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# 2023 YEAR END APPROPRIATION

PRESENTATION TO THE FINANCE COMMITTEE

NOVEMBER 27, 2023



## 2023 PROJECTION: GENERAL FUND ONLY

|                               | 2023 Adopted Budget |                 |                     |  |
|-------------------------------|---------------------|-----------------|---------------------|--|
|                               | Adopted Budget      | Revised Budget  | Year End Projection | Difference<br>(mid year proj. – revised) |
| General Fund Revenue          | (\$108,650,580)     | (\$108,845,588) | (\$106,403,182)     | (\$2,442,406)                            |
| Property Taxes                | (\$253,908,524)     | (\$253,908,524) | (\$253,908,524)     | 0  |
| Total Revenues                | (\$362,559,104)     | (\$362,754,112) | (\$360,331,706)     | (\$2,442,406)                            |
| Agency Revenues               | (\$10,282,229)      | (\$10,371,989)  | (\$10,174,362)      | \$197,626                                |
| Expenditures                  | \$372,841,332       | \$373,126,100   | \$359,474,929       | (\$13,651,172)                           |
| Total Expenses                | \$362,559,104       | \$362,754,112   | \$349,300,567       | (\$13,453,545)                           |
| Projected (Surplus )/ Deficit |                     |                 | (\$11,011,139)      |  |

## HIGHLIGHTS: SIGNIFICANT REVENUE VARIANCES

- **Total General Fund revenues are projecting \$2.4 million below budget**
- \$2.0 million related to a technical adjustment in ARPA funds.
  - 2023 budget transferred \$2m in ARPA funds from “Endowment for Homeless Shelter Operations” project to the “Unsheltered Homeless Support” project, which was shown as a transfer from the Grant Fund to the General Fund.
  - Instead of transferring across funds, all ARPA funds were kept in the Grant Fund, which reduced General Fund Revenues and Expenses by \$2 million.
  - There was no change in the project funding or total ARPA allocation.
- \$400,000 related to adjustments to other local revenues based on Quarter 3 Actuals

## HIGHLIGHTS: SIGNIFICANT EXPENSE VARIANCES

- **Total General Fund expenses are projecting \$13.5 million below budget**
- Three agencies account for majority (\$10.2 million) of underspending
  - **CDD:** \$4.2 million below budget.
    - \$2 million in ARPA funds for unsheltered homeless support accounted for in Grant Fund instead of General Fund.
    - 2023 budget added one-time general fund appropriation of \$2 million to seed an endowment for homeless operating funds. Research and planning is still ongoing and funds will not be committed by end of 2023; may be addressed through 2024 mid-year appropriation once plan is finalized
    - Remaining underspending consistent with other agencies (salary savings and underspending in non-personnel costs)
  - **Direct Appropriations:** \$4.9 million below budget, primarily due to underspending in centrally budgeted funds
    - \$2.8 million underspending in compensated absence escrow due to agencies absorbing the cost within their budget
    - \$1.2 million remaining in contingent reserve
    - \$700,000 underspending for one-time employee bonuses in 2023 (\$1,000 funded from a surplus in the Premium Stabilization fund for the City's life insurance and long-/ short-term disability insurance programs)
  - **Police:** \$1.1 million below budget, primarily driven by personnel costs (\$915,000) and some underspending in non-supplies and purchased services

## PRIMARY COMPONENTS OF YEAR END RESOLUTION

- **Contingent Reserve:** \$687,480 from contingent reserve to cover agency deficits
- **Direct Appropriations:** \$1.2 million from direct appropriations for compensated absence escrow
- **Intra- agency transfers:** Net neutral transfers within and across agency budgets to address projected deficits
- **Fleet Fund Transfers and inter-departmental billings:** Increase budget authority for Fleet to cover higher than anticipated supply costs (\$800,000), covered by revenues (\$200,000), internal transfers (\$170,000), and agency billings (\$430,000)
- **Other Funds:** Accept EDD Grant (\$250,000) and make transfers within various enterprise agency funds
- **Capital Budget:** Increase budget authority for Olin Parks Beautification project (reserve funded) and E-W Bus Rapid Transit (grant funded); swap GO proceeds for arbitrage compliance