



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 29, 2006 REPORT NO: 06-191

ATTENTION: Budget and Finance Committee
Agenda of November 29, 2006

SUBJECT: Fiscal Year 2007 Period 1-4 Budget Monitoring Update

REFERENCE: Fiscal Year 2007 Period 1-2 Budget Monitoring Report, 06-148

REQUESTED ACTION:

1. Accept the Update Report from the Mayor on Fiscal Year 2007 Budget Monitoring.

STAFF RECOMMENDATION:

1. Accept the Update Report from the Mayor on Fiscal Year 2007 Budget Monitoring.

SUMMARY:

INTRODUCTION

The Period 1-4 Update Report for Fiscal Year 2007 provides a period-to-date assessment of the expenditures and revenues of general fund and non-general fund departments compared to budget and a status of major and other revenues for the fiscal year. This report includes actual (unaudited) expenditure and revenue data from July 1, 2006 through October 20, 2006 (Periods 1 through 4).

Departments have established period budgets to reflect expected spending and revenue patterns. A period budget is a division of the department's approved final budget into periods (4 weeks in the City's system.) These budgets are compared to actual spending and revenues to measure performance throughout the year. Explanations of significant variances, projections, and recommended appropriation adjustments will be provided in the mid-year (Period 1-5) report.

GENERAL FUND SUMMARY

Revenue

	Period-to-Date Budget	Period-to-Date Actual	Over/(Under) Budget	Variance
Total Revenues	\$150,076,001	\$128,903,714	(\$21,172,287)	14%

The first four periods of Fiscal Year 2007 show a variance of \$21 million, or 14% under budget in revenues. The variance is due partly to timing differences in the collection of Transient Occupancy Tax (TOT) revenue. Other factors producing the variance include the reduction in Service Level Agreement (SLA) billing across many departments, and the negative trend in property transfer tax.

Departments with significant revenue variances (\$1 million or more) through this period are Human Resources, Police, General Services, and the City Attorney’s Office. The Human Resources Department’s \$1.1 million under budget variance and the Police Department’s \$1.3 million under budget variance are due to delays in receipt of revenues. The General Services Department’s \$13.1 million under budget variance is primarily due to Gas Tax and TransNet reimbursements which will not be received in full until the end of the fiscal year. The City Attorney Department’s \$1.2 million under budget variance is primarily due to unpredictable service requests from other city departments.

A detailed revenue projection will be presented in the mid-year (Period 1-5) report and budget adjustment; however, at this time we anticipate no significant revenue shortfall for the City. Additional property tax and TOT revenues are expected to offset shortfalls in other revenue categories.

Expenditure

	Period-to-Date Budget	Period-to-Date Actual	Under/(Over) Budget	Variance
Total Expenditures	\$308,860,692	\$286,302,676	\$22,558,016	7%

The first four periods of Fiscal Year 2007 show a variance of \$22 million, or 7% under budget in expenditures. The variance is due primarily to vacant positions throughout General Fund departments and the timing of spending for supplies and services. It is anticipated that departments will be filling vacant positions and spending for supplies and services should increase to budgeted levels, reducing the savings reflected in future monitoring reports.

Departments with significant revenue variances (\$1 million or more) through this period are Park and Recreation, Police, Environmental Services, and General Services. The Park and Recreation Department’s \$2.6 million under budget variance is due to vacant positions. The Police Department’s \$7.3 million under budget variance is caused by the timing of expenditures for replacement police vehicles and a transfer to the Police Decentralization Fund. The Environmental Services Department’s \$1.2 million under budget variance is due to vacant

positions and the collection of less residential tonnage to-date than anticipated. The General Services Department's \$4.3 million under budget variance is primarily due to a delay in payment for contractual services for the Street Division.

Recommended appropriation adjustments will be included in the mid-year report in addition to revised revenue projections.

FISCAL CONSIDERATIONS: None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

Mary Lewis
Financial Management Director

Jay M. Goldstone
Chief Financial Officer

Attachments: I. [General Fund Period-to-Date](#)
A. [Revenues](#)
B. [Expenditures](#)
II. [Non-General Fund Period-to-Date](#)
A. [Revenues](#)
B. [Expenditures](#)