

DATE ISSUED: May 31, 2001

REPORT NO. 01-101

ATTENTION: Honorable Mayor and City Council
Docket of June 5, 2001

SUBJECT: Fiscal Year 2001 Year-End Budget Adjustments

SUMMARY

Issues:

1. Should the City Council accept the Fiscal Year 2001 Year-End Budget Adjustments Report?
2. Should the City Council authorize the City Auditor and Comptroller to:
 - a. Amend the Fiscal Year 2001 Appropriation Ordinance to increase General Fund appropriations up to the amount of \$4.5 million, to be funded from revenues received in excess of budgeted amounts, for departments that have incurred expenses for electricity, natural gas, and fuel in excess of the budgeted amounts due to the energy crisis;
 - b. appropriate, transfer and carryover within the General Fund 100, certain sums between departments and programs, and between various other funds, as specified and set forth in the City Manager's Budget Adjustment Report; and
 - 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 2001 Year-End Budget Adjustments 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 \$4.5 million utilizing revenues in excess of budgeted amounts. Transfers from current year appropriations to be carried forward to Fiscal Year 2002 for various General Fund departments are approximately \$670,000. Non-General Fund transfers from current year appropriations are approximately \$727,000.

BACKGROUND

General Fund revenues and expenditures are monitored and analyzed throughout the fiscal year. The primary purpose of this report, commonly referred to as the “Fourth Quarter Adjustment”, is to identify the financial transactions needed to balance all funds prior to the conclusion of the fiscal year. In addition, authorization to continue the Fiscal Year 2001 budget appropriation into Fiscal Year 2002 for certain projects which could not be completed is necessary.

DISCUSSION

MAJOR REVENUE SOURCES		
Fiscal Year 2001		
(General Fund)		
(in millions)		
Revenue Source	Budget	Year-end Projection
Motor Vehicle License Fees	\$64.7	\$67.4
Property Tax	\$159.9	\$157.2
Sales Tax	\$133.8	\$145.4
Transient Occupancy Tax	\$55.3	\$57.7

The major General Fund revenue sources, including Property Tax, Sales Tax, Transient Occupancy Tax, and Motor Vehicle License Fees, comprise 62% of the total General Fund budget. All of these major sources are exceeding budget estimates, except

Property Tax. Excess General Fund revenues in the Proposed Budget were assumed as carryover to finance the Fiscal Year 2002 Budget. An analysis of the year-end revenue receipts is currently being conducted to determine if there is any revenue available beyond the projections in the Proposed Budget. A report is due to the City Council at the June 4th Budget deliberations.

Fourth Quarter Adjustments

- B. Increase of Departmental Allotments (General Fund) due to the energy crisis

Overall, departments have provided services within their budgeted appropriations; however, in some departments expenses incurred for electricity, natural gas, and

fuel caused these budgets to be exceeded. It is requested that the Mayor and City Council authorize the City Auditor and Comptroller to increase the non-personnel allotment for these departments, using revenues received in excess of budgeted amounts, in an amount sufficient to fund any current year appropriation deficit for electricity, natural gas, and fuel where other non-personnel expenditure savings were not sufficient to cover the deficit. The amount is approximately \$4.5 million. This was taken into consideration when projecting revenues and expenditures mid-year and funds were reserved to cover the energy shortfall. There is no impact on year-end projections with this action.

- Police \$1,416,688
- Fire \$1,010,387
- Park & Recreation \$1,576,255
- Facilities Maintenance \$360,000
- Information Technology & Communications \$144,834

C. Reallocation of Departmental Appropriations (General Fund)

Certain General Fund projects are in progress that cannot be completed during the current fiscal year. Therefore, funds budgeted in the current fiscal year need to be carried over to complete these projects in Fiscal Year 2002. It is requested that the Mayor and City Council authorize the City Auditor and Comptroller to carry over budgeted funds contingent upon sufficient appropriation savings being available at the conclusion of the fiscal year.

- *Planning - \$170,000*

Strategic Framework consultant contracts (\$70,000) and funds for MSCP land acquisition and monitoring (\$100,000).

- *Police - \$224,639*

Funding for youth anti-smoking and substance abuse enforcement.

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

Funding for Medicine and Public Health Scholarships.

D. Carryover of Non-General Fund Projects Budgeted in Fiscal Year 2001

- *Transportation/Street Division - \$504,108*

Funding for dredging of the Sorrento Valley Drainage Channel in Fiscal Year 2002, which was delayed due to the inability to obtain a necessary permit prior to nesting season.

- *Water - \$222,000*

Authorize the City Auditor and Comptroller to carry over up to \$222,000 budgeted in Fiscal Year 2001 Water Fund (41500) for data processing costs such as Stormwater GIS (Geographical Information System), which will provide data and functionality to support the mandated stormwater management program (\$52,000); Groundwater Basin GIS that will develop a data structure and specialized maps to store the graphics and data needed to support the mapping, management and analysis of Groundwater Basins (\$79,000); and BEACH (Building Enterprise Applications Consolidating Harmony) for WHAIDERS (Water Modeling/Hydraulics/Architecture/Including/Data Manual/to Encapsulate/Relationships and Symmetry; \$91,000).

CONCLUSION

San Diego's economic growth has led to increased revenue receipts during the current fiscal year. Although the energy crisis caused some departments to overexpend their non-personnel allotment, the majority of City departments were able to provide services within their established budgets. These factors have limited the number of Fourth Quarter Adjustments required for Fiscal Year 2001 and enabled the City to utilize current year funds for the purpose of financing the Fiscal Year 2002 Budget.

Respectfully submitted,

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City Manager

Frazier/Irvine/AYM