



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 18, 2011 REPORT NO: 11-077

ATTENTION: City Council
Agenda of May 23, 2011

SUBJECT: Fiscal Year 2011 Year-End Budget Monitoring Report

REFERENCE: Fiscal Year 2011 Mid-Year Budget Monitoring Report, #11-031

REQUESTED ACTION:

Accept the report from the Mayor on Fiscal Year 2011 Year-End Budget Monitoring and authorize the requested appropriation adjustments.

STAFF RECOMMENDATION:

Approve the requested action.

SUMMARY:

The following report presents projections of year-end revenues and expenditures. Projections are determined using actual (unaudited) data from July 2010 through March 2011, or through accounting period nine, and departmental information regarding spending trends and operations. This report includes discussion of year-end projections that vary significantly from the Fiscal Year 2011 budget for the General Fund and other funds with budgeted staff. For this report, a significant variance is defined as under or over budget revenues or expenditures of \$500,000 or greater. Also included in this report are requested appropriation adjustments for General Fund departments and other budgeted funds to provide legal appropriation authority for continued operations through the remainder of the fiscal year. The requested authorities will ensure that all expenditures for Fiscal Year 2011 are covered by appropriations for each department to comply with City Charter requirements and the Fiscal Year 2011 Appropriation Ordinance. These adjustments may be applied after the fiscal year ends, during the closing process when all expenditures are known and recorded.

Both General Fund revenues and General Fund expenditures are projected to be within 1 percent of budget at fiscal year end. General Fund revenues are projected to be \$7.3 million under budget while expenditures are projected to conclude the fiscal year \$15.9 million under budget. After accounting for an \$11.8 million technical correction to both revenue and expenditure budgets, these variances drop to \$4.5 million of over budget revenue and \$4.1 million under budget in expenditures, which represent variances of 0.4 percent from the adjusted current General Fund

budget. This results in a net year-end projection of \$8.6 million of revenue in excess of expenditures.

FISCAL CONSIDERATIONS:

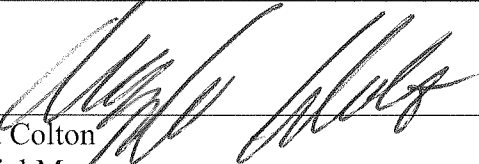
Fiscal impacts are discussed in detail throughout this report. The net impact of the General Fund year-end projections is \$8.6 million of revenue in excess of expenditures. This is an increase of \$3.5 million from the projected \$5.1 million of revenue in excess of expenditures in the Fiscal Year 2011 Mid-Year Budget Monitoring Report. Appropriation increases are requested within the General Fund for projected over budget expenditures and are offset by additional revenue or reductions in other departments. The combined actions result in a reduction of \$4.8 million to both General Fund revenue and expenditure appropriations, maintaining a balanced budget. Adjustments are also requested for the Facilities Financing, Fleet Services Operating, and Wireless Communications Technology Funds and the Commission for Arts and Culture.

A General Fund reserve balance of 7.8 percent is projected for Fiscal Year 2011 based on the Fiscal Year 2010 unaudited ending fund balance and the \$8.6 million surplus projected for Fiscal Year 2011. This reserve level exceeds the 7 percent budgeted level for June 30, 2011. However, due to continuing uncertain economic conditions, the relatively small projected surplus, and the projected \$41.0 million deficit for Fiscal Year 2013, it is not recommended that any of the projected \$8.6 million General Fund surplus or additional reserve balance be used for either Fiscal Year 2011 or the Fiscal Year 2012 budget.


PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

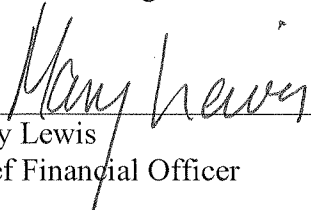
KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.



Angela Colton
Financial Manager



Mark Leonard
Financial Management Director



Mary Lewis
Chief Financial Officer

Attachment: Fiscal Year 2011 Year-End Budget Monitoring Report