

**DATE ISSUED:** June 2, 2000

REPORT NO. 00-106

**ATTENTION:** Honorable Mayor and City Council  
Docket of June 5, 2000

**SUBJECT:** Fiscal Year 2000 Year-End Financial Status and Budget  
Adjustments

## **SUMMARY**

### **Issues:**

1. Should the City Council accept the Fiscal Year 2000 General Fund Financial Status Report?
2. Should the City Council authorize the City Auditor and Comptroller to:
  - a. Amend the Fiscal Year 2000 Appropriation Ordinance to increase General Fund appropriations up to the amount of \$4.6 million, to be funded from Motor Vehicle License Fees received in excess of the budgeted amount, for the Environmental Services and Fire and Life Safety departments, which are projected to exceed their budgeted appropriations, and the Police department, which is projected to exceed its non-personnel allotment.
  - b. 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; and
  - c. transfer monies within and between funds, increase budgets, add projects, and authorize expenditures for the purposes specified in this report; and
  - d. increase the General Fund appropriations from revenues received in excess of estimates for certain departments projected to exceed their budgeted appropriation; and
  - e. make any additional appropriation adjustments and fund transfers that may be necessary to reconcile revenues to expenditures; and
  - f. Upon direction from the Financial Management Director, to appropriate and expend unanticipated revenues specifically restricted for use on specific projects within the Capital Improvements Program?

**Manager’s Recommendations:**

1. Accept the Fiscal Year 2000 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:** General Fund appropriations will be increased up to \$4.6 million utilizing Motor Vehicle License Fees in excess of the budgeted amount.

Transfers from appropriations to the Allocated Reserve for projects identified in this report for various departments is approximately \$2.5 million.

**BACKGROUND**

General Fund revenues and expenditures are monitored and analyzed throughout the fiscal year. This report, commonly referred to as the “Fourth Quarter Adjustment”, is the final financial status report of the fiscal year provided to the Mayor and City Council. The primary purpose of the report is to identify the financial transactions needed to balance all funds prior to the conclusion of the fiscal year.

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

<b>MAJOR REVENUE SOURCES</b>			
<b>Fiscal Year 2000</b>			
<b>(in millions)</b>			
<b>Revenue Source</b>	<b>Budget</b>		<b>Year end Projection</b>
Motor Vehicle License Fees	\$55.5		\$60.3
Property Tax	\$145.2		\$145.3
Sales Tax	\$162.0		\$165.2
Transient Occupancy Tax	\$99.5		\$96.6

\*Projections were prepared in late May, 2000. Actual year-end expenditures may vary.

Revenue activity throughout Fiscal Year 2000 continues to reflect a strong economy. The major General Fund revenue sources, including property tax, sales tax, transient occupancy tax, and motor vehicle license fees, comprise 60% of the total General Fund budget. All of these major sources are exhibiting increases over prior year receipts. This

excess revenue offsets other revenues, which fell short of budget estimates, and also contributes to the anticipated revenue carryover expected at year-end for purposes of

financing the Fiscal Year 2001 Budget. Final receipts are still to be received for most revenue sources, and may affect the final growth rates and total revenues received for Fiscal Year 2000.

Fourth Quarter Adjustments

A. Increase of Departmental Appropriations (General Fund)

It is requested that the Mayor and City Council authorize the Auditor and Comptroller to increase departmental appropriations for Environmental Services and Fire and Life Safety Services departments using Motor Vehicle License Fees received in excess of the budgeted amount. The

<b>FOURTH QUARTER ADJUSTMENT</b>			
<b>Fiscal Year 2000</b>			
<b>(in millions)</b>			
<b>Expenditures</b>			
Environmental Services			\$1.1
Fire and Life Safety Services			\$0.3
<b>Total</b>			<b>\$1.4</b>

Environmental Services department is expected to collect an additional 16,000 tons of refuse over the budgeted amount resulting in increased labor costs. The Fire and Life Safety Services department incurred additional personnel expenses associated with mutual aid resulting from an unusually severe brush fire season throughout California. Other adjustments include an appropriation increase of up to \$15,000 for Council District 3 to fund projected personnel expenses.

B. Increase of Departmental Allotment/Appropriation (General Fund)

Overall, the Police department has provided services within its budgeted appropriation, however, the department incurred non-personnel expenses including payments to the red-light photo enforcement vendor in excess of budget. It is requested that the Mayor and City Council authorize the Auditor and Comptroller to increase the non-personnel allotment for the Police department by \$3.2 million using Motor Vehicle License Fees received in excess of the budgeted amount.

C. Reallocation of Departmental Appropriations (General Fund)

Numerous General Fund projects are in progress that cannot be completed during the current fiscal year. Further, some Tobacco Settlement Funds are not expected to be fully expended by the end of Fiscal Year 2000 inasmuch as the funds were received later than originally projected and expenditures consequently delayed. Therefore, departments have asked that funds budgeted in the current fiscal year be transferred to the Allocated Reserve to provide for anticipated expenditures in Fiscal Year 2001. 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.

*Tobacco Settlement Fund projects:*

- *Citywide Program Expenditures – Medicine and Public Health Scholarships (\$271,875)*

Funding for Medicine and Public Health Scholarships.

- *Economic Development & Community Services (\$402,500)*

Various expenditures for the “6 to 6” Extended School Day Program.

- *Neighborhood Code Compliance (\$297)*

Youth Anti-Smoking and Anti-Substance Abuse Enforcement.

- *Office of the City Attorney (\$20,603)*

Youth Anti-Smoking and Anti-Substance Abuse Enforcement.

- *Park and Recreation (\$34,500)*

Recreation Leader Hourly Staff.

- *Police (\$224,639)*

Youth Anti-Smoking and Anti-Substance Abuse Enforcement.

*Other General Fund Projects:*

- *Citywide Program Expenditures – Fellowship Program (\$15,000)*

Funding of an existing fellowship for Fiscal Year 2001.

- *Financial Management – City Treasurer (up to \$200,000)*

Funding for replacement of business tax system with non-personnel expense savings.

- *Park and Recreation (\$1,485,000)*

Balboa Park signs (\$50,000); Colina Pool Deck Resurfacing (\$40,000); Colina Pool Slide (\$18,000); Deferred Maintenance Projects (\$903,000); MLK Pool Slide (\$19,000); Match for Mission Bay Boat Launching/ Ramp Repair Grant

(\$330,000); Memorial Pool Slide (\$18,000); Mira Mesa Center Upgrade (\$19,000); Muni Gym Rehabilitation (\$35,000); and Tecolote Nature Center Expansion (\$53,000).

- *Transportation – Parking Management (\$15,000)*

Sales Tax for the Lease/Purchase of nine parking scooters.

D. TransNet Fund

- Authorize the City Auditor and Comptroller to appropriate and expend up to \$775,000 as may be available from excess TransNet revenues from San Diego Association of Governments (SANDAG) for Streets Division Operating expenditures to cover projected Gas Tax revenue deficits. If additional Gas Tax revenues become available in Fiscal Year 2000, the TransNet fund may be repaid.
- Authorize the City Auditor and Comptroller to increase appropriations in the Capital Improvements Program (CIP) project Otay Mesa Road Widening, CIP No. 52-619.0, by \$505,652 and CIP project Peterlynn Drive Drain Reconstruction, CIP No. 12-084.0, by \$244,600 for a total of \$750,252 from TransNet fund balance.

E. Carryover of Non-General Funds Projects Budgeted in Fiscal Year 2000

- *Water (\$760,000)*

Authorize the Auditor and Comptroller to carry over up to \$760,000 budgeted in Fiscal Year 2000 Water Fund (41500) for data processing costs such as Oracle Relational Database System Upgrade (\$295,000), TRIM System (Tool Room Inventory Management) Scanner (\$50,000), department-wide Reclaimed Water System (\$150,000), WINRS (Water Information Network Reporting System; \$65,000), Records Management projects (\$115,000), and BEACH (Building Enterprise Applications Consolidating Harmony) for SCADA (Supervising Control and Data Acquisition) and WHAIDERS (Water Modeling/Hydraulics/ Architecture/Including/Data Manual/to Encapsulate/Relationships and Symmetry; \$85,000).

F. Transfers within Non-General Funds

- *Metropolitan Wastewater (\$187,148)*

Authorize the Auditor and Comptroller to transfer \$187,148 from the department's unallocated reserve to fund automated support.

- *Water (\$5,500,000)*

Authorize the Auditor and Comptroller to transfer prior year appropriation savings and if necessary, unallocated reserve funds, in an amount sufficient, as may be available, to fund any current year appropriation deficit. The department's current year appropriation deficit is estimated at approximately \$5.5 million, which is primarily due to unexpected outlay for emergency generators (Y2K related), additional rent expenditure, pump back credit to the County Water Authority, and additional overtime expenditures.

**CONCLUSION**

San Diego's sustained economic growth 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 limited the number of Fourth Quarter Adjustments required for Fiscal Year 2000, and enabled the City to utilize current year funds to help finance the Fiscal Year 2001 Budget.

Respectfully submitted,

Michael T. Uberuaga  
City Manager