

(O-98-147)

ORDINANCE NUMBER O- 18530 (NEW SERIES)

ADOPTED ON JUN 16 1998

AN ORDINANCE AMENDING ORDINANCE NO. O-18424 (NEW SERIES), AS AMENDED, ENTITLED "AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 1997-98 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR" BY AMENDING DOCUMENT NO. OO-18424, AS AMENDED AND ADOPTED THEREIN, BY AUTHORIZING CERTAIN YEAR-END BUDGET ADJUSTMENTS INCLUDING MAKING ADDITIONAL APPROPRIATIONS AND TRANSFERS THAT MAY BE NECESSARY TO BALANCE FUND CARRYOVERS AND EXPENDITURES/APPROPRIATIONS FOR FISCAL YEAR 1998.

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That Ordinance No. O-18424 (New Series), as amended, entitled "AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 1997-98 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR," be and the same is hereby amended by amending Document No. OO-18424, as amended and adopted therein to authorize certain year-end budget adjustments including making additional appropriations and transfers that may be necessary to balance fund carryovers and expenditures/appropriations for fiscal year 1998, as specified in City Manager's Report No. 98-133, attached hereto as Exhibit A.

Section 2. That the City Auditor and Comptroller is hereby authorized to complete the transfers, appropriation increases, and other financial transactions specified in City Manager's Report No. 98-133.

Section 3. This ordinance shall take effect and be in force immediately upon its adoption after two public hearings, pursuant to the authority contained in Sections 16, 17 and 71 of the Charter of The City of San Diego.

APPROVED: CASEY GWINN, City Attorney

By Stuart H. Swett
Stuart H. Swett
Deputy City Attorney

SHS:smf
06/12/98
Or.Dept:Fin. Mgmt.
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THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: June 12, 1998 REPORT NO. 98-133
ATTENTION: Honorable Mayor and City Council
Docket of June 15, 1998
SUBJECT: Fiscal Year 1998 Year-End Financial Status and Budget
Adjustments

SUMMARY

Issues:

1. Should the City Council accept the Fiscal Year 1998 General Fund Financial Status Report?
2. Should the City Council authorize the City Auditor and Comptroller to:
 - a. transfer General Fund monies between departments to offset projected department deficits and to the Allocated Reserve to fund projects that will not be completed in the current fiscal year;
 - b. transfer monies within and between funds, increase budgets, and authorize expenditures for the purposes specified in this report;
 - c. make any additional appropriation adjustments and fund transfers that may be necessary to reconcile revenues to expenditures?

Manager's Recommendations:

1. Accept the Fiscal Year 1998 General Fund Financial Status Report.
2. Authorize the City Auditor and Comptroller to complete the financial transactions listed in this report.

Other Recommendations: None

Fiscal Impact: The total impact on the General Fund for transfers from appropriations in various departments to the Allocated Reserve is approximately \$1,010,000.

BACKGROUND

General Fund revenues and expenditures are monitored and analyzed throughout the fiscal year, and comprehensive internal financial reports are prepared four times during the fiscal year. On an annual basis, the City Council is provided with 1) a mid-year financial status report, 2) an updated financial status report immediately prior to the preparation of the proposed budget for the upcoming fiscal year, and 3) a year-end financial status report which discusses the financial transactions needed to balance all funds prior to the conclusion of the fiscal year. This year-end report is commonly referred to as the "Fourth-Quarter Adjustment."

This Fourth Quarter Adjustment report is comprised of two sections - summary information regarding the financial status of the General Fund, and a listing of the financial transactions needed to appropriately balance all funds prior to the conclusion of the fiscal year. It is requested that the Mayor and City Council authorize the Auditor and Comptroller to complete the described transactions.

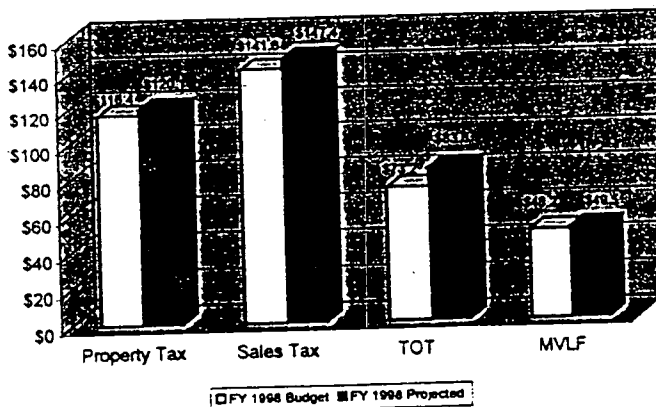
DISCUSSION

General Fund Year-End Financial Status

Revenue activity throughout Fiscal Year 1998 continues to reflect a strong and improving economy. The major General Fund revenue sources, including property tax, sales tax, transient occupancy tax, and motor vehicle license fees, comprise 57.8% of the total General Fund budget. All of these major sources are exhibiting significant increases over prior year receipts, and are exceeding Fiscal Year 1998 budgeted levels, as shown in the accompanying charts. These excess revenues offset other revenues which fell short of budget estimates and also contribute to the anticipated revenue carryover expected at year-end for purposes of financing the Fiscal Year 1999 budget. Final receipts are still to be received for most

MAJOR REVENUE SOURCES FISCAL YEAR 1998 GROWTH RATES		
REVENUE SOURCE	BUDGET	YEAR-TO-DATE
Property Tax	2.3%	11.7%
Sales Tax	5.5%	9.5%
Transient Occupancy Tax	4.5%	12.7%
Motor Vehicle License Fees	4.0%	6.1%

FISCAL YEAR 1998 MAJOR REVENUES
(in millions)



to be received for most

revenue sources, and may affect the final growth rates and total revenues received for Fiscal Year 1998.

City Manager Reports 98-24 and 98-65 (issued January 28, 1998 and March 26, 1998, respectively) state that General Fund spending was curtailed in Fiscal Year 1998 to partially finance the Fiscal Year 1999 Proposed Budget. As we previously advised the Mayor and City Council, we anticipated a revenue and expenditure savings carryover of \$16.0 million. We will receive additional information on property tax and sales tax from the State and County within the next two weeks. With that information and a final analysis of expenditures, we will provide the Mayor and City Council with a revised revenue and carryover estimate the week of June 22, 1998. Preliminary indications are that the carryover of \$16.0 million will increase.

Fourth Quarter Adjustments

A. Reallocation of Departmental Appropriations (General Fund)

As indicated in previous City Manager Reports, Fire and Life Safety Services is projected to exceed their budget in the personnel expense category. Environmental Services is projected to exceed their budget in the non-personnel expense category due to the anticipated disposal of refuse tonnage exceeding budgeted levels (partially due to El Niño weather

FISCAL YEAR 1998	
FOURTH QUARTER ADJUSTMENT	
Fire and Life Safety Services	\$ (2.20) million
Environmental Services	(1.20) million
Police	2.10 million
Park and Recreation	1.30 million
NET CHANGE	\$0.00 million

Projections were prepared in early June, 1998. Actual year-end expenditures will vary.

conditions). Personnel savings projected in the Police and Park and Recreation Departments are sufficient to offset these overexpenditures. It is requested that the Mayor and City Council authorize the Auditor and Comptroller to reallocate departmental appropriation savings to offset actual overexpenditures.

B. Transfers to the Allocated Reserve (General Fund)

There are a number of General Fund projects in progress that cannot be completed during the current fiscal year. The departments responsible for these projects have asked that funds budgeted in the current fiscal year be transferred to the Allocated Reserve to provide for the anticipated expenditure of these funds in Fiscal Year 1999. It is requested that the Mayor and City Council authorize the Auditor and Comptroller to transfer these budgeted funds to the Allocated Reserve contingent upon sufficient appropriation savings being available at the conclusion of the Fiscal Year. The specific projects are as follows:

- *City Clerk (\$75,000)*
Replacement of the LEGIS automated information system (\$75,000)
- *Police (\$775,000)*
Modernization of elevators in Police Headquarters (\$600,000)
Smog emissions testing equipment and software (\$175,000)
- *Park & Recreation (\$160,000)*
Gym floor repair for Martin Luther King, Jr. and Montgomery-Waller Recreation Centers (\$160,000)

C. Tax Anticipation Notes

Authorize the Auditor and Comptroller to appropriate and expend interest earnings related to issued Tax Anticipation notes for the purpose of funding expenses related to the issuance of the notes. There is no net budgetary impact associated with this action.

D. Emergency Medical Services/Medical Transportation Service Fund (10246)

Authorizing the Auditor and Comptroller to increase appropriations for San Diego Medical Services Enterprise, L.L.C. reimbursable expenses in excess of budget upon the direction of the City Manager.

E. Carryover of Non-General Funds Budgeted in Fiscal Year 1998

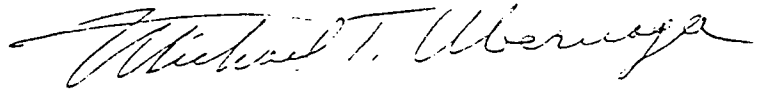
- a. Authorize the Auditor and Comptroller to carry over up to \$150,000 budgeted in the Fiscal Year 1998 Water Fund (41500) for SWIM and SPLASH automation project costs.
- b. Authorize the Auditor and Comptroller to carry over up to \$28,800 budgeted in the Fiscal Year 1998 Transient Occupancy Tax Fund (10220) for the Mission Trails Regional Park Foundation's self-guided interpretive pathway at Old Mission Dam.

CONCLUSION

San Diego's economic recovery has led to increased revenue receipts during the current fiscal year. Additionally, the majority of City departments have provided services within their established budgets. These factors have decreased the

number of Fourth Quarter Adjustments required for Fiscal Year 1998, and enabled the City to utilize current year funds to help finance the Fiscal Year 1999 Budget.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael T. Uberuaga".

MICHAEL T. UBERUAGA
City Manager

ANDERSON/DLT/EMD