



# General Fund 2023 Year-End Review

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Finance Committee  
May 6, 2024

# Agenda

- 2023 Actual Revenues
- 2023 Actual Expenditures
- General Fund Condition

# 2023 Actual Revenues

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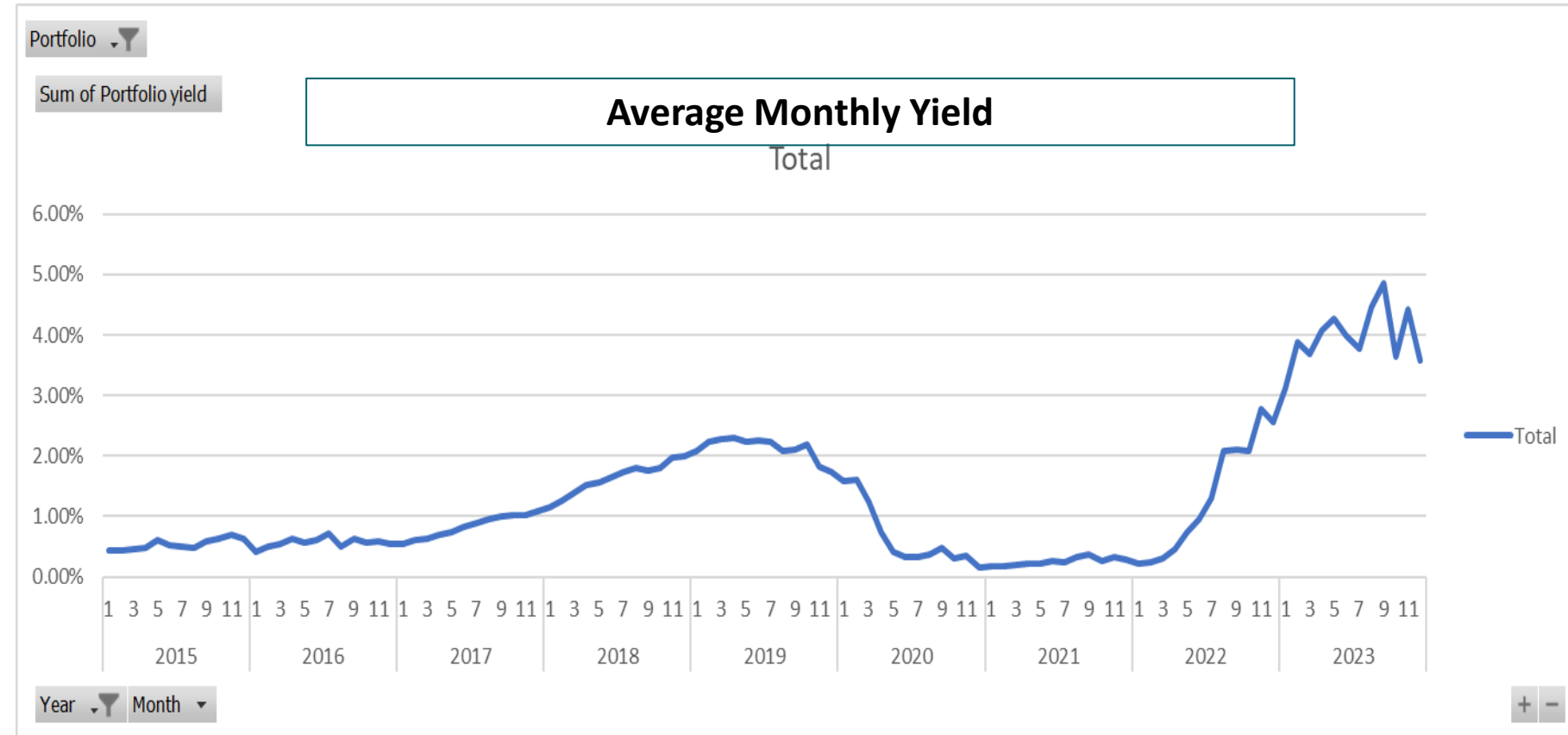
General Fund

# Revenues finished 5% above budget due to Investment Income

	<b>Budget</b>	<b>Actual</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>Taxes</b>	271,328,124	271,331,651	3,527	0.0%
<b>Intergovernmental</b>	42,230,406	42,734,108	503,702	1.2%
<b>Licenses and Permits</b>	8,664,120	8,662,256	(1,864)	0.0%
<b>Fines and Forfeitures</b>	5,650,000	5,312,500	(337,500)	-6.0%
<b>Charges for Services</b>	17,286,455	17,031,062	(255,393)	-1.5%
<b>Investment Income</b>	4,000,000	24,414,521	20,414,521	510.4%
<b>Other</b>	10,000,001	8,899,295	(1,100,706)	-11.0%
<b>TOTALS</b>	<b>359,159,106</b>	<b>378,385,393</b>	<b>19,226,287</b>	<b>5.4%</b>

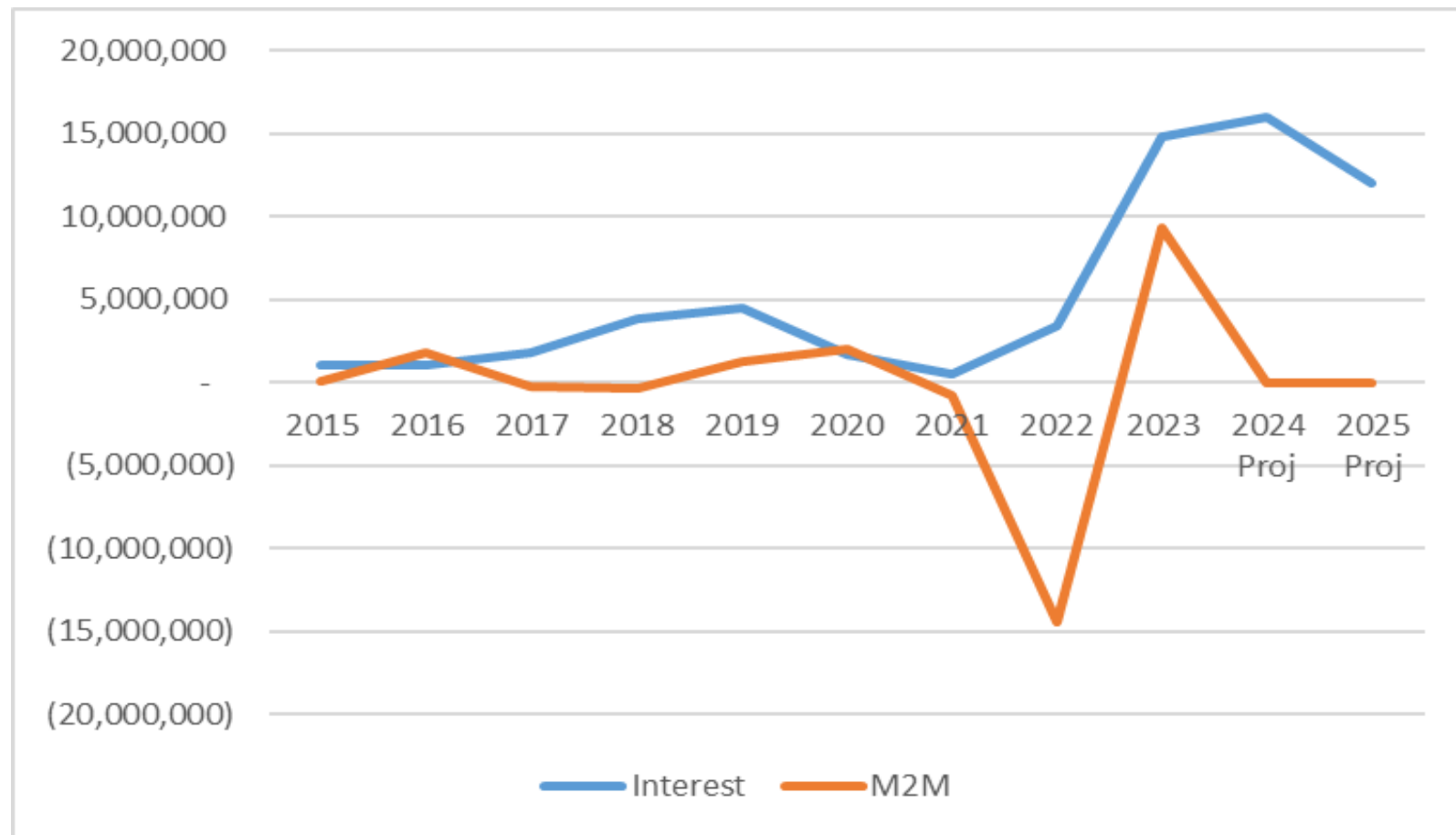
# Investment income higher than forecast

- Average annual yield increased over three-fold from 2022 to 2023
- Mark-to-Market adjustment was -\$14 million in 2022; reversed by +\$9 million in 2023
- Projection model understated cash balances that generated General Fund investment income; not noticeable in low interest rate environment; model has been updated.



# Mark-to-Market Trend

- Mark-to-Market (M2M) is the calculation of the potential gain or loss when comparing actual investments to market conditions at year-end.
- Rapidly increasing rates in 2022 created a loss that year; partially reversed in 2023.
- \$5 million has been set aside in assigned fund balance to help offset future drops in M2M and investment earnings.



# 2023 Actual Expenditures

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General Fund

# Expenditures nearly \$16m below budget

- Miscellaneous due primarily to savings in agencies due to vacancies – centrally budgeted compensation costs not needed.
- CDD due to shelter endowment and charging of ARPA costs to Grants Fund
- Other agencies due to vacancies

	Final Budget	Actual	\$ Difference	% Difference
<b>Top 5 by \$ Difference</b>				
Miscellaneous	13,193,996	5,562,702	7,631,294	58%
Community Development	18,854,950	14,363,313	4,491,637	24%
Police	87,438,732	86,403,470	1,035,262	1%
Information Technology	9,569,373	9,124,507	444,866	5%
Fire	69,089,906	68,649,645	440,261	1%
<b>Top 5 by % Difference</b>				
Miscellaneous	13,193,996	5,562,702	7,631,294	58%
Office of Independent Monitor	473,168	203,701	269,467	57%
Transportation	568,320	380,602	187,718	33%
Community Development Division	18,854,950	14,363,313	4,491,637	24%
Office of PCED Director	624,965	486,914	138,051	22%
<b>Total</b>	<b>362,754,114</b>	<b>347,163,791</b>	<b>15,590,323</b>	<b>4%</b>



# Expenditure Variances by Functional Area

	<b>Final Budget</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Functional Area</b>				
General Government	31,163,258	29,528,384	1,634,874	5%
Public Safety and Health	166,658,105	164,914,259	1,743,846	1%
Public Works and Transportation	43,816,283	43,933,800	(117,517)	0%
Planning and Development	30,547,904	25,375,398	5,172,506	17%
Culture (Parks)	15,787,346	15,719,812	67,534	0%
Miscellaneous	13,193,996	5,562,702	7,631,294	58%

# Fund Balance and Outlook

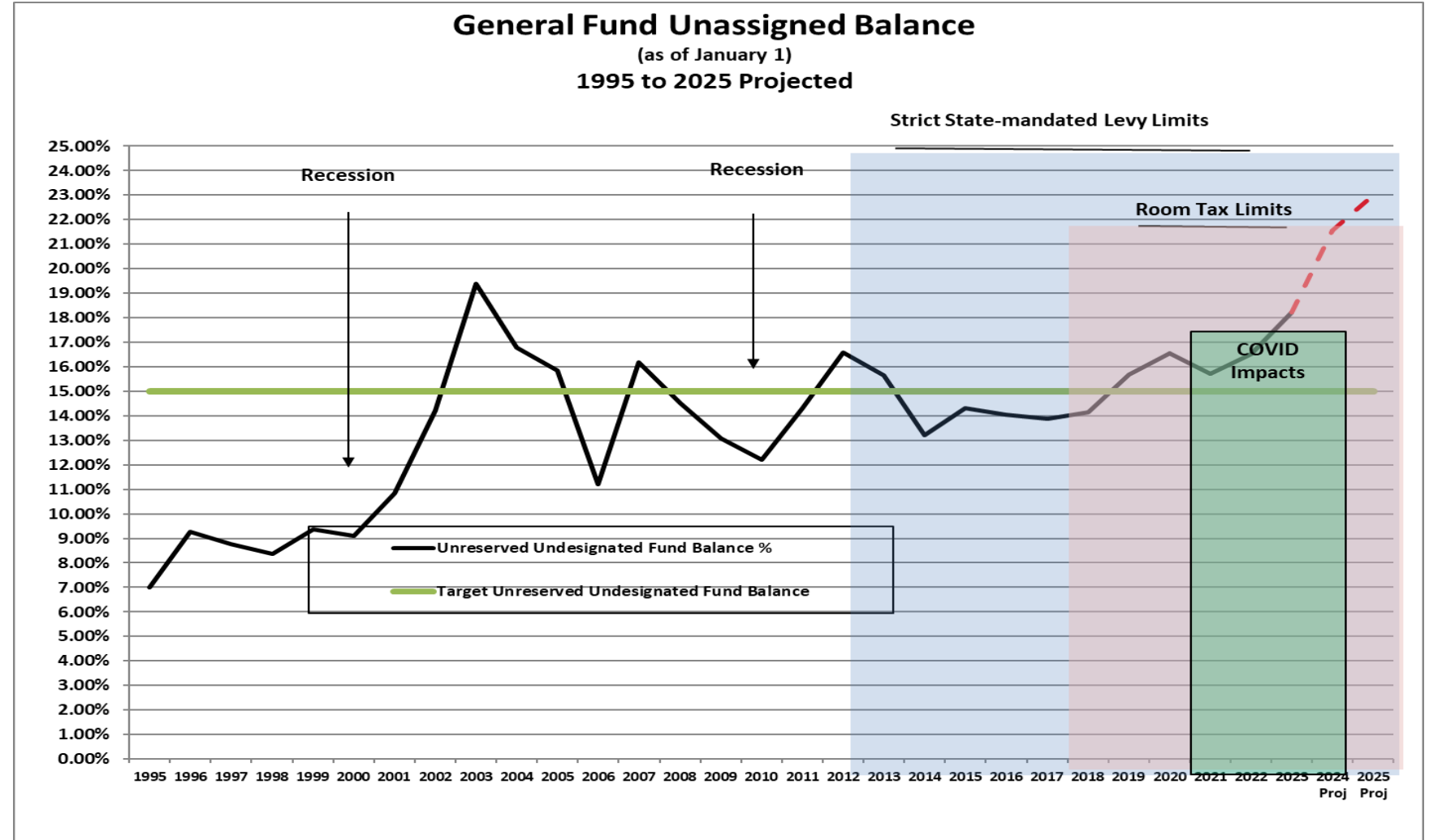
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General Fund

# Strong Reserves – Fund Balance above 21%

## 2023 Year-End

- Revenues exceeded expenditures by \$31m.
- Changes in assigned balance total \$14.5m –
  - Fund balance applied in 2024
  - Endowment for homeless
  - Investment loss reserve
  - Life Insurance/Disability plan reserves



# Fund balance history since 2020

- Underspending, combined with higher interest rates have resulted in increasing fund balance.
- Fund balance level a key part of City's debt rating.
- Use of fund balance is a one-time / short-term measure.

	2021	2022	2023	Est 2024
Opening Unassigned Balance	43,978,379	56,371,768	66,120,952	82,853,730
Revenues	327,368,857	340,298,754	378,385,393	385,420,273
Expenditures	<u>320,373,928</u>	<u>328,648,521</u>	<u>347,163,791</u>	<u>384,620,273</u>
Variance	6,994,929	11,650,233	31,221,602	800,000
Assigned Change	5,273,487	(1,564,026)	(14,572,171)	9,200,000
Other Changes	<u>124,973</u>	<u>(337,023)</u>	<u>83,347</u>	<u>-</u>
Ending Unassigned Balance	56,371,768	66,120,952	82,853,730	92,853,730
Subsequent Year Budgeted / Estimated Expenditures	341,372,269	362,725,000	384,620,273	403,851,287
Fund Balance Share	16.5%	18.2%	21.5%	23.0%
Fund Balance Policy Target	15.0%	15.0%	15.0%	15.0%

# 2024 Preliminary Outlook

- Investment income expected to exceed budget by \$10 million (\$6 million vs. \$16 million) due to higher than estimated interest rates and cash balances.
- Other revenues expected to be on target.
- Expenditures expected to be close to budget:
  - 1% across-the-board reductions
  - Increased salary savings
- 2025 Cost-to-Continue / Outlook update -- May 28<sup>th</sup> Finance Committee meeting
- 2024 Mid-year projections -- July 22<sup>nd</sup> Finance Committee meeting.