

2017-2018 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with an available 2017-2018 ending fund balance (unaudited) of \$249.3 million, as reflected in the following table:

**GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018**

	2017-2018 Modified Budget	2017-2018 Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	241,172,873	241,172,873	-
Carryover Encumbrances	46,068,742	46,068,742	-
Liquidation of Carryover Encumbrances		2,816,773	2,816,773
<i>Subtotal</i>	<u>287,241,615</u>	<u>290,058,388</u>	<u>2,816,773</u>
Revenues	1,295,775,637	1,297,251,487	1,475,850
Total Sources	<u>1,583,017,252</u>	<u>1,587,309,875</u>	<u>4,292,623</u>
Uses			
Personal Services	814,841,275	807,240,325	(7,600,950)
Non-Personal/Equipment/Other	157,124,983	143,131,745	(13,993,238)
City-Wide Expenses	328,485,387	305,844,450	(22,640,937)
Capital Contributions	69,924,284	47,456,696	(22,467,588)
Transfers	34,346,596	34,346,596	-
Reserves	178,294,727	-	(178,294,727)
Total Uses	<u>1,583,017,252</u>	<u>1,338,019,812</u>	<u>(244,997,440)</u>
Available Ending Fund Balance		<u>249,290,063</u>	<u>249,290,063</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 2017-2018 Comprehensive Annual 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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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$249.3 million exceeded the estimated ending fund balance level used in the development of the 2018-2019 Adopted Budget by \$15.7 million (0.5% of the 2017-2018 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2017-2018, a true ending fund balance of \$10.4 million (0.3% of the 2017-2018 Modified Budget total sources and uses) remains in 2017-2018 and is available for allocation in 2018-2019. 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, 2018

	2017-2018 Estimate	2017-2018 Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	241,172,873	241,172,873	-
Carryover Encumbrances	46,068,742	46,068,742	-
Liquidation of Carryover Encumbrances	2,500,000	2,816,773	316,773
<i>Subtotal</i>	289,741,615	290,058,388	316,773
Revenues	1,300,775,637	1,297,251,487	(3,524,150) ¹
Total Sources	1,590,517,252	1,587,309,875	(3,207,377)
Uses			
Expenditures	1,356,882,172	1,338,019,812	(18,862,360) ¹
Total Uses	1,356,882,172	1,338,019,812	(18,862,360)
Ending Fund Balance	233,635,080	249,290,063	15,654,983

¹ The 2018-2019 Adopted Budget included \$3.7 million in grant and reimbursement-related revenues and expenditures were not expected to be received in 2017-2018 and were rebudgeted to 2018-2019. This resulted in lower actual revenues and expenditures in 2017-2018, 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 \$137,000 (.01%), rather than a shortfall of \$3.5 million, and the expenditures variance actually resulted in savings of \$15.2 million (1.1%), rather than savings of \$18.9 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 2017-2018 Comprehensive Annual 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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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the variances between the 2017-2018 Modified Budget and Budgetary Basis Actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The variances for the Beginning Fund Balance and Liquidation of Carryover Encumbrances category are discussed in this section.

The actual 2017-2018 Beginning Fund Balance of \$241.2 million was consistent with the estimate. The actual 2017-2018 Liquidation of Carryover Encumbrances was \$2.8 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2016-2017 financial statements and the end of 2017-2018. 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 2017-2018 of \$2.8 million were \$317,000 above the estimate of \$2.5 million that used in the development of the 2018-2019 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$3.7 million in grants and reimbursements that were not received or expended in 2017-2018, the final General Fund Ending Fund Balance represents a positive variance of \$15.7 million (0.5% of the 2017-2018 Modified Budget total sources and uses), which includes higher than estimated expenditures savings (\$15.2 million; 1.1%), slightly higher revenues (\$137,000; 0.01%), and liquidation of carryover encumbrances (\$317,000). After accounting for revenue and expenditure clean-up actions recommended in the Annual Report, including additional rebudgets, to close-out 2017-2018, \$10.4 million (0.3% of total sources and uses) in additional ending fund balance is available. The \$10.4 million positive fund balance variance is comprised of net expenditure savings of \$12.4 million (0.9%) and higher than estimated liquidation of prior year encumbrances of \$317,000, partially offset by lower revenues of \$2.4 million (-0.2%).

Recommendations for the allocation of the additional 2017-2018 Ending Fund Balance are provided elsewhere in this document.