



Office of the City Manager

INFORMATION CALENDAR

March 21, 2023

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Sharon Friedrichsen, Budget Manager
Henry Oyekanmi, Finance Director

Subject: Fiscal Year 2023 Mid-Year Budget Update

INTRODUCTION

This report presents the Fiscal Year 2023 (“FY 2023”) Mid-Year Budget Update including actual General Fund and Special Fund expenditures incurred from July 1, 2022 to December 31, 2022. It also provides an estimate of anticipated General Fund revenues and expenditures as of June 30, 2023 and projected expenditures for All Funds by department for FY 2023.

CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley is currently in FY 2023 (July 1, 2022 to June 30, 2023). On June 28, 2022, the City Council adopted the FY 2023 budget, which included the use of FY 2022 excess property transfer tax to balance the General Fund. This strategy helped (1) address operational shortfalls, (2) allocate \$1.50 million to reserves and (3) augment the biennial capital budget.

As depicted in Table 1, FY 2023 Mid-Year General Budget at a Glance, as of December 31, 2022, General Fund revenues are expected to meet initial estimates, while General Fund expenses are at 42.23% halfway through the fiscal year compared to the expected 50%. It is projected to be under budget by approximately \$22.47 million.

Table 1: FY 2023 Mid-Year General Budget at a Glance

| <i>\$'s in Millions</i> | FY 2023 Adopted Budget | FY 2023 Adjusted Budget | FY 2023 Mid-Year Actuals | Percentage of Revenue Received/ Expensed and Encumbered |
|-----------------------------|---------------------------------------|--|---|--|
| Revenues | \$258.65 | \$258.65 | \$127.53 | 49.31% |
| Expenditures | (\$280.67) | (\$298.82) | (\$126.27) | 42.23% |
| Carryover and Excess Equity | \$27.38 | \$40.17 | | |
| Balance | \$5.36 | \$0.0 | | |

FY 2023 Mid-Year Summary

General Fund Revenues

The mid-year review focuses primarily on the major revenue fluctuations and changes that have occurred that might result in significant changes in future projections. Typically, staff waits until the mid-year report to identify General Fund revenue projections that should be revised. *At the halfway point of FY 2023, there are several revenue sources that warrant an increase in the FY 2023 projections: Secured Property Taxes, Sales Taxes, Utility Users Tax, Transient Occupancy Taxes (TOT), Vehicle in Lieu Taxes, Ambulance Fees, Interest Income and Other Revenue.*

During the first half of FY 2023, General Fund revenue and transfers decreased slightly by \$707,034 or .55%, from \$128,238,986 in the first half of FY 2022, to \$127,531,952 in the first half of FY 2023, due primarily to a decline of \$5,124,961 in Property Transfer Taxes and a decline of \$7,220,037 in Transfers. These declines were cushioned by the continued strong performances in property-related revenues and a turnaround in business-related revenues like Sales Taxes, TOT and Interest Income.

Table 2, **General Fund Revenue and Transfer In FY 2023 Mid-Year vs FY 2022 Mid-Year Comparison**, on the next page, shows FY 2023 General Fund Revenues through the first six months of the current fiscal year and compares the year-to-date revenues received to the first six months of FY 2023. A detailed analysis of the comparison between the fiscal years for the major revenue sources follows.

Table 2, General Fund Revenue and Transfer In FY 2023 Mid-Year vs FY 2022 Mid-Year Comparison

| Revenue Categories | FY 2023 | | | | FY 2022 | | | | Comparison FY23 vs FY22 | | Revised FY 2023 Projections |
|---|----------------------|----------------------|-----------------------|--------------------------|----------------------|----------------------|-----------------------|--------------------------|-------------------------|-----------------|-----------------------------|
| | Adopted (a) | Actual (b) | Variance c=(b)-(a) | % Received (d) = (b)/(a) | Adopted (e) | Actual (f) | Variance g=(f)-(e) | % Received (h) = (f)/(g) | Amount (i) = (b) - (f) | % (j) = (i)/(f) | |
| Secured Property | \$75,664,920 | \$40,237,811 | (\$35,427,109) | 53.18% | \$71,382,000 | \$36,257,954 | (\$35,124,046) | 50.79% | 3,979,857 | 10.98% | \$79,091,256 |
| Redemptions -Regular | 831,441 | 461,026 | (370,415) | 55.45% | 831,441 | 415,104 | -416,337 | 49.93% | 45,922 | 11.06% | 831,441 |
| Supplemental Taxes | 2,000,000 | 1,229,929 | (770,071) | 61.50% | 2,000,000 | 608,905 | -1,391,095 | 30.45% | 621,024 | 101.99% | 2,300,000 |
| Unsecured Property Taxes | 3,516,000 | 3,151,771 | (364,229) | 89.64% | 2,625,000 | 3,048,386 | 423,386 | 116.13% | 103,385 | 3.39% | 3,516,000 |
| Property Transfer Tax | 34,462,172 | 16,676,308 | (17,785,864) | 48.39% | 21,000,000 | 21,801,269 | 801,269 | 103.82% | (5,124,961) | -23.51% | 34,462,172 |
| Property Transfer Tax-Measure P (New December 21, 2018) | 14,073,750 | 8,363,823 | (5,709,927) | 59.43% | 8,500,000 | 8,626,946 | 126,946 | 101.49% | (263,123) | -3.05% | 14,073,750 |
| Sales Taxes | 19,016,546 | 9,687,895 | (9,328,651) | 50.94% | 18,287,215 | 9,533,614 | -8,753,601 | 52.13% | 154,281 | 1.62% | 19,634,807 |
| Soda Taxes | 990,210 | 642,874 | (347,336) | 64.92% | 990,210 | 519,699 | -470,511 | 52.48% | 123,175 | 23.70% | 1,025,800 |
| Utility Users Taxes | 13,800,000 | 7,638,612 | (6,161,388) | 55.35% | 13,000,000 | 6,534,425 | -6,465,575 | 50.26% | 1,104,187 | 16.90% | 15,000,000 |
| Transient Occupancy Taxes | 5,000,000 | 3,943,517 | (1,056,483) | 78.87% | 2,173,000 | 2,471,311 | 298,311 | 113.73% | 1,472,206 | 59.57% | 7,500,000 |
| Short-term Rentals | 1,000,000 | 712,661 | (287,339) | 71.27% | 630,000 | 586,569 | -43,431 | 630,000 | 126,092 | 21.50% | 1,400,000 |
| Business License Tax | 19,000,000 | 1,010,143 | (17,989,857) | 5.32% | 18,498,146 | 1,393,760 | -17,104,386 | 7.53% | (383,617) | -27.52% | 19,000,000 |
| Recreational Cannabis | 1,400,000 | 237,669 | (1,162,331) | 16.98% | 1,643,739 | 600,770 | -1,042,969 | 36.55% | (363,101) | -60.44% | 1,400,000 |
| U1 Revenues | 4,900,000 | 113,893 | (4,786,107) | 2.32% | 5,120,350 | 153,243 | -4,967,107 | 2.99% | (39,350) | -25.68% | 4,900,000 |
| Other Taxes | 1,800,000 | 1,500,099 | (299,901) | 83.34% | 1,761,714 | 1,052,445 | -709,269 | 59.74% | 447,654 | 42.53% | 2,500,000 |
| Vehicle In-Lieu Taxes | 15,926,168 | 8,329,833 | (7,596,335) | 52.30% | 14,959,837 | 7,503,002 | -7,456,835 | 50.15% | 826,831 | 11.02% | 16,626,651 |
| Parking Fines-Regular Collections | 4,326,450 | 3,104,161 | (1,222,289) | 71.75% | 3,726,450 | 2,451,293 | -1,275,157 | 65.78% | 652,868 | 26.63% | 4,800,000 |
| Parking Fines-Booting Collections | | | 0 | | | | 0 | 0.00% | - | 0.00% | |
| Moving Violations | 132,600 | 71,415 | (61,185) | 53.86% | 132,600 | 83,533 | -49,067 | 63.00% | (12,118) | -14.51% | 132,600 |
| Ambulance Fees | 3,880,779 | 2,479,368 | (1,401,411) | 63.89% | 3,154,002 | 1,715,639 | -1,438,363 | 54.40% | 763,729 | 44.52% | 5,330,779 |
| Interest Income | 6,000,000 | 4,038,930 | (1,961,070) | 67.32% | 4,462,320 | 3,107,784 | -1,354,536 | 69.65% | 931,146 | 29.96% | 7,000,000 |
| Franchise Fees | 1,613,283 | 335,043 | (1,278,240) | 20.77% | 1,613,283 | 350,085 | -1,263,198 | 21.70% | (15,042) | -4.30% | 1,720,056 |
| Other Revenue | 6,729,977 | 3,902,132 | (2,827,845) | 57.98% | 6,729,977 | 3,275,786 | -3,454,191 | 48.67% | 626,346 | 19.12% | 7,529,977 |
| IDC Reimbursement | 5,490,000 | 3,205,614 | (2,284,386) | 58.39% | 5,490,000 | 2,470,002 | -3,019,998 | 44.99% | 735,612 | 29.78% | 5,990,000 |
| Transfers | 17,096,148 | 6,457,425 | (10,638,723) | 37.77% | 27,354,923 | 13,677,462 | -13,677,461 | 50.00% | (7,220,037) | -52.79% | 17,096,148 |
| | | | - | | | | 0 | | - | | |
| Total Revenue: | \$258,650,444 | \$127,531,952 | -\$131,118,492 | 49.31% | \$236,066,207 | \$128,238,986 | -\$107,827,221 | 54.32% | (\$707,034) | -0.55% | \$272,861,437 |

Notes: (1) This statement is presented on a budgetary basis (i.e., cash).
(2) Current vendor no longer breaks out Regular and Booting Parking Fines Collections

Secured Property Tax (+\$3,979,857 more than FY 2022 Actual)

During the first half of FY 2023, Secured Property Tax revenues totaled \$40,237,811, which was \$3,979,857 or 11.0% more than the \$36,257,954 received for the same period in FY 2022. This result was consistent with the County’s Certification of Assessed Valuation (received from the County in August 2022), which reflects growth of 10.8%. However, the FY 2023 Adopted Budget assumes a 9.00% increase for FY 2023 (based on the last preliminary estimate of FY 2023 growth received from the County prior to July 1, 2022). As a result, staff will be increasing the FY 2023 Secured Property Tax projection from \$75,664,920 to \$79,091,256.

Unsecured Property Tax (+\$103,385 more than FY 2022 Actual)

During the first half of FY 2023, Unsecured Property Tax revenues totaled \$3,151,771, which was \$103,385 or 3.39% more than the amount of \$3,048,386 received in the same period in FY 2022. This amount is lower than the County’s Certification of Assessed Valuation growth reflected of 16.9% for FY 2023.

Property Transfer Tax (-\$5,124,961 less than FY 2022 Actual)

During the first half of FY 2023, Property Transfer Tax totaled \$16,676,308 which was \$5,124,961 or 23.5% less than the \$21,801,269 received for the first half of FY 2022. However, \$2,117,407 of that decrease resulted from the late payment (in FY 2022) by the County of the May 2021 Property Transfer Taxes, which should have been received in FY 2021.

The primary reason for the remaining \$3,007,554 decrease in Property Transfer Tax was that the dollar value of property sales decreased by 9.7%, from \$1.312 billion in the first half of FY 2022 to \$1.185 billion during the first half of FY 2023, as illustrated in Table 3 below.

Table 3: FY 2023 and FY 2022 Six Month Comparison of Property Sales

| Property Sales (In Million \$) | July | Aug | Sept | Oct | Nov | Dec | Total Property Sales \$ |
|-----------------------------------|---------|---------|---------|---------|---------|---------|-------------------------------|
| FY 2022 | \$172.1 | \$197.5 | \$309.1 | \$192.9 | \$243.5 | \$197.1 | \$1,312.2 |
| FY 2023 | 188.9 | 320.0 | 134.6 | 143.9 | 254.9 | 142.4 | 1,184.7 |
| Change | 16.8 | 122.5 | -174.5 | -49.0 | 11.4 | -54.7 | -127.5 |
| Percent Change | 9.7% | 62.0% | 56.5% | -25.4% | 4.7% | -27.8% | -9.7% |

The total Property Transfer Taxes declined in the first half of FY 2023 despite having nine property sales of \$10 million or more, with total sales of \$400,979,500 compared to 12 property sales of \$10 million or more, with total sales of \$239,338,500 in the FY 2022 first half; and, (2) The number of property sales transactions decreased by 82 or 13.4% during the first half of FY 2023, as illustrated in the Table 4 below.

Table 4: FY 2023 and FY 2022 Six Month Comparison of Property Transfer Transactions

| Property Transfer Transactions | July | Aug | Sept | Oct | Nov | Dec | Total |
|--------------------------------|--------|-------|-------|--------|--------|--------|---------------|
| FY 2022 | 114 | 91 | 72 | 103 | 119 | 115 | 614 |
| FY 2023 | 113 | 101 | 108 | 79 | 74 | 57 | 532 |
| Change | -1 | 10 | 36 | -24 | -45 | -58 | -82 |
| Percent Change | -0.88% | 11.0% | 50.0% | -23.3% | -37.8% | -50.4% | -13.4% |

Staff will closely monitor this volatile revenue, especially in light of the fact that the Federal Reserve Board intends to slow down the US economy by raising interest rates and selling Agency and Mortgage-backed securities from its Balance Sheet, in order to reduce inflation.

Measure P-Property Transfer Tax (-\$263,123 less than FY 2022 Actual)

Measure P taxes (a tax which took effect on December 21, 2018) totaling \$8,363,823 was collected during the first half of FY 2023, which was \$263,123 or 3.1% less than the \$8,626,946 collected during the first half of FY 2022; This increase resulted primarily as a result of the following: (1) A decrease of 3.0% in the dollar value of property sales amount in FY 2023 versus those for the same period in FY 2022 as reflected in Table 5; (2) The number of property sales transactions decreased by 62 or 22.4% during the first half of FY 2023, as illustrated in the Table 6 below; and (3) The decline was cushioned in the first half of FY 2023 by larger sales values on property sales of \$10 million or more (\$400,979,500 versus \$239,338,500 in the first half of FY 2022).

Table 5: FY 2023 and FY 2022 Six Month Comparison-Property Sales of \$1.5 Million+

| Property Sales \$1.5 million+ | July | Aug | Sept | Oct | Nov | Dec | Total |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| FY 2022 | \$117.7 | \$126.8 | \$147.9 | \$145.5 | \$190.1 | \$134.1 | \$862.1 |
| FY 2023 | 114.4 | 271.1 | 84.1 | 63.3 | 203.7 | 99.8 | 836.4 |
| Change | -3.3 | 144.3 | -63.8 | 82.2 | -13.6 | -34.3 | -25.7 |
| Percent Change | -2.8% | 113.8% | -43.1% | -56.5% | -7.2% | -25.6% | -3.0% |

Table 6: FY 2023 and FY 2022 Six Month Comparison of Measure P Transactions

| Measure P Transactions | July | Aug | Sept | Oct | Nov | Dec | Total |
|------------------------|-------|-------|-------|--------|--------|--------|--------|
| FY 2022 | 50 | 45 | 26 | 47 | 58 | 51 | 277 |
| FY 2023 | 52 | 41 | 48 | 31 | 24 | 19 | 215 |
| Change | 2 | -4 | 22 | -16 | -34 | -32 | -62 |
| Percent Change | .4.0% | -8.9% | 84.6% | -34.0% | -58.6% | -62.7% | -22.4% |

Sales Tax (+\$154,281 more than FY 2022 Actual)

For the first half of FY 2023, Sales Tax revenue totaled \$9,687,895, which was \$154,281 or 1.62% more than the \$9,533,614 received for the first half of FY 2022. The increase was slightly above the .50% increase reflected in the Adopted Budget. However, the City's sales tax consultant projects increase in the following categories over the FY 2022 actuals: General Retail (+\$237,193); Transportation (+\$236,709); Business-to-business (+\$149,551); and County Pool (+\$227,039). As a result, staff is increasing the FY 2023 projection from \$19,016,546 to \$19,634,807.

Utility Users Taxes (+\$1,104,187 more than FY 2022 Actual)

Utility Users Tax revenue for the first half of FY 2023 totaled \$7,638,612, which was \$1,104,187 or 16.9% more than the \$6,534,425 received for the same period in FY 2022. This increase of \$1,104,187 is shown in Table 7 below. As a result, staff is raising the FY 2023 projection from \$13,800,000 to \$15,000,000.

Table 7: FY 2023 and FY 2022 Six Month Comparison of UUT Revenues

| Utility | FY2022 | FY 2021 | \$ Change | % Change |
|----------------|--------------------|--------------------|--------------------|-----------------|
| Telephone | \$545,243 | \$584,359 | -\$39,116 | \$-6.69% |
| Cable | 503,785 | 515,651 | - 11,866 | -2.30% |
| Cellular | 898,459 | 848,280 | 50,179 | 5.92% |
| Electric | 4,346,334 | 3,551,297 | 795,037 | 22.39% |
| Gas | 1,344,791 | 1,034,838 | 309,953 | 31.99% |
| Total | \$7,638,612 | \$6,534,425 | \$1,104,187 | 16.90% |

Transient Occupancy Tax (+\$1,472,206 more than FY 2022 Actual)

Transient Occupancy Tax (TOT) revenue for the first half of FY 2023 totaled \$3,943,517 (after including TOT rebates owed), which was \$1,472,206 or 59.6% more than the \$2,471,311 received for the first half of FY 2022. The FY 2023 increase was primarily attributable to a gross increase of 104.9% at the six largest hotels in Berkeley during the first half of the fiscal year. However, the gross increase was offset by a total of \$997,992 in TOT rebates: \$155,774 in FY 2022 TOT rebates paid during the first half of FY 2023 and \$273,900 of FY 2022 TOT rebates still due; and \$568,318 in FY 2023 TOT rebates due, but unpaid, as of December 31, 2022. After accounting for the TOT rebates, the net increase for the first half of FY 2023 was 52.9%. As a result, staff will be increasing the TOT revenue projection from \$5,000,000 to \$7,500,000.

Short-Term Rentals (+\$126,092 more than FY 2022 Actual)

Short-Term Rentals revenue for the first half of FY 2023 totaled \$712,661, which was \$126,092 or 21.5% more than the \$586,569 received for the first quarter of FY 2022. As a result, staff are increasing the projection by \$400,000 to \$1.4 million.

Business License Taxes (-\$383,617 more than FY 2022 Actual)

Business license Taxes (BLT) revenue for the second quarter of FY 2023 totaled \$1,010,143, which was \$383,617 or 27.5% less than the \$1,393,760 received for the first half of FY 2022. BLT are not due until the end of February, so it is too early to determine the FY 2023 trends.

Recreational Cannabis (-\$363,101 less than FY 2022 Actual)

Recreational Cannabis revenue for the second quarter of FY 2023 totaled \$237,669, which was \$363,101 or 60.4% less than the \$600,770 received in the first quarter of FY 2022. Taxes are not due yet, so it is too soon to determine the FY 2023 trends. However, the decrease so far was primarily attributable to a decline in the number of license renewals from 12 in the first half of FY 2022 to 8 in FY 2023. In addition, two large businesses that accounted for 30% of FY 2022 total cannabis revenue have not yet renewed their licenses.

U1 Revenues -\$39,350 less than FY 2022 Actual)

U1 revenues for the first half of FY 2023 totaled \$113,893, which was \$39,350 or 25.7% less than the \$153,243 received in the second quarter of FY 2022. U1 revenues are not due yet, so it is too soon to determine the FY 2023 U1 revenues trends.

Vehicle In Lieu Taxes (+\$826,831 more than FY 2022 Actual)

Vehicle in Lieu Taxes (VLF) for the first half of FY 2023 totaled \$8,329,833, which was \$826,831 or 11.02% more than the \$7,503,002 received for the first half of FY 2022. This result was consistent with the County's Certification of Assessed Valuation (received from the County in August 2022), which reflects growth of 10.8%. Changes in VLF revenues are based on the growth in assessed values. However, the Adopted Budget reflects growth of 8.0%. As a result, staff will be increasing the projection from \$15,926,168 to \$16,626,651.

Parking Fines (+\$652,858 more than FY 2022 Actual)

Parking Fines revenue for the first half of FY 2023 totaled \$3,104,161, which was \$652,858 or 26.6% more than the \$2,451,293 received for the first half of FY 2022. The primary reason for the increase was a significant increase in ticket writing, resulting from the lifting of COVID-19 restrictions. As a result, staff are increasing the projection from \$4,326,450 to \$4,800,000.

During the first half of the fiscal year, ticket writing increased by 11,267 or 18.4 from 61,157 in the first half of FY 2022 to 72,424 in the first half of FY 2023, as follows in Table 8:

Table 8: FY 2023 and FY 2023 Six Month Comparison of Parking Tickets Written

| Tickets | July | August | Sept. | Oct | Nov | Dec | Total |
|--------------------|--------|--------|--------|--------|--------|--------|--------|
| FY 2022 | 9,548 | 7,212 | 11,784 | 11,392 | 10,756 | 10,465 | 61,157 |
| FY 2023 | 11,195 | 11,757 | 13,333 | 12,716 | 12,667 | 10,756 | 72,424 |
| Difference | 1,647 | 4,545 | 1,549 | 1,324 | 1,911 | 291 | 11,267 |
| Percent Difference | 17.2% | 63.0% | 13.1% | 11.6% | 17.8% | 2.8% | 18.4% |

Ambulance Fees (+\$763,729 more than FY 2022 Actual)

Ambulance Fees revenue for the first half of FY 2023 totaled \$2,479,368, which was \$763,729 or 44.5% more than the \$1,715,639 received for the same period during FY 2022. This increase was primarily due to an increase in the number of transports, which increased by 374 or 14.6%, from 2,563 in the first half of FY 2022 to 2,937 in the first half of FY 2023.

In addition, the Fire Department was notified of the reinstatement of the Ground Emergency Medical Transportation (GEMT) cost report program, which will enable the department to receive reimbursement payments for FY 2019 through FY 2022 totaling approximately \$2.9 million. As a result, staff is increasing the Ambulance Fee revenue projection from \$3,880,779 to \$5,330,779 in FY 2023 and FY 2024.

Interest Income (+\$931,146 more than FY 2022 Actual)

For the first half of FY 2023, interest income totaled \$4,038,930, which was \$931,146 or 30.0% more than the total of \$3,107,784 received for the same period in FY 2022. This increase was primarily attributable to a slight increase in the proportion of the portfolio that was invested in long-term (i.e., one year or more) securities than in short-term securities (i.e., less than one year), and an increase in average interest rates earned after the Federal Reserve reversed course and started raising interest rates on March 17, 2022.

Primarily as a result of the Fed's actions beginning March 17, 2022, the net interest rate earned by the City increased from a range of .91%-1.078% during the first half of FY 2022, to a range of 1.837%-2.616% during the first half of FY 2023 as shown in Table 9. As a result, staff will be increasing the FY 2023 Interest Income projection from \$6,000,000 to \$7,000,000.

Table 9: FY 2022 and FY 2021 6 Month Comparison of Monthly Net Interest Rate Earned

| FY | July | August | Sept | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|
| 2022 | .912% | 1.028% | 1.057% | 1.078% | 1.018% | .961% |
| 2023 | 1.837% | 2.025% | 1.972% | 2.258% | 2.390% | 2.616% |

Franchise Fees (-\$15,402 less than FY 2022 Actual)

Franchise Fees for the first half of FY 2023 totaled \$335,043, which was \$15,402 or 4.3% less than the \$350,085 received for the same period in FY 2022.

Indirect Cost Reimbursements (+\$735,612 more than FY 2022 Actual)

Indirect Cost Reimbursements (IDC) for the FY 2023 first half totaled \$3,205,614, which was \$735,612 or 29.8% more than the \$2,470,002 received in the first half of FY 2022. This increase was primarily accounted for by an increase in the indirect cost rates calculated for FY 2023 (a range of 21-25%) compared to the rates calculated in FY 2022 (a range of 17%-18%). As a result, staff will be increasing the projection from \$5,490,000 to \$5,990,000.

Transfers (-\$7,220,037 less than FY 2022 Actual)

Transfers from other funds for the first half of FY 2023 totaled \$6,457,425 which was \$7,220,037 or 52.8% less than the \$13,677,642 received for the same period in FY 2022. This was primarily attributable to the Transfer of \$11,484,678 from the American Rescue Plan Fund in the first half of FY 2022 to recover from the impact of the COVID-19 pandemic, compared to the Transfer of \$6,135,806 from the American Rescue Plan Fund in the first half of FY 2023.

Other Revenues (+\$626,346 more than FY 2022 Actual)

Other Revenues primarily consists of licenses and permits; grants; preferential parking fees; general government charges for services; public safety charges for services; health charges for services; culture and recreation charges for services; rents and royalties; and other miscellaneous revenues that are not considered major.

Other Revenues for the first half of FY 2023 totaled \$3,902,132 which was \$626,346 or 19.1% more than the \$3,275,786 received for the first half of FY 2022. This increase resulted primarily from (1) the receipt of a premium of \$415,785 on the issuance of the Tax and Revenue Anticipation Notes in the first half of FY 2022 versus a premium of \$687,680 in the first half of FY 2023. The premium paid to the City was not actually revenue; it was a liability that was paid by the purchaser of the City’s Notes when the coupon interest rate was higher than the market rate when the Notes were issued. It was used to offset the interest expense paid by the City on the Notes; and (2) An increase of \$158,070 in Transportation Network Company User Tax (i.e., a tax on ride sharing companies enacted during the height of the COVID-19 pandemic) from \$248,143 in the first half of FY 2022 to \$406,213 in the first half of FY 2023. Staff will be increasing the FY 2023 Other Revenue projection from \$6,729,977 to \$7,529,977 consistent with the trends we are seeing in this revenue category.

General Fund Revenue Projections (FY 2023 to FY 2027)

The following table shows projected General Fund revenues for FY 2023 and the current projections for FY 2024 through FY 2027.

Table 10: Projected General Fund Revenue FY 2023 through FY 2027

| | FY 2023 Adopted | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-----------------------------------|-----------------|------------|------------|------------|------------|------------|
| Undesignated Revenues | | | | | | |
| Secured Property Taxes | 75,664,920 | 79,091,256 | 81,859,450 | 84,724,531 | 87,689,889 | 90,759,035 |
| Supplemental Taxes | 2,000,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 |
| Unsecured Property Taxes | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 |
| Property Transfer Taxes | 18,000,000 | 18,000,000 | 16,000,000 | 16,000,000 | 16,000,000 | 16,000,000 |
| Property Transfer Tax - Measure P | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 |
| Sales Taxes | 19,016,546 | 19,634,807 | 19,391,714 | 20,231,914 | 21,146,495 | 22,043,410 |
| Soda Tax | 990,210 | 1,025,800 | 1,025,800 | 1,025,800 | 1,025,800 | 512,900 |
| Utility Users Taxes | 13,800,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| Transient Occupancy Taxes | 5,000,000 | 7,500,000 | 7,725,000 | 7,956,750 | 8,195,453 | 8,441,316 |
| Short-term Rentals | 1,000,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 |
| Business License Taxes | 19,000,000 | 19,000,000 | 19,000,000 | 19,380,000 | 19,767,600 | 19,767,600 |
| Recreational Cannabis | 1,400,000 | 1,400,000 | 1,400,000 | 1,428,000 | 1,456,560 | 1,456,560 |
| Measure U1 | 4,900,000 | 4,900,000 | 4,900,000 | 4,998,000 | 5,097,960 | 5,097,960 |
| Other Taxes | 2,631,441 | 3,331,441 | 3,331,441 | 3,331,441 | 3,331,441 | 3,331,441 |

| Continuation | FY 2023 Adopted | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Vehicle in Lieu | 15,926,168 | 16,626,651 | 17,208,584 | 17,810,884 | 18,434,265 | 19,079,464 |
| Parking Fines - Regular Collections | 4,326,450 | 4,800,000 | 4,800,000 | 4,800,000 | 4,800,000 | 4,800,000 |
| Moving Violations | 132,600 | 132,600 | 132,600 | 135,252 | 137,957 | 137,957 |
| Ambulance Fees | 3,880,779 | 5,330,779 | 5,350,779 | 3,880,779 | 3,880,779 | 3,880,779 |
| Interest Income | 6,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Franchise Fees | 1,613,283 | 1,720,056 | 1,720,056 | 1,720,056 | 1,720,056 | 1,720,056 |
| Other Revenues | 6,729,977 | 7,529,977 | 7,529,977 | 7,529,977 | 7,529,977 | 7,529,977 |
| Indirect cost reimbursements | 5,490,000 | 5,990,000 | 5,990,000 | 5,990,000 | 5,990,000 | 5,990,000 |
| Transfers | 17,096,148 | 17,096,148 | 21,023,924 | 4,472,621 | 4,562,074 | 4,562,074 |
| Total Undesignated Revenues | 242,188,272 | 256,399,265 | 261,679,074 | 248,705,755 | 254,056,056 | 258,400,279 |
| Prop. Transfer Taxes for capital improvements | 16,462,172 | 16,462,172 | 12,962,172 | 13,541,415 | 13,541,415 | 14,132,244 |
| Total Designated Revenues | 16,462,172 | 16,462,172 | 12,962,172 | 13,541,415 | 13,541,415 | 14,132,244 |
| TOTAL REVENUES AND TRANSFERS | 258,650,444 | 272,861,437 | 274,641,246 | 262,247,170 | 267,597,471 | 272,532,523 |

**Property Transfer Tax Revenues are set at a baseline amount of \$18 million, changing to \$16 million starting in FY 2025. The Council Fiscal Policies require any excess property transfer tax revenues over the baseline to be allocated to capital improvements and/or reserves. Council may waive this policy as needed to balance the budget or prioritize these funds for other critical needs.*

Property Taxes

Given the continued high collection rate, and the resilience of property values in the City, as well as a large volume of recent property sales (which bring assessed values to market value), annual growth is projected at approximately 5.5% over the next several years. The persistence of strong growth of property valuations in recent years, as well as the spike in current year sales (which bring properties assessed valuations to market value), have caused staff to increase the projected growth rate from the 3.5% that we have used in prior long-term projections.

Sales Taxes

The immense effects of COVID-19 on sales tax revenue in FY 2021 were largely reversed in FY 2022, with revenue levels almost back to FY 2019 levels, and staff now project growth to level off to approximately 4% in FY 2024. There is still some potential risk that an overall slowdown in underlying economic recovery will be reflected in reduced growth in consumer spending and sales tax collections.

Business License Taxes

We are projecting a 5% growth in Business License Tax revenue from heavily impacted FY 2021 levels, as economic activity recovers from the recession caused by the pandemic. Long-term projections will be adjusted as the post-pandemic economic environment becomes clearer. 2023 business license returns (for 2022 gross receipts) are just now being received. Information on how revenues are trending will be available in a month or two once they are processed.

Transient Occupancy Tax (“TOT”)

With recovery of business at the City’s hotels expected to lag behind general economic recovery, and relying on industry guidance regarding predicted occupancy levels, we are currently projecting only 3% annual growth from current revenue levels. Even after taking into consideration the new downtown hotel, we will continue to monitor the major hotels’ projections of future occupancies and will adjust long-term projections as necessary.

Utility Users Tax

We expect UUT revenue to rise marginally from FY 2022 through FY 2024, after increasing slightly in the current year due to rate increases approved by the Public Utilities Commission. Revenues are expected to remain flat after FY 2024 and beyond after all the rate increases have been actualized.

Transfer Tax

Given the continued strength in property values and in sales activity, we expect Transfer Tax revenues to remain basically flat from FY 2024 – FY 2027. The spike in revenue being seen in FY 2022, and to a lesser extent in FY 2023, is likely due to sales triggered by looming interest rate increases that have been signaled by the Federal Reserve, as well as some pent-up demand from mildly depressed sales during the pandemic. Over the 5 years prior to the pandemic, transfer tax revenues grew 6% per year on average, but interest rate increases will probably negatively impact sales prices and volumes somewhat in the next few years. We also expect revenues from Measure P supplemental tax on high value property transfers to remain basically flat.

Revenue Conclusion

Projecting revenues many years into the future is inherently difficult to do with accuracy, as shifts in the macroeconomic climate can cause asset valuations and economic output to fluctuate in ways not able to be anticipated at the time projections are made. Staff use the best assumptions available, based on historic trends, observation of leading economic indicators, and known changes in the regulatory environment. The current environment, however, presents heightened uncertainty due to several macroeconomic factors that could impact future City revenues.

First, while the health emergency related to the COVID-19 pandemic is finally receding, and while many of the restrictions that had constrained economic activity have been or soon will be lifted, there is a possibility that the local economy has been reshaped in ways that will not return to a pre-pandemic “normal.”

The increase in telecommuting that occurred in the past couple of years may not fully recede. This could have effects on spending activities of residents and employees of City businesses and institutions, as well as the desirability of certain locations for home purchases. These trends will have to be studied and analyzed and adjustments made as more data comes in.

Second, after being kept at manageable levels for many years, there are signs that inflationary pressure is driving prices higher. It is now clear that the effect of disrupted supply chains caused by COVID-19 is not temporary as many analysts believe, but will have a long-lasting effect on the economy. The Federal Reserve Board has indicated and the markets are adjusting to the fact that interest rates are rising as the Fed’s continues to tighten monetary policy to combat inflation. This has already had immediate effects on economic activities in all sectors of the economy.

Third, continued war in Europe between Ukraine and Russia has continued to have dramatic effects on the energy global markets, especially if Russian oil and natural gas continues to be supplied at a lower quantity which spikes energy prices for the rest of Europe. This continues to drive fuel and transportation prices higher, with downstream effects on the prices of most goods.

Any one or a combination of these factors could necessitate further revision of the projections presented here. Staff will continue to monitor the revenues we actually receive and changes in the economic environment, so that we may update or revise our projections if changes in our forecasts are warranted.

General Fund Expenditures

On June 28, 2022, Council adopted the FY 2023 and FY 2024 Biennial Budget, which authorized General Fund expenditures in FY 2023 of \$280.67 million. Subsequently, on December 13, 2022, the City Council approved General Fund recommended rollovers, carryovers, and adjustments totaling \$22.60 million in the Amendment to the FY 2023 Annual Appropriations Ordinance (AAO) as shown in the table below:

Table 11: FY 2023 General Fund Revised Budget

| FY 2023 Adopted Budget | Encumbered Recommended | Unencumbered Recommended | Other Adjustments | FY 2023 Revised Budget |
|-----------------------------------|-----------------------------------|-------------------------------------|------------------------------|-----------------------------------|
| \$280,671,294 | \$12,162,503 | \$6,351,969 | \$4,090,297 | \$303,276,062 |

The encumbered rollovers of \$12.16 million reflect contractual obligations entered in FY 2022, which had not been paid as of June 30, 2022. Unencumbered carryovers of \$6.35 million are approved by Council for specific purposes that had not been completed by the end of FY 2022. Funding for these commitments is brought forward into the current fiscal year to provide for payment of these obligations. Adjustments are new allocations for projects and Council priorities as detailed in the AAO. Included in the other adjustments of \$4.09 million are Council authorized allocations approved through the adoption of the Amendment to the AAO on January 17, 2023 (second reading).

General Fund expenditures incurred by department as of December 31, 2022 are shown in the chart below along with projections regarding the expenditures likely to be incurred through June 30, 2023. The projected savings/ deficit column in the chart below is an estimate of whether the department will be under or over the adopted budget and their respective appropriation limit based upon the first six months of the year.

Table 12: FY 2023 Mid-Year General Fund Expenditures (as of December 21, 2022)

| DEPARTMENT | FY 2023 ADOPTED BUDGET | FY 2023 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES | AVAILABLE BUDGET | PERSONNEL PERCENTAGE USED | NON- PERSONNEL PERCENTAGE USED | TOTAL PERCENTAGE USED | FY 2023 PROJECTED EXPENDITURES | FY 2023 PROJECTED ENDING BALANCE/(DEFICIT) |
|--------------------------------|------------------------------|-------------------------------|-----------------------------|-------------------|---------------------|---------------------------------|---|-----------------------------|--------------------------------------|---|
| MAYOR AND COUNCIL | 4,785,155 | 4,875,736 | 1,786,543 | 69,853 | 3,019,340 | 36.9% | 47.1% | 38.1% | 4,875,736 | - |
| CITY AUDITOR | 3,006,058 | 3,007,837 | 1,208,279 | 7,380 | 1,792,178 | 39.6% | 47.6% | 40.4% | 2,345,535 | 662,302 |
| RENT STABILIZATION BOARD | 550,000 | 550,000 | 229,168 | 320,832 | 0 | 0.0% | 100.0% | 100.0% | 550,000 | - |
| POLICE | 1,120,676 | 1,250,444 | 330,343 | 52,342 | 867,759 | 26.8% | 38.0% | 30.6% | 880,928 | 369,516 |
| ACCOUNTABILITY | | | | | | | | | | |
| CITY MANAGER'S OFFICE | 11,628,466 | 13,509,108 | 6,526,833 | 726,499 | 6,255,776 | 47.5% | 64.4% | 53.7% | 13,332,528 | 176,580 |
| CITY ATTORNEY | 4,010,250 | 5,299,550 | 1,909,130 | 519,812 | 2,870,608 | 32.0% | 76.1% | 45.8% | 4,396,163 | 903,387 |
| CITY CLERK | 2,590,414 | 2,801,741 | 1,144,295 | 252,008 | 1,405,438 | 42.8% | 59.5% | 49.8% | 2,580,728 | 221,013 |
| FINANCE | 8,022,118 | 9,327,512 | 3,265,107 | 1,274,558 | 4,787,846 | 38.6% | 75.8% | 48.7% | 8,553,323 | 774,189 |
| HUMAN RESOURCES | 2,980,172 | 3,185,697 | 1,107,790 | 216,399 | 1,861,509 | 27.4% | 70.4% | 41.6% | 2,495,843 | 689,854 |
| INFORMATION TECHNOLOGY | 1,526,760 | 2,050,474 | 323,354 | 621,440 | 1,105,681 | 0.0% | 46.1% | 46.1% | 2,051,774 | (1,300) |
| HEALTH, HSG & COMMUNITY SVC | 24,795,803 | 41,173,297 | 11,849,690 | 7,195,489 | 22,128,117 | 36.8% | 51.0% | 46.3% | 34,809,893 | 6,363,404 |
| PARKS, RECREATION & WATERFRONT | 8,879,746 | 10,728,180 | 4,780,445 | 960,326 | 4,987,409 | 46.1% | 62.1% | 53.5% | 10,650,850 | 77,330 |
| PLANNING & DEVELOPMENT | 3,062,324 | 4,854,446 | 1,364,429 | 198,916 | 3,291,102 | 41.9% | 21.6% | 32.2% | 3,676,530 | 1,177,916 |
| PUBLIC WORKS | 5,783,759 | 12,359,119 | 4,249,727 | 880,929 | 7,228,463 | 54.6% | 35.7% | 41.5% | 7,280,378 | 5,078,741 |
| POLICE | 79,269,594 | 79,780,795 | 39,659,285 | 709,318 | 39,412,192 | 48.8% | 66.4% | 50.6% | 80,316,009 | (535,214) |
| FIRE & EMERGENCY SERVICES | 41,626,945 | 45,903,819 | 21,028,451 | 3,367,229 | 21,508,139 | 51.1% | 58.7% | 53.1% | 48,623,742 | (2,719,923) |
| NON DEPARTMENTAL | 77,033,054 | 57,440,207 | 25,498,036 | 138,832 | 31,803,340 | -14.4% | 43.0% | 44.6% | 48,204,728 | 9,235,479 |
| GRAND TOTAL | 280,671,294 | 298,097,963 | 126,260,904 | 17,512,161 | 154,324,898 | 47.00% | 49.6% | 48.2% | 275,624,689 | 22,473,273 |

*FY 2023 Revised does not reflect as of December 31, 2022 all Council approved allocations included in the FY 2023 AAO #1.

With 50 percent of the fiscal year elapsed, most departments are tracking under 50 percent spent in personnel due to vacant positions. Some departments that are over 50 percent in non-personnel expenditures is related to encumbrances, meaning that departments have set aside funds to meet contractual obligations entered into in FY 2023, for services that may not be completed rendered by June 30, 2023.

The General Fund is currently projected to finish FY 2023 with a balance of \$22.47 million (Revised Budget minus Projected Expenses). However, there is some fluidity in the projection as currently most of the savings are based upon vacant positions and/or project-related timing delays. Projected expenditures will fluctuate as departments either (1) fill vacant positions throughout the course of the fiscal year; (2) increase overtime spending to provide services despite vacancies and/or (3) spend more on consultants and other professional services (“non-personnel costs”) to mitigate vacant staff positions.

Explanations for significant projected savings and overages are as follows:

- Health, Housing & Community Services (\$6,363,404): Projected savings due to vacancies and about \$3.34 million of the projected unspent is in Measure P program.
- Planning (\$1,177,916): Projected balance is primarily comprised of \$340,800 in salary savings due to vacancies and \$750,000 of the \$1.50 million in unencumbered funding for the Just Transition project will be carried over to FY 2024 (project started in FY 2023).
- Public Works (\$5,078,741): Projected savings is tied to mostly Facilities and Transportation projects that are expected to not be completed by FY 2023. The General Fund project budget will not be fully spent by the end of FY 2023 and will be carried over to FY 2024.
- Police (-\$535,214): The projected overage in the Police Department is due to several factors, primarily the use of overtime (OT) to address staffing shortages. The Police overtime is projected to be at \$8.3 million with an adopted OT budget of \$6.1 million. Salary and Retirement contributions from vacant positions is estimated to result in a savings of approximately \$2.0 million and could cover most of the increase in OT cost above budget thus resulting in only a \$535,214 projected deficit. The mid-year projection does not include the \$500,000 Police overtime reserve approved as part of the FY 2023 Budget. It also does not consist of potential cost overruns related to Police fleet replacement fund contributions and fuel and maintenance costs.
- Fire (-\$2,719,923): Fire is projected to finish FY 2023 over budget by \$2.72 million. The department has incurred COVID-19 impacts on staffing levels and has experienced challenges in recruiting and retaining qualified firefighter/paramedics, as well incurring increases in overtime cost.
- Non-Departmental (\$9,235,479): The balance is from projecting that not all of the funding for the Tier 1 approved items will be spent by June 30, 2023. Specifically, new positions that were approved as Tier 1 are mostly still vacant.
- In addition, the City Auditor, the Office of the Director of Police Accountability, the City Attorney, the City Clerk, the City Manager’s Office, the Finance Department, Human Resources, and Parks, Recreation & Waterfront are expected to finish the year under budget, largely due to savings attributed to vacant positions. The projected surplus for these departments combined is \$3,874,170.

Projected General Fund Budget Summary

Based on the General Fund revenue and expenditure projections that have been provided above, the following chart provides a combined overview of the General Fund (includes FY 2022 Actual for reference). The FY 2023 mid-year projects an annual shortfall of \$2.76 million.

It is important to emphasize that the revenue and expenditure projections provided are the best estimates staff has at this time for how the General Fund is projected to close in FY 2023. Between now and the end of the fiscal year, a number of assumptions could change that will impact projections, including, but not limited to, changes in economic conditions, filling vacancies, and increased operational and capital project costs.

Fund balance is the accumulation of savings that occurred over many fiscal years when the net of expenditures and revenue were positive. The purpose of maintaining an adequate fund balance is to mitigate unplanned changes in economic conditions and to help negate risks to revenue shortfalls and/or unanticipated expenditures.

The FY 2022 Ending Balance, upon the conclusion of the year-end process, was \$71.14 million, which became the starting balance for FY 2023. In FY 2022, revenues of \$286.6 were greater than expenditures of \$249.3 million, resulting in an increase of \$37.3 million in fund balance. The growth in fund balance was attributed to a combination of increased revenue, particularly in property transfer tax, and expenditure savings from vacancies and delayed implementation of projects and programs. While the FY 2022 Ending Balance reflected temporary “savings” from planned expenses that did not occur before June 30, 2022, some of the costs were carried forward into FY 2023 and will be reflected in the projected FY 2023 Ending Balance.

The FY 2023 Adopted Budget anticipated the use of \$22.02 million in fund balance in order to absorb increased expenditures that exceeded revenue projections. This was based, on part, upon assumptions that revenues tied to the local economy had not fully returned to pre-pandemic levels and that the use of one-time federal funds from the American Rescue Plan Act would be exhausted. However, the FY 2023 mid-year projection estimates an annual shortfall of \$2.76 million. While there is still an expected deficit whereby expenditures exceed revenues, it is currently less than originally anticipated due to a combination of increased revenue as well as underspending related to one-time savings from vacancies and project-related timing delays.

As a result, the FY 2023 Projected Ending Balance of \$71.38 million shows projected ending available cash based on beginning balance, projected revenue, and projected expenditures. This projected balance **does not include** committed and assigned amounts in FY 2023 that are predicted to not be spent in the fiscal year, such as uncompleted projects, and carried forward into FY 2024. Therefore, the actual fund balance will be different than the ending balance shown in the chart below. The actual FY 2023 Fund Balance will be known after the Year-End close, and once contract encumbrances (committed amounts) and the carryover requests (assigned amounts) during the amendment to the annual appropriation process (AAO#1) have been reconciled and carried over into FY 2024 as applicable.

Table 13: FY 2023 Projected General Fund Balance

| | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2023 Projected |
|--|---------------------------|----------------------------|----------------------------|------------------------------|
| Beginning Balance | 36,838,797 | 74,141,617 | 74,141,617 | 74,141,617 |
| Revenues | | | | |
| Property Taxes and Vehicle In-Lieu | 88,741,015 | 97,107,088 | 97,107,088 | 101,533,907 |
| Real Estate Transfer Taxes | 49,419,314 | 34,462,172 | 34,462,172 | 34,462,172 |
| Property Transfer Tax - Measure P | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 |
| Sales Taxes | 19,954,078 | 20,006,756 | 20,006,756 | 20,660,607 |
| Utility Users Taxes and Franchise Fees | 16,470,121 | 15,413,283 | 15,413,283 | 16,720,056 |
| Hotel and STR Taxes | 5,727,046 | 4,900,000 | 4,900,000 | 8,900,000 |
| Business License Taxes | 26,569,061 | 25,300,000 | 25,300,000 | 25,300,000 |
| Fines and Fees | 8,754,104 | 8,339,829 | 8,339,829 | 10,130,779 |
| Interest and Other Revenue | 27,464,596 | 16,461,418 | 16,461,418 | 17,994,018 |
| Transfers from Other Funds | 29,445,572 | 22,586,148 | 22,586,148 | 23,086,148 |
| Revenues Total | 286,618,657 | 258,650,444 | 258,650,444 | 272,861,437 |
| Expenditures | | | | |
| Personnel | | | | |
| Personnel - Misc. | 65,468,180 | 81,462,699 | 81,921,979 | 68,436,056 |
| Salary & Wages | 45,063,008 | 56,291,855 | 56,634,602 | 43,148,679 |
| PERS - Misc | 10,872,027 | 14,179,883 | 14,122,762 | 14,122,762 |
| Fringe Benefits - Misc. | 9,533,145 | 10,990,961 | 11,164,615 | 11,164,615 |
| Personnel - Fire | 33,965,013 | 30,162,577 | 30,254,954 | 32,054,954 |
| Salary & Wages | 17,879,289 | 15,794,564 | 15,995,637 | 17,795,637 |
| PERS - Fire | 9,354,144 | 7,921,611 | 7,921,611 | 7,921,611 |
| Fringe Benefits - Fire | 6,731,580 | 6,446,402 | 6,337,706 | 6,337,706 |
| Personnel - Police | 53,987,841 | 58,392,795 | 58,450,715 | 58,985,929 |
| Salary & Wages | 24,400,509 | 26,005,246 | 26,063,166 | 26,598,380 |
| PERS - Police | 17,090,869 | 19,175,192 | 19,175,192 | 19,175,192 |
| Fringe Benefits - Police | 12,496,463 | 13,212,357 | 13,212,357 | 13,212,357 |
| Salary Savings | 0 | -9,553,792 | -9,553,792 | 0 |
| Tier 1 Funding Personnel Recurring | 0 | 5,169,339 | 5,169,339 | 1,671,558 |
| Tier 1 Funding Personnel Temporary | 0 | 2,106,838 | 2,106,838 | 681,268 |
| Personnel Total | 153,421,034 | 167,740,455 | 168,350,033 | 161,829,765 |
| Non-Personnel | | | | |
| Tier 1 Funding Non-Personnel | 0 | 25,289,911 | 25,289,911 | 18,967,433 |
| Tier 1 Funding CIP | 0 | 1,511,000 | 1,511,000 | 906,600 |
| Non-Personnel | 55,117,836 | 42,570,645 | 58,135,491 | 48,385,011 |
| Transfer Out | 35,822,474 | 24,558,378 | 26,534,975 | 26,534,975 |
| CIP (GF Transfer Out to CIP Fund, Includes Tier 1) | 4,954,493 | 19,000,905 | 19,000,905 | 19,000,905 |
| Non-Personnel Total | 95,894,803 | 112,930,839 | 130,472,282 | 113,794,924 |
| Expenditures Total | 249,315,837 | 280,671,294 | 298,822,315 | 275,624,689 |
| Annual Surplus/Shortfall | 37,302,820 | (22,020,850) | (40,171,871) | (2,763,252) |
| One-Time Use of Fund Balance (Excess Property Transfer Tax) | | 22,020,850 | 40,171,871 | 2,763,252 |
| Ending Balance | 74,141,617 | 52,120,767 | 33,969,746 | 71,378,365 |

All Funds Expenditures

The General Funds comprises 32.16 percent of the total adjusted budget. The rest of the budget consists of various Special Funds. Special Funds are collected for a specific purpose; therefore, the projected balances are not considered to be discretionary and available to be re-allocated toward other programs, projects, and services. Included in the FY 2023 Mid-Year All Funds Expenditures by Department chart below are both the General Fund expenditures to date and the Special Funds expenditures to date. On an All Funds basis, the City is tracking under budget as of December 31, 2022, as can be seen in the following chart:

Table 14: FY 2023 Mid-Year All Funds Expenditures (as of December 21, 2022)

| DEPARTMENT | FY 2023 ADOPTED BUDGET | FY 2023 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES | AVAILABLE BUDGET | TOTAL PERCENTAGE USED | FY 2023 PROJECTED EXPENDITURES | FY 2023 PROJECTED ENDING BALANCE/(DEFICIT) |
|--------------------------------|------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|-----------------------------|--------------------------------------|--|
| MAYOR AND COUNCIL | 4,785,155 | 4,883,236 | 1,790,943 | 69,853 | 3,022,440 | 38.1% | 4,883,236 | - |
| CITY AUDITOR | 3,101,376 | 3,103,155 | 1,239,080 | 7,380 | 1,856,695 | 40.2% | 2,405,135 | 698,020 |
| RENT STABILIZATION BOARD | 7,247,755 | 7,858,094 | 3,205,523 | 1,461,593 | 3,190,977 | 59.4% | 7,858,094 | - |
| POLICE ACCOUNTABILITY | 1,422,432 | 1,250,444 | 330,343 | 52,342 | 867,759 | 30.6% | 880,928 | 369,516 |
| CITY MANAGER'S OFFICE | 19,287,587 | 20,741,366 | 9,360,014 | 2,966,976 | 8,414,376 | 59.4% | 20,541,213 | 200,153 |
| BERKELEY PUBLIC LIBRARY | 24,918,604 | 25,488,070 | 9,338,322 | 2,523,408 | 13,626,340 | 46.5% | 22,171,058 | 3,317,012 |
| CITY ATTORNEY | 8,562,688 | 9,758,110 | 4,424,881 | 881,607 | 4,451,623 | 54.4% | 9,636,828 | 121,282 |
| CITY CLERK | 3,501,282 | 3,312,609 | 1,177,536 | 252,008 | 1,883,065 | 43.2% | 3,012,450 | 300,159 |
| FINANCE | 11,444,157 | 11,824,704 | 4,188,249 | 1,375,401 | 6,261,054 | 47.1% | 10,898,157 | 926,547 |
| HUMAN RESOURCES | 5,009,883 | 5,171,822 | 1,785,539 | 242,194 | 3,144,089 | 39.2% | 4,067,292 | 1,104,530 |
| INFORMATION TECHNOLOGY | 22,287,156 | 27,532,294 | 7,691,233 | 4,053,890 | 15,787,171 | 42.7% | 25,632,718 | 1,899,576 |
| HEALTH, HSG & COMMUNITY SVC | 95,182,974 | 160,876,413 | 47,969,154 | 40,494,723 | 72,412,536 | 55.0% | 124,636,287 | 36,240,126 |
| PARKS, RECREATION & WF | 53,378,913 | 75,494,789 | 24,086,634 | 10,177,628 | 41,230,528 | 45.4% | 62,873,376 | 12,621,413 |
| PLANNING & DEVELOPMENT | 29,022,035 | 30,802,863 | 11,859,892 | 2,565,724 | 16,377,247 | 46.8% | 28,373,360 | 2,429,503 |
| PUBLIC WORKS | 203,608,562 | 265,236,595 | 69,256,749 | 43,076,741 | 152,903,105 | 42.4% | 199,220,520 | 66,016,075 |
| POLICE | 87,444,720 | 86,363,420 | 41,934,698 | 857,812 | 43,570,911 | 49.5% | 86,225,091 | 138,329 |
| FIRE & EMERGENCY SERVICES | 63,377,259 | 72,826,660 | 30,844,694 | 9,116,279 | 32,865,688 | 54.9% | 74,706,313 | (1,879,653) |
| NON DEPARTMENTAL | 110,594,086 | 116,672,894 | 62,946,383 | 329,646 | 53,396,864 | 54.2% | 107,437,415 | 9,235,479 |
| GRAND TOTAL | 754,176,623 | 929,197,538 | 333,429,869 | 120,505,203 | 475,262,468 | 48.9% | 795,459,472 | 133,738,066 |

*FY 2023 Revised does not reflect as of December 31, 2022 all Council approved allocations included in the FY 2023 AAO #1.

On All Funds basis, the City is projected to finish FY 2023 with a balance of \$133.74 million. Health, Housing, & Community Services, Parks, Recreation & Waterfront, Public Works and Non-Departmental are anticipated to finish FY 2023 with significant balances that are tied to salary savings due to vacancies and projects and grants that are not expected to be finished by the end of the fiscal year. These departments also appropriated new grant funding that support programs and services, as well as special funds for capital improvement projects. Most unspent balance will be requested as a carryover in the FY 2024 budget. The Fire Department is expected to end FY 2023 with a deficit due to staffing shortage related COVID-19 backfill and high vacancy rate causing an increase in overtime expenses.

Next Steps:

Staff is continuously monitoring the FY 2023 General Fund budget to make sure the City stays within budget and is also reviewing and analyzing data to make sure that the City remains agile should additional operating and capital needs arise in the fiscal year.

Staff has developed a new 5 Year Forecast that combines both the revenue and expenditure projections that will summarize the General Fund budget status to better assist management and City Council for the upcoming FY 2024 Mid-Biennial Budget Update and the following FY 2025 & FY 2026 Biennial Budget. Staff is currently in the process of preparing the FY 2024 Mid-Biennial Budget Update.

Final FY 2023 year-end General Fund revenues and expenditures information will be included in the “FY 2023 Year-End Report and FY 2024 First Quarter Update” that will be presented to Council in December 2023.

The City’s annual Mid-Year Budget Update is a Strategic Plan Priority, advancing our goal to provide an efficient and financially-healthy City government.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Actions included in the budget will be developed and implemented in a manner that is consistent with the City’s environmental sustainability goals and requirements.

CONTACT PERSON

Sharon Friedrichsen, Budget Manager, City Manager’s Office, 981-7000
Henry Oyekanmi, Finance Director, Department of Finance, 981-7300
Maricar Dupaya, Senior Management Analyst, City Manager’s Office, 981-7000

Attachments:

1. Table 2, General Fund Revenue and Transfer In FY 2023 Mid-Year vs FY 2022 Mid-Year Comparison
2. Table 10, Projected General Fund Revenue FY 2023 through FY 2027
3. Table 12: FY 2023 Mid-Year General Fund Expenditures (as of December 31, 2022)
4. Table 13: FY 2023 Projected General Fund Balance
5. Table 14: FY 2023 Mid-Year All Funds Expenditures (as of December 31, 2022)

| Revenue Categories | FY 2023 | | | | FY 2022 | | | | Comparison FY23 vs FY22 | | Revised FY 2023 |
|---|----------------------|----------------------|-----------------------|---------------|----------------------|----------------------|-----------------------|---------------|-------------------------|---------------|----------------------|
| | Adopted | Actual | Variance | % Received | Adopted | Actual | Variance | % Received | Amount | % | Projections |
| | (a) | (b) | c=(b) - (a) | (d) = (b)/(a) | (e) | (f) | g=(f) - (e) | (h) = (f)/(g) | (i) = (b) - (f) | (j) = (i)/(f) | Projections |
| Secured Property | \$75,664,920 | \$40,237,811 | (\$35,427,109) | 53.18% | \$71,382,000 | \$36,257,954 | (\$35,124,046) | 50.79% | 3,979,857 | 10.98% | \$79,091,256 |
| Redemptions -Regular | 831,441 | 461,026 | (370,415) | 55.45% | 831,441 | 415,104 | -416,337 | 49.93% | 45,922 | 11.06% | 831,441 |
| Supplemental Taxes | 2,000,000 | 1,229,929 | (770,071) | 61.50% | 2,000,000 | 608,905 | -1,391,095 | 30.45% | 621,024 | 101.99% | 2,300,000 |
| Unsecured Property Taxes | 3,516,000 | 3,151,771 | (364,229) | 89.64% | 2,625,000 | 3,048,386 | 423,386 | 116.13% | 103,385 | 3.39% | 3,516,000 |
| Property Transfer Tax | 34,462,172 | 16,676,308 | (17,785,864) | 48.39% | 21,000,000 | 21,801,269 | 801,269 | 103.82% | (5,124,961) | -23.51% | 34,462,172 |
| Property Transfer Tax-Measure P (New December 21, 2018) | 14,073,750 | 8,363,823 | (5,709,927) | 59.43% | 8,500,000 | 8,626,946 | 126,946 | 101.49% | (263,123) | -3.05% | 14,073,750 |
| Sales Taxes | 19,016,546 | 9,687,895 | (9,328,651) | 50.94% | 18,287,215 | 9,533,614 | -8,753,601 | 52.13% | 154,281 | 1.62% | 19,634,807 |
| Soda Taxes | 990,210 | 642,874 | (347,336) | 64.92% | 990,210 | 519,699 | -470,511 | 52.48% | 123,175 | 23.70% | 1,025,800 |
| Utility Users Taxes | 13,800,000 | 7,638,612 | (6,161,388) | 55.35% | 13,000,000 | 6,534,425 | -6,465,575 | 50.26% | 1,104,187 | 16.90% | 15,000,000 |
| Transient Occupancy Taxes | 5,000,000 | 3,943,517 | (1,056,483) | 78.87% | 2,173,000 | 2,471,311 | 298,311 | 113.73% | 1,472,206 | 59.57% | 7,500,000 |
| Short-term Rentals | 1,000,000 | 712,661 | (287,339) | 71.27% | 630,000 | 586,569 | -43,431 | 630,000 | 126,092 | 21.50% | 1,400,000 |
| Business License Tax | 19,000,000 | 1,010,143 | (17,989,857) | 5.32% | 18,498,146 | 1,393,760 | -17,104,386 | 7.53% | (383,617) | -27.52% | 19,000,000 |
| Recreational Cannabis | 1,400,000 | 237,669 | (1,162,331) | 16.98% | 1,643,739 | 600,770 | -1,042,969 | 36.55% | (363,101) | -60.44% | 1,400,000 |
| U1 Revenues | 4,900,000 | 113,893 | (4,786,107) | 2.32% | 5,120,350 | 153,243 | -4,967,107 | 2.99% | (39,350) | -25.68% | 4,900,000 |
| Other Taxes | 1,800,000 | 1,500,099 | (299,901) | 83.34% | 1,761,714 | 1,052,445 | -709,269 | 59.74% | 447,654 | 42.53% | 2,500,000 |
| Vehicle In-Lieu Taxes | 15,926,168 | 8,329,833 | (7,596,335) | 52.30% | 14,959,837 | 7,503,002 | -7,456,835 | 50.15% | 826,831 | 11.02% | 16,626,651 |
| Parking Fines-Regular Collections | 4,326,450 | 3,104,161 | (1,222,289) | 71.75% | 3,726,450 | 2,451,293 | -1,275,157 | 65.78% | 652,868 | 26.63% | 4,800,000 |
| Parking Fines-Booting Collections | | | 0 | | | | 0 | 0.00% | - | 0.00% | |
| Moving Violations | 132,600 | 71,415 | (61,185) | 53.86% | 132,600 | 83,533 | -49,067 | 63.00% | (12,118) | -14.51% | 132,600 |
| Ambulance Fees | 3,880,779 | 2,479,368 | (1,401,411) | 63.89% | 3,154,002 | 1,715,639 | -1,438,363 | 54.40% | 763,729 | 44.52% | 5,330,779 |
| Interest Income | 6,000,000 | 4,038,930 | (1,961,070) | 67.32% | 4,462,320 | 3,107,784 | -1,354,536 | 69.65% | 931,146 | 29.96% | 7,000,000 |
| Franchise Fees | 1,613,283 | 335,043 | (1,278,240) | 20.77% | 1,613,283 | 350,085 | -1,263,198 | 21.70% | (15,042) | -4.30% | 1,720,056 |
| Other Revenue | 6,729,977 | 3,902,132 | (2,827,845) | 57.98% | 6,729,977 | 3,275,786 | -3,454,191 | 48.67% | 626,346 | 19.12% | 7,529,977 |
| IDC Reimbursement | 5,490,000 | 3,205,614 | (2,284,386) | 58.39% | 5,490,000 | 2,470,002 | -3,019,998 | 44.99% | 735,612 | 29.78% | 5,990,000 |
| Transfers | 17,096,148 | 6,457,425 | (10,638,723) | 37.77% | 27,354,923 | 13,677,462 | -13,677,461 | 50.00% | (7,220,037) | -52.79% | 17,096,148 |
| | | | - | | | | 0 | | - | | |
| Total Revenue: | \$258,650,444 | \$127,531,952 | -\$131,118,492 | 49.31% | \$236,066,207 | \$128,238,986 | -\$107,827,221 | 54.32% | (\$707,034) | -0.55% | \$272,861,437 |

FY 2023 Mid-Year Report Table 10: Projected General Fund Revenue FY 2023 through FY 2027 Attachment 2

| | FY 2023 Adopted | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Undesignated Revenues | | | | | | |
| Secured Property Taxes | 75,664,920 | 79,091,256 | 81,859,450 | 84,724,531 | 87,689,889 | 90,759,035 |
| Supplemental Taxes | 2,000,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 |
| Unsecured Property Taxes | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 | 3,516,000 |
| Property Transfer Taxes | 18,000,000 | 18,000,000 | 16,000,000 | 16,000,000 | 16,000,000 | 16,000,000 |
| Property Transfer Tax - Measure P | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 |
| Sales Taxes | 19,016,546 | 19,634,807 | 19,391,714 | 20,231,914 | 21,146,495 | 22,043,410 |
| Soda Tax | 990,210 | 1,025,800 | 1,025,800 | 1,025,800 | 1,025,800 | 512,900 |
| Utility Users Taxes | 13,800,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| Transient Occupancy Taxes (TOT) | 5,000,000 | 7,500,000 | 7,725,000 | 7,956,750 | 8,195,453 | 8,441,316 |
| Short-term Rentals | 1,000,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 |
| Business License Taxes | 19,000,000 | 19,000,000 | 19,000,000 | 19,380,000 | 19,767,600 | 19,767,600 |
| Recreational Cannabis | 1,400,000 | 1,400,000 | 1,400,000 | 1,428,000 | 1,456,560 | 1,456,560 |
| Measure U1 | 4,900,000 | 4,900,000 | 4,900,000 | 4,998,000 | 5,097,960 | 5,097,960 |
| Other Taxes | 2,631,441 | 3,331,441 | 3,331,441 | 3,331,441 | 3,331,441 | 3,331,441 |
| Vehicle in Lieu Taxes | 15,926,168 | 16,626,651 | 17,208,584 | 17,810,884 | 18,434,265 | 19,079,464 |
| Parking Fines - Regular Collections | 4,326,450 | 4,800,000 | 4,800,000 | 4,800,000 | 4,800,000 | 4,800,000 |
| Moving Violations | 132,600 | 132,600 | 132,600 | 135,252 | 137,957 | 137,957 |
| Ambulance Fees | 3,880,779 | 5,330,779 | 5,350,779 | 3,880,779 | 3,880,779 | 3,880,779 |
| Interest Income | 6,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Franchise Fees | 1,613,283 | 1,720,056 | 1,720,056 | 1,720,056 | 1,720,056 | 1,720,056 |
| Other Revenues | 6,729,977 | 7,529,977 | 7,529,977 | 7,529,977 | 7,529,977 | 7,529,977 |
| Indirect cost reimbursements | 5,490,000 | 5,990,000 | 5,990,000 | 5,990,000 | 5,990,000 | 5,990,000 |
| Transfers | 17,096,148 | 17,096,148 | 21,023,924 | 4,472,621 | 4,562,074 | 4,562,074 |
| Total Undesignated Revenues | 242,188,272 | 256,399,265 | 261,679,074 | 248,705,755 | 254,056,056 | 258,400,279 |
| Designated Revenues | | | | | | |
| Prop. Transfer Taxes for capital improvements | 16,462,172 | 16,462,172 | 12,962,172 | 13,541,415 | 13,541,415 | 14,132,244 |
| Total Designated Revenues | 16,462,172 | 16,462,172 | 12,962,172 | 13,541,415 | 13,541,415 | 14,132,244 |
| TOTAL REVENUES AND TRANSFERS | 258,650,444 | 272,861,437 | 274,641,246 | 262,247,170 | 267,597,471 | 272,532,523 |

| FY 2023 MID-YEAR GENERAL FUND EXPENDITURES (AS OF DECEMBER 31, 2022) | | | | | | | | | | Attachment 3 |
|--|------------------------|-------------------------|-----------------------|-------------------|--------------------|---------------------------|-------------------------------|-----------------------|--------------------------------|--|
| DEPARTMENT | FY 2023 ADOPTED BUDGET | FY 2023 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES | AVAILABLE BUDGET | PERSONNEL PERCENTAGE USED | NON-PERSONNEL PERCENTAGE USED | TOTAL PERCENTAGE USED | FY 2023 PROJECTED EXPENDITURES | FY 2023 PROJECTED ENDING BALANCE/(DEFICIT) |
| MAYOR AND COUNCIL | 4,785,155 | 4,875,736 | 1,786,543 | 69,853 | 3,019,340 | 36.9% | 47.1% | 38.1% | 4,875,736 | - |
| CITY AUDITOR | 3,006,058 | 3,007,837 | 1,208,279 | 7,380 | 1,792,178 | 39.6% | 47.6% | 40.4% | 2,345,535 | 662,302 |
| RENT STABILIZATION BOARD | 550,000 | 550,000 | 229,168 | 320,832 | 0 | 0.0% | 100.0% | 100.0% | 550,000 | - |
| POLICE ACCOUNTABILITY | 1,120,676 | 1,250,444 | 330,343 | 52,342 | 867,759 | 26.8% | 38.0% | 30.6% | 880,928 | 369,516 |
| CITY MANAGER'S OFFICE | 11,628,466 | 13,509,108 | 6,526,833 | 726,499 | 6,255,776 | 47.5% | 64.4% | 53.7% | 13,332,528 | 176,580 |
| CITY ATTORNEY | 4,010,250 | 5,299,550 | 1,909,130 | 519,812 | 2,870,608 | 32.0% | 76.1% | 45.8% | 4,396,163 | 903,387 |
| CITY CLERK | 2,590,414 | 2,801,741 | 1,144,295 | 252,008 | 1,405,438 | 42.8% | 59.5% | 49.8% | 2,580,728 | 221,013 |
| FINANCE | 8,022,118 | 9,327,512 | 3,265,107 | 1,274,558 | 4,787,846 | 38.6% | 75.8% | 48.7% | 8,553,323 | 774,189 |
| HUMAN RESOURCES | 2,980,172 | 3,185,697 | 1,107,790 | 216,399 | 1,861,509 | 27.4% | 70.4% | 41.6% | 2,495,843 | 689,854 |
| INFORMATION TECHNOLOGY | 1,526,760 | 2,050,474 | 323,354 | 621,440 | 1,105,681 | 0.0% | 46.1% | 46.1% | 2,051,774 | (1,300) |
| HEALTH, HSG & COMMUNITY SVC | 24,795,803 | 41,173,297 | 11,849,690 | 7,195,489 | 22,128,117 | 36.8% | 51.0% | 46.3% | 34,809,893 | 6,363,404 |
| PARKS, RECREATION & WATERFRONT | 8,879,746 | 10,728,180 | 4,780,445 | 960,326 | 4,987,409 | 46.1% | 62.1% | 53.5% | 10,650,850 | 77,330 |
| PLANNING & DEVELOPMENT | 3,062,324 | 4,854,446 | 1,364,429 | 198,916 | 3,291,102 | 41.9% | 21.6% | 32.2% | 3,676,530 | 1,177,916 |
| PUBLIC WORKS | 5,783,759 | 12,359,119 | 4,249,727 | 880,929 | 7,228,463 | 54.6% | 35.7% | 41.5% | 7,280,378 | 5,078,741 |
| POLICE | 79,269,594 | 79,780,795 | 39,659,285 | 709,318 | 39,412,192 | 48.8% | 66.4% | 50.6% | 80,316,009 | (535,214) |
| FIRE & EMERGENCY SERVICES | 41,626,945 | 45,903,819 | 21,028,451 | 3,367,229 | 21,508,139 | 51.1% | 58.7% | 53.1% | 48,623,742 | (2,719,923) |
| NON DEPARTMENTAL | 77,033,054 | 57,440,207 | 25,498,036 | 138,832 | 31,803,340 | -14.4% | 43.0% | 44.6% | 48,204,728 | 9,235,479 |
| GRAND TOTAL | 280,671,294 | 298,097,963 | 126,260,904 | 17,512,161 | 154,324,898 | 47.00% | 49.6% | 48.2% | 275,624,689 | 22,473,273 |

Table 13: FY 2023 Projected General Fund Balance

Attachment 4

| | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2023 Projected |
|--|--------------------|---------------------|---------------------|----------------------|
| Beginning Balance | 36,838,797 | 74,141,617 | 74,141,617 | 74,141,617 |
| Revenues | | | | |
| Property Taxes and Vehicle In-Lieu | 88,741,015 | 97,107,088 | 97,107,088 | 101,533,907 |
| Real Estate Transfer Taxes | 49,419,314 | 34,462,172 | 34,462,172 | 34,462,172 |
| Property Transfer Tax - Measure P | 14,073,750 | 14,073,750 | 14,073,750 | 14,073,750 |
| Sales Taxes | 19,954,078 | 20,006,756 | 20,006,756 | 20,660,607 |
| Utility Users Taxes and Franchise Fees | 16,470,121 | 15,413,283 | 15,413,283 | 16,720,056 |
| Hotel and STR Taxes | 5,727,046 | 4,900,000 | 4,900,000 | 8,900,000 |
| Business License Taxes | 26,569,061 | 25,300,000 | 25,300,000 | 25,300,000 |
| Fines and Fees | 8,754,104 | 8,339,829 | 8,339,829 | 10,130,779 |
| Interest and Other Revenue | 27,464,596 | 16,461,418 | 16,461,418 | 17,994,018 |
| Transfers from Other Funds | 29,445,572 | 22,586,148 | 22,586,148 | 23,086,148 |
| Revenues Total | 286,618,657 | 258,650,444 | 258,650,444 | 272,861,437 |
| Expenditures | | | | |
| Personnel | | | | |
| Personnel - Misc. | 65,468,180 | 81,462,699 | 81,921,979 | 68,436,056 |
| Salary & Wages | 45,063,008 | 56,291,855 | 56,634,602 | 43,148,679 |
| PERS - Misc | 10,872,027 | 14,179,883 | 14,122,762 | 14,122,762 |
| Fringe Benefits - Misc. | 9,533,145 | 10,990,961 | 11,164,615 | 11,164,615 |
| Personnel - Fire | 33,965,013 | 30,162,577 | 30,254,954 | 32,054,954 |
| Salary & Wages | 17,879,289 | 15,794,564 | 15,995,637 | 17,795,637 |
| PERS - Fire | 9,354,144 | 7,921,611 | 7,921,611 | 7,921,611 |
| Fringe Benefits - Fire | 6,731,580 | 6,446,402 | 6,337,706 | 6,337,706 |
| Personnel - Police | 53,987,841 | 58,392,795 | 58,450,715 | 58,985,929 |
| Salary & Wages | 24,400,509 | 26,005,246 | 26,063,166 | 26,598,380 |
| PERS - Police | 17,090,869 | 19,175,192 | 19,175,192 | 19,175,192 |
| Fringe Benefits - Police | 12,496,463 | 13,212,357 | 13,212,357 | 13,212,357 |
| Salary Savings | 0 | -9,553,792 | -9,553,792 | 0 |
| Tier 1 Funding Personnel Recurring | 0 | 5,169,339 | 5,169,339 | 1,671,558 |
| Tier 1 Funding Personnel Temporary | 0 | 2,106,838 | 2,106,838 | 681,268 |
| Personnel Total | 153,421,034 | 167,740,455 | 168,350,033 | 161,829,765 |
| Non-Personnel | | | | |
| Tier 1 Funding Non-Personnel | 0 | 25,289,911 | 25,289,911 | 18,967,433 |
| Tier 1 Funding CIP | 0 | 1,511,000 | 1,511,000 | 906,600 |
| Non-Personnel | 55,117,836 | 42,570,645 | 58,135,491 | 48,385,011 |
| Transfer Out | 35,822,474 | 24,558,378 | 26,534,975 | 26,534,975 |
| CIP (GF Transfer Out to CIP Fund, Includes Tier 1 | 4,954,493 | 19,000,905 | 19,000,905 | 19,000,905 |
| Non-Personnel Total | 95,894,803 | 112,930,839 | 130,472,282 | 113,794,924 |
| Expenditures Total | 249,315,837 | 280,671,294 | 298,822,315 | 275,624,689 |
| Annual Surplus/Shortfall | 37,302,820 | (22,020,850) | (40,171,871) | (2,763,252) |
| One-Time Use of Fund Balance (Excess Property Transfer Tax) | | 22,020,850 | 40,171,871 | 2,763,252 |
| Ending Balance | 74,141,617 | 52,120,767 | 33,969,746 | 71,378,365 |

FY 2023 MID-YEAR ALL FUNDS EXPENDITURES (AS OF DECEMBER 31, 2022)

Attachment 5

| DEPARTMENT | FY 2023 ADOPTED BUDGET | FY 2023 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES | AVAILABLE BUDGET | TOTAL PERCENTAGE USED | FY 2023 PROJECTED EXPENDITURES | FY 2023 PROJECTED ENDING BALANCE/(DEFICIT) |
|-----------------------------|------------------------|-------------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------------------|--|
| MAYOR AND COUNCIL | 4,785,155 | 4,883,236 | 1,790,943 | 69,853 | 3,022,440 | 38.1% | 4,883,236 | - |
| CITY AUDITOR | 3,101,376 | 3,103,155 | 1,239,080 | 7,380 | 1,856,695 | 40.2% | 2,405,135 | 698,020 |
| RENT STABILIZATION BOARD | 7,247,755 | 7,858,094 | 3,205,523 | 1,461,593 | 3,190,977 | 59.4% | 7,858,094 | - |
| POLICE ACCOUNTABILITY | 1,422,432 | 1,250,444 | 330,343 | 52,342 | 867,759 | 30.6% | 880,928 | 369,516 |
| CITY MANAGER'S OFFICE | 19,287,587 | 20,741,366 | 9,360,014 | 2,966,976 | 8,414,376 | 59.4% | 20,541,213 | 200,153 |
| BERKELEY PUBLIC LIBRARY | 24,918,604 | 25,488,070 | 9,338,322 | 2,523,408 | 13,626,340 | 46.5% | 22,171,058 | 3,317,012 |
| CITY ATTORNEY | 8,562,688 | 9,758,110 | 4,424,881 | 881,607 | 4,451,623 | 54.4% | 9,636,828 | 121,282 |
| CITY CLERK | 3,501,282 | 3,312,609 | 1,177,536 | 252,008 | 1,883,065 | 43.2% | 3,012,450 | 300,159 |
| FINANCE | 11,444,157 | 11,824,704 | 4,188,249 | 1,375,401 | 6,261,054 | 47.1% | 10,898,157 | 926,547 |
| HUMAN RESOURCES | 5,009,883 | 5,171,822 | 1,785,539 | 242,194 | 3,144,089 | 39.2% | 4,067,292 | 1,104,530 |
| INFORMATION TECHNOLOGY | 22,287,156 | 27,532,294 | 7,691,233 | 4,053,890 | 15,787,171 | 42.7% | 25,632,718 | 1,899,576 |
| HEALTH, HSG & COMMUNITY SVC | 95,182,974 | 160,876,413 | 47,969,154 | 40,494,723 | 72,412,536 | 55.0% | 124,636,287 | 36,240,126 |
| PARKS, RECREATION & WF | 53,378,913 | 75,494,789 | 24,086,634 | 10,177,628 | 41,230,528 | 45.4% | 62,873,376 | 12,621,413 |
| PLANNING & DEVELOPMENT | 29,022,035 | 30,802,863 | 11,859,892 | 2,565,724 | 16,377,247 | 46.8% | 28,373,360 | 2,429,503 |
| PUBLIC WORKS | 203,608,562 | 265,236,595 | 69,256,749 | 43,076,741 | 152,903,105 | 42.4% | 199,220,520 | 66,016,075 |
| POLICE | 87,444,720 | 86,363,420 | 41,934,698 | 857,812 | 43,570,911 | 49.5% | 86,225,091 | 138,329 |
| FIRE & EMERGENCY SERVICES | 63,377,259 | 72,826,660 | 30,844,694 | 9,116,279 | 32,865,688 | 54.9% | 74,706,313 | (1,879,653) |
| NON DEPARTMENTAL | 110,594,086 | 116,672,894 | 62,946,383 | 329,646 | 53,396,864 | 54.2% | 107,437,415 | 9,235,479 |
| GRAND TOTAL | 754,176,623 | 929,197,538 | 333,429,869 | 120,505,203 | 475,262,468 | 48.9% | 795,459,472 | 133,738,066 |

*FY 2023 Revised does not reflect as of December 31, 2022 all Council approved allocations included in the FY 2023 AAO #1.

