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 (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