco Bay, approximately 45 miles southeast of San Francisco and three miles west of downtown San José. Encompassing a total area of approximately 18.28 square miles within northern Santa Clara County, the City is situated in the heart of "Silicon Valley" and is surrounded by the Diablo Mountain Range to the east and the Santa Cruz mountains to the west. The City is a charter city and is comprised of a mix of residential, office and commercial retail businesses. The City regularly hosts large events, and is scheduled to host the Superbowl and FIFA World Cup games in 2026. The City's population is approximately 134,587.

Population

Population figures for the City, County and State for the last five years are shown in the following table.

CITY OF SANTA CLARA
Population Estimates
As of January 1

| Year | City of Santa Clara | County of Santa Clara | State of California |
|-------------|--------------------------------|----------------------------------|--------------------------------|
| 2021 | 129,747 | 1,913,594 | 39,369,530 |
| 2022 | 130,567 | 1,894,827 | 39,179,680 |
| 2023 | 133,469 | 1,915,165 | 39,228,444 |
| 2024 | 133,829 | 1,921,406 | 39,420,663 |
| 2025 | 134,587 | 1,922,259 | 39,529,101 |

Source: State Department of Finance estimates as of January 1.

History

The first inhabitants of the Santa Clara Valley were the Ohlone Indians. In the 1770's, Spanish adventurers and ranchers, impressed by the richness of the soil and mild climate, explored and settled the area. In 1777, Spanish Padres chose the area as the site of Mission Santa Clara de Asis, the eighth of 21 missions which stretch 600 miles along the California coast. When Mexico took over the Spanish possession in 1822, livestock and farming became the main sources of livelihood. In 1850, California was admitted to the Union and the valley officially became known as Santa Clara County. The City was incorporated in 1852. The area is now known as "Silicon Valley" because of its role in the electronic and aerospace industries.

City Government

The City was incorporated July 5, 1852, and operates under a Council/Manager form of government as provided by its charter, which was adopted in 1951. The Santa Clara City Council consists of a Mayor and six Council members. Elected from the City at-large, the Mayor serves a

four-year term. City Councilmembers are elected by district for numbered seats and serve staggered four-year terms. The City Charter limits the Mayor and all Councilmembers to serving two consecutive terms. The City Council, as the legislative body, represents the citizens of Santa Clara and is empowered by the City's Charter to formulate City-wide policy. All powers of the City are vested in the Council except those prohibited by the Constitution of the State of California and the provisions of the City Charter.

The Council is responsible for policy making. It appoints advisory boards, commissions and committees and also appoints the City Manager and City Attorney.

The City Manager is responsible for executing City Council policies and administering City operations.

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.

The City Council members are shown in the following table:

| <u>Member</u> | <u>Office</u> | <u>Term Expires</u> |
|-----------------|----------------|---------------------|
| Lisa M. Gillmor | Mayor | December 2026 |
| Albert Gonzales | Vice Mayor | December 2028 |
| Raj Chahal | Council Member | December 2026 |
| Kelly G. Cox | Council Member | December 2028 |
| Karen Hardy | Council Member | December 2026 |
| Sudhanshu Jain | Council Member | December 2028 |
| Kevin Park | Council Member | December 2028 |

Education

The Santa Clara Unified School District provides public schooling from kindergarten through high school in most of the City. Small geographical areas in the southern city limits are served by the Campbell Union Elementary School District and the Cupertino Union Elementary School District.

The City is also the home of the oldest institution of higher education in the West, Santa Clara University. City residents are also in close proximity to San Jose State University, Stanford University and Mission College, as well as other units of the Community College System.

Transportation

The City is served by the Bayshore Freeway (U.S. Highway 101), which runs southeast from San Francisco to Los Angeles and is the major freeway connecting San Francisco and San Jose; Interstate 880, which runs north/south connecting San Jose and Oakland and becomes State Highway 17 (south of Interstate 280) and continues into Santa Cruz with access to Monterey; and Interstate 280, which runs north/south to San Francisco and State Highway 82. These freeways link the City to all parts of northern California.

Air transportation is available at both the San Francisco International Airport, approximately 40 miles to the north, and the San Jose International Airport, two miles from

downtown Santa Clara. Rail service is provided by Union Pacific Railroad, on a north/south track linking San Jose and San Francisco, and CalTrain commuter service to Gilroy and San Francisco. The Guadalupe Corridor Light Rail has 20 completed miles of track from the Santa Clara Convention Center to the San Jose Convention Center, stretching to South San Jose, Mountain View and Milpitas.

The Santa Clara Valley Transportation Authority operates several lines within the City with connections to major cities in the San Francisco Bay Area. Interstate bus service is available via Greyhound Bus and Peerless. Most major trucking firms serve Santa Clara in addition to numerous local carriers.

Employment

The City is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“**MSA**”), which is comprised of Santa Clara and San Benito Counties. The unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA was 4.9 percent in July 2025, up from a revised 4.7 percent in June 2025, and above the year-ago estimate of 4.7 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 4.6 percent for the nation during the same period. The unemployment rate was 6.9 percent in San Benito County, and 4.8 percent in Santa Clara County.

The following table lists employment by industry group for the years 2020 through 2024.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2020 through 2024
(March 2024 Benchmark)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|-------------|-------------|
| Civilian Labor Force ⁽¹⁾ | 1,033,900 | 1,020,000 | 1,043,000 | 1,056,200 | 1,057,600 |
| Employment | 957,800 | 969,000 | 1,013,300 | 1,018,100 | 1,013,100 |
| Unemployment | 76,100 | 51,000 | 29,700 | 38,100 | 44,400 |
| Unemployment Rate | 7.4% | 5.0% | 2.9% | 3.6% | 4.2% |
| <u>Wage and Salary Employment: ⁽²⁾</u> | | | | | |
| Agriculture | 5,300 | 5,000 | 4,800 | 4,700 | 4,800 |
| Mining and Logging | 200 | 200 | 200 | 200 | 200 |
| Construction | 50,100 | 51,700 | 53,800 | 53,900 | 53,200 |
| Manufacturing | 125,600 | 125,700 | 133,200 | 131,100 | 125,300 |
| Wholesale Trade | 29,200 | 28,300 | 28,900 | 28,900 | 28,500 |
| Retail Trade | 73,000 | 73,700 | 73,600 | 73,700 | 72,200 |
| Transportation, Warehousing, Utilities | 14,600 | 15,100 | 16,700 | 16,900 | 16,600 |
| Information | 105,900 | 107,100 | 106,000 | 97,700 | 94,000 |
| Finance and Insurance | 22,900 | 23,400 | 22,500 | 22,000 | 21,000 |
| Real Estate and Rental and Leasing | 15,100 | 15,100 | 15,700 | 15,800 | 15,500 |
| Professional and Business Services | 277,800 | 284,100 | 295,700 | 290,400 | 286,000 |
| Educational and Health Services | 172,700 | 178,400 | 187,000 | 197,100 | 208,700 |
| Leisure and Hospitality | 73,100 | 79,000 | 96,700 | 101,900 | 103,400 |
| Other Services | 22,100 | 22,800 | 25,400 | 26,500 | 27,400 |
| Federal Government | 10,700 | 10,500 | 10,200 | 10,100 | 10,100 |
| State Government | 7,000 | 6,900 | 7,000 | 7,100 | 7,200 |
| Local Government | 76,300 | 76,000 | 78,700 | 80,800 | 82,900 |
| Total, All Industries ⁽³⁾ | 1,081,500 | 1,102,800 | 1,155,800 | 1,158,700 | 1,157,000 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

The following tables show the major employers in the City and the County.

**CITY OF SANTA CLARA
Major Employers
2025**

| <u>Employer</u> | <u>Number of Employees</u> | <u>% of Total Employment</u> |
|-------------------------------|---------------------------------------|---|
| Applied Materials, Inc. | 8,500 | 21.1% |
| Intel Corporation | 7,801 | 19.3 |
| Advanced Micro Devices Inc. | 3,000 | 7.4 |
| Nvidia | 2,700 | 6.7 |
| Kaiser Foundation Health Plan | 2,600 | 6.4 |
| California's Great America | 2,500 | 6.2 |
| Dell | 2,088 | 5.2 |
| Santa Clara University | 2,000 | 5.0 |
| City of Santa Clara | 1,200 | 3.0 |
| Macy's | 1,200 | 3.0 |

Source: Reference Solutions database, Infogroup, Inc., Papillion, Nebraska.

COUNTY OF SANTA CLARA
Major Employers
(Listed Alphabetically)
September 2025

| Employer Name | Location | Industry |
|--------------------------------|-----------------|--|
| Adobe Inc | San Jose | Prepackaged Software |
| Advanced Micro Devices Inc | Santa Clara | Semiconductor Devices (mfrs) |
| Alphabet Inc | Mountain View | Internet Search Engines |
| Analog Devices Inc | San Jose | Semiconductor Devices-Wholesale |
| Apple Inc | Cupertino | Computers-Electronic-Manufacturers |
| Applied Materials Inc | Santa Clara | Semiconductor Manufacturing Equip (mfrs) |
| CA Inc | San Jose | Computer Software Application Svc Prvdrs |
| California's Great America | Santa Clara | Amusement & Theme Parks |
| Christopher Ranch LLC | Gilroy | Garlic (mfrs) |
| Cisco Systems Inc | San Jose | Computer Peripherals (mfrs) |
| Ebay Inc | San Jose | Online Retailers & Marketplaces |
| HP Inc | Palo Alto | Computers-Electronic-Manufacturers |
| Intel Corp | Santa Clara | Semiconductor Devices (mfrs) |
| Intuitive Surgical Inc | Sunnyvale | Orthopedic Prosthetic/Srgcl Appl (mfrs) |
| Kaiser Foundation Health Plan | Santa Clara | Health Services |
| Lockheed Martin Space Systems | Sunnyvale | Satellite Equipment & Systems-Mfrs |
| Lucile Packard Children's Hosp | Palo Alto | Hospitals |
| NASA | Mountain View | Federal Government-Space Research & Technology |
| Netapp Inc | San Jose | Computer Storage Devices (mfrs) |
| NVIDIA Corp | Santa Clara | Software/Application/Platform Developers |
| Palo Alto VA Medical Ctr | Palo Alto | Hospitals |
| Prime Materials | San Jose | Semiconductors & Related Devices (mfrs) |
| SAP Center | San Jose | Stadiums Arenas & Athletic Fields |
| Stanford University Sch-Mdcn | Stanford | Schools-Medical |
| Super Micro Computer Inc | San Jose | Computers-Electronic-Manufacturers |

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City of Santa Clara, the County of Santa Clara, the State and the United States for the period 2021 through 2025.

CITY OF SANTA CLARA AND COUNTY OF SANTA CLARA Effective Buying Income As of January 1, 2021 through 2025

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|---------------------|---|--|
| 2021 | City of Santa Clara | \$6,809,703 | \$102,682 |
| | Santa Clara County | 103,006,380 | 103,458 |
| | California | 1,290,894,604 | 67,956 |
| | United States | 9,809,944,764 | 56,790 |
| 2022 | City of Santa Clara | \$7,700,125 | \$119,574 |
| | Santa Clara County | 113,347,038 | 118,652 |
| | California | 1,452,426,153 | 77,058 |
| | United States | 11,208,582,541 | 64,448 |
| 2023 | City of Santa Clara | \$8,239,753 | \$126,599 |
| | Santa Clara County | 112,532,636 | 121,559 |
| | California | 1,461,799,662 | 77,175 |
| | United States | 11,454,846,397 | 65,326 |
| 2024 | City of Santa Clara | \$8,542,897 | \$132,556 |
| | Santa Clara County | 114,948,530 | 125,048 |
| | California | 1,510,708,521 | 80,973 |
| | United States | 11,987,185,826 | 67,876 |
| 2025 | City of Santa Clara | \$9,053,846 | \$136,498 |
| | Santa Clara County | 118,437,858 | 128,178 |
| | California | 1,557,429,767 | 82,725 |
| | United States | 12,525,577,707 | 69,687 |

Source: Claritas, LLC.

CITY FINANCIAL INFORMATION

Accounting Policies and Financial Reporting

The accounts of the City are organized on the basis of funds and account groups, to account for different activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The City's General Fund and other governmental fund types use the modified accrual basis of accounting. All of the City's other funds, including proprietary fund types and fiduciary fund types use the accrual basis of accounting. The basis of accounting for all funds is more fully explained in the "Notes to the Financial Statements" contained in APPENDIX B.

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City, all its funds and the funds of certain other component entities of the City are audited annually by a certified public accounting firm. The firm of Maze & Associates, Certified Public Accounts, Santa Clara, California, is the City's current auditor (the "**Auditor**"). The annual comprehensive financial report of the City for fiscal year 2024-25 is attached hereto as APPENDIX B. *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor.*

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) government-wide financial statements prepared using the economic measurement focus and the accrual basis of accounting and fund financial statements prepared using both the current financial resources measurement focus and the modified accrual method of accounting (governmental funds) and funds using the economic measurement focus and the accrual basis of accounting (proprietary funds) and (iii) required supplementary information. The City's financial statements are prepared in conformance with the requirements of Statement No. 34.

Comparative Financial Statements

The following tables provide a recent history of the City's Comparative Balance Sheet, and both a recent history of General Fund revenues, expenditures, transfers, and ending fund balances and recently budgeted amounts.

CITY OF SANTA CLARA GENERAL FUND BALANCE SHEET (Fiscal Year Ending June 30)

| | Actual <u>2020-21</u> | Actual <u>2021-22</u> | Actual <u>2022-23</u> | Actual <u>2023-24</u> | Actual <u>2024-25</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| ASSETS: | | | | | |
| Cash and investments | | | | | |
| Pooled cash and investments | \$146,051,500 | \$125,712,806 | \$129,831,402 | \$143,861,990 | \$185,828,042 |
| Restricted cash | 23,978,098 | 21,367,474 | 22,309,426 | 29,226,846 | 37,546,639 |
| Receivables (net of allowances) | | | | | |
| Accounts | 2,878,026 | 5,268,123 | 3,608,162 | 7,193,374 | 13,863,720 |
| Interest | 1,075,452 | 1,272,522 | 3,502,941 | 7,582,817 | 11,851,291 |
| Loans | 4,050,000 | 4,150,074 | 4,244,948 | 4,339,823 | 4,434,698 |
| Intergovernmental | 13,102,520 | 9,819,609 | 12,797,709 | 12,599,452 | 14,539,148 |
| Due from other funds | 59,476 | 136,068 | 170,011 | 223,091 | 118,978 |
| Materials, supplies and prepaids | 14,194 | 284,364 | 618 | 23,593 | 1,491,558 |
| Advances from other funds | 13,729,897 | 5,539,540 | -- | -- | -- |
| Leases receivable | -- | 160,478,628 | 254,874,503 | 251,591,700 | 254,365,857 |
| Other | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 |
| Total Assets | 204,961,843 | 334,051,888 | 431,362,400 | 456,665,366 | 524,062,611 |
| LIABILITIES: | | | | | |
| Accrued payroll | 19,571,603 | 25,455,418 | 17,114,267 | 19,298,124 | 25,934,959 |
| Deposits | 3,210,028 | 3,922,251 | 4,857,612 | 5,631,370 | 5,094,824 |
| Unearned revenue | 328,031 | 328,031 | 328,031 | 328,031 | 1,407,834 |
| Total Liabilities | 23,109,662 | 29,705,700 | 22,299,910 | 25,257,525 | 32,437,617 |
| Deferred Inflows of Resources | 4,050,000 | 163,231,467 | 255,746,515 | 250,088,389 | 250,541,398 |
| FUND BALANCES | | | | | |
| Nonspendable | 13,766,771 | 7,243,819 | 3,396,234 | 5,880,051 | 8,296,261 |
| Restricted | 25,943,410 | 23,291,211 | 24,689,167 | 31,841,260 | 39,816,691 |
| Committed | 40,280,277 | 23,985,038 | 18,575,249 | 18,577,142 | 12,775,977 |
| Assigned | 7,131,026 | 9,843,795 | 13,862,662 | 15,756,256 | 16,979,509 |
| Unassigned | 90,680,697 | 76,750,858 | 92,792,663 | 109,264,743 | 163,215,158 |
| Total Fund Balances (Deficit) | 177,802,181 | 141,114,721 | 153,315,975 | 181,319,452 | 241,083,596 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$204,961,843 | \$334,051,888 | \$431,362,400 | \$456,665,366 | \$524,062,611 |

Source: City of Santa Clara, Annual Comprehensive Financial Reports.

**CITY OF SANTA CLARA
STATEMENT OF GENERAL FUND
REVENUES, EXPENDITURES, TRANSFERS AND BALANCES
(Fiscal Year Ending June 30)**

| | Actual <u>2020-21</u> | Actual <u>2021-22</u> | Actual <u>2022-23</u> | Actual <u>2023-24</u> | Actual <u>2024-25</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Sales | \$56,178,097 | \$56,901,656 | \$64,497,774 | \$61,776,044 | \$79,352,441 |
| Ad Valorem | 68,772,921 | 74,630,557 | 84,599,469 | 90,710,410 | 95,931,933 |
| Transient occupancy | 2,949,235 | 10,812,400 | 18,989,011 | 22,347,394 | 26,992,989 |
| Other | 5,823,809 | 6,988,597 | 6,378,388 | 6,741,057 | 7,018,562 |
| Licenses, permits, fines and penalties | 12,568,154 | 5,362,982 | 6,593,214 | 11,610,060 | 12,320,410 |
| Intergovernmental | 2,777,156 | 3,057,483 | 1,674,936 | 889,326 | 5,804,185 |
| Charges for services | 35,630,686 | 36,784,544 | 42,115,561 | 45,715,376 | 46,030,814 |
| Contributions in-lieu of taxes | 24,548,225 | 27,259,168 | 29,584,030 | 33,143,505 | 38,881,781 |
| Interest and rents | 14,900,595 | 12,011,895 | 23,336,037 | 27,193,406 | 44,232,968 |
| Net increase (decrease) in the fair value of investments | (5,207,552) | (13,688,467) | (5,787,602) | 9,968,998 | 7,432,664 |
| Other | 6,864,177 | 1,028,703 | 2,953,182 | 1,196,420 | 7,001,166 |
| TOTAL REVENUES | 225,805,503 | 221,149,518 | 274,934,000 | 311,291,996 | 370,999,913 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Administration | 14,796,624 | 17,114,341 | 18,332,449 | 28,020,144 | 28,658,142 |
| City Clerk | 1,696,487 | 1,617,989 | 1,793,016 | 1,746,564 | 2,154,922 |
| City Attorney | 2,329,585 | 2,681,388 | 3,062,065 | 2,834,635 | 3,128,458 |
| Human Resources | 3,201,082 | 3,836,743 | 3,697,722 | 3,520,797 | 4,380,656 |
| Finance | 15,851,696 | 16,575,834 | 18,110,951 | 18,081,016 | 21,222,709 |
| Public Works | 23,009,607 | 22,830,947 | 22,767,600 | 24,514,543 | 25,698,149 |
| Parks and Recreation | 17,181,169 | 18,908,901 | 20,190,175 | 20,518,817 | 21,220,135 |
| Public Safety: | | | | | |
| Police | 74,053,103 | 62,147,962 | 80,863,583 | 84,399,853 | 90,870,567 |
| Fire | 58,540,157 | 50,109,742 | 66,999,955 | 65,032,429 | 69,436,548 |
| Planning and Inspection | 13,311,157 | 4,296,711 | 4,226,819 | 4,408,690 | 4,364,063 |
| Library | 8,747,649 | 9,896,689 | 10,609,591 | 10,571,512 | 11,803,441 |
| Capital outlay | 4,565,092 | 66,134 | 6,486,020 | 2,109,475 | 670,261 |
| Debt service-principal | -- | 4,402 | 992,539 | 1,092,217 | 1,506,679 |
| Debt service-interest and fiscal charges | -- | 386 | 61,204 | 195,159 | 103,347 |
| TOTAL EXPENDITURES | 237,283,408 | 210,088,169 | 258,193,689 | 267,045,851 | 285,218,077 |
| Excess Revenues Over (Under) Expenditures | (11,477,905) | 11,061,349 | 16,740,311 | 44,246,145 | 85,781,836 |
| OTHE FINANCING SOURCES (USES) | | | | | |
| Subscriptions based IT arrangement liabilities | -- | 18,035 | 6,425,640 | 2,078,197 | 586,348 |
| Transfers in | 7,924,402 | 6,356,119 | 4,693,804 | 2,861,559 | 3,660,769 |
| Transfers out | (37,427,027) | (54,122,963) | (15,658,501) | (21,182,424) | (30,264,809) |
| TOTAL OTHER FINANCING SOURCES (USES) | (29,502,625) | (47,748,809) | (4,539,057) | (16,242,668) | (26,017,692) |
| Net Change in Fund Balance | (40,980,530) | (36,687,460) | 12,201,254 | 28,003,477 | 59,764,144 |
| Fund Balance, July 1 | 218,576,162 | 177,802,181 | 141,114,721 | 153,315,975 | 181,319,452 |
| Adjustment | 206,549 ⁽¹⁾ | -- | -- | -- | -- |
| Fund Balance, July 1 (Restated) | 218,782,711 | -- | -- | -- | 181,319,452 |
| Fund Balance, June 30 ⁽²⁾ | \$177,802,181 | \$141,114,721 | \$153,315,975 | \$181,319,452 | \$241,083,596 |

(1) The fiscal year 2020-21 adjustment in the amount of \$206,549 was due to reclassification of certain funds previously reported as Agency Funds due to the implementation of GASB 84.

(2) Totals may not add due to rounding.

Source: City of Santa Clara, Annual Comprehensive Financial Reports.

General Fund Budget

Annual Budget Process. The budget process is the mechanism through which policy decisions regarding the allocation of resources to address City needs and priorities are made, implemented and controlled. The 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 an annual budget on or before June 30 for the ensuing fiscal year that begins July 1. The City uses a biennial budget process that alternates between an operating and capital budget. In a biennial operating budget year, the City adopts the operating budget for two fiscal years. In a biennial capital budget year, the City adopts a two-year capital budget and a five-year Capital Improvement Program (“CIP”) budget. In alternating years, the City may bring forth adjustments to year two of the adopted operating or capital budget. In addition, all capital and operating source and use statements are presented every year in the budget for adoption. The procedures to establish the budget are as follows.

- Departments review their annual operating budget to determine their base budget needs in the following year, in order to provide the City Council-approved current level of service. Once these adjustments are identified, base budget requests are submitted to the Finance Department for review.
- After receiving all base budget requests and corresponding back-up documentation to support the requests, the Finance Department meets with the City Manager’s Office to review all department requests. Once these meetings take place, the base budget is established for each department.
- The City Manager’s Office, along with the Finance Department, coordinate a citywide presentation to kick off the budget process to provide a brief overview to departments of what is expected in their submissions as well as a timeline of due dates for service level change requests.
- Operating Budget Cycle: Departments submit to the Finance Department all service level change requests for the operating budget, as well as any critical needs for adjustments in their capital budget. The Finance Department reviews all submissions, working with departments to resolve any questions or outstanding issues
- Operating Budget Cycle: Budget meetings are held between the City Manager’s Office, the Finance Department, and departments to review all service level change requests.
- Capital Budget Cycle: Departments review their existing projects, evaluate the potential need for any new projects in the upcoming fiscal year, and submit CIP project requests for final approval. During budget meetings, requests are reviewed by a Project Review Committee that consists of representatives from the City Manager’s Office, the Finance Department, and the Department of Public Works.
- Following budget meetings, operating and capital budget decisions are finalized and each fund balanced based on the items presented and City Council priorities.
- A City Council strategic priority setting retreat is typically held annually. During this retreat, the Ten-Year General Fund Financial Forecast is presented to City Council.

- The City Manager submits to the City Council a proposed operating or capital budget (in alternating years) for the two following fiscal years, commencing the following July 1. Submission to the City Council occurs at least 35 days prior to the beginning of each fiscal year.
- Budget study sessions and a public hearing are conducted to obtain City Council members' and residents' comments. Copies of the proposed budget shall be available for inspection by the public in the office of the City Clerk at least ten days prior to these hearings.
- The budget is legally enacted through passage of a minute order.

From the effective date of the budget, the amounts stated therein as expenditures become appropriations to the applicable funds. In order to amend the budget during the year, departments must submit a report to Council, explaining the need for the change and budget implications. Upon review and approval of the City Council, the budget may be amended. For the operating budget, the legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund and department level. For funds that do not have an associated department, the legal level of budgetary control is at the fund level. For the capital budget, the legal level of budgetary control is at the project level. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered. 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.

Adopted Biennial Budget. The City adopted its fiscal years 2025-26 and 2026-27 biennial budget on June 10, 2025. The expenditure budget totals \$2.0 billion in fiscal year 2025-26, including \$1.2 billion for the operating budget and \$0.8 billion for the capital budget. In FY 2026/27, the expenditure budget totals \$1.4 billion, including the operating budget of \$1.3 billion and the capital budget of \$0.1 billion. The fiscal year 2025-26 adopted budget represents a 20% increase from the fiscal year 2024-25 adopted budget of \$1.6 billion. This increase is primarily due to the increase in capital funding, including the carryover of capital funds from fiscal year 2024-25 to fiscal year 2025-26. The increase in the Electric Utility Capital Fund expenditure budget from \$373 million in the fiscal year 2024-25 adopted budget to \$558 million in the fiscal year 2025-26 adopted budget represents the largest change, with increases for system expansion-related projects, including Scott Receiving Station, Kifer Receiving Station, and Northern Receiving Station.

The following table shows the City's adopted operating budget for fiscal years 2024-25 through 2026-27.

CITY OF SANTA CLARA
Adopted Budget
Fiscal Years 2024-25 through 2026-27

| Fund Type | Fiscal Year 2024-25 | Fiscal Year 2025-26 | Fiscal Year 2026-27 |
|---|--------------------------------|--------------------------------|--------------------------------|
| General Fund | \$310,698,189 | \$335,374,572 | \$342,972,517 |
| Special Revenue Funds | 41,458,963 | 52,037,355 | 38,806,836 |
| Enterprise Funds | 945,192,918 | 1,012,631,859 | 1,100,414,703 |
| Internal Service Funds | 45,724,215 | 51,672,525 | 48,281,729 |
| Debt/Other | 152,273,904 | 273,236,049 | 27,245,993 |
| (Less) transfers, contributions and reserves ⁽¹⁾ | <u>(416,866,269)</u> | <u>(529,425,156)</u> | <u>(302,635,147)</u> |
| Subtotal Operating Budget | \$1,078,481,920 | \$1,195,527,204 | \$1,255,086,631 |
| Capital Funds | 568,932,159 | 777,527,724 | 150,763,062 |
| Less (Transfers, Contributions, and Reserves) ⁽¹⁾ | <u>(1,818,315)</u> | <u>(1,454,000)</u> | <u>(1,454,000)</u> |
| Subtotal Capital Budget | <u>\$567,113,844</u> | <u>\$776,073,724</u> | <u>\$149,309,062</u> |
| Total Budget | \$1,645,595,764 | \$1,971,600,928 | \$1,404,395,693 |

(1) Adjustments for transfers, contributions, and reserves are excluded to avoid double counting.

Source: Fiscal year 2025-26 and 2026-27 Adopted Biennial Operating Budgets.

For the fiscal year 2025-26 operating budget, the enterprise funds that are used to manage the City's utilities (electric, water, sewer, and solid waste) represent the largest share of the budget at 57.5%. The General Fund expenditure budget totals \$335.4 million, or 19.4% of the budget, and is used to fund many direct services, such as police and fire public safety services, libraries, parks, community centers, and streets maintenance.

General Fund sources, excluding fund balance, total \$337.7 million, including \$335.8 million in revenue, and \$1.8 million in transfers from other funds. Total revenues and transfers are up \$8.4 million from the fiscal year 2024-25 amended budget. The growth in revenues primarily reflects increases in Property Tax, Transient Occupancy Tax, and Other Services Fees, including one-time reimbursements for City costs related to the Super Bowl and FIFA World Cup events.

The City is unable to predict the impact that certain federal policies may have on its finances and operations, including uncertain tariff and trade policies, the impact of reduced federal funding on some City services and programs, and the impending possibilities of increased unemployment and an economic recession.

State Budget

On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228.4 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

On January 9, 2026, the Governor submitted the fiscal year 2026-27 state budget proposal to the Legislature (the “**2026-27 State Budget Proposal**”). The 2026-27 State Budget Proposal presents a balanced budget, including a discretionary reserve of \$4.5 billion, but projects a deficit of approximately \$22 billion in fiscal year 2027-28 and additional shortfalls in the two years thereafter. General Fund revenues over the three-year budget window of fiscal years 2024-26 through 2026-27 are projected to be more than \$42 billion higher than was assumed in the 2025 Budget, an increase driven by stronger-than-anticipated stock market performance, higher cash receipts, and an improved economic outlook. However, the proposal cautions that much of this revenue growth is attributable to a relatively small number of technology companies and therefore is subject to significant volatility and unlikely to be sustained indefinitely. The proposal also identifies federal policy changes as a material risk to its revenue projections. In particular, House of Representatives Bill 1 of 2025 is projected to increase General Fund costs by approximately \$1.4 billion in fiscal year 2026-27, largely related to Medi-Cal and CalFresh programs. The budget further notes uncertainty associated with future federal policies affecting tariffs, immigration, inflation, investment activity, labor markets, and overall economic demand.

Although the City does not receive a significant portion of its annual revenues directly from the State, the State’s financial condition and budget policies affect communities and local public agencies throughout the State. At various times, the State has experienced significant financial and budgetary stress. The City cannot predict the actions of the State and how future State budgets may impact the City.

For the full text of the 2025-26 State Budget and 2026-27 State Budget Proposal, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the City or the Purchasers for accuracy or completeness.*

Federal Revenues

General. The federal government provides annual funding for several City programs, including funding from the Housing of Urban Development through the Community Block Grant, and HOME Investment Partnership in addition to other health and human services programs.

In January 2025, the federal government indicated that it was considering the reduction of federal funding to a number of programs, including programs that impact City programs. The City

is unable to predict whether the federal government’s review of spending may eventually impact its receipt of federal funding, and whether any such impact would have a material effect on the finances or operations of the City. The City is reviewing mitigation plans for federal funding changes that may impact the City in the future.

Sanctuary Counties. Established in 2011, Santa Clara County adopted a “sanctuary policy” which prevents local police from detaining immigrants solely for immigration purposes or sharing their information with U.S. Immigration and Customs Enforcement (“ICE”), except in cases of a prior judicial warrant or a serious criminal offense, such as certain felonies.

In January 2025, President Trump signed an executive order directing the Department of Homeland Security and the Department of Justice to explore denying federal funds to sanctuary jurisdictions and to pursue civil or criminal actions against them. Additionally, the United States Congress is considering bill H.R. 32, the “No Bailout for Sanctuary Cities Act,” that would empower the president to withhold federal funding from cities, counties and states with sanctuary city status. Multiple lawsuits have been filed by local governments challenging the executive order.

The City is unable to predict the outcome of ongoing litigation against the sanctuary cities executive order or whether the federal government’s restriction of funding for sanctuary counties may eventually impact its receipt of federal funding, and whether any such impact would have a material effect on the finances or operations of the City. The City is reviewing mitigation plans to deal with any ongoing litigation that may impact City financials.

General Fund Forecast

In April 2025, the City Manager’s Office, in collaboration with the Finance Department and other City departments presented the City’s fiscal year 2025-26 through fiscal year 2035-26 Ten-Year Forecast, which is an annual exercise during each budget cycle that provides an updated assessment of the City’s fiscal health and serves as a strategic planning tool to assist the City Council, staff, and the public with decision making as they work to adopt the budget and consider the long-term financial strategies for the City.

The following table shows the projected revenues and expenditures over the next five fiscal years for the City’s General Fund.

CITY OF SANTA CLARA
General Fund Forecast
Fiscal Years 2025-26 through 2029-30
(in millions)

| | <u>2025-26</u> | <u>2026-27</u> | <u>2027-28</u> | <u>2028-29</u> | <u>2029-30</u> |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Estimated Revenues | \$337.7 | \$340.0 | \$351.4 | \$363.9 | \$378.6 |
| Estimated Expenditures | <u>328.4</u> | <u>340.1</u> | <u>353.2</u> | <u>370.6</u> | <u>383.5</u> |
| Surplus/(Deficit) | \$9.3 | \$(0.1) | \$(1.8) | \$(6.7) | \$(4.9) |

Source: City of Santa Clara Ten-Year Financial Plan.

Given the decreasing level of precision to be expected in the later years of a multi-year forecast, the significance of the projections in the later years is not so much in terms of their absolute amounts, but rather in the relative size of the decrease or increase from the prior year. This information should be used to provide a multi-year perspective to budgetary decision-making, rather than as a precise prediction of what will occur.

General Fund Reserves

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

- The Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crises, and disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-days or 25% of General Fund Adopted Operating Budget). In fiscal year 2024-25, the City Council approved an exception to the policy to allow the reserve to drop to a minimum of 15% of expenditures given the City's budget challenges. With the improved fiscal condition and the availability of one-time funds, the adopted fiscal year 2025-26 and fiscal year 2026-27 biennial budget brings the estimated reserve to the Council policy level of 25%. The Budget Stabilization Reserve is set at \$80.9 million in fiscal year 2025-26 and \$83.2 million in fiscal year 2026-27.
- The Capital Projects Reserve earmarks funds for the Capital Improvement Program. The minimum target for this reserve is \$5.0 million, and the reserve is expected to increase from \$8.8 million at the end of fiscal year 2025-26 to \$10.8 million in fiscal year 2026-27. The Adopted Budget assumes a \$1.0 million contribution in fiscal year 2025-26 and a \$2.0 million contribution in fiscal year 2026-27. The Ten-Year Forecast assumes additional increases to the annual contribution of \$1.0 million annually to fund ongoing infrastructure needs, increasing the ongoing allocation to \$10.0 million by fiscal year 2034-35.
- The Land Sale Reserve represents net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Technology Fee Reserve is to be used to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standards and legal requirements.

The table below summarizes actual select reserve balances in the General Fund at the end of fiscal year 2024-25. These figures do not account for additional contributions to reserves budgeted in fiscal year 2025-26 and fiscal year 2026-27.

**CITY OF SANTA CLARA
General Fund Reserve Balance
(June 30, 2025)**

| | <u>General Fund</u> |
|-------------------------------|---------------------|
| Budget Stabilization Reserve | \$68,933,228 |
| Capital Projects Reserve | 13,442,443 |
| Land Sale Reserve | 12,678,088 |
| Technology Fee Reserve | 3,018,733 |
| Pension Stabilization Reserve | 37,546,640 |
| Property Tax ERAF Reserve | 6,744,337 |
| Accrued Liability Reserve | 3,802,000 |
| Development Fee Reserve | 1,500,000 |
| Unrestricted | 59,302,681 |

Source: City of Santa Clara Operating Budget General Fund Reserves.

Ad Valorem Property Taxes

Tax Levies and Collections. Property tax is the City's largest revenue source, outside of electric utility. In fiscal year 2025-26, property tax revenue is projected at \$101.2 million and includes secured property tax of \$98.0 million and unsecured property tax of \$3.2 million. Assessed valuation growth on secured property is projected at 5.0% and reflects the annual inflation factor based on Consumer Price Index (2% increase in fiscal year 2025-26), growth due to property sales, and a general allowance for new construction projects being added to the tax rolls. By the end of the fiscal year 2034-35, Property Tax receipts are projected to reach \$160.7 million.

Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands, which produces additional revenue.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recording in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries. See Table 1 of the forepart of this Official Statement for a table summarizing the historical and current assessed valuation of taxable property in the City.

The County operates on a Teeter Plan whereby taxing entities, including the City, receive 100% of their secured *ad valorem* property tax levy assessed by the County, although there is no guarantee that the County will continue to operate on a Teeter Plan. The City receives payments as a series of advances made by the County throughout the year. Secured property tax levy is recognized as revenue upon receipt, including the final payment, which generally is received within 60 days after the fiscal year end.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

In addition to property taxes, the City has several other major tax and fee revenue sources, as described below.

Sales and Use Tax. Sales tax is the City's second largest revenue source. Sales tax collections are expected to total \$70.9 million in fiscal year 2024-25, an increase of \$61.8 million received in fiscal year 2023-24. Sales tax receipts experienced unusually high growth of 32.5% in the first two quarters of fiscal year 2024-25 due primarily to increases in the business-to-business sector. The City's biennial budget conservatively assumes that a portion of that growth is one-time in nature. Sales tax revenue is projected to decrease to \$65.9 million in fiscal year 2025-26. Annual growth of 3.0% is projected in future years of the City's biennial budget forecast as sales tax growth rates normalize over this period. Based on these projections, annual collections are expected to total \$85.7 million by fiscal year 2034-35.

Sales tax is an excise tax imposed on retailers for the privilege of selling or leasing tangible personal property. Use tax is an excise tax imposed for the storage, use, or other consumption of tangible personal property purchased from any retailer. The total sales tax rate within the City is currently 9.125%. The proceeds of sales and use taxes imposed within the City are distributed by the State to various agencies, with the City receiving 1% of the 9.125% collected.

Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the "CDTFA"). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization continues to perform the duties assigned to it by the state Constitution, while all other duties were transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA handles most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax. According to the CDTFA, it distributes quarterly tax revenues to local jurisdictions (like the City) using the following method:

The CDTFA disburses local tax payments to all local jurisdictions three times per quarter:

Month 1: First advance + current distributions payment

Month 2: Second advance + current distributions payment

Month 3: Final Balance (Clean-up) payment

Advance payments are calculated based on taxpayer history using the prior year like quarter's return allocation and pro-rata share multiplied by the total prepayment collected in the current month. This is intended to make the cleanup more accurate and considers seasonal taxpayer business reporting. In addition to the base advance payment, the CDTFA also distributes current distributions and adjustments as they occur. These include monthly return payments, other period return payments, audit adjustments (positive and negative), fund transfer adjustments (positive or negative), and refunds (negative). If the combined current distributions (monthly allocations) or cleanup payment results in a deficit, it will offset against the base advance until it reaches zero. The first and second advances each represent roughly 30% of the total quarterly distribution, with the final balance (cleanup) payment representing the remainder 40%.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Total taxable sales during the first quarter of calendar year 2025 in the City were reported to be \$1,574,557,206, a 35.36% increase over total taxable sales of \$1,163,214,174 reported during the first quarter of calendar year 2024. The table below shows total taxable sales transactions by category for calendar years 2020 through 2024.

CITY OF SANTA CLARA Taxable Transactions

| <u>Category</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Retail and Food Services: | | | | | |
| Auto Dealers, Auto Supplies | \$518,033,585 | \$657,361,089 | \$777,482,956 | \$766,229,647 | \$748,362,788 |
| Home Furnishing and Appliances | 232,802,395 | 216,615,741 | 235,795,898 | 194,031,518 | 143,055,968 |
| Building Materials, Farm Implements | 110,846,457 | 120,861,715 | 128,820,879 | 125,346,500 | 130,996,475 |
| Food Stores | 98,125,865 | 97,548,174 | 104,314,637 | 102,704,056 | 97,679,590 |
| Gas/Service stations | 97,170,915 | 128,918,033 | 178,429,014 | 162,276,797 | 179,606,931 |
| Apparel Stores | 37,502,721 | 62,870,694 | 68,937,660 | 70,782,287 | 69,336,954 |
| General Merchandise Stores | 192,167,511 | 241,632,661 | 288,538,582 | 288,088,368 | 284,768,601 |
| Eating and Drinking Places | 256,098,578 | 371,202,916 | 493,575,625 | 578,449,590 | 634,408,387 |
| Other Retail Stores | 81,976,770 | 98,404,906 | 105,031,896 | 108,118,309 | 118,002,677 |
| Total Retail and Food Services | 1,624,724,797 | 1,995,415,929 | 2,380,927,147 | 2,396,027,072 | 2,406,218,371 |
| All Other Outlets | 2,366,534,038 | 2,492,184,165 | 2,483,144,436 | 2,619,483,056 | 3,267,010,486 |
| Total All Outlets | \$3,991,258,835 | \$4,487,600,094 | \$4,864,071,583 | \$5,015,510,128 | \$5,673,228,857 |

Source: State Department of Tax and Fee Administration.

Factors that have historically affected sales tax revenues include the overall economic growth of the Bay Area, competition from neighboring cities, the growth of specific industries within the City, the City's business attraction and retention efforts, and catalog and internet sales.

Transient Occupancy Tax ("TOT"). TOT is calculated as a percentage of City hotel and motel room charges. The City's current TOT rate is 13.5%. This rate increased from 12.5% to 13.5% effective January 1, 2025. As with sales tax, TOT is sensitive to business cycles and can vary greatly from year to year based on occupancy levels and room rates. Prior to COVID-19, TOT saw tremendous growth. With the COVID-19 safety restrictions, TOT receipts plummeted at the end of fiscal year 2019-20 and through fiscal year 2020-21. Of all the City's revenue categories, TOT was the most impacted by the pandemic. Actual collections over the last few

years continue to rebound but remain below pre-COVID levels when factoring in the TOT rate increases that have been implemented (from 9.5% to 13.5%).

TOT collections are projected to continue to increase with estimated receipts of \$27.5 million in fiscal year 2025-26. This figure factors in the TOT rate increase from 12.5% to 13.5% in January 2025. By the end of the fiscal year 2034-35, TOT receipts are projected to reach \$39.1 million.

License and Permits Revenue. Licenses and permits revenue is projected to total \$9.1 million in fiscal year 2025-26, including business licenses at \$6.2 million, fire permits at \$2.0 million, parking permits of \$850,000, and encroachment and miscellaneous permits at \$26,000. Revenue from licenses and permits is projected to reach \$11.2 million in fiscal year 2034-35.

Other Taxes. Other Taxes include the Franchise Tax and Documentary Transfer Tax, respectively. Franchise Tax revenue are projected to total \$5.6 million in fiscal year 2025-26 with annual 4% increases through fiscal year 2034-35. The Documentary Transfer Tax, which is imposed on the transfer of the title of real property, is projected to total \$1.6 million in fiscal year 2025-26, with 2% annual increases through fiscal year 2034-35.

Silicon Valley Power Transfer. In accordance with the City's charter, the City's electric utility department, which provides electricity and energy services through the trademarked name of Silicon Valley Power pays 5.0% of gross revenues to the City's General Fund. Contributions are estimated at \$37.3 million in fiscal year 2025-26 and are projected to increase at an annual rate of 5% to \$57.8 million by fiscal year 2034-35. Growth in this category is primarily driven by market projections for electric consumption, resources costs, and any retail rate increase assumed for the Electric Utility.

Retirement Programs

CalPERS 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 PEPRA. Employees hired on or before December 31, 2012, are considered Classic PERS members. Employees hired on or after January 1, 2013, fall into the PEPRA PERS members.

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 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 PEPRA 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 2025 calendar year is \$350,000. Employees with membership dates prior to July 1, 1996, are not impacted by this limit. The compensation limit for PEPRA for calendar year 2025 is \$155,081 for employees covered by Social Security and \$186,096 for employees not covered by Social Security. These limits are adjusted annually with the CPI for all Urban Consumers.

Safety Plan. Participants in this plan are eligible for service retirement upon attaining the age of 50 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 PEPRA 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 PEPRA members, and for Classic Police Safety employees, it is the monthly average of the member's highest 12 or 36 (for PEPRA 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. PEPRA members have an annual compensation limit on reportable earnings. The compensation limit for calendar year 2025 is \$186,906 for employees not covered by Social Security and is adjusted annually with the CPI for all Urban Consumers.

Employees Covered. At the valuation date, June 30, 2023, and measurement date June 30, 2024, the following employees were covered by the benefits terms for each Plan:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--|----------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 1,093 | 519 |
| Inactive employees entitled to but not yet receiving benefits | 606 | 92 |
| Active Employees | 715 | 278 |
| Total | 2,414 | 889 |

Source: CalPERS Actuarial Report Dated July 2024

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 an 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, 2025, the City's contributions to the Miscellaneous and Safety plans were \$41,820,152 and \$40,969,901, respectively.

Plans Provisions and Benefits. For a more detailed discussion of the provisions and benefits for the City's CalPERS retirement plans, see Note 13 of APPENDIX B to this Official Statement.

CalPERS Plan Contributions. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration (the "**Board of Administration**"). The required employer contribution rates of annual covered payroll for the Miscellaneous plan and the Safety Plan employees for fiscal years 2022-23 through 2026-27 are shown below:

| <u>Miscellaneous Plan</u> | | <u>Safety Plan</u> | |
|---------------------------|----------------------------|--------------------|----------------------------|
| Fiscal Year | Employer Contribution Rate | Fiscal Year | Employer Contribution Rate |
| 2022-23 | 41.23% | 2022-23 | 64.54% |
| 2023-24 | 42.21 | 2023-24 | 65.49 |
| 2024-25 | 45.09 | 2024-25 | 71.49 |
| 2025-26 | 45.98 | 2025-26 | 73.30 |
| 2026-27 | 41.52 | 2026-27 | 72.93 |

Source: CalPERS Actuarial Report Dated July 2024

The contribution requirements of the plan members are established by State statute, and the employer contribution rates are established and may be amended by CalPERS.

Implementation of GASB No. 68. Commencing with fiscal year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the City to recognize its proportionate share of the unfunded pension obligation by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

For a more detailed discussion of the City's retirement plans, see Appendix B, Note 13.

The City is required to contribute at an actuarially determined rate of annual covered payroll, plus a fixed payment of unfunded liability. The actuarially determined rates and amounts for each plan for the fiscal years ended June 30, 2025, through June 30, 2027, are as follows:

City's Required Employer Contribution Rate

| | <u>Fiscal Year 2024-25</u> | | <u>Fiscal Year 2025-26</u> | | <u>Fiscal Year 2026-27</u> | |
|--------------------|--|--|--|--|--|--|
| | Employer Normal <u>Cost Rate</u> | Employer Payment of Unfunded <u>Liability</u> | Employer Normal <u>Cost Rate</u> | Employer Payment of Unfunded <u>Liability</u> | Employer Normal <u>Cost Rate</u> | Employer Payment of Unfunded <u>Liability</u> |
| Miscellaneous Plan | 11.83% | \$30,591,668 | 11.51% | \$33,245,980 | 11.19% | \$31,073,047 |
| Safety Plan | 23.28 | 27,667,776 | 22.94 | 30,934,459 | 22.27 | 32,980,871 |

Source: CalPERS Actuarial Report Dated July 2024.

The City's total contributions to each plan in fiscal years 2021-22 through 2024-25 were as follows:

Miscellaneous Plan

| <u>Fiscal Year</u> | <u>Total City Contribution</u> |
|--------------------|--------------------------------|
| 2021-22 | \$34,126,897 |
| 2022-23 | 36,763,760 |
| 2023-24 | 37,993,602 |
| 2024-25 | 41,820,152 |

Safety Plan

| <u>Fiscal Year</u> | <u>Total City Contribution</u> |
|--------------------|--------------------------------|
| 2021-22 | \$32,084,531 |
| 2022-23 | 35,094,101 |
| 2023-24 | 37,050,903 |
| 2024-25 | 40,969,901 |

Funded Status. The following table sets forth the schedule of funding for the City's Miscellaneous and Safety Plan pension plans for the fiscal years ended June 30, 2021 through June 30, 2024.

Miscellaneous Plan

| Valuation Date (June 30) | Accrued Liability | Market Value of Assets | Unfunded Liability | Funded Ratio ⁽¹⁾ | Annual Covered Payroll |
|-----------------------------|-------------------|---------------------------|-----------------------|--------------------------------|------------------------------|
| 2021 | \$857,502,887 | \$599,372,803 | \$258,130,084 | 69.9% | \$83,063,780 |
| 2022 | 891,062,765 | 545,273,021 | 345,789,744 | 61.2 | 84,670,415 |
| 2023 | 924,576,008 | 571,612,158 | 352,963,850 | 61.8 | 88,791,934 |
| 2024 | 956,611,656 | 618,742,996 | 337,868,660 | 64.7 | 94,298,828 |

Safety Plan

| Valuation Date (June 30) | Accrued Liability | Market Value of Assets | Unfunded Liability | Funded Ratio ⁽¹⁾ | Annual Covered Payroll |
|-----------------------------|-------------------|---------------------------|-----------------------|--------------------------------|------------------------------|
| 2021 | \$905,879,694 | \$650,793,995 | \$255,085,699 | 71.8% | \$51,995,978 |
| 2022 | 948,134,875 | 589,480,207 | 358,654,668 | 62.2 | 52,825,524 |
| 2023 | 991,214,372 | 614,749,188 | 376,465,184 | 62.0 | 56,539,360 |
| 2024 | 1,029,079,101 | 662,787,398 | 366,291,703 | 64.4 | 59,931,145 |

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

Recent Actions by PERS. On November 15, 2021, the CalPERS Board selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the reduction of the discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes took effect in fiscal year 2023-24 for public agencies.

Other Post-Employment Benefits ("OPEB")

Plan Description. The City's agent multiple-employer defined 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 \$5,046 in annual reimbursements. Amendments to benefit provisions are negotiated by the various bargaining units at the City and must be approved by City 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.

As of June 30, 2025, membership in the plan consisted of 657 retirees currently receiving benefits, 258 inactive employees entitled to but not yet receiving benefit payments and 1,013 active employees.

Contributions. The OPEB Plan trust annual contributions are based upon actuarial determined 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, 2025 the City's cash contributions were \$4,463,303 in payments to the trust, \$15,846 in administrative expenses paid outside of the trust, and the estimated implied subsidy was \$1,011,000, for total contributions of \$5,490,149.

Based on an actuarial valuation as of June 30, 2024, the City's net OPEB liability as of the fiscal year ending June 30, 2025, was \$34,813,228 and is 52.6% funded.

For the fiscal year ended June 30, 2025, the City recognized an OPEB expense of \$4,151,000. For more information regarding the City's OPEB, see Note 16 of the City's Annual Comprehensive Financial Report, which is attached as APPENDIX B to the Official Statement.

Deferred Compensation Plan

City employees may defer a portion of their compensation under a City-sponsored deferred compensation plan. Under this plan, participants are not taxed on the deferred portion of their compensation until distribution to them, at retirement, death or in an emergency, as defined by the IRS. 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's required contributions for the year ended June 30, 2025 totaled \$1,390,568. See Note 15 of APPENDIX B to the Official Statement for additional information.

Defined Contribution Plan

The City's Public Agency Retirement System Plan (the "**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.

Labor Relations

As of June 30, 2025, the City employed approximately 1,198.5 full-time equivalent budgeted employees. In addition, the City employs 11 unrepresented employees that include

Executive Management and City Council positions. The City has not experienced any work stoppages or strikes by its employees. The City's labor groups are shown below.

CITY OF SANTA CLARA Labor Relations

| Labor Organization | Employees | Contract Expiration Date |
|---|-----------|--------------------------|
| Unit 1 – Santa Clara Firefighters | 144 | December 31, 2025 |
| Unit 2 – Police Officers Association | 147 | December 31, 2029 |
| Unit 3 – International Brotherhood of Electrical Workers | 89 | December 31, 2025 |
| Unit 4 – Engineers of the City of Santa Clara | 51 | June 30, 2029 |
| Unit 578 – City of Santa Clara Employees Association | 337.5 | December 31, 2027 |
| Unit 6 – American Federation of State, County and Municipal Employees | 134 | December 31, 2028 |
| Unit 9 – Unclassified Miscellaneous Management | 154 | December 31, 2028 |
| Unit 9A – Unclassified Police Management | 5 | December 31, 2029 |
| Unit 9B – Unclassified Fire Management | 11 | December 31, 2025 |
| Unit 9E – Unclassified Electricity Utility Management | 45 | December 31, 2028 |
| Unit 10 – Public Safety Non-Sworn Employees Association | 72 | December 31, 2029 |

Source: City of Santa Clara.

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 ("IBNR"). At June 30, 2025, the estimated claims payable of \$31,675,000, 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, 2025, totaled \$10,917,000 and \$24,348,000 for general liability and workers' compensation claims, respectively.

With respect to the Special Liability accrual of \$10.2 million, the City has numerous unsettled lawsuits filed or claims asserted against it as of June 30, 2025. 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 special liability for claims and lawsuits as of June 30, 2025, are approximately \$10.2 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.

For more information regarding the City's Risk Management, see Note 19 of the City's Annual Comprehensive Financial Report, which is attached as APPENDIX B to the Official Statement.

Long-Term General Fund Obligations

2013 Central Park Library Refunding Certificates of Participation (2013 COPs). On March 28, 2013, the Santa Clara Public Facilities Financing Corporation (the "PFFC"), a nonprofit financing corporation formed for the purpose of assisting the City finance construction of City facilities, executed and delivered refunding certificates of participation in the amount of \$18.54 million to provide funds to refund outstanding 2002A COPs. The 2013 COPs mature annually through February 1, 2032, and bear coupon rates ranging from 2.00% to 3.75%. Debt service on the 2013 COPs is secured by lease payments made by the City's General Fund to the PFFC for use of the library. In accordance with the lease agreement, the PFFC assigns lease payments received from the City to the trustee for payment to the certificate holders. As of June 30, 2025, \$7,970,000 of principal is outstanding.

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.

Disclaimer Regarding Cyber Risks

The City, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the City may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. In the previous five years, the City has not experienced a material cyber incident. No assurance can be given that the City's current efforts to manage cyber threats and security will, in all cases, be successful.

The City also relies on other entities and service providers in the course of operating the City, including the County, with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third-party entities or service providers will not impact the City or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

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APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2025**

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Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025



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



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025



**THE
MISSION CITY**

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

PREPARED BY DEPARTMENT OF FINANCE

Introductory Section

CITY OF SANTA CLARA
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December 2, 2025

The Honorable Mayor and City Council and Residents of the City of Santa Clara

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, 2025. 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. The City has a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to ensure the compilation of 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, 2025 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, 2025 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. Under the standards governing Single Audit engagements, 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 2026.

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 134,587. The City remains a highly desirable place to live and work 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 publicly elected officials.

The City provides a full range of services. These services include police, fire protection and emergency dispatch; electric, water, solid waste, 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 fiscal year 2024-25 since the adoption of the last biennial operating budget. On a national level, unemployment rate remained unchanged at 4.1% in June 2025 compared to the prior year. At the state level, the California unemployment rate was at 5.4% in June 2025, an increase of 0.1% compared to the prior year. The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) increased slightly from 4.2% in June 2024 to 4.7% in June 2025.

The City's economically sensitive revenues experienced strong growth during fiscal year 2024-25. Property Tax collections continued to reflect solid assessed valuation growth due to property sales and new construction projects. Property Tax remains the largest revenue category for the City's General Fund and those receipts were up 5.8% in fiscal year 2024-25. General Sales Tax receipts experienced unusually high growth of 28.5% in fiscal year 2024-25 due primarily to increases in the business-to-business sector. Transient Occupancy Tax receipts were also up 20.8% in fiscal year 2024-25, reflecting a one percent rate increase effective January 1, 2024 (from 11.5% to 12.5%) and an additional one percent increase effective January 1, 2025 (from 12.5% to 13.5%) as well as increased activity.

With stronger revenue growth in fiscal year 2024-25, the General Fund Ten-Year Financial Forecast for fiscal year 2025-26 through fiscal year 2034-35 showed improvement with a projected General Fund surplus of \$9.3 million in fiscal year 2025-26, followed by a small shortfall in 2026-27 of \$0.1 million. This allowed for a FY 2025-26 and FY 2026-27 Adopted Operating Budget with targeted investments that funded many of the City Council's identified priorities as well as enhanced the City's operating reserves, restoring the Budget Stabilization Reserve (BSR) to the Council policy level of 25% of expenditures. The General Fund budget actions were intended to address Council priorities identified as part of the Council Priority Setting session and other high priority needs while also maintaining the City's fiscal stability.

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:

- Enhance Community Engagement and Transparency
- Deliver and Enhance High Quality Efficient Services and Infrastructure
- Manage Strategically Our Workforce Capacity and Resources
- Promote and Enhance Economic, Housing and Transportation Development
- Promote Sustainability and Environmental Protection
- Enhance Community Sports, Recreational and Arts Assets

- Ensure Compliance with Measure J and Manage Levi's Stadium

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 or items funded on a pay-as-you-go method with one-time sources;
- The cost to fully fund capital infrastructure needs;
- Additional costs to restore frozen positions, add positions to address growth in the City, and add new services;
- Permanent funding for pilot programs such as Via Shuttle/SV Hopper and Vision Zero;
- Enhanced funding to address the City's pension liability (the City is below the State average in pension funding);
- Additional contributions to Reserves (Budget Stabilization Reserve, Pension Reserve); and
- The financial impacts of new developments that may have a positive impact given the uncertainty regarding the timing.

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:

- Uncertainty regarding results of tariffs and other federal actions;
- Potential for an economic downturn or recession;
- State/federal legislative changes and legal challenges;
- Labor costs outside the budget assumptions;
- CalPERS actuarial changes or reform actions; and
- Unanticipated critical capital/infrastructure needs.

The City's financial position significantly improved since the adoption of the last biennial operating budget for fiscal year 2023-24 and fiscal year 2024-25. The latest Ten-Year General Fund Forecast, updated in April 2025, shows improvement with a surplus in fiscal year 2025-26 followed by small shortfalls and surpluses in the remaining years. This improvement is the result of stronger revenue growth since the last

Forecast that was realized during a period of solid economic growth. However, there is now a significant amount of economic uncertainty related to trade tariffs, fiscal policy, and geopolitical risk with the new administration. It is unknown how these factors will impact the local economy.

Historically, the City has funded many of capital infrastructure and equipment needs with one-time funds on a pay-as-you-go basis. The lack of sufficient one-time funding has resulted in a backlog of unmet/deferred infrastructure needs. On November 5, 2024, voters approved Measure I – a \$400 million general obligation bond that will fund needed infrastructure projects in the City. The \$400 million bond proceeds will enhance the City’s efforts to address over \$600 million in unfunded infrastructure needs such as aging fire stations, storm drain systems, and aquatic facilities. The expenditure plan includes the following project areas:

- Fire Stations and Emergency Response (\$142,235,450)
- Parks, Libraries, Senior Center, and Aquatics Facilities (\$115,258,750)
- Storm Drain System Improvements (\$46,000,000)
- Police Facilities (\$43,987,500)
- Streets and Transportation (\$41,170,000)
- Historic Buildings and Beautification (\$9,200,000)

The Bonds will be issued in phases and the first \$100 million is expected to be issued in fiscal year 2025-26.

Internal Controls

City management staff are 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 or other revenues. 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 third year of audit in the latest 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 in 2013 by the Uniform Guidance. The auditor's report on the basic financial statements and the supplementary combining statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit will be included in a separately issued single audit document that will be on file with the City Clerk's Office as well as posted on the Finance page of the City's website.

MAJOR INITIATIVES

Addressing our Capital Infrastructure

In June 2024, 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 fiscal year 2024-25 and 2025-26 Capital Budget totaled \$928 million and the Five-Year CIP totaled \$1.33 billion, supporting infrastructure improvements throughout the City. Of this CIP amount, \$1.1 billion (83%) 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 \$225 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 \$626 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 the significant unfunded capital costs. New funding strategies are needed to meet these infrastructure needs. After an analysis of potential options, the City Council approved the inclusion of a \$400 million General Obligation Bond measure on the November 2024 ballot and voters passed the measure with a two-thirds majority.

Fiscal Sustainability

The General Fund shortfalls projected in the fiscal year 2023-24 and fiscal year 2024-25 Biennial Operating budget were balanced with a combination of strategies, including the use of one-time reserves, new revenues, and one-time and ongoing expenditure savings. The multi-pronged approach balanced the competing goals of aligning ongoing revenues and expenditures and minimizing the service delivery impacts to the community. It also allowed time for General Fund revenues to recover from the pandemic.

In June 2024, adjustments to the fiscal year 2024-25 budget were approved to update revenue estimates and account for updated labor costs and non-personnel costs in the General Fund and other funds. In the General Fund, \$0.4 million from the General Fund Budget Balancing Reserve and \$0.5 million from the Budget Stabilization Reserve were used to balance the budget.

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 some of these projects are underway, it is important to note that changes in the office environment due to new remote-work trends has caused some pause to activity as developers reassess demand for commercial projects. Furthermore, the recent continuation of elevated inflation impacts to construction costs and high interest rates resulting in higher borrowing costs creates a potential for a slowdown in development 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 planned high-density transit-oriented urban center development 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 light industrial office parks 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 light industrial office parks and lab 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. Most recently, the development of a Community Benefits Program was kicked-off with a targeted adoption date in fourth quarter of calendar year 2026.

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.

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. There are three approved projects currently underway: 1). An eight-story, 284-unit multifamily residential building, 2). A new four-story office and engineering building with one level of subsurface parking, at-grade parking, and associated site improvements on a 5.63 acre site developed by Arista Networks, and 3). A 113,272 square feet office and prefabrication facility with 248 parking spaces, and associated landscape and site improvements.

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. Of the eleven approved projects, mostly located on Calle De Luna and Calle Del Mundo, developed by multiple developers in this planned area, four high-density projects have been completed, providing 2,400 residential units and 5,000 square feet of retail space. Another two developments with over 1,200 residential units and 43,000 square feet of retail space, are currently under construction. The remaining five projects are at various stages of development with a total of over 3,000 dwellings and another 3,000 square feet in retail space.

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, 2024. 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-three 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 | Albert Gonzalez |
| Councilmember District 2 | Raj Chahal |
| Councilmember District 3 | Karen Hardy |
| Councilmember District 4 | Kevin N. Park |
| Councilmember District 5 | Sudhanshu “Suds” Jain |
| Councilmember District 6 | Kelly G. Cox |

BOARD OF LIBRARY TRUSTEES

Jonathan Evans, Daniel Huynh, Ghouse Salim Monammed, Stephen Ricossa, Debbie Tryforos,

CULTURAL COMMISSION

Kuku Das, Candida A. Diaz, Neetu Garg, Charles Pontious, Abinas Roy, Louis Samara, Debra von Huene,

PLANNING COMMISSION

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

SENIOR ADVISORY COMMISSION

Rick Andrews, Kris Kishor Kapadia, Srinivasan Manivannan, Rebecca J. Shelden, Alma Soto, Maria Vaz, Vacant

YOUTH COMMISSION

Seoyun Chong, Julianna Arias Hernandez, Allysa Domensino, Mateo Espinal, Namita Gaidhani, Srikha Gopiseti, Neha Israni, Rebecca Kunze, Drew Madriaga, Malia Martin, Ayaan Mathur (Alternate), Samaira Mehta, Brian Rong, Ibrahim Rayees (Alternate), Samarth Suresh, Niharika Uppalapati, Aneesha Vemu

CIVIL SERVICE COMMISSION

Ron Billingsley, Wesley Dudzinski, Franklin J. Felizardo, Samuel Pumarejo, Arti Purohit

HISTORICAL AND LANDMARKS COMMISSION

Michael Celso, Ivonne Inciarte, Patricia Leung, Kathleen Romano, Ed Stocks, Ana Vargas-Smith, Kaushal Varshney

PARKS AND RECREATION COMMISSION

Dana Caldwell, Maureen Reilly Chu, Derek DeMarco, Eversley Forte, Vikas Gupta, Brittany Ricketts, Edward A. Souza

SALARY SETTING COMMISSION

Natasha Humphries, Mihir Kaddad, David Kertes, MV Kumar, John Sontag

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

Bob O’Keefe

ASSISTANT CITY MANAGER

Elizabeth Klotz

ASSISTANT CITY MANAGER

Clarence Baker

ASSISTANT CITY MANAGER

Aracely Azevedo

CHIEF OF POLICE

Cory Morgan

FIRE CHIEF

Ruben Torres

DIRECTOR OF HUMAN RESOURCES

Marco Mercado (Acting)

DIRECTOR OF FINANCE

Kenn Lee

DIRECTOR OF PARKS & RECREATION

Damon Sparacino

DIRECTOR OF INFORMATION TECHNOLOGY

Adam Kostrzak

CITY LIBRARIAN

Patty Wong

CHIEF ELECTRIC UTILITY OFFICER

Nicolas Procos

DIRECTOR OF WATER AND SEWER UTILITIES

John Ramirez

DIRECTOR OF PUBLIC WORKS

Craig Mobeck

DIRECTOR OF COMMUNITY DEVELOPMENT

Afshan Hamid

DIRECTOR OF ECONOMIC DEVELOPMENT & SUSTAINABILITY

Reena Brilliot



Government Finance Officers Association

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Reporting

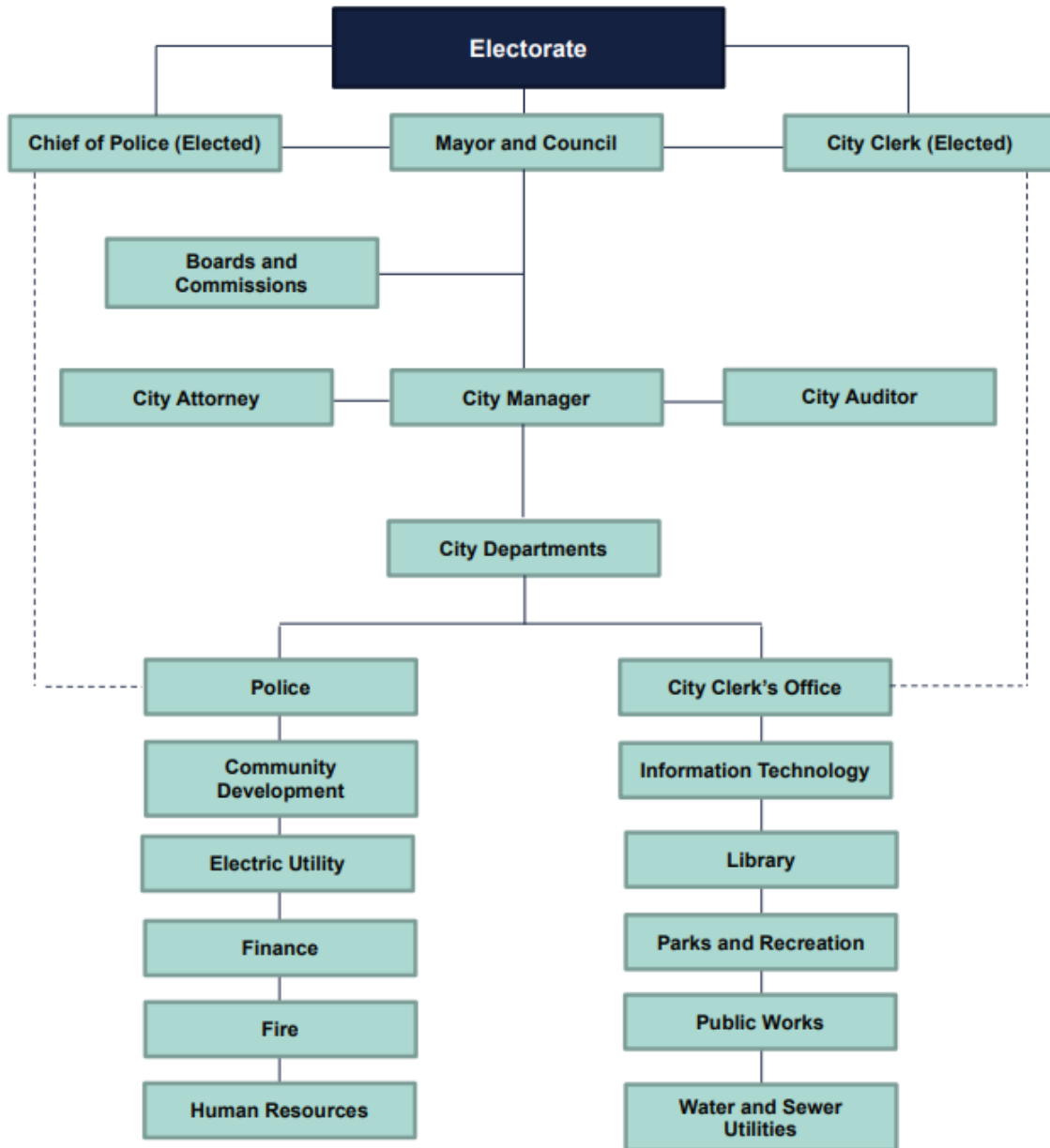
Presented to

**City of Santa Clara
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

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, 2025, 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, 2025, which is both a major fund and 35.3%, 8.1%, and 8.6% 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, 2024, related to the calculation of the Investments in Joint Ventures. The Investment in these Joint Ventures collectively represents 8.3%, 14.7%, and 0.3%, 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, 2025, 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. 101, *Compensated Absences*, which became effective during the year ended June 30, 2025 and required the restatement of net position as discussed in Note 18E to the financial statements.

During fiscal year 2025, the management changed its accounting policy related to the accounting for certain long-term loans receivable in the governmental activities financial statements. As a result of that change in accounting policy, beginning net position of governmental activities was increased and adjusted as discussed in Note 18E to the financial statements.

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

Emphasis of Matter

As discussed in Notes 6F and 18E, the Stadium Authority restated balances related to unearned revenue in the Santa Clara Stadium Authority Enterprise Fund as of March 31, 2024. The emphasis of this matter 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 December 2, 2025, 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 black ink that reads "Maye & Associates". The script is cursive and fluid, with the first letters of "Maye" and "Associates" being capitalized and prominent.

Pleasant Hill, California
December 2, 2025

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, 2025. 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, 2025 are as follows:

- In the fiscal year 2024-25, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.1 billion. Out of this amount, \$408 million represents unrestricted net position, which is \$278 million higher than in the fiscal year 2023-24. This is made up of a negative balance of \$254 million for governmental activities and a positive balance of \$662 million for business-type activities. The negative net position in governmental activities primarily stems from a net pension liability of \$527 million and a net Other Post Employment Benefits (OPEB) liability of \$25 million as of June 30, 2025.
- The City's total net position increased by \$420 million, with \$113 million increase in governmental activities, primarily driven by the steady economic growth since the pandemic. Business-type activities accounted for the remaining \$307 million increase, including a \$270 million rise in the Electric Utility Fund, driven by higher rates, higher consumption and reduced resource purchase expenditures. In addition, the Santa Clara Stadium Authority Fund increased by \$49 million mainly due to an \$18 million reduction in operating expenses and a \$23 million increase to beginning net position from an unearned revenue restatement recorded in the current fiscal year.
- The total net pension liability, covering both governmental activities and business-type activities, decreased \$17 million or 2.5% during fiscal year 2024-25, declining to \$669 million from \$686 million. This reduction was primarily attributed to higher investment income during the fiscal year 2023-24. As of June 30, 2025, deferred outflows of resources related to pensions amounting to \$134 million, down \$35 million from the previous year, largely due to a \$27 million decrease in deferred outflows from differences between projected and actual pension plan investment earnings. Deferred inflows of resources related to pensions totaling \$1 million at June 30, 2025, a \$3 million decrease from the prior fiscal year. For more detailed information regarding the net pension liability, please refer to Note 13.
- The net OPEB liability decreased by \$1 million or 2.5% during fiscal year 2024-25, reducing it to \$35 million at June 30, 2025, compared to \$36 million in fiscal year 2023-24. 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, increased by \$130 million, reaching to \$1,157 million as of June 30, 2025. The increase in liabilities is primarily due to a \$101 million increase in long-term debt resulting from the issuance of the 2024A Electric Revenue Bonds within the business-type activities.
- As of June 30, 2025, the City's governmental funds reported combined fund balances of \$490 million, an increase of \$89 million from the prior year. At June 30, 2025, \$163 million is in the unassigned fund balance and available for spending at the City's discretion.
- At the close of fiscal year 2024-25, the General Fund had assets of \$524 million and a fund balance of \$241 million. This represents an increase in fund balance of \$60 million, or 33.0% from prior

fiscal year. The increase reflects the steady improvement of the local economy since the pandemic. Of the total fund balance, \$193 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, 2024 through March 31, 2025. As of March 31, 2025, the carrying value of Levi's Stadium, net of depreciation, is \$667 million, and the assets of the Stadium Authority exceeded its liabilities and deferred inflow of the lease revenues by \$182 million.
- The City's total outstanding long-term debt increased by \$101 million, primarily reflecting the issuance of \$112 million in Electric 2024 Series A Revenue Bonds with a \$17 million bond premium, partially offset by the repayment of \$25 million for Stadium Authority debt, Electric revenue bonds, and Sewer loans.

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, 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.

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, 2025. As noted earlier, the City's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$3.1 billion at the end of the fiscal year, an increase in net position of \$420 million.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|---------------------|-----------------|---------------------|
| | 2025 | 2024 ⁽¹⁾ | 2025 | 2024 ⁽¹⁾ | 2025 | 2024 ⁽¹⁾ |
| Cash and investments | \$ 525 | \$ 442 | \$ 1,272 | \$ 936 | \$ 1,797 | \$ 1,378 |
| Lease receivable | 254 | 252 | 586 | 598 | 840 | 850 |
| Other assets | 186 | 140 | 584 | 549 | 770 | 689 |
| Capital assets | 687 | 669 | 1,527 | 1,498 | 2,214 | 2,167 |
| Total Assets | 1,652 | 1,503 | 3,969 | 3,581 | 5,621 | 5,084 |
| | | | | | | |
| Deferred outflows on derivative | - | - | 1 | - | 1 | - |
| Deferred outflows from refunding | - | - | 4 | 5 | 4 | 5 |
| Deferred outflows OPEB related | 2 | 1 | - | - | 2 | 1 |
| Deferred outflows pension related | 109 | 136 | 25 | 33 | 134 | 169 |
| Total Deferred Outflows of Resources | 111 | 137 | 30 | 38 | 141 | 175 |
| | | | | | | |
| Long-term debt outstanding | 8 | 9 | 486 | 384 | 494 | 393 |
| Right-to-use assets liability | 9 | 9 | 3 | 4 | 12 | 13 |
| Net OPEB liability | 25 | 26 | 10 | 10 | 35 | 36 |
| Net pension liability | 527 | 538 | 142 | 148 | 669 | 686 |
| Other liabilities | 111 | 87 | 540 | 534 | 651 | 621 |
| Total Liabilities | 680 | 669 | 1,181 | 1,080 | 1,861 | 1,749 |
| | | | | | | |
| Deferred inflows on derivative | - | - | 3 | 12 | 3 | 12 |
| instruments | - | - | 1 | 1 | 1 | 1 |
| Deferred inflows from refunding | - | - | 1 | 1 | 1 | 1 |
| Deferred inflows Lease related | 246 | 246 | 564 | 582 | 810 | 828 |
| Deferred inflows OPEB related | 2 | 1 | 1 | 1 | 3 | 2 |
| Deferred inflows pension related | 1 | 3 | - | 1 | 1 | 4 |
| Total Deferred Inflows of Resources | 249 | 250 | 569 | 597 | 818 | 847 |
| | | | | | | |
| Net investment in capital assets | 670 | 650 | 1,195 | 1,145 | 1,865 | 1,795 |
| Restricted | 418 | 353 | 392 | 385 | 810 | 738 |
| Unrestricted | (254) | (282) | 662 | 412 | 408 | 130 |
| Total Net Position | \$ 834 | \$ 721 | \$ 2,249 | \$ 1,942 | \$ 3,083 | \$ 2,663 |

(1) Restated for the changes discussed in Note 6F, but not for the implementation of GASB statement No. 101 and accounting policy change discussed in Note 18E.

The largest portion of the City's net position, \$1.9 billion (61%), is its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment, right-to-use leased assets, and right-to-use subscription assets), 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 \$810 million (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$408 million (13%) is unrestricted.

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 Workers' Compensation Insurance Claims Internal Service Fund.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|---------------------|-----------------|---------------------|
| | 2025 | 2024 ⁽¹⁾ | 2025 | 2024 ⁽¹⁾ | 2025 | 2024 ⁽¹⁾ |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 65 | \$ 63 | \$ 1,144 | \$ 1,063 | \$ 1,209 | \$ 1,126 |
| Operating grants and contributions | 21 | 23 | - | - | 21 | 23 |
| Capital grants and contributions | 21 | 11 | 3 | 3 | 24 | 14 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Sales | 79 | 62 | - | - | 79 | 62 |
| Ad valorem property | 95 | 90 | - | - | 95 | 90 |
| Transient occupancy | 27 | 22 | - | - | 27 | 22 |
| Other | 7 | 7 | - | - | 7 | 7 |
| Contribution in lieu of taxes | 39 | 33 | - | - | 39 | 33 |
| Investment earnings | 26 | 18 | 58 | 36 | 84 | 54 |
| Net increase (decrease) in fair value of investments | 7 | 10 | 17 | 12 | 24 | 22 |
| Equity in income of joint ventures | - | - | 4 | 19 | 4 | 19 |
| Rents and royalties | 23 | 10 | - | - | 23 | 10 |
| Other | 26 | 12 | - | - | 26 | 12 |
| Total revenues | <u>436</u> | <u>361</u> | <u>1,226</u> | <u>1,133</u> | <u>1,662</u> | <u>1,494</u> |
| Expenses: | | | | | | |
| General Administration | 35 | 33 | - | - | 35 | 33 |
| City Clerk | 2 | 1 | - | - | 2 | 1 |
| City Attorney | 2 | 2 | - | - | 2 | 2 |
| Human Resources | 2 | 2 | - | - | 2 | 2 |
| Finance | 11 | 9 | - | - | 11 | 9 |
| Public Works | 47 | 46 | - | - | 47 | 46 |
| Parks and Recreation | 28 | 28 | - | - | 28 | 28 |
| Public Safety: | | | | | | |
| Police | 101 | 98 | - | - | 101 | 98 |
| Fire | 84 | 80 | - | - | 84 | 80 |
| Planning and Inspection | 20 | 19 | - | - | 20 | 19 |
| Library | 14 | 13 | - | - | 14 | 13 |
| Utilities: | | | | | | |
| Electric | - | - | 644 | 584 | 644 | 584 |
| Water | - | - | 64 | 58 | 64 | 58 |
| Sewer | - | - | 55 | 36 | 55 | 36 |
| Water Recycling | - | - | 10 | 9 | 10 | 9 |
| Solid Waste | - | - | 40 | 38 | 40 | 38 |
| Cemetery | - | - | 1 | 1 | 1 | 1 |
| Santa Clara Convention Center | - | - | 17 | 19 | 17 | 19 |
| Santa Clara Stadium Authority | - | - | 80 | 91 | 80 | 91 |
| Total expenses | <u>346</u> | <u>331</u> | <u>911</u> | <u>836</u> | <u>1,257</u> | <u>1,167</u> |
| Increase in net position before transfers | 90 | 30 | 315 | 297 | 405 | 327 |
| Transfers in (out) | 5 | 3 | (5) | (3) | - | - |
| Increase in net position | 95 | 33 | 310 | 294 | 405 | 327 |
| Restatement-Change in Accounting Principal | (7) | - | (3) | 9 | (10) | 9 |
| Restatement-Change in Accounting Policy | 25 | - | - | - | 25 | - |
| Net position - July 1 | 721 | 688 | 1,942 | 1,639 | 2,663 | 2,327 |
| Net position - June 30 | <u>\$ 834</u> | <u>\$ 721</u> | <u>\$ 2,249</u> | <u>\$ 1,942</u> | <u>\$ 3,083</u> | <u>\$ 2,663</u> |

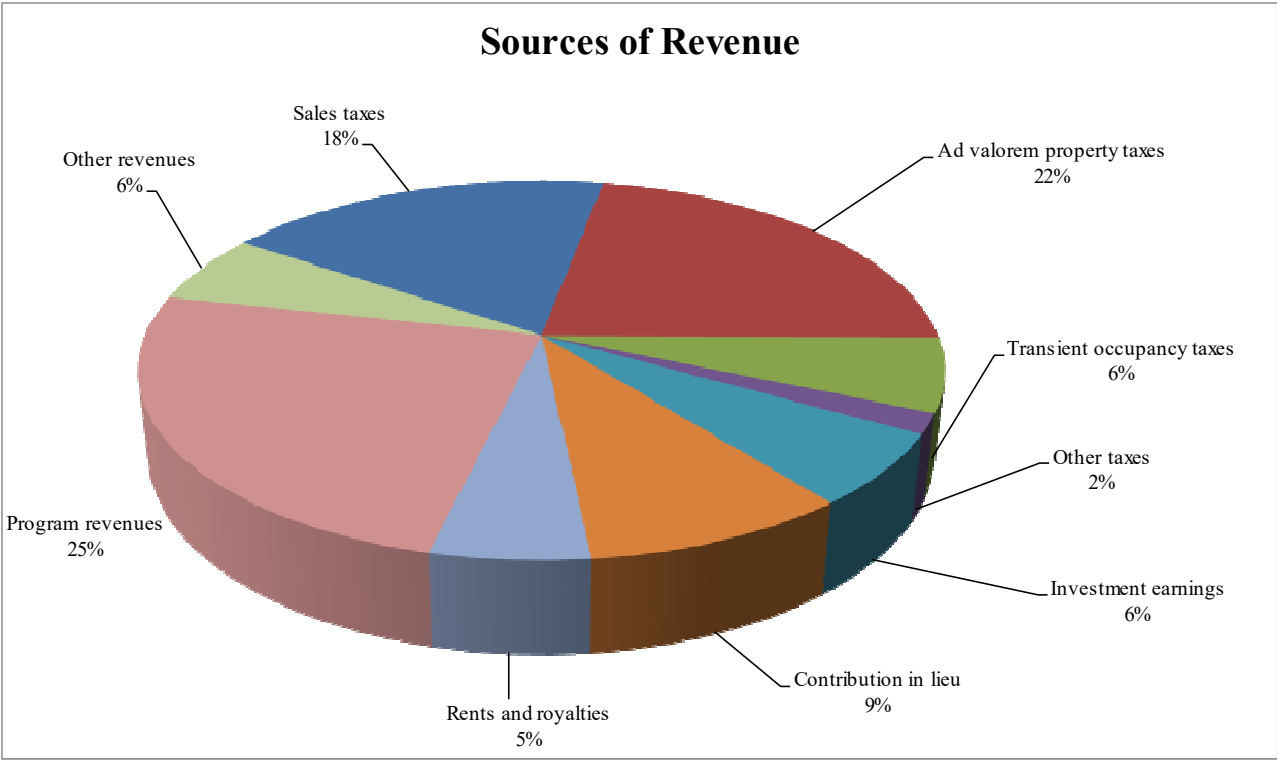
(1) Restated for the changes discussed in Note 6F, but not for the implementation of GASB statement No. 101 and accounting policy change discussed in Note 18E.

Governmental Activities – During the fiscal year 2024-25, the City’s governmental activities increased net position by \$113 million, primarily due to higher tax revenues and other income sources. Key drivers included a \$17 million increase in Sales Tax, a \$5 million increase in Ad Valorem Tax, and a \$5 million increase in Transient Occupancy Taxes, reflecting continued economic recovery. Additional contributions came from an \$11 million increase in performance rent revenues from stadium events, a \$5 million contribution from the Stadium to the City, and a \$3 million increase in Housing Impact Fees. The beginning net position also increased by \$18 million due to the implementation of GASB 101 and an accounting policy change related to the recognition of unavailable revenues from long-term loan programs. These revenue gains strengthened the City’s financial position, providing additional resources to support public services, infrastructure investments, and long-term financial stability.

Business-type Activities – The City’s business-type activities increased net position by \$307 million in fiscal year 2024–25. The majority of this growth is attributable to the Electric Utility Fund, which reported a \$270 million increase. This improvement reflects higher service charge revenues driven by a 5% rate increase effective July 1, 2024, increased customer consumption, stronger interest earnings, and higher developer contributions during the year. The Stadium Authority also contributed to the overall increase, reporting a \$26 million gain. This result was driven by higher performance rent from stadium events and reduced operating costs. In addition, the Stadium’s beginning net position increased due to a \$23 million unearned revenue restatement.

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.



The following analysis presents a comparison of fiscal year 2024-25 and fiscal year 2023-24 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 | |
|-------------------------|---------------------------|---------------|-------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| General Administration | \$ 35 | \$ 33 | \$ 14 | \$ 8 |
| City Clerk | 2 | 1 | 2 | 1 |
| City Attorney | 2 | 2 | 3 | 2 |
| Human Resources | 2 | 2 | 2 | 2 |
| Finance | 11 | 9 | 8 | 6 |
| Public Works | 47 | 46 | 12 | 15 |
| Parks and Recreation | 28 | 28 | 21 | 24 |
| Public Safety: | | | | |
| Police | 101 | 98 | 98 | 96 |
| Fire | 84 | 80 | 68 | 67 |
| Planning and Inspection | 20 | 19 | - | (1) |
| Library | 14 | 13 | 13 | 13 |
| Totals | <u>\$ 346</u> | <u>\$ 331</u> | <u>\$ 241</u> | <u>\$ 233</u> |

In fiscal year 2024-25, the total cost of services increased by \$15 million, while the net cost of services increased \$8 million compared to the previous year.

The increase in the total cost of services is largely driven by a \$2 million rise in the General administration driven by the higher interfund allocation in fiscal year 2024-25 and a \$7 million increase in the Public Safety costs during fiscal year 2024-25 primarily due to the higher personnel costs.

The net cost of services in the General Administration increased by \$6 million from the prior year, reaching \$14 million in fiscal year 2024-25. This increase is primarily attributed to a \$8 million increase in the cost of service with a \$3 million decrease in the charges for services.

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 | |
|-------------------------------|---------------------------|---------------|-------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Utilities: | | | | |
| Electric | \$ 644 | \$ 584 | \$ (224) | \$ (200) |
| Water | 64 | 58 | (2) | 2 |
| Sewer | 55 | 36 | (2) | (32) |
| Water Recycling | 10 | 9 | - | - |
| Solid Waste | 40 | 38 | (1) | (1) |
| Cemetery | 1 | 1 | - | - |
| Santa Clara Convention Center | 17 | 19 | (1) | (1) |
| Santa Clara Stadium Authority | 80 | 91 | (7) | 6 |
| Totals | <u>\$ 911</u> | <u>\$ 836</u> | <u>\$ (237)</u> | <u>\$ (226)</u> |

In fiscal year 2024-25, the City's business-type total cost of services increased by \$75 million, leading to a \$11 million reduction in the net cost of services.

The cost of services in the Electric Utility Fund increased by \$60 million up to \$644 million in fiscal year 2024-25. The increase was driven by higher expenses for resource purchases. The net cost of services in the Electric Utility Fund is at negative \$224 million, reflecting a \$24 million reduction from fiscal year 2024-25. This decrease in net cost is primarily due to a \$96 million increase in revenue on charges for services as a result of rate increase and higher consumption during the fiscal year.

The cost of services in the Sewer Utility Fund increased by \$19 million to \$55 million. This increase is primarily attributed to the recognition of a \$15 million equity loss in the sewer joint project with the City of San Jose. The net cost of services for the Sewer Utility raised to negative \$2 million, a \$30 million increase from the previous year. This significant net cost change is primarily due to the prior year's \$20 million equity gain in the sewer joint project with the City of San Jose.

The cost of services in the Santa Clara Stadium Authority (Stadium Authority) decreased by \$11 million, from \$91 million in fiscal year 2023-24 to \$80 million in fiscal year 2024-25, while the net cost of services declined to negative \$7 million. This reduction is primarily due to lower operating expenditures, including decreased Stadium Manager costs, Non-NFL event expenses, and reduced public safety costs above the threshold. The Stadium Authority is responsible for reimbursing the Forty Niners SC Stadium Company LLC for any NFL public safety costs that exceed the annual cost threshold.

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.

At June 30, 2025, the City's governmental funds reported a combined fund balance of \$490 million, an increase of \$89 million or 22.3% in comparison with the prior fiscal year. Approximately 33.7% or \$163 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, \$8 million, 2) restricted for particular purposes, \$187 million, 3) committed for particular purposes, \$115 million, or 4) assigned for particular purposes, \$17 million.

Governmental fund revenues were \$440 million, reflecting an increase of \$65 million, or 17.6%, from \$375 million in the prior year. The overall revenue increase is mainly attributed to following factors:

- a \$20 million or 64.9% increase in interest and rent driven by higher performance rent revenues from Stadium events and increased interest revenue compared to the previous fiscal year.
- a \$17 million or 28.5% increase in the sales tax from substantial growth in business-to-business activities.
- a \$10 million or 115.2% increase in the other revenue reflecting a \$5 million contribution from the Stadium and a \$3 million increase in the Housing impact fees compared to the prior year.
- A \$6 million or 17.3% increase in the contribution in-lieu tax from the Electric Utility Fund, resulting from higher charges for services due to rate increases.
- a \$5 million or 5.8% increase in property tax revenues reflecting higher assessed property value.
- a \$5 million increase in the Transient Occupancy Tax due to the tax rate increase and the ongoing recovery from the pandemic.

Governmental fund expenditures were \$359 million, reflecting an increase of \$16 million or 4.5% compared to the prior year. The increase is primarily due to a \$14 million increase within the Public Safety program.

General Fund

Revenues

The City's General Fund revenues totaled \$372 million in fiscal year 2024-25, an increase of \$61 million or 19.4% from the prior fiscal year.

Sales tax accounts for approximately 21.4% of the General Fund's direct revenues. Sales tax revenue increased by \$17.6 million, or 28.5% compared to the previous year, reaching to \$79.3 million. This significant increase was largely attributed to substantial growth in business to business activity during the current fiscal year.

Property tax (ad valorem) stands as the largest revenue source among General Fund revenues. In the fiscal year 2024-25, property tax revenues amounted to \$95.9 million, reflecting an increase of \$5.2 million, or a 5.8% growth from 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 continued rise 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. In November 2020, Santa Clara voters approved to increase the Transient Occupancy Tax rate by up to 4%, and the first two percentage point increases went into effect on January 1, 2022. The City raised the rate from 11.5% to 12.5% in January 2024 with the final one percentage point increase in January 2025, raising the rate to 13.5%. In fiscal year 2024-25, TOT revenues were \$27.0 million, an increase of \$4.6 million, or 20.8%, compared to fiscal year 2023-24. This growth reflected the impact of both the tax rate increase and the continued recovery from the pandemic.

Licenses, permits, fines and penalties revenues were \$12.3 million in business licenses, parking permit, and miscellaneous permit in fiscal year 2024-25, compared to \$11.6 million in the previous year. The 6.1% increase was primarily from higher development-related permit activity and the modest fee adjustment.

Intergovernmental revenues were \$5.8 million in fiscal year 2024-25, up from \$0.9 million in the previous year. The increase of \$4.9 million was primarily due to a \$2.6 million redistribution from the Hyatt land sale in the Successor Agency fund and an additional \$2.0 million in mutual aid reimbursement revenues for Fire Department services.

Charges for services, which excludes building development related activities, totaled \$46.0 million in fiscal year 2024-25 compared to \$45.7 million in the prior fiscal year, an increase of 0.69%.

Contributions in-lieu of taxes were approximately \$38.9 million in fiscal year 2024-25, a \$5.8 million increase from the prior fiscal year. The increase is the result of higher consumption and retail rates in Electric Fund.

Interest and rent revenues were \$44.2 million in fiscal year 2024-25, an increase of \$17.0 million from the prior fiscal year. The increase was primarily attributed to an \$11 million rise in Stadium performance rents and higher interest earnings from higher interest rates.

Other revenues totaled \$7.0 million in fiscal year 2024-25, an increase of \$5.8 million from the prior fiscal year primarily due to a \$5.2 million contribution from Stadium in the current fiscal year.

Expenditures

General Fund expenditures totaled \$285 million for fiscal year 2024-25, an increase of \$18 million or 6.8% from the prior fiscal year total of \$267 million. This amount excludes encumbrances, re-appropriations, and building related activities.

Salaries and benefits expenditures were \$218 million in fiscal year 2024-25, a \$13 million or 6.7% increase from the \$205 million spent in the previous fiscal year 2023-24. The increase is primarily attributed to a \$5.7 million increase in the police department, a \$3.0 million increase in the fire department, and a \$3.1 million in finance and public work departments.

Other operating expenditures, encompassing various categories such as materials, services, supplies, internal service fund charges, debt service, and minor capital outlays were \$67 million in fiscal year 2024-25, an increase of \$5 million from the prior fiscal year. The increase can be primarily attributed to a \$3 million increase in the internal service fund cost allocation and a \$2 million increase in materials, service and supplies.

The uses of the other financing sources for fiscal year 2024-25 were \$26 million, reflecting an increase of \$10 million when compared to the prior fiscal year. This increase can be primarily attributed to a one-time \$8.6 million transfer to fund the International Swim Center Project and a \$1 million transfer to fund the PeopleSoft upgrade project.

Fund Balance

As of June 30, 2025, total fund balance in the General Fund was \$241 million, up \$60 million from the fiscal year 2023-24. 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, 2025
(in millions)

| | 2025 | 2024 | Net Change |
|----------------------------|---------------|---------------|--------------|
| Nonspendable | \$ 8 | \$ 6 | \$ 2 |
| Restricted | 40 | 32 | 8 |
| Committed | 13 | 18 | (5) |
| Assigned | 17 | 16 | 1 |
| Unassigned | 163 | 109 | 54 |
| | <u>163</u> | <u>109</u> | <u>54</u> |
| Total General Fund Balance | <u>\$ 241</u> | <u>\$ 181</u> | <u>\$ 60</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, 2025
(in millions)

| | Original Budgeted Amount | Final Budgeted Amount | Net Change |
|------------------------------------|--------------------------------|-----------------------------|---------------|
| Revenues | \$ 296 | \$ 326 | \$ 30 |
| Expenditures | \$ 293 | \$ 298 | \$ 5 |
| Net other financing sources (uses) | \$ (16) | \$ (26) | \$ (10) |

Adjustments to the original budget were based on the following:

- The \$30 million increase in budgeted revenues is attributed to several factors: an \$11.5 million mid-year budgetary adjustment in lease revenue, which includes a \$7.3 million the Stadium's performance-based rent settlement from prior fiscal years and a \$4.2 million increase in the current year's Stadium anticipated performance rent, a \$6.2 million increase in the other revenue from Stadium per the Deposit and Disbursement Agreement dated June 19, 2013; a \$6 million increase in sales tax; a \$2 million one-time redistribution of revenue from Successor Agency land sales, a \$2 million increase in mutual aid reimbursement for wildland deployments, and a \$2 million increase in the charges for services, driven by ambulance services and higher than anticipated revenues from events at the Stadium.
- The increase in budgeted expenditures is primarily due to a \$4 million mid-year budget increase in the salary and benefits in the Fire department due to field operations overtime and higher compensatory time payouts, along with a \$1 million increase for the public healthcare ambulance transport services.
- The increase in budgeted Other Financing Uses is primarily due to an \$8.6 million transfer to the Park and Recreation Department to support the planning and construction of the temporary and permanent International Swimming Center Facility Project, and a \$1 million transfer to fund the PeopleSoft upgrade and implementation of procurement contracts and requisitions modules.

Final Budget Versus Actual

Table 5C
General Fund Final Budget Versus Actual for the Fiscal Year Ended June 30, 2025
(in millions)

| | Final Budgeted Amount | Actual Amount | Variance |
|------------------------------------|-----------------------------|------------------|----------|
| Revenues | \$ 326 | \$ 359 | \$ 33 |
| Expenditures | \$ 298 | \$ 283 | \$ (15) |
| Net other financing sources (uses) | \$ (26) | \$ (26) | \$ - |

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

- The final budgeted revenues resulted in a \$33 million positive variance mainly due to a \$16 million increase in the property taxes, sales taxes, and transient occupancy taxes, a \$6 million increase in the interest and rents, a \$4 million increase in the contribution in-lieu of taxes, and a \$4 million increase in charges for services.
- Actual expenditures were \$15 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 \$1.6 million in fiscal year 2024-25, an increase of \$608 thousand from the previous year. The growth is primarily driven by a \$377 thousand increase in loan interest received from the multi-family developer loans and a \$225 thousand increase in interest and rental income.

The general expenditures account for case management services offered to persons experiencing or at risk of homelessness, on-going administration, and labor cost related to developing land held for development of affordable housing and managing assets. In fiscal year 2024-25, the general expenditures were \$553 thousand, a decrease of \$32 thousand or 5.4% from the previous year. The reduction was mainly due to lower spending on contractual services.

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 2024-25, the Enterprise Fund net position totaled \$2.2 billion, reflecting an increase of \$307 million or 15.8% compared to the prior fiscal year. The major contributor to this increase was the Electric Utility Fund, which showed a \$270 million increase. The increase in the Electric Utility Fund can be attributed to a \$99 million increase in the charges for services and a \$40 million increase in the interest revenue and other revenue from developer contributions.

In fiscal year 2024-25, the equity of the joint venture recognized a loss of \$11 million, a significant decrease from the \$19 million gain recorded in the previous fiscal year. This decrease of \$30 million is mostly due to a \$34 million decrease in the equity associated with the San Jose Santa Clara Joint Wastewater Treatment Facility project in the Sewer Utility fund, offset by a \$4 million increase in the Electric Utility joint venture equity.

Excluding joint venture activity and net change in the fair value of investments, non-operating expenses in fiscal year 2024-25 were \$24 million, representing an \$8 million decrease from the previous fiscal year. This variance reflects a \$3 million increase in interest expense and a one-time \$6 million contribution from Stadium to the General Fund.

Electric Utility

This fund accounts for the operation of the City's electric utility services. Charges for Services revenues were \$742 million in fiscal year 2024-25, an increase of \$86 million, or 13.3% from fiscal year 23-24. The primary driver for this increase was a 5% rate increase effective July 1, 2024 and increased consumption.

Retail operating expenses reached \$638 million in fiscal year 2024-25, a \$58 million increase from \$580 million in fiscal year 2024-25. The 9.9% increase in the operating expenses were primarily attributed to the high operating cost resulting from increased consumption.

Revenues from wholesale resource operations was \$14.6 million in the current fiscal year, a slight increase from the \$11.5 million recorded in fiscal year 2023-24. The costs related to wholesale resources purchases were \$8 million comparing to \$10 million in the prior fiscal year. The decrease in wholesale resource activities in fiscal year 2024-25 was influenced by the lower gas price in the resource market.

Interest revenues was \$34 million in fiscal year 2024-25, up from \$14 million recorded in fiscal year 2023-24. This increase is primarily due to a higher interest rate environment. Interest expense was \$5.6 million in the current year.

The Electric Utility Fund had a net position of \$1,563 million at June 30, 2025, an increase of \$270 million or 20.9% from the prior fiscal year. Of this amount, \$611 million was net investment in capital assets, \$12 million was restricted for contractual obligations, and \$940 million was unrestricted. The Electric Utility 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 \$66 million for fiscal year 2024-25 compared to \$57 million for the prior fiscal year. Increased water usage and water utility rates increases are the main factors for the revenue variance of \$9 million.

Operating expenses were \$64 million in fiscal year 2024-25, compared to \$58 million in fiscal year 2023-24. The increase is primarily due to increased resource costs, higher maintenance cost and increased interfund allocation per the most recent rate study. The Water Utility Fund's net position was \$79 million at June 30, 2025.

Sewer Utility

This fund accounts for the maintenance of the City's sewer lines and related facilities. Operating revenues of the Sewer Utility were \$50 million for fiscal year 2024-25 compared to \$45 million in fiscal year 2023-24. The additional revenue was mainly due to the increase in sewer utility rates. Non-operating revenue was \$6.9 million in the current year.

Operating expenses totaled \$39 million in fiscal year 2024-25, an increase of \$5 million from the prior year. The increase was primarily driven by a \$3.5 million rise in the City's share of wastewater plant operation and maintenance costs.

The Sewer Utility Fund had a net position of \$380 million at June 30, 2025. Of this amount, \$38 million was net investment in capital assets, \$267 million was restricted for joint venture capital projects and \$75 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 19.86% of the assets, capital, and operating costs. In fiscal year 2023-24, the City of San Jose reported that a loss of the Utility's equity in the Regional Wastewater Facility was \$15 million (fiscal year 2024-25 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 \$9 million, an increase of \$1 million from the prior year. Revenue increase is due to a combination of recycled water utility rates increase, increased usage and higher other agencies revenue due to reimbursement for an emergency leak repair. Operating expenses is \$10 million, an increase of \$1 million from fiscal year 2023-24 due to higher resource cost, and higher maintenance cost for an emergency leak repair. The net position at June 30, 2025 remains 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, 2025, the Stadium Authority recorded approximately \$83.3 million in operating revenue, \$1.4 million more than prior year. This was mainly due to increases in revenue from ticketed Non-NFL events, rents and licenses and NFL ticket surcharge. Operating expenses were \$62 million, decreasing \$17.6 million from the prior fiscal year. This decrease is primarily due to lower Stadium Manager expenses, Non-NFL event expenses and

public safety costs over threshold. Net position at March 31, 2025 was \$182 million, an increase of \$49 million from the previous fiscal year. Refer to Note 6 for additional information.

Solid Waste

This fund accounts for the administration of the City's garbage and rubbish collection service. Operating revenues were \$40.9 million in fiscal year 2024-25, an increase of \$1.7 million from the prior fiscal year. Operating expenses were \$39.8 million compared to \$37.8 million in FY23-24, mainly due to the increases in the garbage collection, disposal and recycling service costs. The Solid Waste Fund's net position was \$3.8 million at June 30, 2025.

Cemetery

This fund accounts for the Mission City Memorial Park's operations. Operating revenues for FY24-25 were \$1.0 million, an increase of 30% from the prior fiscal year. Operating expenses remained consistent with prior year at \$1.2 million. Net position at June 30, 2025, was \$4.0 million.

Santa Clara Convention Center

This fund accounts for the operations of the Santa Clara Convention Center. Operating revenues were \$18 million in fiscal year 2024-25 compared to \$20 million in fiscal year 2023-24. Expenses were \$17 million in the fiscal year 2024-25 compared to \$19 million in prior fiscal year. The decrease in revenues and operating expenses are directly related to the decreased events at the Convention Center. Net position at June 30, 2025, was \$29 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 2024-25 due to the expiration of the operating lease. Operating expenses were \$11 thousand, with a net position at June 30, 2025 of \$2 million.

CAPITAL ASSETS

At June 30, 2025, the City's capital assets totaled \$687 million in Governmental Activities, and \$1.527 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, 2025
(in millions)

| | 2025 | 2024 | Net Change |
|----------------------------------|-----------------|-----------------|--------------|
| Governmental Activities: | | | |
| Land | \$ 133 | \$ 130 | \$ 3 |
| Construction in progress | 61 | 59 | 2 |
| Land improvements | 69 | 60 | 9 |
| Buildings | 218 | 217 | 1 |
| Infrastructure | 664 | 646 | 18 |
| Machinery and equipment | 99 | 89 | 10 |
| Right-to-use leased Equipment | 2 | 1 | 1 |
| Right-to-use SBITA | 13 | 13 | - |
| Less accumulated depreciation | (572) | (546) | (26) |
| Totals | <u>\$ 687</u> | <u>\$ 669</u> | <u>\$ 18</u> |
| Business-Type Activities: | | | |
| Land | \$ 24 | \$ 19 | \$ 5 |
| Construction in progress | 148 | 93 | 55 |
| Buildings | 924 | 922 | 2 |
| Infrastructure | 1,331 | 1,316 | 15 |
| Machinery and equipment | 34 | 30 | 4 |
| Right-to-use leased building | 3 | 3 | - |
| Right-to-use SBITA | 4 | 4 | - |
| Less accumulated depreciation | (941) | (889) | (52) |
| Totals | <u>\$ 1,527</u> | <u>\$ 1,498</u> | <u>\$ 29</u> |

The increase of \$18 million in the Governmental Funds infrastructure was primarily due to \$7.5 million in the improvement in street and sidewalk infrastructure and \$10.5 million of Contributed Infrastructure from various developers. The \$29 million increase in Enterprise Funds infrastructure was mainly due to \$11 million in Electric infrastructure improvements, \$3.4 million in replacement of the water distribution system, and \$500 thousand in sanitary sewer system improvements.

The Biennial Capital Improvement Project Budget for fiscal year 2023-24 and 2024-25 and the Five-Year Financial Plan for fiscal year 2023-24 through fiscal year 2027-28 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 2024-25 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, 2025 the City's debt was comprised of the following:

Table 7
Outstanding Debt at June 30, 2025
(in millions)

| | Balance | Balance | |
|---|---------------|---------------|---------------|
| | June 30, 2025 | June 30, 2024 | Net Change |
| Governmental Activity Debt: | | | |
| Refunding Certificates of Participation, Series 2013 | \$ 8 | \$ 9 | \$ (1) |
| Business-Type Debt: | | | |
| Electric Utility Revenue Bonds, net of unamortized discount | 150 | 27 | 123 |
| Electric Loan Agreements | 76 | 86 | (10) |
| Sewer Utility Loan Agreements | 5 | 6 | (1) |
| Sewer Utility Certificates of Participation 2023 | 35 | 36 | (1) |
| StadCo CFD Advance ⁽¹⁾ | 27 | 29 | (2) |
| Stadium Funding Trust Loan ⁽¹⁾ | 193 | 200 | (7) |
| Total Debt | <u>\$ 494</u> | <u>\$ 393</u> | <u>\$ 101</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.

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.

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Basic Financial Statements

| |
|--|
| <p style="text-align: center;">CITY OF SANTA CLARA GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</p> |
|--|

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, 2025

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments (Note 7): | | | |
| Pooled cash and investments | \$ 483,677,498 | \$ 998,667,908 | \$ 1,482,345,406 |
| Investments with fiscal agent | 18,993 | 147,070,441 | 147,089,434 |
| Receivables (net of allowance for uncollectible): | | | |
| Accounts | 16,446,873 | 207,472,963 | 223,919,836 |
| Interest | 11,851,291 | 6,487,317 | 18,338,608 |
| Intergovernmental | 17,900,299 | - | 17,900,299 |
| Leases receivable (Note 4) | 1,400,066 | 12,529,804 | 13,929,870 |
| Derivative financial instruments (Note 10D) | - | 2,871,435 | 2,871,435 |
| Materials, supplies and prepaids | 6,136,523 | 26,762,778 | 32,899,301 |
| Land held for development (Note 2H) | 1,703,500 | - | 1,703,500 |
| Total Current Assets | 539,135,043 | 1,401,862,646 | 1,940,997,689 |
| Noncurrent Assets | | | |
| Restricted cash (Note 7) | 40,198,370 | 107,364,022 | 147,562,392 |
| Investment with fiscal agent (Note 7) | 716,085 | 11,537,926 | 12,254,011 |
| Deposits (Note 7) | - | 7,621,750 | 7,621,750 |
| Leases receivable, noncurrent (Note 4) | 252,965,791 | 572,925,727 | 825,891,518 |
| Internal balances (Note 8C) | (7,470,150) | 7,272,896 | (197,254) |
| Long term loans, net | 134,129,457 | - | 134,129,457 |
| Capital assets (Note 9): | | | |
| Land and construction in progress | 193,409,805 | 172,640,238 | 366,050,043 |
| Capital assets being depreciated, net | 494,052,567 | 1,354,786,943 | 1,848,839,510 |
| Investment in joint ventures (Note 12) | 5,287,765 | 331,003,182 | 336,290,947 |
| Other | 22,680 | 2,263,947 | 2,286,627 |
| Total Noncurrent Assets | 1,113,312,371 | 2,567,416,631 | 3,680,729,002 |
| Total Assets | 1,652,447,414 | 3,969,279,277 | 5,621,726,691 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Derivative instruments (Note 10D) | - | 1,098,675 | 1,098,675 |
| Refunding of debt | - | 3,616,269 | 3,616,269 |
| OPEB related items (Note 16) | 1,663,649 | 613,787 | 2,277,436 |
| Pension related items (Note 13) | 108,649,531 | 24,852,655 | 133,502,186 |
| Total Deferred Outflows of Resources | 110,313,180 | 30,181,386 | 140,494,566 |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
STATEMENT OF NET POSITION
June 30, 2025

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-------------------------|
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accrued liabilities | 42,978,732 | 86,062,275 | 129,041,007 |
| Deposits | 5,094,824 | - | 5,094,824 |
| Interest payable | 256,706 | 9,326,588 | 9,583,294 |
| Accrued compensated absences (Note 2L) | 10,571,743 | 4,028,935 | 14,600,678 |
| Unearned revenue, current portion | 1,768,322 | 23,213,250 | 24,981,572 |
| Landfill closure liability (Note 11) | - | 812,000 | 812,000 |
| Derivative financial instruments (Note 10D) | - | 1,098,675 | 1,098,675 |
| Current portion of lease obligation (Note 10H) | 89,127 | 240,824 | 329,951 |
| Current portion of SBITA (Note 10I) | 2,049,881 | 503,819 | 2,553,700 |
| Long-term debt due within one year (Note 10) | 1,120,000 | 24,697,559 | 25,817,559 |
| Total Current Liabilities | 63,929,335 | 149,983,925 | 213,913,260 |
| Noncurrent Liabilities | | | |
| Long-term portion estimated claims (Note 19) | 24,527,000 | - | 24,527,000 |
| Accrued compensated absences (Note 2L) | 20,007,231 | 7,623,448 | 27,630,679 |
| Landfill closure liabilities (Note 11) | - | 6,645,136 | 6,645,136 |
| Unearned revenue | 4,984,044 | 401,565,885 | 406,549,929 |
| Long-term lease obligation (Note 10H) | 1,424,882 | - | 1,424,882 |
| Long-term SBITA obligation (Note 10I) | 5,516,040 | 1,991,616 | 7,507,656 |
| Long-term debt due after one year (Note 10) | 7,216,503 | 461,582,110 | 468,798,613 |
| Net OPEB liability due after one year (Note 16) | 25,430,842 | 9,382,316 | 34,813,158 |
| Net pension liability due after one year (Note 13) | 526,827,946 | 142,157,350 | 668,985,296 |
| Total Noncurrent Liabilities | 615,934,488 | 1,030,947,861 | 1,646,882,349 |
| Total Liabilities | 679,863,823 | 1,180,931,786 | 1,860,795,609 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Derivative instruments (Note 10D) | - | 2,871,435 | 2,871,435 |
| Refunding of debt | - | 768,263 | 768,263 |
| Leases related (Note 4) | 246,106,700 | 564,390,656 | 810,497,356 |
| OPEB related items (Note 16) | 1,602,691 | 591,293 | 2,193,984 |
| Pension related items (Note 13) | 1,066,115 | 187,345 | 1,253,460 |
| Total Deferred Inflows of Resources | 248,775,506 | 568,808,992 | 817,584,498 |
| NET POSITION (Note 18) | | | |
| Net investment in capital assets | 670,045,939 | 1,196,204,565 | 1,866,250,504 |
| Restricted for: | | | |
| Capital projects and other agreements | 163,995,559 | 376,173,684 | 540,169,243 |
| Debt service | 702,777 | - | 702,777 |
| Housing activities | 159,659,545 | - | 159,659,545 |
| Community development | 40,806,146 | - | 40,806,146 |
| Transportation | 4,185,702 | - | 4,185,702 |
| Pension rate stabilization program | 37,546,639 | 15,920,257 | 53,466,896 |
| Maintenance | 2,380,868 | - | 2,380,868 |
| Other purposes | 8,346,236 | - | 8,346,236 |
| Total Restricted Net Position | 417,623,472 | 392,093,941 | 809,717,413 |
| Unrestricted Net Position | (253,548,147) | 661,421,379 | 407,873,232 |
| Total Net Position | \$ 834,121,265 | \$ 2,249,719,885 | \$ 3,083,841,150 |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | |
|--|------------------|------------------------------------|-------------------------|--|--|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | | |
| General Administration | \$ 41,153,610 | \$ (5,709,507) | \$ 18,455,541 | \$ 2,830,035 | \$ 187,985 |
| City Clerk | 2,038,375 | (482,833) | 47,856 | - | - |
| City Attorney | 2,950,302 | (450,644) | - | - | - |
| Human Resources | 4,298,887 | (1,802,576) | - | - | - |
| Finance | 18,587,973 | (7,773,608) | 2,768,170 | - | - |
| Public Works | 50,006,423 | (2,511,797) | 8,692,835 | 6,066,163 | 20,346,722 |
| Parks and Recreation | 27,503,837 | - | 3,948,677 | 2,715,300 | - |
| Public Safety: | | | | | |
| Police | 101,064,768 | (40,572) | 1,008,762 | 2,270,776 | - |
| Fire | 84,243,367 | - | 9,622,140 | 6,641,621 | - |
| Planning and Inspection | 20,009,318 | - | 20,093,748 | 199,093 | - |
| Library | 13,757,368 | - | 9,477 | 256,099 | - |
| Interest on long term debt | 382,249 | - | - | - | - |
| Total Governmental Activities | 365,996,477 | (18,771,537) | 64,647,206 | 20,979,087 | 20,534,707 |
| Business-type Activities: | | | | | |
| Utilities: | | | | | |
| Electric | 633,427,608 | 9,427,837 | 866,391,530 | - | - |
| Water | 60,954,319 | 3,043,221 | 66,475,472 | - | - |
| Sewer | 53,801,740 | 1,519,002 | 57,414,390 | - | - |
| Water Recycling | 9,970,110 | 88,395 | 9,949,771 | - | - |
| Solid Waste | 37,601,423 | 2,094,247 | 40,950,266 | - | - |
| Cemetery | 1,089,040 | 135,363 | 1,010,289 | - | - |
| Sports and Open Space Authority | 10,653 | - | - | - | - |
| Santa Clara Convention Center | 16,943,517 | 423,494 | 18,284,460 | - | - |
| Santa Clara Stadium Authority | 77,602,688 | 2,039,978 | 83,338,250 | - | 3,408,575 |
| Total Business-type Activities | 891,401,098 | 18,771,537 | 1,143,814,428 | - | 3,408,575 |
| Total | \$ 1,257,397,575 | - | \$ 1,208,461,634 | \$ 20,979,087 | \$ 23,943,282 |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Sales | | | | | |
| Ad valorem property | | | | | |
| Transient occupancy | | | | | |
| Other | | | | | |
| Contribution in lieu of taxes | | | | | |
| Investment earnings | | | | | |
| Net increase in the fair value of investments | | | | | |
| Equity in gains of joint ventures | | | | | |
| Rents and royalties | | | | | |
| Gain on retirement of capital asset | | | | | |
| Other | | | | | |
| Transfers (Note 8A) | | | | | |
| Total General Revenues and Transfers | | | | | |
| Change in Net Position | | | | | |
| Net Position - beginning | | | | | |
| GASB 101 implementation (Note 18E) | | | | | |
| Accounting policy change-unavailable revenues (Note 18E) | | | | | |
| Error correction (Note 6F and 18E) | | | | | |
| 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, 2025
Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|------------------|
| \$ (13,970,542) | \$ - | \$ (13,970,542) |
| (1,507,686) | - | (1,507,686) |
| (2,499,658) | - | (2,499,658) |
| (2,496,311) | - | (2,496,311) |
| (8,046,195) | - | (8,046,195) |
| (12,388,906) | - | (12,388,906) |
| (20,839,860) | - | (20,839,860) |
| (97,744,658) | - | (97,744,658) |
| (67,979,606) | - | (67,979,606) |
| 283,523 | - | 283,523 |
| (13,491,792) | - | (13,491,792) |
| (382,249) | - | (382,249) |
| (241,063,940) | - | (241,063,940) |
| - | 223,536,085 | 223,536,085 |
| - | 2,477,932 | 2,477,932 |
| - | 2,093,648 | 2,093,648 |
| - | (108,734) | (108,734) |
| - | 1,254,596 | 1,254,596 |
| - | (214,114) | (214,114) |
| - | (10,653) | (10,653) |
| - | 917,449 | 917,449 |
| - | 7,104,159 | 7,104,159 |
| - | 237,050,368 | 237,050,368 |
| (241,063,940) | 237,050,368 | (4,013,572) |
| 79,352,441 | - | 79,352,441 |
| 95,318,926 | - | 95,318,926 |
| 26,992,989 | - | 26,992,989 |
| 7,407,028 | - | 7,407,028 |
| 38,881,781 | - | 38,881,781 |
| 26,226,477 | 57,816,726 | 84,043,203 |
| 7,432,664 | 16,750,981 | 24,183,645 |
| - | 3,612,641 | 3,612,641 |
| 23,091,255 | - | 23,091,255 |
| - | 7,399 | 7,399 |
| 25,547,170 | - | 25,547,170 |
| 5,051,497 | (5,051,497) | - |
| 335,302,228 | 73,136,250 | 408,438,478 |
| 94,238,288 | 310,186,618 | 404,424,906 |
| 721,823,971 | 1,919,078,716 | 2,640,902,687 |
| (7,124,240) | (2,665,444) | (9,789,684) |
| 25,183,246 | - | 25,183,246 |
| - | 23,119,995 | 23,119,995 |
| 739,882,977 | 1,939,533,267 | 2,679,416,244 |
| \$ 834,121,265 | \$ 2,249,719,885 | \$ 3,083,841,150 |

See accompanying notes to basic financial statements

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**CITY OF SANTA CLARA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2025**

| |
|---|
| 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 2024-25. 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, 2025**

| | General Fund | Santa Clara Housing Successor |
|---|-------------------------|--|
| ASSETS | | |
| Cash and investments (Note 7): | | |
| Pooled cash and investments | \$ 185,828,042 | \$ 5,295,129 |
| Investments with fiscal agent - current | - | - |
| Restricted cash | 37,546,639 | - |
| Receivables (net of allowance for uncollectibles): | | |
| Accounts | 13,863,720 | - |
| Interest | 11,851,291 | - |
| Loans | 4,434,698 | 103,924,084 |
| Intergovernmental | 14,539,148 | - |
| Due from other funds (Note 8B) | 118,978 | - |
| Materials, supplies and prepaids | 1,491,558 | - |
| Land held for development (Note 2H) | - | 1,703,500 |
| Investments with fiscal agent - noncurrent (Note 7) | - | - |
| Leases Receivable (Note 4) | 254,365,857 | - |
| Other | 22,680 | - |
| Total Assets | \$ 524,062,611 | \$ 110,922,713 |
| LIABILITIES | | |
| Accrued liabilities | \$ 25,934,959 | \$ 140,464 |
| Deposits | 5,094,824 | - |
| Unearned revenue | 1,407,834 | 5,064,044 |
| Total Liabilities | 32,437,617 | 5,204,508 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - Lease revenues (Note 4) | 246,106,700 | - |
| Unavailable revenue - Loans | 4,434,698 | 98,839,215 |
| Total Deferred Inflows of Resources | 250,541,398 | 98,839,215 |
| FUND BALANCES (Note 18) | | |
| Nonspendable | 8,296,261 | - |
| Restricted | 39,816,691 | 6,878,990 |
| Committed | 12,775,977 | - |
| Assigned | 16,979,509 | - |
| Unassigned | 163,215,158 | - |
| Total Fund Balances | 241,083,596 | 6,878,990 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 524,062,611 | \$ 110,922,713 |

See accompanying notes to basic financial statements

**CITY OF SANTA CLARA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025**

| Non-Major Governmental Funds | Total Governmental Funds |
|---|-------------------------------------|
| \$ 243,135,774 | \$ 434,258,945 |
| 18,993 | 18,993 |
| 2,651,731 | 40,198,370 |
| 529,405 | 14,393,125 |
| - | 11,851,291 |
| 83,274,882 | 191,633,664 |
| 3,361,151 | 17,900,299 |
| - | 118,978 |
| 54,578 | 1,546,136 |
| - | 1,703,500 |
| 716,085 | 716,085 |
| - | 254,365,857 |
| - | 22,680 |
| <u>\$ 333,742,599</u> | <u>\$ 968,727,923</u> |
| \$ 8,283,253 | \$ 34,358,676 |
| - | 5,094,824 |
| 280,488 | 6,752,366 |
| <u>8,563,741</u> | <u>46,205,866</u> |
| - | 246,106,700 |
| 83,274,882 | 186,548,795 |
| <u>83,274,882</u> | <u>432,655,495</u> |
| - | 8,296,261 |
| 139,935,846 | 186,631,527 |
| 101,968,130 | 114,744,107 |
| - | 16,979,509 |
| - | 163,215,158 |
| <u>241,903,976</u> | <u>489,866,562</u> |
| <u>\$ 333,742,599</u> | <u>\$ 968,727,923</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, 2025

| | |
|---|-----------------------|
| TOTAL GOVERNMENTAL FUND BALANCE | \$ 489,866,562 |
| 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) | (10,229,249) |
| Interest payable | (118,662) |
| CAPITAL ASSETS | |
| Capital assets used in Governmental Activities are not current assets or financial resources and, therefore, are not reported in the Governmental Funds. | 678,091,087 |
| Right to use leases assets and SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 9,371,285 |
| INVESTMENT IN NON-BUSINESS-TYPE JOINT VENTURE | 5,287,765 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| OPEB related (excluding Internal Service Funds) | 1,621,077 |
| Pension related (excluding Internal Service Funds) | 107,020,386 |
| 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 | 49,418,553 |
| Accounts receivable | 2,053,748 |
| Materials, supplies and prepaid | 4,590,387 |
| Deferred outflows OPEB related items | 42,572 |
| Deferred outflows pension related items | 1,629,145 |
| Accrued liabilities, including short-term portion of estimated claims | (8,620,056) |
| Long-term portion of estimated claims | (24,527,000) |
| Compensated absences - current | (342,494) |
| Compensated absences - long-term | (648,334) |
| Internal balances | (7,589,128) |
| Lease obligations, including interest payable | (1,532,375) |
| SBITA obligations, including interest payable | (621,014) |
| Net OPEB liability | (650,782) |
| Net pension liability | (8,808,149) |
| Deferred inflows OPEB related items | (41,013) |
| Deferred inflows pension related items | (11,608) |
| 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 | (10,376,219) |
| Long-term debt | (8,336,503) |
| Long-term liability associated with SBITA agreements (excluding Internal Service Funds) | (7,064,586) |
| Non-current portion of accrued compensated absences (excluding Internal Service Funds) | (19,358,897) |
| Net OPEB liability (excluding Internal Service Funds) | (24,780,060) |
| Net pension liability (excluding Internal Service Funds) | (518,019,796) |
| 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. | 139,420,808 |
| OPEB related (excluding Internal Service Funds) | (1,561,678) |
| Pension related (excluding Internal Service Funds) | (1,054,507) |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 834,121,265 |

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, 2025

| | General Fund | Santa Clara Housing Successor |
|---|-------------------------|--|
| REVENUES | | |
| Taxes: | | |
| Sales | \$ 79,352,441 | \$ - |
| Ad valorem | 95,931,933 | - |
| Transient occupancy | 26,992,989 | - |
| Other | 7,018,562 | - |
| Licenses, permits, fines, and penalties | 12,320,410 | - |
| Intergovernmental | 5,804,185 | - |
| Charges for services | 46,030,814 | - |
| Contributions in-lieu of taxes | 38,881,781 | - |
| Interest and rents | 44,232,968 | 302,460 |
| Net increase (decrease) in the fair value of investments | 7,432,664 | - |
| Other | 7,001,166 | 1,260,917 |
| Total Revenues | <u>370,999,913</u> | <u>1,563,377</u> |
| EXPENDITURES | | |
| Current: | | |
| General Administration | 28,658,142 | 553,194 |
| City Clerk | 2,154,922 | - |
| City Attorney | 3,128,458 | - |
| Human Resources | 4,380,656 | - |
| Finance | 21,222,709 | - |
| Public Works | 25,698,149 | - |
| Parks and Recreation | 21,220,135 | - |
| Public Safety: | | |
| Police | 90,870,567 | - |
| Fire | 69,436,548 | - |
| Planning and Inspection | 4,364,063 | - |
| Library | 11,803,441 | - |
| Capital outlay | 670,261 | - |
| Debt service (Note 10): | | |
| Principal payments | 1,506,681 | - |
| Interest and fiscal fees | 103,345 | - |
| Total Expenditures | <u>285,218,077</u> | <u>553,194</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>85,781,836</u> | <u>1,010,183</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Subscription Based IT Arrangement Liabilities (Note 10I) | 586,348 | - |
| Transfers in (Note 8A) | 3,660,769 | - |
| Transfers (out) (Note 8A) | (30,264,809) | - |
| Total Other Financing Sources (Uses) | <u>(26,017,692)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 59,764,144 | 1,010,183 |
| Fund balances - beginning | 181,319,452 | 5,868,807 |
| Fund balances - ending | <u>\$ 241,083,596</u> | <u>\$ 6,878,990</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, 2025

| Non-Major Governmental Funds | Total Governmental Funds |
|---|-------------------------------------|
| \$ - | \$ 79,352,441 |
| - | 95,931,933 |
| - | 26,992,989 |
| 388,466 | 7,407,028 |
| 9,356,968 | 21,677,378 |
| 26,146,765 | 31,950,950 |
| 14,696,738 | 60,727,552 |
| - | 38,881,781 |
| 5,647,286 | 50,182,714 |
| - | 7,432,664 |
| 10,686,030 | 18,948,113 |
| 66,922,253 | 439,485,543 |
| 7,581,915 | 36,793,251 |
| - | 2,154,922 |
| - | 3,128,458 |
| - | 4,380,656 |
| - | 21,222,709 |
| 8,419,003 | 34,117,152 |
| 2,080,059 | 23,300,194 |
| 1,102,547 | 91,973,114 |
| 9,581,208 | 79,017,756 |
| 16,026,244 | 20,390,307 |
| 206,072 | 12,009,513 |
| 21,089,886 | 21,760,147 |
| 1,204,699 | 2,711,380 |
| 372,100 | 475,445 |
| 67,663,733 | 353,435,004 |
| (741,480) | 86,050,539 |
| - | 586,348 |
| 42,088,339 | 45,749,108 |
| (12,827,545) | (43,092,354) |
| 29,260,794 | 3,243,102 |
| 28,519,314 | 89,293,641 |
| 213,384,662 | 400,572,921 |
| \$ 241,903,976 | \$ 489,866,562 |

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, 2025

| | |
|--|-----------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 89,293,641 |
| 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 | (1,836,950) |
| 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 | 21,161,268 |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of Internal Service Fund depreciation of \$3,125,515 which has already been allocated to service funds.) | (22,543,516) |
| Retirements of capital assets (net of Internal Service Fund retirement of \$6,503) | (447) |
| 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. | 13,068,442 |
| JOINT VENTURES - PROFIT FROM EQUITY | (213,789) |
| LONG TERM DEBT PROCEEDS AND PAYMENTS | |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. | |
| Issuance of SBITA liability is deducted from fund balance | (586,348) |
| 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 | 1,085,000 |
| Amortization of bond premium | 108,600 |
| 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 | (340,671) |
| Non-current portion of accrued compensated absences | 624,136 |
| Interest payable | 14,578 |
| Unavailable revenue | 1,942,901 |
| Lease related expense | 225 |
| SBITA related expense | 734,928 |
| OPEB related expense | 953,074 |
| Pension related expense | (14,850,414) |
| 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 | 6,143,651 |
| Change in Net Position of Internal Service Funds reported with Business-Type Activities | (520,021) |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 94,238,288</u> |

See accompanying notes to basic financial statements

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| |
|--|
| <p style="text-align: center;">CITY OF SANTA CLARA MAJOR PROPRIETARY FUNDS</p> |
|--|

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 2024-25.

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 National Football League (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, 2025

| | Business-type Activities-Enterprise Funds | | |
|---|--|--------------------|--------------------|
| | Electric | Water | Sewer |
| | Utility | Utility | Utility |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments (Note 7): | | | |
| Pooled cash and investments | \$ 817,007,119 | \$ 25,031,021 | \$ 112,195,033 |
| Investments with fiscal agent | 130,517,424 | - | - |
| Receivables (net of allowance for uncollectible): | | | |
| Accounts | 154,525,464 | 10,898,187 | 6,705,082 |
| Interest | 5,717,203 | 112,402 | 640,328 |
| Other | - | - | - |
| Leases receivable (Note 4) | 271,306 | 34,559 | 34,559 |
| Derivative financial instrument (Note 10D) | 2,871,435 | - | - |
| Due from other funds (Note 8B) | 4,773,495 | 1,309,352 | 1,220,074 |
| Materials, supplies and prepaids | 25,172,910 | 1,589,868 | - |
| Total current assets | <u>1,140,856,356</u> | <u>38,975,389</u> | <u>120,795,076</u> |
| Noncurrent assets: | | | |
| Restricted cash (Note 7) | 11,792,344 | 2,558,750 | 1,124,084 |
| Investment with fiscal agent (Note 7) | - | - | 1,691 |
| Deposits (Note 7) | 7,621,750 | - | - |
| Leases receivable, noncurrent (Note 4) | 1,581,619 | 621,495 | 621,495 |
| Capital assets (Note 9): | | | |
| Land | 19,879,593 | 661,268 | 725,328 |
| Construction in progress | 138,921,943 | 133,756 | 15,103 |
| Buildings, infrastructure and land improvements | 1,158,113,200 | 115,302,788 | 68,845,569 |
| Equipment | 10,745,377 | 4,449,370 | 5,462,089 |
| Right-to-use leased assets | 2,916,623 | - | - |
| Right-to-use SBITA | 3,837,038 | - | - |
| | <u>1,334,413,774</u> | <u>120,547,182</u> | <u>75,048,089</u> |
| Less accumulated depreciation | 605,432,919 | 56,678,418 | 31,970,980 |
| Net capital assets | <u>728,980,855</u> | <u>63,868,764</u> | <u>43,077,109</u> |
| Investment in joint ventures (Note 12) | 65,322,413 | - | 265,680,769 |
| Other assets | - | - | - |
| Total noncurrent assets | <u>815,298,981</u> | <u>67,049,009</u> | <u>310,505,148</u> |
| Total assets | <u>1,956,155,337</u> | <u>106,024,398</u> | <u>431,300,224</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Derivative instruments (Note 10D) | 1,098,675 | - | - |
| Refunding of debt | 3,616,269 | - | - |
| OPEB related items (Note 16) | 440,104 | 96,943 | 46,064 |
| Pension related items (Note 13) | 19,295,396 | 2,887,506 | 1,493,481 |
| Total deferred outflows of resources | <u>24,450,444</u> | <u>2,984,449</u> | <u>1,539,545</u> |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2025

| Business-type Activities-Enterprise Funds | | | | | Internal Service Funds (Note 2B) |
|--|---|-----------------------------------|----------------|---------------|---|
| Water Recycling Utility | Santa Clara Stadium Authority (as of March 31, 2025) restated (Note 6) | Non-Major Enterprise Funds | TOTAL | | |
| \$ 6,747,449 | \$ 7,977,439 | \$ 28,740,498 | \$ 997,698,559 | \$ 50,387,902 | |
| - | 16,553,017 | - | 147,070,441 | - | |
| 1,666,256 | 23,280,276 | 10,397,696 | 207,472,961 | 2,053,748 | |
| 17,384 | - | - | 6,487,317 | - | |
| - | - | - | - | - | |
| - | 12,189,380 | - | 12,529,804 | - | |
| - | - | - | 2,871,435 | - | |
| - | - | 286,207 | 7,589,128 | 46,059 | |
| - | - | - | 26,762,778 | 4,590,387 | |
| 8,431,089 | 60,000,112 | 39,424,401 | 1,408,482,423 | 57,078,096 | |
| 197,081 | 89,150,424 | 2,541,339 | 107,364,022 | - | |
| - | 11,536,235 | - | 11,537,926 | - | |
| - | - | - | 7,621,750 | - | |
| - | 570,101,118 | - | 572,925,727 | - | |
| - | - | 3,092,872 | 24,359,061 | - | |
| - | 7,530,524 | 1,679,851 | 148,281,177 | - | |
| 1,257,070 | 830,191,432 | 81,854,015 | 2,255,564,074 | - | |
| - | 9,852,476 | 3,006,588 | 33,515,900 | 53,111,318 | |
| - | - | - | 2,916,623 | 2,234,821 | |
| - | - | - | 3,837,038 | 2,397,211 | |
| 1,257,070 | 847,574,432 | 89,633,326 | 2,468,473,873 | 57,743,350 | |
| 234,778 | 180,594,523 | 66,135,074 | 941,046,692 | 36,218,743 | |
| 1,022,292 | 666,979,909 | 23,498,252 | 1,527,427,181 | 21,524,607 | |
| - | - | - | 331,003,182 | - | |
| - | 2,263,947 | - | 2,263,947 | - | |
| 1,219,373 | 1,340,031,633 | 26,039,591 | 2,560,143,735 | 21,524,607 | |
| 9,650,462 | 1,400,031,745 | 65,463,992 | 3,968,626,158 | 78,602,703 | |
| - | - | - | 1,098,675 | - | |
| - | - | - | 3,616,269 | - | |
| 6,773 | - | 23,903 | 613,787 | 42,572 | |
| 309,070 | - | 867,202 | 24,852,655 | 1,629,145 | |
| 315,843 | - | 891,105 | 30,181,386 | 1,671,717 | |

(continued)

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2025

| | Business-type Activities-Enterprise Funds | | |
|---|--|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accrued liabilities | 56,862,758 | 6,517,429 | 64,697 |
| Interest payable | 3,801,132 | - | 709,047 |
| Unearned revenue | 915,150 | 4,754 | 4,754 |
| Due to other funds (Note 8B) | - | - | - |
| Accrued compensated absences (Note 2L) | 3,414,541 | 365,313 | 140,904 |
| Current portion of landfill closure liability (Note 11) | - | - | - |
| Current portion of long-term debt (Note 10) | 15,260,000 | - | 1,599,465 |
| Current portion derivative financial instruments (Note 10D) | 1,098,675 | - | - |
| Current portion of leases obligation (Note 10H) | 240,824 | - | - |
| Current portion of SBITA (Note 10I) | 503,819 | - | - |
| Total current liabilities | <u>82,096,899</u> | <u>6,887,496</u> | <u>2,518,867</u> |
| Noncurrent liabilities: | | | |
| Unearned revenue | - | - | - |
| Long-term portion estimated claims | - | - | - |
| Long-term compensated absences (Note 2L) | 6,459,948 | 691,237 | 267,052 |
| Landfill closure liability (Note 11) | - | - | - |
| Long-term debt (Note 10) | 210,996,153 | - | 38,814,787 |
| Long-term leases obligation (Note 10H) | - | - | - |
| Long-term SBITA (Nte 10I) | 1,991,616 | - | - |
| Net OPEB liability (Note 16) | 6,727,406 | 1,481,870 | 704,128 |
| Net pension liability (Note 13) | 103,868,311 | 19,866,897 | 9,901,579 |
| Total noncurrent liabilities | <u>330,043,434</u> | <u>22,040,004</u> | <u>49,687,546</u> |
| Total liabilities | <u>412,140,333</u> | <u>28,927,500</u> | <u>52,206,413</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Derivative instruments (Note 10D) | 2,871,435 | - | - |
| Refunding of debt | 768,263 | - | - |
| Leases related (Note 4) | 1,712,000 | 563,039 | 563,039 |
| OPEB related items (Note 16) | 423,976 | 93,390 | 44,376 |
| Pension related items (Note 13) | 136,885 | 26,182 | 13,049 |
| Total deferred inflows of resources | <u>5,912,559</u> | <u>682,611</u> | <u>620,464</u> |
| NET POSITION (Note 18) | | | |
| Net investment in capital assets | 611,335,584 | 63,868,764 | 37,824,835 |
| Restricted for capital projects and other agreements | 11,792,344 | 2,255,660 | 266,804,853 |
| Unrestricted | 939,424,961 | 13,274,312 | 75,383,204 |
| Total net position | <u>\$ 1,562,552,889</u> | <u>\$ 79,398,736</u> | <u>\$ 380,012,892</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, 2025**

| Business-type Activities-Enterprise Funds | | | | Internal Service Funds (Note 2B) |
|--|---|---|-------------------------|---|
| Water Recycling Utility | Santa Clara Stadium Authority (as of March 31, 2025) restated (Note 6) | Non-Major Enterprise Funds | TOTAL | |
| 1,910,342 | 13,939,371 | 6,767,677 | 86,062,274 | 8,620,056 |
| - | 4,816,409 | - | 9,326,588 | 22,051 |
| - | 16,394,288 | 5,894,304 | 23,213,250 | - |
| - | 316,232 | - | 316,232 | 7,635,187 |
| - | - | 108,177 | 4,028,935 | 342,494 |
| - | - | 812,000 | 812,000 | - |
| - | 7,838,094 | - | 24,697,559 | - |
| - | - | - | 1,098,675 | - |
| - | - | - | 240,824 | 89,127 |
| - | - | - | 503,819 | 617,329 |
| 1,910,342 | 43,304,394 | 13,582,158 | 150,300,156 | 17,326,244 |
| - | 401,565,885 | - | 401,565,885 | - |
| - | - | - | - | 24,527,000 |
| - | - | 205,211 | 7,623,448 | 648,334 |
| - | - | 6,645,136 | 6,645,136 | - |
| - | 211,771,170 | - | 461,582,110 | - |
| - | - | - | - | 1,424,882 |
| - | - | - | 1,991,616 | - |
| 103,515 | - | 365,397 | 9,382,316 | 650,782 |
| 1,736,893 | - | 6,783,670 | 142,157,350 | 8,808,149 |
| 1,840,408 | 613,337,055 | 13,999,414 | 1,030,947,861 | 36,059,147 |
| 3,750,750 | 656,641,449 | 27,581,572 | 1,181,248,017 | 53,385,391 |
| - | - | - | 2,871,435 | - |
| - | - | - | 768,263 | - |
| - | 561,552,578 | - | 564,390,656 | - |
| 6,523 | - | 23,028 | 591,293 | 41,013 |
| 2,289 | - | 8,940 | 187,345 | 11,608 |
| 8,812 | 561,552,578 | 31,968 | 568,808,992 | 52,621 |
| 1,022,292 | 458,654,838 | 23,498,252 | 1,196,204,565 | 19,393,269 |
| 197,081 | 105,619,279 | 5,424,724 | 392,093,941 | - |
| 4,987,370 | (382,436,399) | 9,818,581 | 660,452,029 | 7,443,139 |
| \$ 6,206,743 | \$ 181,837,718 | \$ 38,741,557 | 2,248,750,535 | \$ 26,836,408 |
| | | | 969,349 | |
| | | | <u>\$ 2,249,719,884</u> | |

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, 2025

| | Business-type Activities-Enterprise Funds | | |
|---|--|----------------|----------------|
| | Electric | Water | Sewer |
| | Utility | Utility | Utility |
| Operating revenues: | | | |
| Charges for services | \$ 742,314,357 | \$ 66,063,842 | \$ 50,497,929 |
| Rents, royalties and licensing | - | - | - |
| Insurance refunds and other | - | - | - |
| Other | 25,716,855 | - | - |
| Total operating revenues | 807,987,939 | 66,063,842 | 50,497,929 |
| Operating expenses: | | | |
| Salaries and benefits | 63,027,103 | 7,664,873 | 4,134,470 |
| Materials, services and supplies | 531,252,775 | 54,456,743 | 33,296,793 |
| General and administrative | - | - | - |
| Mandated program disbursements | 5,439,689 | - | - |
| Amortization- Right to use assets | 1,175,506 | - | - |
| Depreciation | 28,122,466 | 1,981,045 | 1,410,159 |
| Total operating expenses | 637,529,547 | 64,102,661 | 38,841,422 |
| Operating income (loss) | 170,458,392 | 1,961,181 | 11,656,507 |
| Nonoperating revenues (expenses): | | | |
| Interest revenue | 33,984,491 | 761,169 | 3,508,564 |
| Net change in the fair value of investments | 14,315,051 | 429,069 | 1,951,816 |
| Rents and royalties | 3,425,438 | 50,814 | 50,814 |
| Other revenue | 54,978,153 | 360,816 | 6,865,646 |
| Interest expense | (5,610,150) | - | (1,673,333) |
| Other expense | - | - | (2,500) |
| Equity in income (losses) of joint ventures | 3,612,641 | - | (14,800,567) |
| Gain (loss) on retirement of assets | 7,399 | - | - |
| Total nonoperating revenues (expenses) | 104,713,023 | 1,601,868 | (4,099,560) |
| Income (loss) before contributions and transfers | 275,171,415 | 3,563,049 | 7,556,947 |
| Contributions | - | - | - |
| Transfers in (Note 8A) | 559,815 | - | 35,652 |
| Transfers (out) (Note 8A) | (3,557,502) | (760,477) | (2,638,321) |
| Change in net position | 272,173,728 | 2,802,572 | 4,954,278 |
| Total net position - beginning | 1,292,855,590 | 76,706,248 | 375,113,044 |
| Total net position - ending | \$ 1,562,552,889 | \$ 79,398,736 | \$ 380,012,892 |
| 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 | | | |

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, 2025

| Business-type Activities-Enterprise Funds | | | | |
|--|---|---|-----------------------|-----------------------------------|
| Water Recycling Utility | Santa Clara Stadium Authority (as of March 31, 2025) restated (Note 6) | Non-Major Enterprise Funds | Total | Internal Service Funds |
| \$ 9,445,774 | \$ 41,060,384 | \$ 60,006,704 | \$ 969,388,990 | \$ 43,505,340 |
| - | 42,277,866 | - | 42,277,866 | - |
| - | - | - | - | 3,388,032 |
| - | - | 224,158 | 25,941,013 | - |
| 9,445,774 | 83,338,250 | 60,230,862 | 1,077,564,596 | 46,893,372 |
| 948,111 | - | 2,524,095 | 78,298,652 | 8,670,843 |
| 9,087,515 | 42,185,615 | 54,397,192 | 724,676,633 | 14,003,851 |
| - | 2,286,484 | - | 2,286,484 | 18,016,934 |
| - | - | - | 5,439,689 | - |
| - | - | - | 1,175,506 | 618,837 |
| 25,141 | 17,767,308 | 1,507,756 | 50,813,875 | 3,125,515 |
| 10,060,767 | 62,239,407 | 58,429,043 | 871,202,847 | 44,435,980 |
| (614,993) | 21,098,843 | 1,801,819 | 206,361,749 | 2,457,392 |
| 107,409 | 19,000,112 | 454,981 | 57,816,726 | - |
| 55,045 | - | - | 16,750,981 | - |
| - | - | 14,153 | 3,541,219 | - |
| 503,997 | - | - | 62,708,612 | 1,361,031 |
| - | (11,237,803) | - | (18,521,286) | (63,012) |
| - | (6,165,456) | - | (6,167,956) | - |
| - | - | - | (11,187,926) | - |
| - | - | - | 7,399 | (6,503) |
| 666,451 | 1,596,853 | 469,134 | 104,947,769 | 1,291,516 |
| 51,458 | 22,695,696 | 2,270,953 | 311,309,518 | 3,748,908 |
| - | 3,408,575 | - | 3,408,575 | - |
| - | - | 1,367,305 | 1,962,772 | 2,593,072 |
| (6,562) | - | (51,407) | (7,014,269) | (198,329) |
| 44,896 | 26,104,271 | 3,586,851 | 309,666,596 | 6,143,651 |
| 6,161,019 | 132,613,452 | 35,180,035 | 1,918,629,388 | 20,890,766 |
| \$ 6,206,743 | \$ 181,837,718 | \$ 38,741,557 | \$ 2,248,750,535 | \$ 26,836,408 |
| | | | 520,021 | |
| | | | <u>\$ 310,186,617</u> | |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | Business-type Activities-Enterprise Funds | | |
|---|--|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 739,570,602 | \$ 64,834,942 | \$ 49,794,316 |
| Payments to suppliers | (530,304,443) | (55,133,936) | (33,358,869) |
| Payments to employees for salaries and benefits | (61,741,071) | (7,226,960) | (3,967,912) |
| Internal activity - payments to other funds | - | - | - |
| Claims paid | - | - | - |
| Rents, royalties and licenses received | 3,435,723 | 60,929 | 56,175 |
| Other receipts (payments) | 67,134,490 | 32,794 | 6,700,314 |
| Renewable energy credits | 2,718,750 | - | - |
| Wholesale resource sales | 14,612,434 | - | - |
| Wholesale resources purchases | (8,512,008) | - | - |
| Resource trading escrow deposit | 2,743,207 | - | - |
| Receipts from JPA | 3,500,000 | - | - |
| Charges for joint project contributions | - | - | (8,108,204) |
| Net cash provided (used) by operating activities | <u>233,157,684</u> | <u>2,567,769</u> | <u>11,115,820</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| (Increase) in due from other funds | (756,300) | - | (93,687) |
| Decrease in due from other funds | - | 312,487 | - |
| Increase in due to other funds | - | - | - |
| (Decrease) in due to other funds | - | - | - |
| Distribution to the City | - | - | - |
| Deposits to (withdraws from) pension rate stabilization fund | 1,726,470 | 328,022 | 165,332 |
| Transfers in | 559,815 | - | 35,653 |
| Transfers (out) | (3,557,502) | (760,477) | (2,638,321) |
| Cash Flows from Noncapital Financing Activities | <u>(2,027,517)</u> | <u>(119,968)</u> | <u>(2,531,023)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Contribution from Community Facilities District | - | - | - |
| Acquisition and construction of capital assets, net | (63,983,783) | (3,704,821) | (475,519) |
| Proceeds from sale of assets | 7,399 | - | - |
| Proceeds from debt | 112,175,000 | - | - |
| Premium on issuance of debt | 18,410,113 | - | - |
| Cost of issuance | (576,116) | - | (2,500) |
| Principal payments on capital debt | (16,651,214) | - | (1,546,995) |
| Interest paid on capital debt | (3,239,867) | - | (1,726,802) |
| Cash Flows from Capital and Related Financing Activities | <u>46,141,532</u> | <u>(3,704,821)</u> | <u>(3,751,816)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net decrease in the fair value of investments | 14,315,051 | 429,069 | 1,951,816 |
| Interest and dividends | 32,026,705 | 766,307 | 3,417,003 |
| Fiscal agent investment sales | 19,183,798 | - | - |
| Fiscal agent investment purchases | (133,104,338) | - | - |
| Cash Flows from Investing Activities | <u>(67,578,784)</u> | <u>1,195,376</u> | <u>5,368,819</u> |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| Business-type Activities-Enterprise Funds | | | | | |
|--|---|---|----------------|-----------------------------------|--|
| Water Recycling Utility | Santa Clara Stadium Authority (as of March 31, 2025) | Non-Major Enterprise Funds | Totals | Internal Service Funds | |
| \$ 9,377,229 | \$ 37,572,953 | \$ 57,401,992 | \$ 958,552,034 | \$ 44,698,974 | |
| (8,778,807) | (54,111,810) | (51,817,706) | (733,505,571) | (15,449,155) | |
| (940,827) | - | (2,441,884) | (76,318,654) | (8,544,014) | |
| - | - | - | - | (355,416) | |
| - | - | - | - | (17,490,105) | |
| - | 40,930,472 | 14,153 | 44,497,452 | - | |
| 475,039 | - | 221,552 | 74,564,189 | 3,402,047 | |
| - | - | - | 2,718,750 | - | |
| - | - | - | 14,612,434 | - | |
| - | - | - | (8,512,008) | - | |
| - | - | - | 2,743,207 | - | |
| - | - | - | 3,500,000 | - | |
| - | - | - | (8,108,204) | - | |
| 132,634 | 24,391,615 | 3,378,107 | 274,743,629 | 6,262,331 | |
| - | - | (20,284) | (870,271) | (4,846) | |
| - | - | - | 312,487 | - | |
| - | - | - | - | 562,631 | |
| - | (156,898) | - | (156,898) | - | |
| - | (6,165,456) | - | (6,165,456) | - | |
| 28,958 | - | - | 2,248,782 | - | |
| - | - | 1,367,305 | 1,962,773 | 2,593,072 | |
| (6,562) | - | (51,407) | (7,014,269) | (198,329) | |
| 22,396 | (6,322,354) | 1,295,614 | (9,682,852) | 2,952,528 | |
| - | 3,363,652 | - | 3,363,652 | - | |
| - | (6,236,653) | (1,878,494) | (76,279,270) | (9,873,674) | |
| - | - | - | 7,399 | - | |
| - | - | - | 112,175,000 | - | |
| - | - | - | 18,410,113 | - | |
| - | - | - | (578,616) | - | |
| - | (9,058,562) | - | (27,256,771) | (699,769) | |
| - | (11,420,300) | - | (16,386,969) | (48,267) | |
| - | (23,351,863) | (1,878,494) | 13,454,538 | (10,621,710) | |
| 55,045 | - | - | 16,750,981 | - | |
| 106,335 | 5,995,058 | 454,981 | 42,766,389 | - | |
| - | (20,296,366) | - | (1,112,568) | - | |
| - | 19,653,192 | - | (113,451,146) | - | |
| 161,380 | 5,351,884 | 454,981 | (55,046,344) | - | |
| (continued) | | | | | |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | Business-type Activities-Enterprise Funds | | |
|---|--|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| Net increase (decrease) in cash and cash equivalents | 209,692,915 | (61,644) | 10,201,800 |
| Cash and cash equivalents at beginning of period | 619,106,548 | 27,651,415 | 103,117,317 |
| Cash and cash equivalents at end of period | <u>\$ 828,799,463</u> | <u>\$ 27,589,771</u> | <u>\$ 113,319,117</u> |
| Cash and cash equivalents: | | | |
| Pooled cash and investments | \$ 817,007,119 | \$ 25,031,021 | \$ 112,195,033 |
| Restricted cash | 11,792,344 | 2,558,750 | 1,124,084 |
| Total cash and cash equivalents | <u>\$ 828,799,463</u> | <u>\$ 27,589,771</u> | <u>\$ 113,319,117</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 170,458,392 | \$ 1,961,181 | \$ 11,656,507 |
| Joint venture income | 3,500,000 | - | - |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| (Decrease) Increase in lease and SBITA obligation | (23,287) | - | - |
| (Decrease) Increase in due to OPEB system | (258,745) | (56,995) | (27,081) |
| (Decrease) Increase in due to retirement system | 1,057,820 | 446,819 | 192,259 |
| Depreciation | 29,297,972 | 1,981,045 | 1,410,159 |
| Change in assets and liabilities: | | | |
| Receivables, net | (31,578,847) | (1,219,810) | (708,366) |
| Inventory | (5,806,322) | 106,085 | - |
| Restricted cash | (1,726,470) | (328,022) | (165,332) |
| Accrued liabilities | 6,603,416 | (792,366) | (62,076) |
| Long-term portion estimated claims | - | - | - |
| Compensated absences | 486,957 | 48,089 | 1,380 |
| Unearned revenue | - | 4,754 | 4,754 |
| Other receipts | 58,403,591 | 416,989 | 6,921,820 |
| Other expenses | - | - | - |
| Renewable energy credits | - | - | - |
| Wholesale resources sales | - | - | - |
| Wholesale resources purchases | - | - | - |
| Wholesale trading escrow deposit | 2,743,207 | - | - |
| Charges for joint project contributions | - | - | (8,108,204) |
| Net cash provided (used) by operating activities | <u>\$ 233,157,684</u> | <u>\$ 2,567,769</u> | <u>\$ 11,115,820</u> |
| NONCASH TRANSACTIONS: | | | |
| Joint Ventures | | | |
| Nonoperating income (loss) | \$ 3,612,641 | \$ - | \$ (14,800,567) |
| Capital Contribution | \$ - | \$ - | \$ - |
| Addition of Leased Assets | \$ - | \$ - | \$ - |
| Issuance of Leased Liabilities | \$ - | \$ - | \$ - |

See accompanying notes to basic financial statements

CITY OF SANTA CLARA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| Business-type Activities-Enterprise Funds | | | | |
|--|---|---|-------------------------|-----------------------------------|
| Water Recycling Utility | Santa Clara Stadium Authority (as of March 31, 2025) | Non-Major Enterprise Funds | Totals | Internal Service Funds |
| 316,410 | 69,282 | 3,250,208 | 223,468,971 | (1,406,851) |
| 6,628,120 | 97,058,581 | 28,031,629 | 881,593,610 | 51,794,753 |
| <u>\$ 6,944,530</u> | <u>\$ 97,127,863</u> | <u>\$ 31,281,837</u> | <u>\$ 1,105,062,581</u> | <u>\$ 50,387,902</u> |
| \$ 6,747,449 | \$ 7,977,439 | \$ 28,740,498 | \$ 997,698,559 | \$ 50,387,902 |
| 197,081 | 89,150,424 | 2,541,339 | 107,364,022 | - |
| <u>\$ 6,944,530</u> | <u>\$ 97,127,863</u> | <u>\$ 31,281,837</u> | <u>\$ 1,105,062,581</u> | <u>\$ 50,387,902</u> |
| \$ (614,993) | \$ 21,098,843 | \$ 1,801,819 | \$ 206,361,749 | \$ 2,457,392 |
| - | - | - | 3,500,000 | - |
| - | 7,745,255 | - | 7,721,968 | 618,836 |
| (3,982) | - | (31,404) | (378,207) | (25,029) |
| 11,328 | - | 102,394 | 1,810,620 | 117,747 |
| 25,141 | 17,767,308 | 1,507,756 | 51,989,381 | 3,125,515 |
| (68,542) | (5,341,562) | (2,963,063) | (41,880,190) | (1,579,654) |
| - | - | - | (5,700,237) | (2,108,715) |
| (28,958) | - | - | (2,248,782) | - |
| 308,705 | (9,639,711) | 2,579,486 | (1,002,546) | 490,097 |
| - | - | - | - | 1,771,000 |
| (62) | - | 11,221 | 547,585 | 34,111 |
| - | (7,238,518) | 355,745 | (6,873,265) | - |
| 503,997 | - | 14,153 | 66,260,550 | 1,361,031 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 2,743,207 | - |
| - | - | - | (8,108,204) | - |
| <u>\$ 132,634</u> | <u>\$ 24,391,615</u> | <u>\$ 3,378,107</u> | <u>\$ 274,743,629</u> | <u>\$ 6,262,331</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (11,187,926)</u> | <u>\$ -</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,576,376</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,576,376)</u> |

See accompanying notes to basic financial statements

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| |
|--|
| CITY OF SANTA CLARA FIDUCIARY FUNDS |
|--|

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, 2025

| | <u>Private Purpose Trust Funds</u> | <u>Custodial Funds</u> |
|--|--|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and investments: | | |
| Pooled cash and investments (Note 7) | \$ 1,482,684 | \$ 1,125,712 |
| Receivables (net of allowance for uncollectibles): | | |
| Interest and rent | 475,752 | - |
| Leases receivable (Note 22) | 594,526 | - |
| Total current assets | <u>2,552,962</u> | <u>1,125,712</u> |
| Noncurrent assets | | |
| Leases receivable - noncurrent (Note 22) | 37,812,597 | - |
| Investment with fiscal agent - noncurrent (Note 7) | 2,893,407 | - |
| Land held for resale | 251,159 | - |
| Total noncurrent assets | <u>40,957,163</u> | <u>-</u> |
| Total Assets | <u>43,510,125</u> | <u>1,125,712</u> |
| LIABILITIES | | |
| Unearned revenues | 122,008 | - |
| Due to other agencies | 520,000 | - |
| Total Liabilities | <u>642,008</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Leases related (Note 22) | 35,405,346 | - |
| Total deferred inflows of resources | <u>35,405,346</u> | <u>-</u> |
| NET POSITION | | |
| Held in trust for private purpose | 3,841,040 | - |
| Restricted for individuals, organization and other governments | 3,621,731 | 1,125,712 |
| Total Net Position | <u>\$ 7,462,771</u> | <u>\$ 1,125,712</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, 2025

| | Private Purpose Trust Funds | Custodial Funds |
|---|--|----------------------------|
| ADDITIONS | | |
| Contributions: | | |
| Employee contributions | \$ - | \$ 107,250 |
| Special assessments | - | 3,501,359 |
| Gifts and bequest | - | 2,020 |
| Total contributions | <u>-</u> | <u>3,610,629</u> |
| Investment income: | | |
| Net change in fair value of investments | 125,280 | - |
| Interest and rents | 3,398,262 | 16,235 |
| Net investment income | <u>3,523,542</u> | <u>16,235</u> |
| Gain from sale of property | <u>24,367,222</u> | <u>-</u> |
| Total additions | <u>27,890,764</u> | <u>3,626,864</u> |
| DEDUCTIONS | | |
| General and administrative | 121,427 | 770 |
| Benefits paid | - | 36,010 |
| Pass through to the Stadium Authority | - | 3,408,575 |
| Pass through to the County of Santa Clara | 26,918,266 | - |
| Loss from lease termination | 143,657 | - |
| Total deductions | <u>27,183,350</u> | <u>3,445,355</u> |
| Net increase (decrease) in fiduciary net position | 707,414 | 181,509 |
| Net position - beginning | 6,755,357 | 944,203 |
| Net position - ending | <u>\$ 7,462,771</u> | <u>\$ 1,125,712</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, 2025

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 134,587 accounts for 7.08% 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, 2025

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, 2025. 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, 2025

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, 2025

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, financing through leases, and issuance of subscription liabilities are reported as *other financing sources*.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2025, the City implemented the following GASB Statements:

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 provisions of this Statement were implemented during fiscal year 2024-25. As a result of the implementation, the City restated its beginning net position for fiscal year 2024-25 to reflect the impact of the updated recognition criteria. For further details, refer to Note 18E – Prior Period Adjustments.

The GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement is effective for fiscal years beginning after June 15, 2024. The implementation had no effect on the financial statement.

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

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for fiscal years beginning after June 15, 2025. The City is currently evaluating the impact on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for fiscal years beginning after June 15, 2025. 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 2X below, and right-to-use subscription assets, the measurement of which is described in Note 2J below. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Effective July 1, 2024, the City's policy is to capitalize equipment and right-to-use leased equipment with costs exceeding \$10,000 (previously \$5,000), buildings, improvements and infrastructure with costs exceeding \$20,000, land improvements with costs exceeding \$25,000 (previously \$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 | 20-25 | 25,000 |
| Machinery and equipment | 2-20 | 10,000 |
| Right-to-use leased equipment | Contract Term | 10,000 |
| Right-to-use SBITA assets | Contract Term | 400,000 |
| Infrastructure | 10-50 | 20,000 |

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

L. Compensated Absences

Effective July 1, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101 establishes a unified model for recognizing all types of compensated absences, such as vacation, sick leave, and paid time off, based on when the leave is earned rather than when it is used or paid.

Under the previous accounting policy, the City recognized liabilities only for vacation leave and certain types of vested sick leave. Upon implementation of GASB 101, the City recognizes the compensated absences liabilities when the following criteria are met:

1. The leave is attributable to services already rendered;
2. The leave accumulates; and
3. It is more likely than not that the leave will be used for time off or otherwise paid or settled.

Vacation leave is earned based on an employee's length of service and ranges from 10 to 24 days per year. Employees may carry forward unused vacation, subject to maximum limits that vary by accrual rate, with a general cap of 480 hours for most employee groups. Upon separation from employment, employees are compensated for all unused vacation and certain other eligible benefits.

Sick leave may be accumulated without limit for use; however, the amount payable upon retirement is capped at 1,500 hours (or 3,000 hours for 24-hour Fire personnel). For employees with accumulated sick leave balances as of January 1, 2004, the maximum payable amount at retirement is limited to the balance recorded on that date plus 1,500 hours (or 3,000 hours for 24-hour Fire personnel). Employees who have completed fifteen (15) or more years of aggregate service with the City are eligible, upon retirement, to receive payment for accumulated sick leave attributable to continuous service.

For Fire Department public safety employees on a 24-hour shift schedule, accumulated sick leave hours are first divided in half, and the resulting balance is converted to its dollar equivalent based on the employee's reduced 24-hour average hourly rate of pay at the time of separation. Payment is then made in accordance with the provisions described above.

In the event of an employee's death, all accrued sick leave is paid to the employee's estate at full value.

The accrual for compensated absences comprised the following at June 30, 2025.

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------|----------------------------|-----------------------------|---------------|
| Beginning Balance Restated | \$ 29,332,048 | \$ 11,122,149 | \$ 40,454,197 |
| Additions* | 1,246,926 | 530,234 | 1,777,160 |
| Ending Balance | \$ 30,578,974 | \$ 11,652,383 | \$ 42,231,357 |
| Current Portions | \$ 10,571,743 | \$ 4,028,935 | \$ 14,600,678 |

* Net Change

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 \$1 billion. 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 \$25 million through PRISM and deductibles from \$2,500 to \$25,000.

The City also had property coverage specific to the electric power plants which has a plan limit of \$250 million and deductibles from \$100,000 to \$750,000.

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 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 four items that qualify for reporting in this category: deferred outflows related to the derivative instruments, 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.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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, 2025, was \$66 billion, an increase of 7.3% compared to the previous year. The average tax rate was 1.16% 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.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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. During the current fiscal year, the City has not engaged in any sublease transactions, sale-leaseback arrangements, or lease-leaseback agreements.

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.

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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, 2025, conditional grants of \$25,129,035 were offset by reserves of \$10,376,219.

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, 2025, the balance of the Vehicle Registration Fees are as follows:

| | Vehicle Registration Fee |
|--------------------------------|-----------------------------|
| Beginning Balance July 1, 2024 | \$ 3,536,465 |
| Intergovernmental revenue | 871,194 |
| Interest | 144,231 |
| Expenditures | (59,788) |
| Ending Balance June 30, 2025 | <u>\$ 4,492,102</u> |

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (continued)

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.

Expenditures in Excess of Appropriations

General Fund expenditures in the City Clerk department exceeded budget in the amount of \$82,493. Sufficient resources were available in the fund to cover the excess.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2025 are:

| | <u>Leases Receivable</u> | <u>Deferred Inflow of Resources</u> |
|--|--------------------------|---|
| Governmental activities | | |
| General Fund | \$ 254,365,857 | \$ 246,106,700 |
| Business-type activities | | |
| Electric Utility | \$ 1,852,925 | \$ 1,712,000 |
| Water Utility | 656,054 | 563,039 |
| Sewer Utility | 656,054 | 563,039 |
| Stadium Authority (as of March 31, 2025) | 582,290,498 | 561,552,578 |
| | <u>\$ 585,455,531</u> | <u>\$ 564,390,656</u> |
| Total leases receivable | <u>\$ 839,821,388</u> | <u>\$ 810,497,356</u> |

A discussion of the most significant leases follows:

A. 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 4 – LEASE AGREEMENTS (continued)

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, 2025, the City recognized \$1,313,233 in lease revenue and \$2,087,154 in interest revenue for Parcel 1 and \$633,168 in lease revenue and \$1,006,309 in interest revenue for Parcel 3. As of June 30, 2025, the City's receivable for lease payments for Parcel 1 was \$91,316,309 and the balance of the deferred inflows of resources was \$88,424,384. The City's receivable for lease payments for Parcel 3 was \$44,027,618 and the balance of the deferred inflows of resources was \$42,633,300.

B. 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 (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 were 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 4 – LEASE AGREEMENTS (continued)

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, 2025, the City recognized \$107,932 in lease revenue and \$4,171 in interest revenue. As of June 30, 2025, the City's receivable for lease payments was \$356,897 and the balance of the deferred inflows of resources was \$386,758.

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.

On May 7, 2024, the City Council, acting as the governing board of the Successor Agency to the Redevelopment Agency of the City of Santa Clara, adopt a Resolution authorizing the City Manager/Executive Officer to negotiate and execute a Purchase and Sale Agreement between the Successor Agency to the Redevelopment Agency of the City of Santa Clara and XHR Acquisitions LLC for the Hyatt Parcel at a purchase price of \$25,000,000 including an amendment to the Ballroom Lease Agreement. On March 25, 2025, the Fourth Amendment to Ballroom License Agreement was executed between the City and Hyatt, extending the lease term to April 30, 2084.

For the fiscal year ended June 30, 2025, the City recognized \$274,484 in lease revenue and \$193,811 in interest revenue. As of June 30, 2025, the City's receivable for lease payments was \$7,841,027 and the balance of the deferred inflows of resources was \$7,633,504.

C. 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 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, 2025, the City recognized \$26,174 in lease revenue and \$4,588 in interest revenue. As of June 30, 2025, the City's receivable for lease payments was \$411,522 and the balance of the deferred inflows of resources was \$407,880.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 4 – LEASE AGREEMENTS (continued)

D. 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, 2025, the City recognized \$432,590 in lease revenue and \$1,932,088 in interest revenue for Phase 1-A, recognized \$380,247 in lease revenue and \$1,698,308 in interest revenue for Phase 1-B, recognized \$173,693 in lease revenue and \$775,771 in interest revenue for Phase 1-C. As of June 30, 2025, the City's receivable for lease payments was \$42,785,031 and the balance of the deferred inflows of resources was \$41,730,962 for Phase 1-A, the lease receivable \$37,608,110 and the balance of the deferred inflows of resources was \$36,681,583 for Phase 1-B, the lease receivable \$17,179,016 and the balance of the deferred inflows of resources was \$16,755,787 for Phase 1-C.

E. Future Lease Payments

As of June 30, 2025, 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, 2025

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 |
| 2026 | \$ 1,400,066 | \$ 4,588,243 | \$ 340,423 | \$ 89,226 |
| 2027 | 1,454,698 | 4,764,212 | 342,585 | 80,416 |
| 2028 | 1,501,336 | 4,772,164 | 355,910 | 71,729 |
| 2029 | 1,448,790 | 4,759,574 | 375,767 | 62,335 |
| 2030 | 1,508,999 | 4,757,779 | 253,819 | 52,755 |
| 2031-2035 | 8,537,729 | 25,772,928 | 880,738 | 154,840 |
| 2036-2040 | 10,413,958 | 25,975,647 | 615,791 | 41,182 |
| 2041-2045 | 9,263,886 | 29,355,412 | - | - |
| 2046-2050 | 7,671,263 | 32,943,805 | - | - |
| 2051-2055 | 8,358,816 | 35,328,093 | - | - |
| 2056-2060 | 9,434,609 | 38,969,623 | - | - |
| 2061-2065 | 10,676,258 | 42,529,923 | - | - |
| 2066-2070 | 12,088,237 | 47,711,032 | - | - |
| 2071-2075 | 13,707,107 | 52,299,842 | - | - |
| 2076-2080 | 15,565,656 | 59,492,610 | - | - |
| 2081-2085 | 17,204,704 | 66,626,596 | - | - |
| 2086-2090 | 17,621,353 | 75,201,865 | - | - |
| 2091-2095 | 8,936,237 | 87,321,391 | - | - |
| 2096-2100 | - | 100,477,883 | - | - |
| 2101-2105 | - | 119,616,137 | - | - |
| 2106-2110 | - | 138,031,418 | - | - |
| 2111-2115 | - | 164,322,579 | - | - |
| 2116-2120 | 38,116,567 | 151,503,992 | - | - |
| 2121-2124 | 59,455,588 | 2,019,201 | - | - |
| | <u>\$ 254,365,857</u> | <u>\$ 1,319,141,949</u> | <u>\$ 3,165,033</u> | <u>\$ 552,483</u> |

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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. In November 2021, Oakview Group acquired Spectra and rebranded to OVG360 (OVG). The initial term of this agreement began on March 18, 2019 and expired on June 30, 2024 with the option to extend the agreement for two subsequent terms of five (5) years by serving notice to OVG no later than 180 days from the expiration of the term period. Option Term One was exercised to extend the agreement for a subsequent term of five (5) years which began on July 1, 2024 and expires on June 30, 2029. Under the terms of this agreement, OVG 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, 2025, the City paid OVG \$171,494 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 expired on June 30, 2025 with the option to extend the 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. Option Term One was exercised to extend the agreement for a subsequent term of five (5) years which begins on July 1, 2025 and expires on June 30, 2030. 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, 2025, the City paid Levy \$368,903 in fees.

In accordance with the March 18, 2019 executed agreement, OVG agreed to pay the City \$1,150,000 for Capital Investments to be used for capital improvements and repairs at the Convention Center. This is amortized on a straight-line basis over 15 years beginning May 1, 2019. With the extension of the agreement, under Option Term One, OVG agreed to pay the City an additional \$550,000 for Capital Investments. This investment was received December 13, 2024 and will be amortized on a straight-line basis over 10 years beginning July 1, 2025. In the event that this agreement terminates for any reason prior to the full amortization of the investment funds, the City is obligated to reimburse OVG for the unamortized portion.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 – SANTA CLARA STADIUM AUTHORITY

A. Credit Agreements

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 Forty Niners SC Stadium Company LLC (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.

The Stadium Management Agreement also authorizes ManagementCo to pay for services related to the Stadium operations on behalf of the SCSA. For the year ended March 31, 2025, ManagementCo charged the SCSA \$7.7 million in Shared Expenses, and \$9.4 million in Other Operating and Management Expenses.

C. 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 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. The SCSA paid the City \$1 million in ground rent in fiscal year ended March 31, 2025.

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 \$10.2 million for fiscal year ended

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

March 31, 2025, which triggers the performance-based rent. Performance-based rent payments of \$4.6 million were made to the City for the fiscal year ended March 31, 2025.

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

| Fiscal Year Ending March 31 | Ground Lease Amount |
|--------------------------------|------------------------|
| 2026 | \$ 1,000,000 |
| 2027 | 1,000,000 |
| 2028 | 1,000,000 |
| 2029 | 1,000,000 |
| 2030 | 1,100,000 |
| Thereafter | 31,400,000 |
| Total | <u>\$ 36,500,000</u> |

D. 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 was amended on May 28, 2024 to implement the terms of the 2024 Settlement Agreement (see Note 20E).

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.

Pursuant to the Stadium Lease, the SCSA and StadCo will be entitled to receive and collect separate revenues. Rent payable by StadCo to SCSA is \$24.8 million per year. The lease also provides for a fair market rent adjustment in year 33.

The SCSA received \$24.8 million in stadium rent from StadCo in the fiscal year ended March 31, 2025.

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 (SCSA 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 – SANTA CLARA STADIUM AUTHORITY (continued)

E. Consistency with Current Period Operations

Certain prior year amounts have been reclassified for consistency with the current year presentation. These classifications had no effect on the reported results of operations.

F. Immaterial Correction of an Error

Amounts previously reported in the 2024 financial statements have been revised for certain immaterial corrections related to the accounting for the unearned revenue on defaulted SBLs, including decreasing unearned revenue, current portion and unearned revenue, noncurrent by \$0.8 million and \$22.3 million, respectively, and increasing rents and licensing and net position – beginning of period by \$0.8 million and \$22.3 million, respectively.

G. Subsequent Event

Management has evaluated subsequent events through September 29, 2025, which is the date the SCSA financial statements were available to be issued, and determined there are no other items to disclose.

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 \$1,802.3 million as of June 30, 2025. This amount includes the City’s pooled cash and cash investments of \$1,640.1 million, and cash and investments with fiscal agents of \$162.2 million.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

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 | \$ 1,482,345,406 |
| Investments with fiscal agent - current | 147,089,434 |
| Restricted cash | 147,562,392 |
| Deposits | 7,621,750 |
| Investments with fiscal agent - noncurrent | 12,254,011 |
| Fiduciary Funds | |
| Pooled cash and investments | 2,608,396 |
| Investments with fiscal agent - noncurrent | 2,893,407 |
| Total Cash and Investments | <u>\$ 1,802,374,796</u> |

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 | \$ 434,258,945 | \$ 997,698,559 | \$ 50,387,902 | \$ 2,608,396 | \$ 1,484,953,802 |
| Investments with fiscal agent - current | 18,993 | 147,070,441 | - | - | 147,089,434 |
| Restricted cash | 40,198,370 | 107,364,022 | - | - | 147,562,392 |
| Investments with fiscal agent - noncurrent | 716,085 | 11,537,926 | - | 2,893,407 | 15,147,418 |
| Deposits | - | 7,621,750 | - | - | 7,621,750 |
| Total cash and investments | <u>\$ 475,192,393</u> | <u>\$ 1,271,292,698</u> | <u>\$ 50,387,902</u> | <u>\$ 5,501,803</u> | <u>\$ 1,802,374,796</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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

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:

| 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 / A-1 | 30% | 5% |
| Bankers Acceptances | 180 days | N/A | 25% | 5% |
| Commercial Paper | 270 days | A / A-1 | 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 | A | 20% | 5% |
| Medium Term Corporate Notes | 5 years | A/A- | 25% | 5% ^(C) |
| Mutual Funds / Money Market Funds | N/A | Top rating category | 20% | 10% |
| Joint Powers Authority Investment Pools | N/A | N/A | 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 and Collateralized Mortgage Obligations | 6-12 years ^(D) | AA | 15% | 10% |

(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 and medium term corporate notes of any single issuer.

(D) Maximum Weighted Average Life with Current Public Securities Association Assumptions =12 years time of purchase for Mortgage-Backed Securities (MBS) and 6 years at time of purchase for collateralized mortgage obligations (CMO). Maximum Final Maturity for MBS's and CMOs = 30 years with balloon payments.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

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.

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.

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's 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

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, 2025 was approximately 2.40 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 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, 2025 for each investment type:

| Type of Investment | Credit Rating | Maturity | | | | | Fair Value |
|--|---------------|----------------|------------|-------------|-------------|--------|----------------|
| | | Under 180 | 181 - 365 | 1 - 3 | 3 - 5 | Over 5 | |
| | | Days | Days | Years | Years | Years | |
| Cash and Investments - City Treasury: | | | | | | | |
| Cash | N/A | \$ 127,030,109 | \$ - | \$ - | \$ - | \$ - | \$ 127,030,109 |
| US Treasury Notes | AA+ | - | - | 434,694,101 | 276,442,147 | - | 711,136,248 |
| Federal Home Loan Mortgage Corporation | AA+ | 4,996,750 | - | - | - | - | 4,996,750 |
| Mortgage-Backed Securities | AA+ | - | - | 37,555,649 | 67,267,546 | - | 104,823,195 |
| Corporate Notes | AAA | - | - | 4,897,288 | - | - | 4,897,288 |
| Corporate Notes | AA | 9,943,700 | - | 20,423,937 | 60,484,337 | - | 90,851,974 |
| Corporate Notes | A | 8,645,246 | 13,663,920 | 54,065,805 | 76,594,577 | - | 152,969,548 |
| Asset-Backed Securities | AAA & Aaa | - | - | 23,269,963 | 76,846,168 | - | 100,116,131 |
| Negotiable Certificates of Deposit | A+ | - | - | 7,604,250 | - | - | 7,604,250 |
| Money Market Funds (CAMP Pool) | AAAm | 204,708,565 | - | - | - | - | 204,708,565 |
| Money Market Funds (CAMP Term) | AAAf | 60,000,000 | - | - | - | - | 60,000,000 |
| Principal Public Deposit Sweep Program | Not Rated | 527,323 | - | - | - | - | 527,323 |
| State Investment Pool (LAIF) | Not Rated | 6,210,979 | - | - | - | - | 6,210,979 |
| Total Cash and Investments - City Treasury | | 422,062,672 | 13,663,920 | 582,510,993 | 557,634,775 | - | 1,575,872,360 |
| Cash and Investments - Other: | | | | | | | |
| Cash (Debt Fund) | Not Rated | 12,637,965 | - | - | - | - | 12,637,965 |
| Cash (Pension Rate Stabilization Investment) | Not Rated | 6,007 | - | - | - | - | 6,007 |
| U.S. Treasury Notes (Bentzien Trust) | Aaa | - | - | 50,455 | 100,953 | 50,346 | 201,754 |
| Federal Home Loan Bank (Bentzien Trust) | Aaa | - | 35,000 | 49,630 | - | 91,653 | 176,283 |
| Municipal Bonds (Bentzien Trust) | Aaa | 74,801 | - | - | - | 78,628 | 153,429 |
| Municipal Bonds (Bentzien Trust) | Aa | - | - | 36,353 | 70,794 | - | 107,147 |
| Municipal Bonds (Bentzien Trust) | A | - | 48,943 | - | - | - | 48,943 |
| Municipal Bonds (Bentzien Trust) | BBB | - | - | - | - | 9,016 | 9,016 |
| Corporate Bonds (Bentzien Trust) | A | - | - | 24,890 | - | - | 24,890 |
| Corporate Bonds (Bentzien Trust) | BBB | - | - | 35,984 | - | - | 35,984 |
| Corporate Bonds (Bentzien Trust) | A & B | 1,002,458 | - | - | - | - | 1,002,458 |

(continued)

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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) | | | | | | | |
| MutualFund - Dreyfus Money Market (Bond Proceeds) | Aaam | 2,457,804 | - | - | - | - | 2,457,804 |
| MutualFund - Blackrock Money Market (Debt Fund) | Aaam | 735,078 | - | - | - | - | 735,078 |
| MutualFund - Money Market Funds (Debt Fund - BNY) | Aaam | 1,691 | - | - | - | - | 1,691 |
| MutualFund - Money Market Funds (Debt Fund - Chase) | AAAm | 117,879,459 | - | - | - | - | 117,879,459 |
| MutualFund - Federated Prime (Bentzien Trust) | Aaam | 189,551 | - | - | - | - | 189,551 |
| MutualFund - International Equities (Bentzien Trust) | Not Rated | 205,367 | - | - | - | - | 205,367 |
| MutualFund - Fixed Income (Bentzien Trust) | Not Rated | 1,135,191 | - | - | - | - | 1,135,191 |
| MutualFund - Equities (Bentzien Trust) | Not Rated | 166,280 | - | - | - | - | 166,280 |
| Exchange Traded Funds (Bentzien Trust) | Not Rated | 134,145 | - | - | - | - | 134,145 |
| MutualFund - Fidelity Treasury (SCSA Debt Fund) | AAAm | 11,536,236 | - | - | - | - | 11,536,236 |
| Morgan Stanley Institutional Liquidity Treasury Securities (SCSA Debt Fund) | AAAm | 16,553,017 | - | - | - | - | 16,553,017 |
| Pension Rate Stabilization Investment (Cash Equivalents) | Not Rated | 1,785,173 | - | - | - | - | 1,785,173 |
| Pension Rate Stabilization Investment (Mutual Funds-Equity) | Not Rated | 16,093,225 | - | - | - | - | 16,093,225 |
| Pension Rate Stabilization Investment (Mutual Funds-Fixed Income) | Not Rated | 35,582,491 | - | - | - | - | 35,582,491 |
| Real Estate Investment Trust (Bentzien Trust) | B++ | 22,102 | - | - | - | - | 22,102 |
| Collateral Obligations (ADM & CAISO) | Not Rated ^(A) | 7,621,750 | - | - | - | - | 7,621,750 |
| TotalCash and Investments - Other | | 225,819,791 | 83,943 | 197,312 | 171,747 | 229,643 | 226,502,436 |
| TotalCash and Investments | | \$647,882,463 | \$ 13,747,863 | \$582,708,305 | \$557,806,522 | \$229,643 | \$1,802,374,796 |

Note:

(A) Investments are not rated by S&P, but are rated by Moody's and Fitch, and have ratings in compliance with the City's investment policy.

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, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

| | | Fair Value Measurements Using | | | |
|--|--|---|---|-----------------------|--|
| | Investments and Derivative Instruments Measured at Fair Value 6/30/2025 | 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 | \$ 711,136,248 | \$ 711,136,248 | \$ - | \$ - | |
| Federal Home Loan Mortgage Corporation Mortgage-Backed Securities | 4,996,750 104,823,195 | - - | 4,996,750 104,823,195 | - - | |
| Corporate notes | 248,718,810 | - | 248,718,810 | - | |
| Asset-Backed Securities | 100,116,131 | - | 100,116,131 | - | |
| Negotiable Certificates of Deposit | 7,604,250 | - | 7,604,250 | - | |
| Money Market Funds (CAMP Pool) | 204,708,565 | - | - | 204,708,565 | |
| Money Market Funds (CAMP Term) | 60,000,000 | - | - | 60,000,000 | |
| Principal Public Deposit Sweep Program | 527,323 | - | - | 527,323 | |
| Total Short Term Investments | 1,442,631,272 | 711,136,248 | 466,259,136 | 265,235,888 | |
| Debt Securities and Other | | | | | |
| U.S. Treasury Notes (Bentzien Trust) | 201,754 | 201,754 | - | - | |
| Federal Home Loan Bank (Bentzien Trust) | 176,283 | - | 176,283 | - | |
| Municipal Bonds (Bentzien Trust) | 153,429 | - | 153,429 | - | |
| Municipal Bonds (Bentzien Trust) | 107,147 | - | 107,147 | - | |
| Municipal Bonds (Bentzien Trust) | 48,943 | - | 48,943 | - | |
| Municipal Bonds (Bentzien Trust) | 9,016 | - | 9,016 | - | |
| Corporate Bonds (Bentzien Trust) | 24,890 | - | 24,890 | - | |
| Corporate Bonds (Bentzien Trust) | 35,984 | - | 35,984 | - | |
| Mutual Fund - Dreyfus Money Market (Bond Proceeds) | 2,457,804 | - | - | 2,457,804 | |
| Mutual Fund - Blackrock Money Market (Debt Fund) | 735,078 | - | - | 735,078 | |
| Mutual Fund - Money Market Funds (Debt Fund) | 118,070,701 | - | - | 118,070,701 | |
| (continued) | | | | | |

(continued)

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

| | | Fair Value Measurements Using | | |
|---|---|--|---|-----------------------|
| | Investments and Derivative Instruments Measured at Fair Value 6/30/2025 | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Exempt ⁽¹⁾ |
| Debt Securities and Other (continued) | | | | |
| Mutual Fund - International Equities (Bentzien Trust) | 205,367 | 205,367 | - | - |
| Mutual Fund - Fixed Income (Bentzien Trust) | 1,135,191 | - | 1,135,191 | - |
| Mutual Fund - Equities (Bentzien Trust) | 166,280 | 166,280 | - | - |
| Mutual Fund - Fidelity Treasury (SCSA Debt Fund) | 11,536,236 | - | - | 11,536,236 |
| Morgan Stanley Institutional Liquidity Treasury Securities (SCSA Debt Fund) | 16,553,017 | - | - | 16,553,017 |
| Pension Rate Stabilization Investment (Cash and Equivalents) | 1,785,173 | 1,785,173 | - | - |
| Pension Rate Stabilization Investment (Mutual Funds - Equity) | 16,093,225 | 4,552,070 | 11,541,155 | - |
| Pension Rate Stabilization Investment (Mutual Funds - Fixed Income) | 35,582,491 | 35,582,491 | - | - |
| Pension Rate Stabilization Investment (Cash And Accrual) | 6,007 | - | - | 6,007 |
| Collateral Obligations (ADM & CAISO) | 7,621,750 | - | - | 7,621,750 |
| Total Debt Securities and Other | 212,705,766 | 42,493,135 | 13,232,038 | 156,980,593 |
| Equity Securities | | | | |
| Corporate Stock (Bentzien Trust) | 1,002,458 | 1,002,458 | - | - |
| Exchange Traded Funds (Bentzien Trust) | 134,145 | 134,145 | - | - |
| Real Estate Investment Trust (Bentzien Trust) | 22,102 | 22,102 | - | - |
| Total Equity Securities | 1,158,705 | 1,158,705 | - | - |
| Total Investment by Fair Value Level | 1,656,495,743 | 754,788,088 | 479,491,174 | 422,216,481 |
| Investments Measured at fair value but not subject to fair value hierarchy: | | | | |
| State Investment Pool (LAIF) | 6,210,979 | - | - | 6,210,979 |
| Total Investments | 1,662,706,722 | \$ 754,788,088 | \$ 479,491,174 | \$ 428,427,460 |
| Cash in Banks | 139,668,074 | | | |
| Total Cash and Investments | \$ 1,802,374,796 | | | |
| Investments Derivative Instruments | | | | |
| Open contract gas trading - Current Assets | \$ 2,871,435 | | 2,871,435 | |
| Open contract gas trading - current liabilities | (1,098,675) | | (1,098,675) | |
| Total Investment Derivative Instruments | \$ 1,772,760 | | \$ 1,772,760 | |

(1) Accounts in exempt column are Mutual Fund-Money Market, Collateral Obligations, CAMP investments and Deposit Sweep Program 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, 2025

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 Depository 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's investment portfolio includes callable corporate notes and callable asset-backed securities (ABS) held within the City's investment pool. These investments are considered highly sensitive to interest rate fluctuations because changes in market interest rates may affect both the timing and amount of the securities' cash flows. When interest rates decline, issuers may exercise the call option and redeem the securities prior to their stated maturity. If these securities are called, the City may be required to reinvest the proceeds at lower prevailing market rates, which may reduce future investment earnings.

As of June 30, 2025, the City held \$51 million in callable corporate notes and \$189 million in callable ABS. These securities have stated maturities ranging from November 2025 to May 2030 and next call dates ranging from August 2025 to April 2030.

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 7 – CASH AND INVESTMENTS (continued)

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.

J. California Asset Management Program

The City, as a CAMP shareholder, participates in both the CAMP Pool Portfolio and the CAMP Term Portfolio. The CAMP Pool is fully liquid, stable net asset value (NAV) investment option with a competitive yield, while the CAMP Term is a fixed-rate, fixed term investment option that offers securities with maturities ranging from 60 days to one year. Investment principal and interest in the CAMP Term account are paid at maturity, with an automatic sweep into the CAMP Pool account. The CAMP Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant NAV per share of \$1.00. The CAMP Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions. The CAMP Term investments are based on a pool of open-market securities similar to those in the CAMP Pool. The investments are matched to the amount invested and maturities selected by the Shareholder.

The City may withdraw all or any portion of the funds in the CAMP Pool account at any time by redeeming shares. The City may withdraw all or a portion of the funds in the CAMP Term account in \$10,000 increments prior to maturity, but there is a premature redemption penalty.

The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal. At June 30, 2025, the fair value approximated the City's cost. At June 30, 2025, the CAMP Pool investments had an average maturity of 41 days.

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, 2025 were as follows:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES (continued)

| Fund Receiving Transfers | Fund Making Transfers | Amount |
|---|-------------------------|----------------------|
| General Fund | Non-Major Governmental | \$ 3,114,963 A |
| | Internal Service Funds | 162,677 B |
| | Electric Utility | 383,129 C |
| Non-Major Governmental | General Fund | 28,700,587 D |
| | Cemetery | 2,637 E |
| | Sewer Utility | 896,034 E |
| | Solid Waste | 48,770 E |
| | Water Utility | 564,977 E |
| | Water Recycling Utility | 6,562 E |
| | Electric Utility | 2,604,141 E |
| | Non-Major Governmental | 9,264,631 F |
| Internal Service Funds | General Fund | 196,917 G |
| | Electric Utility | 570,232 H |
| | Non- Major Governmental | 83,636 I |
| | Sewer Utility | 1,742,287 J |
| Cemetery | General Fund | 827,689 K |
| Electric Utility | Water Utility | 195,500 L |
| | Non-Major Governmental | 364,315 L |
| Sewer Utility | Internal Service Funds | 35,652 M |
| Solid Waste | General Fund | 102,564 N |
| Santa Clara Convention Center | General Fund | 426,852 O |
| Santa Clara Open Space Authority | General Fund | 10,200 P |
| Total Interfund Transfers | | <u>\$ 50,304,952</u> |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES (continued)

The reasons for material transfers are set forth below:

- (A) Transfer storm drain customer service fee from storm drain capital improvement fund to cover the storm drain maintenance, return of the savings from capital projects, and FEMA Public Assistance grant reimbursements, along with administrative transfer from the special revenue funds.
- (B) Return the savings from the 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 Funds to fund various street related projects, parking lot paving project, and PeopleSoft upgrade project.
- (G) Transfer from General Fund to purchase a mobile incident command vehicle.
- (H) Transfer from Electric Utility Greenhouse Gas program to fund the vehicle revolving fund on the electric vehicle purchases.
- (I) Transfer to Automotive Services for replacement of utility crew trucks.
- (J) Transfer from Sewer Utility fund to cover a special liability claim.
- (K) Transfer to Cemetery fund to subsidize the cemetery operation.
- (L) Transfer fund to the Electric Utility fiber project for the stormwater and water ground improvement project.
- (M) Returning the savings from CIP Management Service Fee fund to the original funding source.
- (N) Transfer to Solid Waste to subsidize the rate assistance program.
- (O) Transfer to Santa Clara Convention Center to subsidize the operation.
- (P) Transfer to Santa Clara Open Space Authority for the annual audit expenditures.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES (continued)

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, 2025.

| Receivable Fund | Payable Fund | Amount |
|-------------------------------|--------------------------------------|----------------------------|
| General Fund | Santa Clara Stadium Authority | \$ 118,978 |
| | Receivable by Governmental Funds | <u>118,978</u> |
| Electric Utility | Internal Service Funds | 4,773,495 |
| Water Utility | Internal Service Funds | 1,309,352 |
| Sewer Utility | Internal Service Funds | 1,220,074 |
| Cemetery | Internal Service Funds | <u>286,207</u> |
| | Receivable by Enterprise Funds | <u>7,589,128</u> |
| Internal Service Funds | Internal Service Funds | 46,059 |
| | Receivable by Internal Service Funds | <u>46,059</u> |
| | Total | <u><u>\$ 7,754,165</u></u> |

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

C. 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 negative \$197,254 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 1E for more information).

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 9 – CAPITAL ASSETS

A. Capital Assets Summary

Capital Assets at June 30, 2025 are comprised of:

| | Balance June 30, 2024 | Additions | Retirements/ Adjustments | Transfers | Balance June 30, 2025 |
|--|--------------------------|---------------|-----------------------------|--------------|--------------------------|
| <i>Governmental Activities</i> | | | | | |
| Non Depreciable Assets: | | | | | |
| Land | \$ 129,919,105 | \$ 2,627,500 | \$ - | \$ - | \$ 132,546,605 |
| Construction in progress | 58,637,656 | 20,784,523 | - | (18,558,979) | 60,863,200 |
| Total Non Depreciable Assets | 188,556,761 | 23,412,023 | - | (18,558,979) | 193,409,805 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 60,439,821 | - | - | 8,557,936 | 68,997,757 |
| Buildings | 217,442,023 | - | - | 921,918 | 218,363,941 |
| Infrastructure | 645,816,602 | 10,440,942 | - | 7,479,270 | 663,736,814 |
| Machinery & equipment | 89,667,744 | 10,250,422 | (2,020,012) | 1,599,855 | 99,498,009 |
| Right-to-use leased equipment | 676,479 | 1,576,376 | - | - | 2,252,855 |
| Right-to-use subscription based IT arrangement | 12,677,191 | 586,348 | - | - | 13,263,539 |
| Total Capital assets being depreciated | 1,026,719,860 | 22,854,088 | (2,020,012) | 18,558,979 | 1,066,112,915 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (23,856,612) | (2,670,025) | - | - | (26,526,637) |
| Buildings | (86,713,147) | (4,216,026) | - | - | (90,929,173) |
| Infrastructure | (360,351,775) | (14,767,022) | - | - | (375,118,797) |
| Machinery & equipment | (71,337,736) | (4,015,958) | 2,013,062 | - | (73,340,632) |
| Right-to-use leased equipment | (637,307) | (117,979) | - | - | (755,286) |
| Right-to-use subscription based IT arrangement | (3,441,363) | (1,948,460) | - | - | (5,389,823) |
| Total accumulated depreciation | (546,337,940) | (27,735,470) | 2,013,062 | - | (572,060,348) |
| Net Depreciable Assets | 480,381,920 | (4,881,382) | (6,950) | 18,558,979 | 494,052,567 |
| Governmental Activity Net Capital Assets | \$ 668,938,681 | \$ 18,530,641 | \$ (6,950) | \$ - | \$ 687,462,372 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 9 – CAPITAL ASSETS (continued)

| | Balance June 30, 2024 | Additions | Retirements/ Adjustments | Transfers | Balance June 30, 2025 |
|--|--------------------------|---------------|-----------------------------|--------------|--------------------------|
| <i>Business-Type Activities</i> | | | | | |
| Non Depreciable Assets: | | | | | |
| Land | \$ 18,851,211 | \$ 5,500,000 | \$ 7,850 | \$ - | \$ 24,359,061 |
| Construction in progress | 92,641,663 | 76,111,683 | (3,734,410) | (16,737,759) | 148,281,177 |
| Total Non Depreciable Assets | 111,492,874 | 81,611,683 | (3,726,560) | (16,737,759) | 172,640,238 |
| Capital Assets being depreciated: | | | | | |
| Land Improvements | 102,407 | - | - | - | 102,407 |
| Buildings | 922,467,126 | - | - | 1,642,284 | 924,109,410 |
| Infrastructure | 1,316,533,877 | - | - | 14,818,380 | 1,331,352,257 |
| Machinery & equipment | 29,856,368 | 3,392,290 | (9,853) | 277,095 | 33,515,900 |
| Right-to-use leased equipment | 2,916,623 | - | - | - | 2,916,623 |
| Right-to-use Subscription based IT arrangement | 3,837,038 | - | - | - | 3,837,038 |
| Total Capital Assets being depreciated | 2,275,713,439 | 3,392,290 | (9,853) | 16,737,759 | 2,295,833,635 |
| Less accumulated depreciation for: | | | | | |
| Land Improvements | (84,838) | (2,571) | - | - | (87,409) |
| Buildings & improvements | (230,460,926) | (18,310,563) | - | - | (248,771,489) |
| Infrastructure | (633,599,125) | (30,651,005) | - | - | (664,250,130) |
| Machinery & equipment | (22,039,024) | (1,849,736) | 9,853 | - | (23,878,907) |
| Right-to-use leased equipment | (2,019,200) | (673,066) | - | - | (2,692,266) |
| Right-to-use Subscription based IT arrangement | (864,051) | (502,440) | - | - | (1,366,491) |
| Total accumulated depreciation | (889,067,164) | (51,989,381) | 9,853 | - | (941,046,692) |
| Net Depreciable Assets | 1,386,646,275 | (48,597,091) | - | 16,737,759 | 1,354,786,943 |
| Enterprise Activity Net Capital Assets | \$ 1,498,139,149 | \$ 33,014,592 | \$ (3,726,560) | \$ - | \$ 1,527,427,181 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 9 – CAPITAL ASSETS (continued)

B. Construction in Progress Summary

Construction in Progress for governmental activities as of June 30, 2025 consisted of the following projects:

| <u>Governmental Projects</u> | <u>Authorized</u> | <u>Expended</u> | <u>Future Commitments</u> |
|-----------------------------------|-----------------------|----------------------|-------------------------------|
| Transportation Improvements | \$ 59,696,295 | \$ 33,516,645 | \$ 26,179,650 |
| Parks and Recreation Improvements | 20,478,128 | 10,416,541 | 10,061,587 |
| City Building Improvements | 32,206,240 | 16,930,014 | 15,276,226 |
| Total | <u>\$ 112,380,663</u> | <u>\$ 60,863,200</u> | <u>\$ 51,517,463</u> |

Construction in Progress for business-type activities as of June 30, 2025 consisted of the following:

| <u>Enterprise Fund Projects</u> | <u>Authorized</u> | <u>Expended</u> | <u>Future Commitments</u> |
|--|-----------------------|-----------------------|-------------------------------|
| Electric Projects | \$ 429,502,443 | \$ 138,921,943 | \$ 290,580,500 |
| Water and Sewer Projects | 2,722,008 | 148,859 | 2,573,149 |
| Stadium Authority Projects | 17,061,000 | 7,530,524 | 9,530,476 |
| Santa Clara Convention Center Projects | 4,236,480 | 1,679,851 | 2,556,629 |
| Total | <u>\$ 453,521,931</u> | <u>\$ 148,281,177</u> | <u>\$ 305,240,754</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 and the right-to-use SBITA 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, 2025

NOTE 9 – CAPITAL ASSETS (continued)

| | |
|--|----------------------------|
| Governmental Activities: | |
| General Administration | \$ 2,433,206 |
| Finance | 4,505 |
| Public Works | 15,265,613 |
| Parks and Recreation | 3,461,663 |
| Public Safety | |
| Police | 968,698 |
| Fire | 458,912 |
| Planning and Inspection | 4,316 |
| Library | 1,394,205 |
| | <hr/> 23,991,118 |
| Capital assets held by the City's Internal Service | |
| Funds are charged to the various functions | |
| based on their usage of the assets | <hr/> 3,744,352 |
| Total Governmental Activities | <hr/> \$ 27,735,470 |
| Business-Type Activities: | |
| Utility Funds: | |
| Electric Utility | \$ 29,297,972 |
| Water Utility | 1,981,045 |
| Sewer Utility | 1,410,159 |
| Water Recycling Utility | 25,141 |
| Solid Waste | 2,547 |
| Cemetery | 6,287 |
| Santa Clara Convention Center | 1,498,922 |
| Santa Clara Stadium Authority | 17,767,308 |
| Total Business-Type Activities | <hr/> \$ 51,989,381 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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 | 3/28/2013 | 2/1/2032 | 2%-3.75% |
| Unamortized Premium/Discount | | | |
| Subtotal Government Activity Debt | | | |
| Business-Type Activity Debt: | | | |
| Electric Utility: | | | |
| 2018 Series A Revenue Bonds | 12/18/2018 | 7/1/2027 | 5.00% |
| 2024 Series A Revenue Bonds | 10/23/2024 | 7/1/2044 | 5.00% |
| 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% |
| 2023 Wastewater Revenue Certificates of Participation | 10/3/2023 | 2/1/2049 | 4.25%-5% |
| Unamortized Premium/Discount | | | |
| Santa Clara Stadium Authority ⁽²⁾ : | | | |
| StadCo CFD Advance ⁽¹⁾ | 4/1/2013 | 12/31/2054 | 5.73% |
| 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, 2025

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

| Authorized | Outstanding as of June 30, 2024 | Additions, Transfers, and Amort. of Premiums / Discounts | Debt Retired / Defeased | Outstanding as of June 30, 2025 | Current Portion |
|-------------------|--|---|------------------------------------|--|----------------------------|
| \$ 18,540,000 | \$ 9,055,000 | \$ - | \$ 1,085,000 | \$ 7,970,000 | \$ 1,120,000 |
| | 420,800 | (54,297) | - | 366,503 | - |
| 18,540,000 | 9,475,800 | (54,297) | 1,085,000 | 8,336,503 | 1,120,000 |
| 48,800,000 | 24,775,000 | - | 5,795,000 | 18,980,000 | 6,005,000 |
| 112,175,000 | - | 112,175,000 | - | 112,175,000 | 3,345,000 |
| | 2,259,699 | 16,991,454 | - | 19,251,153 | - |
| 282,794,108 | 199,956,240 | - | 7,299,896 | 192,656,344 | 7,838,094 |
| 443,769,108 | 226,990,939 | 129,166,454 | 13,094,896 | 343,062,497 | 17,188,094 |
| 52,985,000 | 52,985,000 | - | - | 52,985,000 | - |
| 34,315,000 | 28,560,000 | - | 5,695,000 | 22,865,000 | 5,910,000 |
| 16,720,000 | 3,970,000 | - | 3,970,000 | - | - |
| 12,000,000 | 6,064,269 | - | 811,995 | 5,252,274 | 829,465 |
| 34,585,000 | 34,585,000 | - | 735,000 | 33,850,000 | 770,000 |
| 1,390,789 | 1,367,609 | (55,631) | - | 1,311,978 | - |
| 38,000,000 | 28,711,586 | - | 1,758,666 | 26,952,920 | - |
| 189,995,789 | 156,243,464 | (55,631) | 12,970,661 | 143,217,172 | 7,509,465 |
| 633,764,897 | 383,234,403 | 129,110,823 | 26,065,557 | 486,279,669 | 24,697,559 |
| \$ 652,304,897 | \$ 392,710,203 | \$ 129,056,526 | \$ 27,150,557 | \$ 494,616,172 | \$ 25,817,559 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

Electric Revenue Bonds, Series 2024A

On October 23, 2024, SVP issued \$112,175,000 of Electric Revenue Bonds, Series 2024 A (Electric 2024A Bonds), to provide funding for several of its capital projects in the System Expansion Plan. These projects include Kifer Receiving Station (KRS) rebuild, Scott Receiving Station (SRS) rebuild, and Northern Receiving Station (NRS) upgrades and expansion. The Electric 2024A Bonds mature annually beginning on July 1, 2025 through July 1, 2044, bear coupon rate of 5%, with optional redemption for bonds with maturities after July 1, 2035 and were sold at an All-In True Interest Cost of 3.27%. Debt service on the Electric 2024A Bonds is secured by a pledge of net revenues of the Electric Utility Fund.

In the event of default, SVP 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 the Electric Utility Fund 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 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 were converted to tax-exempt basis on December 28, 2022, which now bear 1.02% coupon rates. 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 the Electric Utility Fund 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 adjusted net revenues ends upon repayment of all outstanding principal on bonds and loans, which is scheduled to occur in fiscal year 2044-45. For fiscal year 2024-25, Electric Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$860.8 million and operating costs including operating expenses, but not interest, depreciation or amortization whole amounted to \$570.6 million. Adjusted net revenues available for debt service amounted to \$290.1 million which represented a coverage ratio of 13.3 on the \$21.8 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 revenues of the Wastewater System.

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

Wastewater Revenue Certificates of Participation, Series 2023

On October 24, 2023, the PFFC issued \$34.59 million of Wastewater Revenue Certificates of Participation (2023 Wastewater COPs) to refund \$20.0 million outstanding Series 2020 ISA and fund an additional \$15.0 million of improvements for the San Jose/Santa Clara Regional Wastewater Facility Project (Project). The 2023 Wastewater COPs mature annually beginning February 1, 2025, through February 1, 2049 and bear coupon rates ranging from 4.25% to 5.00%. Debt Service is secured by a pledge of net revenues of the Wastewater System in installment payments to be made by the City to the PFFC for use of the Project. The PFFC assigns the lease payments to the certificate owners. This new issuance is on a parity with the obligations of the Series 2016 Trimble Road ISA.

Pledges of Future Sewer Revenues

The pledge of future Sewer Fund revenues ends upon repayment of all outstanding principal on bonds and loans, which is scheduled to occur in fiscal year 2048-49. For fiscal year 2024-25, Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$59.6 million and operating costs including operating expenses, but not interest, depreciation or amortization whole amounted to \$40.1 million. Net revenues available for debt service amounted to \$19.6 million which represented a coverage ratio of 6.0 on the \$3.3 million of debt service.

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.

Term A Loan

The Term A Loan was made in the amount of \$282.8 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, 2025, \$192.7 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 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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, 2025 as the special CFD tax was submitted to the SCSA, a number of payments were made on the StadCo CFD Advance. StadCo CFD Advance 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 \$1.6 million in interest and \$1.8 million in principal during the year ended March 31, 2025. As of March 31, 2025, \$27 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. Debt service on this loan is secured by a pledge of available SCSA revenues on a basis subordinate to outstanding senior loans, if any. As of March 31, 2025, there was no balance outstanding.

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.

Management Company Revolving Loan

The Management Company Revolving Loan dated as of March 28, 2012 was entered into by and between the SCSA and ManagementCo. The Management Company Revolving Loan provides borrowing to the SCSA in an amount not to exceed \$25 million through the earlier of the end of the term of the Stadium Lease or the expiration of the Stadium Management Agreement, with interest at the prime rate payable quarterly. The Management Company Revolving Loan may be used solely for the purpose of enabling the SCSA to pay Covered SCSA Operating Expenses (as defined in the agreement) to the extent, and only to the extent, that funds are not otherwise available. As of March 31, 2025, there was no balance outstanding.

Pledges of Future Stadium Revenues

The pledges of future revenues ends upon repayment of the \$192.7 million in outstanding principal on the Term A which is scheduled to occur in fiscal year 2039-40. For fiscal year 2024-25, revenues including operating revenues and nonoperating interest earnings amounted to \$102.4 million and operating costs including operating expenses, but not interest, depreciation, or amortization amounted to \$43.5 million. Net revenues available for debt service amounted to \$58.9 million, which represented a coverage ratio of 7.6 on the \$7.8 million of debt service to be paid in the coming year.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 hedges 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, 2025 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.

| Notional Amount (MMBtu) | | Effective Date | Maturity Date | Average Price | Fair Value | | Change in Fair Value | |
|----------------------------|-------|-------------------|------------------|------------------|--------------------------|---------------------|----------------------|---------------------|
| Long | Short | | | | Classification | Amount | Classification | Amount |
| 765,000 | | 7/1/2020 | 12/31/2025 | \$2.42 | Derivative Instrument | \$ 1,069,345 | Deferred inflow | \$ 1,069,345 |
| 1,530,000 | | 1/1/2022 | 12/31/2025 | 2.64 | Derivative Instrument | 1,802,090 | Deferred inflow | 1,802,090 |
| 920,000 | | 1/1/2021 | 12/31/2025 | 0.56 | Derivative Instrument | (81,025) | Deferred outflow | (81,025) |
| 1,840,000 | | 1/1/2022 | 12/31/2025 | 1.03 | Derivative Instrument | (1,017,650) | Deferred outflow | (1,017,650) |
| | | | | | Net Total | <u>\$ 1,772,760</u> | | <u>\$ 1,772,760</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, 2025, two of SVP's open derivative gas contracts were in an asset position, and the fair values of the open contracts were positive \$2.9 million. Two of SVP's open derivative gas contracts were in a liability position,

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

and the fair values of those open contracts were negative \$1.1 million. 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 S&P Global Ratings as of June 30, 2025.

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, 2025, SVP had posted collateral of \$7,621,750 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, 2025, 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:

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

| For the Year Ending June 30 | Governmental Activities | | Business-Type Activities (excluding Santa Clara Stadium Authority) | | | |
|--------------------------------|-------------------------------|---------------------|--|----------------------|----------------------------|----------------------|
| | Certificates of Participation | | Bonds | | Debt from direct borrowing | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | \$ 1,120,000 | \$ 285,869 | \$ 9,350,000 | \$ 6,324,000 | \$ 7,509,465 | \$ 2,620,975 |
| 2027 | 1,150,000 | 249,469 | 9,840,000 | 5,844,250 | 7,632,310 | 2,504,016 |
| 2028 | 1,195,000 | 209,219 | 10,355,000 | 5,339,375 | 7,765,540 | 2,383,959 |
| 2029 | 1,235,000 | 167,394 | 3,890,000 | 4,983,250 | 13,264,161 | 2,222,266 |
| 2030 | 1,280,000 | 122,625 | 4,090,000 | 4,783,750 | 14,588,183 | 2,002,110 |
| 2031-2035 | 1,990,000 | 99,563 | 23,805,000 | 20,551,375 | 40,047,615 | 6,992,492 |
| 2036-2040 | - | - | 30,570,000 | 13,787,500 | 6,945,000 | 4,860,063 |
| 2041-2045 | - | - | 39,255,000 | 5,103,125 | 8,730,000 | 3,070,556 |
| 2046-2049 | - | - | - | - | 8,470,000 | 973,800 |
| | <u>\$ 7,970,000</u> | <u>\$ 1,134,139</u> | <u>\$ 131,155,000</u> | <u>\$ 66,716,625</u> | <u>\$ 114,952,274</u> | <u>\$ 27,630,237</u> |

Reconciliation of Long-term Obligations

| | |
|---|-----------------------|
| Principal Outstanding as Reported in Government Activities | \$ 7,970,000 |
| Principal Outstanding as Reported in Business Type Activities | 246,107,274 |
| Total Principal Outstanding as Reported | <u>254,077,274</u> |
| Principal Outstanding - Stadium Authority ⁽¹⁾ | 219,609,264 |
| Unamortized Discount/Premium | 20,929,634 |
| Total Long-term Obligations | <u>\$ 494,616,172</u> |

(1) The principal outstanding for Stadium Authority is as of March 31, 2025. 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, 2025, is \$9.8 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, 2025, the City has seven 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

H. Lease Liabilities

The City has recorded right to use leased assets as required by generally accepted accounting principles. 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, 2025, are as follows:

| | Balance June 30, 2024 | Addition | Retirement | Balance June 30, 2025 | Current portion |
|---------------------------------|--------------------------|--------------|--------------|--------------------------|--------------------|
| Governmental activities | | | | | |
| Lease liabilities | \$ 39,413 | \$ 1,576,376 | \$ (101,780) | \$ 1,514,009 | \$ 89,127 |
| Business-type activities | | | | | |
| Lease liabilities | \$ 951,005 | \$ - | \$ (710,181) | \$ 240,824 | \$ 240,824 |
| Total Lease liabilities | \$ 990,418 | \$ 1,576,376 | \$ (811,961) | \$ 1,754,833 | \$ 329,951 |

The future principal and interest lease payments as of June 30, 2025, are as follows:

| | Governmental activities | | Business-type activities | |
|--------------------------------|-------------------------|------------|--------------------------|----------|
| For the Year Ending June 30 | Principal | Interest | Principal | Interest |
| 2026 | \$ 89,127 | \$ 72,873 | \$ 240,824 | \$ 553 |
| 2027 | 93,594 | 68,406 | - | - |
| 2028 | 98,114 | 63,886 | - | - |
| 2029 | 103,201 | 58,799 | - | - |
| 2030 | 149,723 | 53,377 | - | - |
| 2031-2035 | 980,250 | 118,650 | - | - |
| Total | \$ 1,514,009 | \$ 435,991 | \$ 240,824 | \$ 553 |

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. As of June 30, 2025, the City has recorded net intangible right-to-use subscription assets amounting to \$13,263,539 with accumulated amortization of \$5,389,823 in governmental activities and net intangible right-to-use subscription assets amounting to \$3,837,038 with accumulated amortization of \$1,366,491 in business-type activities. The subscription assets are offset with subscription liabilities.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

A summary of governmental activities and business-type activities SBITA payable transactions for the fiscal year ended June 30, 2025, are as follows:

| | Balance June 30, 2024 | Additions | Retirements | Balance June 30, 2025 | Current Portion |
|---------------------------------|--------------------------|-------------------|-----------------------|--------------------------|---------------------|
| Governmental activities | | | | | |
| SBITA liabilities | \$ 9,203,943 | \$ 586,347 | \$ (2,224,369) | \$ 7,565,921 | \$ 2,049,881 |
| Business-type activities | | | | | |
| SBITA liabilities | \$ 2,976,468 | \$ - | \$ (481,033) | \$ 2,495,435 | \$ 503,819 |
| Total SBITA liabilities | <u>\$ 12,180,411</u> | <u>\$ 586,347</u> | <u>\$ (2,705,402)</u> | <u>\$ 10,061,356</u> | <u>\$ 2,553,700</u> |

As of June 30, 2025, the value of the subscription liability was \$7,565,921 in governmental activities and \$2,495,435 in business-type activities. The City is required to make annual principal and interest payments throughout the life of each subscription. The interest rate of each subscription is based on the State of California incremental borrowing rate for GASB96 in the year contract is effective. As part of each subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 9A.

The future principal and interest SBITA payments as of June 30, 2025, are as follows:

| | Governmental activities | | Business-type activities | |
|--------------------------------|-------------------------|-------------------|--------------------------|-------------------|
| For the Year Ending June 30 | Principal | Interest | Principal | Interest |
| 2026 | \$ 2,049,881 | \$ 198,510 | \$ 503,819 | \$ 67,315 |
| 2027 | 1,473,510 | 147,379 | 527,486 | 53,844 |
| 2028 | 946,542 | 110,214 | 552,141 | 39,762 |
| 2029 | 975,947 | 85,959 | 382,523 | 25,069 |
| 2030 | 1,006,700 | 60,535 | 321,376 | 14,770 |
| 2031-2035 | 1,113,341 | 95,042 | 208,090 | 6,012 |
| Total | <u>\$ 7,565,921</u> | <u>\$ 697,639</u> | <u>\$ 2,495,435</u> | <u>\$ 206,772</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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 – SOLID WASTE LANDFILL CLOSURE (continued)

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 \$278,170 for postclosure maintenance expenses and \$550,024 for corrective action in 2025-26. These amounts are subject to annual inflation factors, as stipulated by CalRecycle. As of June 30, 2025, the cash balance held for postclosure maintenance totaled \$238,712, which is \$39,458 less than the pledged amount. The shortfall was covered by available resources in the Solid Waste Fund.

At June 30, 2025, a liability in the amount of \$7,457,136 was reported based on the estimated remaining postclosure care costs to meet the regulatory requirements. During fiscal year 2024-25, the City incurred post-closure expenses of \$808,898 and increased the liability by \$1,552,608 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, 2025. 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.

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 | 6/30/2024 | 651 Commerce Dr. Roseville, CA 95678 |
| TANC | 6/30/2024 | P.O. Box 15129 Sacramento, CA 95851 |
| SJSC | 6/30/2024 | 200 E. Santa Clara St. San Jose, CA 95113 |
| MSR EA | 12/31/2024 | P.O. Box 4060 Modesto, CA 95352 |
| MSR PPA | 12/31/2024 | P.O. Box 4060 Modesto, CA 95352 |
| SVACA | 6/30/2024 | 3370 Thomas Road Santa Clara, CA 95051 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

The City's basic financial statements reflect the following investments in joint ventures as of June 30, 2024 (latest information available):

| | <u>Participating percentage</u> | <u>Investment</u> | <u>Method of accounting</u> |
|---------------------|-------------------------------------|----------------------|---------------------------------|
| NCPA | | | |
| Geothermal | 44.39% | | |
| Hydroelectric | 37.02% | | |
| Combustion Turbine | 41.67% | \$44,099,226 | Equity |
| Lodi Energy Center | 25.75% | | |
| TANC | 9.69% | 9,823,936 | Equity |
| SJSC ⁽¹⁾ | 19.86% | 265,680,769 | Equity |
| MSR EA | 33.40% | - | Suspended |
| MSR PPA | 35.00% | 11,399,251 | Equity |
| SVACA | 56.50% | 5,287,765 | Equity |
| Total | | <u>\$336,290,947</u> | |

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

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, 2024, the City was contingently liable for long-term debt as follows (in thousands):

| | <u>Total Debt</u> | <u>Participating Share</u> | <u>Contingent Liability</u> |
|-------|-----------------------|--------------------------------|---------------------------------|
| NCPA | \$ 449,300 | 35.64% | \$ 160,113 |
| TANC | 159,565 | 9.65% | 15,400 |
| Total | <u>\$ 608,865</u> | | <u>\$ 175,513</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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

Take-or-Pay commitments expire upon final maturity of outstanding debt for each project. Final fiscal year debt expirations as of June 30, 2024 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% | 37.3643% |
| NCPA - Lodi Energy Center (NLEC) ⁽¹⁾ | June-2040 | 25.7500% | 35.2854% |
| TANC - CA-OR Transmission Project (COTP) | May-2039 | 9.6881% | 9.6512% |

(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, 2024 is as follows (latest information available):

| Fiscal Year | NGP | NHP | NLEC | COTP | Total |
|-------------|--------------|---------------|----------------|---------------|----------------|
| 2025 | \$ 1,545,765 | \$ 13,367,196 | \$ 7,565,513 | \$ 1,465,120 | \$ 23,943,594 |
| 2026 | - | 6,817,614 | 7,581,031 | 1,464,903 | 15,863,548 |
| 2027 | - | 6,822,128 | 7,721,815 | 1,464,831 | 16,008,774 |
| 2028 | - | 6,884,294 | 7,723,465 | 1,464,806 | 16,072,565 |
| 2029 | - | 6,815,475 | 7,723,430 | 1,464,734 | 16,003,639 |
| 2030-2034 | - | 28,857,091 | 38,621,287 | 7,324,659 | 74,803,037 |
| 2035-2039 | - | - | 38,615,696 | 7,324,975 | 45,940,671 |
| 2040-2041 | - | - | 14,804,750 | - | 14,804,750 |
| Total | \$ 1,545,765 | \$ 69,563,798 | \$ 130,356,987 | \$ 21,974,028 | \$ 223,440,578 |

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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 originally owned five 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. Effective September 1, 2010, two units located in the city of Roseville was sold to the City of Roseville. NCPA still owns and operates two units in the city of Alameda and one unit in the City of Lodi. Each 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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, 2024, the most recent data available, TANC's investment in the Project was \$556.4 million, less accumulated depreciation and amortization of \$297.7 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.

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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, 2024, the City's portion of the plant capacity was approximately 19.855%, 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 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 non-potable 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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 non-potable 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, 2024, the date of the latest available audited financial statements, SVP was in a positive equity position of \$11.4 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, 2025, 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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. Demolition of the San Juan Generation Station started in 2025 with completion estimated in 2026.

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, 2024, 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, 2025, 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 12 – PARTICIPATION IN JOINT VENTURES (continued)

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, 2024, bonds issued by MSR EA to finance the City's share of the Gas Prepay Project were outstanding in the principal amount of \$474,530,000. 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. The City of Mountain View joined in 2012 and the Town of Los Gatos joined in 2025. 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 five member cities.

During the fiscal year ended June 30, 2025, the City of Santa Clara contributed \$1,132,981 to SVACA. The City's equity interest in SVACA was \$5,287,765 at June 30, 2024 (the most recent audited information available). Audited financial statements are available from SVACA, located at 3370 Thomas Road, Santa Clara, CA 95051.

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 PEPRA. Employees hired on or before December 31, 2012, are considered Classic PERS members. Employees hired on or after January 1, 2013, fall into the PEPRA PERS members.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 2025 calendar year is \$350,000. Employees with membership dates prior to July 1, 1996, are not impacted by this limit. The compensation limit for PEPRA for calendar year 2025 is \$155,081 for employees covered by Social Security and is adjusted annually with the CPI for all Urban Consumers.

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. PEPRA members have an annual compensation limit on reportable earnings. The compensation limit for calendar year 2025 is \$186,096 for employees not 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, 2025

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

The Plans provisions and benefits in effect at June 30, 2025 are summarized as follows:

| Hire date | Miscellaneous | | Safety | |
|--|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | 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% | 7.00% | | |
| Public Safety - Fire | | | 9.00% | 11.75% |
| Public Safety - Police | | | 9.00% | 11.75% |
| Required employer contribution rates | 11.83% | 11.83% | 23.28% | 23.28% |
| Required unfunded liability contribution | \$29,601,760 | | \$26,772,481 | |

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 or the City can elect a discounted lump sum payment option, which the City elected to do in fiscal year 2024-25. The City's required contribution for the miscellaneous plan's unfunded liability was \$29,601,760 in fiscal year 2024-25. The City's required contribution for the safety plan's unfunded liability was \$26,772,481 in fiscal year 2024-25.

Employees Covered

At the valuation date, June 30, 2023, and measurement date June 30, 2024, the following employees were covered by the benefits terms for each Plan:

| | Miscellaneous | Safety |
|---|---------------|--------|
| Inactive employees or beneficiaries currently receiving benefits | 1,093 | 519 |
| Inactive employees entitled to but not yet receiving benefits | 606 | 92 |
| Active employees | 715 | 278 |
| Total | 2,414 | 889 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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, 2025, the City's contributions to the miscellaneous and safety plans were \$41,820,152 and \$40,969,901, 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, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

| | All Plans |
|--|---|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| 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⁾ | 6.90% |
| Post Retirement Benefit Increase | The lesser of Contract COLA or 2.3% until Purchasing Power Protection Allowance floor on purchases 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 mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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 each 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 at the statutorily required rates, actuarially determined. Based on those assumptions, each 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 each 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. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects the 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> | |

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2023 measurement date | \$ 906,859,415 | \$ 571,762,571 | \$ 335,096,844 |
| Changes in the year: | | | |
| Service cost | 16,950,345 | - | 16,950,345 |
| Interest on the total pension liability | 61,850,719 | - | 61,850,719 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 7,257,508 | - | 7,257,508 |
| Contributions - employer | - | 37,637,166 | (37,637,166) |
| Contributions - employees | - | 7,142,463 | (7,142,463) |
| Net investment income | - | 55,366,388 | (55,366,388) |
| Benefit payments, including refunds of employee contributions | (52,409,738) | (52,409,738) | - |
| Administrative expense | - | (465,245) | 465,245 |
| Net changes | 33,648,834 | 47,271,034 | (13,622,200) |
| Balance at June 30, 2024 measurement date | \$ 940,508,249 | \$ 619,033,605 | \$ 321,474,644 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

Safety Plan:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2023 measurement date | \$ 965,985,937 | \$ 614,911,796 | \$ 351,074,141 |
| Changes in the year: | | | |
| Service cost | 18,686,372 | - | 18,686,372 |
| Interest on the total pension liability | 66,364,978 | - | 66,364,978 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 13,390,967 | - | 13,390,967 |
| Contributions - employer | - | 36,813,747 | (36,813,747) |
| Contributions - employees | - | 6,600,757 | (6,600,757) |
| Net investment income | - | 59,091,657 | (59,091,657) |
| Benefit payments, including refunds of employee contributions | (53,817,662) | (53,817,662) | - |
| Administrative expense | - | (500,356) | 500,356 |
| Net changes | 44,624,655 | 48,188,143 | (3,563,488) |
| Balance at June 30, 2024 measurement date | \$ 1,010,610,592 | \$ 663,099,939 | \$ 347,510,653 |
| Combined Total | \$ 1,951,118,841 | \$ 1,282,133,544 | \$ 668,985,297 |

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 | \$ 438,761,781 | \$ 481,446,101 |
| Current Discount Rate | 6.90% | 6.90% |
| Net Pension Liability | \$ 321,474,644 | \$ 347,510,653 |
| 1% Increase | 7.90% | 7.90% |
| Net Pension Liability | \$ 224,018,260 | \$ 237,533,276 |

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, 2025

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, 2025, the City recognized pension expense of \$44,875,423 for the Miscellaneous Plan and \$54,099,819 for the Safety Plan, for total pension expense of \$98,975,242.

At June 30, 2025, 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 | \$ 41,820,152 | \$ - |
| Changes of assumptions | 2,858,518 | - |
| Differences between expected and actual experience | 8,009,365 | (423,662) |
| Net differences between projected and actual earnings on pension plan investments | 8,144,613 | - |
| Total | <u>\$ 60,832,648</u> | <u>\$ (423,662)</u> |

Safety Plan:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 40,969,901 | \$ - |
| Changes of assumptions | 6,346,611 | - |
| Differences between expected and actual experience | 16,048,912 | (829,798) |
| Net differences between projected and actual earnings on pension plan investments | 9,304,114 | - |
| Total | <u>\$ 72,669,538</u> | <u>\$ (829,798)</u> |
| Combined Total | <u>\$ 133,502,186</u> | <u>\$ (1,253,460)</u> |

The reported \$41,820,152 for the Miscellaneous Plan and \$40,969,901 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, 2026. Other amounts reported as deferred outflows of

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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 |
|-------------------------------------|---|------------------------------------|
| 2025 | \$ 6,117,416 | \$ 12,268,419 |
| 2026 | 17,643,007 | 22,160,623 |
| 2027 | (1,928,434) | (142,346) |
| 2028 | (3,243,155) | (3,416,857) |

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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 15 – DEFERRED COMPENSATION PLAN (continued)

Under the terms of the Memorandum of Understanding (MOU) with the Police Officers Association (Unit 2) and the Unclassified Police Management Association (Unit 9A), the City is required to make a monthly contribution of \$150 to each employee who is enrolled in the City's Section 457 deferred compensation plan.

Under the terms of 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 who is enrolled in the City's Section 457 deferred compensation plan.

Under the terms of the MOU with the Unclassified Fire Management Employees (Unit 9B), the City is required to make a monthly contribution of \$230 to each employee who is enrolled in the City's Section 457 deferred compensation plan.

Under the terms of the MOU with the Engineers of the City of Santa Clara (Unit 4), the City is required to make a monthly contribution of \$166 to \$330 to employees who are enrolled in the City's Section 457 deferred compensation plan.

Under the terms of the MOU with the Santa Clara Firefighters (Unit 1), the City is required to make a monthly contribution of \$175 to each employee who is enrolled in the City's Section 457 deferred compensation plan.

Under the terms of the MOU with the Unclassified Management Employees Association (Unit 9), the City is required to make a monthly contribution of \$300 to each employee who is enrolled in the City's Section 457 deferred compensation plan.

The City's required contributions for the year ended June 30, 2025 totaled \$1,390,568.

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 \$5,046 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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

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 2024-25, the following time frames were used.

| | |
|---|-------------------------------|
| Measurement Date | June 30, 2025 |
| Measurement Period | July 1, 2024 to June 30, 2025 |
| Actuarial valuation date ⁽¹⁾ | June 30, 2024 |

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

B. Plan Membership

As of June 30, 2025, membership in the plan consisted of the following:

| | <u>Number of Covered Employees</u> |
|--|--|
| Inactive employees currently receiving benefits | 657 |
| Inactive employees entitled to but not yet receiving benefit payments | 258 |
| Active employees | <u>1,013</u> |
| Total | <u><u>1,928</u></u> |

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, 2025 the City's cash contributions were \$4,463,303 in payments to the trust, \$15,846 in administrative expenses paid outside of the trust, and the estimated implied subsidy was \$1,011,000 for total contributions of \$5,490,149.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (continued)

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2024, rolled forward to June 30, 2025 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, 2025 Measurement Date |
| Actuarial valuation date | June 30, 2024 |
| Discount rate | 4.50% at June 30, 2025 and 2024 |
| | Crossover analysis showed benefit payments always fully funded by plan assets |
| Inflation | 2.50% |
| Salary increases | Aggregate 2.75% |
| Investment rate of return | 4.50% at June 30, 2025 and 2024 |
| Funding policy | Full pre-funding to PARS trust |
| | PARS portfolio: Moderately Conservative |
| Mortality, Disability, Termination, and | CalPERS 2000-2019 Experience Study |
| Mortality Improvement | Mortality projected fully generational with Scale MP-2021 |
| Healthcare cost trend rates | Non-Medicare - 7.90% for 2026, scaling down to 3.45% in year 2076 |
| | Medicare (Non-Kaiser) - 6.90% for 2026, scaling down to 3.45% in year 2076 |
| | Medicare (Kaiser) - 5.65% for 2026, 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, 2025. 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, 2025

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.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Global Equity | 30% | 4.56% |
| Mutual Funds - Fixed Income | 65% | 0.78% |
| Cash and equivalent | 5% | -0.50% |
| | <u>100%</u> | |
| 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:

| | <u>Net OPEB Liability (In Thousands)</u> | |
|--|--|------------------|
| | <u>2025</u> | <u>2024</u> |
| Total OPEB Liability | \$ 73,464 | \$ 69,211 |
| Fiduciary Net Position | (38,651) | (33,513) |
| Net OPEB Liability | <u>\$ 34,813</u> | <u>\$ 35,698</u> |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 52.6% | 48.4% |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2024 measurement date | \$ 69,210 | \$ 33,512 | \$ 35,698 |
| Changes in the year: | | | |
| Service cost | 2,367 | - | 2,367 |
| Interest | 3,142 | - | 3,142 |
| Differences between expected and actual experience | 2,281 | - | 2,281 |
| Change in Assumption | - | - | - |
| Contributions - employer ⁽¹⁾ | - | 5,490 | (5,490) |
| Net investment income | - | 3,306 | (3,306) |
| Benefit payments | (3,536) | (3,536) | - |
| Administrative expense | - | (121) | 121 |
| Net changes | 4,254 | 5,139 | (885) |
| Balance at June 30, 2025 measurement date | \$ 73,464 | \$ 38,651 | \$ 34,813 |

(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, 2025, 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 | \$ 44,140 | \$ 34,813 | \$ 27,062 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2025, 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 | \$ 25,396 | \$ | 34,813 | \$ 46,467 |

I. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized OPEB expense as follows:

| OPEB Expense (In Thousands) | |
|--------------------------------|-----------------|
| | 2025 |
| Fund level expense | \$ 4,479 |
| Actuarial Expense | (328) |
| OPEB Expense | <u>\$ 4,151</u> |

As of fiscal year ended June 30, 2025, 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 | \$ 352 | \$ 386 |
| Differences between expected and actual experience | 1,925 | 907 |
| Net differences between projected and actual earnings on OPEB plan investments | - | 901 |
| Total | <u>\$ 2,277</u> | <u>\$ 2,194</u> |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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 |
| 2026 | \$ 632 |
| 2027 | (450) |
| 2028 | (564) |
| 2029 | (34) |
| 2030 | 356 |
| Thereafter | 143 |

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 purchases and sales.

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, 2025

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 \$14.6 million and \$8.5 million, respectively, for fiscal year ended June 30, 2025, 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, 2025

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, 2025

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 \$72.7 million, \$13.4 million, and \$77.1 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, 2025

NOTE 18 – NET POSITION/FUND EQUITY (continued)

Fund Balance Classification

| | Major Funds | | Non-Major | Fund Balance |
|------------------------------------|----------------|-------------------|----------------|----------------|
| | General | Santa Clara | Governmental | June 30, |
| | Fund | Housing Successor | Funds | 2025 |
| Nonspendable: | | | | |
| Receivables, inventory & prepaid | \$ 37,104 | \$ - | \$ - | \$ 37,104 |
| Leases | 8,259,157 | - | - | 8,259,157 |
| Total Nonspendable | 8,296,261 | - | - | 8,296,261 |
| Restricted For: | | | | |
| Gas tax programs | - | - | 4,185,702 | 4,185,702 |
| Housing & Community | - | 6,878,990 | 22,629,099 | 29,508,089 |
| Maintenance districts | - | - | 2,380,868 | 2,380,868 |
| Operating grants | - | - | 4,983,415 | 4,983,415 |
| Debt service | - | - | 821,439 | 821,439 |
| Environmental enforcements | 45,065 | - | 994,881 | 1,039,946 |
| Parks & recreation | - | - | 50,545,462 | 50,545,462 |
| Streets and highway | - | - | 50,062,752 | 50,062,752 |
| Public safety | 1,078,982 | - | - | 1,078,982 |
| Library | 19,488 | - | - | 19,488 |
| Public facilities | 267,445 | - | 2,655,927 | 2,923,372 |
| Donations | 859,072 | - | 351,791 | 1,210,863 |
| Pension rate stabilization program | 37,546,639 | - | - | 37,546,639 |
| Storm drain | - | - | 324,510 | 324,510 |
| Total Restricted | 39,816,691 | 6,878,990 | 139,935,846 | 186,631,527 |
| Committed to: | | | | |
| Housing programs | - | - | 1,106,868 | 1,106,868 |
| Parks & recreation | - | - | 14,166,112 | 14,166,112 |
| Streets and highway | - | - | 11,756,181 | 11,756,181 |
| Storm drain | - | - | 5,286,951 | 5,286,951 |
| Public safety | - | - | 1,836,773 | 1,836,773 |
| Library | - | - | 653,160 | 653,160 |
| Public facilities | - | - | 26,707,731 | 26,707,731 |
| Building inspection | - | - | 40,454,354 | 40,454,354 |
| Land investment | 12,678,089 | - | - | 12,678,089 |
| Historical preservation | 97,888 | - | - | 97,888 |
| Total Committed | 12,775,977 | - | 101,968,130 | 114,744,107 |
| Assigned to: | | | | |
| General Government | 16,909,639 | - | - | 16,909,639 |
| Other purposes | 69,870 | - | - | 69,870 |
| Total Assigned | 16,979,509 | - | - | 16,979,509 |
| Unassigned: | 163,215,158 | - | - | 163,215,158 |
| Total Fund Balances | \$ 241,083,596 | \$ 6,878,990 | \$ 241,903,976 | \$ 489,866,562 |

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2025, the Budget Stabilization and Capital Projects Reserves were \$72.7 million and \$13.4 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, 2025, 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, 2025

NOTE 18 – NET POSITION/FUND EQUITY (continued)

| Fund Name | Pension Rate Stabilization Balances |
|-------------------|---|
| General Fund: | \$ 37,546,639 |
| Enterprise Funds: | |
| Electric Utility | 11,792,344 |
| Water Utility | 2,255,660 |
| Sewer Utility | 1,124,084 |
| Water Recycling | 197,081 |
| Solid Waste | 551,088 |
| | \$ 53,466,896 |

D. Net Position/Fund Balance Deficits

The funds listed below had an accumulated deficit as of June 30, 2025:

| Fund Name | Accumulated Deficit |
|--|------------------------|
| Internal Service Funds: | |
| Workers' Compensation Insurance Claims | \$ 10,321,674 |

The Workers' Compensation Insurance Claims Internal Service Fund accumulated deficit is primarily due to the incurred but not yet recognized claims' liabilities and are expected to be offset by future charges to the General Fund and the enterprise funds.

E. Prior Period Adjustments

Effective July 1, 2024, the City implemented GASB Statement No. 101, Compensated Absences, which establishes updated recognition and measurement criteria for certain types of leave benefits, including vacation, sick leave, and other paid time off. As a result of this implementation, the City evaluated its compensated absences liability and determined that adjustments were required to align with the new standard. Accordingly, beginning net position as of July 1, 2024, was restated to reflect the cumulative effect of applying GASB 101. The adjustment resulted in an increase (or decrease) in the compensated absences liability and a corresponding decrease (or increase) in beginning net position.

During fiscal year 2024–25, the City implemented an accounting policy change in the recognition of unavailable revenue related to long-term loan programs. Previously, unavailable revenue was recognized in the entity-wide financial statements upon the housing developer's completion of the certificate of occupancy. Under the revised policy, unavailable revenue is recognized when cash is disbursed to the developers. The

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 18 – NET POSITION/FUND EQUITY (continued)

cumulative effect of this change increased the beginning net position of governmental activities by \$25,183,246 as of July 1, 2024.

The effect of these adjustments and restatements are shown below:

| | Beginning Net Position, as previously reported on June 30, 2024 | Adjustment for Implementation of GASB101 | Adjustment for Accounting Policy Change - Unavailable Revenues | Beginning Net Position, as restated on June 30, 2024 |
|---------------------------------|---|--|---|--|
| Governmental Activities | <u>\$ 721,823,971</u> | <u>\$ (7,124,240)</u> | <u>\$ 25,183,246</u> | <u>\$ 739,882,977</u> |
| Internal Service Funds: | | | | |
| Automotive Services | \$ 19,983,600 | \$ (73,108) | | \$ 19,910,492 |
| Information Technology Services | (601,769) | (124,901) | | (726,670) |
| | <u>\$ 19,381,831</u> | <u>\$ (198,009)</u> | | <u>\$ 19,183,822</u> |
| Enterprise Funds | | | | |
| Electric Utility | \$ 1,292,855,590 | \$ (2,476,429) | | \$ 1,290,379,161 |
| Water Utility | 76,706,248 | (110,084) | | 76,596,164 |
| Sewer Utility | 375,113,044 | (54,430) | | 375,058,614 |
| Water Recycling | 6,161,019 | 828 | | 6,161,847 |
| Cemetery | 3,374,972 | (7,978) | | 3,366,994 |
| Solid Waste | 2,560,249 | (17,351) | | 2,542,898 |
| | <u>\$ 1,756,771,122</u> | <u>\$ (2,665,444)</u> | | <u>\$ 1,754,105,678</u> |

Santa Clara Stadium Authority Prior Year Error Correction

As discussed in Note 6F, the Santa Clara Stadium Authority's beginning net position in the financial statements was restated to correct a prior year unearned revenue balance. The net position was increased by \$23.1 million in fiscal year 2024-25. The effect of the restatement is shown below:

| | Beginning Net Position, as previously reported on March 31, 2024 | Error Correction - Unearned Revenue | Beginning Net Position, as restated on March 31, 2024 |
|-------------------------------|--|---|---|
| Santa Clara Stadium Authority | <u>\$ 132,613,452</u> | <u>\$ 23,119,995</u> | <u>\$ 155,733,447</u> |

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 19 – RISK MANAGEMENT (continued)

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 (IBNR). At June 30, 2025, the estimated claims payable of \$31,675,000, 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, 2025, totaled \$10,917,000 and \$24,348,000 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, 2023 resulted from the following:

| | Special Liability | Workers' Compensation | Total |
|--|------------------------------|----------------------------------|----------------------|
| Liability as of June 30, 2023 | \$ 7,817,000 | \$ 20,303,000 | \$ 28,120,000 |
| Claims and changes in estimates during fiscal 2024 | 6,284,583 | 6,231,024 | 12,515,607 |
| Claim payments | (5,415,583) | (5,724,024) | (11,139,607) |
| Liability as of June 30, 2024 | \$ 8,686,000 | \$ 20,810,000 | \$ 29,496,000 |
| Claims and changes in estimates during fiscal 2025 | 13,368,885 | 6,300,220 | 19,669,105 |
| Claim payments | (11,861,885) | (5,628,220) | (17,490,105) |
| Liability as of June 30, 2025 | <u>\$ 10,193,000</u> | <u>\$ 21,482,000</u> | <u>\$ 31,675,000</u> |
| Current Claims Payable | \$ 3,022,000 | \$ 4,126,000 | \$ 7,148,000 |
| Long Term Claims Payable | 7,171,000 | 17,356,000 | 24,527,000 |
| Liability as of June 30, 2025 | <u>\$ 10,193,000</u> | <u>\$ 21,482,000</u> | <u>\$ 31,675,000</u> |

With respect to the Special Liability accrual of \$10.2 million, the City has numerous unsettled lawsuits filed or claims asserted against it as of June 30, 2025. 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 special liability for claims and lawsuits as of June 30, 2025, are approximately \$10.2 million. The final outcome of claims and lawsuits, which have been categorized as reasonably possible loss contingencies, is not

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 19 – RISK MANAGEMENT (continued)

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.

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, 2025, total governmental fund encumbrance balances for the City are as follows:

| | | |
|-------------------------------|----|-------------------|
| General Fund | \$ | 5,816,859 |
| Santa Clara Housing Successor | | 220,003 |
| Nonmajor Governmental Funds | | 33,305,120 |
| Total Governmental Funds | \$ | <u>39,341,982</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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

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.

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 \$523,678 during fiscal year 2024-25, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2025-26 is estimated to be \$436,668.

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 has been establishing 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.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

2024 Settlement Agreement

On May 23, 2024, the SCSA, the City, StadCo, and ManagementCo entered into the 2024 Settlement Agreement that resolved pending arbitration and disputes regarding the reimbursement of expenses for complementary buffets provided to certain SBL holders, the NFL public safety cost threshold and related claims, as well as other miscellaneous terms and matters. The 2024 Settlement Agreement provided for amendments to the Ground Lease (Second Amendment) and the Stadium Lease (First Amendment), which were effective as of May 28, 2024. As part of the buffet costs settlement, StadCo's claims against the SCSA for unpaid buffet costs reimbursements for fiscal years 2014-15 through 2023-24 were resolved and deemed satisfied, and ManagementCo's previous (and disputed) draw under the Revolving Credit Agreement to reimburse StadCo for \$902 thousand for buffet costs in fiscal year 2022-21 was deemed a timely payment by SCSA. The 2024 Settlement Agreement also provided a new \$90 thousand buffet reimbursement fee per NFL Game owed by SCSA to StadCo, starting in fiscal year 2024-25, with the fee increasing each year by 3%. As part of the public safety costs settlement, the \$14.8 million of public safety costs over the threshold for fiscal year 2017-18 through fiscal year 2023-24 owed by SCSA to StadCo was agreed to not be treated as Credited Public Safety Costs and therefore those credits would not affect the calculation of Performance Based Rent. This cost due to StadCo has been redefined as Public Safety Cost 2024 Outstanding Balance, which would be paid from a legal contingency reserve and future excess revenues until paid off. In fiscal year 2024-25, the SCSA made a payment of \$3.3 million from a legal contingency reserve and a payment of \$6.2 million from excess revenues toward the Public Safety Cost 2024 Outstanding Balance, as agreed. The SCSA is expected to use a portion of its excess revenues to pay off the remaining \$5.3 million in future years.

The 2024 Settlement Agreement also allows for the payment of the Performance Based Rent from the SCSA to the City in the amount of \$7.3 million for fiscal years 2022-23 and 2023-24.

Public Safety Costs Over Threshold

Pursuant to the May 2024 Settlement Agreement, on May 28, 2024, the SCSA entered into the First Amendment to Amended and Restated Stadium Lease Agreement with the Forty Niners SC Stadium Company LLC (StadCo). Under that amendment agreement, reimbursements for Public Safety Cost 2024 Outstanding Balance will be partially paid using Litigation Contingency Reserves, with the remainder to be paid through excess revenues. As of March 31, 2025, the SCSA has \$5.3 million outstanding in the Public Safety Cost 2024 Outstanding Balance included within accounts payable.

In addition, the annual NFL Public Safety Cost Threshold was increased to \$360 thousand per game for lease year ending March 31, 2025, with a 4% escalator applied for each subsequent year. The amendment agreement also provided for a new Public Safety Costs Expenditures reserve account, funded in part by increases of Non-NFL Ticket Surcharges. To the extent that public safety costs for NFL events exceed the public safety cost threshold, StadCo will be reimbursed by the SCSA through payments from the SCSA's Discretionary Fund or the Public Safety Cost Reserve. For fiscal year ending March 31, 2025, the SCSA paid \$2.5 million to StadCo for public safety costs over threshold.

Excess Revenue Distribution

Pursuant to the May 2024 Settlement Agreement and the related First Amendment to Amended and Restated Stadium Lease Agreement, the use of excess revenues was restructured to facilitate the reimbursement of the Public Safety Cost 2024 Outstanding Balance to StadCo and to allow for funds to be distributed to the City's general fund. The flow of excess revenue was restructured such that, in the event the Renovation and

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

Demolition Reserve is less than \$70 million, the SCSA will deposit up to 50% of available excess revenues in the Renovation and Demolition Reserve, up to 50% of available excess revenues to repay to StadCo the Public Safety Costs 2024 Outstanding Balance, and any remaining excess revenues to be treated additional disbursements, such as distribution to the City's general fund. Once the Public Safety Costs 2024 Outstanding Balance is paid in full, the SCSA will disburse up to 50% of the remaining excess revenues to the Renovation and Demolition Reserve, and the remainder of excess revenues can be distributed to the City's general fund. After the Renovation and Demolition Reserve has \$70 million, the remaining available excess revenues may be distributed by SCSA to the City's general fund.

For fiscal year ending March 31, 2025, the SCSA transferred \$12.3 million to the Renovation and Demolition Reserve, paid \$6.2 million to StadCo to pay down the Public Safety Cost 2024 Outstanding Balance, and paid \$6.2 million to the City's General Fund.

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

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 22 – SUCCESSOR AGENCY LEASE AGREEMENTS (continued)

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.

Lease revenues collected from July 1, 2012 to June 30, 2025 in the amount of \$16,885,550 were passed on to the Successor Agency. For the fiscal year ended June 30, 2025, the Successor Agency recognized \$1,268,251 in lease revenue and \$881,911 in interest revenue. As of June 30, 2025, the Successor Agency's receivable for lease payments was \$38,407,123 and the balance of the deferred inflow of resources was \$35,405,346.

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.

On March 26, 2025, the Successor Agency approved a purchase and sale agreement related to the sale of the Hyatt parcel. The transfer of the property was settled on March 26, 2025. The Lease revenues collected from

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 22 – SUCCESSOR AGENCY LEASE AGREEMENTS (continued)

Hyatt from July 1, 2012 to June 30, 2025 in the amount of \$18,988,998 were passed on to the Successor Agency. For the fiscal year ended June 30, 2025, the Successor Agency recognized \$252,000 in lease revenue and \$62,150 in interest revenue. With the sale of the property, the lease was terminated and a loss on lease termination of \$143,657 was recognized during the year ended June 30, 2025.

C. Schedule of the Future Lease Payments

As of June 30, 2025, the future lease payments to be received by the Successor Agency for the above lease are as follows:

| For the Year Ending June 30 | Lease Receivable | |
|--------------------------------|----------------------|----------------------|
| | Principal | Interest |
| 2026 | \$ 594,526 | \$ 869,574 |
| 2027 | 608,225 | 855,875 |
| 2028 | 632,128 | 844,173 |
| 2029 | 784,751 | 825,759 |
| 2030 | 802,833 | 807,677 |
| 2031-2035 | 4,641,329 | 3,746,744 |
| 2036-2040 | 6,086,329 | 3,140,551 |
| 2041-2045 | 7,798,009 | 2,351,559 |
| 2046-2050 | 9,811,750 | 1,352,777 |
| 2051-2055 | 6,647,243 | 230,104 |
| | <u>\$ 38,407,123</u> | <u>\$ 15,024,793</u> |

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Required Supplementary Information

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| |
|---|
| <p style="text-align: center;">CITY OF SANTA CLARA REQUIRED SUPPLEMENTARY INFORMATION</p> |
|---|

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

Miscellaneous Plan

| | 2024 | 2023 | 2022 |
|--|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | |
| Service cost | \$ 16,950,345 | \$ 16,468,193 | \$ 16,172,784 |
| Interest | 61,850,719 | 59,622,333 | 57,377,858 |
| Changes of benefit terms | - | 643,992 | - |
| Changes of assumptions | - | - | 24,297,391 |
| Differences between expected and actual experience | 7,257,508 | 7,491,260 | (3,601,124) |
| Benefit payments, including refunds of employee contributions | (52,409,738) | (50,177,599) | (48,432,370) |
| Net change in total pension liability | 33,648,834 | 34,048,179 | 45,814,539 |
| Total pension liability - beginning | 906,859,415 | 872,811,236 | 826,996,697 |
| Total pension liability - ending | \$ 940,508,249 | \$ 906,859,415 | \$ 872,811,236 |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 37,637,166 | \$ 36,574,733 | \$ 34,036,195 |
| Contributions - employee | 7,142,463 | 6,418,087 | 6,369,047 |
| Net investment income | 55,366,388 | 34,061,981 | (45,722,450) |
| Benefit payments, including refunds of employee contributions | (52,409,738) | (50,177,599) | (48,432,370) |
| Plan to plan resource movement | - | - | - |
| Administrative expense | (465,245) | (400,978) | (373,396) |
| Other Misc Income/(Expense) ⁽¹⁾ | - | - | - |
| Net change in plan fiduciary net position | 47,271,034 | 26,476,224 | (54,122,974) |
| Plan fiduciary net position - beginning ⁽²⁾ | 571,762,571 | 545,286,347 | 599,409,321 |
| Plan fiduciary net position - ending | \$ 619,033,605 | \$ 571,762,571 | \$ 545,286,347 |
| Net Pension Liability - ending | \$ 321,474,644 | \$ 335,096,844 | \$ 327,524,889 |
| Plan fiduciary net position as a percentage of the total pension liability | 65.82% | 63.05% | 62.47% |
| Covered payroll | \$ 102,818,912 | \$ 100,304,469 | \$ 92,642,754 |
| Net pension liability as percentage of covered payroll | 312.66% | 334.03% | 353.54% |

Notes to schedule:

(1) 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.

(2) Includes any beginning of year adjustment.

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

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 15,428,984 | \$ 15,079,332 | \$ 14,448,007 | \$ 13,159,021 | \$ 11,975,850 | \$ 10,415,730 | \$ 9,909,421 |
| 56,183,036 | 54,277,035 | 51,858,572 | 49,394,806 | 47,384,580 | 46,283,869 | 44,755,550 |
| - | - | - | - | - | - | - |
| - | - | - | (5,067,759) | 37,018,109 | - | (10,233,178) |
| 1,328,853 | 9,229,485 | 10,888,358 | 10,229,369 | (2,176,270) | (2,265,081) | 108,957 |
| (45,355,148) | (43,050,194) | (41,003,947) | (38,252,869) | (35,744,281) | (33,491,738) | (31,858,297) |
| 27,585,725 | 35,535,658 | 36,190,990 | 29,462,568 | 58,457,988 | 20,942,780 | 12,682,453 |
| 799,410,972 | 763,875,314 | 727,684,324 | 698,221,756 | 639,763,768 | 618,820,988 | 606,138,535 |
| \$ 826,996,697 | \$ 799,410,972 | \$ 763,875,314 | \$ 727,684,324 | \$ 698,221,756 | \$ 639,763,768 | \$ 618,820,988 |
| \$ 31,272,528 | \$ 28,827,466 | \$ 25,715,248 | \$ 22,508,822 | \$ 22,015,885 | \$ 18,464,042 | \$ 15,625,285 |
| 6,333,120 | 6,650,350 | 6,182,683 | 5,957,917 | 5,247,078 | 5,151,548 | 4,755,791 |
| 112,780,714 | 24,008,623 | 30,342,401 | 36,908,188 | 44,308,442 | 2,186,435 | 9,037,882 |
| (45,355,148) | (43,050,194) | (41,003,947) | (38,252,869) | (35,744,281) | (33,491,738) | (31,858,297) |
| - | - | - | (1,065) | - | (788) | (368) |
| (494,347) | (675,430) | (326,982) | (674,790) | (587,320) | (247,274) | (457,051) |
| - | - | 1,065 | (1,281,438) | - | - | - |
| 104,536,867 | 15,760,815 | 20,910,468 | 25,164,765 | 35,239,804 | (7,937,775) | (2,896,758) |
| 494,872,454 | 479,111,639 | 458,201,171 | 433,036,406 | 397,796,602 | 405,734,377 | 408,631,135 |
| \$ 599,409,321 | \$ 494,872,454 | \$ 479,111,639 | \$ 458,201,171 | \$ 433,036,406 | \$ 397,796,602 | \$ 405,734,377 |
| \$ 227,587,376 | \$ 304,538,518 | \$ 284,763,675 | \$ 269,483,153 | \$ 265,185,350 | \$ 241,967,166 | \$ 213,086,611 |
| 72.48% | 61.90% | 62.72% | 62.97% | 62.02% | 62.18% | 65.57% |
| \$ 89,321,766 | \$ 89,410,939 | \$ 81,872,333 | \$ 75,515,390 | \$ 71,285,526 | \$ 61,942,363 | \$ 58,051,406 |
| 254.79% | 340.61% | 347.76% | 356.81% | 371.95% | 390.63% | 367.07% |

Changes of 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. There were no assumption changes in 2023 or 2024. Effective with June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting 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 accounting discount rate was 7.65% to reflect an adjustment of administrative expense.

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

Miscellaneous Plan

| | 2025 | 2024 | 2023 | 2022 |
|---|----------------|----------------|----------------|---------------|
| Actuarially determined contribution | \$ 41,820,152 | \$ 37,993,602 | \$ 36,763,759 | \$ 34,126,897 |
| Contributions in relation to the actuarially determined contributions | (41,820,152) | (37,993,602) | (36,763,759) | (34,126,897) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 110,578,742 | \$ 102,818,912 | \$ 100,304,469 | \$ 92,642,754 |
| Contributions as a percentage of covered payroll | 37.82% | 36.95% | 36.65% | 36.84% |
| Notes to schedule | | | | |
| Valuation date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 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 2022, 2.30% for 2023 to 2025 |
| 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 7.0% for 2021 through 2022, 6.8% for 2023 to 2025, 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 2021 CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and Post-retirement mortality rates are projected generationally for future years using 80% of Scale, MP-2020 published by the Society of Actuaries. |

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

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$ 31,035,143</u> | <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>(31,035,143)</u> | <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>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 89,321,766 | \$ 89,410,939 | \$ 81,872,333 | \$ 75,515,390 | \$ 71,285,526 | \$ 61,942,363 |
| 34.75% | 32.42% | 28.84% | 33.45% | 30.32% | 29.94% |
| 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 |

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

| | 2024 | 2023 | 2022 |
|--|-------------------------|-----------------------|-----------------------|
| Total Pension Liability | | | |
| Service cost | \$ 18,686,372 | \$ 17,572,981 | \$ 17,072,526 |
| Interest | 66,364,978 | 63,455,937 | 60,648,121 |
| Changes of benefit terms | - | 261,381 | - |
| Changes of assumptions | - | - | 27,501,978 |
| Differences between expected and actual experience | 13,390,967 | 12,903,735 | (3,595,795) |
| Benefit payments, including refunds of employee contributions | (53,817,662) | (51,815,487) | (49,070,549) |
| Net change in total pension liability | 44,624,655 | 42,378,547 | 52,556,281 |
| Total pension liability - beginning | 965,985,937 | 923,607,390 | 871,051,109 |
| Total pension liability - ending | \$ 1,010,610,592 | \$ 965,985,937 | \$ 923,607,390 |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 36,813,747 | \$ 34,987,003 | \$ 31,703,230 |
| Contributions - employee | 6,600,757 | 6,145,378 | 5,872,012 |
| Net investment income | 59,091,657 | 36,533,713 | (49,438,525) |
| Benefit payments, including refunds of employee contributions | (53,817,662) | (51,815,487) | (49,070,549) |
| Plan to plan resource movement | - | - | - |
| Administrative expense | (500,356) | (433,487) | (405,431) |
| Other Misc Income/(Expense) ⁽²⁾ | - | - | - |
| Net change in plan fiduciary net position | 48,188,143 | 25,417,120 | (61,339,263) |
| Plan fiduciary net position - beginning | 614,911,796 | 589,494,676 | 650,833,939 |
| Plan fiduciary net position - ending | \$ 663,099,939 | \$ 614,911,796 | \$ 589,494,676 |
| Net Pension Liability - ending | \$ 347,510,653 | \$ 351,074,141 | \$ 334,112,714 |
| Plan fiduciary net position as a percentage of the total pension | 65.61% | 63.66% | 63.83% |
| Covered payroll | \$ 65,868,106 | \$ 62,842,726 | \$ 57,190,646 |
| Net pension liability as percentage of covered payroll | 527.59% | 558.66% | 584.21% |

Notes to schedule:

(1) 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.

(2) Includes any beginning of year adjustment.

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⁾

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 15,750,690 | \$ 15,518,467 | \$ 14,861,460 | \$ 13,999,625 | \$ 13,111,358 | \$ 10,985,005 | \$ 10,678,931 |
| 59,165,587 | 56,740,930 | 54,154,256 | 51,713,042 | 49,741,737 | 48,410,844 | 46,944,730 |
| - | - | - | - | - | - | - |
| - | - | - | (3,333,870) | 40,842,398 | - | (11,249,844) |
| 7,316,002 | 10,124,845 | 8,480,853 | 5,782,119 | (1,814,831) | (3,491,487) | (3,604,245) |
| (46,961,121) | (44,599,326) | (41,984,265) | (38,978,890) | (37,370,686) | (35,868,203) | (34,372,454) |
| 35,271,158 | 37,784,916 | 35,512,304 | 29,182,026 | 64,509,976 | 20,036,159 | 8,397,118 |
| 835,779,951 | 797,995,035 | 762,482,731 | 733,300,705 | 668,790,729 | 648,754,570 | 640,357,452 |
| <u>\$ 871,051,109</u> | <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> |
| | | | | | | |
| \$ 29,084,516 | \$ 26,654,865 | \$ 23,458,623 | \$ 20,510,633 | \$ 19,580,881 | \$ 16,679,012 | \$ 14,692,277 |
| 5,742,937 | 5,589,396 | 5,781,715 | 5,395,755 | 4,913,868 | 4,376,079 | 4,079,023 |
| 122,207,114 | 26,348,251 | 33,408,137 | 40,902,179 | 49,621,113 | 2,362,110 | 10,236,992 |
| (46,961,121) | (44,599,326) | (41,984,265) | (38,978,890) | (37,370,686) | (35,868,203) | (34,372,454) |
| - | - | - | (1,182) | - | 788 | - |
| (540,727) | (744,424) | (362,341) | (751,243) | (658,507) | (279,579) | (516,273) |
| - | - | 1,182 | (1,426,623) | - | - | - |
| 109,532,719 | 13,248,762 | 20,303,051 | 25,650,629 | 36,086,669 | (12,729,793) | (5,880,435) |
| 541,301,220 | 528,052,458 | 507,749,407 | 482,098,778 | 446,012,109 | 458,741,902 | 464,622,337 |
| <u>\$ 650,833,939</u> | <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>\$ 220,217,170</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> |
| | | | | | | |
| 74.72% | 64.77% | 66.17% | 66.59% | 65.74% | 66.69% | 70.71% |
| | | | | | | |
| \$ 54,912,443 | \$ 53,564,578 | \$ 50,808,770 | \$ 47,569,993 | \$ 47,064,869 | \$ 41,116,053 | \$ 38,909,866 |
| 401.03% | 549.76% | 531.29% | 535.49% | 533.74% | 541.83% | 488.34% |

Changes of 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. There were no assumption changes in 2023 or 2024. Effective with June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting 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 accounting discount rate was 7.65% to reflect an adjustment of administrative expense.

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

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Safety Plan | | | | |
| | 2025 | 2024 | 2023 | 2022 |
| Actuarially determined contribution | \$ 40,969,901 | \$ 37,050,903 | \$ 35,094,101 | \$ 32,084,531 |
| Contributions in relation to the actuarially determined contributions | (40,969,901) | (37,050,903) | (35,094,101) | (32,084,531) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 67,512,733 | \$ 65,868,106 | \$ 62,842,726 | \$ 57,190,646 |
| Contributions as a percentage of covered payroll | 60.68% | 56.25% | 55.84% | 56.10% |
| Notes to schedule | | | | |
| Valuation date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 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 2022, 2.30% for 2023 to 2025 |
| 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 7.0% for 2021 through 2022, 6.8% for 2023 to 2025, 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 2021 CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and Post-retirement mortality rates are projected generationally for future years using 80% of Scale, MP-2020 published by the Society of Actuaries. |

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

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$ 29,295,456</u> | <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>(29,295,456)</u> | <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>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 54,912,443 | \$ 53,564,578 | \$ 50,808,770 | \$ 47,569,993 | \$ 47,064,869 | \$ 41,116,053 |
| 53.35% | 50.59% | 46.22% | 46.25% | 41.93% | 42.23% |
| 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 |

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)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total OPEB Liability | | | | | | | | | |
| Service cost | \$ 2,367 | \$ 2,303 | \$ 2,415 | \$ 2,344 | \$ 2,091 | \$ 2,030 | \$ 2,264 | \$ 2,198 | \$ 2,134 |
| Interest | 3,142 | 3,057 | 3,244 | 3,145 | 3,292 | 3,200 | 3,478 | 3,343 | 3,194 |
| Differences between expected and actual experience | 2,281 | | (1,652) | - | (326) | - | (1,644) | - | - |
| Changes of assumptions | | | (760) | - | 1,709 | - | (5,838) | - | - |
| Benefit payments including refunds | (3,536) | (3,535) | (3,499) | (3,437) | (3,592) | (3,498) | (3,096) | (3,036) | (2,034) |
| Net change in total OPEB liability | 4,254 | 1,825 | (252) | 2,052 | 3,174 | 1,732 | (4,836) | 2,505 | 3,294 |
| Total OPEB liability - beginning | 69,210 | 67,386 | 67,638 | 65,586 | 62,412 | 60,680 | 65,516 | 63,011 | 59,717 |
| Total OPEB liability - ending | \$ 73,464 | \$ 69,211 | \$ 67,386 | \$ 67,638 | \$ 65,586 | \$ 62,412 | \$ 60,680 | \$ 65,516 | \$ 63,011 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | \$ 5,490 | \$ 5,248 | \$ 4,915 | \$ 5,068 | \$ 4,535 | \$ 4,696 | \$ 5,366 | \$ 6,300 | \$ 2,733 |
| Net investment income | 3,306 | 2,249 | 1,094 | (3,222) | 2,957 | 1,403 | 1,410 | 524 | 738 |
| Benefit payments including refunds | (3,536) | (3,535) | (3,499) | (3,437) | (3,592) | (3,498) | (3,096) | (3,036) | (2,034) |
| Administrative expense | (121) | (118) | (65) | (62) | (59) | (100) | (91) | (71) | (73) |
| Net change in plan fiduciary net position | 5,139 | 3,844 | 2,445 | (1,653) | 3,841 | 2,501 | 3,589 | 3,717 | 1,364 |
| Plan fiduciary net position - beginning | 33,512 | 29,669 | 27,223 | 28,876 | 25,035 | 22,534 | 18,945 | 15,228 | 13,864 |
| Plan fiduciary net position - ending | \$ 38,651 | \$ 33,513 | \$ 29,668 | \$ 27,223 | \$ 28,876 | \$ 25,035 | \$ 22,534 | \$ 18,945 | \$ 15,228 |
| Net OPEB Liability - ending | \$ 34,813 | \$ 35,698 | \$ 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 | 52.6% | 48.4% | 44.0% | 40.2% | 44.0% | 40.1% | 37.1% | 28.9% | 24.2% |
| Covered payroll | \$ 204,323 | \$ 193,597 | \$ 180,100 | \$ 169,613 | \$ 163,594 | \$ 164,431 | \$ 151,453 | \$ 135,297 | \$ 102,468 |
| Net OPEB liability as percentage of covered payroll | 17.0% | 18.4% | 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)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|----------------|----------------|----------------|-----------------|---------------|----------------|----------------|-----------------|-------------|
| Actuarially determined contribution | \$ 5,420 | \$ 5,229 | \$ 4,896 | \$ 4,748 | \$ 4,826 | \$ 4,681 | \$ 5,306 | \$ 5,466 | \$ 2,981 |
| Contributions in relation to the actuarially determined contributions | 5,490 | 5,248 | 4,914 | 5,068 | 4,535 | 4,696 | 5,366 | 6,300 | 2,981 |
| Contribution deficiency (excess) | <u>\$ (70)</u> | <u>\$ (19)</u> | <u>\$ (18)</u> | <u>\$ (320)</u> | <u>\$ 291</u> | <u>\$ (15)</u> | <u>\$ (60)</u> | <u>\$ (834)</u> | <u>\$ -</u> |
| Covered payroll | \$ 204,323 | \$ 193,597 | \$ 180,100 | \$ 169,613 | \$ 163,594 | \$ 164,431 | \$ 151,453 | \$ 135,297 | \$ 102,468 |
| Contributions as a percentage of covered payroll | 2.65% | 2.70% | 2.72% | 2.99% | 2.77% | 2.86% | 3.54% | 4.66% | 2.91% |

Notes to schedule:

(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 2024-25 Actuarially Determine Contributions | |
|---|---|
| Actuarial valuation date | June 30, 2022 |
| 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 (15 Years remaining on June 30, 2024) 20 years (closed period) for implied subsidy on 06/30/2019 (15 years remaining on June 30, 2024) 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 | 4.50% |
| General inflation | 2.50% |
| Healthcare trend | Non-Medicare -8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser)- 7.50% for 2024 decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser)- 6.25% for 2024 decreasing to an ultimate rate of 3.45% in 2076 |
| Mortality | CalPERS 2000-2019 Experience Study |
| Mortality improvement | Post-retirement mortality projected fully generational with Scale MP-2021 |

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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|-------------------------|---------------|------------------------|----------------------|
| | Original | Final | Budgetary Basis | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Sales | \$ 62,900,000 | \$ 68,808,920 | \$ 79,352,441 | \$ 10,543,521 |
| Ad valorem | 94,391,000 | 94,511,000 | 95,931,933 | 1,420,933 |
| Transient occupancy | 22,850,000 | 22,850,000 | 26,992,989 | 4,142,989 |
| Other | 6,950,000 | 6,950,000 | 7,018,562 | 68,562 |
| Licenses, permits, fines and penalties | 10,330,000 | 10,330,000 | 12,525,584 | 2,195,584 |
| Intergovernmental | 970,000 | 5,251,764 | 5,465,671 | 213,907 |
| Charges for services | 41,722,435 | 43,679,000 | 47,784,717 | 4,105,717 |
| Contributions in-lieu of taxes | 34,500,000 | 34,500,000 | 38,881,781 | 4,381,781 |
| Interest and rents | 20,470,187 | 32,087,479 | 37,700,844 | 5,613,365 |
| Other | 457,550 | 6,622,550 | 6,984,707 | 362,157 |
| Total Revenues | 295,541,172 | 325,590,713 | 358,639,229 | 33,048,516 |
| EXPENDITURES | | | | |
| General Government: | | | | |
| General Administration | 36,781,908 | 35,696,776 | 29,838,926 | 5,857,850 |
| City Clerk | 2,102,267 | 2,213,267 | 2,295,760 | (82,493) |
| City Attorney | 3,357,661 | 3,357,661 | 3,050,250 | 307,411 |
| Human Resources | 4,845,256 | 5,202,689 | 4,465,154 | 737,535 |
| Finance | 21,008,682 | 21,616,597 | 21,266,127 | 350,470 |
| Total General Government | 68,095,774 | 68,086,990 | 60,916,217 | 7,170,773 |
| Public Works | 26,347,463 | 26,641,355 | 25,143,136 | 1,498,219 |
| Parks and Recreation | 23,172,047 | 23,197,047 | 21,049,615 | 2,147,432 |
| Public Safety: | | | | |
| Police | 92,074,298 | 92,369,379 | 91,171,462 | 1,197,917 |
| Fire | 66,292,191 | 71,152,427 | 69,284,129 | 1,868,298 |
| Total Public Safety | 158,366,489 | 163,521,806 | 160,455,591 | 3,066,215 |
| Planning and Inspection | 4,945,765 | 5,084,105 | 4,380,596 | 703,509 |
| Library | 11,732,505 | 11,750,644 | 11,577,046 | 173,598 |
| Total Expenditures | 292,660,043 | 298,281,947 | 283,522,201 | 14,759,746 |

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, 2025
(continued)

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|-------------------------|---------------------|------------------------|---|
| | Original | Final | Budgetary Basis | Final Budget Positive (Negative) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,881,129 | 27,308,766 | 75,117,028 | 47,808,262 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,029,821 | 3,655,534 | 3,655,261 | (273) |
| Transfers (out) | (18,038,146) | (29,398,367) | (29,398,367) | - |
| Total Other Financing Sources (Uses) | (16,008,325) | (25,742,833) | (25,743,106) | (273) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS | <u>\$ (13,127,196)</u> | <u>\$ 1,565,933</u> | <u>\$ 49,373,922</u> | <u>\$ 47,807,989</u> |
| ADJUSTMENTS TO BUDGETARY BASIS: | | | | |
| Prior year encumbrances recognized on the GAAP basis | | | (6,162,368) | |
| Current year encumbrances recognized on the budgetary basis | | | 5,816,859 | |
| Net change in receivables recognized on the GAAP basis | | | 11,321,043 | |
| Net change in accrued liabilities recognized on the GAAP basis | | | (252,050) | |
| Net change in funds for GAAP Basis not included in annual budget | | | (333,262) | |
| Beginning Fund balance | | | 181,319,452 | |
| Ending Fund balance | | | <u>\$ 241,083,596</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, 2025**

| | <u>Budgeted Amounts</u> | | <u>Actual Amount Budgetary Basis</u> | <u>Variance</u> |
|--|-------------------------|-------------------|--|--------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| REVENUES | | | | |
| Interest and rents | \$ 186,771 | \$ 186,771 | \$ 166,504 | \$ (20,267) |
| Other | 1,119,555 | 1,119,555 | 1,376,048 | 256,493 |
| Total Revenues | 1,306,326 | 1,306,326 | 1,542,552 | 236,226 |
| EXPENDITURES | | | | |
| General Administration | 902,579 | 902,579 | 663,187 | 239,392 |
| Total Expenditures | 902,579 | 902,579 | 663,187 | 239,392 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 403,747 | 403,747 | 879,365 | 475,618 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$ 403,747</u> | <u>\$ 403,747</u> | 879,365 | <u>\$ 475,618</u> |
| ADJUSTMENTS TO BUDGETARY BASIS: | | | | |
| Expenditures of prior year encumbrances recognized on the GAAP basis | | | (110,010) | |
| Current year encumbrances recognized on the budgetary basis | | | 220,003 | |
| Net change in accrued liabilities recognized on the GAAP basis | | | 20,825 | |
| Beginning Fund balance | | | 5,868,807 | |
| Ending Fund balance | | | <u>\$ 6,878,990</u> | |

CITY OF SANTA CLARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

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.
- 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

| |
|---|
| <p style="text-align: center;">CITY OF SANTA CLARA NON-MAJOR GOVERNMENTAL FUNDS</p> |
|---|

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

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

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.

CERTIFIED UNIFIED PROGRAM AGENCIES (CUPA)

This fund accounts for fees collected for regulation and management of hazardous materials in the City. Fees are to be used in the administration of the CUPA program.

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|---|
| <p style="text-align: center;">CITY OF SANTA CLARA NON-MAJOR GOVERNMENTAL FUNDS (continued)</p> |
|---|

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, 2025

| | SPECIAL REVENUE FUNDS | | | |
|---|------------------------------|-------------------------|--|--|
| | Gas Tax | HUD Programs | City Affordable Housing | Santa Clara Housing Authority |
| ASSETS | | | | |
| Cash and investments: | | | | |
| Pooled cash and investments | \$ 3,237,117 | \$ 424,708 | \$21,875,570 | \$ 1,110,728 |
| Investments with fiscal agent - current | - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | - | - | - | - |
| Loans | - | 11,856,074 | 65,025,429 | 6,393,379 |
| Intergovernmental | 948,585 | 1,043,604 | - | - |
| Materials, supplies and prepaids | - | - | - | - |
| Investments with fiscal agent - noncurrent | - | - | - | - |
| Total Assets | \$ 4,185,702 | \$ 13,324,386 | \$86,900,999 | \$ 7,504,107 |
| LIABILITIES | | | | |
| Accrued liabilities | \$ - | \$ 539,525 | \$ 175,258 | \$ 3,860 |
| Unearned revenue | - | - | - | - |
| Total Liabilities | - | 539,525 | 175,258 | 3,860 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - Loans | - | 11,856,074 | 65,025,429 | 6,393,379 |
| Total Deferred Inflows of Resources | - | 11,856,074 | 65,025,429 | 6,393,379 |
| FUND BALANCES | | | | |
| Restricted | 4,185,702 | 928,787 | 21,700,312 | - |
| Committed | - | - | - | 1,106,868 |
| Total Fund Balances | 4,185,702 | 928,787 | 21,700,312 | 1,106,868 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 4,185,702 | \$ 13,324,386 | \$86,900,999 | \$ 7,504,107 |

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025

| SPECIAL REVENUE FUNDS | | | | DEBT SERVICE FUND |
|------------------------------|--------------------------------------|--|--|--|
| Maintenance | Operating Grants Fund | New Development Service Fee | Certified Unified Program Agencies Fund | Public Facilities Financing Corp. |
| \$ 2,262,145 | \$ 3,999,116 | \$ 41,208,197 | \$ 1,016,735 | \$ 86,361 |
| - | - | - | - | 18,993 |
| 193,927 | - | - | - | - |
| - | - | 105,600 | - | - |
| - | - | - | - | - |
| 473 | 1,024,878 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 716,085 |
| <u>\$ 2,456,545</u> | <u>\$ 5,023,994</u> | <u>\$ 41,313,797</u> | <u>\$ 1,016,735</u> | <u>\$ 821,439</u> |
| | | | | |
| \$ 75,677 | \$ 40,579 | \$ 462,164 | \$ 21,854 | \$ - |
| - | - | 45,488 | - | - |
| <u>75,677</u> | <u>40,579</u> | <u>507,652</u> | <u>21,854</u> | <u>-</u> |
| | | | | |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| | | | | |
| 2,380,868 | 4,983,415 | 351,791 | 994,881 | 821,439 |
| - | - | 40,454,354 | - | - |
| <u>2,380,868</u> | <u>4,983,415</u> | <u>40,806,145</u> | <u>994,881</u> | <u>821,439</u> |
| | | | | |
| <u>\$ 2,456,545</u> | <u>\$ 5,023,994</u> | <u>\$ 41,313,797</u> | <u>\$ 1,016,735</u> | <u>\$ 821,439</u> |
| | | | | (continued) |

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025 (continued)

| | CAPITAL PROJECTS FUNDS | | |
|---|--|---|--|
| | Parks and Recreation Facilities | Streets and Highways Improvement | Storm Drain Improvement |
| ASSETS | | | |
| Cash and investments: | | | |
| Pooled cash and investments | \$ 65,560,472 | \$ 63,133,095 | \$ 5,897,488 |
| Investments with fiscal agent - current | - | - | - |
| Restricted cash | - | 2,457,804 | - |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts | - | - | 145,120 |
| Loans | - | - | - |
| Intergovernmental | - | 228,130 | 115,481 |
| Materials, supplies and prepaids | 53,523 | - | - |
| Investments with fiscal agent - noncurrent | - | - | - |
| Total Assets | <u>\$ 65,613,995</u> | <u>\$ 65,819,029</u> | <u>\$ 6,158,089</u> |
| LIABILITIES | | | |
| Accrued liabilities | \$ 902,421 | \$ 4,000,096 | \$ 546,628 |
| Unearned revenue | - | - | - |
| Total Liabilities | <u>902,421</u> | <u>4,000,096</u> | <u>546,628</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - Loans | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted | 50,545,462 | 50,062,752 | 324,510 |
| Committed | 14,166,112 | 11,756,181 | 5,286,951 |
| Total Fund Balances | <u>64,711,574</u> | <u>61,818,933</u> | <u>5,611,461</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 65,613,995</u> | <u>\$ 65,819,029</u> | <u>\$ 6,158,089</u> |

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025 (continued)

| CAPITAL PROJECTS FUNDS | | | |
|--|---|------------------------------|---|
| Fire Department Improvement | Library Department Improvement | Public Facilities | Total Non-Major Governmental Funds |
| \$ 1,859,641 | \$ 653,160 | \$ 30,811,241 | \$ 243,135,774 |
| - | - | - | 18,993 |
| - | - | - | 2,651,731 |
| - | - | 278,685 | 529,405 |
| - | - | - | 83,274,882 |
| - | - | - | 3,361,151 |
| 1,055 | - | - | 54,578 |
| - | - | - | 716,085 |
| <u>\$ 1,860,696</u> | <u>\$ 653,160</u> | <u>\$ 31,089,926</u> | <u>\$ 333,742,599</u> |
| | | | |
| \$ 23,923 | \$ - | \$ 1,491,268 | \$ 8,283,253 |
| - | - | 235,000 | 280,488 |
| <u>23,923</u> | <u>-</u> | <u>1,726,268</u> | <u>8,563,741</u> |
| | | | |
| - | - | - | 83,274,882 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>83,274,882</u> |
| | | | |
| - | - | 2,655,927 | 139,935,846 |
| 1,836,773 | 653,160 | 26,707,731 | 101,968,130 |
| <u>1,836,773</u> | <u>653,160</u> | <u>29,363,658</u> | <u>241,903,976</u> |
| | | | |
| <u>\$ 1,860,696</u> | <u>\$ 653,160</u> | <u>\$ 31,089,926</u> | <u>\$ 333,742,599</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, 2025

| | SPECIAL REVENUE FUNDS | | | |
|---|------------------------------|---------------------|--------------------------------|--------------------------------------|
| | Gas Tax | HUD Programs | City Affordable Housing | Santa Clara Housing Authority |
| REVENUES | | | | |
| Taxes: | | | | |
| Other | \$ - | \$ - | \$ - | \$ - |
| Licenses, permits, fines, and penalties | - | - | - | - |
| Intergovernmental | 7,278,280 | 2,827,796 | 2,238 | - |
| Charges for services | - | - | 37,356 | - |
| Interest and rents | 840,109 | 2,183 | 728,898 | 41,826 |
| Other | - | 339,992 | 3,952,691 | 15,795 |
| Total Revenues | <u>8,118,389</u> | <u>3,169,971</u> | <u>4,721,183</u> | <u>57,621</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Administration | - | 2,800,093 | 1,094,609 | 168,745 |
| Public Works | - | - | - | - |
| Parks and Recreation | - | - | - | - |
| Public Safety: | | | | |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Planning and Inspection | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | - | 534,991 | - | - |
| Debt service: | | | | |
| Principal payments | - | - | - | - |
| Interest and fiscal fees | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>3,335,084</u> | <u>1,094,609</u> | <u>168,745</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>8,118,389</u> | <u>(165,113)</u> | <u>3,626,574</u> | <u>(111,124)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | (8,821,915) | - | - | - |
| Total Other Financing Sources (Uses) | <u>(8,821,915)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (703,526) | (165,113) | 3,626,574 | (111,124) |
| Fund balances - beginning | 4,889,228 | 1,093,900 | 18,073,738 | 1,217,992 |
| Fund balances - ending | <u>\$ 4,185,702</u> | <u>\$ 928,787</u> | <u>\$21,700,312</u> | <u>\$ 1,106,868</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, 2025

| SPECIAL REVENUE FUNDS | | | | DEBT SERVICE FUND |
|------------------------------|------------------------------|------------------------------------|--|--|
| Maintenance | Operating Grants Fund | New Development Service Fee | Certified Unified Program Agencies Fund | Public Facilities Financing Corp. |
| \$ 388,466 | \$ - | \$ - | \$ - | \$ - |
| - | - | 9,356,968 | - | - |
| - | 7,378,898 | 21,431 | - | - |
| 1,022,279 | 143,343 | 12,006,988 | - | - |
| 34,301 | 7,782 | 1,429,903 | 21,730 | 36,182 |
| - | - | 68,114 | 161,524 | - |
| <u>1,445,046</u> | <u>7,530,023</u> | <u>22,883,404</u> | <u>183,254</u> | <u>36,182</u> |
| - | - | - | - | - |
| 1,955,763 | - | - | - | - |
| 154,758 | 202,588 | - | - | - |
| 97,603 | 1,004,944 | - | - | - |
| - | 5,181,816 | 3,522,672 | 116,894 | - |
| - | 32,811 | 15,993,433 | - | - |
| - | 189,122 | - | - | - |
| - | 74,751 | - | - | - |
| - | - | - | - | 1,085,000 |
| - | - | - | - | 321,100 |
| <u>2,208,124</u> | <u>6,686,032</u> | <u>19,516,105</u> | <u>116,894</u> | <u>1,406,100</u> |
| <u>(763,078)</u> | <u>843,991</u> | <u>3,367,299</u> | <u>66,360</u> | <u>(1,369,918)</u> |
| 977,546 | 575,620 | - | 928,521 | 1,405,940 |
| <u>(308,201)</u> | <u>(1,364,581)</u> | <u>(352,809)</u> | <u>-</u> | <u>-</u> |
| <u>669,345</u> | <u>(788,961)</u> | <u>(352,809)</u> | <u>928,521</u> | <u>1,405,940</u> |
| (93,733) | 55,030 | 3,014,490 | 994,881 | 36,022 |
| 2,474,601 | 4,928,385 | 37,791,655 | - | 785,417 |
| <u>\$ 2,380,868</u> | <u>\$4,983,415</u> | <u>\$ 40,806,145</u> | <u>\$ 994,881</u> | <u>\$ 821,439</u> |

(continued)

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2025 (continued)

| | CAPITAL PROJECTS FUNDS | | |
|--|--|---|--|
| | Parks and Recreation Facilities | Streets and Highways Improvement | Storm Drain Improvement |
| REVENUES | | | |
| Taxes: | | | |
| Other | \$ - | \$ - | \$ - |
| Licenses, permits, fines, and penalties | - | - | - |
| Intergovernmental | 2,565,020 | 5,756,445 | 305,083 |
| Charges for services | - | - | 1,486,772 |
| Interest and rents | 1,756,186 | 519,564 | 10,940 |
| Other | 4,367,809 | 1,253,321 | - |
| Total Revenues | 8,689,015 | 7,529,330 | 1,802,795 |
| EXPENDITURES | | | |
| Current: | | | |
| General Administration | - | - | - |
| Public Works | - | 5,753,000 | 682,448 |
| Parks and Recreation | 1,722,713 | - | - |
| Public Safety: | | | |
| Police | - | - | - |
| Fire | - | - | - |
| Planning and Inspection | - | - | - |
| Library | - | - | - |
| Capital outlay | 1,686,739 | 15,560,301 | 1,091,195 |
| Debt service: | | | |
| Principal payments | - | - | - |
| Interest and fiscal fees | - | - | - |
| Total Expenditures | 3,409,452 | 21,313,301 | 1,773,643 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 5,279,563 | (13,783,971) | 29,152 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 11,038,805 | 14,638,749 | 2,525,765 |
| Transfers (out) | (2,642) | (11,576) | (1,818,315) |
| Total Other Financing Sources (Uses) | 11,036,163 | 14,627,173 | 707,450 |
| NET CHANGE IN FUND BALANCE | 16,315,726 | 843,202 | 736,602 |
| Fund balances - beginning | 48,395,848 | 60,975,731 | 4,874,859 |
| Fund balances - ending | \$ 64,711,574 | \$ 61,818,933 | \$ 5,611,461 |

CITY OF SANTA CLARA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2025 (continued)

| CAPITAL PROJECTS FUNDS | | | |
|--|---|------------------------------|---|
| Fire Department Improvement | Library Department Improvement | Public Facilities | Total Non-Major Governmental Funds |
| \$ - | \$ - | \$ - | \$ 388,466 |
| - | - | - | 9,356,968 |
| - | - | 11,574 | 26,146,765 |
| - | - | - | 14,696,738 |
| - | - | 217,682 | 5,647,286 |
| - | - | 526,784 | 10,686,030 |
| - | - | 756,040 | 66,922,253 |
| - | - | 3,518,468 | 7,581,915 |
| - | - | 27,792 | 8,419,003 |
| - | - | - | 2,080,059 |
| - | - | - | 1,102,547 |
| 759,826 | - | - | 9,581,208 |
| - | - | - | 16,026,244 |
| - | 16,950 | - | 206,072 |
| 174,106 | - | 1,967,803 | 21,089,886 |
| - | - | 119,699 | 1,204,699 |
| - | - | 51,000 | 372,100 |
| 933,932 | 16,950 | 5,684,762 | 67,663,733 |
| (933,932) | (16,950) | (4,928,722) | (741,480) |
| 1,506,700 | 471,848 | 8,018,845 | 42,088,339 |
| - | (63,269) | (84,237) | (12,827,545) |
| 1,506,700 | 408,579 | 7,934,608 | 29,260,794 |
| 572,768 | 391,629 | 3,005,886 | 28,519,314 |
| 1,264,005 | 261,531 | 26,357,772 | 213,384,662 |
| <u>\$ 1,836,773</u> | <u>\$ 653,160</u> | <u>\$ 29,363,658</u> | <u>\$ 241,903,976</u> |

**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, 2025**

| | Maintenance | | |
|--|--------------------|--|---|
| | Budget | Actual Amount Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | |
| Taxes-Other | \$ 392,193 | \$ 388,466 | \$ (3,727) |
| Charges for services | 1,022,279 | 1,022,279 | - |
| Interest and rents | 2,530 | 34,301 | 31,771 |
| Total Revenues | 1,417,002 | 1,445,046 | 28,044 |
| EXPENDITURES | | | |
| Current: | | | |
| Finance | 1,671 | - | 1,671 |
| Public Works | 2,217,480 | 2,000,725 | 216,755 |
| Parks and Recreation | 248,531 | 226,330 | 22,201 |
| Police | 97,603 | 97,603 | - |
| Total Expenditures | 2,565,285 | 2,324,658 | 240,627 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,148,283) | (879,612) | 268,671 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 977,546 | 977,546 | - |
| Transfers out | (308,201) | (308,201) | - |
| Total Other Financing Sources (Uses) | 669,345 | 669,345 | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$ (478,938) | (210,267) | \$ 268,671 |
| ADJUSTMENTS TO BUDGETARY BASIS: | | | |
| Expenditures of prior year encumbrances recognized on the GAAP basis | | (223,880) | |
| Current year encumbrances recognized on the budgetary basis | | 376,975 | |
| Net change in accrued liabilities recognized on the GAAP basis | | (36,561) | |
| Beginning Fund balance | | 2,474,601 | |
| Ending Fund balance | | \$ 2,380,868 | |

| |
|---|
| <p style="text-align: center;">CITY OF SANTA CLARA NON-MAJOR ENTERPRISE FUNDS</p> |
|---|

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, 2025

| | Solid Waste | Cemetery |
|---|------------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and investments: | | |
| Pooled cash and investments | \$ 10,795,880 | \$ 4,514,740 |
| Receivables (net of allowance for uncollectible): | | |
| Accounts | 6,947,704 | 10 |
| Due from other funds | - | 286,207 |
| Total current assets | <u>17,743,584</u> | <u>4,800,957</u> |
| Noncurrent assets: | | |
| Restricted cash | 1,701,112 | - |
| Capital assets: | | |
| Land | - | 1,096,874 |
| Construction in progress | - | - |
| Buildings, infrastructure and land improvements | 127,362 | 1,280,641 |
| Equipment | 37,170 | 12,150 |
| | <u>164,532</u> | <u>2,389,665</u> |
| Less accumulated depreciation | 94,479 | 1,155,455 |
| Net capital assets | <u>70,053</u> | <u>1,234,210</u> |
| Total noncurrent assets | <u>1,771,165</u> | <u>1,234,210</u> |
| Total assets | <u>19,514,749</u> | <u>6,035,167</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| OPEB related items | 13,645 | 10,258 |
| Pension related items | 663,023 | 204,179 |
| Total deferred outflows of resources | <u>676,668</u> | <u>214,437</u> |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| Santa Clara Convention Center | Sports and Open Space Authority | TOTAL Non-Major Enterprise Funds |
|--|--|---|
| \$ 13,423,310 | \$ 6,568 | \$ 28,740,498 |
| 3,449,982 | - | 10,397,696 |
| - | - | 286,207 |
| 16,873,292 | 6,568 | 39,424,401 |
| 840,227 | - | 2,541,339 |
| - | 1,995,998 | 3,092,872 |
| 1,679,851 | - | 1,679,851 |
| 80,446,012 | - | 81,854,015 |
| 2,957,268 | - | 3,006,588 |
| 85,083,131 | 1,995,998 | 89,633,326 |
| 64,885,140 | - | 66,135,074 |
| 20,197,991 | 1,995,998 | 23,498,252 |
| 21,038,218 | 1,995,998 | 26,039,591 |
| 37,911,510 | 2,002,566 | 65,463,992 |
| - | - | 23,903 |
| - | - | 867,202 |
| - | - | 891,105 |
| (continued) | | |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| | Solid Waste | Cemetery |
|--|------------------------|---------------------|
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued liabilities | 3,615,919 | 30,640 |
| Unearned revenue | - | - |
| Accrued compensated absences | 85,412 | 22,765 |
| Current portion of landfill closure liability | 812,000 | - |
| Total current liabilities | <u>4,513,331</u> | <u>53,405</u> |
| Noncurrent liabilities: | | |
| Long-term compensated absences | 161,691 | 43,520 |
| Landfill closure liability | 6,645,136 | - |
| Net OPEB liability | 208,582 | 156,815 |
| Net pension liability | <u>4,854,801</u> | <u>1,928,869</u> |
| Total noncurrent liabilities | <u>11,870,210</u> | <u>2,129,204</u> |
| Total liabilities | <u>16,383,541</u> | <u>2,182,609</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| OPEB related items | 13,145 | 9,883 |
| Pension related items | <u>6,398</u> | <u>2,542</u> |
| Total deferred inflows of resources | <u>19,543</u> | <u>12,425</u> |
| NET POSITION | | |
| Net investment in capital assets | 70,053 | 1,234,210 |
| Restricted for capital projects and other agreements | 1,701,112 | 2,883,385 |
| Unrestricted | <u>2,017,168</u> | <u>(63,025)</u> |
| Total net position (deficit) | <u>\$ 3,788,333</u> | <u>\$ 4,054,570</u> |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| Santa Clara Convention Center | Sports and Open Space Authority | TOTAL Non-Major Enterprise Funds |
|--|--|---|
| 3,121,118 | - | 6,767,677 |
| 5,894,304 | - | 5,894,304 |
| - | - | 108,177 |
| - | - | 812,000 |
| 9,015,422 | - | 13,582,158 |
| - | - | 205,211 |
| - | - | 6,645,136 |
| - | - | 365,397 |
| - | - | 6,783,670 |
| - | - | 13,999,414 |
| 9,015,422 | - | 27,581,572 |
| - | - | 23,028 |
| - | - | 8,940 |
| - | - | 31,968 |
| 20,197,991 | 1,995,998 | 23,498,252 |
| 840,227 | - | 5,424,724 |
| 7,857,870 | 6,568 | 9,818,581 |
| <u>\$ 28,896,088</u> | <u>\$ 2,002,566</u> | <u>\$ 38,741,557</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, 2025

| | Solid Waste | Cemetery |
|---|------------------------|---------------------|
| Operating revenues: | | |
| Charges for services | \$ 40,714,561 | \$ 1,007,683 |
| Other | 221,552 | 2,606 |
| Total operating revenues | <u>40,936,113</u> | <u>1,010,289</u> |
| Operating expenses: | | |
| Salaries and benefits | 1,838,506 | 441,536 |
| Materials, services and supplies | 37,964,151 | 798,347 |
| Depreciation | 2,547 | 6,287 |
| Total operating expenses | <u>39,805,204</u> | <u>1,246,170</u> |
| Operating income (loss) | <u>1,130,909</u> | <u>(235,881)</u> |
| Nonoperating revenues (expenses): | | |
| Interest revenue | 46,579 | 98,405 |
| Rents and royalties | 14,153 | - |
| Total nonoperating revenues (expenses) | <u>60,732</u> | <u>98,405</u> |
| Income (loss) before contributions and transfers | 1,191,641 | (137,476) |
| Transfers in | 102,564 | 827,689 |
| Transfers (out) | (48,770) | (2,637) |
| Change in net position | 1,245,435 | 687,576 |
| Total net position - beginning | <u>2,560,249</u> | <u>3,374,972</u> |
| GASB 101 implementation | <u>(17,351)</u> | <u>(7,978)</u> |
| Total net position - beginning as adjusted | <u>2,542,898</u> | <u>3,366,994</u> |
| Total net position - ending | <u>\$ 3,788,333</u> | <u>\$ 4,054,570</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, 2025**

| Santa Clara Convention Center | Sports and Open Space Authority | TOTAL Non-Major Enterprise Funds |
|--|--|---|
| \$ 18,284,460 | \$ - | \$ 60,006,704 |
| - | - | 224,158 |
| 18,284,460 | - | 60,230,862 |
| 237,329 | 6,724 | 2,524,095 |
| 15,630,765 | 3,929 | 54,397,192 |
| 1,498,922 | - | 1,507,756 |
| 17,367,016 | 10,653 | 58,429,043 |
| 917,444 | (10,653) | 1,801,819 |
| 309,637 | 360 | 454,981 |
| - | - | 14,153 |
| 309,637 | 360 | 469,134 |
| 1,227,081 | (10,293) | 2,270,953 |
| 426,852 | 10,200 | 1,367,305 |
| - | - | (51,407) |
| 1,653,933 | (93) | 3,586,851 |
| 27,242,155 | 2,002,659 | 35,180,035 |
| - | - | (25,329) |
| 27,242,155 | 2,002,659 | 35,154,706 |
| \$ 28,896,088 | \$ 2,002,566 | \$ 38,741,557 |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | Solid Waste | Cemetery |
|---|------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 40,507,528 | \$ 1,010,279 |
| Payments to suppliers | (37,263,276) | (808,287) |
| Payments to employees for salaries and benefits | (1,777,081) | (420,750) |
| Rents and royalties received | 14,153 | - |
| Other payments | 221,552 | - |
| Net cash provided (used) by operating activities | <u>1,702,876</u> | <u>(218,758)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| (Increase) in due from other funds | - | (20,284) |
| Transfers in | 102,564 | 827,689 |
| Transfers (out) | (48,770) | (2,637) |
| Cash Flows from Noncapital Financing Activities | <u>53,794</u> | <u>804,768</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 | 46,579 | 98,405 |
| Cash Flows from Investing Activities | <u>46,579</u> | <u>98,405</u> |
| Net increase (decrease) in cash and cash equivalents | 1,803,249 | 684,415 |
| Cash and cash equivalents at beginning of period | <u>10,693,743</u> | <u>3,830,325</u> |
| Cash and cash equivalents at end of period | <u>\$ 12,496,992</u> | <u>\$ 4,514,740</u> |
| Cash and cash equivalents: | | |
| Pooled cash and investments | \$ 10,795,880 | \$ 4,514,740 |
| Restricted cash | 1,701,112 | - |
| Total cash and cash equivalents | <u>\$ 12,496,992</u> | <u>\$ 4,514,740</u> |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| <u>Santa Clara Convention Center</u> | <u>Sports and Open Space Authority</u> | <u>TOTAL Non-Major Enterprise Funds</u> |
|--|--|---|
| \$ 15,884,185 | \$ - | \$ 57,401,992 |
| (13,742,214) | (3,929) | (51,817,706) |
| (237,329) | (6,724) | (2,441,884) |
| - | - | 14,153 |
| - | - | 221,552 |
| <u>1,904,642</u> | <u>(10,653)</u> | <u>3,378,107</u> |
| - | - | (20,284) |
| 426,852 | 10,200 | 1,367,305 |
| - | - | (51,407) |
| <u>426,852</u> | <u>10,200</u> | <u>1,295,614</u> |
| <u>(1,878,494)</u> | <u>-</u> | <u>(1,878,494)</u> |
| <u>(1,878,494)</u> | <u>-</u> | <u>(1,878,494)</u> |
| <u>309,637</u> | <u>360</u> | <u>454,981</u> |
| <u>309,637</u> | <u>360</u> | <u>454,981</u> |
| 762,637 | (93) | 3,250,208 |
| <u>13,500,900</u> | <u>6,661</u> | <u>28,031,629</u> |
| <u>\$ 14,263,537</u> | <u>\$ 6,568</u> | <u>\$ 31,281,837</u> |
| \$ 13,423,310 | \$ 6,568 | \$ 28,740,498 |
| 840,227 | - | 2,541,339 |
| <u>\$ 14,263,537</u> | <u>\$ 6,568</u> | <u>\$ 31,281,837</u> |

(continued)

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | <u>Solid Waste</u> | <u>Cemetery</u> |
|---|------------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 1,130,909 | \$ (235,881) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| (Decrease) Increase in due to OPEB system | (25,373) | (6,031) |
| (Decrease) Increase in due to retirement system | 61,182 | 41,212 |
| Depreciation | 2,547 | 6,287 |
| Change in assets and liabilities: | | |
| Receivables, net | (207,033) | (10) |
| Accrued liabilities | 700,875 | (9,940) |
| Compensated absences | 25,616 | (14,395) |
| Unearned revenue | - | - |
| Other receipts | 14,153 | - |
| Net cash provided (used) by operating activities | <u>\$ 1,702,876</u> | <u>\$ (218,758)</u> |

CITY OF SANTA CLARA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| <u>Santa Clara Convention Center</u> | <u>Sports and Open Space Authority</u> | <u>TOTAL Non-Major Enterprise Funds</u> |
|---|---|--|
| \$ 917,444 | \$ (10,653) | \$ 1,801,819 |
| - | - | (31,404) |
| - | - | 102,394 |
| 1,498,922 | - | 1,507,756 |
| (2,756,020) | - | (2,963,063) |
| 1,888,551 | - | 2,579,486 |
| - | - | 11,221 |
| 355,745 | - | 355,745 |
| - | - | 14,153 |
| <u>\$ 1,904,642</u> | <u>\$ (10,653)</u> | <u>\$ 3,378,107</u> |

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| |
|---|
| <p style="text-align: center;">CITY OF SANTA CLARA INTERNAL SERVICE FUNDS</p> |
|---|

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, 2025

| | Automotive Services | Technical Equipment Services | PW Capital Projects Management |
|---|--------------------------------|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments: | | | |
| Pooled cash and investments | \$ 16,474,128 | \$ 4,320,767 | \$ 1,196,036 |
| Receivables (net of allowance for uncollectible): | | | |
| Accounts | 18,757 | - | - |
| Due from other funds | 46,059 | - | - |
| Materials, supplies and prepaids | 4,590,387 | - | - |
| Total current assets | 21,129,331 | 4,320,767 | 1,196,036 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Equipment | 44,115,576 | 8,989,702 | - |
| Right-to-use leased assets | - | - | - |
| Right-to-use SBITA | - | - | - |
| Total capital assets | 44,115,576 | 8,989,702 | - |
| Less accumulated depreciation | 30,159,383 | 3,799,966 | - |
| Net capital assets | 13,956,193 | 5,189,736 | - |
| Total noncurrent assets | 13,956,193 | 5,189,736 | - |
| Total assets | 35,085,524 | 9,510,503 | 1,196,036 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB related items | 30,262 | - | - |
| Pension related items | 1,017,366 | - | - |
| Total deferred outflows of resources | 1,047,628 | - | - |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| Information Technology Services | Special Liability Insurance Claims | Workers' Compensation Insurance Claims | TOTAL |
|--|---|---|---------------|
| \$ 5,384,154 | \$ 12,563,348 | \$ 10,449,469 | \$ 50,387,902 |
| 7,540 | 1,316,594 | 710,857 | 2,053,748 |
| - | - | - | 46,059 |
| - | - | - | 4,590,387 |
| 5,391,694 | 13,879,942 | 11,160,326 | 57,078,096 |
| 6,040 | - | - | 53,111,318 |
| 2,234,821 | - | - | 2,234,821 |
| 2,397,211 | - | - | 2,397,211 |
| 4,638,072 | - | - | 57,743,350 |
| 2,259,394 | - | - | 36,218,743 |
| 2,378,678 | - | - | 21,524,607 |
| 2,378,678 | - | - | 21,524,607 |
| 7,770,372 | 13,879,942 | 11,160,326 | 78,602,703 |
| 12,310 | - | - | 42,572 |
| 611,779 | - | - | 1,629,145 |
| 624,089 | - | - | 1,671,717 |

(continued)

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| | Automotive Services | Technical Equipment Services | PW Capital Projects Management |
|--------------------------------------|--------------------------------|---|---|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accrued liabilities | 306,939 | 120,400 | 23,927 |
| Interest payable | - | - | - |
| Due to other funds | 6,332,318 | 1,302,869 | - |
| Accrued compensated absences | 141,034 | - | - |
| Current portion of lease obligation | - | - | - |
| Current portion of SBITA | - | - | - |
| Total current liabilities | <u>6,780,291</u> | <u>1,423,269</u> | <u>23,927</u> |
| Noncurrent liabilities: | | | |
| Long-term portion estimated claims | - | - | - |
| Long-term compensated absences | 266,770 | - | - |
| Long-term lease obligation | - | - | - |
| OPEB pension liability | 462,602 | - | - |
| Net pension liability | <u>6,043,841</u> | <u>-</u> | <u>-</u> |
| Total noncurrent liabilities | <u>6,773,213</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>13,553,504</u> | <u>1,423,269</u> | <u>23,927</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB related items | 29,154 | - | - |
| Pension related items | <u>7,965</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>37,119</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | 13,956,193 | 5,189,736 | - |
| Unrestricted | <u>8,586,336</u> | <u>2,897,498</u> | <u>1,172,109</u> |
| Total net position (deficit) | <u>\$ 22,542,529</u> | <u>\$ 8,087,234</u> | <u>\$ 1,172,109</u> |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

| Information Technology Services | Special Liability Insurance Claims | Workers' Compensation Insurance Claims | TOTAL |
|--|---|---|----------------------|
| 1,020,790 | 3,022,000 | 4,126,000 | 8,620,056 |
| 22,051 | - | - | 22,051 |
| - | - | - | 7,635,187 |
| 201,460 | - | - | 342,494 |
| 89,127 | - | - | 89,127 |
| 617,329 | - | - | 617,329 |
| <u>1,950,757</u> | <u>3,022,000</u> | <u>4,126,000</u> | <u>17,326,244</u> |
| - | 7,171,000 | 17,356,000 | 24,527,000 |
| 381,564 | - | - | 648,334 |
| 1,424,882 | - | - | 1,424,882 |
| 188,180 | - | - | 650,782 |
| 2,764,308 | - | - | 8,808,149 |
| <u>4,758,934</u> | <u>7,171,000</u> | <u>17,356,000</u> | <u>36,059,147</u> |
| <u>6,709,691</u> | <u>10,193,000</u> | <u>21,482,000</u> | <u>53,385,391</u> |
| 11,859 | - | - | 41,013 |
| 3,643 | - | - | 11,608 |
| <u>15,502</u> | <u>-</u> | <u>-</u> | <u>52,621</u> |
| 247,340 | - | - | 19,393,269 |
| <u>1,421,928</u> | <u>3,686,942</u> | <u>(10,321,674)</u> | <u>7,443,139</u> |
| <u>\$ 1,669,268</u> | <u>\$ 3,686,942</u> | <u>\$ (10,321,674)</u> | <u>\$ 26,836,408</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, 2025

| | Automotive Services | Technical Equipment Services | PW Capital Projects Management |
|---|--------------------------------|---|---|
| Operating revenues: | | | |
| Charges for services | \$ 10,194,755 | \$ 985,638 | \$ 4,373,674 |
| Insurance refunds and other | - | - | - |
| Total operating revenues | <u>10,194,755</u> | <u>985,638</u> | <u>4,373,674</u> |
| Operating expenses: | | | |
| Salaries and benefits | 2,931,520 | - | 3,512,916 |
| Materials, services and supplies | 3,168,886 | 440,647 | 459,275 |
| General and administrative | - | - | - |
| Amortization - Right to use assets | - | - | - |
| Depreciation | 2,704,625 | 420,789 | - |
| Total operating expenses | <u>8,805,031</u> | <u>861,436</u> | <u>3,972,191</u> |
| Operating income (loss) | <u>1,389,724</u> | <u>124,202</u> | <u>401,483</u> |
| Nonoperating revenues (expenses): | | | |
| Other revenue | 398,031 | 963,000 | - |
| Interest expense | - | - | - |
| Gain (loss) on retirement of assets | (6,503) | - | - |
| Total nonoperating revenues (expenses) | <u>391,528</u> | <u>963,000</u> | <u>-</u> |
| Income (loss) before contributions and transfers | 1,781,252 | 1,087,202 | 401,483 |
| Transfers in | 850,785 | - | - |
| Transfers (out) | - | - | (198,329) |
| Change in net position | <u>2,632,037</u> | <u>1,087,202</u> | <u>203,154</u> |
| Total net position - beginning | 19,983,600 | 7,000,032 | 968,955 |
| GASB 101 implementation | (73,108) | - | - |
| Total net position - beginning as adjusted | 19,910,492 | 7,000,032 | 968,955 |
| Total net position - ending | <u>\$ 22,542,529</u> | <u>\$ 8,087,234</u> | <u>\$ 1,172,109</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, 2025

| Information Technology Services | Special Liability Insurance Claims | Workers' Compensation Insurance Claims | TOTAL |
|--|---|---|---------------|
| \$ 15,239,338 | \$ 6,529,999 | \$ 6,181,936 | \$ 43,505,340 |
| - | 3,356,624 | 31,408 | 3,388,032 |
| 15,239,338 | 9,886,623 | 6,213,344 | 46,893,372 |
| 2,226,407 | - | - | 8,670,843 |
| 9,935,043 | - | - | 14,003,851 |
| - | 12,000,070 | 6,016,864 | 18,016,934 |
| 618,837 | - | - | 618,837 |
| 101 | - | - | 3,125,515 |
| 12,780,388 | 12,000,070 | 6,016,864 | 44,435,980 |
| 2,458,950 | (2,113,447) | 196,480 | 2,457,392 |
| - | - | - | 1,361,031 |
| (63,012) | - | - | (63,012) |
| - | - | - | (6,503) |
| (63,012) | - | - | 1,291,516 |
| 2,395,938 | (2,113,447) | 196,480 | 3,748,908 |
| - | 1,742,287 | - | 2,593,072 |
| - | - | - | (198,329) |
| 2,395,938 | (371,160) | 196,480 | 6,143,651 |
| (601,769) | 4,058,102 | (10,518,154) | 20,890,766 |
| (124,901) | - | - | (198,009) |
| (726,670) | 4,058,102 | (10,518,154) | 20,692,757 |
| \$ 1,669,268 | \$ 3,686,942 | \$ (10,321,674) | \$ 26,836,408 |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | Automotive Services | Technical Equipment Services | PW Capital Projects Management |
|---|--------------------------------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 10,187,939 | \$ 985,638 | \$ 4,373,674 |
| Payments to suppliers | (5,087,104) | (320,247) | (217,352) |
| Payments to employees for salaries and benefits | (2,869,984) | - | (3,512,916) |
| Internal activity - payments to other funds | (112,801) | - | (241,378) |
| Claims paid | - | - | - |
| Other receipts | 398,031 | 963,000 | - |
| | <hr/> | <hr/> | <hr/> |
| Net cash provided (used) by operating activities | 2,516,081 | 1,628,391 | 402,028 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| (Increase) in due from other funds | (4,846) | - | - |
| Increase in due to other funds | 480,365 | 82,266 | - |
| Transfers in | 850,785 | - | - |
| Transfers (out) | - | - | (198,329) |
| | <hr/> | <hr/> | <hr/> |
| Cash Flows from Noncapital Financing Activities | 1,326,304 | 82,266 | (198,329) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets, net | (4,263,149) | (5,610,525) | - |
| Principal payment on capital debt | - | - | - |
| Interest paid on capital debt | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Cash Flows from Capital and Related Financing Activities | (4,263,149) | (5,610,525) | - |
| Net increase (decrease) in cash and cash equivalents | (420,764) | (3,899,868) | 203,699 |
| Cash and investments at beginning of period | 16,894,892 | 8,220,635 | 992,337 |
| Cash and investments at end of period | <u>\$ 16,474,128</u> | <u>\$ 4,320,767</u> | <u>\$ 1,196,036</u> |
| Cash and cash equivalents: | | | |
| Pooled cash and investments | <u>\$ 16,474,128</u> | <u>\$ 4,320,767</u> | <u>\$ 1,196,036</u> |
| Total cash and cash equivalents | <u><u>\$ 16,474,128</u></u> | <u><u>\$ 4,320,767</u></u> | <u><u>\$ 1,196,036</u></u> |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| Information Technology Services | Special Liability Insurance Claims | Workers' Compensation Insurance Claims | TOTAL |
|--|---|---|----------------------|
| \$ 15,258,461 | \$ 9,886,623 | \$ 4,006,639 | \$ 44,698,974 |
| (9,824,452) | - | - | (15,449,155) |
| (2,161,114) | - | - | (8,544,014) |
| (1,237) | - | - | (355,416) |
| - | (11,861,885) | (5,628,220) | (17,490,105) |
| - | - | 2,041,016 | 3,402,047 |
| <u>3,271,658</u> | <u>(1,975,262)</u> | <u>419,435</u> | <u>6,262,331</u> |
| - | - | - | (4,846) |
| - | - | - | 562,631 |
| - | 1,742,287 | - | 2,593,072 |
| - | - | - | (198,329) |
| <u>-</u> | <u>1,742,287</u> | <u>-</u> | <u>2,952,528</u> |
| - | - | - | (9,873,674) |
| (699,769) | - | - | (699,769) |
| (48,267) | - | - | (48,267) |
| <u>(748,036)</u> | <u>-</u> | <u>-</u> | <u>(10,621,710)</u> |
| 2,523,622 | (232,975) | 419,435 | (1,406,851) |
| 2,860,532 | 12,796,323 | 10,030,034 | 51,794,753 |
| <u>\$ 5,384,154</u> | <u>\$ 12,563,348</u> | <u>\$ 10,449,469</u> | <u>\$ 50,387,902</u> |
| <u>\$ 5,384,154</u> | <u>\$ 12,563,348</u> | <u>\$ 10,449,469</u> | <u>\$ 50,387,902</u> |
| <u>\$ 5,384,154</u> | <u>\$ 12,563,348</u> | <u>\$ 10,449,469</u> | <u>\$ 50,387,902</u> |
| (continued) | | | |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| | 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) | \$ 1,389,724 | \$ 124,202 | \$ 401,483 |
| 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 | (17,792) | - | - |
| (Decrease) Increase in due to retirement system | 57,210 | - | - |
| Depreciation | 2,704,625 | 420,789 | - |
| Change in assets and liabilities: | | | |
| Receivables, net | (6,816) | - | - |
| Inventory | (2,136,500) | - | - |
| Accrued liabilities | 105,481 | 120,400 | 545 |
| Long-term portion estimated claims | - | - | - |
| Compensated absences | 22,118 | - | - |
| Other receipts | 398,031 | 963,000 | - |
| Net cash provided (used) by operating activities | <u>\$ 2,516,081</u> | <u>\$ 1,628,391</u> | <u>\$ 402,028</u> |
| NONCASH TRANSACTIONS: | | | |
| Addition of Leased Assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Addition of Leased Liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF SANTA CLARA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

| Information Technology Services | Special Liability Insurance Claims | Workers' Compensation Insurance Claims | TOTAL |
|--|---|---|-----------------------|
| \$ 2,458,950 | \$ (2,113,447) | \$ 196,480 | \$ 2,457,392 |
| 618,836 | - | - | 618,836 |
| (7,237) | - | - | (25,029) |
| 60,537 | - | - | 117,747 |
| 101 | - | - | 3,125,515 |
| 19,124 | (1,312,617) | (279,345) | (1,579,654) |
| - | - | 27,785 | (2,108,715) |
| 109,354 | 335,802 | (181,485) | 490,097 |
| - | 1,115,000 | 656,000 | 1,771,000 |
| 11,993 | - | - | 34,111 |
| - | - | - | 1,361,031 |
| <u>\$ 3,271,658</u> | <u>\$ (1,975,262)</u> | <u>\$ 419,435</u> | <u>\$ 6,262,331</u> |
| <u>\$ 1,576,376</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,576,376</u> |
| <u>\$ (1,576,376)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,576,376)</u> |

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|---|
| <p style="text-align: center;">CITY OF SANTA CLARA COMBINING FIDUCIARY FUNDS</p> |
|---|

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, 2025**

| | Charitable Trust | Successor Agency | Total Private Purpose Trust |
|---|-----------------------------|-----------------------------|--|
| ASSETS | | | |
| Current assets | | | |
| Cash and investments: | | | |
| Pooled cash and investments | \$ 941,456 | \$ 541,228 | \$ 1,482,684 |
| Receivables (net of allowance for uncollectibles): | | | |
| Interest and rent | 6,177 | 469,575 | 475,752 |
| Leases receivable | - | 594,526 | 594,526 |
| Total current assets | <u>947,633</u> | <u>1,605,329</u> | <u>2,552,962</u> |
| Noncurrent assets | | | |
| Leases receivable- noncurrent | - | 37,812,597 | 37,812,597 |
| Investment with fiscal agent-noncurrent | 2,893,407 | - | 2,893,407 |
| Land held for resale | - | 251,159 | 251,159 |
| Total noncurrent assets | <u>2,893,407</u> | <u>38,063,756</u> | <u>40,957,163</u> |
| Total Assets | <u>3,841,040</u> | <u>39,669,085</u> | <u>43,510,125</u> |
| LIABILITIES | | | |
| Unearned revenues | - | 122,008 | 122,008 |
| Due to other agencies | - | 520,000 | 520,000 |
| Total Liabilities | <u>-</u> | <u>642,008</u> | <u>642,008</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Leases related | - | 35,405,346 | 35,405,346 |
| Total deferred inflows of resources | <u>-</u> | <u>35,405,346</u> | <u>35,405,346</u> |
| NET POSITION | | | |
| Held in trust for private purpose | 3,841,040 | - | 3,841,040 |
| Restricted for individuals, organization and other governments | - | 3,621,731 | 3,621,731 |
| Total Net Position | <u>\$ 3,841,040</u> | <u>\$ 3,621,731</u> | <u>\$ 7,462,771</u> |

**CITY OF SANTA CLARA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2025**

| | Charitable Trust | Successor Agency | Total Private Purpose Trust |
|---|-----------------------------|-----------------------------|--|
| ADDITIONS | | | |
| Investment income: | | | |
| Net change in fair value of investments | \$ 125,280 | \$ - | \$ 125,280 |
| Interest and rents | 111,733 | 3,286,529 | 3,398,262 |
| Net investment income | 237,013 | 3,286,529 | 3,523,542 |
| Gain from sale of property | - | 24,367,222 | 24,367,222 |
| Total additions | 237,013 | 27,653,751 | 27,890,764 |
| DEDUCTIONS | | | |
| General and administrative | 117,787 | 3,640 | 121,427 |
| Pass through to the County of Santa Clara | - | 26,918,266 | 26,918,266 |
| Loss from lease termination | - | 143,657 | 143,657 |
| Total deductions | 117,787 | 27,065,563 | 27,183,350 |
| Net increase (decrease) in fiduciary net position | 119,226 | 588,188 | 707,414 |
| Net position - beginning | 3,721,814 | 3,033,543 | 6,755,357 |
| Net position - ending | \$ 3,841,040 | \$ 3,621,731 | \$ 7,462,771 |

**CITY OF SANTA CLARA
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025**

| | Employee Contributed Emergency Paid Leave Pool | Special Assessments | Custodial Deposits | Total Custodial Funds |
|--|---|--------------------------------|-------------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and investments: | | | | |
| Pooled cash and investments | \$ 505,293 | \$ 598,557 | \$ 21,862 | \$ 1,125,712 |
| Total cash | 505,293 | 598,557 | 21,862 | 1,125,712 |
| Total Assets | 505,293 | 598,557 | 21,862 | 1,125,712 |
| NET POSITION | | | | |
| Restricted for individuals, organizations and other governments | 505,293 | 598,557 | 21,862 | 1,125,712 |
| Total Net Position | \$ 505,293 | \$ 598,557 | \$ 21,862 | \$ 1,125,712 |

**CITY OF SANTA CLARA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2025**

| | Employee Contributed Emergency Paid Leave Pool | Special Assessments | Custodial Deposits | Total Custodial Funds |
|---|---|--------------------------------|-------------------------------|--------------------------------------|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Employee contributions | \$ 107,250 | \$ - | \$ - | \$ 107,250 |
| Special assessments | - | 3,501,359 | - | 3,501,359 |
| Gifts and bequest | - | - | 2,020 | 2,020 |
| Total contributions | <u>107,250</u> | <u>3,501,359</u> | <u>2,020</u> | <u>3,610,629</u> |
| Investment income: | | | | |
| Interest and rents | <u>16,235</u> | <u>-</u> | <u>-</u> | <u>16,235</u> |
| Net investment income | <u>16,235</u> | <u>-</u> | <u>-</u> | <u>16,235</u> |
| Total additions | <u>123,485</u> | <u>3,501,359</u> | <u>2,020</u> | <u>3,626,864</u> |
| DEDUCTIONS | | | | |
| General and administrative | - | - | 770 | 770 |
| Benefits paid | 36,010 | - | - | 36,010 |
| Pass through to the Stadium Authority | - | 3,408,575 | - | 3,408,575 |
| Total deductions | <u>36,010</u> | <u>3,408,575</u> | <u>770</u> | <u>3,445,355</u> |
| Net increase (decrease) in fiduciary net position | <u>87,475</u> | <u>92,784</u> | <u>1,250</u> | <u>181,509</u> |
| Net position - beginning | <u>417,818</u> | <u>505,773</u> | <u>20,612</u> | <u>944,203</u> |
| Net position - ending | <u>\$ 505,293</u> | <u>\$ 598,557</u> | <u>\$ 21,862</u> | <u>\$ 1,125,712</u> |

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Statistical Section (Unaudited)

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|--|
| 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

| | |
|--|---------|
| FINANCIAL TRENDS Contains trend information to help the reader understand how the City’s financial performance has changed over time. | 1 - 4 |
| REVENUE CAPACITY Contains information to help the reader assess the City’s most significant local revenue sources, the property taxes and electric utility charges. | 5 - 10 |
| DEBT CAPACITY 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. | 11 - 15 |
| DEMOGRAPHIC AND ECONOMIC INFORMATION Offers information to help the reader understand the environment within which the City’s financial activities take place. | 16 - 17 |
| OPERATING INFORMATION 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. | 18 - 21 |

| <p style="text-align: center;">CITY OF SANTA CLARA NET POSITION BY COMPONENT Last Ten Fiscal Years (Accrual Basis of Accounting) (In Thousands)</p> | | | | | | | | | | |
|--|---------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Table 1 | | | | | | | | | | |
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Governmental Activities : | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 670,046 | \$ 650,220 | \$ 632,383 | \$ 625,872 | \$ 626,115 | \$ 613,187 | \$ 585,201 | \$ 553,135 | \$ 532,255 | \$ 507,390 |
| Restricted | 417,623 | 353,262 | 342,466 | 317,290 | 275,653 | 260,872 | 244,775 | 246,048 | 242,393 | 207,996 |
| Unrestricted | (253,548) | (281,658) | (286,878) | (283,492) | (289,637) | (224,176) | (169,513) | (180,368) | (135,818) | (125,913) |
| Total Governmental Activities Net Position: | \$ 834,121 | \$ 721,824 | \$ 687,971 | \$ 659,670 | \$ 612,131 | \$ 649,883 | \$ 660,463 | \$ 618,815 | \$ 638,830 | \$ 589,473 |
| Business - Type Activities : | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,196,205 | \$ 1,150,380 | \$ 1,088,899 | \$ 1,079,607 | \$ 1,042,058 | \$ 974,612 | \$ 953,098 | \$ 917,738 | \$ 882,187 | \$ 844,911 |
| Restricted | 392,094 | 384,617 | 332,074 | 333,069 | 234,289 | 249,516 | 185,267 | 174,595 | 142,459 | 133,718 |
| Unrestricted | 661,421 | 407,202 ⁽¹⁾ | 218,381 | 112,922 | 100,116 | 80,997 | 31,258 | (24,141) | (13,132) | (61,843) |
| Total Business - Type Activities Net Position | \$ 2,249,720 | \$ 1,942,199 | \$ 1,639,354 | \$ 1,525,598 | \$ 1,376,463 | \$ 1,305,125 | \$ 1,169,623 | \$ 1,068,192 | \$ 1,011,514 | \$ 916,786 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,866,251 | \$ 1,800,600 | \$ 1,721,282 | \$ 1,705,479 | \$ 1,668,173 | \$ 1,587,799 | \$ 1,538,299 | \$ 1,470,873 | \$ 1,414,442 | \$ 1,352,301 |
| Restricted | 809,717 | 737,879 | 674,540 | 650,359 | 509,942 | 510,388 | 430,042 | 420,643 | 384,852 | 341,714 |
| Unrestricted | 407,873 | 125,544 ⁽¹⁾ | (68,497) | (170,570) | (189,521) | (143,179) | (138,255) | (204,509) | (148,950) | (187,756) |
| Total Primary Government Net Position | \$ 3,083,841 | \$ 2,664,023 | \$ 2,327,325 | \$ 2,185,268 | \$ 1,988,594 | \$ 1,955,008 | \$ 1,830,086 | \$ 1,687,007 | \$ 1,650,344 | \$ 1,506,259 |

Note:

(1) Restated in 2025

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Administration | \$ 35,444 | \$ 33,144 | \$ 32,353 | \$ 37,676 | \$ 33,671 | \$ 26,436 | \$ 30,328 | \$ 25,467 | \$ 20,636 | \$ 22,692 |
| City Clerk | 1,556 | 1,209 | 1,329 | 1,171 | 1,414 | 1,292 | 1,263 | 864 | 1,020 | 309 |
| City Attorney | 2,500 | 2,319 | 2,529 | 2,079 | 1,890 | 1,945 | 1,700 | 1,000 | 860 | 270 |
| Human Resources | 2,496 | 1,890 | 2,039 | 2,136 | 1,616 | 2,751 | 2,011 | 1,886 | 1,675 | 748 |
| Finance | 10,814 | 8,824 | 10,031 | 10,325 | 10,188 | 10,497 | 7,111 | 6,253 | 5,323 | 1,633 |
| Public Works | 47,495 | 46,164 | 44,839 | 38,837 | 41,951 | 46,176 | 45,725 | 38,276 | 34,314 | 30,365 |
| Parks and Recreation | 27,504 | 27,659 | 25,907 | 20,520 | 20,266 | 27,491 | 23,285 | 21,369 | 18,616 | 17,106 |
| Public Safety: | | | | | | | | | | |
| Police | 101,025 | 97,507 | 88,389 | 71,575 | 87,563 | 89,477 | 72,449 | 76,742 | 63,612 | 58,599 |
| Fire | 84,243 | 79,840 | 73,154 | 58,117 | 71,025 | 67,767 | 58,120 | 55,372 | 43,384 | 37,120 |
| Planning and Inspection | 20,009 | 18,724 | 19,218 | 15,487 | 15,537 | 16,281 | 12,879 | 10,614 | 9,162 | 7,855 |
| Library | 13,757 | 13,056 | 12,766 | 10,925 | 10,864 | 13,773 | 12,687 | 12,302 | 10,553 | 10,718 |
| Interest on long term debt | 382 | 546 | 349 | 408 | 487 | 560 | 630 | 695 | 749 | 803 |
| Total Governmental Activities Expenses (Net) | 347,225 | 330,882 | 312,903 | 269,256 | 296,472 | 304,446 | 268,188 | 250,840 | 209,904 | 188,218 |
| Business-Type Activities: | | | | | | | | | | |
| Utilities: | | | | | | | | | | |
| Electric | 642,856 | 584,073 | 658,600 | 552,552 | 454,503 | 453,112 | 408,812 | 437,419 | 402,977 | 386,239 |
| Water | 63,997 | 58,039 | 49,010 | 45,578 | 45,353 | 43,196 | 46,067 | 41,777 | 35,649 | 32,254 |
| Sewer | 55,321 | 36,162 | 86,208 | 30,523 | 30,103 | 28,614 | 29,462 | 25,689 | 23,047 | 19,081 |
| Water Recycling | 10,058 | 8,995 | 6,605 | 5,700 | 5,844 | 6,344 | 5,909 | 4,972 | 4,858 | 2,672 |
| Solid Waste | 39,695 | 37,809 | 34,196 | 32,997 | 29,769 | 25,567 | 25,393 | 23,363 | 26,621 | 20,142 |
| Cemetery | 1,224 | 1,228 | 1,395 | 1,350 | 1,359 | 1,659 | 1,257 | 1,174 | 820 | 781 |
| Sports and Open Space Authority | 11 | 10 | 10 | 9 | 8 | 10 | 9 | 10 | 53 | 102 |
| Santa Clara Golf and Tennis Club | - | - | - | - | - | 1,675 | 2,837 | 2,951 | 2,772 | 2,777 |
| Santa Clara Convention Center | 17,367 | 18,926 | 16,530 | 11,829 | 4,667 | 16,738 | 12,967 | 8,423 | 8,478 | 9,075 |
| Santa Clara Stadium Authority | 79,643 | 91,047 | 61,818 | 65,308 | 41,181 | 79,539 | 103,899 | 111,210 | 105,593 | 147,435 |
| Total Business-Type Activities Expenses | 910,172 | 836,289 | 745,846 | 612,787 | 656,454 | 636,612 | 656,988 | 610,868 | 620,558 | 557,995 |
| Total Primary Expenses | \$ 1,257,397 | \$ 1,167,171 | \$ 1,058,749 | \$ 909,259 | \$ 960,900 | \$ 904,800 | \$ 907,828 | \$ 820,772 | \$ 808,776 | \$ 731,637 |

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|-------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Administration | \$ 18,456 | \$ 21,733 | \$ 14,252 | \$ 9,592 | \$ 3,475 | \$ 8,837 | \$ 7,904 | \$ 398 | \$ 1,651 | \$ 1,247 |
| Parks and Recreation | 3,949 | 3,589 | 3,225 | 2,049 | 891 | 1,495 | 3,431 | 3,126 | 3,169 | 3,114 |
| Planning and Inspection | 20,094 | 18,953 | 21,755 | 21,274 | 16,470 | 15,564 | 19,048 | 12,837 | 13,658 | 15,065 |
| Other Programs | 22,148 | 19,205 | 17,368 | 15,282 | 12,604 | 15,057 | 17,476 | 21,303 | 19,658 | 23,022 |
| Operating Grants and Contributions | 20,979 | 23,117 | 6,651 | 34,060 | 17,053 | 9,455 | 8,457 | 7,172 | 4,723 | 5,809 |
| Capital Gains and Contributions | 20,535 | 11,267 | 8,534 | 6,072 | 11,598 | 29,619 | 23,634 | 20,273 | 14,280 | 12,100 |
| Total Governmental Activities Program Revenues | 106,161 | 97,864 | 71,785 | 88,329 | 62,091 | 80,027 | 79,950 | 65,109 | 57,139 | 60,357 |
| Business-Type Activities: | | | | | | | | | | |
| Utilities: | | | | | | | | | | |
| Electric | 866,392 | 784,316 | 751,409 | 611,549 | 526,710 | 507,494 | 460,263 | 475,434 | 459,849 | 412,441 |
| Water | 66,475 | 57,514 | 50,519 | 51,606 | 52,530 | 51,373 | 47,017 | 46,685 | 39,953 | 31,955 |
| Sewer | 57,414 | 48,791 | 57,998 | 116,443 | 16,587 | 71,041 | 44,763 | 50,942 | 43,176 | 41,659 |
| Water Recycling | 9,950 | 8,797 | 6,395 | 6,072 | 6,182 | 6,304 | 6,299 | 5,479 | 4,834 | 3,841 |
| Solid Waste | 40,950 | 39,287 | 35,944 | 34,851 | 26,603 | 26,645 | 25,983 | 23,544 | 22,585 | 21,854 |
| Cemetery | 1,010 | 775 | 932 | 1,024 | 844 | 585 | 634 | 666 | 799 | 693 |
| Sports and Open Space Authority | - | - | - | - | - | - | - | - | 58 | 72 |
| Santa Clara Golf and Tennis Club | - | - | - | - | - | 674 | 2,001 | 1,991 | 1,780 | 1,666 |
| Santa Clara Convention Center | 18,284 | 19,671 | 17,429 | 8,527 | 1,221 | 14,252 | 12,734 | 9,061 | 9,581 | 7,399 |
| Santa Clara Stadium Authority ⁽¹⁾ | 86,747 | 107,695 | 74,438 | 59,528 | 38,682 | 87,976 | 112,550 | 112,039 | 110,059 | 146,619 |
| Total Business-Type Activities Program Revenues | 1,147,222 | 1,066,846 | 995,064 | 889,600 | 669,359 | 766,344 | 712,244 | 725,841 | 692,674 | 668,199 |
| Total Primary Government Program Revenues | 1,253,383 | 1,164,710 | 1,066,849 | 977,929 | 731,450 | 846,371 | 792,194 | 790,950 | 749,813 | 728,556 |
| Net (Expense) Revenues: | | | | | | | | | | |
| Governmental Activities | (241,064) | (233,018) | (241,118) | (180,927) | (234,381) | (224,419) | (188,238) | (185,731) | (152,765) | (127,861) |
| Business-Type Activities | 237,050 | 230,557 | 80,691 | 143,754 | 56,572 | 109,890 | 75,632 | 68,853 | 81,806 | 47,641 |
| Total Primary Government Net (Expense) Revenues | \$ (4,014) | \$ (2,461) | \$ (160,426) | \$ (37,173) | \$ (177,809) | \$ (114,529) | \$ (112,606) | \$ (116,878) | \$ (70,959) | \$ (80,220) |

Note:

(1) Restated in 2025.

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Revenue and other changes in Net Position | | | | | | | | | | |
| Governmental Activities : | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Sales | \$ 79,352 | \$ 61,776 | \$ 64,498 | \$ 56,902 | \$ 56,178 | \$ 55,270 | \$ 65,036 | \$ 56,320 | \$ 55,751 | \$ 57,797 |
| Ad Valorem Property | 95,319 | 90,176 | 84,047 | 74,188 | 68,358 | 65,132 | 58,502 | 54,965 | 50,943 | 45,627 |
| Transient occupancy | 26,993 | 22,347 | 18,989 | 10,812 | 2,949 | 15,994 | 23,229 | 20,580 | 20,484 | 20,557 |
| Other | 7,407 | 7,116 | 6,738 | 7,317 | 6,019 | 5,967 | 5,955 | 6,392 | 5,671 | 5,510 |
| Internal Governmental, unrestricted: | | | | | | | | | | |
| Motor Vehicle in-lieu | - | - | - | - | - | - | - | - | 55 | 49 |
| Contribution in-lieu of taxes | 38,882 | 33,144 | 29,584 | 27,259 | 24,548 | 22,710 | 21,304 | 21,986 | 21,117 | 19,057 |
| Investment earnings | 26,226 | 17,939 | 13,299 | 5,709 | 6,451 | 8,700 | 6,990 | 4,600 | 3,466 | 2,178 |
| Net increase (decrease) in the fair value of investments | 7,433 | 9,969 | (5,788) | (13,688) | (5,207) | 6,531 | 8,082 | (2,452) | (3,217) | 1,049 |
| Equity in income (losses) of joint ventures | - | - | - | - | - | 95 | 28 | 25 | 49 | 44 |
| Rents and royalties | 23,092 | 9,754 | 10,030 | 7,205 | 9,852 | 9,032 | 9,762 | 10,494 | 11,410 | 13,642 |
| Other | 25,547 | 12,125 | 43,058 | 58,511 | 24,590 | 22,513 | 30,257 | 16,243 | 39,956 | 8,551 |
| Special item | - | - | - | - | - | - | - | - | - | (24,451) |
| Transfer | 5,051 | 2,524 | 4,964 | (5,747) | (5,765) | 1,895 | 743 | 1,457 | (3,563) | 31,186 |
| Total Government General Revenue and Special Item | 335,302 | 266,870 | 269,419 | 228,468 | 187,973 | 213,839 | 229,888 | 190,610 | 202,122 | 180,796 |
| Business-Type Activities : ⁽¹⁾ | | | | | | | | | | |
| Investment earnings | 57,817 | 35,799 | 28,656 | 11,587 | 13,569 | 16,709 | 16,618 | 15,755 | 13,031 | 16,894 |
| Net increase (decrease) in the fair value of investments | 16,751 | 11,712 | (3,863) | (26,594) | (6,246) | 10,798 | 9,921 | (3,584) | (3,672) | 1,218 |
| Equity in gains of joint venture | 3,613 | 18,556 | 8,533 | 14,639 | - | - | - | - | - | - |
| Gain (loss) on retirement of assets | 7 | 1 | - | - | 1,678 | - | - | - | - | 29,751 |
| Transfer | (5,051) | (2,524) | (4,964) | 5,747 | 5,765 | (1,895) | (743) | (1,457) | 3,563 | (31,186) |
| Total Business-Type General Revenue | 73,137 | 63,544 | 28,362 | 5,379 | 14,766 | 25,612 | 25,796 | 10,714 | 12,922 | 16,677 |
| Total Primary Government General Revenue | 408,439 | 330,414 | 297,781 | 233,847 | 202,739 | 239,451 | 255,684 | 201,324 | 215,044 | 197,473 |
| Change in Net Position - Governmental Activities | 94,238 | 33,852 | 28,301 | 47,541 | (46,408) | (10,580) | 41,650 | 4,879 | 49,357 | 52,935 |
| Change in Net Position - Business-Type Activities | 310,187 | 294,101 | 109,053 | 149,133 | 71,338 | 135,502 | 101,428 | 79,567 | 94,728 | 64,318 |
| Change in Net Position - Total Primary Government | 404,425 | 327,953 | 137,355 | 196,674 | 24,930 | 124,922 | 143,078 | 84,446 | 144,085 | 117,253 |
| Net Position - Beginning of Year | 2,664,023 | 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 |
| Change of Accounting Policy | 25,183 | - | - | - | - | - | - | - | - | - |
| GASB75 Implementation | - | - | - | - | - | - | - | (47,783) | - | - |
| GASB84 Implementation | - | - | - | - | 8,657 | - | - | - | - | - |
| GASB87 Implementation | - | 8,745 | 4,702 | - | - | - | - | - | - | - |
| GASB101 Implementation | (9,790) | - | - | - | - | - | - | - | - | - |
| Net Position - End of Year - Total Primary Government | \$ 3,083,841 | \$ 2,664,023 | \$ 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) 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
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Table 3

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 8,296 | \$ 5,880 | \$ 3,396 | \$ 7,244 | \$ 13,767 | \$ 24,260 | \$ 24,421 | \$ 25,002 | \$ 13,837 | \$ 13,517 |
| Restricted | 39,817 | 31,841 | 24,689 | 23,291 | 25,943 | 28,507 | 17,652 | 13,585 | 7,083 | 11,865 |
| Committed | 12,776 | 18,577 | 18,575 | 23,985 | 40,280 | 36,978 | 30,902 | 41,914 | 58,580 | 64,111 |
| Assigned | 16,980 | 15,756 | 13,863 | 9,844 | 7,131 | 5,861 | 7,879 | 7,473 | 4,639 | 4,875 |
| Unassigned | 163,215 | 109,265 | 92,793 | 76,751 | 90,681 | 122,969 | 147,739 | 107,801 | 107,404 | 103,430 |
| Total General Fund | 241,084 | 181,319 | 153,316 | 141,115 | 177,802 | 218,575 | 228,593 | 195,775 | 191,543 | 197,798 |
| All other Governmental Funds: | | | | | | | | | | |
| Restricted | 146,815 | 135,624 | 137,384 | 110,448 | 88,486 | 89,256 | 86,802 | 91,290 | 89,818 | 67,612 |
| Committed | 101,968 | 83,629 | 78,205 | 73,821 | 50,558 | 44,757 | 45,345 | 40,473 | 44,936 | 38,953 |
| Total All Other Governmental Funds | 248,783 | 219,253 | 215,589 | 184,269 | 139,044 | 134,013 | 132,147 | 131,763 | 134,754 | 106,565 |
| Total Governmental Funds | \$ 489,867 | \$ 400,572 | \$ 368,905 | \$ 325,384 | \$ 316,846 | \$ 352,588 | \$ 360,740 | \$ 327,538 | \$ 326,297 | \$ 304,363 |

CITY OF SANTA CLARA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Table 4

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Sales | \$ 79,352 | \$ 61,776 | \$ 64,498 | \$ 56,902 | \$ 56,178 | \$ 55,270 | \$ 65,036 | \$ 56,321 | \$ 55,750 | \$ 57,796 |
| Ad valorem property | 95,932 | 90,710 | 84,599 | 74,630 | 68,773 | 65,498 | 58,502 | 54,965 | 50,943 | 45,627 |
| Transient occupancy | 26,993 | 22,347 | 18,989 | 10,812 | 2,949 | 15,994 | 23,229 | 20,580 | 20,484 | 20,557 |
| Other | 7,407 | 7,116 | 6,738 | 7,317 | 5,824 | 5,967 | 5,955 | 6,392 | 5,671 | 5,510 |
| Licenses, permits, fees and penalties | 21,677 | 20,151 | 18,390 | 16,182 | 12,568 | 11,476 | 16,478 | 8,665 | 10,536 | 11,530 |
| Intergovernmental | 31,951 | 30,730 | 13,299 | 39,929 | 22,589 | 19,905 | 29,685 | 13,920 | 15,269 | 8,570 |
| Charges for services | 60,728 | 59,312 | 51,976 | 47,194 | 38,171 | 44,029 | 49,067 | 45,237 | 42,941 | 46,938 |
| Contribution in-lieu of taxes | 38,882 | 33,143 | 29,584 | 27,259 | 24,548 | 22,710 | 21,304 | 21,986 | 21,117 | 19,057 |
| Interest and rents | 50,183 | 30,430 | 26,065 | 13,220 | 16,161 | 17,673 | 16,927 | 15,223 | 14,636 | 15,617 |
| Net increase (decrease) in the fair value of investments | 7,433 | 9,969 | (5,788) | (13,688) | (5,207) | 6,531 | 8,082 | (2,452) | (3,217) | 1,049 |
| Other | 18,948 | 8,860 | 56,381 | 42,033 | 17,161 | 17,955 | 15,021 | 11,957 | 32,209 | 9,578 |
| TOTAL REVENUES | \$ 439,486 | \$ 374,544 | \$ 364,731 | \$ 321,790 | \$ 259,715 | \$ 283,008 | \$ 309,286 | \$ 252,794 | \$ 266,339 | \$ 241,829 |

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------------|------------------|------------------|-----------------|--------------------|-------------------|------------------|-----------------|------------------|------------------|
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Administration | \$ 36,793 | \$ 41,322 | \$ 36,303 | \$ 42,252 | \$ 37,273 | \$ 28,927 | \$ 36,093 | \$ 28,997 | \$ 24,265 | \$ 23,743 |
| City Clerk | 2,155 | 1,747 | 1,793 | 1,618 | 1,697 | 1,429 | 1,440 | 1,361 | 1,594 | 1,007 |
| City Attorney | 3,129 | 2,835 | 3,062 | 2,681 | 2,330 | 2,154 | 2,006 | 1,690 | 1,658 | 1,500 |
| Human Resources | 4,381 | 3,521 | 3,698 | 3,837 | 3,201 | 3,876 | 3,151 | 3,175 | 2,993 | 2,616 |
| Finance | 21,223 | 18,081 | 18,111 | 16,576 | 15,852 | 14,924 | 11,697 | 10,484 | 9,725 | 9,319 |
| Public Works | 34,117 | 31,700 | 30,175 | 28,158 | 28,443 | 28,186 | 31,595 | 25,595 | 24,018 | 20,088 |
| Parks and Recreation | 23,300 | 23,218 | 22,511 | 19,890 | 17,822 | 22,551 | 20,026 | 18,882 | 17,364 | 16,162 |
| Public Safety: | | | | | | | | | | |
| Police | 91,973 | 84,981 | 81,136 | 77,590 | 74,918 | 74,168 | 62,799 | 67,841 | 62,290 | 61,015 |
| Fire | 79,018 | 72,078 | 68,137 | 62,203 | 59,799 | 56,421 | 50,975 | 49,043 | 42,550 | 39,129 |
| Planning and Inspection | 20,390 | 18,879 | 19,106 | 16,174 | 14,712 | 13,534 | 11,521 | 9,896 | 9,156 | 8,231 |
| Library | 12,010 | 10,759 | 10,732 | 10,011 | 8,879 | 10,392 | 10,234 | 10,426 | 9,113 | 9,479 |
| Capital Outlay | 21,760 | 31,100 | 34,798 | 19,261 | 30,514 | 24,021 | 30,382 | 19,933 | 29,329 | 13,434 |
| Debt Service: | | | | | | | | | | |
| Principal payments | 2,711 | 2,238 | 2,077 | 2,009 | 1,930 | 1,859 | 1,786 | 1,731 | 1,674 | 1,620 |
| Interest and fiscal fees | 475 | 622 | 504 | 498 | 572 | 644 | 712 | 767 | 825 | 879 |
| Bond issuance cost | - | - | - | - | - | - | - | 7 | 2 | 1 |
| TOTAL EXPENDITURES | 353,435 | 343,081 | 332,143 | 302,758 | 297,942 | 283,086 | 274,417 | 249,828 | 236,556 | 208,223 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 86,051 | 31,463 | 32,588 | 19,032 | (38,227) | (78) | 34,869 | 2,966 | 29,783 | 33,606 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| SBITA liabilities issued | 586 | 2,078 | 8,202 | - | - | - | - | - | - | - |
| Lease liabilities issued | - | - | - | 18 | - | - | - | - | - | - |
| Transfers in | 45,749 | 33,747 | 27,001 | 56,105 | 49,402 | 29,003 | 43,334 | 21,381 | 44,983 | 58,473 |
| Transfers out | (43,092) | (35,620) | (24,270) | (66,617) | (55,575) | (37,076) | (45,001) | (23,106) | (52,832) | (27,581) |
| TOTAL OTHER FINANCING SOURCES (USES) | 3,243 | 205 | 10,933 | (10,494) | (6,173) | (8,073) | (1,667) | (1,725) | (7,849) | 30,892 |
| NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM | \$ 89,294 | \$ 31,668 | \$ 43,521 | \$ 8,538 | \$ (44,400) | \$ (8,151) | \$ 33,202 | \$ 1,241 | \$ 21,934 | \$ 64,498 |
| SPECIAL ITEM-ASSET TRANSFERRED TO LIABILITIES ASSUMED BY SUCCESSOR AGENCY | - | - | - | - | - | - | - | - | - | (842) |
| NET CHANGE IN FUND BALANCES AFTER SPECIAL ITEM | \$ 89,294 | \$ 31,668 | \$ 43,521 | \$ 8,538 | \$ (44,400) | \$ (8,151) | \$ 33,202 | \$ 1,241 | \$ 21,934 | \$ 63,656 |
| DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |

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 |
|---|--|---|-----------------------------------|---------------------------------------|---|--|---|--------------------------------------|
| 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 | 8,688,804 | 56,833,678 | 56,926,788 | 99.84% | 8.94% | 1.17% |
| 2023 / 24 | 52,144,207 | 1,074 | 8,829,840 | 60,975,121 | 61,070,198 | 99.84% | 7.29% | 1.17% |
| 2024 / 25 | 56,416,225 | 1,074 | 9,026,763 | 65,444,063 | 65,538,325 | 99.86% | 7.33% | 1.16% |

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 |
|---|-----------------------------------|-----------------------------|------------------------------|--------------|
| 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% |
| 2023 / 24 | 1.0388% | 0.1147% | 0.0041% | 1.1576% |
| 2024 / 25 | 1.0388% | 0.1085% | 0.0041% | 1.1514% |
| <p>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.</p> <p>Due date for current taxes: First installment - November 1; second installment - February 1.</p> <p>Penalties for delinquency: 10% and 1.5% of tax per month after date taxes become delinquent.</p> <p>Collected by government unit: County of Santa Clara.</p> <p>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.</p> <p>Compensation paid to collecting government unit for fiscal year 2024-25 is \$620,821</p> | | | | |

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
2024-25 AND 2015-16 COMPARISON FOR GENERAL FUND
(In Thousands)

Table 7

| Taxpayers | 2024-25 | | 2015-16 | |
|---|-----------------------|--|-----------------------|--|
| | Assessed Valuation | Percentage of Total Assessed Valuation | Assessed Valuation | Percentage of Total Assessed Valuation |
| Intel Corporation | \$ 2,627,434 | 4.01% | \$ 1,459,395 | 4.43% |
| Nvidia Corporation (formerly Nvidia Land Development LLC) | 2,022,776 | 3.09% | 337,283 | 1.02% |
| Santa Clara Square Office IIA LLC | 1,604,502 | 2.45% | - | - |
| Vantage Data Centers LLC | 1,221,334 | 1.86% | - | - |
| Microsoft Corporation | 1,178,702 | 1.80% | 281,487 | 0.85% |
| SI LLC | 1,102,719 | 1.68% | 811,564 | 2.46% |
| Forty Niners SC Stadium Company LLC | 824,299 | 1.26% | 1,454,707 | 4.42% |
| Apple Inc | 815,653 | 1.24% | - | - |
| Santa Clara Phase III EFH LLC | 741,721 | 1.13% | - | - |
| Coresite Real Estate | 680,669 | 1.04% | - | - |
| Xeres Ventures LLC | - | - | 433,206 | 1.32% |
| The Irvine Company | - | - | 401,956 | 1.22% |
| Oracle America Inc (formerly Sun Microsystems) | - | - | 312,326 | 0.95% |
| M West Propco LLC | - | - | 283,068 | 0.86% |
| PR 3975 Freedom Circle | - | - | 280,750 | 0.85% |
| Top Ten Total | \$ 12,819,809 | 19.56% | \$ 6,055,742 | 18.38% |
| City Total | <u>\$ 65,538,325</u> | | <u>\$ 32,927,777</u> | |

Sources: Santa Clara County Assessor 2024-25 and 2015-16 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 |
|---|---------------------------|------------------------------------|---|---|------------------------------|---|
| 2015 / 16 | \$ 24,745 | \$ 24,745 | 100.00% | \$ - | \$ 24,745 | 100.00% |
| 2016 / 17 | 27,738 | 27,738 | 100.00% | - | 27,738 | 100.00% |
| 2017 / 18 | 30,304 | 30,304 | 100.00% | - | 30,304 | 100.00% |
| 2018 / 19 | 33,959 | 33,959 | 100.00% | - | 33,959 | 100.00% |
| 2019 / 20 | 37,006 | 37,006 | 100.00% | - | 37,006 | 100.00% |
| 2020 / 21 | 40,228 | 40,228 | 100.00% | - | 40,228 | 100.00% |
| 2021 / 22 | 42,290 | 42,290 | 100.00% | - | 42,290 | 100.00% |
| 2022 / 23 | 54,031 | 54,031 | 100.00% | - | 54,031 | 100.00% |
| 2023 / 24 | 58,163 | 58,163 | 100.00% | - | 58,163 | 100.00% |
| 2024 / 25 | 62,064 | 62,064 | 100.00% | - | 62,064 | 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, 2025**

Table 9

**This list is in alphabetical order and represents sales from July 2024 to June 2025
The Top 25 Sales / Use Tax contributors generate 49.6% of Santa Clara's total sales and use tax revenue**

| | |
|----------------------------------|----------------------------------|
| AG Electronic Materials | NVIDIA Corporation |
| Applied Materials | Oracle America |
| Arista Networks | Porsche Stevens Creek |
| Bell Electrical Supply | Rotten Robbie Service Stations |
| Costco Wholesale | Shockwave Medical |
| Financial Services Vehicle Trust | Stevens Creek Auto Imports |
| Frontier Ford | Stevens Creek BMW |
| Home Depot | Stevens Creek Hyundai |
| Ingrasys Technology USA | Vantage Data Centers Procurement |
| Lasertec U.S.A | Wiwynn International |
| Lenovo Global Technology | World Wide Technology |
| Levi's Stadium | ZT Systems |
| Lexus of Stevens Creek | |

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 |
|---|--------------------|-------------------|-------------------|--------------|--------------|
| 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 |
| 2023 / 24 | 41,676 | 22,584 | 584,360 | 7,527 | 656,147 |
| 2024 / 25 | 47,179 | 26,684 | 660,654 | 7,771 | 742,288 |

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 |
|----------------------------------|-------------------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|-------------------------------------|--------------------------------|------------|--------------------|-------------------------------------|--------------------------|
| | Certificates of Participation | Lease Liabilities | SBITA Liabilities | Revenue Bonds/ Loan | Lease Liabilities | SBITA Liabilities | Revenue Bonds | | | | | |
| 2015 / 16 | \$ 22,905 | \$ - | \$ - | \$ 229,719 | \$ - | \$ - | \$ 464,720 | \$ 717,344 | \$ 123,752 | \$ 5,797 | \$ 5,194,006 | 13.81% |
| 2016 / 17 | 21,177 | - | - | 220,800 | - | - | 429,773 | 671,750 | 123,983 | 5,418 | 5,454,137 | 12.32% |
| 2017 / 18 | 19,392 | - | - | 208,117 | - | - | 394,827 | 622,336 | 129,604 | 4,802 | 6,064,143 | 10.26% |
| 2018 / 19 | 17,551 | - | - | 189,158 | - | - | 340,217 | 546,926 | 128,717 | 4,249 | 6,121,909 | 8.93% |
| 2019 / 20 | 15,638 | - | - | 196,012 | - | - | 325,265 | 536,915 | 129,104 | 4,159 | 6,180,008 | 8.69% |
| 2020 / 21 | 13,654 | 676 | - | 184,933 | 2,917 | - | 296,796 | 498,976 | 130,746 | 3,816 | 6,596,037 | 7.56% |
| 2021 / 22 | 11,594 | 464 | 2,397 | 170,413 | 2,287 | 1,437 | 280,314 | 468,906 | 130,127 | 3,603 | 7,540,481 | 6.12% |
| 2022 / 23 | 10,560 | 252 | 8,918 | 155,302 | 1,633 | 2,718 | 245,275 | 424,658 | 132,476 | 3,206 | 8,953,977 | 4.74% |
| 2023 / 24 | 9,476 | 39 | 9,204 | 154,567 | 951 | 2,976 | 228,668 | 405,881 | 132,048 | 3,074 | 9,985,016 | 4.06% |
| 2024 / 25 | 8,337 | 1,514 | 7,566 | 266,670 | 241 | 2,495 | 219,609 | 506,432 | 134,587 | 3,763 | 10,972,709 | 4.62% |

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 |
|---------------------------------------|-------------------|-------------------------------------|
| 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 |
| 2023 / 24 | 132.0 | 61,070,198 |
| 2024 / 25 | 134.6 | 65,538,325 |

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, 2025

Table 13

| Description | % Applicable | Debt |
|---|-------------------|-------------------------|
| Direct Debt: | | |
| 2013 Refunding Certificates of Participation | 100% | \$ 7,970,000 |
| Total Gross Direct Debt | | 7,970,000 |
| Unamortized Premium/Discount | 100% | 366,503 |
| Lease Liabilities | | 1,514,009 |
| SBITA liabilities | | 7,565,921 |
| Total Net Direct Debt | | 17,416,433 |
| Overlapping Debt: | | |
| Santa Clara County General Fund Obligations | | 94,461,705 |
| Santa Clara County Pension Fund Obligations | | 29,932,630 |
| Santa Clara Valley Water District Benefit Assessment District | | 2,350,096 |
| Santa Clara County Board of Education Certificates of Participation | | 1,137,584 |
| San Jose-Evergreen Community College District OPEB Obligations | | 23,288 |
| West Valley-Mission Community College District General Fund Obligations | | 785,232 |
| Foothill-DeAnza Community College District | | 7,178,815 |
| San Jose-Evergreen Community College District | | 470,352 |
| West Valley Community College District | | 196,699,058 |
| Fremont Union High School District | | 19,428,548 |
| Campbell Union High School District General Fund Obligations | | 273,250 |
| Campbell Union School District | | 11,202,845 |
| Campbell Union High School District | | 6,953,775 |
| Campbell Union School District General Fund Obligations | | 39,792 |
| El Camino Hospital District | | 1,778,203 |
| San Jose Unified School District | | 561,053 |
| Cupertino Union School District | | 14,859,747 |
| Santa Clara Unified School District | | 632,541,564 |
| San Jose Unified School District General Fund Obligations | | 2,292 |
| Santa Clara County | | 114,763,188 |
| Cupertino Union School District General Fund Obligations | | 2,026,956 |
| Santa Clara Unified School District Certificates of Participation | | 7,168,895 |
| Total Overlapping Debt | | 1,144,638,868 |
| Total Gross Direct and Overlapping Bonded Debt ⁽¹⁾ | | 1,162,055,301 |
| Direct Unamortized Premium/Discount | | |
| TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT | | \$ 1,162,055,301 |
| 2024 / 25 Assessed Value | \$ 65,538,324,753 | |
| Ratios to Assessed Valuation: | | |
| Direct Debt | \$ 17,416,433 | 0.027% |
| Total Gross Debt | | 1.773% |
| Total Net Debt | | 1.773% |

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 |
|---|---------------------------------------|---|-------------------------------------|--------------------------|
| 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 |
| 2023 / 24 | 60,975,121 | 9,146,268 | - | 9,146,268 |
| 2024 / 25 | 65,444,063 | 9,816,609 | - | 9,816,609 |

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⁾ |
|---------------------------------------|--------------------------|---------------------------------------|---|------------------|-----------------|--------------------------------------|--------------|--------------------------------|
| 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 |
| 2023 / 24 | 635,038 | 518,547 | 116,491 | 15,140 | 2,254 | 6 | 17,400 | 6.69 |
| 2024 / 25 | 860,791 | 570,619 | 290,172 | 15,460 | 5,767 | 581 | 21,808 | 13.31 |

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 |
|-------------|-------------------|--|---|-----------------------|---|---|---------------------------------------|
| 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% |
| 2023 / 24 | 132,048 | 9,985,016 | 75,617 | 34.8 | 14,236 | 3.4% | 3.2% |
| 2024 / 25 | 134,587 | 10,972,709 | 81,529 | 34.4 | 14,448 | 3.8% | 3.3% |

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 | 2025 | | 2016 | |
|-------------------------------|--------------------------------|--|--------------------------------|--|
| | Number of Employees | Percentage of Total City Employment | Number of Employees | Percentage of Total City Employment |
| Applied Materials, Inc. | 8,500 | 21.1% | 8,500 | 22.1% |
| Intel Corporation | 7,801 | 19.3% | 7,801 | 20.3% |
| Advanced Micro Devices Inc. | 3,000 | 7.4% | | |
| Nvidia | 2,700 | 6.7% | | |
| Kaiser Foundation Health Plan | 2,600 | 6.4% | | |
| California's Great America | 2,500 | 6.2% | 2,500 | 6.5% |
| Dell | 2,088 | 5.2% | | |
| Santa Clara University | 2,000 | 5.0% | 1,200 | 3.1% |
| City of Santa Clara | 1,200 | 3.0% | 1,759 | 4.6% |
| Macy's | 1,200 | 3.0% | 1,200 | 3.1% |
| Avaya Inc. | - | - | 2,000 | 5.2% |
| EMC Corporation | - | - | 1,338 | 3.5% |
| Catalyst Semiconductor Inc | - | - | 1,100 | 2.9% |
| Lsa Global | - | - | 1,001 | 2.6% |
| Total Top Ten | 33,589 | 83.3% | 28,399 | 73.9% |
| All Others | 6,786 | 16.7% | 10,022 | 26.1% |
| Total Employment | 40,375 | 100% | 38,421 | 100% |

Sources: Fiscal year 2025: Reference Solutions database, Infogroup, Inc., Papillion, Nebraska

Sources: Fiscal year 2016: 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 | | | | | | | | | |
|------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| City Council | 10.00 | 10.00 | 9.00 | 9.00 | 9.00 | 10.00 | 10.00 | 11.00 | 10.00 | 9.00 |
| City Clerk | 7.00 | 7.00 | 7.00 | 6.00 | 7.00 | 5.00 | 6.00 | 7.00 | 7.00 | 5.00 |
| City Attorney | 8.00 | 7.00 | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 | 6.00 | 6.00 | 6.00 |
| City Auditor | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | - | - | - | - |
| City Manager | 19.00 | 11.30 | 19.00 | 19.00 | 13.00 | 13.00 | 13.00 | 14.00 | 13.00 | 16.00 |
| Information Technology | 7.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 5.00 |
| Human Resources | 15.00 | 15.00 | 15.00 | 14.00 | 15.75 | 15.75 | 15.00 | 15.00 | 15.00 | 14.50 |
| Finance | 71.50 | 70.75 | 69.75 | 68.75 | 69.75 | 61.75 | 61.00 | 61.00 | 61.75 | 60.25 |
| Parks & Recreation | 77.75 | 77.75 | 77.75 | 77.75 | 82.75 | 82.75 | 80.75 | 80.75 | 79.00 | 82.75 |
| Library | 42.75 | 42.75 | 42.50 | 42.50 | 46.75 | 46.75 | 46.75 | 45.50 | 45.50 | 47.00 |
| Community Development | 79.00 | 75.00 | 73.00 | 72.00 | 68.75 | 66.00 | 65.00 | 64.00 | 56.00 | 42.00 |
| Engineering | 41.25 | 36.25 | 40.25 | 39.25 | 42.25 | 39.25 | 39.92 | 40.92 | 39.25 | 38.25 |
| Building Maintenance | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.23 | 13.23 | 12.90 | 10.90 |
| Street | 55.55 | 55.60 | 55.60 | 55.50 | 60.60 | 60.60 | 58.60 | 58.60 | 59.60 | 65.35 |
| Automotive Services | 14.70 | 14.65 | 14.65 | 14.75 | 15.65 | 15.65 | 15.75 | 15.75 | 15.75 | 15.00 |
| Police | 231.00 | 231.00 | 231.00 | 221.00 | 239.00 | 239.00 | 239.00 | 239.00 | 231.00 | 222.00 |
| Fire | 173.50 | 173.50 | 155.50 | 154.50 | 168.25 | 167.25 | 167.25 | 167.50 | 166.50 | 179.50 |
| Non-Departmental | 19.00 | 5.70 | - | - | 11.00 | 9.00 | 4.00 | - | - | - |
| Electric Utility | 223.00 | 222.00 | 214.00 | 198.00 | 198.00 | 197.00 | 189.00 | 186.00 | 179.00 | 166.00 |
| Water Utility | 49.85 | 50.55 | 50.55 | 50.55 | 50.80 | 50.80 | 50.35 | 50.85 | 52.70 | 50.10 |
| Sewer Utility | 23.15 | 22.45 | 22.45 | 22.45 | 22.20 | 22.20 | 22.65 | 22.15 | 21.30 | 19.90 |
| TOTAL | 1,183.00 | 1,149.25 | 1,127.00 | 1,095.00 | 1,151.00 | 1,131.75 | 1,111.25 | 1,105.25 | 1,078.25 | 1,054.50 |

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 | | | | | | | | | |
|--|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Culture and Recreation: | | | | | | | | | | |
| Number of library items circulated | 1,862,771 | 2,060,389 | 2,152,877 | 1,268,965 | 736,301 | 1,598,171 | 2,509,201 | 2,612,102 | 2,700,315 | 2,479,126 |
| Fire Protection: | | | | | | | | | | |
| Number of calls answered | 11,086 | 10,949 | 10,688 | 10,391 | 8,853 | 9,339 | 9,456 | 8,849 | 8,850 | 8,933 |
| Number of inspections conducted | 4,332 | 8,801 | N/A | 10,143 | 4,004 | 4,303 | 6,404 | 8,470 | 9,696 | 8,260 |
| Police Protection: | | | | | | | | | | |
| Number of calls for service ⁽¹⁾ | 49,871 | 47,828 | 43,306 | 61,421 | 67,211 | 63,860 | 58,912 | 53,865 | 50,429 | 51,853 |
| Electric System: | | | | | | | | | | |
| Maximum annual demand (MW) | 713.5 | 669.2 | 693.9 | 649.4 | 590.6 | 579.3 | 587.8 | 586.6 | 568.1 | 526.4 |
| Total annual energy (Mwh) | 4,956,957 | 4,657,586 | 4,568,293 | 4,361,658 | 3,956,474 | 3,773,864 | 3,693,251 | 3,733,800 | 3,628,200 | 3,488,004 |
| Sewer System: | | | | | | | | | | |
| Number of service connections | 27,522 | 25,312 | 26,105 | 25,682 | 25,948 | 25,359 | 25,481 | 26,236 | 26,162 | 25,744 |
| Peak flow (5-day average, WPCP) (MG) | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| 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 | 27,971 | 24,903 | 25,894 | 25,371 | 25,592 | 24,904 | 25,293 | 25,670 | 25,714 | 25,716 |
| Daily Average consumption (MG) | 14 | 15 | 14 | 13 | 16 | 16 | 16 | 15 | 15 | 15 |
| Maximum daily capacity of plant: | | | | | | | | | | |
| Potable Water (MGD) | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 96 |
| Recycled Water (MGD) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 30 | 14 |

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 | | | | | | | | | |
|--|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Culture and Recreation: | | | | | | | | | | |
| Number of community centers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of parks | 53 | 44 | 44 | 44 | 44 | 44 | 39 | 39 | 35 | 34 |
| Park acreage | 375 | 353 | 353 | 367 | 367 | 353 | 254 | 311 | 330 | 274 |
| Number of golf courses | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Number of swimming pools | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 5 |
| Number of tennis courts | 28 | 28 | 27 | 27 | 27 | 27 | 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 | 7 | 7 | 3 | 3 | 3 | 3 |
| Number of lighted softball fields | 4 | 4 | 4 | 4 | 4 | 4 | 7 | 7 | 7 | 7 |
| Number of neighborhood park buildings | 11 | 11 | 10 | 10 | 10 | 10 | 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 | 3 | 3 |
| Cemetery | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire Protection: | | | | | | | | | | |
| Number of stations | 9 | 9 | 10 | 10 | 9 | 10 | 10 | 10 | 10 | 10 |
| Police Protection: | | | | | | | | | | |
| Number of stations | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Electric System: | | | | | | | | | | |
| Number of meters | 62,081 | 60,795 | 59,297 | 59,227 | 58,230 | 57,066 | 55,971 | 55,139 | 54,942 | 53,824 |
| Miles of high voltage lines | 637 | 631 | 631 | 622 | 618 | 616 | 613 | 612 | 608 | 605 |
| Number of substations | 33 | 29 | 31 | 29 | 29 | 29 | 28 | 27 | 27 | 27 |
| 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 | 194 | 194 | 196 | 195 | 195 | 195 | 195 | 195 |
| Number of treatment plants | 1 | 1 | 1 | 1 | 1 | 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 | 306 | 306 | 335 | 335 | 335 | 310 |
| Number of fire hydrants | 3,648 | 3,648 | 3,437 | 3,437 | 3,248 | 3,429 | 3,404 | 3,382 | 3,501 | 3,383 |
| Miles of recycled water mains | 34 | 34 | 34 | 34 | 34 | 34 | 33 | 33 | 33 | 33 |
| Streets: | | | | | | | | | | |
| Miles of Streets | 252 | 252 | 252 | 252 | 252 | 252 | 252 | 252 | 252 | 252 |
| Number of Street Lights | 8,437 | 8,431 | 8,431 | 8,429 | 8,404 | 8,235 | 8,187 | 8,118 | 8,112 | 8,103 |
| Number of Traffic Signals | 161 | 160 | 157 | 186 | 183 | 182 | 207 | 207 | 207 | 206 |

Source: City of Santa Clara

**CITY OF SANTA CLARA
STATEMENT OF INSURANCE COVERAGE
June 30, 2025**

Table 21

| TYPE OF POLICY | INSURANCE COMPANY | LIMITS ⁽¹⁾ | ANNUAL PREMIUM | 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 | \$2,898,340 | 1 | 7/1/2025 |
| Workers' Compensation | Self-insured (since 1973) | \$750 thousand | n/a | - | Ongoing |
| Excess Workers' Compensation | PRISM and various other carriers | Statutory | \$1,481,262 | 1 | 7/1/2025 |
| <u>Property Coverage</u> | | | | | |
| All Risks, including flood, excluding earthquake | Alliant Property Insurance Program (APIP) Various excess carriers | \$1 billion | \$2,061,403 | 1 | 7/1/2025 |
| Boiler and Machinery | Alliant Property Insurance Program (APIP) Various excess carriers | \$100 million | \$16,326 | 1 | 7/1/2025 |
| <u>Financial Loss Bonds</u> | | | | | |
| Crime Coverage Bond | PRISM | \$25 million | \$16,257 | 1 | 6/30/2025 |

Notes:

(1) Limits are per occurrence

(2) All policies have been renewed

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 |
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Real Property Value | \$ 6,876,668 | \$ 6,573,299 | \$ 5,996,569 | \$ 5,790,301 | \$ 5,708,617 | \$ 5,372,322 | \$ 6,024,538 | \$ 6,136,642 | \$ 5,710,559 | \$ 4,474,495 |
| Other Property Value | 34,081 | 32,851 | 26,855 | 33,102 | 28,733 | 25,324 | 22,913 | 25,857 | 27,877 | 796,082 |
| Total Project Value | 6,910,749 | 6,606,150 | 6,023,424 | 5,823,403 | 5,737,350 | 5,397,646 | 6,047,451 | 6,162,499 | 5,738,436 | 5,270,577 |
| Less Base Value | (8,838) | (8,838) | (8,838) | (8,838) | (8,838) | (8,838) | (8,838) | (8,838) | 49,632 | 49,322 |
| Increment Over Base Value | 6,901,911 | 6,597,312 | 6,014,586 | 5,814,565 | 5,728,512 | 5,388,808 | 6,038,613 | 6,153,661 | 5,788,068 | 5,319,899 |
| Redevelopment Property Tax Trust Fund (RP TTF) ⁽¹⁾ | - | - | - | - | - | - | - | - | - | 5,697 |
| Total Tax Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,697 |

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 (RP TTF). The RP TTF 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, 2025**

Table 2

| | ASSESSEE | ASSESSED PROPERTY USE | ASSESSED PROPERTY VALUATION | PERCENT OF TOTAL |
|-----------|--|--------------------------------------|--|-----------------------------|
| 1 | Forty Niners SC Stadium Company LLC | Commercial Office Building | \$ 824,299,415 | 11.93% |
| 2 | SI LLC | Commercial Office Building | 619,524,374 | 8.96% |
| 3 | Exchange Santa Clara | Commercial Office Building | 322,524,000 | 4.67% |
| 4 | Innovation Commons Owner LLC | Commercial Office Building | 295,835,617 | 4.28% |
| 5 | Apple Inc | Commercial Office Building | 255,240,714 | 3.69% |
| 6 | The Irvine Company | Commercial Office Building | 245,272,689 | 3.55% |
| 7 | PC Santa Clara Gateway 2 LLC | Commercial Office Building | 226,609,725 | 3.28% |
| 8 | SCT Owner LLC | Commercial Office Building | 209,792,223 | 3.04% |
| 9 | STC Venture LLC | Commercial Office Building | 192,645,216 | 2.79% |
| 10 | PRII Towers at Great America Owner LLC | Commercial Office Building | 186,969,014 | 2.71% |
| | | TOTAL | \$ 3,378,712,987 | 48.90% |
| | | TOTAL AGENCY ASSESSED VALUE | \$ 6,910,749,141 | |

Source: HDL Coren & Cone

**SUCCESSOR AGENCY OF THE CITY OF SANTA CLARA
BAYSHORE NORTH PROJECT AREA
ASSESSMENT APPEAL ACTIVITY OF TOP 20 ASSESSEES
2024-25 Impacts**

Table 3

| TAX ROLL NUMBER | ASSESSEE | ASSESSED | | APPEAL NUMBER | HEARING DATE | | APPLICANT'S OPINION | |
|--------------------|--|--------------------|--------------------|------------------|-----------------|--------|------------------------|------------|
| | | VALUATION/ORIGINAL | S/U ⁽¹⁾ | | DEADLINE | STATUS | VALUATION | LAND USE |
| 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 |
| 104-42-019 | EXCHANGE SANTA CLARA INNOVATION PARTNE | 297,866,520 | s | 24.3895 | | | 2 | Commerical |
| 104-42-019 | EXCHANGE SANTA CLARA INNOVATION PARTNE | 292,026,000 | s | 23.5354 | | | 200,000 | Commerical |
| 984-92-104 | FORTY NINERS | 283,101,065 | S | 24.3693 | | | 177,787,000 | Commerical |
| 984-92-103 | FORTY NINERS | 283,101,065 | S | 24.3692 | | | 177,787,000 | Commerical |
| 984-92-103 | FORTY NINERS | 277,550,065 | S | 23.5336 | | | 186,205,658 | Commerical |
| 984-92-104 | FORTY NINERS | 277,550,065 | S | 23.5337 | | | 186,205,658 | Commerical |
| 984-92-104 | FORTY NINERS | 272,107,908 | S | 22.3647 | | | 192,212,293 | Commerical |
| 984-92-103 | FORTY NINERS | 272,107,908 | S | 22.3646 | | | 192,212,293 | Commerical |
| 984-92-104 | FORTY NINERS | 266,772,459 | S | 21.1325 | | | 142,675,827 | Commerical |
| 984-92-103 | FORTY NINERS | 266,772,459 | S | 21.1324 | | | 142,675,827 | Commerical |
| 984-92-104 | FORTY NINERS | 264,037,037 | S | 20.3937 | | | 229,166,000 | Commerical |
| 984-92-103 | FORTY NINERS | 264,037,037 | S | 20.3938 | | | 229,166,000 | Commerical |
| 984-92-103 | FORTY NINERS | 258,859,841 | S | 19.1380 | | | 244,237,500 | Commerical |
| 984-92-104 | FORTY NINERS | 258,859,841 | S | 19.1381 | | | 244,237,500 | Commerical |
| 984-92-103 | FORTY NINERS | 253,784,158 | S | 18.1918 | | | 250,500,000 | Commerical |
| 104-52-027 | STC VENTURE LLC | 192,645,216 | S | 24.4703 | | | 96,322,608 | Commerical |
| | | \$ 6,487,674,688 | | | | | \$ 3,171,591,166 | |

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, 2025

Table 4

| | | | |
|--|-------------------|----------|--------------------------------|
| 2024-25 Assessed Valuation: | \$ 6,910,749,141 | | |
| Base Year Valuation: | (8,837,956) | | |
| Incremental Valuation: | \$ 6,901,911,185 | | |
| | Total Debt | % | Project Area's Share of |
| | 6/30/2025 | | Debt 6/30/25 |
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | | | |
| Santa Clara County | \$ 1,217,905,000 | 0.994% | \$ 12,105,976 |
| West Valley-Mission Community College District | 631,255,000 | 3.449% | 21,771,985 |
| Santa Clara Unified School District | 958,135,000 | 7.492% | 71,783,474 |
| El Camino Hospital District | 98,789,066 | 0.008% | 7,903 |
| Santa Clara Valley Water District Benefit Assessment District | 24,940,000 | 0.994% | 247,904 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 105,917,242 |
| <u>OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Santa Clara County General Fund Obligations | \$ 1,002,458,930 | 0.994% | \$ 9,964,442 |
| Santa Clara County Pension Obligations | 317,654,990 | 0.994% | 3,157,491 |
| Santa Clara County Board of Education Certificates of Participation | 12,072,417 | 0.994% | 120,000 |
| West Valley-Mission Community College District General Fund Obligations | 2,520,000 | 3.449% | 86,915 |
| Santa Clara Unified School District Certificates of Participation | 10,859,000 | 7.492% | 813,556 |
| City of Santa Clara General Fund Obligations | 7,970,000 | 10.545% | 840,437 |
| Santa Clara County Vector Control District Certificates of Participation | | | - |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | | \$ 14,982,841 |
| Less: Santa Clara County supported obligations | | | (24,055) |
| COMBINED TOTAL DIRECT AND OVERLAPPING DEBT | | | \$ 120,900,083 ⁽²⁾ |
| TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT | | | \$ 120,876,028 |
| (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 2024-25 Assessed Valuation:</u> | | | |
| Combined Total Direct and Overlapping Debt | 1.75% | | |
| Net Combined Total Direct and Overlapping Debt | 1.75% | | |

Source: California Municipal Statistics, Inc.

APPENDIX C
FORMS OF OPINIONS OF BOND COUNSEL

[Dated Date]

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

OPINION: \$_____ City of Santa Clara (County of Santa Clara, California)
Election of 2024 General Obligation Bonds, 2026 Series A

Members of the City Council:

We have acted as bond counsel to the City of Santa Clara (the "City") in connection with the issuance by the City of the general obligation bonds captioned above, dated _____, 2026 (the "Series A Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, opinions and other documents as we deem necessary to render this opinion.

The Series A Bonds are issued pursuant to Resolution No. 26-9528 of the City Council of the City adopted on January 13, 2026 (the "Resolution"), and a Paying Agent Agreement dated as of February 1, 2026 (the "Paying Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as paying agent.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution and the Paying Agent Agreement, and on the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the general counsel to the City, and others, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and charter city with the power to adopt the Resolution, enter into the Paying Agent Agreement, perform the agreements on its part contained therein, and issue the Series A Bonds.
2. The Paying Agent Agreement constitutes the valid and binding obligation of the City, enforceable against the City.
3. The Series A Bonds have been duly authorized and executed by the City, and are valid and binding general obligations of the City.
4. The county in which the City is located is obligated and authorized under the laws of the State of California to levy ad valorem taxes, without limit as to rate or amount (except with

respect to certain personal property which is taxable at limited rates), upon the taxable property in the City for the payment when due of the principal of and interest on the Series A Bonds.

5. The interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Series A Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series A Bonds.

6. The interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Series A Bonds.

The rights of the owners of the Series A Bonds and the enforceability of the Series A Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

[Dated Date]

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

OPINION: \$_____ City of Santa Clara (County of Santa Clara, California)
Election of 2024 General Obligation Bonds, 2026 Series B (Qualified 501(c)(3)
Bonds)

Members of the City Council:

We have acted as bond counsel to the City of Santa Clara (the "City") in connection with the issuance by the City of the general obligation bonds captioned above, dated _____, 2026 (the "Series B Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, opinions and other documents as we deem necessary to render this opinion.

The Series B Bonds are issued pursuant to Resolution No. 26-9528 of the City Council of the City adopted on January 13, 2026 (the "Resolution"), and a Paying Agent Agreement dated as of February 1, 2026 (the "Paying Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as paying agent.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution and the Paying Agent Agreement, and on the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the general counsel to the City, and others, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and charter city with the power to adopt the Resolution, enter into the Paying Agent Agreement, perform the agreements on its part contained therein, and issue the Series B Bonds.

2. The Paying Agent Agreement constitutes the valid and binding obligation of the City, enforceable against the City.

3. The Series B Bonds have been duly authorized and executed by the City, and are valid and binding general obligations of the City.

4. The county in which the City is located is obligated and authorized under the laws of the State of California to levy ad valorem taxes, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property in the City for the payment when due of the principal of and interest on the Series B Bonds.

5. The interest on the Series B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative

minimum tax. It should be noted however that interest on the Series B Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series B Bonds.

6. The interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

In rendering the opinion in paragraph 5 above, we have relied upon representations of the City regarding the qualifications of the current and future users of those portions of the facilities to be financed with the proceeds of the Series B Bonds (the "Series B Project") as organizations described in Section 501(c)(3) of the Code, and other matters. We have also relied upon representations of the City regarding the "unrelated trade or business" activities (as defined in Section 513(a) of the Code) of the current and future users of the Series B Project. We have not given any opinion or assurance concerning Section 513(a) of the Code or any opinion or assurance about the future activities of the current and future users of the Series B Project, or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of any current or future users of the Series B Project to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their respective status as organizations described in Section 501(c)(3) of the Code or to operate the Series B Project in a manner that is substantially related to the charitable purpose of such current or future users of the Series B Project under Section 513(a) of the Code may result in interest on the Series B Bonds being included in federal gross income, possibly from the date of original issuance of the Series B Bonds.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Series B Bonds.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX D

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

\$ _____
CITY OF SANTA CLARA
(County of Santa Clara, California)
**Election of 2024 General Obligation Bonds,
2026 Series A**

SERIES A CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Santa Clara (the “City”) in connection with the issuance of the bonds captioned above (the “Series A Bonds”). The Series A Bonds are being issued under the Constitution and laws of the State of California, including but not limited to, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, under a resolution adopted by the City Council of the City on January 13, 2026 (the “Series A Bond Resolution”) and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “Paying Agent”), dated as of February 1, 2026 (the “Paying Agent Agreement”).

The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Series A Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than April 1 after the end of each fiscal year of the City (currently June 30th).

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, or any other Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“Official Statement” means the final official statement executed by the City in connection with the issuance of the Series A Bonds.

“Participating Underwriter” means the original purchaser of the Series A Bonds required to comply with the Rule in connection with offering of the Series A Bonds, initially _____.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the initial Annual Report due on April 1, 2026, shall consist solely of a copy of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form required by the Rule.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time

by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:

- (i) Assessed value of taxable property within the jurisdiction of the City;
- (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 4 of the Official Statement;
- (iii) A statement of whether the Teeter Plan remains in effect. If the Teeter Plan is no longer in effect and to the extent such information is available from the County, property tax collection delinquencies for the City; and
- (iv) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series A Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Series A Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or obligated person, or the sale of all or substantially all of the assets of the City or obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series A Bonds under the Paying Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Series A Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given

under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series A Bonds under the Paying Agent Agreement.

(e) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 3 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(f) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series A Bonds. If such termination occurs prior to the final maturity of the Series A Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series A Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Series A Bonds in the manner provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series A Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Series A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Series A Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series A Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the City: City of Santa Clara
1500 Warburton Avenue
Santa Clara, California 95050
Attention: Director of Finance

To the Dissemination Agent: U.S. Bank Trust Company, National Association
One California Street, Suite 2600
San Francisco, CA 94108
Attn: Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Series A Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF SANTA CLARA

By: _____
Director of Finance

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

**U.S. BANK, TRUST COMPANY,
NATIONAL ASSOCIATION**

By: _____
Name: _____

\$ _____
CITY OF SANTA CLARA
(County of Santa Clara, California)
Election of 2024 General Obligation Bonds,
2026 Series B
(Qualified 501(c)(3) Bonds)

SERIES B CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Santa Clara (the “City”) in connection with the issuance of the bonds captioned above (the “Series B Bonds”). The Series B Bonds are being issued under the Constitution and laws of the State of California, including but not limited to, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, under a resolution adopted by the City Council of the City on January 13, 2026 (the “Series B Bond Resolution”) and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “Paying Agent”), dated as of February 1, 2026 (the “Paying Agent Agreement”).

The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Series B Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than April 1 after the end of each fiscal year of the City (currently June 30th).

“*Dissemination Agent*” means the U.S. Bank Trust Company, National Association, or any other Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Series B Bonds.

“*Participating Underwriter*” means the original underwriter of the Series B Bonds required to comply with the Rule in connection with offering of the Series B Bonds, initially

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the initial Annual Report due on April 1, 2026, shall consist solely of a copy of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form required by the Rule.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time

by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:

- (i) Assessed value of taxable property within the jurisdiction of the City;
- (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 4 of the Official Statement;
- (iii) A statement of whether the Teeter Plan remains in effect. If the Teeter Plan is no longer in effect and to the extent such information is available from the County, property tax collection delinquencies for the City; and
- (iv) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series B Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Series B Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or obligated person, or the sale of all or substantially all of the assets of the City or obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series B Bonds under the Paying Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Series B Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given

under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series B Bonds under the Paying Agent Agreement.

(e) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 3 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(f) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series B Bonds. If such termination occurs prior to the final maturity of the Series B Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series B Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series B Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Series B Bonds in the manner provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series B Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Series B Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Series B Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series B Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the City: City of Santa Clara
1500 Warburton Avenue
Santa Clara, California 95050
Attention: Director of Finance

To the Dissemination Agent: U.S. Bank Trust Company, National Association
One California Street, Suite 2600
San Francisco, CA 94108
Attn: Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Series B Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF SANTA CLARA

By: _____
Director of Finance

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

**U.S. BANK, TRUST COMPANY,
NATIONAL ASSOCIATION**

By: _____
Name: _____

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the City nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible

after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from City or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but City takes no responsibility for the accuracy thereof.

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