



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

DATE ISSUED: March 14, 2007 REPORT NO: 07-058

ATTENTION: Budget and Finance Committee  
Agenda of February 28, 2007

SUBJECT: Fiscal Year 2007 Mid-Year Budget Adjustments

REFERENCE: Fiscal Year 2007 Mid-Year General Fund Expenditure Monitoring Report  
Fiscal Year 2007 Mid-Year General Fund Revenue Monitoring Report,  
07-031  
Charter Section 39 Report: Period Six of Fiscal Year 2007, 07-032  
Fiscal Year 2007 Period 1-4 Budget Monitoring Update Report, 06-191  
Fiscal Year 2007 Period 1-2 Budget Monitoring Report, 06-148  
Information Technology Business Process Reengineering (BPR), 06-140  
Human Resources/Personnel Business Process Reengineering (BPR), 06-  
139  
Contracting Business Process Reengineering (BPR), 06-137.

REQUESTED ACTION:

1. Accept the Report from the Mayor on Fiscal Year 2007 Mid-Year Budget Adjustments and recommend City Council approval of requested budget adjustments.

STAFF RECOMMENDATION:

1. Accept the Report from the Mayor on Fiscal Year 2007 Mid-Year Budget Adjustments and recommend City Council approval of requested budget adjustments.

SUMMARY:

**INTRODUCTION**

The Mid-Year Budget Adjustments Report for fiscal year 2007 requests changes to the fiscal year 2007 budget for these purposes:

- 1) Modify departmental expenditure and revenue budgets based on year-end projections and on new needs for expenditures not anticipated in the fiscal year 2007 budget. See Attachment I-A: Budget Increases/(Decreases).
- 2) Adjust the fiscal year 2007 budget to correct errors or make structural changes that were identified after the final fiscal year 2007 budget was approved. Several of these changes were previously identified in the Fiscal Year 2007 Period 1-2 Budget Monitoring Report,

06-148, presented to the Budget and Finance Committee in October 2006. See Attachment I-B: Budget Corrections.

- 3) Implement the approved actions for Business Process Reengineering (BPR). See Attachment I-C: Business Process Reengineering Budget Adjustments.
- 4) Increase the General Fund revenue budget to account for projected over budget revenues. Please refer to the Fiscal Year 2007 Mid-Year General Fund Revenue Monitoring Report, 07-031, presented to the Budget and Finance Committee in January 2007, for a discussion of revenue projections.
- 5) Reallocate salary appropriations to a reserve account to ensure that General Fund salary savings are available at year-end.
- 6) Repay the Environmental Services Department enterprise funds for activities that were inappropriately budgeted and charged to those funds, based on the legal requirements of the funds as reported by the Office of the City Attorney.
- 7) Return funds to the Water and Metropolitan Wastewater Departments for expenses charged in fiscal year 2003 by General Fund departments, based on the findings of the audit conducted by Mayer Hoffman McCann.

## **BUDGET ADJUSTMENTS OVERVIEW**

The total bottom line impact to the General Fund from all requested changes can be summarized as follows: 1) a net reduction of 10.00 full-time equivalent (FTE) positions; 2) a net increase of \$11.6 million in expenditure appropriations; and 3) a net increase of \$6.2 million in the General Fund revenue budget. Please refer to Table 1, Summary of General Fund Budget Adjustments, for an itemization of changes by the categories listed above. The major budget adjustments are highlighted in the following paragraphs.

### **General Fund Adjustments**

The requested \$6.2 million increase in revenue budget will partially offset the \$11.6 million in requested new expenditure appropriations. A \$5.4 million gap remains between the projected revenue surplus to be appropriated and the additional expenditure appropriations requested in this report. An allocation of \$5.4 million of General Fund reserves is requested to balance all General Fund budget adjustments as outlined in Table 1. As of the publication date of this report, the General Fund reserves balance is \$36.2 million. The requested allocation of General Fund reserves will reduce this balance to \$30.8 million; however, staff requests that anticipated salary savings of \$5.1 million be set aside in a salary reserve account that will be allocated to the General Fund reserves at year-end along with General Fund savings remaining in departments. The year-end contribution to the reserves from surplus projected revenues and expenditure savings (including the salary savings to be set aside in reserves) is currently projected at \$12.2 million. This anticipated year-end reserves contribution will be in addition to the \$7.2 million reserve contribution budgeted as part of the fiscal year 2007 budget.

**Summary of General Fund Budget Adjustments**  
**Table 1**

Description	FTE Increase/(Decrease)	Expenditure Increase/(Decrease)	Revenue Increase/(Decrease)
<b>Budget Adjustments</b>			
A Budget Increases/(Decreases)	0.00	\$ 12,461,000	\$ (3,742,000)
B Budget Corrections	(7.00)	(3,853,046)	(605,487)
C Business Process Reengineering	(3.00)	15,391	15,391
D Major General Fund Revenues	0.00	-	10,524,000
	<u>(10.00)</u>	<u>\$ 8,623,345</u>	<u>\$ 6,191,904</u>
<b>E Reallocation of Salary Appropriations to Reserve Account</b>			
City Attorney	0.00	\$ (613,000)	\$ -
Park and Recreation	0.00	(644,000)	-
Police	0.00	(3,822,000)	-
Citywide Salary Reserve Account	0.00	5,079,000	-
TOTAL	<u>0.00</u>	<u>\$ -</u>	<u>\$ -</u>
<b>F Repayment to Recycling and Refuse Disposal Funds</b>			
Environmental Services	0.00	\$ 1,955,000	\$ -
<b>G Repayment to Sewer and Water Funds</b>			
Various General Fund Departments	0.00	\$ 1,064,503	\$ -
<b>Total General Fund Budget Adjustments</b>	<b>(10.00)</b>	<b>\$ 11,642,848</b>	<b>\$ 6,191,904</b>

**Non General Fund Adjustments**

Budget adjustments are requested for other funds for the following purposes: A) provide funding for new needs and projects not anticipated in the fiscal year 2007 budget; B) correct errors or make structural changes that were identified after the fiscal year 2007 budget was approved; and C) implement BPR results. The requested changes to each fund's appropriations are shown in Table 2, Summary of Citywide Budget Adjustments. The requested adjustments result in the total citywide budget reduction of 16.00 FTE, and increases of \$21.9 million in expenditure appropriations and \$13.4 million in revenue budgets. Adjustments to other funds do not require additional appropriations from reserves.

**Summary of Citywide Budget Adjustments**

**Table 2**

Description	FTE Increase/(Decrease)	Expenditure Increase/(Decrease)	Revenue Increase/(Decrease)
<b>Non-General Funds</b>			
Central Stores Internal Service Fund	0.00	\$ 7,000,000	\$ 6,400,000
Development Services Enterprise Fund	(1.00)	(120,314)	-
E&CP- Water/Wastewater Fund	1.00	60,544	60,544
Information Technology Fund	2.00	229,444	-
Refuse Disposal Funds	(1.00)	(115,320)	-
Risk Management Administration Fund	0.00	3,094,563	-
Sewer Funds	(5.00)	(409,818)	-
Water Department Fund	(2.00)	(201,144)	-
Zoological Exhibits Fund	0.00	746,698	746,698
<b>Total Non-General Fund Adjustments</b>	<b>(6.00)</b>	<b>\$ 10,284,653</b>	<b>\$ 7,207,242</b>
<b>Total General Fund Adjustments</b>	<b>(10.00)</b>	<b>\$ 11,642,848</b>	<b>\$ 6,191,904</b>
<b>Total Citywide Budget Adjustments</b>	<b>(16.00)</b>	<b>\$ 21,927,501</b>	<b>\$ 13,399,146</b>

**DETAIL OF BUDGET ADJUSTMENTS**

**Budget Increases/(Decreases) Table 1 (A)**

In order to fund departmental needs or projects that were not anticipated in the fiscal year 2007 budget, additional expenditure appropriations are requested. Conversely, adjustments are also requested to reduce revenue budgets where necessary. These adjustments will result in a total impact to the General Fund of \$12.5 million in increased expenditure appropriations and \$3.7 million in reduced revenue budgets. See line item A in Table 1, Summary of General Fund Budget Adjustments. Budget adjustments are also requested for the Central Stores Internal Service Fund and Zoological Exhibits Fund. Refer to Attachment I-A: Budget Increases/(Decreases) for a listing of these adjustments.

**City Attorney**

An expenditure appropriation increase of \$796,000 is requested to mitigate the increased spending on contracts for temporary employees, court and litigation related activities, and additional unbudgeted expenses for cell phone and data processing services. Projected salary savings of \$613,000 will be transferred to a salary reserve account. The City Attorney's Office projects a higher NPE shortfall this year of \$1.1 million, with approximately \$300,000 attributable to a possible over expenditure in fringe expense. Staff do not recommend additional appropriations for fringe expenses at this time and will continue to monitor expenditures for a possible third quarter adjustment.

A revenue budget reduction of \$2.5 million is requested due to the change in billing practices for SLAs and reduced legal work for the Water and Metropolitan Wastewater Departments. The

SLA revenue is expected to be \$3.8 million below budget this year but is offset by litigation awards revenue that has surpassed the budget of \$1.6 million by \$1.3 million.

#### **City Planning and Community Investment**

An expenditure appropriation increase of \$203,000 is requested to reconfigure office space and to complete the General Plan. The \$125,000 needed to reconfigure office space will allow Economic Development Division staff to move from leased office space to a city-owned building. The move is estimated to cost \$165,000 and to save \$165,000 annually or \$990,000 for the term of the current lease. In order to complete the General Plan, additional appropriations of \$78,000 are needed for consulting contracts.

#### **Citywide Program Expenditures**

An expenditure appropriation reduction of \$4.1 million is requested primarily due to projected surplus TOT revenues, eliminating the need for a General Fund subsidy to Special Promotional Programs. TOT revenues to Special Promotional Programs are projected to exceed budget by over \$5 million, removing the need for the \$4.7 million allocation from the General Fund.

#### **Financial Management**

An expenditure appropriation increase of \$15,000 is requested for additional departmental training. Recognizing the importance of a well trained staff and in order to comply with the Kroll Report's remediation recommendations, the Department of Finance has started a thorough evaluation of its future training needs. The Financial Management Department had no training budget in fiscal year 2007 and does not project sufficient NPE savings to fund additional training.

#### **Park and Recreation**

An expenditure appropriation increase of \$644,000 is requested for the following activities: waste removal services, downtown restroom maintenance, new facilities, water and sewer costs, and the annual dues for the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA). Approximately \$270,000 of the appropriation adjustment is needed for the Park and Recreation Department to assume responsibility for the JPA dues from the Water Department. The Water Department does not derive any direct benefit from participation in the JPA. The JPA provides a regional open space corridor benefit to the City of San Diego and the dues are more appropriately funded through the Park and Recreation Department. Dues for the first two quarters of fiscal year 2007 were paid by the Water Department and will be refunded by the Park and Recreation Department. Meanwhile, salary savings of \$1.3 million are projected in this department; of this amount, \$644,000 will be transferred to a salary reserve account.

#### **Personnel**

A revenue budget reduction of \$639,000 is requested due to cancellations of SLAs. Personnel is a central service function and expenditures no longer being charged through SLAs will be recovered in General Governmental Services Billing charges.

#### **Police**

An expenditure appropriation increase of \$3.8 million is requested for projected over budget expenditures in data processing, energy, and fringe. Of this amount, \$1.9 million is needed for

under budgeted data processing charges and \$1.1 million for under budgeted energy charges. Additionally, an increased appropriation of \$800,000 is required for projected fringe costs. Salary savings of \$4.2 million are projected in this department; \$3.8 million will be transferred to a salary reserve account.

#### **San Diego Fire-Rescue**

An expenditure appropriation increase of \$3.6 million is requested for over budget personnel expenditures, higher than anticipated energy and fuel expenses, and funding for the Urban Area Security Initiative (UASI). Salary and fringe expenditures are projected to be \$2.0 million over budget due to a vacancy rate that is lower than the budgeted vacancy factor. Expenditures related to the UASI are \$1.2 million over budget. These expenses will be reimbursed by the UASI grant, offsetting the revenue loss due to reduced services to the Emergency Medical Services program. An additional \$400,000 is requested for over budget supplies and services and energy/utility expenses.

#### **Special Projects**

A revenue budget reduction of \$570,000 is requested due to projected shortfalls in major gifts and planned giving, corporate partnerships, and other special projects revenues. This additional revenue has been budgeted in the past and not realized.

#### **Tax and Revenue Anticipation Notes**

An expenditure appropriation increase of \$4 million is requested due to increased borrowing costs.

#### **Public Liability Fund (Citywide Program Expenditures)**

An expenditure appropriation increase of \$3.5 million is requested to contribute additional funds to the Public Liability Fund in order to pay for projected costs that may be incurred throughout the remainder of fiscal year 2007. This projection does not consider any funding requirements for non-claims related expenditures. This request will increase the Citywide Program Expenditures Department's Public Liability Claims appropriations by \$3.5 million and the Public Liability Fund balance by \$3.5 million.

#### **Central Stores Internal Service Fund**

An expenditure appropriation increase of \$7.0 million and a revenue budget increase of \$6.4 million are requested to fully fund inventory purchases and sales. This expenditure category and associated revenues were not budgeted sufficiently in prior years and were adjusted administratively.

#### **Zoological Exhibits Fund**

An expenditure appropriation increase of \$747,000 and a revenue budget increase of \$747,000 are requested in order for the Zoological Exhibits Fund budget to correspond to the amount in the fiscal year 2007 Tax Rate Ordinance. The Tax Rate Ordinance sets the Zoological Exhibits budget based on a tax levy as mandated by City Charter. The fiscal year 2007 Tax Rate Ordinance was approved by the City Council on August 1, 2006, after adoption of the fiscal year 2007 Appropriation Ordinance. Therefore, it is necessary to adjust the Zoological Exhibits budget to reflect the tax requirements as specified in the fiscal year 2007 Tax Rate Ordinance.

### **Budget Corrections Table 1 (B)**

Budget corrections consist primarily of transfers and restructuring which are not properly reflected in the fiscal year 2007 budget. To make these corrections and to execute structural changes, positions, expenditures, and revenue are requested to be transferred from one General Fund department to another. In all cases these transfers affect the department's bottom line budget appropriation, thus requiring Council approval. In some cases, these corrections result in a reduction of positions, expenditures, or revenues. The total impact to the General Fund is a reduction of 7.00 FTE, a reduction in expenditure appropriations of \$3.9 million, and a reduction in revenue budgets of over \$605,000. See line item B in Table 1, Summary of General Fund Budget Adjustments. Budget corrections are also requested for the Information Technology Fund and Risk Management Administration Fund. Refer to Attachment I-B: Budget Corrections for a listing of these adjustments.

#### **Business and Grant Administration/Community and Legislative Services**

The transfer of 2.00 Council Representative II positions and related NPE from the Business and Grant Administration Department to the Community and Legislative Services Department is requested in order to correct the fiscal year 2007 budget. This action will move 2.00 FTE and \$200,000 of expenditure appropriations with no net impact to the General Fund.

#### **Business and Grant Administration/Mayor**

The transfer of \$16,000 of expenditure appropriations from the Business and Grant Administration Department to the Mayor's Department is requested in order to fund travel expenses that were not properly budgeted. This action will have no net impact on the General Fund.

#### **Business and Grant Administration, Business Office, Chief Operating Officer, Customer Services, and Mayor/Community and Legislative Services**

The transfer of \$11,000 of expenditure appropriations from the above mentioned departments to the Community and Legislative Services Department is requested in order to fund web support services that were inaccurately distributed among several departments. This action will have no net impact on the General Fund.

#### **Customer Services/Community and Legislative Services**

The transfer of 3.00 Council Representative II positions and related NPE from the Customer Services Department to the Community and Legislative Services Department is requested in order to correct the fiscal year 2007 budget. This action will move 3.00 FTE and \$200,000 of expenditure appropriations with no net impact to the General Fund.

#### **Department of Finance/Financial Management**

The transfer of 1.00 Financial Management Director from the Department of Finance to the Financial Management Department is requested in order to properly reflect the organizational structure of the Financial Management Department. This action will move 1.00 FTE and \$201,000 of expenditure appropriations with no net impact to the General Fund.

### **Financial Management**

The reduction of 2.00 Supervising Management Analysts and associated revenue is requested. The elimination of one position and associated revenue is due to the discontinuation of the Optimization Program, while removal of the second position is due to the restructuring of the Financial Management Department. This action will remove 2.00 FTE, \$230,000 of expenditure appropriations, and \$125,000 of revenue budget from the General Fund.

### **Financial Management Department/Information Technology Fund**

The transfer of 2.00 Information Systems Analyst IV positions from the Financial Management Department to the Information Technology Fund is requested in order to reflect a structural change that occurred after adoption of the fiscal year 2007 budget. This action will have a net reduction of 2.00 FTE and \$229,000 of expenditure appropriations to the General Fund and a corresponding net increase of FTE and expenditure appropriations to the Information Technology Fund.

### **Engineering and Capital Projects/General Services**

The transfer of 1.00 Traffic Engineer plus \$238,000 of NPE appropriations from the Engineering and Capital Projects Department to the General Services Department is requested in order to support additional facilities work. The traffic engineer will lead the Facilities Work Control Center and the NPE will fund a facility condition assessment of police, fire and lifeguard facilities. This action will move 1.00 FTE and \$348,000 of expenditure appropriations with no net impact to the General Fund.

### **General Services/City Treasurer and Police**

In order to reflect the restructure of the Parking Management Division that occurred after completion of the fiscal year 2007 budget, positions, expenditures, and revenues are requested to be transferred from the General Services Department to the City Treasurer and Police Departments. Parking enforcement was identified as a non-core function for Public Works and the operation was divided between the Police Department (enforcement) and the City Treasurer Department (collections). The Parking Management Division has 100.00 FTE, a total expenditure budget of \$9.6 million and a revenue budget of \$25.7 million. An additional position that was incorrectly budgeted in the Street Division of the General Services Department is also being transferred. This action will move 31.00 FTE, \$3.9 million of expenditure appropriations, and \$7.3 million of revenue budget to the City Treasurer Department and 70.00 FTE, \$5.8 million of expenditure appropriations and \$18.4 million of revenue budget to the Police Department. There is no net impact to the General Fund.

### **MWWD – Storm Water Pollution Prevention/General Services**

In order to reflect the restructure of the Storm Water Pollution Prevention Division that occurred after completion of the fiscal year 2007 budget, positions, expenditures, and revenues are requested to be transferred from the Metropolitan Wastewater Department to the General Services Department. This action will move 25.34 FTE, \$13.6 million of expenditure appropriations, and \$472,000 of revenue budget with no net impact to the General Fund.



### **Special Projects/Department of Finance**

The transfer of 1.00 Director of Major Gifts, 1.00 Program Manager, and related NPE from the Special Projects Department to the Department of Finance is requested in order to correct the fiscal year 2007 budget. This action will move 2.00 FTE and \$371,000 of expenditure appropriations with no net impact to the General Fund.

### **Human Resources/Risk Management Administration Fund**

The transfer of \$3.1 million of expenditure appropriations from the Human Resources Department to the Risk Management Administration Fund is requested in order to correct the fiscal year 2007 budget and properly reflect the responsibility for employee benefits and safety activities. The revenue associated with these activities already exists in the Risk Management Administration Fund. This action will have a net reduction of \$3.1 million of expenditure appropriations to the General Fund and a net increase of \$3.1 million of expenditure appropriations to the Risk Management Administration Fund.

### **City Auditor and Comptroller**

The reduction of 1.00 Principal Accountant, 1.00 Accountant III, 1.00 Payroll Audit Specialist, associated NPE, and associated revenue from the City Auditor and Comptroller Department is requested in order to correct the fiscal year 2007 budget. These positions and related NPE were transferred to the City Retirement Department. The positions were included in the City Retirement Department's fiscal year 2007 budget but not removed from the City Auditor and Comptroller Department's budget. This action will remove 3.00 FTE, \$299,000 of expenditure appropriations, and \$299,000 of revenue budget from the General Fund.

### **Community and Legislative Services**

The reduction of \$181,000 of revenue budget is requested due to cancellation of SLAs with enterprise fund departments and lower than anticipated City TV 24 revenue. This action will remove \$181,000 of budgeted revenue from the General Fund.

### **Business Process Reengineering Table 1(C)**

Three BPR efforts were completed and approved by Council at the time of this analysis: Contracting (Resolution Number R-301948), Information Technology (Resolution Number R-302005), and Human Resources/Personnel (Resolution Number R-302004). Budget adjustments are requested to complete implementation of the BPR results. The total impact to the General Fund is a reduction of 3.00 FTE, an increase in expenditure appropriations of over \$15,000, and an increase in revenue budgets of over \$15,000. See line item C in Table 1, Summary of General Fund Budget Adjustments. Budget adjustments are also requested for the Development Services Enterprise, E&CP – Water/Wastewater, Refuse Disposal, Sewer, and Water Department Funds in order to implement BPRs. Refer to Attachment I-C: Business Process Reengineering Budget Adjustments for a listing of these adjustments.

These budget adjustments reflect a pro-ration of the amounts presented in each of the BPR reports due to mid-year implementation. These BPR budget adjustments do not demonstrate budgetary savings to the General Fund in fiscal year 2007. It should be noted, however, that there are several BPRs in progress where budgetary savings are expected.

In addition to the budget adjustments listed in Attachment I-C, the combination of the Purchasing Division (currently part of the Financial Management Department), Equal Opportunity Contracting Department, and Purchasing and Contracting Department is requested in order to create the new Purchasing and Contracting Department as described in the Contracting BPR.

#### **Major General Fund Revenues Table 1 (D)**

Staff request that the Major General Fund Revenue budget be increased by \$10.5 million (see line item D in Table 1, Summary of General Fund Budget Adjustments.) This amount will partially offset the impacts of the requested budget increases/(decreases) and budget corrections. This adjustment, combined with other requested revenue budget adjustments will increase the total General Fund revenue budget by \$6.2 million, the amount of over budget revenue that is projected at this time. Refer to the Fiscal Year 2007 Mid-Year General Fund Revenue Monitoring Report, 07-031, for a discussion of year-end revenue projections. The Major General Fund Revenue budget will not be increased by the entire \$16.9 million of projected budget surplus due to under budget revenue projections in other departments throughout the General Fund. Revenues will continue to be monitored and additional revenue budget adjustments may be requested in future monitoring reports.

#### **Reallocation of Salary Appropriations to Reserve Account Table 1 (E)**

Salary savings have been projected in several General Fund departments. Budget adjustments are requested for some of these departments because the City Charter prevents the use of funds budgeted for salaries to be used to support fringe and NPE. In order to ensure that projected salary savings, in the amount of the requested increase in fringe and NPE appropriations, are realized at year-end, staff request that salary appropriations be moved from General Fund operating department budgets and placed in a salary reserve account in the Citywide Program Expenditures Department. The amounts to be transferred are \$613,000 from the Office of the City Attorney, \$644,000 from the Park and Recreation Department, and \$3.8 million from the Police Department. This will have no net impact on salary appropriations in the General Fund. See line item E in Table 1, Summary of General Fund Budget Adjustments.

#### **Repayment to Recycling and Refuse Disposal Funds Table 1 (F)**

The amount of expenses estimated to be charged to the Environmental Services Department's Recycling and Refuse Disposal Funds this fiscal year that should be paid by the General Fund, based on the legal requirements of the funds as reported by the Office of the City Attorney, is estimated at \$2.0 million. Staff requests additional General Fund expenditure appropriations in order to refund the Recycling and Refuse Disposal Funds for expenses associated with the following programs: bay and beach barrel collection, EDCO collection, Mission Bay and shoreline parks collection, container management and delivery, HazMat internal program, underground storage tank program, lead safe neighborhoods, and the environmental library. The requested adjustment includes appropriations to repay the enterprise funds for departmental management, administration, data processing, payroll, training, and other department-wide support functions that were inappropriately allocated amongst the three funds in the department. See line item F in Table 1, Summary of General Fund Budget Adjustments.

**Repayment to Sewer and Water Funds Table 1 (G)**

The General Fund must refund \$1.1 million of expenses charged to the Water and Metropolitan Wastewater Departments in fiscal year 2003, based on the findings of auditors Mayer Hoffman McCann. See line item G in Table 2, Summary of General Fund Budget Adjustments.

**CONCLUSION**

Budget adjustments are requested for several purposes: to provide funding for new needs and projects; correct errors and make structural changes to the budget; implement BPR results; increase the General Fund revenue budget based on revised projections; and fund the repayments to the Recycling, Refuse Disposal, Sewer, and Water Funds. These changes result in a net reduction of 10.00 FTE, a net increase of \$11.6 million in expenditure appropriations, and a \$6.2 million increase in the revenue budget of the General Fund. See Table 1, Summary of General Fund Budget Adjustments. In order to balance the General Fund to accommodate all the adjustments requested in this report, an allocation of \$5.4 million is needed from the General Fund Unallocated Reserves.

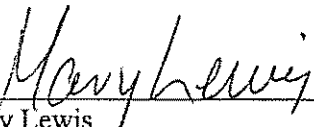
At this time, net expenditure savings and surplus revenues are projected to be \$12.2 million at year-end; of this amount, staff request that \$5.1 million in expected salary savings be transferred to a salary reserve account. Please refer to the Fiscal Year 2007 Mid-Year General Fund Expenditure Monitoring Report. These savings, if realized, will be allocated to the General Fund reserves at the end of fiscal year 2007, and will more than offset the funds being requested from the Unallocated Reserves for the new expenditure appropriations outlined in this report.


FISCAL CONSIDERATIONS: General Fund budget adjustments require \$5.4 million of appropriations from General Fund reserves.

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. Budget Increases/(Decreases)
- II. Budget Corrections
- III. Business Process Reengineering