

Fiscal 2024 Yearend Summary

Bureau of the Budget & Management Research
City Council Briefing
October 3rd, 2024



Fiscal 2024: Yearend Results (Preliminary & Unaudited)

Fiscal 2024 Yearend Position: \$58.3 Million Surplus

Key Takeaways

- Strength from General Fund revenue is absorbing the overall expenditure deficit.
- The expenditure deficit is primarily driven by:
 - Service levels exceeding the budgeted amount
 - Purchasing activity crossing multiple fiscal years

Fund Balance

- The Fiscal 2024 budget assumed utilizing \$30 million from the City's unassigned fund balance. Based on preliminary estimates, we will not need to draw any fund balance for Fiscal 2024.

Outstanding Transactions

- There are outstanding expenditure and revenue entries that will impact these numbers prior to the completion of Fiscal 2024 closeout.

Revenue

**\$77.0M
SURPLUS**

**+3.5%
Variance**

Expenditures

**\$18.7M
DEFICIT**

**-0.8%
Variance**



Fiscal 2024

General Fund Revenue Overview



Brandon M. Scott
Mayor

BM  RE BUDGET

Fiscal 2024: Revenue Summary

Changes from 3rd Quarter

- Overall revenue surplus is **\$32 million higher** than projected at the 3rd Quarter.

Property Tax

- Revenues came in higher than previously projected driven by improvements in the collection rates.

Income Tax

- Final disbursements higher than previously projected based on final State reconciliation.

Highway User Revenue & Investment Earnings

- Projections for Highway User Revenue consistent with previous projections. Higher allocation driven by corporate income tax & titling tax.
- Investment Earnings up based on national interest rates and the City's cash on hand balance.

FISCAL 2024
UNAUDITED YEAR-END

\$77.0M

SURPLUS



Revenue Highlights

FY 2024 General Fund Revenue: Breakout by Category
(In Millions)

REVENUES	FY 2024 Budget	FY 2024 Yearend	Surplus/ (Deficit)
Local Taxes	\$1,717.9	\$1,777.4	\$59.5
State Collected Taxes	\$193.4	\$203.0	\$9.6
Licenses and Permits	\$28.1	\$36.1	\$8.0
Fines and Forfeits	\$33.1	\$30.7	(\$2.4)
Use of Money and Property	\$45.7	\$75.0	\$29.3
State Aid	\$117.7	\$114.4	(\$3.2)
Private and Federal Grants	\$0.0	\$0.1	\$0.1
Charges for Current Services	\$43.4	\$47.5	\$4.1
Other Revenues	\$6.2	\$6.2	\$0.0
Total Revenues Before Transfers	\$2,185.5	\$2,290.5	\$104.9
Net Transfers	\$2.9	\$4.3	\$1.4
Prior Year Fund Balance	\$29.4	\$0.0	(\$29.4)
Total General Fund	\$2,217.8	\$2,294.8	\$77.0

Note: Highway User Revenues (under State Collected Taxes) are anticipated to bring in an additional \$9.6 million which will either be used for operating expenses related to transportation or capital projects for transportation.



Brandon M. Scott
Mayor



Revenue Highlights

FY 2024 General Fund Revenue: Local Taxes by Category

(In Millions)

REVENUES	FY 2024 Budget	FY 2024 Yearend	Surplus/ (Deficit)
Local Taxes			
Property Taxes	\$1,080.8	\$1,095.0	\$14.2
Income Taxes	\$447.5	\$475.3	\$27.7
Recordation & Transfer Taxes	\$96.9	\$99.3	\$2.4
Energy Tax	\$49.8	\$49.7	(\$0.1)
Telecommunication Tax	\$34.9	\$33.6	(\$1.4)
Net Hotel Tax	\$30.4	\$31.8	\$1.4
Video Lottery Terminal	\$12.6	\$12.6	\$0.0
Admission Tax	\$8.5	\$11.8	\$3.3
All Other Local Taxes & Tax Credits	(\$43.6)	(\$31.6)	\$12.0
Total Local Taxes	\$1,717.9	\$1,777.4	\$59.5



Brandon M. Scott
Mayor

Revenues: Major Variances

Fiscal 2024 General Fund Revenue: Variation by Revenue Source

(in Millions)



Brandon M. Scott
Mayor

General Fund Revenue: Projected Surpluses

Income Taxes

Budget: \$447,543,000

Preliminary Year-End: \$475,256,899

Surplus: \$27,713,899

Quarterly vs. Non-Quarterly Distributions

- **Non-Quarterly Disbursements:** This includes prior year reconciliations, interest and penalties, etc.
 - Increased by 29.5% compared to Budget.
- **Quarterly Distributions:** Regular payments based on local income tax filers.
 - Increased by 2.1%, 0.3% higher than the Budget.

Fiduciary Returns & Unallocated Withholdings

- Fiduciary returns experienced a deficit of \$5.4M. This deficit was fully offset by the surpluses from the Local Tax/State Collected, and the \$6.1M from Unallocated Withholdings.

Fiscal 2024: Income Tax by Disbursement Type

(In Millions)

	Budget	Actual	Difference
Non-Quarterly Disbursement	65.7	85.1	19.4
Quarterly Disbursement	358.2	365.8	7.6
Disbursement Total	\$423.9	\$450.9	\$27.0
Unallocated Withholdings	10.3	16.4	6.1
Fiduciary Returns	13.3	7.9	-(5.4)
Total FY24 Income Tax	\$447.5	\$475.2	\$27.7



Investment Earnings

Budget: \$26,038,000

Preliminary Year-End: \$53,667,022

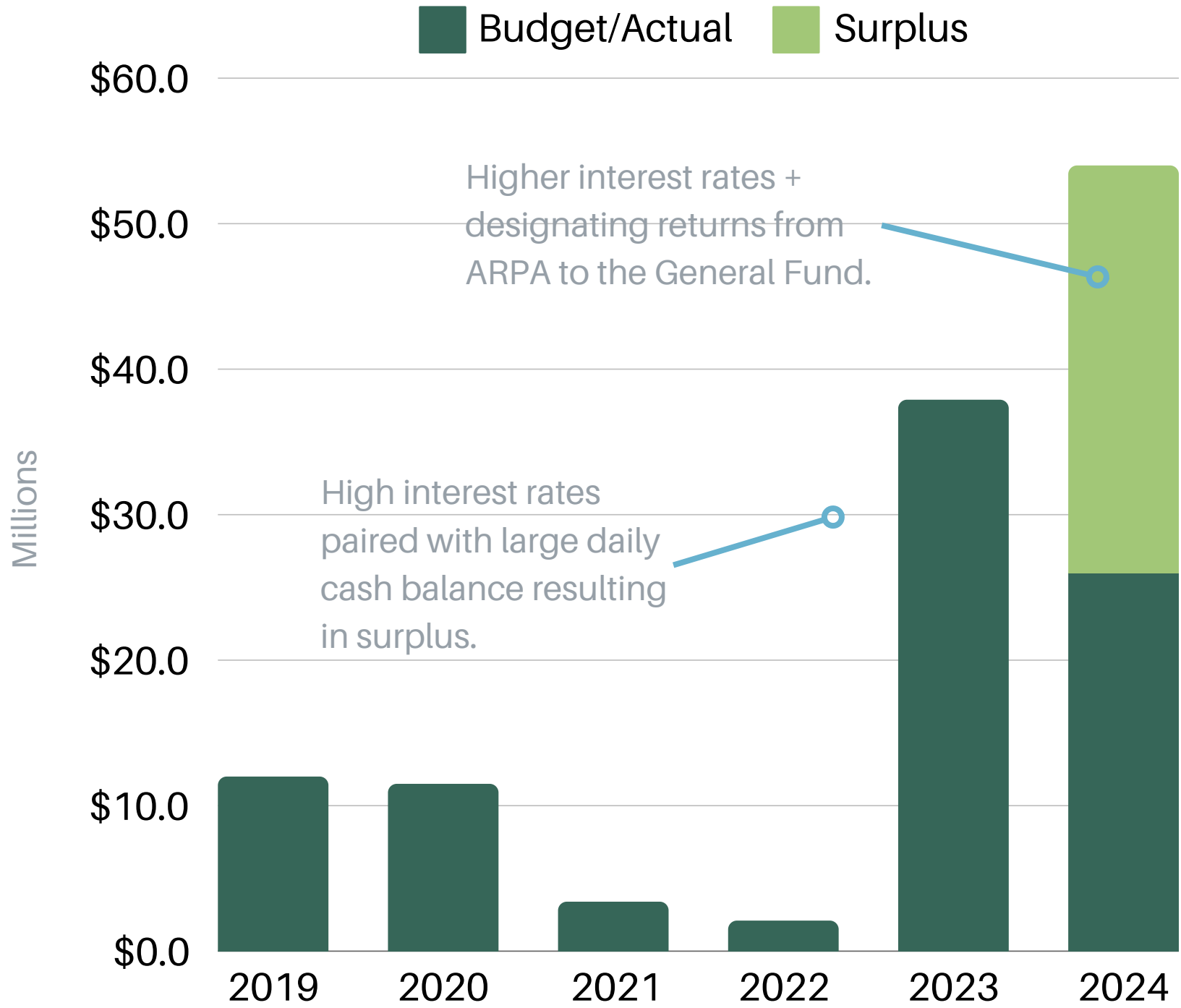
Surplus: \$27,629,022

Cash on Hand

- During Fiscal 2024, the City's cash on hand was higher than prior years due to ARPA balances increasing returns for the General Fund.

Average Return Rate & Yield

- Annualized interest rates averaged **5.7%** in Fiscal 2024, 2.9% higher than the anticipated **2.8%** in the Budget.



PROPERTY TAXES

Budget: \$1,080.8M

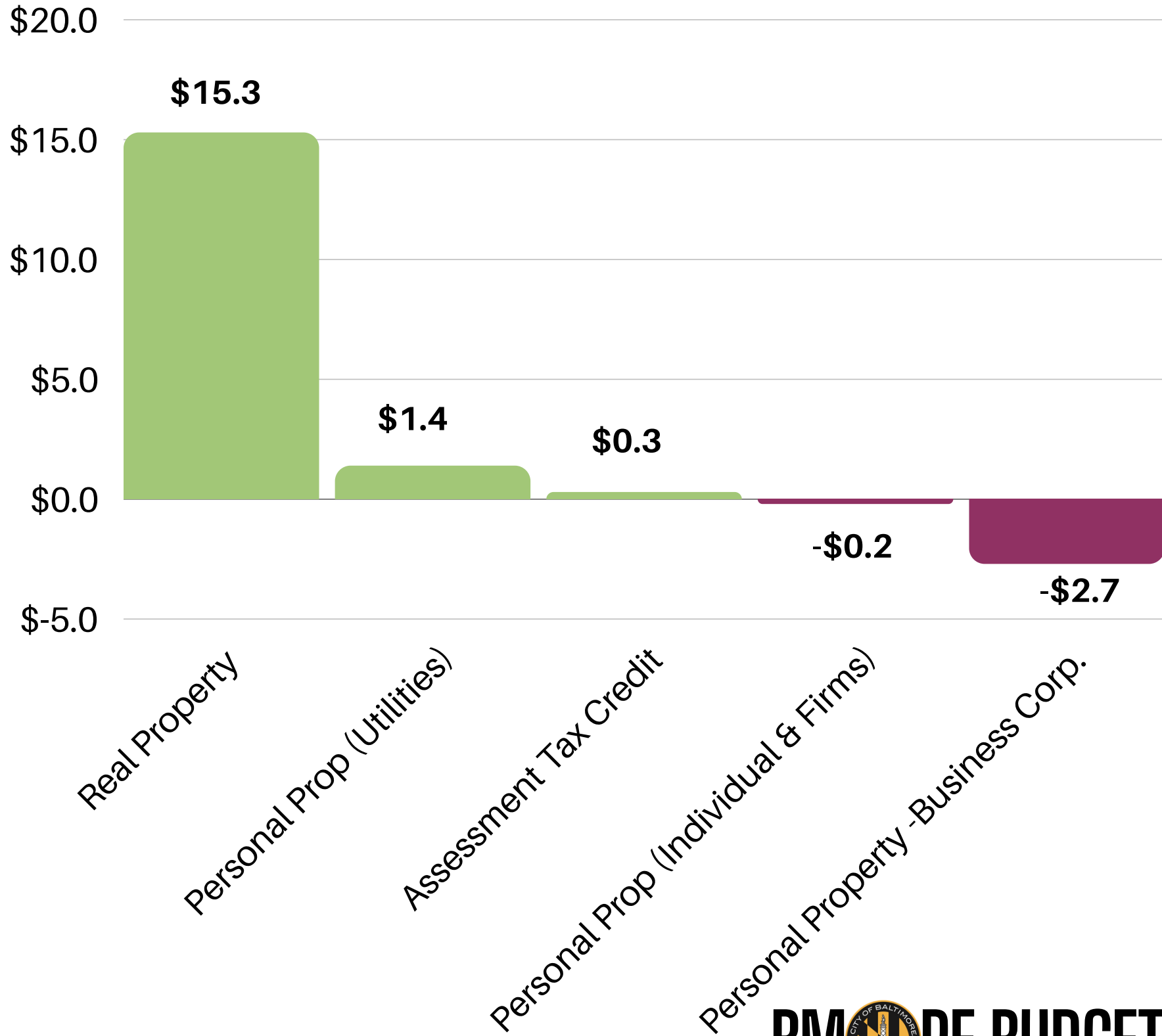
Preliminary Year-End: \$1,095.0M

Surplus: \$14,152,901

- The Fiscal 2024 collection rate for the property was 97.5%; consistent with budget assumptions & higher than projected at the 3rd Quarter
- The Real Property Tax Base declined by \$257.4 million driven by appeal activity.
- Combined Personal property taxes came in \$1.5 million lower than budget assumptions due to lower assessments for business corporations.

Property Taxes - Surplus/(Deficits)

(In Millions)



HIGHWAY USER REVENUES

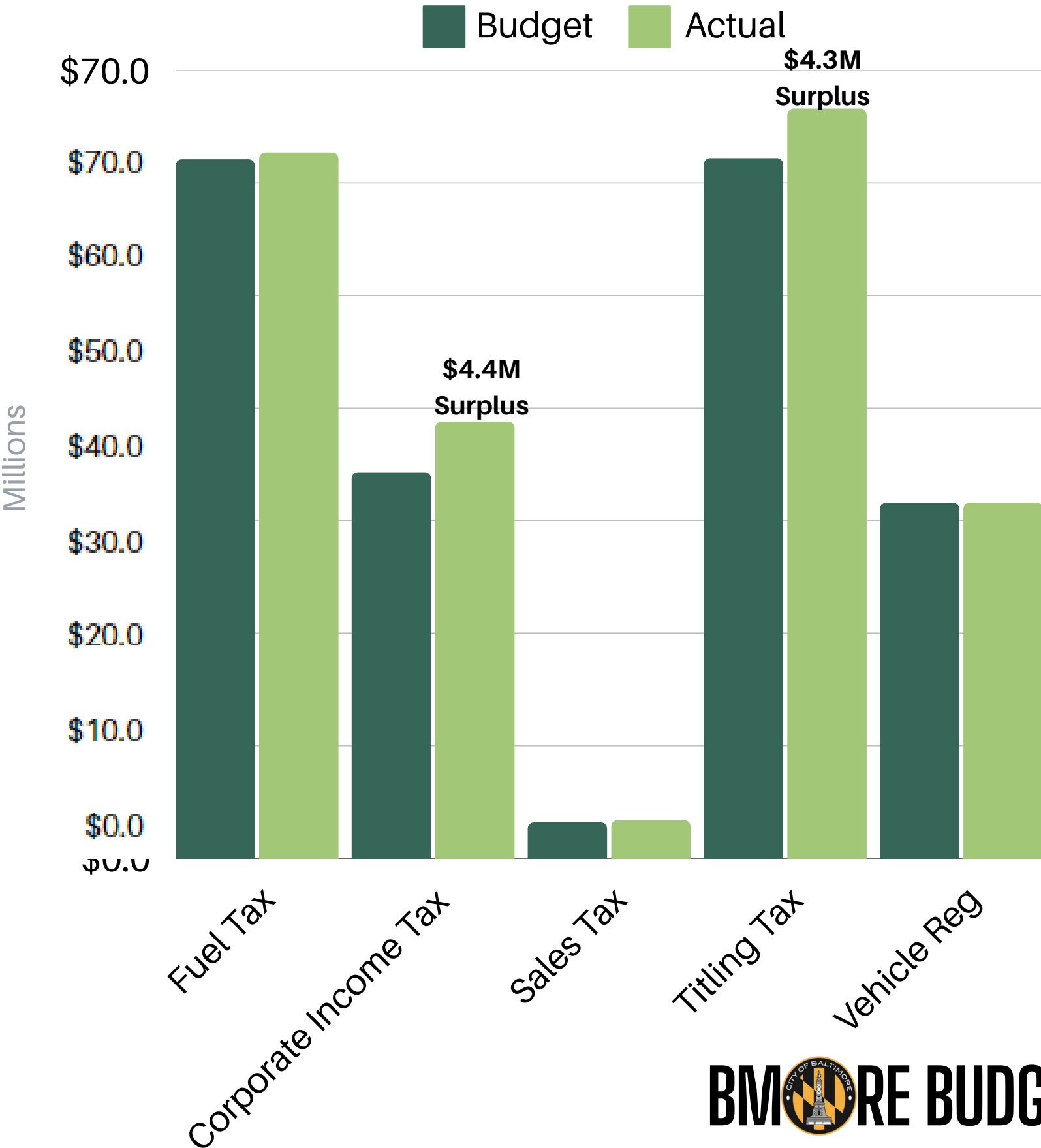
Budget: \$193,444,051

Preliminary Year-End: \$203,035,016

Surplus: \$9,590,965

- Highway User Revenues distributed to the City is calculated at 9.5% of State collected gasoline tax, Sale and Use tax on rental vehicles, Titling tax, Vehicle Registration and a portion of Corporate Income taxes.
- The Fiscal 2024 surplus is driven by the Titling Tax & Corporate Income Tax allocation components.
 - Titling Tax: 7% Higher than Budget
 - Corporate Income Tax: 13% Higher than Budget
- Surplus HUR funds must be budgeted for eligible expense. A portion of this surplus was budgeted as part of the Fiscal 2025 budget for DOT capital projects.

HUR by Formula Component



Brandon M. Scott
Mayor



General Fund Revenue: Projected Deficits

TELECOMMUNICATION TAX

Budget: \$34,928,000

Preliminary Year-End: \$33,551,910

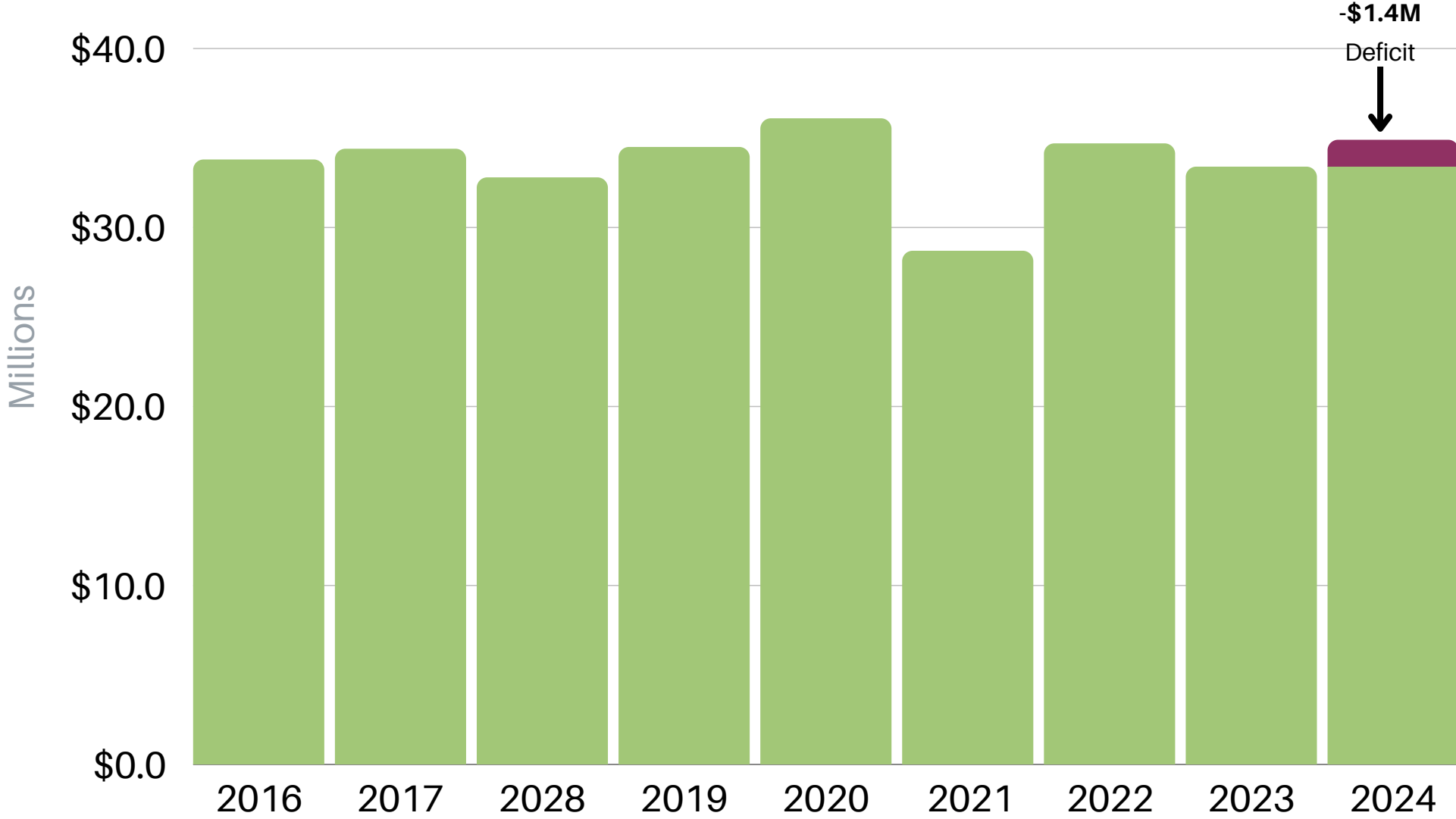
Deficit: -\$1,376,090

Trend Analysis: # of Lines Declining

- Yearend deficit consistent with 3rd Quarter projection.
- The Fiscal 2024 actual reflects fewer lines for City for residents; this trend follows the City’s overall population trends.
- Preliminary Fiscal 2024 year-end results show Telecommunication tax receipts experiencing a revenue deficit of 3.9% or \$1.4 million.

Telecommunications Tax Revenues

Fiscal 2016 to Fiscal 2024



Brandon M. Scott
Mayor

CABLE FRANCHISE FEE

Budget: \$6,300,000

Preliminary Year-End: \$5,085,772

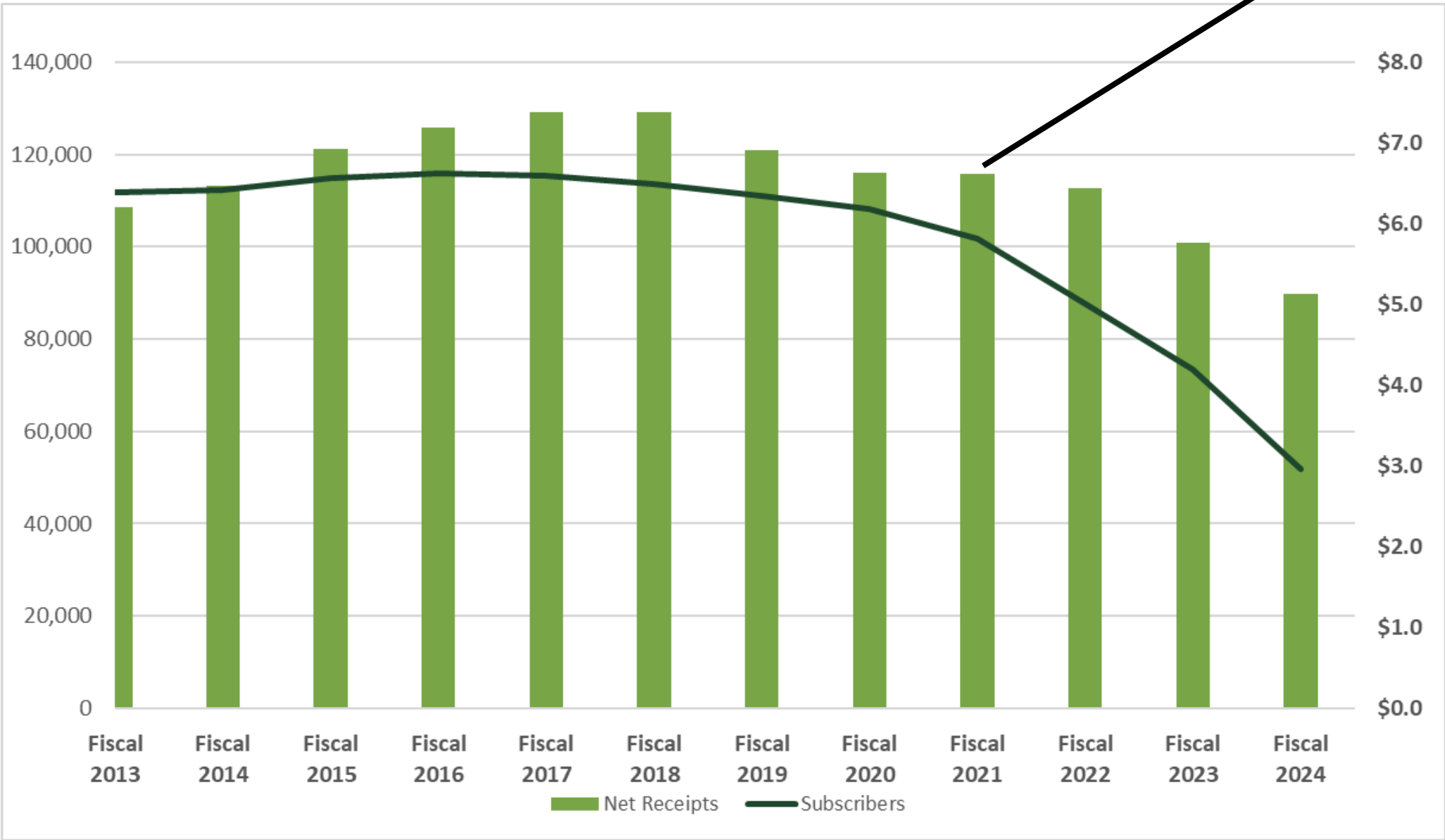
Deficit: -\$1,214,228

Trend Analysis: # of Subscribers Declining

- Yearend deficit within \$100k of 3rd Quarter projections.
- Total number of subscribers down 53.2% from 111,032 in Fiscal 2019 to 51,942 by the end of Fiscal 2024.
- Even though this trend was identified, the gross receipts subject to the franchise fee did not show alarming changes until Fiscal 2023 when experienced more than 10% decline.
- The Preliminary Fiscal 2024 Year-End indicates a deficit of \$1.2M.

Receipts held strong despite decline in subscribers initially.

Comcast Subscribers and Net Receipts
(In Millions)



RED-LIGHT CAMERA VIOLATIONS

Budget: \$12,196,000

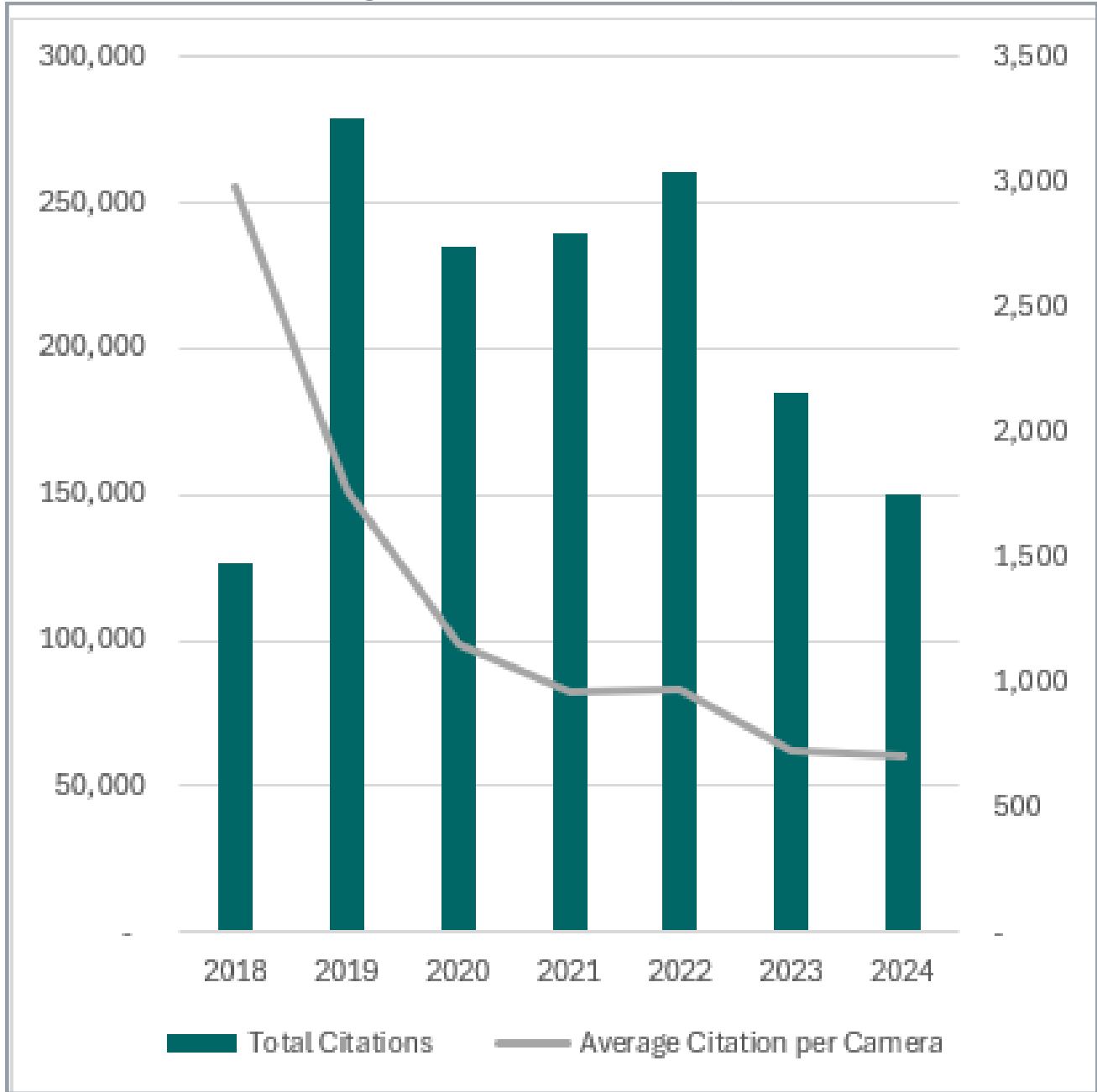
Preliminary Year-End: \$9,269,218

Deficit: -\$2,926,782

Trend Analysis: # of Citations Declining

- The Fiscal 2024 preliminary Year-End deficit results from the lower than anticipated level of issued citations, which was assumed to mirror Fiscal 2023 levels.
- Total number of Red-Light violations peaked in Fiscal 2019 at 278,507.
- During Fiscal 2024, the City issued 150,243 Red-Light violations, 34,301 or 18.6% less than Fiscal 2023. This responded to the reduced number of operating cameras that averaged 214 during this Fiscal year, 16.1% or 41 lower than during Fiscal 2023.
- Additionally, Fiscal 2024 experienced the lowest average number of issued citations per camera per year of 701, which was 22 or 3.0% lower than the 723 in Fiscal 2023.

Redlight Citations by Year



Brandon M. Scott
Mayor

Fiscal 2024

General Fund Expenditure Overview



Brandon M. Scott
Mayor

BM  RE BUDGET

Fiscal 2024: Expenditure Summary

Changes from 3rd Quarter

Overall expenditure deficit is \$32.1 million less than 3rd Quarter projections.

Debt Service

- Actual debt service payments came in lower than projected due to refunding against prior issuances and delayed debt service payments for surplus schools.

Grant Cleanup

- A portion of grant mischarges to the General Fund were corrected, reducing projected deficits in grant heavy agencies.

Agency Spending

- Agency spending during the 4th Quarter was lower than anticipated in 3rd Quarter projections.

FISCAL 2024
UNAUDITED YEAR-END

\$18.7M

DEFICIT



Brandon M. Scott
Mayor

Fiscal 2024 Vacancy Trends

FISCAL 2024

-10%

DECLINE IN OVERALL VACANCIES

Sworn

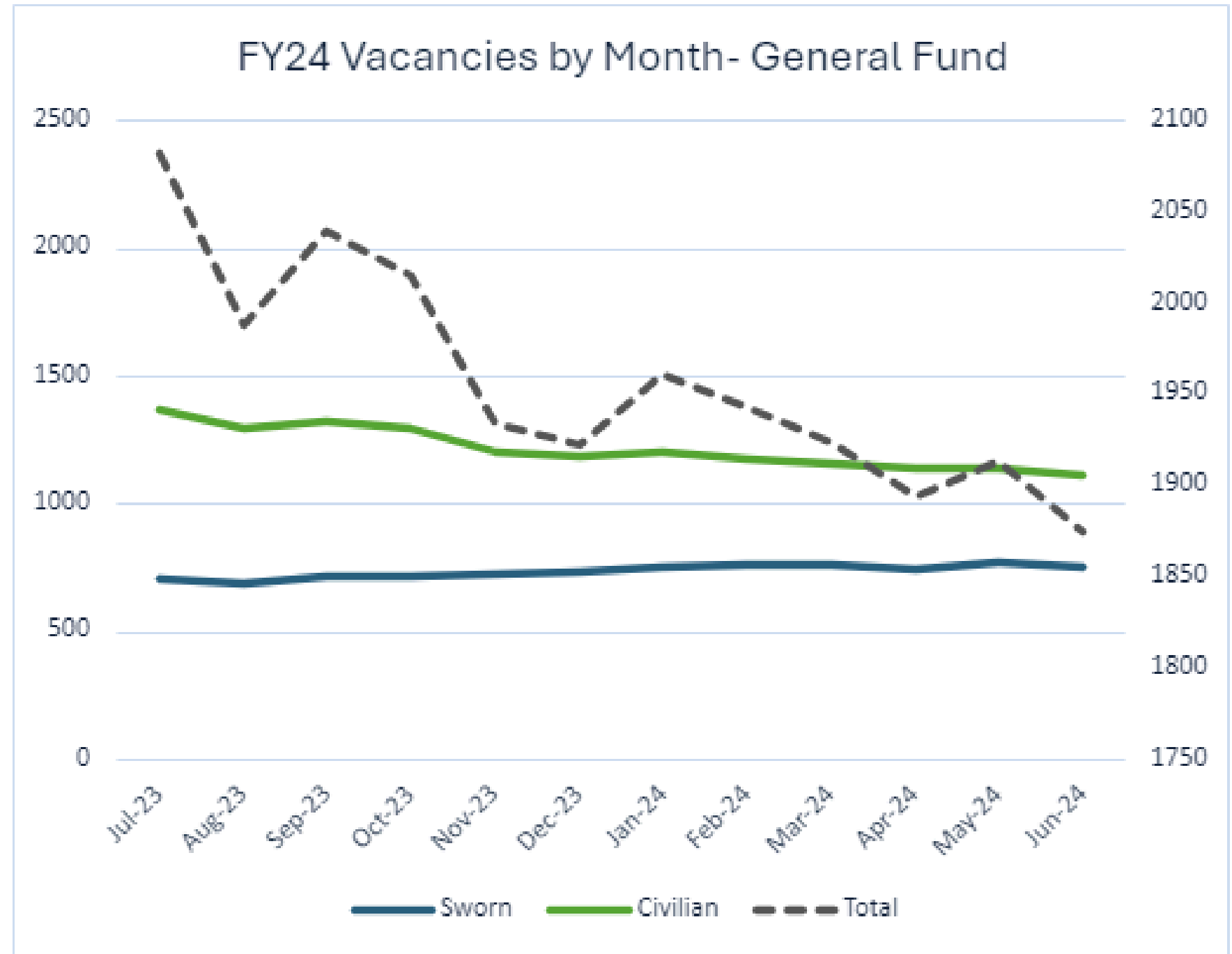
+7.3%

increase
in FY24

Civilian

-18.9%

decrease
in FY24



Agencies Ending the Year with Surplus

AGENCIES ENDING THE YEAR WITH SIGNIFICANT BUDGET SURPLUS

- These agencies ended Fiscal 2024 with a budget surplus greater than 10%
 - Yearend amounts based on preliminary unaudited figures
-
- City Council
 - Comptroller
 - Courts - Orphans' Court
 - General Services
 - Housing and Community Development
 - Human Resources
 - Legislative Reference
 - MR-Office of Children & Family Success
 - MR-Office of Small & Minority Business Advocacy & Dev
 - MR-Debt Service
 - MR-Office of Neighborhood Safety & Engagement
 - MR-Convention Complex
 - MR-Environmental Control Board
 - MR-Office of Employment Development
 - Office of Equity & Civil Rights
 - State's Attorney
 - Municipal Zoning & Appeals



Agencies Ending Year at Budget

AGENCIES ENDING THE YEAR AT BUDGET

- These agencies ended Fiscal 2024 with a budget surplus less than 10%
- Yearend amounts based on preliminary unaudited figures







- City Council Services
- Courts - Circuit Court
- Enoch Pratt Free Library
- Mayoralty
- MR-Cable & Communication
- Office of the Inspector General
- Planning

Agencies with Yearend Deficit

Agency	Projected Deficit (\$M)	Change from 3rd Q	Notes
Board of Elections	(1.4)	↑	<ul style="list-style-type: none"> • Yearend spending \$560k higher than projected at 3rd Quarter. • Deficit driven higher election staffing costs, expanding early voting, and unbudgeted purchasing activity.
Finance	(4.2)	↓	<ul style="list-style-type: none"> • Yearend spending \$3.8m lower than projected at 3rd Quarter. • Deficit driven by unbudgeted contractual support for Payroll and Finance Project Management & prior year purchasing activity.
Fire	(32.9)	→	<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Sworn overtime exceeding savings from vacant positions. • Utilizing unbudgeted EMS contract for BLS calls.
Health	(5.1)	→	<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Deficit driven by late vendor billing for COVID-19 costs and clinical services.
BCIT	(1.9)	↑	<ul style="list-style-type: none"> • Yearend deficit \$1.9m higher than 3rd Quarter projections • Deficit driven by contractual costs to implement and support various citywide software systems.



Agencies with Yearend Deficit

Agency	Projected Deficit (\$M)	Change from 3rd Q	Notes
Law	(1.5)		<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Deficit driven by staffing costs exceeding budgeted amount due to reclassifications.
Liquor License Board	(0.3)		<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Deficit driven by unbudgeted moving costs incurred during FY24.
M-R Art and Culture	(1.1)		<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Benefit costs for BMA & Walter's staff exceeded budgeted amount.
M-R Convention Center Hotel	(0.9)		<ul style="list-style-type: none"> • Yearend deficit consistent with 3rd Quarter projections. • Hotel tax obligation higher than initially forecast for Fiscal 2024.
M-R Office of Homeless Services	(2.6)		<ul style="list-style-type: none"> • Yearend spending \$3.5m lower than projected at 3rd Quarter. • Agency reallocated expenses to correct grants to reduce shortfall. Ongoing deficit driven by unbudgeted sheltering costs.
M-R Labor Commissioner	(1.9)		<ul style="list-style-type: none"> • Yearend deficit higher than 3rd Quarter projections. • Contracted legal services for labor contract negotiations.

Agencies with Yearend Deficit

Agency	Projected Deficit (\$M)	Change from 3rd Q	Notes
Police	(3.1)	↓	<ul style="list-style-type: none"> • Yearend spending \$8.2 million lower than 3rd Quarter projections. • Eligible overtime costs transferred to grants following 3rd Quarter. Final deficit driven by leave payout costs for positions.
Public Works	(5.6)	↑	<ul style="list-style-type: none"> • Yearend deficit \$1.3 million higher than 3rd Quarter projections. • Deficit driven by equipment costs & overtime.
Recreation and Parks	(3.7)	↓	<ul style="list-style-type: none"> • Yearend spending \$1.3 lower than 3rd Quarter projections. • Deficit reduced by reallocating costs to eligible grants. • Remaining deficit driven by overtime costs and contractual services for Urban Forestry.
Sheriff	(4.5)	↑	<ul style="list-style-type: none"> • Yearend deficit \$2.0m higher than 3rd Quarter projections. • Deficit driven by staff overtime costs & unbudgeted purchasing activity.
Transportation	(0.6)	↓	<ul style="list-style-type: none"> • Yearend spending \$3.3 million lower than 3rd Quarter projections. • Deficit driven by snow costs & lower than budgeted capital chargebacks.



Fiscal 2024

Closeout Legislative Actions



Brandon M. Scott
Mayor

BM  RE BUDGET

Supplemental Budget Actions

Supplemental	Fiscal Year	Total Amount	Action Description
A Deficit Agencies	Fiscal 2024	TBD	<ul style="list-style-type: none">• Agencies that went overbudget in Fiscal 2024 will require a retroactive supplemental to bring them into balance.• These supplementals will be funded through surplus Fiscal 2024 revenues.
B Fiscal 2025 Fund Balance	Fiscal 2025	\$53.8M	<ul style="list-style-type: none">• Funding for procurement activities that cross fiscal years and unfunded priority items identified after passage of the Fiscal 2025 budget.• All items one-time items; no recurring funding.• Funded through unrestricted General Fund balance.

Discussion and Questions

