



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: May 18, 2011 REPORT NO: 11-077  
ATTENTION: City Council  
Agenda of May 23, 2011  
SUBJECT: Fiscal Year 2011 Year-End Budget Monitoring Report  
REFERENCE: Fiscal Year 2011 Mid-Year Budget Monitoring Report, #11-031

REQUESTED ACTION:

Accept the report from the Mayor on Fiscal Year 2011 Year-End Budget Monitoring and authorize the requested appropriation adjustments.

STAFF RECOMMENDATION:

Approve the requested action.

SUMMARY:

The following report presents projections of year-end revenues and expenditures. Projections are determined using actual (unaudited) data from July 2010 through March 2011, or through accounting period nine, and departmental information regarding spending trends and operations. This report includes discussion of year-end projections that vary significantly from the Fiscal Year 2011 budget for the General Fund and other funds with budgeted staff. For this report, a significant variance is defined as under or over budget revenues or expenditures of \$500,000 or greater. Also included in this report are requested appropriation adjustments for General Fund departments and other budgeted funds to provide legal appropriation authority for continued operations through the remainder of the fiscal year. The requested authorities will ensure that all expenditures for Fiscal Year 2011 are covered by appropriations for each department to comply with City Charter requirements and the Fiscal Year 2011 Appropriation Ordinance. These adjustments may be applied after the fiscal year ends, during the closing process when all expenditures are known and recorded.

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 \$7.3 million under budget while expenditures are projected to conclude the fiscal year \$15.9 million under budget. After accounting for an \$11.8 million technical correction to both revenue and expenditure budgets, these variances drop to \$4.5 million of over budget revenue and \$4.1 million under budget in expenditures, which represent variances of 0.4 percent from the adjusted current General Fund

budget. This results in a net year-end projection of \$8.6 million of revenue in excess of expenditures.

FISCAL CONSIDERATIONS:

Fiscal impacts are discussed in detail throughout this report. The net impact of the General Fund year-end projections is \$8.6 million of revenue in excess of expenditures. This is an increase of \$3.5 million from the projected \$5.1 million of revenue in excess of expenditures in the Fiscal Year 2011 Mid-Year Budget Monitoring Report. Appropriation increases are requested within the General Fund for projected over budget expenditures and are offset by additional revenue or reductions in other departments. The combined actions result in a reduction of \$4.8 million to both General Fund revenue and expenditure appropriations, maintaining a balanced budget. Adjustments are also requested for the Facilities Financing, Fleet Services Operating, and Wireless Communications Technology Funds and the Commission for Arts and Culture.

A General Fund reserve balance of 7.8 percent is projected for Fiscal Year 2011 based on the Fiscal Year 2010 unaudited ending fund balance and the \$8.6 million surplus projected for Fiscal Year 2011. This reserve level exceeds the 7 percent budgeted level for June 30, 2011. However, due to continuing uncertain economic conditions, the relatively small projected surplus, and the projected \$41.0 million deficit for Fiscal Year 2013, it is not recommended that any of the projected \$8.6 million General Fund surplus or additional reserve balance be used for either Fiscal Year 2011 or the Fiscal Year 2012 budget.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

*signature on file*  
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Angela Colton  
Financial Manager

*signature on file*  
\_\_\_\_\_  
Mark Leonard  
Financial Management Director

*signature on file*  
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Mary Lewis  
Chief Financial Officer

Attachment: Fiscal Year 2011 Year-End Budget Monitoring Report

# Fiscal Year 2011 Year-End Budget Monitoring Report

## 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 \$7.3 million under budget while expenditures are projected to conclude the fiscal year \$15.9 million under budget. This results in a net year-end projection of \$8.6 million of revenue in excess of expenditures. Table 1: Summary of FY 2011 General Fund Projections summarizes this information.

### Summary of FY 2011 General Fund Projections

Table 1

Revenue/Expenditures	Current Budget	Year-End Projection	Variance Amount	Variance %
Projected Revenue				
Major General Fund Revenues	\$ 812,435,353	\$ 828,535,495	\$ 16,100,142	2%
Departmental Revenue	282,759,866	259,362,748	(23,397,118)	-8%
Subtotal	\$ 1,095,195,219	\$ 1,087,898,243	\$ (7,296,976)	-1%
Projected Expenditures				
Salaries	\$ 482,163,540	\$ 488,314,959	\$ 6,151,419	1%
Fringe and Non-Personnel	613,031,679	590,964,219	(22,067,460)	-4%
Appropriated Reserve	-	-	-	0%
Subtotal	\$ 1,095,195,219	\$ 1,079,279,178	\$ (15,916,041)	-1%
<b>Net Year-End Projection</b>		<b>\$ 8,619,065</b>		

This reflects an increase of \$3.5 million from the net year-end projection reported in the Fiscal Year 2011 Mid-Year Budget Monitoring Report (Mid-Year Report). Increases in sales tax and transient occupancy tax revenues contribute to the additional positive variance from budget expected this fiscal year. Table 2: Comparison of FY 2011 General Fund Projections illustrates this change. Another significant change from the Mid-Year Report is a reduction of both revenue and expenditure projections of \$11.8 million in the Street Division of General Services resulting from activities typically reimbursed by Gas Tax being redirected to the Proposition 42 Fund. This is a budget neutral adjustment in the General Fund. These and other significant changes from the Mid-Year Report are discussed throughout this report.

### Comparison of FY 2011 General Fund Projections

Table 2

Revenue/Expenditures	Mid-Year (as of December)	Year-End (as of March)	Change Amount	Change %
Projected Revenue	\$ 1,097,725,020	\$ 1,087,898,243	\$ (9,826,777)	-1%
Projected Expenditures	1,092,626,357	1,079,279,178	(13,347,179)	-1%
<b>Net Year-End Projection</b>		<b>\$ 5,098,663</b>	<b>\$ 8,619,065</b>	<b>\$ 3,520,402</b>

While the General Fund overall is expected to end the fiscal year within 1 percent of budget, significant variances are seen among departments and in certain categories of spending. As seen in Table 1 above, salaries and wages are projected to be \$6.2 million over budget. This is primarily in the Police and Fire-Rescue Departments combined with lower than expected vacancy savings in other departments, such as Park and Recreation and Library. Meanwhile, departments are spending conservatively in other categories, primarily in contracts, to remain within budget bottom-line. Combined, General Fund operating departments are projected to be \$4.1 million under budget in expenditures. The General Services street maintenance that has been redirected to the Proposition 42 Fund accounts for the remaining \$11.8 million of the total \$15.9 million projected expenditure variance.

Similarly, large variances are seen in categories of revenues while the overall General Fund revenue projection is within 1 percent of budget. Departmental revenues are projected to be \$23.4 million under budget. The most significant impact to departmental revenue is the reduction of \$11.8 million in Gas Tax reimbursement due to street maintenance being redirected to the Proposition 42 Fund. (See the detailed explanation in the General Services Department revenue and expenditure sections later in this report.) After accounting for this adjustment, departmental revenues are projected to be \$11.6 million below budget. A variety of other factors contribute to the projected departmental revenue variance, including the delayed implementation of the Parking Meter Utilization Plan (\$2.6 million) and lower than anticipated reimbursements for services in the Engineering and Capital Projects and City Comptroller Departments. Under budget departmental revenues are offset by \$16.1 million of expected increases in major General Fund revenues. Sales tax is projected to exceed budget by nearly \$19.0 million and transient occupancy tax revenue is projected to be over budget by \$5.8 million. These trends in expenditures and revenues are discussed in more detail throughout this report.

## GENERAL FUND RESERVES

Fiscal Year 2010 ended the year with an estimated \$94.4 million (unaudited) fund balance. However, this fund balance includes \$24.6 million in Fiscal Year 2010 property tax revenue that was set aside to balance the Fiscal Year 2011 budget. This set aside was approved by the City Council as part of the Fiscal Year 2011 budget balancing actions in December 2009. The Fiscal Year 2010 unassigned and emergency reserve balances without the \$24.6 million set aside is \$69.8 million. Table 3: FY 2010 General Fund Estimated Unaudited Reserve provides these details.

<b>FY 2010 General Fund Estimated Unaudited Reserve</b>	
<b>Table 3</b>	
<b>Description</b>	<b>Amount (in millions)</b>
Unassigned Fund Balance	\$ 14.8
Emergency Reserve	55.0
Subtotal	\$ 69.8
Property Tax Revenue Set-Aside for FY 2011	\$ 24.6
<b>FY 2010 Estimated Unaudited Ending Fund Balance</b>	<b>\$ 94.4</b>

The projected General Fund reserve balance for the end of Fiscal Year 2011 is \$83.4 million, which accounts for the projected \$8.6 million net year-end surplus for Fiscal Year 2011 and the release of \$5.0 million in encumbrances that continued from Fiscal Year 2010. These calculations are reflected below in Table 4: FY 2011 General Fund Reserve Estimates. The projected \$83.4 million reserve balance reflects approximately 7.8 percent of Fiscal Year 2011 revenue.

<b>FY 2011 General Fund Reserve Estimates</b>	
<b>Table 4</b>	
<b>Description</b>	<b>Amount (in millions)</b>
FY 2010 Unaudited Ending Fund Balance	\$ 94.4
Property Tax Revenue Set-Aside for FY 2011	(24.6)
FY 2011 Net Year-End Projection	8.6
Release Prior-Year Encumbrances	5.0
<b>FY 2011 Projected Ending Fund Balance</b>	<b>\$ 83.4</b>

While a slightly positive outcome is currently projected for the General Fund this fiscal year and the reserves are projected to exceed 7 percent, it is not recommended to rely on the \$8.6 million to restore services for the remainder of this year or for the next fiscal year. Both revenues and expenditures are projected to be near budgeted levels. Even a minor variation in these projections could swing either revenues or expenditures to a negative variance. There are several factors that could impact the current projections, such as an increase in retirements as the City experienced in Fiscal Year 2009, which could increase costs to the City. Also, any change in economic conditions, such as increasing unemployment levels or property tax declines, could impact revenue projections. Further, while the Fiscal Year 2012 Proposed Budget is balanced, a \$41.0 million deficit is projected for Fiscal Year 2013. Maintaining the General Fund reserve at the projected level of \$83.4 million will reduce or possibly eliminate the need to make contributions to the reserves in Fiscal Years 2013 and 2014 in order to reach the 8 percent target set by the City Council. This would reduce the \$41.0 million deficit projected in Fiscal Year 2013. Maintaining the reserve balance would also help maintain the City’s credit rating and reduce borrowing costs for future debt issuances.

## **GENERAL FUND REVENUES**

The current General Fund revenue budget for Fiscal Year 2011 is \$1.095 billion. Year-end revenues are projected to be under budget by \$7.3 million, or 1 percent. Departmental revenues are projected to be under budget by \$23.4 million, or 8 percent. The most significant reduction in departmental revenue is due to street maintenance being redirected to the Proposition 42 Fund, which is offset by an equal reduction in expenditures. This was done to spend Proposition 42 funds first since those funds expire. Additional factors impacting departmental revenue are the delayed implementation of the Parking Meter Utilization Plan and lower than anticipated user fee revenues. Conversely, major General Fund revenues are projected to conclude the fiscal year \$16.1 million, or 2 percent, over budget. The net impact is that General Fund revenues are

projected to be within 1 percent of budget at fiscal year end. The following sections discuss the variances between revenue projections and the current budget for both major revenues and departmental revenues. Table 5: FY 2011 General Fund Revenue Projections by Category summarizes these revenue variances, which are detailed in Attachment I: General Fund Projected Revenues.

<b>FY 2011 General Fund Revenue Projections by Category</b>				
<b>Table 5</b>				
<b>Revenue Source</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Major General Fund Revenues	\$ 812,435,353	\$ 828,535,495	\$ 16,100,142	2%
Departmental Revenue	282,759,866	259,362,748	(23,397,118)	-8%
<b>Total</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,087,898,243</b>	<b>\$ (7,296,976)</b>	<b>-1%</b>

## Major Revenues

The Fiscal Year 2011 year-end projection for the General Fund major revenues is \$828.5 million, which is \$16.1 million, or 2 percent, above the current budget, as reflected in Table 6: FY 2011 Major General Fund Revenue Projections. The year-end projections for General Fund major revenues are based on current economic information and the most recent distributions of revenue to the City. Sales tax is the primary contributor to the positive revenue projections, with nearly \$19.0 million of revenue projected over budget this fiscal year. Over budget revenues are also projected in transient occupancy tax (TOT) revenue, reimbursements from other funds for general governmental services, and General Fund interest earnings, while property tax and franchise fees revenues are projected to be under budget.

<b>FY 2011 Major General Fund Revenue Projections</b>				
<b>Table 6</b>				
<b>Revenue Source</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Property Tax	\$ 390,060,910	\$ 379,811,221	\$ (10,249,689)	-3%
Sales Tax	187,471,361	206,437,095	18,965,734	10%
Franchise Fees <sup>1</sup>	67,065,135	65,657,645	(1,407,490)	-2%
Transient Occupancy Tax <sup>2</sup>	66,115,157	71,910,732	5,795,575	9%
Safety Sales Tax	6,286,820	6,684,623	397,803	6%
Property Transfer Tax	4,685,604	5,150,428	464,824	10%
Motor Vehicle License Fees	3,142,922	2,840,329	(302,593)	-10%
Other Major Revenue	87,607,444	90,043,422	2,435,978	3%
<b>Total</b>	<b>\$ 812,435,353</b>	<b>\$ 828,535,495</b>	<b>\$ 16,100,142</b>	<b>2%</b>

<sup>1</sup> Total City FY 2011 current revenue budget for franchise fees is \$130.0 million and the projection is \$121.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

<sup>2</sup> Total City FY 2011 current revenue budget for transient occupancy tax is \$126.2 million and the projection is \$137.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

Since the Mid-Year Report, issued by Financial Management on February 23, 2011, some local economic indicators have experienced slight improvement. Revenue projections for some sources have been revised upward to reflect current economic activity. Both sales tax and TOT revenues reflect improved spending in the region on taxable goods and tourism and business travel, respectively. Sales tax and TOT revenue projections for Fiscal Year 2011 have been revised by 1 percent and nearly 4 percent above the mid-year projections, respectively, based on the increase in discretionary spending in the San Diego region.

The local housing market, however, does not reflect consistent improvement similar to improvements in taxable sales and tourism. The national housing crisis that spurred the onset of the economic recession in December 2007 has yet to fully subside. The median home price in the County is below 2010 levels and the number of foreclosures and notices of default are still well above pre-recession levels. Additionally, the high unemployment rate in the region remains above 10 percent. These factors have negatively impacted property tax revenue. Recovery in property tax amounts is not forecasted until the amount of foreclosures and the unemployment rate, among other factors, improve in the region. Table 7: Economic Indicators compares the economic indicators that were used in May 2010 during development of the Adopted Budget with those from December used in the Mid-Year Report and the most recent information as of March.

<b>Economic Indicators</b>			
<b>Table 7</b>			
<b>Economic Indicator</b>	<b>May 2010</b>	<b>December 2010</b>	<b>March 2011</b>
Unemployment	10.1%	10.1%	10.2%
Number of Unemployed	70,400	70,000	70,900
SD County Median Home Price	\$ 351,279	\$ 342,258	\$ 333,558
USD Index of Leading Econ. Indic.	84.83	86.03	88.63
USD Index of Leading Econ. Indic. - Consumer Confidence	78.56	80.35	82.23
Foreclosures	1,148	829	1,141
Notices of Default	1,798	1,833	2,102

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

As current economic factors remain mixed, revenue projections for the remainder of Fiscal Year 2011 are based on conservative growth.

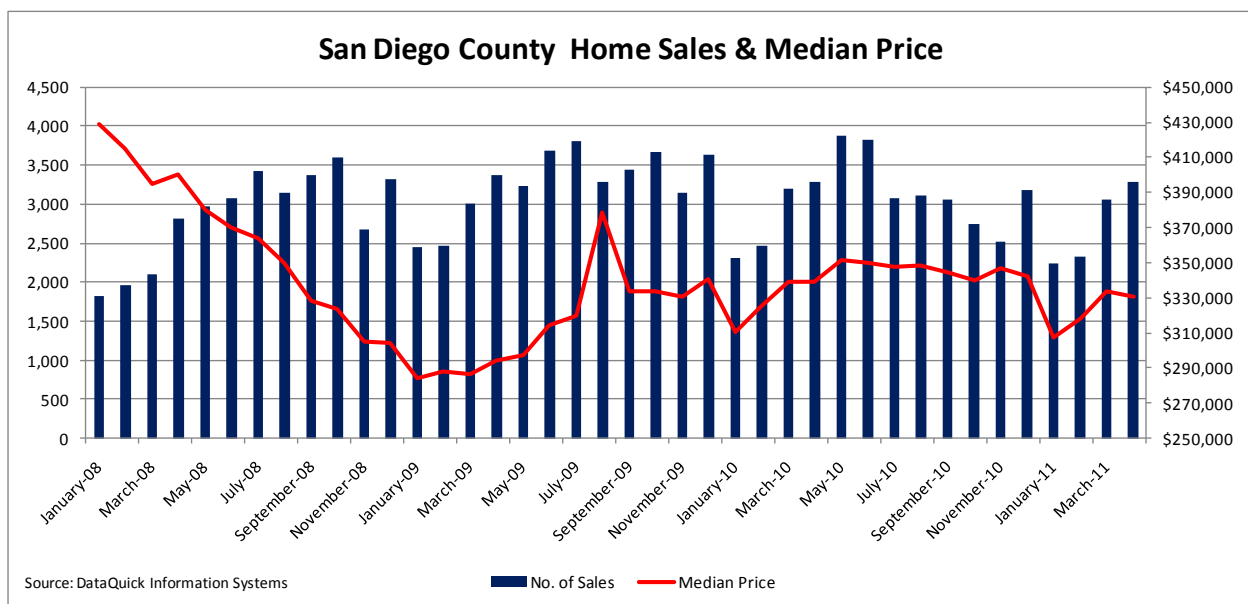
### **Property Tax**

The projection for property tax revenue is \$379.8 million, which is \$10.2 million, or 3 percent, under the current budget. This is a \$2.3 million decrease from the property tax projection included in the Mid-Year Report. The decline in property tax revenue from the current budget is due to a combination of two factors: first, the decrease in the City of San Diego total assessed valuation that was incorporated into the adopted budget as compared to the actual assessed valuation change that was published after the adopted budget was formulated; and second, an increase in the number of refunds issued to property owners. As noted in the Mid-Year Report,

the decline in the City’s assessed value reduced the amount of projected revenue to be received; however, this decline was mostly offset by a projected increase in the property tax collection rate due to the continuing economic stabilization and improvement in the region, which has reduced delinquent payments to the City.

Since the Mid-Year Report was issued in February 2011, the San Diego County Assessor/Recorder/County Clerk Office has continued to process more property owner applications for reductions in their assessed value. Approved reductions result in refunds paid to the applicants, which negatively impacts the total projected revenue to be received by the City. The further reduction of \$2.3 million in the year-end projection for property tax revenue since the Mid-Year Report is due to an increase in refunds.

While a decline in revenue is projected this fiscal year, there are signs in the current residential real estate market that indicate the market has begun to stabilize. Currently, there is a continued reduction in notices of default and foreclosures and stabilization in home prices and sales (as compared to the declines experienced in Fiscal Year 2008 and 2009). Through the first ten months of Fiscal Year 2011 (as of April), total foreclosures are down 25 percent as compared to the same time period in Fiscal Year 2010, while notices of default, which are an indicator of possible future foreclosures, are down 24 percent for the same time period comparison. In addition, the median home price in the County as of April 2011 was \$330,363, which is only 2.5 percent below the April 2010 median home price of \$338,837 despite the continuing residential volatility nationwide (DataQuick Information Systems).



The slight increases in home prices and declines in foreclosures and notices of default are not reflected in the year-end property tax revenue projection. Property tax revenue has a lag time associated with when it is received by the City and does not depict recent positive market activity. Therefore, the decline in revenue forecasted for Fiscal Year 2011 is indicative of the decline in home prices that occurred in Fiscal Years 2008 and 2009.



### Property Transfer Tax

The projection for property transfer tax is \$5.2 million, which is \$465,000, or 10 percent, over the current budget. This projection reflects a \$248,000 increase from the Mid-Year Report. This increase is due to actual revenue distribution from the County exceeding previously forecasted amounts. The year-end projection for property transfer tax revenue is based on the assumption that average home sales and median prices in the City will continue to stabilize throughout the remainder of the fiscal year. March 2011 year-to-date reports indicate that foreclosures and notices of default are experiencing declines over the prior fiscal year by 20 percent and 23 percent, respectively. During Fiscal Year 2011, monthly property transfer tax receipts have exceeded the City's projected revenue amounts, which may be due to the recent sales of large commercial properties that resulted in additional revenue to the City this fiscal year.

### Sales Tax

The projection for sales tax is \$206.4 million, which is \$19.0 million, or 10 percent, over the current budget. This projection reflects a \$2.0 million increase from the Mid-Year Report. Sales tax revenue continues to show signs of recovery in consumer spending with gains in sales tax revenue experienced during three consecutive quarters in Fiscal Year 2011. Actual growth for the first three quarters of the fiscal year (above Fiscal Year 2010 receipts) has been 9 percent, 4 percent, and 6 percent, respectively.

The year-end projection includes actual sales tax revenue generated during the fourth quarter of calendar year 2010. The fourth quarter receipts reflect San Diego's positive growth in holiday season sales, with gains reported in the following major economic categories: general retail, food products, transportation, construction, and business to business. These trends are reflected in Table 8: Quarterly Sales Tax Revenue. Sales tax revenue gains in service station and electronic equipment sales experienced the most improvement during the 2010 holiday shopping season. Growth for the fourth quarter of calendar year 2010 was projected at a conservative 2 percent, with actual results of 6 percent exceeding forecasts.

**Quarterly Sales Tax Revenue (in millions)**

**Table 8**

<b>Economic Category</b>	<b>4th Quarter CY 2009</b>	<b>4th Quarter CY 2010</b>	<b>% Change</b>
General Retail	\$ 15.8	\$ 16.1	2%
Food Products	9.8	10.1	3%
Transportation	8.0	8.8	10%
Business to Business	7.4	7.9	6%
Construction	3.0	3.1	1%
Miscellaneous	0.7	0.7	1%

Source: MuniServices, LLC

Projected sales tax revenue growth in the final quarter of Fiscal Year 2011 was forecasted at 2 percent in the Mid-Year Report. Based on consistent growth in this revenue category, the growth rate for the last quarter of Fiscal Year 2011 has been revised to 3 percent, reflecting increased optimism for taxable sales while still maintaining a conservative outlook.

### **Safety Sales Tax**

The projection for safety sales tax is \$6.7 million, which is \$398,000, or 6 percent, above the current budget. This reflects a \$197,000 increase from the projection in the Mid-Year Report. Strong growth in taxable sales, primarily from service station, automobile, and electronics sales, was experienced throughout the first three quarters of the fiscal year. Actual revenue receipts were above forecasted levels through the first three quarters of Fiscal Year 2011. This has resulted in an increased year-end projection, in addition to an increase in the forecasted growth rate for the fourth quarter of Fiscal Year 2011.

### **Franchise Fees**

The projection for franchise fee revenue in the major General Fund revenue category is \$65.7 million, which is \$1.4 million, or 2 percent, under the current budget. This is a \$154,000 decline from the Mid-Year Report due to changes in forecasted revenue from refuse hauler franchise fees, SDG&E, and cable television fees. As previously reflected in the Mid-Year Report, a major decrease in franchise fee revenue is due to a lower than projected SDG&E franchise fee payment. SDG&E experienced 30 percent decline in gross electricity revenues from municipal customers from calendar year 2009 receipts.

### **Transient Occupancy Tax (TOT)**

The total City TOT projection is \$137.3 million with \$71.9 million projected for the General Fund. This represents \$5.8 million, or 9 percent, over the current General Fund TOT budget, and reflects an increase to the General Fund of \$2.8 million from the Mid-Year Report. The increase in the projected revenue level for TOT is primarily due to actual receipts received year-to-date exceeding forecasted levels in addition to an increase in the forecasted growth rate in revenue for the remainder of the fiscal year. The Mid-Year Report assumed flat growth for the remainder of the fiscal year due to inconsistent actual receipts during the first six months of the year. However, actual revenue has consistently increased from prior year levels over the past four months. In addition, recently published forecast information by Tourism Economics for San Diego County tourism levels supports a revised growth rate. As can be seen in Table 9: San Diego County Visitor Industry, the December report referenced in the Mid-Year Report showed growth above calendar year 2010 levels for important visitor information for the County in calendar year 2011. In the March Tourism Economics report, these calendar year 2011 forecast levels were increased for all hotel sector categories. The flat revenue growth incorporated into the Mid-Year Report has been revised upwards to a projected 4 percent growth for the remainder of the fiscal year above Fiscal Year 2010 revenue levels based on this updated information.

**San Diego County Visitor Industry**  
**Table 9**

	CY 2010 March Report	CY 2011 December Report	CY 2011 March Report
<b>Visitors</b>			
Total Visits (millions)	29.9	31.0	31.0
Overnight Visits (millions)	15.1	15.5	15.5
<b>Hotel Sector</b>			
Avg. Occupancy	67%	68%	69%
Avg. Daily Rate	\$ 121.22	\$ 126.02	\$ 127.30
Rev PAR <sup>1</sup>	\$ 80.80	\$ 85.68	\$ 87.53
Room Demand (growth)	7%	2%	4%

Source: Tourism Economics - Quarterly Travel Forecasts of December 2010 and March 2011

<sup>1</sup> Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

### Motor Vehicle License Fees

The projection for motor vehicle license fees (MVLFF) is \$2.8 million, which is \$303,000 or 10 percent below the current budget. This is a \$310,000 decrease from the Mid-Year Report. The mid-year projection for MVLFF included \$300,000 in penalties and interest from MVLFF collections by the State that are put into a separate fund for Health and Human Services programs provided by California counties. This revenue is distributed to the counties for these programs and any amount above that is distributed back to local governments. The City of San Diego has received this revenue in the past; however, due to the change in the State's financial situation and a decline in total MVLFF collections, it is now projected that the City will not receive the revenue this fiscal year.

### Other Revenues

The combined projection for all other major General Fund revenue is \$90.0 million, which is \$2.4 million, or 3 percent, above the current budget. This is \$926,000 above the projection in the Mid-Year Report primarily due to an increase in the interest earnings forecast of \$492,000. Additionally, the revised projection includes an increase in the one-cent TOT transfer of \$512,000 million due to an increase in TOT revenue as previously described in the TOT section of this report. This increase is offset by a slight decline in other miscellaneous revenue projections.

### Department Revenues

Combined departmental General Fund revenues are projected to be under budget by \$23.4 million. Of this, \$11.8 million is offset by an equal reduction in expenditure projections associated with the street maintenance expenses typically reimbursed by Gas Tax being redirected to the Proposition 42 Fund. The remaining \$11.6 million projected revenue variance is consistent with departmental revenues projected in the Mid-Year Report. The delay in implementing the Parking Meter Utilization Plan accounts for \$2.6 million of the projected under budget revenue. Reduced reimbursements for services are projected in Engineering and Capital

Projects and City Comptroller. Additional reductions are from revenue sources outside of departmental control, such as Environmental Growth Fund (EGF) reimbursements and lower than anticipated parking citation, alarm permit and user fee revenues. Table 10: FY 2011 Significant General Fund Revenue Variances by Department displays departments with projected under or over budget revenue variances of \$500,000 or greater. These variances are discussed following the table.

**FY 2011 Significant General Fund Revenue Variances by Department**  
**Table 10**

<b>Department</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
General Services	\$ 35,397,557	\$ 21,658,494	\$ (13,739,063)	-39%
Police	39,072,150	35,818,122	(3,254,028)	-8%
City Treasurer	25,804,395	23,583,086	(2,221,309)	-9%
Engineering and Capital Projects	63,455,860	61,685,268	(1,770,592)	-3%
Real Estate Assets	43,808,666	42,592,170	(1,216,496)	-3%
Park and Recreation	27,178,063	26,081,974	(1,096,089)	-4%
City Comptroller	2,541,760	1,927,631	(614,129)	-24%

### **General Services**

The General Services Department projects revenues to be under budget at fiscal year end by \$13.7 million, or 39 percent. This is a further reduction of \$12.5 million in revenue from the projection in the Mid-Year Report. The most significant change is a reduction of \$11.8 million in Gas Tax reimbursement to the Street Division. Due to delays from the State, most of the Fiscal Year 2010 Proposition 42 transportation funding was received in the fourth quarter of Fiscal Year 2010. Proposition 42 funds must be spent by the end of the following fiscal year; leaving only 12 months to expend the funds before they expire. In order to meet the expenditure deadline, non-contract street work typically reimbursed by Gas Tax was shifted to the Proposition 42 Fund. The Gas Tax savings realized this fiscal year will be re-budgeted in Fiscal Year 2012 for street work through the Mayor's May Revision to the Fiscal Year 2012 Proposed Budget. In addition, approximately \$2.0 million of reimbursements for trench restoration expenses are no longer received by the General Fund because the expenses are charged directly to the Public Utilities Department. These items have no net impact to the General Fund as the revenue reductions are offset by expenditure savings.

Since the Mid-Year Report, additional analysis was conducted on the projected shortfall in Facilities Division revenue reimbursements. It was determined that reimbursable crews were not working on reimbursable activity to the extent intended when the budget was adopted. This has since been corrected and, combined with over budget reimbursable activity in the Street Division, has brought General Services Department's reimbursable revenue projections in line with the Fiscal Year 2011 budget.

### **Police**

The Police Department expects to conclude the fiscal year with \$3.3 million, or 8 percent, of revenue under budget. This reflects a further decline of \$1.4 million from the Mid-Year Report.

This is primarily due to a decline in parking citations and alarm permit fees. The parking citation revenue projection for the Police Department has been reduced since the Mid-Year Report due to a reallocation of projected revenue to the Storm Water Department for street sweeping related parking enforcement. This does not impact the overall General Fund parking citation revenue.

### **City Treasurer**

The City Treasurer Department projects to end the fiscal year with \$2.2 million, or 9 percent, of revenue under budget. This variance is primarily due to the delay in implementation of the Parking Meter Utilization plan, as reported in the Mid-Year Report. The plan was approved by City Council in March 2011 but will not be implemented until Fiscal Year 2012.

### **Engineering and Capital Projects**

The Engineering and Capital Projects Department projects revenues to be under budget at fiscal year end by \$1.8 million, or 3 percent. The primary contributor to the projected revenue variance is a reduction in reimbursements from the TransNet Extension Congestion Relief Fund due to more strict criteria for reimbursement than existed with the original TransNet program. Activities have not changed; however, some expenses are no longer eligible for reimbursement under the new program's rules. In addition, the department is experiencing lower than anticipated reimbursements for services, which is partially due to vacant reimbursable positions.

### **Real Estate Assets**

The Real Estate Assets Department expects to end the fiscal year with \$1.2 million, or 3 percent, of revenue below budget. The performance based lease revenues from Mission Bay rents and concessions are \$2.6 million lower than anticipated. This is offset by an expenditure reduction in Citywide Program Expenditures for the transfer of this revenue to the Mission Bay and Regional Park Improvements Funds. The Real Estate Assets Department expects other revenue sources, such as antennae and telecom leases, to end the fiscal year over budget.

### **Park and Recreation**

The Park and Recreation Department projects revenues to be under budget at fiscal year end by \$1.1 million, or 4 percent, which is similar to the Mid-Year Report. Reimbursements from the Environmental Growth Fund are projected to be approximately \$755,000 under budget due to reduced San Diego Gas & Electric (SDG&E) franchise fee revenues. The department is no longer receiving reimbursement from the Gas Tax Fund for non-personnel expenses associated with street median maintenance because these expenses are now charged directly to the Gas Tax Fund. This revenue reduction is offset by expenditure savings and is budget neutral. In addition, the department is experiencing reduced revenue for services in the areas of building use/room rentals and athletic field rentals.

### **City Comptroller**

The City Comptroller projects revenue to be under budget by \$614,000, or 24 percent, at fiscal year end. As a result of greater than anticipated labor corrections, the department was required to focus its efforts on auditing and correcting Fiscal Year 2010 labor postings. This reduced the number of hours available to perform reimbursable work.

## GENERAL FUND EXPENDITURES

The total Fiscal Year 2011 General Fund current expenditure budget is \$1.095 billion. Year-end projections show under budget expenditures of \$15.9 million, or 1 percent. The most significant reduction in expenditures is due to \$11.8 million of street maintenance being redirected to the Proposition 42 Fund, which is offset by an equal reduction in revenues. While over budget expenditures are anticipated in personnel, these are offset by conservative spending in other areas, as displayed in Table 11: FY 2011 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 2011 General Fund Expenditure Projections Summary**  
Table 11

<b>Expenditure Type</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Variance Amount</b>	<b>Variance %</b>
Personnel	\$ 793,361,331	\$ 801,749,469	\$ 8,388,138	1%
Non-Personnel	301,833,888	277,529,709	(24,304,179)	-8%
<b>Net Year-End Projection</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,079,279,178</b>	<b>\$ (15,916,041)</b>	<b>-1%</b>

### Expenditures by Category

As mentioned above, \$11.8 million of the projected variance is due to street maintenance expenses being redirected to the Proposition 42 Fund. The remaining variance of \$4.1 million is similar to the savings projected in the Mid-Year Report. Conservative spending, primarily in contracts and supplies, offsets much of the projected over budget expenditures in salaries and wages throughout General Fund departments. The projected overage in salaries and wages is primarily in the Police, Fire-Rescue and Park and Recreation Departments. This data is displayed in Table 12: FY 2011 General Fund Expenditure Projections by Category. A detailed discussion of expenditure variances follows.

**FY 2011 General Fund Expenditure Projections by Category**  
**Table 12**

<b>Expenditure Category</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Under Budget/ (Over Budget)</b>	<b>Variance %</b>
Salaries and Wages	\$ 482,163,540	\$ 488,314,959	\$ 6,151,419	1%
Fringe Benefits	311,197,791	313,434,510	2,236,719	1%
Contracts	157,582,511	146,334,815	(11,247,696)	-7%
Other	53,400,010	51,027,766	(2,372,244)	-4%
Energy and Utilities	33,210,013	31,532,367	(1,677,646)	-5%
Information Technology	26,800,540	26,084,415	(716,125)	-3%
Supplies	24,400,300	17,264,871	(7,135,429)	-29%
Debt	4,252,459	4,121,983	(130,476)	-3%
Capital Expenditure	2,188,055	1,163,493	(1,024,562)	-47%
Appropriated Reserve	-	-	-	0%
<b>Total</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,079,279,178</b>	<b>\$ (15,916,041)</b>	<b>-1%</b>

**Salaries and Wages**

Salaries and wages are projected to exceed the budget by \$6.2 million, or 1 percent. This is primarily due to increases in overtime and payout of annual leave in-lieu of taking vacation. The Police and Fire-Rescue Departments are projecting to go over budget in salaries by \$3.0 million and \$1.2 million, respectively, primarily due to increases in payouts of annual leave and overtime. The Park and Recreation and Library Departments are projecting over budget expenditures of approximately \$1.3 million and \$400,000, respectively, in salaries due to lower than expected vacancy savings, overtime, hourly staff, and annual leave pay-in-lieu of taking vacation, of which \$230,000 is reimbursable relating to hourly employees staffing non-hours of operation for facility rentals in the Park and Recreation Department. The Storm Water Department is projecting to end the fiscal year with \$544,000 in over budget overtime due to the winter storms and for the anticipated overtime needed for the three emergency permits for Alvarado, Chollas, and Sorrento channels. An increase in overtime and annual leave pay are also projected in the General Services Department.

**Fringe Benefits**

General Fund fringe benefits are projected to end the fiscal year at \$2.2 million over budget, which is less than 1 percent over the \$311.2 million budget. This projected overage is the result of an increase of \$1.0 million for the annual retiree health care benefit payment (Pay-Go) based on the latest projections from SDCERS, and an increase of \$800,000 for Unemployment Insurance. 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 2011 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 shifts in personnel activity from the budgeted amounts. The total City requirement for

these fixed or obligated fringe benefits is \$321.2 million. The General Fund is projected to incur \$244.0 million of these costs with the balance allocated to other City funds. As mentioned in the Mid-Year Report, fringe benefits collection rates are adjusted if 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 13: FY 2011 General Fund Fringe Benefits Budget and Projections.

**FY 2011 General Fund Fringe Benefits Budget and Projections**  
Table 13

<b>Fringe Benefits Account</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Under Budget/ (Over Budget)</b>	<b>Variance %</b>
Retirement ARC <sup>1</sup>	\$ 177,535,886	\$ 177,197,686	\$ (338,200)	0%
Flexible Benefits	37,654,981	37,468,261	(186,720)	0%
Retiree Healthcare Contribution	22,803,557	23,791,804	988,247	4%
Other Post-Employment Benefits	17,389,811	17,509,165	119,354	1%
Workers' Compensation	14,945,268	15,844,791	899,523	6%
Supplemental Pension Savings Plan	9,123,030	8,933,911	(189,119)	-2%
Employee Offset Savings	8,957,699	8,921,181	(36,518)	0%
Risk Management Administration	6,219,766	6,272,957	53,191	1%
Medicare	5,287,390	5,994,635	707,245	13%
Retirement Offset Contribution	4,790,259	3,992,081	(798,178)	-17%
Long-Term-Disability	3,823,566	3,793,082	(30,484)	-1%
Retirement DROP	1,408,944	1,698,670	289,726	21%
Other Fringe Benefits	1,257,634	2,016,286	758,652	60%
<b>Total</b>	<b>\$ 311,197,791</b>	<b>\$ 313,434,510</b>	<b>\$ 2,236,719</b>	<b>1%</b>

<sup>1</sup> Total City FY 2011 projection for the Retirement ARC is \$229.1 million. The balance is projected in the non-general funds.

### Contracts

General Fund departments are projected to be nearly \$11.2 million, or 7 percent, under budget in contracts at fiscal year end. Of this amount, \$8.0 million is related to street maintenance expenses that have been redirected to the Proposition 42 Fund. Therefore, actual underspending is approximately \$3.2 million or 2 percent. The General Services Department also projects approximately \$700,000 in reduced expenses for trench restoration which is now charged directly to the Public Utilities Department. Citywide Program Expenditures is projected to expend \$657,000 less in the contracts category primarily due to reduced election costs and savings from the Redistricting Commission. The Engineering and Capital Projects Department anticipates less travel and training expenses due to vacant positions and conservative spending. The City Auditor projects that the delay in completion of the Fiscal Year 2010 CAFR and subsequent delay in work on the Fiscal Year 2011 CAFR will reduce Fiscal Year 2011 expenses by \$452,000. The City Treasurer expects approximately \$404,000 in savings as a result of eliminating lease payments for parking meters and elimination of certain banking fees.

### Supplies

Supplies expenses are projected to end the fiscal year \$7.1 million, or 29 percent below budget. The redirection of street maintenance expenses to the Proposition 42 Fund contributes to \$3.8



million of this variance. In addition, approximately \$600,000 of trench restoration expenses are now charged directly to the Public Utilities Department. The Environmental Services Department is projecting \$1.2 million of savings in the supplies category, which offsets over budget expenditures in other spending categories. The remaining amount reflects conservative spending throughout various General Fund departments.

### Other Expenditure Categories

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

## Department Expenditures

Table 14: FY 2011 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.

<b>FY 2011 Significant General Fund Expenditure Variances by Department</b>				
<b>Table 14</b>				
<b>Department</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Under Budget/ (Over Budget)</b>	<b>Variance %</b>
General Services	\$ 60,102,360	\$ 47,359,448	\$ (12,742,912)	-21%
Police	384,844,349	393,773,071	8,928,722	2%
Citywide Program Expenditures	41,897,335	38,605,193	(3,292,142)	-8%
Park and Recreation	83,964,684	82,491,212	(1,473,472)	-2%
City Attorney	41,884,483	40,630,255	(1,254,228)	-3%
City Auditor	3,761,180	2,944,210	(816,970)	-22%
City Planning and Community Inv.	13,581,643	13,029,163	(552,480)	-4%
City Treasurer	18,071,888	17,559,034	(512,854)	-3%
Engineering and Capital Projects	66,524,185	66,011,937	(512,248)	-1%

### General Services

The General Services Department projects to end the fiscal year with \$12.7 million, or 21 percent, of expenditures under budget. This is a further reduction in expenditures of \$12.3 million from the Mid-Year Report. The most significant change is a reduction of \$11.8 million in street maintenance expenses in the Street Division. Due to delays from the State, most of the Fiscal Year 2010 Proposition 42 transportation funding was received in the fourth quarter of Fiscal Year 2010. Proposition 42 funds must be spent by the end of the following fiscal year; leaving only 12 months to expend the funds before they expire. In order to meet the expenditure deadline, non-contract street work typically funded by the General Fund and reimbursed by Gas Tax was shifted to the Proposition 42 Fund. The Gas Tax savings realized this fiscal year will be re-budgeted in Fiscal Year 2012 for street work through the Mayor's May Revision to the Fiscal Year 2012 Proposed Budget. In addition, trench restoration expenses are now directly charged to the Public Utilities Department, resulting in projected savings to the General Services Department. These items have no net impact to the General Fund as the expenditure savings are offset by an equal amount of reduced revenue reimbursements.

**Police**

The Police Department projects to end the fiscal year with expenditures over budget by \$8.9 million, or 2 percent. This is an increase of \$4.4 million in projected expenditures since the Mid-Year which is partly due to unanticipated increases in overtime and annual leave pay. Approximately \$3.7 million of projected overtime is reimbursable from other agencies. As discussed in the Mid-Year Report, the Police Department is projected to be over budget in fringe benefits due to the reallocation of these expenses among departments due to vacancies citywide. The Police Department represents approximately 30 percent of the City workforce and is impacted by the addition of approximately \$5.3 million in fringe benefits expense from the reallocations. (See the Fringe Benefits section earlier in this report for more information.)

**Citywide Program Expenditures**

Citywide Program Expenditures is projected to be under budget by \$3.3 million, or 8 percent. This is an increase in projected savings of \$2.3 million since the Mid-Year. The projected transfer to the Mission Bay and Regional Park Improvements Funds has been reduced by \$2.6 million due to reduced Mission Bay rents and concessions revenue. This is offset by the reduced revenue projected in the Real Estate Assets Department. The remaining projected savings are from lower than anticipated election costs, reduced interest expense for the General Fund Tax and Revenue Anticipation Notes (TRANS) than what was projected at the time the budget was developed, and anticipated savings from the Redistricting Commission.

**Park and Recreation**

The Park and Recreation Department is projected to end the fiscal year with \$1.5 million, or 2 percent, of expenditures under budget, which is an increase of \$1.2 million in projected savings from the Mid-Year Report. Savings are anticipated in energy and utilities due to the Department's water conservation efforts accompanied by a heavier than anticipated rainy season. Further, the delay in implementing the park maintenance restructure has postponed the purchase of equipment, vehicles and modular trailers to Fiscal Year 2012.

**City Attorney**

The City Attorney is projecting to end the fiscal year with expenditures under budget by \$1.3 million or 3 percent, which is similar to the savings projected in the Mid-Year Report. This is due to higher than anticipated vacancy savings resulting from attrition.

**City Auditor**

The City Auditor expects to end the year with \$817,000, or 22 percent of expenditures under budget. This is primarily due to approximately \$452,000 in reduced contract expenses related to delays in completing the planning phase for the Fiscal Year 2011 CAFR. The City Auditor's fringe benefits expenses are also expected to end the year below budget.

**City Planning and Community Investment**

The City Planning and Community Investment Department is projecting to end the fiscal year with expenditures \$552,000, or 4 percent, under budget. This is primarily due to 2.00 FTE vacant positions and delays in implementation of the Phyllis Place project. The department's expenditure projections have increased by \$524,000 from the Mid-Year Report due to the inclusion of contractual encumbrances in the projections.

### **City Treasurer**

The City Treasurer projects year-end expenditures below budget by \$513,000 or 3 percent. This is partially due to the elimination of the lease contract with CALE for the parking meters associated with the multi-space meter pilot program since the City has now purchased its own parking meters. In addition, savings are anticipated from the elimination of the merchant card fees paid to Bank of America for using the online WEB/IVR (Interactive Voice Response) system. The third party vendor now charges transaction fees directly to customers for using the Web/IVR system to make payments.

### **Engineering and Capital Projects**

The Engineering and Capital Projects Department projects to end the fiscal year with expenditures \$512,000, or 1 percent, below budget. This is a change from the Mid-Year Report which projected the department to exceed budget by fiscal year end. The department is expecting savings in travel and training expenses due to 22.00 FTE vacant positions in the department, which had been projected to be filled in the Mid-Year Report.

## **NON-GENERAL FUNDS**

Projections based on the first nine accounting periods of Fiscal Year 2011 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 15: FY 2011 Significant Non-General Fund Variances and are discussed below.

### **Airports Fund**

The Airports Fund is projecting revenues to exceed budget by \$755,000 or 17 percent. This is due to higher than anticipated revenue from airport parking resulting from more overnight vehicle parking and the rebounding economy. Year-end revenue is projected to exceed expenditures by \$1.7 million.

### **Central Stores Fund**

The Central Stores Fund is projected to end the fiscal year with \$7.4 million, or 21 percent, of revenue under budget and \$7.0 million, or 20 percent, of expenditures under budget. These variances are primarily due to decreased demand for materials and supplies from other City departments.

### **Concourse and Parking Garages Operating Fund**

The Concourse and Parking Garages Operating Fund is projecting revenues to be under budget by \$594,000, or 17 percent, and expenditures to be under budget by \$1.0 million, or 29 percent, which is consistent with the projections in the Mid-Year Report. The projected revenue variance is due to less than anticipated special event parking on nights and weekends. The expenditure variance reflects a reduced projected transfer to the General Fund of excess funding due to the reduced revenue projection and lack of fund balance to support the full budgeted transfer. This is reflected as a reduction in the major General Fund revenues. The fund projects to end the fiscal

year with revenues \$450,000 in excess of operating expenditures. This supports the \$450,000 capital budget to install automated parking garage equipment at the Evan V. Jones Parkade.

**FY 2011 Significant Non-General Fund Variances**

**Table 15**

<b>Fund</b>	<b>Revenue/Expenditure</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Variance Amount</b>	<b>Variance %</b>
Airports	Rev \$	4,389,716	\$ 5,144,768	\$ 755,052	17%
Central Stores	Rev	34,672,810	27,314,074	(7,358,736)	-21%
	Exp	34,672,810	27,684,635	(6,988,175)	-20%
Concourse & Parking Garages	Rev	3,550,804	2,956,810	(593,994)	-17%
	Exp	3,532,522	2,506,810	(1,025,712)	-29%
Development Services	Rev	45,868,370	39,177,523	(6,690,847)	-15%
	Exp	41,144,859	36,000,308	(5,144,551)	-13%
Fire/EMS Transportation Prog.	Rev	7,459,620	6,861,723	(597,897)	-8%
Fleet Services Operating	Rev	45,865,965	47,221,071	1,355,106	3%
Golf Course	Rev	17,046,500	16,015,425	(1,031,075)	-6%
PETCO Park	Exp	17,146,525	16,484,180	(662,345)	-4%
Publishing Services	Rev	5,843,953	4,228,372	(1,615,581)	-28%
	Exp	5,843,953	4,167,315	(1,676,638)	-29%
QUALCOMM Stadium Oper.	Exp	14,534,168	13,733,209	(800,959)	-6%
Recycling	Rev	18,403,094	21,527,826	3,124,732	17%
	Exp	19,744,046	18,580,719	(1,163,327)	-6%
Refuse Disposal	Rev	29,183,451	30,615,946	1,432,495	5%
	Exp	34,460,454	31,127,772	(3,332,682)	-10%
Sewer Utility	Rev	505,415,480	438,316,407	(67,099,073)	-13%
	Exp	346,243,830	302,071,014	(44,172,816)	-13%
Underground Surcharge	Rev	50,907,693	44,141,777	(6,765,916)	-13%
	Exp	77,254,269	43,744,781	(33,509,488)	-43%
Water Utility Operating	Rev	518,418,000	443,992,221	(74,425,779)	-14%
	Exp	425,139,718	381,550,876	(43,588,842)	-10%

**Development Services Fund**

Revenues in the Development Services Fund are projected to be \$6.7 million, or 15 percent, under budget and expenditures are projected to be \$5.1 million, or 13 percent, under budget, which is consistent with the projections in the Mid-Year Report. Revenues and expenditures are both projected under budget primarily due to less than anticipated development permit activity. In addition, approximately \$1.0 million of the projected revenue variance is due to fees waived to rebuild homes and businesses destroyed in the October 2007 fires. Revenue projections have increased by \$1.8 million from the Mid-Year Report due to an unanticipated increase in projects

resulting from recent changes in building codes. The fund projects to end the fiscal year with \$3.2 million of revenue in excess of expenditures.

#### **Fire/Emergency Medical Services Transportation Program Fund**

The Fire/Emergency Medical Services Transportation Program Fund's revenue projection is under budget by \$598,000 or 8 percent. This is primarily due to a reduction in reimbursable revenue associated with the reduced projected expenditures of approximately \$431,000. The fund projects to end the fiscal year with \$1.1 million of revenue in excess of expenditures.

#### **Fleet Services Operating Fund**

The Fleet Services Operating Fund projects revenues to be over budget by \$1.4 million, or 3 percent, which is consistent with the projections in the Mid-Year Report. The projected over budget revenue is associated with delays in City departments returning underutilized vehicles. As a result, City departments continued to pay usage charges on these vehicles, resulting in additional unanticipated revenues to the Fleet Services Operating Fund.

#### **Golf Course Fund**

Revenue for the Golf Course Fund is projected to be \$1.0 million, or 6 percent, under budget, which is a slight reduction from the revenue projection in the Mid-Year Report. This is due to an estimated 7 percent decline in rounds of golf played likely resulting from a lengthier rainy season and the annual increase in fees for non-residential users per Golf's 5-year business plan, among other factors. The fund projects to end the fiscal year with \$1.8 million of revenue in excess of expenditures.

#### **PETCO Park Fund**

The PETCO Park Fund projects expenditures to end the fiscal year \$662,000, or 4 percent, under budget. The costs for the Ballpark Operating Agreement have been reduced due to a lower Consumer Price Index than was estimated when the budget was developed. The fund projects to end the fiscal year with \$597,000 of expenditures in excess of revenue, which is supported by fund balance.

#### **Publishing Services Fund**

The Publishing Services Fund's revenue is projected to be \$1.6 million, or 28 percent, under budget. Similarly, expenditures are projected to be \$1.7 million or 29 percent, under budget. Both expenditure and revenue projections have been reduced from the amounts included in the Mid-Year Report and reflect fewer reproduction requests from other City departments as a result of web based technology and other cost saving measures. The fund projects to end the fiscal year with \$61,000 of revenue in excess of expenditures.

#### **QUALCOMM Stadium Operating Fund**

The QUALCOMM Stadium Operating Fund is projecting \$801,000, or 6 percent, of expenditures under budget at year end. This is due to a reduction of \$394,000 in fire insurance premiums, \$335,000 of projected savings in electricity from the recent conversion to florescent lighting at the stadium, and \$80,000 in contracted waste/disposal services due to less events. The fund projects to end the fiscal year with revenues of \$867,000 in excess of expenditures.

### **Recycling Fund**

The Recycling Fund projects revenues to end the fiscal year \$3.1 million, or 17 percent, over budget. Expenditures are projected to be \$1.2 million, or 6 percent, under budget. Both revenues and expenditures reflect increased variances from the projections in the Mid-Year Report. A variety of factors contribute to the additional revenue projected including \$800,000 in unclaimed customer deposits associated with the Construction and Debris Diversion Ordinance, \$600,000 from the California Redemption Value State reimbursement, \$417,000 in reimbursements for prior year expenses associated with the Zone Recycling Program (that has since been eliminated), and increased revenue from the sale of recyclable materials collected through the curbside recycling program. The expenditure savings are expected due to delayed maintenance for the Household Hazardous Waste facility located at the Miramar Landfill, decreased demand for recycling and greenery containers, and the cancelled household hazardous waste contract with the City of Chula Vista. The fund projects to end the fiscal year with \$2.9 million of revenues in excess of expenditures.

### **Refuse Disposal Fund**

The Refuse Disposal Fund projects to end the fiscal year with \$1.4 million, or 5 percent, of revenue over budget and \$3.3 million, or 10 percent, of expenditures under budget. The expenditure variance is attributed to a decline in tonnage being deposited in the City landfill, which results in reduced processing expenses and regulatory fees. The over budget revenue is due to increased greenery commodity sales and tipping fees from private franchise haulers. While the expenditure budget for tonnage related expenses was based on historic highs from Fiscal Year 2005, the revenue budget associated with tonnage fees was adjusted downward based on more recent trends. Year-end expenditures are projected to exceed revenues by approximately \$512,000, which will be covered by fund balance.

### **Sewer Utility Funds**

The Sewer Utility Funds are projecting revenues to be under budget by \$67.1 million, or 13 percent, which is a significant change from the slightly over budget revenues projected in the Mid-Year Report. Expenditures are projected to be under budget by \$44.2 million, or 13 percent, which is similar to the Mid-Year Report. Revenue is projected under budget primarily due to lower than anticipated bond proceeds for CIP related expenditures and reduced sewer service charge revenue due to continued water conservation and unusual wet weather. Offsetting the reduced revenues are increases in large-scale commercial and residential development permit activities. Approximately \$7.0 million of the projected expenditure savings is due to renewing the ADS Environmental Services contract. This contract renewal eliminated the need for new meters and various supplies that were included in the budget. The projected contract savings is also related to a delay in the cleaning of large diameter pipes, pending the Environmental Protection Agency's approval of Public Utilities' hydraulic/sediment transport analysis. Savings of \$11.0 million are projected for gas, electricity and debt payments due primarily to a more accurate distribution among the Water and Sewer Funds. Chemical expenses are projected to be \$3.0 million under budget due to reduced prices and lower usage. Additional savings of \$2.3 million are expected from the budgeted contingency reserve that is not planned to be fully spent. Vacancies in the department also contribute to the projected savings. Year-end revenues are expected to exceed operating expenditures by approximately \$136.2 million. This revenue combined with fund balance supports the Sewer Utility Capital Improvements Program.

### **Underground Surcharge Fund**

Revenues in the Underground Surcharge Fund are projected to be \$6.8 million, or 13 percent, below budget at fiscal year end, which is consistent with the projections in the Mid-Year Report. Expenditures are projected to be \$33.5 million, or 43 percent, under budget, which is a large reduction in projected expenditures compared to the Mid-Year Report. The projected decline in revenues is due to a lower estimate from San Diego Gas & Electric (SDG&E) franchise fees resulting from a decrease in the electric municipal surcharge and reduced electricity usage by SDG&E customers. The expenditure projection includes an equal reduction in expenditures due to the reduced revenue. The additional projected expenditure reduction is due to delays in the completion of projects by SDG&E. The fund is projecting revenues to exceed expenditures by \$397,000 at fiscal year end.

### **Water Utility Operating Fund**

The Water Utility Operating Fund projects year-end revenues to be under budget by \$74.4 million, or 14 percent, and expenditures are projected to be under budget by \$43.6 million, or 10 percent. Both revenue and expenditure projections reflect a large reduction from the projections in the Mid-Year Report. The revenue variance is primarily due to lower than anticipated bond proceeds for CIP related expenditures and reduced reimbursements for services to other funds. This is offset by increases in grants and the SRF loan proceeds of approximately \$19.1 million. The expenditure variance is primarily due to \$22.9 million of projected savings related to various litigation and consultant contracts and a reduction in trench restoration work. Lower than anticipated water usage combined with wet weather this year has reduced the water purchases expenditures by approximately \$14.8 million. In addition, the \$5.3 million budgeted contingency reserve is not planned to be spent. Year-end revenues are expected to exceed operating expenditures by approximately \$62.4 million. This revenue combined with fund balance supports the Water Utility Capital Improvements Program.

## **APPROPRIATION ADJUSTMENTS AND REQUESTED AUTHORITIES**

The following appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. These adjustments address over budget year-end projections, as discussed throughout this report, and include actions typically requested at year-end to allow for unexpected adjustments. The requested adjustments for General Fund departments are either offset by revenue or transfers from other General Fund departments. This will maintain a balanced General Fund budget. Adjustments for non-general funds are supported by additional revenues or fund balance. The requested changes are summarized in Table 16: FY 2011 Year-End Appropriation Adjustments.

**FY 2011 Year-End Appropriation Adjustments**  
**Table 16**

<b>Fund/Department</b>	<b>Expenditures</b>	<b>Revenue</b>	<b>Net Impact</b>
	<b>Increase/(Decrease)</b>		
<b>General Fund</b>			
City Comptroller	\$ 118,000	\$ -	\$ (118,000)
City Council - District 2	25,000	-	(25,000)
City Council - District 5	25,000	-	(25,000)
City Council - District 6	9,000	-	(9,000)
City Council - District 8	38,000	-	(38,000)
Citywide Program Exp.	(2,400,000)	-	2,400,000
Council Administration	(97,000)	-	97,000
DSD-Neighborhood Code	184,000	184,000	-
General Services	(11,800,000)	(11,800,000)	-
Library	187,000	-	(187,000)
Major General Fund Revenues	-	6,834,000	6,834,000
Police	8,929,000	-	(8,929,000)
General Fund Total	\$ (4,782,000)	\$ (4,782,000)	\$ -
<b>Non-General Funds</b>			
Comm. for Arts and Culture <sup>1</sup>	\$ 10,000	\$ 10,000	\$ -
Facilities Financing	97,000	1,000	(96,000)
Fleet Services Operating	495,000	495,000	-
Wireless Comm. Technology	66,000	66,000	-

<sup>1</sup> The Commission for Arts and Culture's expenditure increase will be offset by a revenue increase in the Transient Occupancy Tax Fund.

### General Fund Appropriation Adjustments

Increases of expenditure appropriations are required for certain General Fund departments to support projected over budget expenditures. These increases are either offset by revenue or budget reductions in other departments. The result is a reduction of \$4.8 million to both revenue and expenditure appropriations in the General Fund, maintaining a balanced budget.

#### City Comptroller

The City Comptroller requires an increase of \$118,000 in expenditure appropriations due to increased overtime associated with correcting labor postings and other errors in the new accounting system.

#### City Council – District 2

In the Mid-Year Action, City Council approved the transfer of \$25,000 from Council District 2 to the Council Administration Department to fund improvements at the Pacific Beach Tennis Club. However, due to year-end deadlines and the inability to secure the proper contract in a timely manner, it is requested to transfer the appropriations back to Council District 2.



### **City Council – District 5**

In the Mid-Year Action, City Council approved the transfer of \$25,000 from Council District 5 to the Council Administration Department to fund improvements at the Rancho Bernardo Historical Society Museum. However, due to delays in construction of those improvements, it is requested to transfer the appropriations back to Council District 5.

### **City Council – District 6**

Council District 6 is projecting approximately \$9,000 of annual leave expenses for terminating employees. The budget to support these expenses for all Council offices is budgeted in the Council Administration Department. It is requested to transfer \$9,000 from Council Administration to Council District 6.

### **City Council – District 8**

Council District 8 is projecting approximately \$38,000 of annual leave expenses for terminating employees. The budget to support these expenses for all Council offices is budgeted in the Council Administration Department. It is requested to transfer \$38,000 from Council Administration to Council District 8.

### **Citywide Program Expenditures**

It is requested to transfer \$2.4 million of Citywide Program Expenditures appropriations to other General Fund departments, primarily the Police Department, to support projected over budget expenditures in those departments. Citywide Program Expenditures is projecting nearly \$3.3 million of savings at year-end. This reduction will leave some appropriations in Citywide Program Expenditures for unforeseen expenses.

### **Council Administration**

It is requested to transfer \$97,000 of expenditure appropriations from the Council Administration Department to Council Districts 2, 5, 6, and 8 for the purposes discussed above. The Council Administration Department is projecting \$168,000 of savings at year-end prior to this appropriation adjustment.

### **Development Services – Neighborhood Code Compliance**

The Neighborhood Code Compliance Division of Development Services requires an increase of \$184,000 in expenditure appropriations, which is supported by an equal increase in revenue budget. The projected over budget expenditures are due to lower than expected vacancy savings, which will be supported by projected over budget revenue from permit fees, enforcement activity and services to other funds/agencies.

### **General Services**

A reduction of both revenue and expenditure appropriations of \$11.8 million in the General Services Department is requested to reflect the redirection of street maintenance expenses to the Proposition 42 Fund as discussed earlier in this report.

### **Library**

The Library Department requires an increase of \$187,000 of expenditure appropriations due to lower than expected vacancy savings.

## **Major General Fund Revenues**

It is requested to increase the revenue budget in Major General Fund Revenues by \$6.8 million to balance the expenditure appropriation increases in General Fund Departments, primarily the Police Department. Major General Fund Revenues are currently projected to exceed budget by \$16.1 million.

### **Police**

The Police Department requires an increase of \$8.9 million in expenditure appropriations. Approximately \$5.3 of this amount is due to increased fringe expenses associated with the reallocation of fringe among departments, as discussed earlier in this report. The remaining amount is due to additional overtime and annual leave pay expenses.

## **Non-General Fund Appropriation Adjustments**

Adjustments for non-general funds are supported by additional revenues or fund balance.

### **Commission for Arts and Culture**

The Commission for Arts and Culture requires an expenditure appropriation increase of \$10,000 due to increased fringe expenses and annual leave pay. This expenditure increase will be supported by a revenue increase in the Transient Occupancy Tax Fund.

### **Facilities Financing Fund**

The Facilities Financing Fund requires an increase in expenditure appropriations of \$97,000 for over budget personnel expenses, which will be partially offset by \$1,000 in revenue budget with the remaining amount supported by fund balance.

### **Fleet Services Operating Fund**

The Fleet Services Operating Fund requires an increase of \$495,000 in expenditure appropriations due to higher than anticipated fuel costs and additional overtime. This increase is supported by an equal increase in the revenue budget.

### **Wireless Communication Technology Fund**

The Wireless Communication Technology Fund requires a \$66,000 increase in expenditure appropriations with an equal increase in revenue budget. The expenditure increase is due to over budget fringe benefit expenses and will be supported by additional revenue reimbursements from work performed for outside agencies.

## **Requested Authorities**

Additional authorities are requested to allow for budget transfers among General Fund departments and to address unforeseen events that may occur prior to year-end.

### **Transfer of Appropriations Among General Fund Departments**

Authority is requested to transfer salary appropriations in one General Fund department for fringe and/or non-personnel appropriations in another General Fund department with no net increase to either departments' total budget. This will allow departments to remain balanced, within the Charter Section 73 requirement that salary appropriations may not be used for any other purpose. For example, non-personnel savings in department A may be transferred to

department B with an offsetting transfer of salary savings from department B to department A. Both departments' total budgets remain as approved by Council; however, department B would receive non-personnel appropriations to balance its over budget expenditures in that category.

### **Transfer Fund Balance from Information Technology Fund to Wireless Communications Technology Fund**

Authority is requested to increase the Information Technology Fund's expenditure appropriations as necessary to transfer a reasonable share of fund balance to the Wireless Communications Technology Fund. The Wireless Communications Technology Fund was established as a separate fund in Fiscal Year 2010; however, none of the fund balance that had accrued in the Information Technology Fund was transferred over. This action will allow the appropriate amount of fund balance to be allocated to the Wireless Communications Technology Fund.

### **Increase Appropriations from Available Sources**

Authority is requested to allow the Chief Financial Officer to adjust appropriations as needed for unforeseen events in order to close Fiscal Year 2010 with departments and funds in balance.

## **CONCLUSION**

The net impact of the General Fund year-end projections is \$8.6 million of revenue in excess of expenditures. This is an increase of \$3.5 million from the projected \$5.1 million of revenue in excess of expenditures in the Fiscal Year 2011 Mid-Year Budget Monitoring Report. Appropriation increases are requested within the General Fund for projected over budget expenditures and are offset by additional revenue or reductions in other departments. The combined actions result in a reduction of \$4.8 million to both General Fund revenue and expenditure appropriations, maintaining a balanced budget. Adjustments are also requested for the Facilities Financing, Fleet Services Operating, and Wireless Communications Technology Funds and the Commission for Arts and Culture. The requested authorities will ensure that all expenditures for Fiscal Year 2011 are covered by appropriations for each department to comply with City Charter requirements and the Fiscal Year 2011 Appropriation Ordinance. These adjustments may be applied after the fiscal year ends, during the closing process when all expenditures are known and recorded.

A General Fund reserve balance of 7.8 percent is projected for Fiscal Year 2011 based on the Fiscal Year 2010 unaudited ending fund balance and the \$8.6 million surplus projected for Fiscal Year 2011. This reserve level exceeds the 7 percent budgeted level for June 30, 2011. However, due to continuing uncertain economic conditions, the relatively small projected surplus, and the projected \$41.0 million deficit for Fiscal Year 2013, it is not recommended that any of the projected \$8.6 million General Fund surplus or additional reserve balance be used for either Fiscal Year 2011 or the Fiscal Year 2012 budget.

## **ATTACHMENTS**

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

<b>General Fund Projected Revenues</b>
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Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Major General Fund Revenues</b>					
Charges for Current Services	\$ 21,324,370	\$ 21,324,370	\$ 22,592,588	\$ 1,268,218	6%
Franchise Fees <sup>1</sup>	67,065,135	67,065,135	65,657,645	(1,407,490)	-2%
Interest and Dividends	1,655,994	1,655,994	2,760,462	1,104,468	67%
Motor Vehicle License Fees	3,142,922	3,142,922	2,840,329	(302,593)	-10%
Other Financial Sources and Uses	63,035,449	63,035,449	63,442,654	407,205	1%
Other Revenue	346,400	346,400	132,487	(213,913)	-62%
Property Tax	390,060,910	390,060,910	379,811,221	(10,249,689)	-3%
Property Transfer Tax	4,685,604	4,685,604	5,150,428	464,824	10%
Refuse Collector Business Tax	780,000	780,000	650,000	(130,000)	-17%
Revenue from Money and Property	465,231	465,231	465,231	-	0%
Safety Sales Tax	6,286,820	6,286,820	6,684,623	397,803	6%
Sales Tax	187,471,361	187,471,361	206,437,095	18,965,734	10%
Transient Occupancy Tax <sup>2</sup>	66,115,157	66,115,157	71,910,732	5,795,575	9%
TOTAL	<u>\$ 812,435,353</u>	<u>\$ 812,435,353</u>	<u>828,535,495</u>	<u>\$ 16,100,142</u>	<u>2%</u>
<b>City Planning and Development</b>					
City Planning and Community Investment	2,504,114	2,504,114	2,592,306	88,192	4%
Development Services - Neighborhood Code Compliance	715,250	715,250	1,158,608	443,358	62%
<b>Community and Legislative Services</b>					
Community and Legislative Services	1,355,700	1,355,700	1,235,830	(119,870)	-9%
<b>Community Services</b>					
Library	1,319,707	1,319,707	1,157,065	(162,642)	-12%
Park and Recreation	27,178,063	27,178,063	26,081,974	(1,096,089)	-4%
<b>Non-Mayoral</b>					
City Attorney	5,834,720	5,834,720	5,660,458	(174,262)	-3%
City Auditor	222,323	222,323	231,749	9,426	4%
City Clerk	56,747	56,747	66,572	9,825	17%
City Council - District 1	-	-	-	-	0%
City Council - District 2	-	-	-	-	0%
City Council - District 3	27,486	27,486	27,486	-	0%

General Fund Projected Revenues
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Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Non-Mayoral (continued)</b>					
City Council - District 4	\$ -	\$ -	\$ -	\$ -	0%
City Council - District 5	-	-	-	-	0%
City Council - District 6	32,000	32,000	32,000	-	0%
City Council - District 7	32,000	32,000	32,000	-	0%
City Council - District 8	32,000	32,000	32,000	-	0%
Council Administration	59,212	59,212	59,212	-	0%
Ethics Commission	-	-	43,008	43,008	100%
Office of the Independent Budget Analyst	-	-	-	-	0%
Personnel	-	-	13,962	13,962	100%
<b>Office of the Assistant Chief Operating Officer</b>					
Administration	246,000	246,000	426,797	180,797	73%
Business Office	-	-	-	-	0%
Department of Information Technology	-	-	-	-	0%
Human Resources	-	-	-	-	0%
Office of the Assistant Chief Operating Officer	-	-	-	-	0%
Purchasing and Contracting	706,500	706,500	1,004,094	297,594	42%
<b>Office of the Chief Financial Officer</b>					
City Comptroller	2,541,760	2,541,760	1,927,631	(614,129)	-24%
City Treasurer	25,804,395	25,804,395	23,583,086	(2,221,309)	-9%
Citywide Program Expenditures	-	-	-	-	0%
Debt Management	1,008,057	1,008,057	838,159	(169,898)	-17%
Financial Management	67,180	67,180	67,180	-	0%
Office of the Chief Financial Officer	500,000	500,000	372,145	(127,855)	-26%
<b>Office of the Mayor and Chief Operating Officer</b>					
Office of the Mayor and Chief Operating Officer	-	-	-	-	0%
<b>Public Safety and Homeland Security</b>					
Fire-Rescue	15,044,130	17,261,906	17,288,932	27,026	0%
Office of Homeland Security	1,033,828	1,033,828	963,176	(70,652)	-7%
Police	39,072,150	39,072,150	35,818,122	(3,254,028)	-8%

Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Public Utilities</b>					
Public Utilities - Reservoir Recreation	\$ 1,400,000	\$ 1,400,000	\$ 1,012,000	\$ (388,000)	-28%
<b>Public Works</b>					
Engineering and Capital Projects	63,455,860	63,455,860	61,685,268	(1,770,592)	-3%
Environmental Services	994,827	994,827	1,295,453	300,626	30%
General Services	38,648,265	35,397,557	21,658,494	(13,739,063)	-39%
Public Works	-	-	43,924	43,924	100%
Real Estate Assets	43,808,666	43,808,666	42,592,170	(1,216,496)	-3%
Storm Water	10,091,858	10,091,858	10,361,887	270,029	3%
<b>Total General Fund Revenues</b>	<b>\$ 1,096,228,151</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,087,898,243</b>	<b>\$ (7,296,976)</b>	<b>-1%</b>

The current budget presented in this table is as of March 2011 (accounting period 9) unless otherwise noted.

<sup>1</sup>Total City FY 2011 current revenue budget for franchise fees is \$130.0 million and the projection is \$121.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

<sup>2</sup>Total City FY 2011 current revenue budget for transient occupancy tax is \$126.2 million and the projection is \$137.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures					
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Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>City Planning and Development</b>					
City Planning and Community Investment	\$ 13,581,643	\$ 13,581,643	\$ 13,029,163	\$ (552,480)	-4%
Development Services - Neighborhood Code Compliance	6,007,931	6,007,931	6,190,942	183,011	3%
<b>Community and Legislative Services</b>					
Community and Legislative Services	5,983,539	5,983,539	5,857,651	(125,888)	-2%
<b>Community Services</b>					
Library	34,052,339	34,052,339	34,238,341	186,002	1%
Park and Recreation	83,526,871	83,964,684	82,491,212	(1,473,472)	-2%
<b>Non-Mayoral</b>					
City Attorney	41,884,483	41,884,483	40,630,255	(1,254,228)	-3%
City Auditor	3,761,180	3,761,180	2,944,210	(816,970)	-22%
City Clerk	4,763,463	4,763,463	4,709,066	(54,397)	-1%
City Council - District 1	1,040,682	1,040,682	822,650	(218,032)	-21%
City Council - District 2	1,003,475	967,975	800,287	(167,688)	-17%
City Council - District 3	1,123,099	1,122,099	939,321	(182,778)	-16%
City Council - District 4	1,099,469	1,099,469	937,302	(162,167)	-15%
City Council - District 5	1,047,541	1,022,541	825,292	(197,249)	-19%
City Council - District 6	972,108	972,108	827,344	(144,764)	-15%
City Council - District 7	1,106,880	1,060,755	885,732	(175,023)	-16%
City Council - District 8	1,115,310	1,115,310	847,693	(267,617)	-24%
Council Administration	1,925,987	2,004,487	1,836,279	(168,208)	-8%
Ethics Commission	896,863	896,863	800,320	(96,543)	-11%
Office of the Independent Budget Analyst	1,618,787	1,618,787	1,497,606	(121,181)	-7%
Personnel	6,639,524	6,639,524	6,487,333	(152,191)	-2%
<b>Office of the Assistant Chief Operating Officer</b>					
Administration	2,372,177	2,372,177	2,140,875	(231,302)	-10%
Business Office	1,157,683	1,157,683	991,193	(166,490)	-14%
Department of Information Technology	18,993,847	18,993,847	18,982,545	(11,302)	0%
Human Resources	1,923,573	1,923,573	1,892,651	(30,922)	-2%
Office of the Assistant Chief Operating Officer	311,820	311,820	303,579	(8,241)	-3%

General Fund Projected Expenditures					
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Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>Office of the Assistant Chief Operating Officer (continued)</b>					
Purchasing and Contracting	\$ 3,665,027	\$ 3,665,027	\$ 3,553,643	\$ (111,384)	-3%
<b>Office of the Chief Financial Officer</b>					
City Comptroller	10,080,050	10,080,050	10,197,204	117,154	1%
City Treasurer	18,071,888	18,071,888	17,559,034	(512,854)	-3%
<b>Citywide Program Expenditures</b>					
Assessments to Public Property	450,235	450,235	479,388	29,153	6%
Citywide Elections	200,000	1,400,000	793,306	(606,694)	-43%
Corporate Master Leases Rent	9,412,093	9,412,093	9,636,062	223,969	2%
Employee Personal Property Claims	5,000	5,000	-	(5,000)	-100%
Insurance	1,338,682	1,338,682	1,197,107	(141,575)	-11%
Memberships	630,000	630,000	650,226	20,226	3%
Park Improvement Funds Transfer	3,372,678	3,372,678	799,255	(2,573,423)	-76%
Preservation of Benefits	1,500,000	1,500,000	1,564,000	64,000	4%
Property Tax Administration	4,702,711	4,702,711	5,108,188	405,477	9%
Public Liability Claims Fund Transfer	15,106,208	15,106,208	15,106,208	-	0%
Redistricting Commission	500,000	500,000	186,500	(313,500)	-63%
Special Consulting Services	1,750,000	1,757,500	1,474,212	(283,288)	-16%
TRANS Interest Expense Transfer	1,444,151	1,444,151	1,085,093	(359,058)	-25%
Transfer to Capital Improvements Program	-	-	147,571	147,571	100%
Transportation Subsidy	278,077	278,077	278,077	-	0%
World Trade Center Moving Costs	-	-	100,000	100,000	100%
TOTAL	\$ 40,689,835	\$ 41,897,335	\$ 38,605,193	\$ (3,292,142)	-8%
Debt Management	2,230,659	2,230,659	2,177,967	(52,692)	-2%
Financial Management	4,215,681	4,215,681	3,861,317	(354,364)	-8%
Office of the Chief Financial Officer	913,633	913,633	900,054	(13,579)	-1%
<b>Office of the Mayor and Chief Operating Officer</b>					
Office of the Mayor and Chief Operating Officer	753,973	753,973	691,928	(62,045)	-8%
<b>Public Safety and Homeland Security</b>					
Fire-Rescue	181,901,923	185,279,981	185,243,956	(36,025)	0%



General Fund Projected Expenditures					
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Business Center/Department	Adopted Budget	Current Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>Public Safety and Homeland Security (continued)</b>					
Office of Homeland Security	\$ 1,755,915	\$ 1,755,915	\$ 1,569,980	\$ (185,935)	-11%
Police	384,844,349	384,844,349	393,773,071	8,928,722	2%
<b>Public Utilities</b>					
Public Utilities - Reservoir Recreation	1,994,583	1,994,583	1,994,583	-	0%
<b>Public Works</b>					
Engineering and Capital Projects	66,524,185	66,524,185	66,011,937	(512,248)	-1%
Environmental Services	32,561,646	33,851,232	33,789,088	(62,144)	0%
General Services	63,317,443	60,102,360	47,359,448	(12,742,912)	-21%
Public Works	1,000,012	1,000,012	918,070	(81,942)	-8%
Real Estate Assets	4,511,955	4,511,955	4,142,082	(369,873)	-8%
Storm Water	35,183,439	35,183,439	35,021,781	(161,658)	0%
<b>Total General Fund Expenditures</b>	<b>\$ 1,092,126,470</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,079,279,178</b>	<b>\$ (15,916,041)</b>	<b>-1%</b>
<b>General Fund Appropriated Reserve</b>	<b>4,101,681</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>General Fund Expenditures + Appropriated Reserve</b>	<b>\$ 1,096,228,151</b>	<b>\$ 1,095,195,219</b>	<b>\$ 1,079,279,178</b>	<b>\$ (15,916,041)</b>	<b>-1%</b>

The current budget presented in this table is as of March 2011 (accounting period 9) unless otherwise noted.

Non-General Fund Projections						
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Business Center/Fund		Adopted Budget	Current Budget	Year-End Projection	Variance Amount	Variance %
<b>City Planning and Development</b>						
Development Services Fund	Revenues	\$ 45,868,370	\$ 45,868,370	\$ 39,177,523	\$ (6,690,847)	-15%
	Expenditures	41,144,859	41,144,859	36,000,308	(5,144,551)	-13%
Facilities Financing Fund	Revenues	2,329,579	2,329,579	2,330,631	1,052	0%
	Expenditures	2,232,374	2,232,374	2,328,607	96,233	4%
HUD Programs Administration Fund	Revenues	2,850,566	2,850,566	3,032,748	182,182	6%
	Expenditures	2,850,566	2,850,566	2,681,750	(168,816)	-6%
Local Enforcement Agency Fund	Revenues	857,528	857,528	877,040	19,512	2%
	Expenditures	871,533	871,533	769,594	(101,939)	-12%
<b>Community and Legislative Services</b>						
Commission for Arts and Culture <sup>1</sup>	Revenues	-	-	-	-	0%
	Expenditures	832,680	832,680	842,191	9,511	1%
Special Events <sup>1</sup>	Revenues	150,000	150,000	100,658	(49,342)	-33%
	Expenditures	544,274	544,274	538,827	(5,447)	-1%
<b>Community Services</b>						
Golf Course Fund	Revenues	17,046,500	17,046,500	16,015,425	(1,031,075)	-6%
	Expenditures	14,283,261	14,283,261	14,166,889	(116,372)	-1%
Los Peñasquitos Canyon Preserve Fund	Revenues	121,000	121,000	152,036	31,036	26%
	Expenditures	221,087	221,087	198,453	(22,634)	-10%
<b>Office of the Assistant Chief Operating Officer</b>						
Central Stores Fund	Revenues	23,860,471	34,672,810	27,314,074	(7,358,736)	-21%
	Expenditures	23,860,471	34,672,810	27,684,635	(6,988,175)	-20%
Information Technology Fund	Revenues	3,510,440	3,693,440	3,685,170	(8,270)	0%
	Expenditures	3,513,894	4,431,894	4,431,894	-	0%
<b>Office of the Chief Financial Officer</b>						
OneSD Support Fund	Revenues	17,284,663	17,284,663	17,381,824	97,161	1%
	Expenditures	17,284,663	18,784,663	18,360,639	(424,024)	-2%

<b>Non-General Fund Projections</b>
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Business Center/Fund		Adopted Budget	Current Budget	Year-End Projection	Variance Amount	Variance %
<b>Office of the Chief Financial Officer (continued)</b>						
Risk Management Administration Fund	Revenues	\$ 8,925,849	\$ 8,925,849	\$ 8,978,856	\$ 53,007	1%
	Expenditures	9,666,047	9,666,047	9,569,090	(96,957)	-1%
<b>Office of the Mayor and Chief Operating Officer</b>						
Redevelopment Fund	Revenues	3,634,020	3,634,020	3,493,864	(140,156)	-4%
	Expenditures	3,634,020	3,634,020	3,541,169	(92,851)	-3%
<b>Public Safety and Homeland Security</b>						
Fire/EMS Transportation Program Fund	Revenues	5,859,620	7,459,620	6,861,723	(597,897)	-8%
	Expenditures	4,548,284	6,203,284	5,772,024	(431,260)	-7%
<b>Public Utilities</b>						
Sewer Utility Funds	Revenues	505,415,480	505,415,480	438,316,407	(67,099,073)	-13%
	Expenditures	345,952,678	346,243,830	302,071,014	(44,172,816)	-13%
Water Utility Operating Fund	Revenues	518,418,000	518,418,000	443,992,221	(74,425,779)	-14%
	Expenditures	425,094,718	425,139,718	381,550,876	(43,588,842)	-10%
<b>Public Works</b>						
Airports Fund <sup>2</sup>	Revenues	4,389,716	4,389,716	5,144,768	755,052	17%
	Expenditures	3,346,159	3,600,759	3,417,911	(182,848)	-5%
Concourse and Parking Garages Operating Fund	Revenues	3,550,804	3,550,804	2,956,810	(593,994)	-17%
	Expenditures	3,532,522	3,532,522	2,506,810	(1,025,712)	-29%
Energy Conservation Program Fund	Revenues	1,249,480	1,249,480	1,245,160	(4,320)	0%
	Expenditures	2,396,908	2,396,908	2,222,573	(174,335)	-7%
Fleet Services Operating Fund	Revenues	45,865,965	45,865,965	47,221,071	1,355,106	3%
	Expenditures	51,189,151	51,189,151	51,684,022	494,871	1%
PETCO Park Fund	Revenues	15,895,158	15,895,158	15,887,261	(7,897)	0%
	Expenditures	17,146,525	17,146,525	16,484,180	(662,345)	-4%
Publishing Services Fund	Revenues	5,843,953	5,843,953	4,228,372	(1,615,581)	-28%
	Expenditures	5,843,953	5,843,953	4,167,315	(1,676,638)	-29%

<b>Non-General Fund Projections</b>
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Business Center/Fund		Adopted Budget	Current Budget	Year-End Projection	Variance Amount	Variance %
<b>Public Works (continued)</b>						
QUALCOMM Stadium Operating Fund	Revenues	\$ 14,568,123	\$ 14,568,123	\$ 14,600,119	\$ 31,996	0%
	Expenditures	14,534,168	14,534,168	13,733,209	(800,959)	-6%
Recycling Fund	Revenues	18,403,094	18,403,094	21,527,826	3,124,732	17%
	Expenditures	19,744,046	19,744,046	18,580,719	(1,163,327)	-6%
Refuse Disposal Fund	Revenues	29,183,451	29,183,451	30,615,946	1,432,495	5%
	Expenditures	34,460,454	34,460,454	31,127,772	(3,332,682)	-10%
Underground Surcharge Fund	Revenues	50,907,693	50,907,693	44,141,777	(6,765,916)	-13%
	Expenditures	77,254,269	77,254,269	43,744,781	(33,509,488)	-43%
Wireless Communications Technology Fund	Revenues	9,225,968	9,225,968	9,346,648	120,680	1%
	Expenditures	9,699,235	9,699,235	9,764,700	65,465	1%

The current budget presented in this table is as of March 2011 (accounting period 9) unless otherwise noted. Capital Improvement Program expenditure budgets are excluded.

<sup>1</sup> The Commission for Arts and Culture and Special Events Department are funded by the Transit Occupancy Tax (TOT) Fund.

<sup>2</sup> The current expenditure budget for the Airports Fund has been modified to reflect the increase of \$254,600 as approved by City Council on May 3, 2011 (R-306791).