

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with an available 2021-2022 ending fund balance (unaudited) of \$559.0 million, as reflected in the following table:

GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2021

| | 2021-2022 Modified Budget | 2021-2022 Budgetary Basis Actual | Variance |
|--|--|---|-----------------------------|
| Sources | | | |
| Beginning Fund Balance | 369,180,430 | 369,180,430 | - |
| Carryover Encumbrances | 56,415,978 | 56,415,978 | - |
| Liquidation of Carryover Encumbrances | | 611,752 | 611,752 |
| <i>Subtotal</i> | <i>425,596,408</i> | <i>426,208,160</i> | <i>611,752</i> |
| Revenues | 1,735,234,598 | 1,739,528,638 | 4,294,040 |
| Total Sources | <u>2,160,831,006</u> | <u>2,165,736,798</u> | <u>4,905,792</u> |
| Uses | | | |
| Personal Services | 941,307,360 | 926,148,001 | (15,159,359) |
| Non-Personal/Equipment/Other | 195,922,660 | 175,737,451 | (20,185,209) |
| City-Wide Expenses | 515,993,175 | 417,653,313 | (98,339,862) |
| Capital Contributions | 103,401,202 | 56,817,288 | (46,583,914) |
| Transfers | 30,393,345 | 30,393,345 | - |
| Reserves | 373,813,264 | - | (373,813,264) |
| Total Uses | <u>2,160,831,006</u> | <u>1,606,749,398</u> | <u>(554,081,608)</u> |
| Available Ending Fund Balance | | <u>558,987,400</u> | <u>558,987,400</u> |

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 2021-2022 Annual Comprehensive Financial Report (ACFR), 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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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$559.0 million exceeded the estimated ending fund balance level used in the development of the 2022-2023 Adopted Budget by \$51.9 million (2.4% of the 2021-2022 Modified Budget). After accounting for an early rebudget of funds (\$475,000) approved by the City Council on August 30, 2022, the end fund balance variance is reduced to \$51.4 million. Additionally, once adjusted for clean-up actions recommended in this report associated with the close-out of 2021-2022, a true ending fund balance of \$33.7 million (1.6% of the 2021-2022 Modified Budget) remains in 2021-2022 and is available for allocation in 2022-2023. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

GENERAL FUND ESTIMATE TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2022

| Sources | 2021-2022 Estimate | 2021-2022 Budgetary Basis Actual | Variance |
|--|-------------------------------|---|---------------------------|
| Beginning Fund Balance | 369,180,430 | 369,180,430 | - |
| Carryover Encumbrances | 56,415,978 | 56,415,978 | - |
| Liquidation of Carryover Encumbrances | 500,000 | 611,752 | 111,752 |
| <i>Subtotal</i> | <i>426,096,408</i> | <i>426,208,160</i> | <i>111,752</i> |
| Revenues | 1,736,489,256 | 1,739,528,638 | 3,039,382 ¹ |
| Total Sources | 2,162,585,664 | 2,165,736,798 | 3,151,134 |
| Uses | | | |
| Expenditures | 1,654,976,943 | 1,606,749,398 | (48,227,545) ¹ |
| Total Uses | 1,654,976,943 | 1,606,749,398 | (48,227,545) |
| Ending Fund Balance | 507,608,721 | 558,987,400 | 51,378,679 |

¹ The 2022-2023 Adopted Budget included \$8.7 million in grant and reimbursement-related revenues and expenditures not expected to be received in 2021-2022 and were rebudgeted to 2022-2023. This resulted in lower actual revenues and expenditures in 2021-2022, 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 surplus of \$11.8 million, rather than a surplus of \$3.0 million, and the expenditures variance actually resulted in savings of \$39.5 million, rather than savings of \$48.2 million.

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 2021-2022 Annual Comprehensive Financial Report (ACFR), 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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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the variances between the 2021-2022 Modified Budget and Budgetary Basis Actuals for revenues, expenditures, transfers, and reserves is provided in the following section. However, the variances for the Beginning Fund Balance and Liquidation of Carryover Encumbrances category are discussed below.

The actual 2021-2022 Beginning Fund Balance of \$369.2 million was consistent with the estimate. The actual 2021-2022 Liquidation of Carryover Encumbrances was \$611,752 and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2020-2021 financial statements and the end of 2021-2022. 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 2021-2022 were \$111,752 above the estimate of \$500,000 that was used in the development of the 2022-2023 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$8.7 million in grants and reimbursements that were not received or expended in 2021-2022, the final General Fund Ending Fund Balance represents a positive variance of \$51.4 million (2.4% of the 2021-2022 Modified Budget), which includes higher than estimated expenditures savings (\$39.5 million), higher revenues (\$11.8 million), and higher than estimated liquidation of prior year encumbrances (\$111,752). After accounting for revenue and expenditure clean-up actions recommended in the Annual Report (including additional rebudgets) to close-out 2021-2022, \$33.7 million (1.6% of the 2021-2022 Modified Budget) in additional ending fund balance is available. The \$33.7 million positive fund balance variance is comprised of higher than estimated revenues of \$17.7 million, net expenditure savings of \$15.9 million, and higher than estimated liquidation of prior year encumbrances (\$111,752).

Recommendations for the allocation of the additional 2021-2022 Ending Fund Balance are provided elsewhere in this document.