

2014-2015 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$265.5 million, as reflected in the following table:

**GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2015
(\$000s)**

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	270,638	270,637	(1)
Carryover Encumbrances	39,408	39,408	-
Liquidated			
Carryover Encumbrances		1,369	1,369
<i>Subtotal</i>	<i>310,046</i>	<i>311,414</i>	<i>1,368</i>
Revenues	1,066,876	1,048,677	(18,199)
Total Sources	1,376,922	1,360,091	(16,831)
Uses			
Personal Services	660,457	649,086	(11,371)
Non-Personal/Equipment/Other	127,613	115,085	(12,528)
City-Wide Expenses	298,924	264,174	(34,750)
Capital Contributions	60,834	29,470	(31,364)
Transfers	36,807	36,756	(51)
Reserves	192,287	-	(192,287)
Total Uses	1,376,922	1,094,571	(282,351)
Available Ending Fund Balance		265,520	265,520

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2014-2015 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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The actual ending fund balance of \$265.5 million exceeded the estimated ending fund balance level used in the development of the 2015-2016 Adopted Budget by \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2014-2015, a true ending fund balance of \$10.0 million (0.4% of the 2014-2015 Modified Budget total sources and uses) remains in 2014-2015 and is available for allocation in 2015-2016. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

	Estimate	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	270,638	270,637	(1)
Carryover Encumbrance	39,408	39,408	-
Liquidated Carryover Encumbrances	1,500	1,369	(131)
<i>Subtotal</i>	311,546	311,414	(132)
Revenues	1,066,876	1,048,677	(18,199) ¹
Total Sources	1,378,422	1,360,091	(18,331)
Uses			
Expenditures	1,125,596	1,094,571	(31,025) ¹
Ending Fund Balance	252,826	265,520	12,694

¹ In 2014-2015, \$16.9 million in grant and reimbursement-related revenues and expenditures were not expected to be received in 2014-2015 and were rebudgeted to 2015-2016 (\$10.1 million for City-Wide Expenses, \$6.5 million for Capital Improvements, and \$261,000 for Departmental expenditures). This resulted in lower actual revenues and expenditures in 2014-2015, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenues variance actually resulted in a shortfall of \$1.3 million (0.1%), rather than \$18.2 million, and the expenditures variance actually resulted in savings of \$14.1 million (1.0%).

Note: In the chart above, the General Fund excludes the Emergency Reserve Funds and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2014-2015 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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A detailed analysis of the significant variances between the 2014-2015 Modified Budget and actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The actual 2014-2015 liquidation of carryover encumbrances was \$1.4 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2013-2014 financial statements and the end of 2014-2015. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The actual liquidations in 2014-2015 of \$1.4 million were \$131,000 below the estimate of \$1.5 million used in the development of the 2015-2016 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$16.9 million in grants and reimbursements that were not received or expended in 2014-2015, the final General Fund ending fund balance represents a positive variance of \$12.7 million (0.5% of the 2014-2015 Modified Budget total sources and uses), which includes higher than estimated expenditures savings (\$14.1 million), offset by slightly lower revenues (\$1.3 million), and liquidation of carryover encumbrances (\$131,000). After accounting for revenue and expenditure adjustments recommended in the Annual Report, including required rebudgets to close-out 2014-2015, \$10.0 million (0.4% of total sources and uses) in additional ending fund balance is available. The \$10.0 million positive fund balance variance is comprised of net additional revenues of \$1.3 million (0.1%), net expenditure savings of \$8.8 million (0.6%), slightly offset by lower than estimated liquidation of prior year encumbrances \$131,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.