

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: October 16, 2023
Reviewed by: NA

SUBJECT: Fiscal Year 2022-23 End of Year Review

REPORT BY: Cassandra Murphy, Interim Finance Director

SUMMARY

This report summarizes the Financial Update for the end of Fiscal Year 2022-23 (FY2022-23) presented to the Financial Advisory Committee (FAC) and discusses the City's financial status as of the time of reporting. This report covers the full fiscal year from July 1, 2022 through June 30, 2023

STAFF RECOMMENDATION

Information item for Council to receive a report on the status of the City's finances.

BACKGROUND

Quarterly the Finance Director presents the year-to-date budget to actuals to the City Council's FAC. After that presentation, Council reviews that same report as a status of the City's finances. This includes revenues, expenditures, and transfers, compared to the adopted budget for the fiscal year.

DISCUSSION

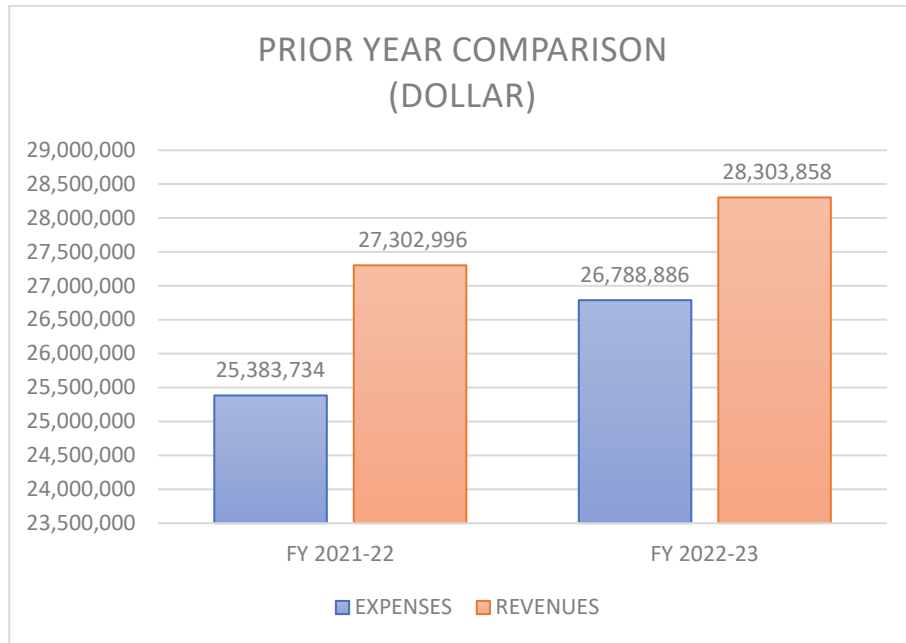
On October 4, 2023, the [Fiscal Year 2022-23 Budget Review Update](#) was presented to the FAC. The staff report discusses the expenses, revenues, cash and investments, and overall standing of the City at year end.

As mentioned in the FAC report and the supporting documentation, FY2022-23 concluded with a surplus of \$1.819 million despite the approved budget showing a deficit. Departments stayed under budgeted expenses and more revenues were realized than anticipated. Staff recommends waiting until the FY2022-23 audit is finalized and a fund balance analysis be completed prior to making any additional appropriations of this surplus. This surplus may be subject to reappropriate per the reserve fund policy or utilized for the budgeted deficit of FY2023-24.

ANALYSIS

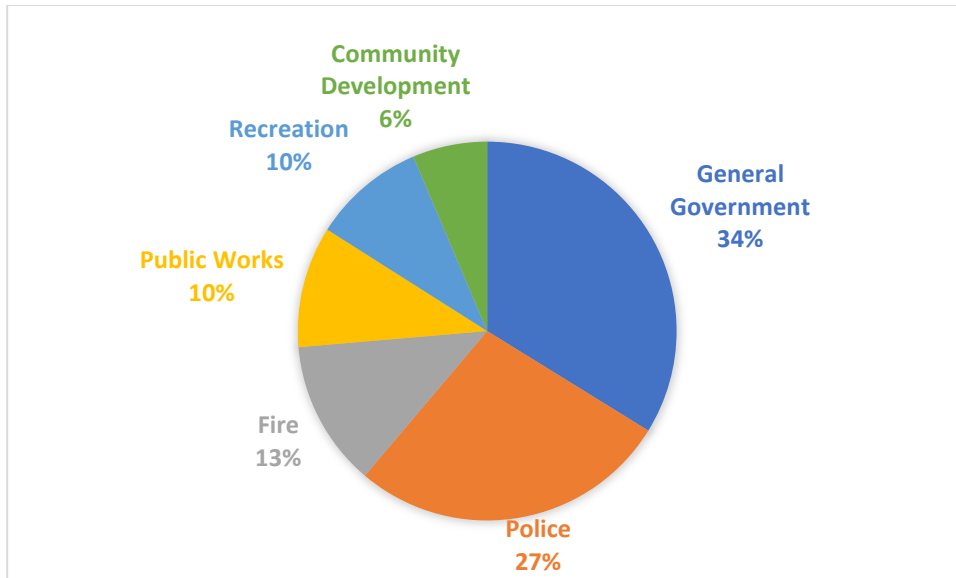
Budgeting

Revenues brought in more than expected over the prior two fiscal years. A mid-year budget update was completed as part of the FY2022-23 second quarter report to Council. That update had increased the expected revenue for the fiscal year, but the final revenue for the year still exceeded expectations. Revenues are typically budgeted conservatively to help avoid unanticipated deficits. Staff will continue to monitor the general fund throughout the year and complete analysis to keep Council informed of deviations from projections.

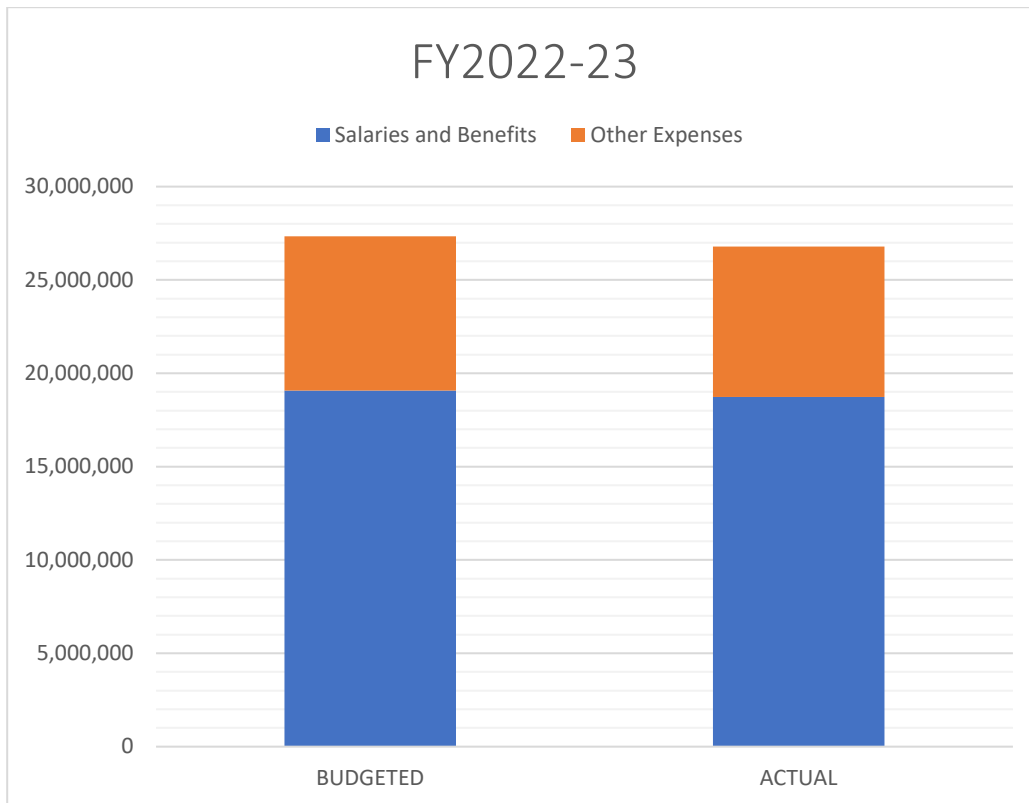


Expenses

Departments overall stayed under budgeted expenses for FY2022-23. Salaries and benefits for staff remains the largest expense for the City; totals for the fiscal year were \$18,725,101. Departments utilized 98.1% of this budget. Vacancies are present in some departments which contributed to the savings of the City overall.



Departments were careful to remain under budget for other expenses related to operations as well. Other expenses reached 97.7% of expenses for FY2022-23.

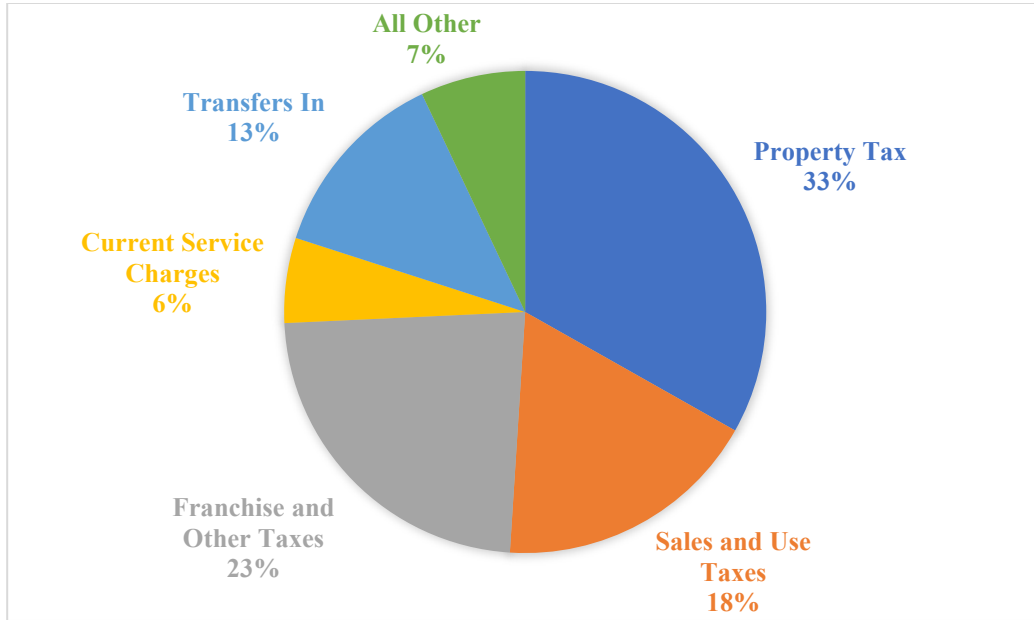


Council Discretionary Fund

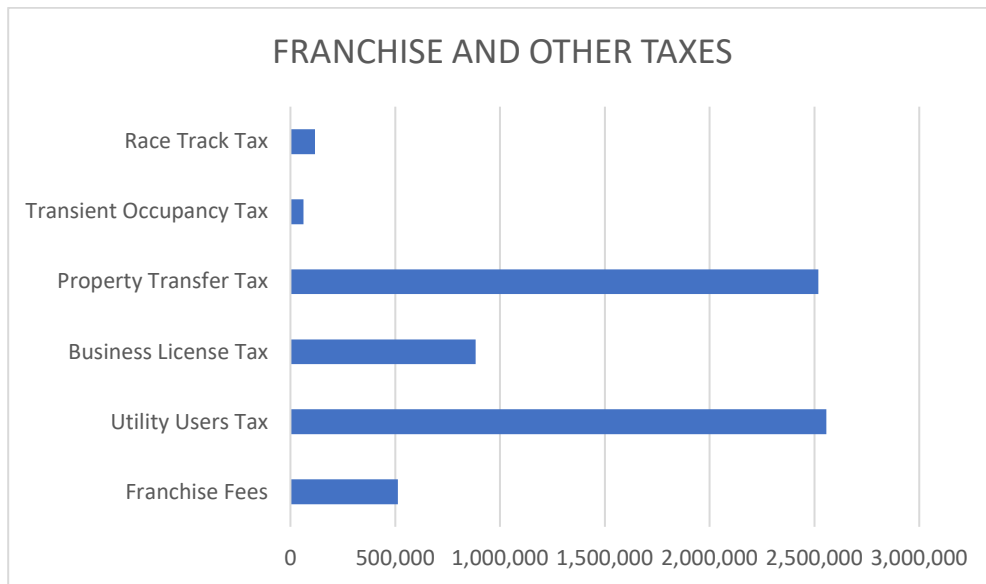
Council discretionary fund budget for the fiscal year was budgeted at \$20,000. Council directed \$8,000 to the Albany FilmFest from the fiscal year 2023 budget. No other discretionary funds were allocated.

Revenues

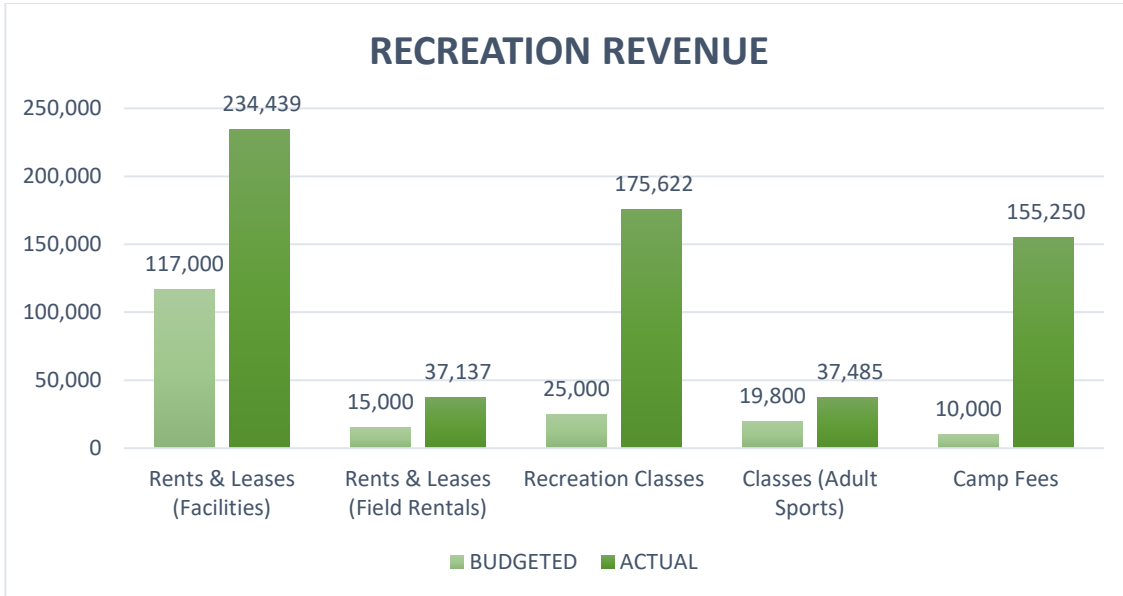
The projected revenues for FY2022-23 were exceeded; operations earned \$28.608 million which is 115.3% of what was budgeted.



Property taxes and sales taxes continue to be the largest revenue streams for the City; combined they account for 51% of the annual budget. Property taxes brought in 116% of what was budgeted while sales and use taxes brought in 125% of budget. Below is a detail of the franchise and other taxes collected for FY2022-23.

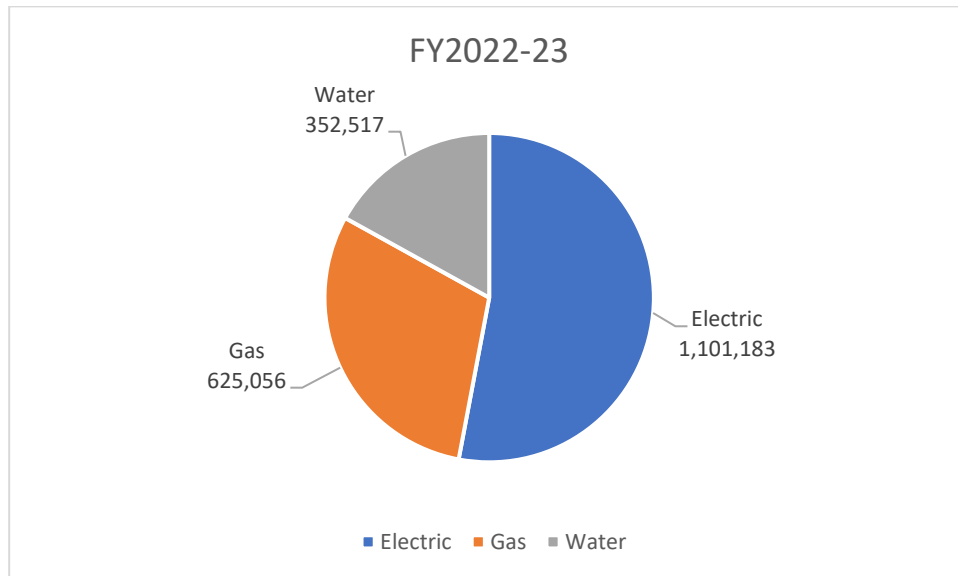


The Recreation & Community Services Department saw revenues that were well beyond expectations. The Department revenues for rentals, classes and camps outperformed projections. As COVID cases steadied and restrictions decreased, demand for recreation services grew.



Measure DD

Measure DD was passed in November 2020 increasing the Utility User Taxes (UUT) on the use of gas and electric utilities in Albany while also adding a tax to water use. These changes were anticipated to bring in an additional \$675,000 in revenue annually. Total revenues from affected utility users taxes were \$2,078,756.



The tax rates were updated per the table below.

Utility	Prior Tax Rate	New Tax Rate
Electricity	7%	9.5%
Gas	7%	9.5%
Water	None	7.5%
Telecommunications	6.5%	6.5%

Measure DD included language encouraging Council to spend 1/3 of the new revenue generated on sustainability projects. This tax was passed as a general tax with more than 50% of the vote rather than a special tax which would require a 2/3 threshold. Voters expressed a desire that 1/3 of the additional revenues be expended on sustainability projects. However, since the measure was passed as a general tax, revenues may be budgeted by Council to pay for any valid expense of the City. The additional revenues for FY2022-23 are detailed in the table below.

	FY22-23		
	PRIOR TAX	NEW TAX	CHANGE
<u>ELECTRIC</u>	\$ 811,398	\$ 1,101,183	\$ 289,785
<u>GAS</u>	\$ 460,567	\$ 625,056	\$ 164,488
<u>WATER</u>	\$ -	\$ 352,517	\$ 352,517
		<u>\$ 806,791</u>	TOTAL NEW REVENUE

The additional 2.5% tax earned \$289,785 on electric utilities and \$164,488 on gas utilities; water taxes earned \$352,517. Total new revenues for FY2022-23 from the passage of Measure DD were \$806,791. This brings the total of the 1/3 of additional revenue to \$268,930 at fiscal year end.

NEXT STEPS

Staff recommends waiting until the FY2022-23 audit is finalized and a fund balance analysis be completed prior to making any additional appropriations of the surplus to the general fund or to revenues from the additional revenues generated from Measure DD.

Attachments

1. FY2022-23 Budget to Actuals Overview
2. General Reserve Fund Policy
3. Capital Reserve Fund Policy