

# IBA Review of the FY 2018 Year-End Financial Performance Report

City Council, Item 330

October 30, 2018



Independent Budget Analyst



## Overview

*Our review provides a high-level overview of FY 2018 budget-to-actual expenditures*

- IBA Report 18-34 is intended to complement the data provided by the Department of Finance in the YEPR
- YEPR focuses primarily on comparing third-quarter projections to year-end actuals
- IBA's review compares Adopted Budget to year-end actuals
- Added context may be useful to the public and City Council as they prepare to review the FY 2019 First Quarter Budget Monitoring Report and the Mayor's FY 2020-2024 Five-Year Financial Outlook, to be released November 7



# FY 2018 General Fund Expenditures

<b>FY 2018 General Fund Expenditures (\$ in millions)</b>				
	<b>Adopted Budget<sup>1</sup></b>	<b>Unaudited Actuals per YEPR</b>	<b>Variance: YEPR to Adopted</b>	<b>Variance %: YEPR to Adopted</b>
<b><i>Personnel Expenditures (PE)</i></b>				
Salaries and Wages	\$ 547.1	\$ 551.9	\$ 4.8	0.9%
Fringe Benefits	438.4	441.2	2.8	0.6%
<b><i>Subtotal PE</i></b>	<b>985.4</b>	<b>993.1</b>	<b>7.6</b>	<b>0.8%</b>
Non-Personnel Expenditures (NPE)	431.0	425.1	(5.9)	-1.4%
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,416.5</b>	<b>\$ 1,418.2</b>	<b>\$ 1.7</b>	<b>0.1%</b>

Note: Table may not total due to rounding.

<sup>1</sup>The FY 2018 Adopted Budget total has been adjusted to remove \$17.4 million budgeted for General Fund Reserve contributions (including \$10.3 million for prefunding the FY 2019 contribution). This \$17.4 million will be maintained in/added to the Reserve; and no amounts will be expended for the budgeted Reserve contributions. Thus, for comparative purposes, the \$17.4 million in Reserve contributions have been removed from the \$1.4338 billion Adopted Budget, to yield an adjusted Adopted Budget total of \$1.4165 billion, as shown in this table.



# FY 2018 Salaries and Wages Expenditures

<b>FY 2018 Salaries and Wages Expenditures - General Fund</b>				
	<b>Adopted Budget</b>	<b>Unaudited Actuals per YEPR</b>	<b>Variance: YEPR to Adopted<sup>1</sup></b>	<b>Variance %: YEPR to Adopted</b>
Salaries	\$ 434,207,000	\$ 414,337,000	\$ (19,870,000)	-4.6%
Special Pay	28,606,000	31,536,000	2,930,000	10.2%
Overtime	61,514,000	79,529,000	18,015,000	29.3%
Hourly	13,026,000	13,660,000	634,000	4.9%
Vacation Pay-in-Lieu of Annual Leave	7,308,000	8,889,000	1,581,000	21.6%
Termination Pay	2,396,000	3,902,000	1,506,000	62.9%
<b>Total</b>	<b>\$ 547,057,000</b>	<b>\$ 551,853,000</b>	<b>\$ 4,796,000</b>	<b>0.9%</b>

Note: Table may not total due to rounding.

<sup>1</sup>Positive variances are overages, or spending above budget levels. Negative variances are spending below budget levels.

# Fire-Rescue Overtime

- The Department’s overtime expenditures have exceeded budget for the past five years
- In FY 2018, overtime exceeded budget by \$12.5 million
- Department experienced extreme weather conditions, new MOU provisions, and higher-than-anticipated attrition
- Second fire academy to be requested in FY 2019 (\$1.1 million)

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Budget</b>	\$23.7	\$26.7	\$29.9	\$30.1	\$32.8	\$38.1
<b>Actual</b>	\$29.7	\$31.5	\$31.8	\$32.5	\$45.4	-

# Hepatitis A and Homelessness

- Unanticipated costs related to Hep A response and additional homelessness services totaled approximately \$7.4 million (\$7.2 million General Fund)
- Some costs absorbed, others required General Fund appropriations
- Increased services related to Hep A are continuing; included in the FY 2019 Budget
- Three bridge shelters opened in FY 2018 and have continued funding in the FY 2019 Budget
- Safe Parking Program was added in FY 2018; expenditures added to FY 2019 Budget for the program
- Homeless Outreach Team (HOT) incurred unanticipated additional costs; status in FY 2019 Budget not known