



DATE: November 21, 2023
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

SUBJECT: Update on FY 2023 Year-end Close

FY 2023's financial picture appears to signal a "return to normal" for the City and Borough of Juneau. Remember back to April 2022 as the FY 2023 budget was developed. We were beginning to consider using the word 'endemic' to describe the COVID pandemic. CBJ was still providing COVID testing kits to residents. Juneau had yet to see a return to full cruise ships. The first Ironman competition was still four months in the future.

As the Assembly approved the FY 2023 budget, caution held optimism in check. There were some rays of hope and confirmation of sunny days ahead received at the end of FY 2022. The long-awaited State reimbursements of School Construction Bond debt totaling over \$16 million was confirmed for receipt in FY 2023.

The partial cruise season at the beginning of FY 2023 (summer of 2022) was strong, and along with the Ironman event pushing a sales tax forecast \$6.9 million above the FY 2023 budget by April 2023. Additional FY 2023 revenue streams were known as the FY 2024 budget development began such as: ARPA funding, Local Assistance and Tribal Consistency Fund allocation, Supplemental Emergency Medical Transport program reimbursements, a transit operating grant, and PILT increases.

Looking back at the full year of FY 2023, we see additional revenue flows above the budget including strong sales tax, positive investment income, a significant return to operations as seen through programmatic revenue collections. There are also significant savings in expenditures in FY 2023. Some supply chain issues still pester CBJ such that some of the savings in FY 2023 will roll forward as expenditures in FY 2024. However other expenditure savings are attributable to a few projects that did not gain traction in FY 2023, savings in projected utility costs across multiple departments, and operational savings in public works programs.

Similar to the FY 2022 year-end review, the personnel savings for FY 2023 is staggering at over \$5 million. Over 75% of the savings were realized in 4 departments: Police, Public Works and Engineering, Fire and Parks. CBJ has implemented several programs over the last year to address retention including paid parental leave and a deferred compensation match program for those employees in a defined contribution PERS retirement plan. The implementation of NeoGov as a recruiting and hiring system has increased visibility of CBJ jobs across a variety of search platforms and is yielding larger recruitment pools. While hiring and retaining qualified employees and continues to be a work in process, CBJ is taking positive steps to address the issues.

As the FY 2024 budget was being developed; the FY 2023 ending unrestricted fund balance was anticipated to be \$28 million with a surplus (revenue in excess of expenditures) of \$18 million. Closing the year, we see the unrestricted ending fund balance increase to \$41 million.

Before that fund balance burns a hole in anyone's pocket, let's look at our fund balance summary and FY 2024's budget and forecast.