

II. GENERAL FUND BUDGET PERFORMANCE

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with an available 2024-2025 Ending Fund Balance (unaudited) of \$378.2 million, as reflected in the following table:

GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2025

	2024-2025 Modified Budget	2024-2025 Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	600,932,599	600,932,599	-
Carry-over Encumbrances	80,976,408	80,976,408	-
Liquidation of Carry-over Encumbrances		16,596,195	16,596,195
<i>Subtotal</i>	<i>681,909,007</i>	<i>698,505,202</i>	<i>16,596,195</i>
Revenues	1,509,362,581	1,474,946,583	(34,415,998)
Total Sources	<u>2,191,271,588</u>	<u>2,173,451,785</u>	<u>(17,819,803)</u>
Uses			
Personal Services	1,119,342,034	1,115,520,211	(3,821,823)
Non-Personal/Equipment/Other	258,268,735	230,489,385	(27,779,350)
City-Wide Expenses	232,520,068	165,942,674	(66,577,394)
Capital Contributions	132,376,400	94,191,372	(38,185,028)
Transfers	189,136,215	189,136,215	-
Reserves	259,628,136	-	(259,628,136)
Total Uses	<u>2,191,271,588</u>	<u>1,795,279,857</u>	<u>(395,991,731)</u>
Available Ending Fund Balance		<u>378,171,928</u>	<u>378,171,928</u>

Note: In the chart above, the General Fund excludes the Cash Reserve Fund, Emergency Reserve Fund, and Real Property Transfer Fund, which are budgeted as separate funds and reflected separately in this document. In the 2024-2025 Annual Comprehensive Financial Report (ACFR), the Cash Reserve Fund, Emergency Reserve Fund, and Real Property Transfer Tax 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 \$378.2 million exceeded the estimated Ending Fund Balance level used in the development of the 2025-2026 Adopted Budget by \$21.9 million (0.5% of the 2024-2025 Modified Budget for revenues and expenditures). However, once adjusted for rebudget and technical clean-up adjustments recommended in this report associated with the close-out of 2024-2025, a true ending fund balance of \$1.2 million (0.03% of the 2024-2025 Modified Budget for revenues and expenditures) remains in 2024-2025 and is available for allocation in 2025-2026. 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, 2025

	2024-2025 Estimate	2024-2025 Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	600,932,599	600,932,599	-
Carry-over Encumbrances	80,976,408	80,976,408	-
Liquidation of Carry-over Encumbrances	1,250,000	16,596,195	15,346,195
<i>Subtotal</i>	<i>683,159,007</i>	<i>698,505,202</i>	<i>15,346,195</i>
Revenues	1,500,849,085	1,474,946,583	(25,902,502) ¹
Total Sources	<u>2,184,008,092</u>	<u>2,173,451,785</u>	<u>(10,556,307)</u>
Uses			
Expenditures	1,827,697,357	1,795,279,857	(32,417,500) ¹
Total Uses	<u>1,827,697,357</u>	<u>1,795,279,857</u>	<u>(32,417,500)</u>
Ending Fund Balance	<u>356,310,735</u>	<u>378,171,928</u>	<u>21,861,193</u>

¹ The 2025-2026 Adopted Budget included \$9.9 million in grant and reimbursement-related revenues and expenditures not expected to be received in 2024-2025 and were rebudgeted to 2025-2026. This resulted in lower actual revenues and expenditures in 2024-2025, 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 deficit of \$16.0 million, rather than a deficit of \$25.9 million, and the expenditures variance actually resulted in savings of \$22.5 million, rather than savings of \$32.4 million.

Note: In the chart above, the General Fund excludes the Cash Reserve Fund, Emergency Reserve Fund, and Real Property Transfer Tax Fund, which are budgeted as separate funds and reflected separately in this document. In the 2024-2025 Annual Comprehensive Financial Report, the Cash Reserve Fund, Emergency Reserve Fund, and Real Property Transfer Tax 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 2024-2025 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 Carry-over Encumbrances category are discussed below.

The actual 2024-2025 Beginning Fund Balance of \$600.9 million was consistent with the estimate. The actual 2024-2025 Liquidation of Carry-over Encumbrances was \$16.6 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of the audited 2023-2024 financial statements and the end of 2024-2025. 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 2024-2025 were \$15.3 million above the estimate of \$1.3 million that was used in the development of the 2025-2026 Adopted Budget. The significant liquidation of encumbrances is partially due to an encumbrance audit performed in 2024-2025 that resulted in all City funds being reviewed and encumbrances being liquidated as appropriate. As a result of the audit, \$11.2 million of encumbrances were liquidated in the General Fund in 2024-2025. However, several encumbrances that were liquidated are still needed for Housing Department projects, therefore \$5.3 million of the previously liquidated encumbrances will be reallocated to the projects in 2025-2026. As a result, the encumbrances liquidated as a result of the audit will be reduced from \$11.2 million to \$5.9 million. In total, of the \$16.6 million in overall encumbrance liquidations in 2024-2025, only \$11.3 million is available in 2025-2026, which is \$10.0 million over the estimate used in development of the 2025-2026 Adopted Budget. Of the \$10.0 million, \$5.9 million is due to the encumbrance audit, and \$4.1 million is related to the annual process of liquidating encumbrances that are no longer needed.

As noted on the chart on the previous page, after adjusting for \$9.9 million in grants and reimbursements that were not received or expended in 2024-2025, the final General Fund Ending Fund Balance represents a positive variance of \$21.9 million (0.5% of the 2024-2025 Modified Budget for revenues and expenditures), which includes higher than estimated expenditures savings (\$22.5 million), higher than estimated liquidation of prior year encumbrances (\$15.3 million), and lower revenues (\$-16.0 million). After accounting for revenue and expenditure rebudget and technical clean-up adjustments recommended in the Annual Report to close-out 2024-2025, \$1.2 million (0.03% of the 2024-2025 Modified Budget for revenues and expenditures) in additional Ending Fund Balance is available. The \$1.2 million positive fund balance variance is comprised of higher than estimated liquidation of prior year encumbrances (\$15.3 million), partially offset by lower than anticipated expenditure savings (-\$10.6 million) and lower than estimated revenues (-\$3.6 million).

Recommendations for the allocation of the additional 2024-2025 Ending Fund Balance are provided elsewhere in this document.