



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 23, 2011 REPORT NO: 11-154

ATTENTION: City Council
Agenda of December 5 or 6, 2011

SUBJECT: Fiscal Year 2012 First Quarter Budget Monitoring Report

REFERENCE: None

REQUESTED ACTION:

Accept the report on Fiscal Year 2012 First Quarter Budget Monitoring.

STAFF RECOMMENDATION:

Accept the report.

SUMMARY:

The following report presents projections of year-end revenues and expenditures for the General Fund and other funds with budgeted staff. Projections were developed using actual (unaudited) data from July 2011 through September 2011, which provides three accounting periods of activity, and departmental information regarding expected spending trends and operations for the remainder of the year. This report includes discussion of year-end revenue and expenditure projections that vary from the Fiscal Year 2012 budget by \$500,000 or more.

Both General Fund revenues and General Fund expenditures are projected to be within 1 percent of budget at fiscal year end. General Fund revenues are projected to be \$6.1 million over budget while expenditures are projected to conclude the fiscal year \$6.9 million over budget. This results in a projected Fiscal Year 2012 shortfall of \$772,000. However, there are additional expenditures not included in these projections that could increase the shortfall. The cost of termination pay due to potential early retirements and increasing unleaded fuel costs could result in increased Fiscal Year 2012 expenditures of approximately \$5.0 million. Should these expenditures occur at this level, the Fiscal Year 2012 projected shortfall would increase from \$772,000 to \$5.8 million.

Fiscal Year 2011 ended the year with an estimated \$103.3 million (unaudited) reserve level. This equates to 9.5 percent of estimated (unaudited) Fiscal Year 2011 General Fund revenues. The projected Fiscal Year 2012 General Fund ending reserve level, including the potential \$5.0 million in potential additional expenditures, is \$101.1 million, or 8.9 percent of projected Fiscal

Year 2012 General Fund revenues. The General Fund reserve level target for the Fiscal Year 2012 Budget is 8.0 percent.

FISCAL CONSIDERATIONS:

None, this is an information only report.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

None

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

None

signature on file
Angela Colton
Financial Manager

signature on file
Mark Leonard
Financial Management Director

signature on file
Mary Lewis
Chief Financial Officer

Attachment: Fiscal Year 2012 First Quarter Budget Monitoring Report

Fiscal Year 2012 First Quarter Budget Monitoring Report



**City of San Diego
Financial Management Department
November 2011**

GENERAL FUND

Both General Fund revenues and General Fund expenditures are projected to be within 1 percent of budget at fiscal year end. General Fund revenues are projected to be \$6.1 million over budget while expenditures are projected to conclude the fiscal year \$6.9 million over budget. This results in a net year-end projection of \$2.6 million of expenditures in excess of revenues, which is a projected use of \$772,000 additional reserves than planned in the Fiscal Year 2012 Adopted Budget. Table 1: Summary of FY 2012 General Fund Projections summarizes this information.

Summary of FY 2012 General Fund Projections				
Table 1				
Revenue/Expenditures	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Projected Revenue				
Major General Fund Revenues	\$ 807,891,774	\$ 816,346,780	\$ 8,455,006	1.0%
Departmental Revenue	318,711,292	316,373,596	(2,337,696)	-0.7%
Subtotal	\$ 1,126,603,066	\$ 1,132,720,376	\$ 6,117,310	0.5%
Projected Expenditures				
Salaries	\$ 504,576,341	\$ 507,436,024	\$ 2,859,683	0.6%
Fringe and Non-Personnel	623,811,934	627,841,901	4,029,967	0.6%
Subtotal	\$ 1,128,388,274	\$ 1,135,277,925	\$ 6,889,651	0.6%
Net Year-End Projection	\$ (1,785,208)	\$ (2,557,549)	\$ (772,341)	

The overall General Fund revenue projection is within 1 percent of budget. Most variances within categories of revenues are also trending close to budget. Departmental revenues are projected to be \$2.3 million under budget, or less than 1 percent. The primary contributors to this variance are a decrease in parking citation revenue and a projected drop in reimbursements for services in the Public Works – Engineering and Capital Projects Department. Under budget departmental revenues are offset by \$8.5 million of expected increases in major General Fund revenues. Sales tax is projected to exceed budget by nearly \$6.0 million and property tax revenue is projected to be over budget by \$3.8 million.

Similarly, General Fund expenditures are expected to end the fiscal year within 1 percent of budget. As seen in Table 1 above, salaries and wages are projected to be \$2.9 million over budget, which is primarily in the Fire-Rescue Department. Fringe benefits are projected at \$2.5 million over budget due to changes in employee selections for the 6 percent pay reduction compared to assumptions made when the budget was developed, which have shifted expenses from salaries to fringe. Overall, General Fund operating departments are projected to be \$6.9 million over budget in expenditures.

While these projections are close to budget, there are additional expenditures not included in these projections because of insufficient information available at this time. The cost of termination pay is estimated to rise by \$3.3 million in the General Fund this fiscal year based on the number of employees in DROP that are anticipated to retire early due to the changes in Retiree Health. This is consistent with the FY 2013-2017 Five-Year Financial Outlook, which

assumed that a portion of termination pay expenses from Fiscal Years 2013, 2014 and 2015 would shift to Fiscal Year 2012 due to the changes in Retiree Health. However, the full impact of early retirements will not be known until later in the fiscal year. The Fleet Division of the Public Works – General Services Department reports that fuel prices are rising. The preliminary estimates for increased fuel costs are \$1.7 million to the General Fund. If the preliminary figures for these areas are correct, General Fund year-end expenditures would increase by \$5.0 million.

GENERAL FUND RESERVES

Fiscal Year 2011 ended the year with an estimated \$103.3 million (unaudited) fund balance. The projected General Fund reserve balance for the end of Fiscal Year 2012 is \$101.1 million, which accounts for:

- The budgeted use of \$1.8 million in reserves, of which \$1.6 million is for the Council Community Projects, Programs and Services allocations,
- An additional \$772,000 use of reserves for current year activity, primarily in public safety,
- The release of \$5.3 million in encumbrances carried forward from Fiscal Year 2011, and
- The preliminary estimate of \$5.0 million for unbudgeted expenses: termination pay for increased retirements and fuel costs.

These calculations are reflected below in Table 2: FY 2012 General Fund Reserve Estimates.

FY 2012 General Fund Reserve Estimates	
Table 2	
Description	Amount (in millions)
FY 2011 Ending Balance (unaudited estimate)	
Unallocated Reserve	\$ 48.3
Emergency Reserve	55.0
Subtotal	\$ 103.3
FY 2012 Projected Activity	
Projected Revenue	\$ 1,132.7
Projected Expenditures	(1,135.3)
Subtotal ¹	\$ (2.6)
FY 2012 Projected Ending Balance	
\$ 100.8	
Other FY 2012 Activity	
Release Prior-Year Encumbrances	\$ 5.3
Estimates of other Expenses	(5.0)
Subtotal	\$ 0.3
Revised FY 2012 Projected Ending Balance	
\$ 101.1	
FY 2012 Reserve Goal (8%)	
\$ 90.6	
Projected Variance	
10.2	

¹ The FY 2012 Adopted Budget assumed an impact of \$1.8M.

The projected \$101.1 million reserve balance reflects approximately 8.9 percent of Fiscal Year 2012 revenue. While a positive outcome is currently projected for the General Fund reserves this

fiscal year, the FY 2013-2017 Five-Year Financial Outlook projects a \$31.8 million deficit for Fiscal Year 2013. Further, the projections are very close to budget and any change in economic conditions, such as an increase in unemployment levels or property tax declines, could impact revenue projections.

GENERAL FUND REVENUES

The current General Fund revenue budget for Fiscal Year 2012 is \$1.1 billion. Revenues are projected to be over budget by \$6.1 million at year end, which is less than a percent variance from budget. Departmental revenues are projected to be under budget by \$2.3 million, or less than 1 percent. The most significant reduction in departmental revenue is from parking citations and reimbursements for services in the Public Works – Engineering and Capital Projects Department. Conversely, major General Fund revenues are projected to conclude the fiscal year \$8.5 million, or 1 percent, over budget primarily in sales and property tax revenues offset by the loss of motor vehicle license fee revenue that was eliminated in the State’s Fiscal Year 2012 Budget. The net impact is that total General Fund revenues are projected to be on target with budget at fiscal year end. The following sections discuss the variances between revenue projections and the current budget for both major and departmental revenues. Table 3: FY 2012 General Fund Revenue Projections by Category summarizes these revenue variances, which are also detailed in Attachment I: General Fund Projected Revenues.

FY 2012 General Fund Revenue Projections by Category				
Table 3				
Revenue Source	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Major General Fund Revenues	\$ 807,891,774	\$ 816,346,780	\$ 8,455,006	1.0%
Departmental Revenue	318,711,292	316,373,596	(2,337,696)	-0.7%
Total	\$1,126,603,066	\$1,132,720,376	\$ 6,117,310	0.5%

Major Revenues

The year-end projection for the General Fund major revenues is \$816.3 million, which is a 1 percent or \$8.5 million increase from the current budget, as reflected in Table 4: FY 2012 Major General Fund Revenue Projections. The projections for General Fund major revenues are based on the most recent economic information and revenue distributions to the City. Sales and property taxes are the primary contributors to the positive projections, with anticipated receipts of \$6.0 million and \$3.8 million, respectively, in excess of the current budget. Increases are also anticipated in transient occupancy tax, property transfer tax and other revenues while shortfalls are projected in franchise fees and motor vehicle license fees.

FY 2012 Major General Fund Revenue Projections

Table 4

Revenue Source	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Property Tax	\$ 380,908,544	\$ 384,686,705	\$ 3,778,161	1%
Sales Tax	211,589,835	217,596,602	6,006,767	3%
Transient Occupancy Tax ²	74,787,161	76,128,190	1,341,029	2%
Franchise Fees ¹	67,688,948	67,520,239	(168,709)	0%
Property Transfer Tax	5,147,851	5,616,446	468,595	9%
Motor Vehicle License Fees	3,264,364	-	(3,264,364)	-100%
Other Major Revenue	64,505,071	64,798,598	293,527	0%
Total	\$ 807,891,774	\$ 816,346,780	\$ 8,455,006	1%

¹ Total City FY 2012 current revenue budget for franchise fees is \$124.7 million and the projection is \$124.5 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

² Total City FY 2012 current revenue budget for transient occupancy tax is \$142.8 million and the projection is \$145.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

When the Fiscal Year 2012 Adopted Budget for major General Fund revenues was developed, it incorporated an improved economic outlook when compared to prior year budgets. However, subsequent to the adoption of the Fiscal Year 2012 Budget, positive indicators of growth have been somewhat tempered by a downturn in the U.S. and international equity markets, a drop in consumer confidence, and the continuing stagnant housing market. Although economic indicators in the short-term have shown some negatives when comparing local indicators from September 2010 to September 2011, as reflected in Table 5: Economic Indicators, there are positive signs the local economy is continuing to make progress towards recovery.

Economic Indicators

Table 5

Economic Indicator	September 2010	September 2011	% Change
Unemployment	10.7%	9.7%	-1.0%
Number of Unemployed	74,800	68,100	-9.0%
USD Index of Leading Econ. Indic.	110.0	116.1	5.5%
San Diego County Home Sales	3,058	3,065	0.2%
Foreclosures	1,253	1,031	-17.7%
Notices of Default	2,412	1,883	-21.9%

Source: California Employment Development Department, DataQuick Information Systems, USD Index of Leading Economic Indicators, San Diego County Assessor/Auditor/Recorder's Office

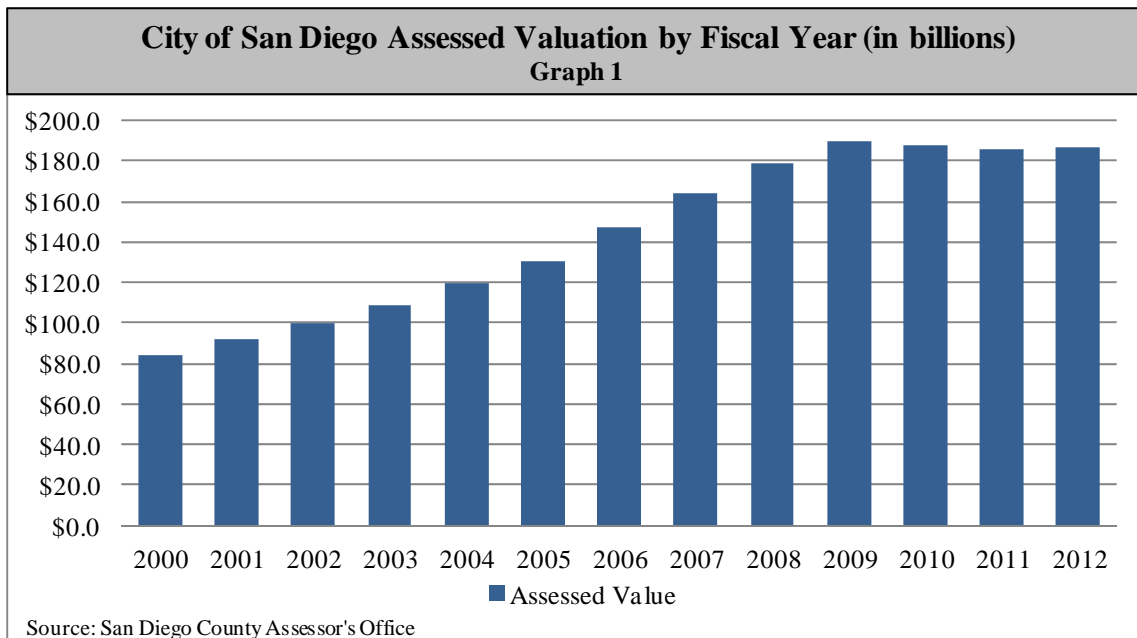
When compared to September 2010, the unemployment rate in the City of San Diego for September 2011 has dropped by 1 percent while the total number of unemployed has decreased by 9 percent. There have also been decreases in foreclosures and notices of default when comparing the same time periods. In addition to local employment and real estate indicators showing improvement, the University of San Diego's (USD) Index of Leading Economic Indicators also reflects a positive change. This index provides a broader picture of the local economy as it summarizes data across several areas, including building permits, unemployment, stock prices, consumer confidence, help wanted advertising and the national economy.

While the recent dip in equity markets has slightly dampened the economy, positive signs of economic recovery are still present, as evidenced by the table above and the improvement in retail sales and tourism over the past year. Actual revenue receipts are trending positively which has resulted in a year-end projection for the Major General Fund revenues that is \$8.5 million above the current budget.

Property Tax

The year-end projection for property tax revenue is \$384.7 million, which is a 1 percent or \$3.8 million increase from the current budget. This is due to a higher assessed valuation for the City of San Diego and an increase in the projected rate of collection for property taxes.

The assessed valuation information was released by the County Assessor’s Office in June 2011 after the preparation of the Fiscal Year 2012 Adopted Budget. This increase in assessed valuation during Fiscal Year 2012 is the first time the City has experienced positive assessed valuation since Fiscal Year 2009, which is an indicator that the local real estate market appears to have stabilized. Graph 1 below displays the City of San Diego’s Assessed Valuation for Fiscal Years 2000 through 2011.



The City is also projecting an increase of approximately 1 percent in the rate of collection for property taxes from the rate included in the Fiscal Year 2012 Adopted Budget. In Fiscal Year 2011, actual property tax revenue receipts exceeded forecasted levels due to an increase in the property tax collection rate for secured properties. Due to positive economic indicators in the residential real estate market, including declines in residential foreclosures and notices of default, it is anticipated that the rate of property tax collection for secured properties in Fiscal Year 2012 will be similar to the 98 percent collection rate experienced in Fiscal Year 2011.

While there are some signs of improvement, a lag time of approximately one year exists between the time assessed valuation is set by the County Assessor's Office and property tax revenue is received by the City. Fiscal Year 2012 property tax receipts reflect housing market activity from calendar year 2010. In Fiscal Year 2011, actual property tax refunds exceeded \$7.0 million due to the high volume of reassessment applications received by the San Diego County Assessor's Office. Approved reductions in assessed value result in refunds paid to the applicants, which negatively impacts the total projected revenue to be received by the City. Reassessment refunds as reported by the County Assessor will be monitored throughout the fiscal year to identify any potential impact these refunds may have on the Fiscal Year 2012 property tax revenue projection.

Property Transfer Tax

The year-end projection for property transfer tax is \$5.6 million, which is a 9 percent or \$469,000 increase from the current budget. This projection is based on actual receipts through the first quarter of Fiscal Year 2012 and the assumption the region will experience an improvement in the residential real estate market through continued declines in notices of default and foreclosures, leading to the stabilization of home sales and median prices.

Property transfer tax is levied on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, making property transfer tax revenues generally more volatile than the 1 percent property tax levy. Accordingly, appreciation or depreciation in property values and sales volume in the local real estate market affect property transfer tax revenues and changes in the market place are reflected in the revenue received on a monthly basis.

According to DataQuick Information Systems, the number of single family homes sold in San Diego County in September 2011 was 3,065, a 0.2 percent increase over the September 2010 home sales volume of 3,058. Notices of default and foreclosures have been declining from their record high levels during the recession. As of September 2011, there were 1,883 notices of default, a 22 percent decrease from September 2010 notices of default of 2,412. There were 1,031 foreclosures in September 2011, an 18 percent decrease from the September 2010 foreclosure count of 1,253. It is assumed that the declines in notices of default and foreclosures will continue through calendar year 2011 and into 2012, leading to an improvement in the market with the potential for home sales and median prices to stabilize.

Sales Tax

The projection for sales tax is \$217.6 million, which is a 3 percent or \$6.0 million increase from the current budget. The positive growth in taxable sales that the City experienced throughout Fiscal Year 2011 has continued into the first quarter of Fiscal Year 2012. Gains are reported in all economic sectors, as shown in Table 6: Quarterly Sales Tax Revenue. Gains in taxable sales in the first quarter of this fiscal year were mainly due to increases in service station sales and new automobile sales. The City's sales tax consultant, MuniServices, LLC (MuniServices), indicates that the growth in sales tax revenue may be attributed to consumers who kept their jobs throughout the recession and now feel confident spending money on replacement items and new products.

Quarterly Sales Tax Revenue (in millions)

Table 6

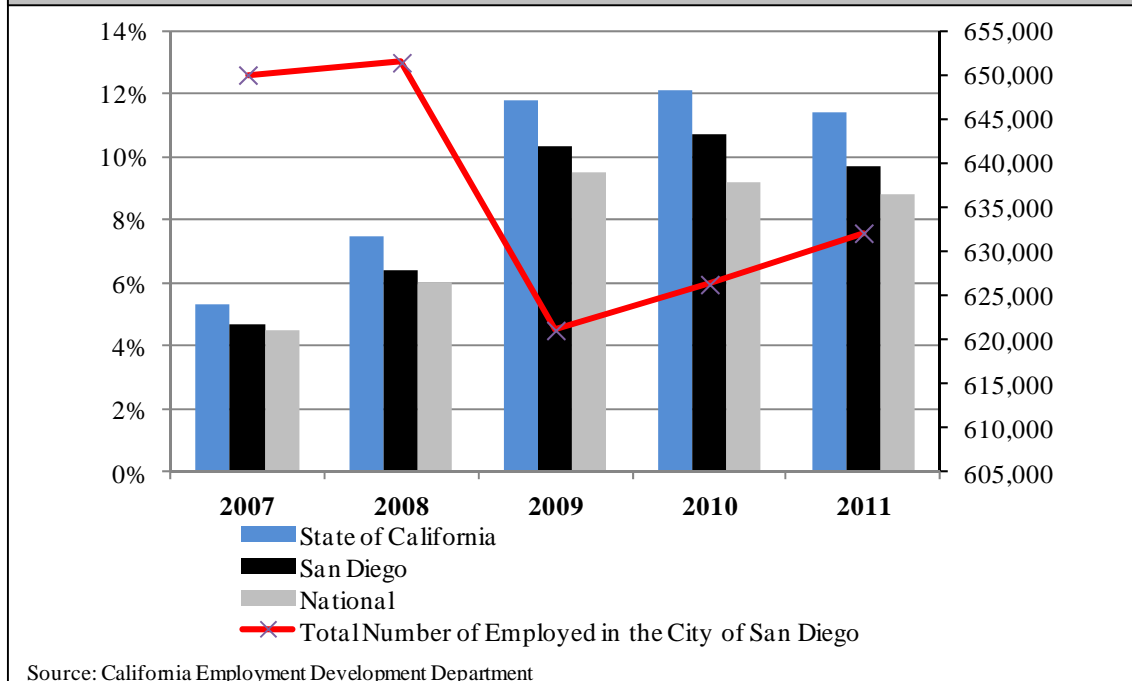
Economic Category	2nd Quarter CY 2010	2nd Quarter CY 2011	% Change
General Retail	\$ 13.7	\$ 14.6	7%
Food Products	10.2	10.6	4%
Transportation	8.8	10.3	17%
Business to Business	7.4	8.4	14%
Construction	3.3	3.6	11%

Source: MuniServices, LLC

According to the most recent (August 2011) forecast from the State Board of Equalization, State-wide taxable sales are forecasted to have an average growth of 8 percent in the remaining three quarters of Fiscal Year 2012. Consumer spending experienced an increase during the first quarter of this fiscal year; however, the City's projections for the remainder of the fiscal year reflect moderate growth of 4 percent. With unemployment rates for both San Diego and the State of California still above the national unemployment rate of just under 9 percent, as shown in Graph 2: Unemployment Rates, moderate projections in sales tax growth are being used for the remainder of the fiscal year. Looking ahead, holiday season taxable sales performance will provide further indication of economic growth and consumer confidence. High unemployment levels may have an adverse effect on consumer discretionary spending during the upcoming holiday shopping season. Any potential increase or decrease in local taxable sales performance will directly impact the sales tax revenue projection.

Unemployment Rates (as of September 2011)

Graph 2



Transient Occupancy Tax (TOT)

The total City TOT projection is \$145.3 million, of which \$76.1 million is in the General Fund. This is a 2 percent or \$1.3 million increase from the current General Fund budget. The positive trend in tourism growth that began in Fiscal Year 2010 is expected to continue through Fiscal Year 2012, as projected in the October 2011 Quarterly Travel Forecast from the San Diego Convention and Visitors Bureau. Overall, visitor growth in the San Diego region during calendar years 2011 and 2012 is projected at 3.1 percent and 2.5 percent, respectively, with overnight visitor growth of 3 percent and 1 percent during the same time frame. Growth in room demand is projected to be nearly 4 percent and 2 percent for calendar years 2011 and 2012, respectively. During the years of decline in tourism growth there had been very little expansion in room supply. As such, room demand growth is anticipated to increase the average daily rate of hotel rooms. The average daily rate is expected to reach \$126.3 for calendar year 2011, a 4 percent increase over calendar year 2010, and \$133.7 in calendar year 2012, an increase of 6 percent over calendar year 2011 projections. Table 7: San Diego County Visitor Industry provides statics used to develop the Transient Occupancy Tax projection.

San Diego County Visitor Industry				
Table 7				
	CY 2009	CY 2010	CY 2011	CY 2012¹
Visitors				
Total Visits (millions)	29.6	29.9	30.8	31.60
Overnight Visits (millions)	14.4	15.1	15.6	15.80
Hotel Sector				
Avg. Occupancy	62.8%	66.5%	68.7%	69.6%
Avg. Daily Rate	\$ 124.28	\$ 121.16	\$ 126.30	\$ 133.70
Rev PAR ¹	\$ 78.11	\$ 80.56	\$ 86.76	\$ 93.07
Room Demand (growth)	-5.8%	7.1%	3.6%	2.3%

Source: San Diego Convention and Visitors Bureau and Tourism Economics

¹ Forecast - Tourism Economics, October 2011

¹ Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

Franchise Fees

The projection for franchise fee revenue in the major General Fund revenue category is \$67.5 million, which is less than a 1 percent, or \$169,000, decrease from the current budget. Franchise fee revenue is generated from agreements with refuse haulers and private utility companies in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, AT&T and refuse haulers. The revenue received from the above agreements is based on a percentage of gross sales. The projected decrease in franchise fee revenue is the result of less than anticipated revenue from refuse collected by franchise refuse haulers based on the total projected refuse tonnage expected in Fiscal Year 2012.

Motor Vehicle License Fees

The Fiscal Year 2012 motor vehicle license fees (MVLFF) budget is \$3.3 million, which was based on the State of California MVLFF revenue estimates published in the Fiscal Year 2012 Proposed Governor's Budget. However, subsequent to finalizing the City of San Diego's Fiscal

Year 2012 Adopted Budget, Senate Bill 89 was passed as a part of the State of California's Fiscal Year 2012 Adopted Budget, which eliminated all MVLFF allocations to cities. This revenue will be redirected to the State's General Fund to support public safety grants. Although no MVLFF revenue is projected this fiscal year, a portion of the shortfall will be offset by an increase in COPS grant funding and support in the payment of jail booking fees.

Other Major Revenues

The combined projection for all other major General Fund revenue is \$64.8 million, which is a \$294,000, or less than a percent, increase from the current budget. Other revenues include general governmental services billing (GGSB), which is a reimbursement from other City funds that utilize General Fund services; the one-cent Transient Occupancy Tax (TOT) transfer into the General Fund; interest earnings attributable to the General Fund from the City investment pool; and refuse collector business tax. The projected over budget revenue is primarily the result of an anticipated increase in TOT revenues to be transferred to the General Fund from the Transient Occupancy Tax Fund.

Department Revenues

Combined departmental General Fund revenues are projected to be under budget by \$2.3 million. This is primarily due to less than anticipated parking citation revenue and reduced reimbursements for services projected in the Public Works - Engineering and Capital Projects Department. These are offset by increases in other areas such as tow fees, taxes and collections, and rents and concessions. Table 8: FY 2012 Significant General Fund Revenue Variances by Department displays departments with projected under or over budget revenues of \$500,000 or greater. These variances are discussed following the table.

FY 2012 Significant General Fund Revenue Variances by Department					
Table 8					
Department	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %	
Police	\$ 45,767,911	\$ 42,825,653	\$ (2,942,258)	-6%	
Public Works - Eng & Cap Projects	57,287,009	55,324,363	(1,962,646)	-3%	
Park and Recreation	30,141,660	31,235,971	1,094,311	4%	
City Treasurer	24,672,674	25,694,671	1,021,997	4%	
Real Estate Assets	39,702,791	40,334,721	631,930	2%	
Public Works - General Services	4,924,543	4,305,329	(619,214)	-13%	

Police

The Police Department expects to conclude the fiscal year with \$2.9 million, or 6 percent, of revenue under budget. This is partially due to enhanced tracking of parking citation revenue resulting in more accurate allocation of this revenue to the General Fund departments that issue the citations. While the Police Department is projected to receive \$4.3 million less parking citation revenue than budgeted, this is partially offset by a projected \$1.3 million additional parking citation revenue in the Transportation and Storm Water, City Treasurer and Park and Recreation Departments, resulting in a negative \$3.0 million impact to overall parking citation revenue in the General Fund. The decrease in parking citation revenue in the Police Department

is partially offset by projected over budget revenue of \$1.0 million from the Operation Stonegarden Grant, \$1.2 million in federal grants for various task forces, and \$1.1 million from the renegotiation of the tow contract. In contrast, the department is experiencing an overall decline in the number of permits and the fee revenue associated with those permits, such as reductions in alarm renewal permits likely due to the economy and massage permits due to a change in State requirements.

Public Works - Engineering and Capital Projects

The Public Works - Engineering and Capital Projects Department projects revenues to be under budget at fiscal year end by \$2.0 million, or 3 percent. The department is experiencing lower than anticipated reimbursements for services and is conducting a review to determine how to mitigate the shortfall.

Park and Recreation

The Park and Recreation Department projects revenues to exceed budget at year end by \$1.1 million, or 4 percent. This is primarily due to projected over budget transient occupancy tax revenue, therefore increasing the amount of funding available in the Transient Occupancy Tax Fund to reimburse the Park and Recreation Department for promotional activities by approximately \$911,000. The additional projected revenue is reimbursement of over budget costs for opening recreation centers outside of budgeted operating hours.

City Treasurer

The City Treasurer Department projects to end the fiscal year with \$1.0 million, or 4 percent, of revenue over budget due to a variety of improved collection practices. Rental Unit Business Tax billing is projected to receive \$444,000 of over budget revenue. Reducing the time before parking citations are sent to collections is projected to result in \$300,000 of additional revenue. In addition, the Franchise Tax Board is providing more leads to the City Treasurer Department for collection of past due business taxes and the Employee Count Verification Program has improved the accuracy of small business taxes.

Real Estate Assets

The Real Estate Assets Department expects to end the fiscal year with \$632,000, or 2 percent, of revenue over budget. The performance based lease revenues from Mission Bay rents and concessions are projected to be \$291,000 higher than anticipated, which is offset by an expenditure increase in Citywide Program Expenditures for the transfer of this revenue to the Mission Bay and Regional Park Improvements Funds. Unanticipated easement purchases from San Diego Gas and Electric (SDG&E) provided \$230,000 of over budget revenue. Additional revenue is expected from a back-payment due from the Wave House which is offset by a refund owed to the Torrey Pines Hotel for overpayment in prior years, resulting in net over budget revenue of \$195,000 in other rents and concessions. These increases are offset by approximately \$112,000 reduction in reimbursements for services to other City departments.

Public Works - General Services

The Public Works - General Services Department projects revenues to be under budget at fiscal year end by \$619,000, or 13 percent, due to vacant reimbursable positions. While salary savings

are expected from the vacant positions, they are offset by increases in non-reimbursable salary expenses, such as pay in-lieu of annual leave.

GENERAL FUND EXPENDITURES

The total Fiscal Year 2012 General Fund current expenditure budget is \$1.1 billion. Year-end projections show over budget expenditures of \$6.9 million, or less than 1 percent. Over budget expenditures are primarily anticipated in personnel, as displayed in Table 9: FY 2012 General Fund Expenditure Projections Summary. The following sections discuss the significant variances between expenditure projections and the current budget by categories of expenditures and by department, as detailed in Attachment II: General Fund Projected Expenditures.

FY 2012 General Fund Expenditure Projections Summary

Table 9

Expenditure Type	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Personnel	\$ 813,516,279	\$ 818,923,293	\$ 5,407,014	0.7%
Non-Personnel	314,871,996	316,354,632	1,482,636	0.5%
Net Year-End Projection	\$ 1,128,388,274	\$ 1,135,277,925	\$ 6,889,651	0.6%

Expenditures by Category

As mentioned above, \$5.4 million of the projected overage is in salaries and fringe, primarily in the Police, Fire-Rescue and Public Works – Engineering and Capital Projects Departments. Projected savings in transfers out for reduced booking fees offsets over budget projections in supplies and other areas, resulting in a non-personnel projection that is on target with budget. This data is displayed in Table 10: FY 2012 General Fund Expenditure Projections by Category. A detailed discussion of expenditure variances follows.

FY 2012 General Fund Expenditure Projections by Category

Table 10

Expenditure Category	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Salaries and Wages	\$ 504,576,341	\$ 507,436,024	\$ 2,859,683	1%
Fringe Benefits	308,939,938	311,487,269	2,547,331	1%
Contracts	174,522,415	174,284,512	(237,903)	0%
Transfers Out	51,843,997	49,693,993	(2,150,004)	-4%
Energy and Utilities	33,748,202	34,602,637	854,435	3%
Information Technology	23,227,591	23,347,630	120,039	1%
Supplies	17,872,193	19,929,459	2,057,266	12%
Other	6,125,247	6,181,240	55,993	1%
Debt	5,949,959	5,949,959	-	0%
Capital Expenditures	1,582,392	2,365,201	782,809	49%
Total	\$ 1,128,388,274	\$ 1,135,277,925	\$ 6,889,651	1%

Salaries and Wages

Salaries and wages are projected to exceed budget by \$2.9 million or 1 percent. Overall, departments are experiencing savings from vacancies but these savings are more than offset by increases in other types of wages, such as hourly, overtime, termination pay and pay in-lieu of taking annual leave. The primary types of expenditures contributing to the negative bottom-line variance are higher than anticipated payouts of termination pay and annual leave in-lieu of taking vacation. The Fire-Rescue Department is projecting to go over budget in salaries and wages by \$3.9 million, or 4 percent, primarily due to payouts of termination pay, annual leave in-lieu of taking vacation, and increased overtime. The Park and Recreation and Public Works - Engineering and Capital Projects Departments are also projecting over budget expenditures by \$532,000, or 2 percent, and \$332,000, or 1 percent, respectively. Both departments are experiencing similar over budget expenditure trends and payouts of termination pay and annual leave in-lieu of taking vacation. In addition, the Park and Recreation Department is also projecting over budget expenditures in hourly wages, most of which is reimbursable for staffing non-hours of operation at Park and Recreation facilities. Conversely, the Library, Police and Transportation and Storm Water Departments are projecting savings in salaries and wages of \$528,000, \$479,000 and \$281,000, respectively, primarily due to more than anticipated vacancies; however, most of the savings due to vacancies are offset by increased overtime and hourly wages.

Further, it is unknown how many employee separations will result from the recent changes to the Retiree Health Ordinance. Early projections estimate \$3.3 million in additional termination pay expenditures related to these retirements. These estimates are not included in the General Fund salary projections reflected throughout this report and will continued to be monitored as the fiscal year progresses.

Fringe Benefits

General Fund fringe benefits are projected to end the fiscal year \$2.5 million over budget, which is less than 1 percent over the \$308.9 million budget. The overage is primarily due to higher than anticipated expenditures towards the Supplemental Pension Savings Plan (SPSP) program benefit. The Fiscal Year 2012 Adopted Budget included certain assumptions for the employee selections of the 6 percent compensation reduction. Employee selections for Fiscal Year 2012 were received after the budget was finalized. More employees chose to retain the City's SPSP mandatory contribution than was assumed in the budget. As a result, SPSP expenditures are projected to be higher than budget, offset by savings in the salaries category due to employees choosing furlough or a salary reduction.

Other slight projected increases are attributed to certain fixed or obligated fringe benefits being reallocated among City funds and departments based upon actual and projected personnel activity. These fixed or obligated fringe benefits include SDCERS Annual Required Contribution (ARC), Retiree Healthcare Contribution (Pay-Go), Other Post-Employment Benefits (OPEB), Workers' Compensation, the Risk Management Administration, Long-Term Disability, and Unemployment Insurance. When the Fiscal Year 2012 Adopted Budget was developed, these expenses were distributed among City departments and funds based upon budgeted positions; however, actual expenditures to-date combined with year-end projections reflect differences in filled positions and other personnel costs from the budgeted amounts. The total City requirement

for these fixed or obligated fringe benefits is \$320.3 million. The General Fund is projected to incur \$244.8 million of these costs with the balance allocated to other City funds. Collection rates for fringe benefits are adjusted as necessary throughout the fiscal year to ensure these fringe benefits are fully collected by fiscal year end and allocated appropriately among City funds. Fringe benefits projections by account are displayed in Table 11: FY 2012 General Fund Fringe Benefits Projections.

FY 2012 General Fund Fringe Benefits Projections					
Table 11					
Fringe Benefits Account	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %	
Retirement ARC ¹	\$ 178,344,882	\$ 178,241,952	\$ (102,930)	0%	
Flexible Benefits	38,562,968	37,673,891	(889,077)	-2%	
Retiree Healthcare Contribution	24,660,803	24,821,999	161,196	1%	
Workers' Compensation	16,520,137	16,543,026	22,889	0%	
Other Post-Employment Benefits	14,450,420	14,515,011	64,591	0%	
Employee Offset Savings	9,087,351	8,938,303	(149,048)	-2%	
Supplemental Pension Savings Plan	8,969,067	11,334,465	2,365,398	26%	
Risk Management Administration	6,502,707	6,544,928	42,221	1%	
Medicare	5,467,181	6,115,779	648,598	12%	
Long-Term-Disability	2,495,203	2,520,406	25,203	1%	
Other Fringe Benefits	3,879,219	4,237,509	358,290	9%	
Total	\$ 308,939,938	\$ 311,487,269	\$ 2,547,331	1%	

¹ Total City FY 2011 projection for the Retirement ARC is \$231.2 million. The balance is projected in the non-general funds.

Transfers Out

The transfers out category is projected to conclude the fiscal year \$2.2 million, or 4 percent, under budget. Reduced expenditures in this category reflect the State's appropriation for booking fees and resulting reduction in the cost to the City. The impact is \$2.0 million less funding to be transferred to the Police Decentralization Fund for booking fee expenses.

Supplies

Supplies expenses are projected to end the fiscal year \$2.1 million, or 12 percent over budget. The largest projected over budget supply expense is \$990,000 in the Police Department primarily for the Police Officers Association (POA) negotiated uniform allowance, which is partly due to the reduction in the supplies budget and an increase in officers returning to duty. The Public Works – General Services Department is experiencing increased costs for supplies and materials amounting to a projected overage of \$737,000. The Fire-Rescue Department anticipates going over budget in supplies by \$477,000 to replace critical personal protective equipment.

Energy and Utilities

The energy and utilities category is projected to be \$854,000, or 3 percent, over budget at year end. The largest contributors to this projection are diesel fuel costs for fire trucks and engines and the delayed implementation of energy saving street lights.

Capital Expenditures

Capital expenditures are projected to exceed budget by \$783,000 or 49 percent. Both the Park and Recreation and Fire-Rescue Department are projecting over budget equipment purchases, which are offset by savings in the contracts category within these departments.

Other Expenditure Categories

General Fund projections reflect spending in the areas of contracts, information technology, debt and other to be at or slightly below the current budget.

Department Expenditures

Table 12: FY 2012 Significant General Fund Expenditure Variances by Department displays the departments with projected over or under budget expenditure variances of \$500,000 or greater. These variances are discussed following the table.

FY 2012 Significant General Fund Expenditure Variances by Department					
Table 12					
Department	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %	
Fire-Rescue	\$ 197,853,201	\$ 201,315,293	\$ 3,462,092	2%	
Police	393,821,101	396,008,375	2,187,274	1%	
Public Works - Eng & Cap Projects	59,870,378	61,664,401	1,794,023	3%	
Library	37,202,217	36,353,574	(848,643)	-2%	
Public Works - General Services	14,632,853	15,312,987	680,134	5%	
Park and Recreation	84,774,874	85,330,572	555,698	1%	
Council Administration	1,719,451	2,230,511	511,060	30%	

Fire-Rescue

The Fire-Rescue Department is projected to be \$3.5 million, or 2 percent, over budget at year end. This is primarily due to \$3.9 million in over budget salaries from payouts of annual leave for terminated/retired employees and filling of positions that were not funded in the budget. These overages in salaries are offset by approximately \$2.7 million in projected fringe savings due to using overtime, rather than full-time positions, to meet constant staffing needs. The department also projects \$984,000 in over budget diesel fuel costs for fire trucks and engines, \$477,000 for protective equipment for the firefighters, and \$490,000 for replacement of critical equipment. In contrast, the department is projecting to spend \$964,000 less for helicopter repairs.

Police

The Police Department projects to end the fiscal year with expenditures over budget by \$2.2 million, or 1 percent. This is primarily due to over budget fringe resulting from reallocating the fixed fringe expenses among City departments and funds. In addition, approximately \$990,000 of over budget expense is projected in supplies. This is primarily for the Police Officers Association (POA) negotiated uniform allowance, which is partly due to the reduction in the supplies budget and an increase in officers returning to duty from military, medical and maternity leaves. The overhaul of the remaining two helicopters, estimated at \$900,000, will be paid by the General Fund as there are insufficient monies remaining in the Seized Assets Funds.

In addition, the animal services contract with the County of San Diego is \$330,000 higher than anticipated. These projected overages are offset by \$479,000 of projected salary savings due to vacancies and \$2.0 million less being transferred to the Police Decentralization Fund due to the State's discount on booking fees.

Public Works - Engineering and Capital Projects

The Public Works - Engineering and Capital Projects Department projects to end the fiscal year with expenditures \$1.8 million, or 3 percent, over budget. This is primarily due to over budget fringe resulting from reallocating the fixed fringe expenses among City departments and funds. A portion of the overage, approximately \$330,000, is due to overtime and pay in-lieu of annual leave.

Library

The Library Department is projected to end the year 2 percent, or \$849,000, under budget due to vacant positions. As of period 3, there were 43 vacant positions. While the department is actively working to fill those positions, overtime and hourly staffing are used to continue services, reducing the amount of savings realized from the vacancies.

Public Works - General Services

The Public Works - General Services Department projects to end the fiscal year with \$680,000, or 5 percent, of expenditures over budget. This is primarily related to material purchases. Over budget expenditures of \$300,000 are projected for procurement of materials to repair City facilities. In addition, a reduction of \$255,000 was included in the Fiscal Year 2012 Budget due to anticipated savings from the Maintenance, Repair and Operation cooperative purchasing agreements but the cost of materials is higher than expected and those budgeted savings will not be realized. The department is also projecting approximately \$235,000 in over budget salaries and fringe, which is offset by \$226,000 of projected savings in energy.

Park and Recreation

The Park and Recreation Department is projected to end the fiscal year with \$556,000, or 1 percent, of expenditures over budget primarily in salaries and fringe. Hourly staffing will exceed budget by approximately \$460,000 due to requests for opening recreation centers outside of budgeted operating hours. These additional hours of operation are reimbursed. In addition, overtime is trending similar to prior years; however, the overtime budget was reduced resulting in an over budget projection of \$139,000. These projected overages in salaries and the associated fringe are offset by approximately \$578,000 in projected savings in energy due to conservation efforts.

Council Administration

The projection for Council Administration includes \$500,000, which is the estimated expense to begin the reconfiguration of the 11th floor of the City Administration Building to accommodate offices for the 9th Council District. As a result, the Council Administration Department is projected to be \$511,000, or 30 percent, over budget at year end.

NON-GENERAL FUNDS

Projections based on the first nine accounting periods of Fiscal Year 2012 are provided in Attachment III: Non-General Fund Projections for all non-general funds with staff. This information addresses operating expenditures only. Capital Improvements Program expenditures are not included in the current budget or projections provided in this report. Those funds with significant budgetary variances in revenues or expenditures of \$500,000 or more are displayed in Table 13: FY 2012 Significant Non-General Fund Variances and are discussed below.

FY 2012 Significant Non-General Fund Variances

Table 13

Fund	Revenue/Expenditure	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Central Stores	Rev	\$ 24,052,960	\$ 9,440,610	\$ (14,612,350)	-61%
	Exp	24,052,960	9,451,094	(14,601,866)	-61%
Development Services	Rev	46,553,370	54,491,530	7,938,160	17%
Fire/EMS Transportation Prog	Rev	7,870,926	11,765,099	3,894,173	49%
	Exp	11,215,596	15,414,017	4,198,421	37%
Fleet Services Operating	Exp	51,258,674	53,115,589	1,856,915	4%
Publishing Services	Rev	5,158,804	4,192,173	(966,631)	-19%
	Exp	5,158,804	4,220,285	(938,519)	-18%
Recycling	Rev	19,320,794	20,705,324	1,384,530	7%
Refuse Disposal	Rev	29,707,888	27,964,960	(1,742,928)	-6%
	Exp	34,562,075	30,065,334	(4,496,741)	-13%
Sewer Utility	Rev	473,166,000	466,857,002	(6,308,998)	-1%
	Exp	328,433,235	318,985,781	(9,447,454)	-3%
Transient Occupancy Tax	Rev	68,138,329	69,359,011	1,220,682	2%
	Exp	68,138,329	69,359,011	1,220,682	2%
Water Utility Operating	Rev	508,905,000	564,071,992	55,166,992	11%
	Exp	451,642,397	425,592,381	(26,050,016)	-6%

Central Stores Fund

The Central Stores Fund is projected to end the fiscal year with both revenues and expenditures under budget by \$14.6 million or 61 percent. Of this, \$14.3 million is due to discontinuation of the Citywide open purchase order program. Each City department will now establish their own purchase orders, thus reducing the expense in the Central Stores Fund and revenue reimbursement from other City departments. This change in practice has no impact on other City departments as the expense previously occurred in both the departments, to reimburse Central Stores, and in the Central Stores Fund with the offsetting revenue from departments. In addition, salary and fringe savings are projected in the Central Stores Fund from three vacant positions that will not be filled this fiscal year. The fund projects to end the year with \$10,000 of expenditures in excess of revenues.

Development Services Fund

Revenues in the Development Services Fund are projected to be \$7.9 million, or 17 percent, over budget due to an increase in land development and building activity combined with permit fee payments coming due for construction projects that began after the permit fee increase in December 2009. The fund projects to end the fiscal year with \$12.8 million of revenue above expenditures.

Fire/Emergency Medical Services Transportation Program Fund

The Fire/Emergency Medical Services (EMS) Transportation Program Fund's revenue projection is over budget by \$3.9 million, or 49 percent, as a result of the new contract with San Diego Medical Services (SDMSE). Expenditures are also projected to end the year over budget by \$4.2 million, or 37 percent, due to a transfer of \$4.0 million to the General Fund Fire-Rescue Department. The new SDMSE agreement established a new average patient charge and an annual operating fee to be paid by Rural/Metro to the City. A portion of this operating fee will be transferred to the General Fund to offset the revenue from the discontinued First Responder fee. The fund projects to end the fiscal year with \$3.6 million of expenditures in excess of revenues.

Fleet Services Operating Fund

The Fleet Services Operating Fund projects expenditures to be over budget by \$1.9 million, or 4 percent, at fiscal year end. During the first three months of this fiscal year, the Fleet Division of the Public Works – General Services Department has seen a significant rise in the cost of gasoline and diesel fuel compared to the same time last year. If this trend continues, the fund will realize a shortfall of \$2.3 million in gasoline and fuel costs. With this factored in, the fund projects to end the year with \$810,000 of expenditures in excess of revenue. In order to recoup their costs, these expenses will need to be passed on to other City departments.

Publishing Services Fund

The Publishing Services Fund's revenue is projected to be \$967,000, or 19 percent under budget. Similarly, expenditures are projected to be \$939,000, or 18 percent, under budget. The projected reduction in expenses, and associated reduction in revenue reimbursements from other City departments, is primarily due to the new convenience and production copier contract that was approved by Council earlier this month. The fund projects to end the fiscal year with \$28,000 of expenditures in excess of revenues.

Recycling Fund

The Recycling Fund projects revenues to end the fiscal year \$1.4 million, or 7 percent, over budget. A variety of factors contribute to the additional revenue projected including \$697,000 from increases in the market price of sold commodities from the curbside recycling program, \$613,000 anticipated from unclaimed customer deposits associated with the Construction and Debris Diversion Ordinance, plus additional funding from the County of San Diego to support recycling programs. The fund projects to end the fiscal year with \$19,000 of revenues in excess of expenditures.

Refuse Disposal Fund

The Refuse Disposal Fund projects to end the fiscal year with \$1.7 million, or 6 percent, of revenue under budget and \$4.5 million, or 13 percent, of expenditures under budget. These

variances are primarily due to a decline in tonnage deposited in the City landfill. This results in reduced tipping fees revenue of approximately \$1.3 million and a reduced expense of approximately \$3.5 million in payment of regulatory fees to CalRecycle, the Local Enforcement Agency and the County of San Diego. In addition to the expenditure savings from reduced regulatory fees, the fund also projects savings in salaries due to vacancies that will be filled later this fiscal year, less fuel consumption from reduced vehicle usage at the landfill and in field operations, and reductions in purchases of machine parts and office supplies. Year-end expenditures in this fund are projected to exceed revenues by approximately \$2.1 million.

Sewer Utility Funds

The Sewer Utility Funds are projecting revenues to be under budget by \$6.3 million, or 1 percent. Of this, \$4.4 million is due to rebates to residential sewer customers to satisfy the Shames litigation settlement. Lower than anticipated State Revolving Fund Loan proceeds for the Point Loma Grit Processing project account for \$2.9 million of the projected revenue shortfall. These reduced revenues are partially offset by an additional \$1.0 million from capacity fees from large scale development projects. The Sewer Utility Funds are also projecting expenditures to be under budget by \$9.4 million, or 3 percent, at fiscal year end. The largest component is \$4.9 million of budgeted appropriated reserve and CIP contingencies that are not projected to be spent this fiscal year. Additional savings are anticipated in personnel, electricity and contracts. Year-end revenues are expected to exceed operating expenditures by approximately \$147.9 million. This revenue combined with fund balance supports the Sewer Utility Capital Improvements Program.

Transient Occupancy Tax Fund

Both revenues and expenditures in the Transient Occupancy Tax Fund are projected to exceed budget by 2 percent, or \$1.2 million. The total City transient occupancy tax (TOT) projection is \$145.3 million, of which \$69.2 million is in the Transient Occupancy Tax Fund. As discussed in the General Fund Revenues section earlier in this report, the positive trend in tourism growth that began in Fiscal Year 2010 is expected to continue through Fiscal Year 2012. The majority of this additional revenue will be used to reimburse the Park and Recreation Department for promotional activities supported by the General Fund, a portion will be transferred to the General Fund as part of the 1-cent of discretionary TOT funding, and the remainder will be used to offset over budget expenditures within the Transient Occupancy Tax Fund.

Water Utility Operating Fund

The Water Utility Operating Fund projects year-end revenues to be over budget by \$55.2 million, or 11 percent. State Revolving Fund loan proceeds and State grants account for \$49.0 million of the additional projected revenue. The fund also projects \$4.4 million in increased revenues for reclaimed water sales and capacity fees, plus another \$1.5 million in revenue from other agencies. In contrast, expenditures are projected to be \$26.1 million, or 6 percent, under budget at fiscal year end. The budgeted appropriated reserve and CIP contingencies account for \$8.7 million of the under budget projection and another \$10 million in the contracts budget category is not anticipated to be needed this fiscal year. Additional savings are anticipated in personnel, electricity, contracts and water purchases. Year-end revenues are expected to exceed operating expenditures by approximately \$138.5 million. This revenue combined with fund balance supports the Water Utility Capital Improvements Program.

CONCLUSION

Both General Fund revenues and General Fund expenditures are projected to be within 1 percent of budget at fiscal year end. General Fund revenues are projected to be \$6.1 million over budget while expenditures are projected to conclude the fiscal year \$6.9 million over budget. This results in a projected Fiscal Year 2012 shortfall of \$772,000. However, there are additional expenditures not included in these projections that could increase the shortfall. The cost of termination pay due to potential early retirements and increasing unleaded fuel costs could result in increased Fiscal Year 2012 expenditures of approximately \$5.0 million. Should these expenditures occur at this level, the Fiscal Year 2012 projected shortfall would increase from \$772,000 to \$5.8 million.

Fiscal Year 2011 ended the year with an estimated \$103.3 million (unaudited) reserve level. This equates to 9.5 percent of estimated (unaudited) Fiscal Year 2011 General Fund revenues. The projected Fiscal Year 2012 General Fund ending reserve level, including the potential \$5.0 million in potential additional expenditures, is \$101.1 million, or 8.9 percent of projected Fiscal Year 2012 General Fund revenues. The General Fund reserve level target for the Fiscal Year 2012 Budget is 8.0 percent.

ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
General Fund Projected Revenues					
Major General Fund Revenues					
Charges for Current Services	\$ 22,709,930	\$ 22,709,930	\$ 22,709,930	\$ -	0%
Franchise Fees ¹	67,688,948	67,688,948	67,520,239	(168,709)	0%
Interest and Dividends	1,888,098	1,888,098	1,888,098	-	0%
Motor Vehicle License Fees	3,264,364	3,264,364	-	(3,264,364)	-100%
Other Revenue	346,400	346,400	346,400	-	0%
Property Tax	380,908,544	380,908,544	384,686,705	3,778,161	1%
Property Transfer Tax	5,147,851	5,147,851	5,616,446	468,595	9%
Refuse Collector Business Tax	650,000	650,000	650,000	-	0%
Revenue from Money and Property	523,973	523,973	523,973	-	0%
Sales Tax	211,589,835	211,589,835	217,596,602	6,006,767	3%
Transfers In	38,386,670	38,386,670	38,680,197	293,527	1%
Transient Occupancy Tax ²	74,787,161	74,787,161	76,128,190	1,341,029	2%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 807,891,774</u>	<u>\$ 807,891,774</u>	<u>\$ 816,346,780</u>	<u>\$ 8,455,006</u>	<u>1%</u>
Administration	420,465	420,465	628,279	207,814	49%
Business Office	-	-	-	-	0%
City Attorney	5,607,163	5,607,163	5,529,814	(77,349)	-1%
City Auditor	222,323	222,323	222,323	-	0%
City Clerk	18,352	18,352	18,352	-	0%
City Comptroller	2,541,760	2,541,760	2,442,870	(98,890)	-4%
City Treasurer	24,672,674	24,672,674	25,694,671	1,021,997	4%
Citywide Program Expenditures	-	-	-	-	0%
Council Administration	-	-	-	-	0%
Council District 1	-	-	-	-	0%
Council District 1 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 2	-	-	-	-	0%
Council District 2 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 3	-	-	-	-	0%
Council District 3 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 4	-	-	-	-	0%
Council District 4 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 5	-	-	-	-	0%
Council District 5 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 6	-	-	-	-	0%
Council District 6 - Community Projects, Programs and Services	-	-	-	-	0%
Council District 7	-	-	-	-	0%

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Council District 7 - Community Projects, Programs and Services	\$ -	\$ -	\$ -	\$ -	0%
Council District 8	-	-	-	-	0%
Council District 8 - Community Projects, Programs and Services	-	-	-	-	0%
Debt Management	889,645	889,645	781,055	(108,590)	-12%
Department of Information Technology	-	-	-	-	0%
Development Services	1,875,313	1,875,313	2,127,406	252,093	13%
Disability Services	-	-	17,736	17,736	100%
Economic Development	3,142,715	3,142,715	3,121,600	(21,115)	-1%
Environmental Services	1,157,903	1,157,903	1,236,659	78,756	7%
Ethics Commission	-	-	7,200	7,200	100%
Financial Management	67,180	67,180	6,841	(60,339)	-90%
Fire-Rescue	29,282,954	29,282,954	29,346,963	64,009	0%
Human Resources	-	-	-	-	0%
Library	1,212,707	1,212,707	1,143,127	(69,580)	-6%
Office of Homeland Security	1,087,593	1,087,593	1,031,685	(55,908)	-5%
Office of the Assistant Chief Operating Officer	-	-	-	-	0%
Office of the Chief Financial Officer	800,000	800,000	583,455	(216,545)	-27%
Office of the Chief Operating Officer	-	-	-	-	0%
Office of the Independent Budget Analyst	-	-	-	-	0%
Office of the Mayor	1,355,700	1,355,700	1,355,700	-	0%
Park and Recreation	30,141,660	30,141,660	31,235,971	1,094,311	4%
Personnel	6,000	6,000	5,488	(512)	-9%
Police	45,767,911	45,767,911	42,825,653	(2,942,258)	-6%
Public Utilities - Reservoir Recreation	1,100,000	1,100,000	1,100,000	-	0%
Public Works - Engineering and Capital Projects	57,287,009	57,287,009	55,324,363	(1,962,646)	-3%
Public Works - General Services	4,924,543	4,924,543	4,305,329	(619,214)	-13%
Purchasing and Contracting	893,550	893,550	970,983	77,433	9%
Real Estate Assets	39,702,791	39,702,791	40,334,721	631,930	2%
Transportation and Storm Water	64,533,381	64,533,381	64,975,352	441,971	1%
Total General Fund Revenues	\$ 1,126,603,066	\$ 1,126,603,066	\$ 1,132,720,376	\$ 6,117,310	1%

The current budget presented in this table is as of September 2011 (accounting period 3) unless otherwise noted.

¹ Total City FY 2012 current revenue budget for franchise fees is \$124.7 million and the projection is \$124.5 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

² Total City FY 2012 current revenue budget for transient occupancy tax is \$142.8 million and the projection is \$145.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Administration	\$ 2,395,873	\$ 2,395,873	\$ 2,213,107	\$ (182,766)	-8%
Business Office	1,012,879	1,012,879	961,963	(50,916)	-5%
City Attorney	42,032,583	42,032,583	42,359,637	327,054	1%
City Auditor	3,553,524	3,553,524	3,475,619	(77,905)	-2%
City Clerk	4,777,051	4,777,051	4,825,487	48,436	1%
City Comptroller	10,068,224	10,068,224	10,135,952	67,728	1%
City Treasurer	18,910,764	18,910,764	19,006,216	95,452	1%
Citywide Program Expenditures					
Assessments to Public Property	463,235	463,235	463,235	-	0%
Business Cooperation Program	350,000	350,000	350,000	-	0%
Citywide Elections	2,875,000	2,875,000	3,237,183	362,183	13%
Corporate Master Leases Rent	9,550,342	9,550,342	9,550,342	-	0%
Employee Personal Property Claims	5,000	5,000	-	(5,000)	-100%
Insurance	1,197,107	1,197,107	1,166,960	(30,147)	-3%
McGuigan Settlement	7,970,716	7,970,716	7,970,716	-	0%
Memberships	630,000	630,000	630,000	-	0%
Park Improvement Funds Transfer	2,281,433	2,281,433	2,572,227	290,794	13%
Preservation of Benefits	1,600,000	1,600,000	1,600,000	-	0%
Property Tax Administration	5,102,711	5,102,711	5,102,711	-	0%
Public Liability Claims Transfer	14,506,208	14,506,208	14,506,208	-	0%
Redistricting Commission	313,500	313,500	150,981	(162,519)	-52%
Special Consulting Services	4,200,000	4,200,000	4,538,179	338,179	8%
TRANS Interest Expense Transfer	1,444,151	1,444,151	999,930	(444,221)	-31%
Transportation Subsidy	459,179	459,179	459,179	-	0%
<i>Subtotal Citywide Program Expenditures</i>	<u>\$ 52,948,582</u>	<u>\$ 52,948,582</u>	<u>\$ 53,297,851</u>	<u>\$ 349,269</u>	<u>1%</u>
Council Administration	1,719,451	1,719,451	2,230,511	511,060	30%
Council District 1	1,021,617	1,021,617	896,623	(124,994)	-12%
Council District 1 - Community Projects, Programs and Services	218,032	215,632	215,632	-	0%
Council District 2	994,401	994,401	761,384	(233,017)	-23%
Council District 2 - Community Projects, Programs and Services	192,688	192,688	192,688	-	0%
Council District 3	1,110,608	1,110,608	939,318	(171,290)	-15%
Council District 3 - Community Projects, Programs and Services	182,778	170,684	170,684	-	0%
Council District 4	1,086,541	1,086,541	749,691	(336,850)	-31%
Council District 4 - Community Projects, Programs and Services	162,167	158,155	158,155	-	0%
Council District 5	1,026,526	1,026,526	765,865	(260,661)	-25%
Council District 5 - Community Projects, Programs and Services	222,249	222,249	222,249	-	0%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Council District 6	\$ 1,068,402	\$ 1,068,402	\$ 929,100	\$ (139,302)	-13%
Council District 6 - Community Projects, Programs and Services	153,764	153,764	153,764	-	0%
Council District 7	1,093,564	1,093,564	973,240	(120,324)	-11%
Council District 7 - Community Projects, Programs and Services	175,023	175,023	175,023	-	0%
Council District 8	1,102,939	1,102,939	860,352	(242,587)	-22%
Council District 8 - Community Projects, Programs and Services	305,617	305,617	305,617	-	0%
Debt Management	2,372,729	2,372,729	2,334,863	(37,866)	-2%
Department of Information Technology	190,453	190,453	190,326	(127)	0%
Development Services	15,027,049	15,027,049	14,973,490	(53,559)	0%
Disability Services	2,026,004	2,026,004	2,000,502	(25,502)	-1%
Economic Development	4,731,584	4,731,584	4,624,828	(106,756)	-2%
Environmental Services	33,333,848	33,334,798	33,491,205	156,407	0%
Ethics Commission	914,970	914,970	954,574	39,604	4%
Financial Management	4,158,297	4,158,297	4,251,784	93,487	2%
Fire-Rescue	197,853,201	197,853,201	201,315,293	3,462,092	2%
Human Resources	1,919,653	1,919,653	1,915,884	(3,769)	0%
Library	37,202,217	37,202,217	36,353,574	(848,643)	-2%
Office of Homeland Security	1,815,520	1,815,520	1,600,953	(214,567)	-12%
Office of the Assistant Chief Operating Officer	311,204	311,204	314,163	2,959	1%
Office of the Chief Financial Officer	884,899	884,899	856,518	(28,381)	-3%
Office of the Chief Operating Officer	539,994	539,994	544,018	4,024	1%
Office of the Independent Budget Analyst	1,684,697	1,684,697	1,609,733	(74,964)	-4%
Office of the Mayor	5,819,761	5,819,761	5,799,633	(20,128)	0%
Park and Recreation	84,757,317	84,774,874	85,330,572	555,698	1%
Personnel	6,446,245	6,446,245	6,402,752	(43,493)	-1%
Police	393,821,101	393,821,101	396,008,375	2,187,274	1%
Public Utilities - Reservoir Recreation	1,740,160	1,740,160	1,740,160	-	0%
Public Works - Engineering and Capital Projects	59,870,378	59,870,378	61,664,401	1,794,023	3%
Public Works - General Services	14,632,853	14,632,853	15,312,987	680,134	5%
Purchasing and Contracting	5,018,108	5,018,108	5,128,976	110,868	2%
Real Estate Assets	4,266,067	4,266,067	4,227,494	(38,573)	-1%
Transportation and Storm Water	99,514,118	99,514,118	99,355,139	(158,979)	0%
Total General Fund Expenditures	\$ 1,128,388,274	\$ 1,128,388,274	\$ 1,135,277,925	\$ 6,889,651	1%

The current budget presented in this table is as of September 2011 (accounting period 3) unless otherwise noted.

Non-General Fund Projections							
Fund	Revenues/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %	
Airports Fund	Revenues	\$ 4,476,334	4,476,334	\$ 4,555,855	\$ 79,521	2%	
	Expenditures	4,740,207	4,740,207	4,338,336	(401,871)	-8%	
Central Stores Fund	Revenues	24,052,960	24,052,960	9,440,610	(14,612,350)	-61%	
	Expenditures	24,052,960	24,052,960	9,451,094	(14,601,866)	-61%	
Concourse and Parking Garages Operating Fund	Revenues	2,945,804	2,945,804	2,946,596	792	0%	
	Expenditures	2,787,003	2,787,003	2,799,157	12,154	0%	
Development Services Fund	Revenues	46,553,370	46,553,370	54,491,530	7,938,160	17%	
	Expenditures	41,548,110	41,548,110	41,655,118	107,008	0%	
Energy Conservation Program Fund	Revenues	3,037,617	3,037,617	2,975,941	(61,676)	-2%	
	Expenditures	2,476,657	2,476,657	2,493,287	16,630	1%	
Facilities Financing Fund	Revenues	2,067,205	2,067,205	1,994,557	(72,648)	-4%	
	Expenditures	2,067,205	2,067,205	2,048,507	(18,698)	-1%	
Fire/EMS Transportation Program Fund	Revenues	7,870,926	7,870,926	11,765,099	3,894,173	49%	
	Expenditures	11,215,596	11,215,596	15,414,017	4,198,421	37%	
Fleet Services Operating Fund	Revenues	51,914,527	51,914,527	52,305,281	390,754	1%	
	Expenditures	51,258,674	51,258,674	53,115,589	1,856,915	4%	
Golf Course Fund	Revenues	15,957,225	15,957,225	15,990,144	32,919	0%	
	Expenditures	14,848,817	14,848,817	14,949,472	100,655	1%	
Information Technology Fund	Revenues	5,585,381	5,585,381	5,639,509	54,128	1%	
	Expenditures	5,578,211	5,578,211	5,469,709	(108,502)	-2%	
Local Enforcement Agency Fund	Revenues	795,693	795,693	750,923	(44,770)	-6%	
	Expenditures	826,716	826,716	842,977	16,261	2%	
Los Peñasquitos Canyon Preserve Fund	Revenues	132,000	132,000	151,209	19,209	15%	
	Expenditures	200,738	200,738	202,802	2,064	1%	
OneSD Support Fund	Revenues	21,250,474	21,250,474	21,276,674	26,200	0%	
	Expenditures	21,242,793	21,242,793	21,056,116	(186,677)	-1%	
PETCO Park Fund	Revenues	18,260,280	18,260,280	18,176,172	(84,108)	0%	
	Expenditures	17,361,608	17,361,608	17,364,109	2,501	0%	
Publishing Services Fund	Revenues	5,158,804	5,158,804	4,192,173	(966,631)	-19%	
	Expenditures	5,158,804	5,158,804	4,220,285	(938,519)	-18%	

Non-General Fund Projections

Fund	Revenues/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
QUALCOMM Stadium Operating Fund	Revenues	\$ 14,916,309	14,916,309	14,968,594	\$ 52,285	0%
	Expenditures	15,939,227	15,939,227	15,823,959	(115,268)	-1%
Recycling Fund	Revenues	19,320,794	19,320,794	20,705,324	1,384,530	7%
	Expenditures	20,801,747	20,801,747	20,685,984	(115,763)	-1%
Redevelopment Fund	Revenues	3,768,383	3,768,383	3,583,710	(184,673)	-5%
	Expenditures	3,768,383	3,768,383	3,631,754	(136,629)	-4%
Refuse Disposal Fund	Revenues	29,707,888	29,707,888	27,964,960	(1,742,928)	-6%
	Expenditures	34,562,075	34,562,075	30,065,334	(4,496,741)	-13%
Risk Management Administration Fund	Revenues	9,225,761	9,225,761	9,225,761	-	0%
	Expenditures	9,225,761	9,225,761	9,284,227	58,466	1%
Sewer Utility Funds ¹	Revenues	473,166,000	473,166,000	466,857,002	(6,308,998)	-1%
	Expenditures	328,362,612	328,433,235	318,985,781	(9,447,454)	-3%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenues	-	-	2,941	2,941	100%
Special Events Department	Revenues	150,000	150,000	148,624	(1,376)	-1%
Special Promotional Programs	Revenues	67,988,329	67,988,329	69,207,446	1,219,117	2%
<i>Total Transient Occupancy Tax Fund Revenues</i>		<u>\$ 68,138,329</u>	<u>\$ 68,138,329</u>	<u>\$ 69,359,011</u>	<u>\$ 1,220,682</u>	
Commission for Arts and Culture Department	Expenditures	871,683	871,683	903,530	31,847	4%
Special Events Department	Expenditures	590,603	590,603	587,314	(3,289)	-1%
Special Promotional Programs	Expenditures	66,676,043	66,676,043	67,868,167	1,192,124	2%
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 68,138,329</u>	<u>68,138,329</u>	<u>\$ 69,359,011</u>	<u>\$ 1,220,682</u>	
Underground Surcharge Fund	Revenues	45,354,656	45,354,656	45,354,656	-	0%
	Expenditures	58,756,514	58,756,514	58,760,322	3,808	0%
Water Utility Operating Fund ¹	Revenues	508,905,000	508,905,000	564,071,992	55,166,992	11%
	Expenditures	451,642,397	451,642,397	425,592,381	(26,050,016)	-6%
Wireless Communications Technology Fund	Revenues	9,530,218	9,530,218	9,965,293	435,075	5%
	Expenditures	10,043,210	10,043,210	9,739,497	(303,713)	-3%

The current budget presented in this table is as of September 2011 (accounting period 3) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

¹ Revenues in the Sewer Utility and Water Utility Operating Funds support both Operating and Capital Improvements Program (CIP) activity; however, only Operating expenditures are reflected in this report.