



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 21, 2012 REPORT NO: 12-139
ATTENTION: Budget and Finance Committee
Agenda of November 28, 2012
SUBJECT: Fiscal Year 2013 First Quarter Budget Monitoring Report
REFERENCE: None

REQUESTED ACTION:

Accept the report on Fiscal Year 2013 First Quarter Budget Monitoring.

STAFF RECOMMENDATION:

Accept the report.

SUMMARY:

The following report presents projections of year-end revenues and expenditures for the General Fund and other funds with budgeted staff. Projections were developed using actual (unaudited) data from July 2012 through September 2012, which provides three accounting periods of activity, and departments' information regarding expected spending trends and operations for the remainder of the fiscal year. This report focuses on year-end revenue and expenditure projections that vary from the current Fiscal Year 2013 budget by \$0.5 million or more.

Both General Fund revenues and General Fund expenditures are projected to be nearly at budget at fiscal year-end. General Fund revenues are projected to be \$0.5 million over budget, which is a 0.0 percent variance from the current budget. General Fund expenditures are projected to be \$0.7 million, or 0.1 percent, over budget at fiscal year-end. This results in a projected Fiscal Year 2013 budget shortfall of \$0.2 million. However, at the time of this projection, it appears the \$2.3 million General Fund savings for the Fleet Services Managed Competition process may not be realized in Fiscal Year 2013. These savings, included in the Fiscal Year 2013 Adopted Budget, may not be realized due to delays in implementation of the employee managed competition proposal. Should this occur, the Fiscal Year 2013 projected deficit would increase from \$0.2 million to \$2.5 million.

Fiscal Year 2012 ended with an estimated \$165.7 million (unaudited) reserve level. This equates to 13.9 percent of estimated (unaudited) Fiscal Year 2012 General Fund revenues. The projected Fiscal Year 2013 General Fund ending reserve level, incorporating the unrealized Fleet Services Managed Competition savings, is \$150.0 million, or 13.0 percent of projected Fiscal Year 2013 General Fund revenues. The General Fund reserve level target for the Fiscal Year 2013 Budget is 8.0 percent.

Finally, several uncertainties have been identified in the Fiscal Years 2014-2018 Five-Year Financial Outlook that could significantly impact the Fiscal Year 2014 Budget. One of these uncertainties, Redevelopment Agency (RDA) Dissolution Impact, could also significantly affect Fiscal Year 2013. The State Department of Finance (DOF) has informed the City that it is rejecting certain elements in the Recognized Obligation Payment Schedule (ROPS) III submission, which the City is appealing. Should the DOF determination hold, \$13.8 million in debt service support for PETCO Park and Convention Center Expansion Phase II would shift to the General Fund.

FISCAL CONSIDERATIONS: None, this is an information report only.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None

signature on file

Mark Leonard
Financial Management Director

signature on file

Irina Kumits
Deputy Director

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Jay M. Goldstone
Chief Operating Officer

Attachment: Fiscal Year 2013 First Quarter Budget Monitoring Report, #12-139

Fiscal Year 2013 First Quarter Budget Monitoring Report



**City of San Diego
Financial Management Department
November 2012**

GENERAL FUND

Both General Fund revenues and General Fund expenditures are projected to be at budgeted levels at fiscal year-end. General Fund revenues are projected to be \$0.5 million over budget, and General Fund expenditures are projected to be \$0.7 million over budget at fiscal year-end. This results in a projected \$0.2 million budget shortfall for Fiscal Year 2013. Table 1: Summary of FY 2013 General Fund Projections summarizes this information.

Summary of FY 2013 General Fund Projections					
<i>Table 1</i>	<i>in millions</i>				
Revenue/Expenditures	Adjusted Budget	Year-End Projection	Over/(Under) Budget	Variance %	
Projected Resources					
Major General Fund Revenues	\$ 846.1	\$ 845.1	\$ (1.0)	-0.1%	
Departmental Revenue	309.6	311.1	1.5	0.5%	
Use of FY 2012 Fund Balance ¹	12.7	12.7	-	0.0%	
Subtotal	\$ 1,168.4	\$ 1,168.9	\$ 0.5	0.0%	
Projected Expenditures					
Salaries	\$ 511.5	\$ 511.8	\$ 0.3	0.1%	
Fringe and Non-Personnel	657.4	657.9	0.5	0.1%	
Subtotal	\$ 1,168.9	\$ 1,169.7	\$ 0.7	0.1%	
Net Year-End Projection	\$ (0.5) ²	\$ (0.7)	\$ (0.2)		

¹ The FY 2013 Adopted Budget included \$12.7 million use of the Fiscal Year 2012 General Fund ending balance.

² The FY 2013 Adjusted Budget reflects an increase in expenditures of \$480,000 as a result of an advance to Civic San Diego for land-use permitting and planning expenses per the Council approved FY 2013 Civic San Diego Administrative Budget.

The overall General Fund revenue projection is on target, with most revenue categories trending close to budget. Departmental revenues are projected to be \$1.5 million over budget. This is primarily due to Park and Recreation Department increased revenues from reimbursements from transient occupancy tax revenues and higher than budgeted reimbursements and grants in the Police Department. Major General Fund revenues are projected to be under budget by \$1.0 million, mainly due to lower than budgeted sales tax receipts.

Department expenditures are projected to end the fiscal year \$0.7 million over budget. This is the result of slight increases in both Personnel and Non-Personnel expenditures. In the Personnel expenditures category, departments are experiencing savings from higher vacancies due to a temporary hiring freeze implemented following voter approval of Proposition B pension reform. However, these savings are offset by projected increases in hourly, overtime and pay-in-lieu of annual leave expenditures. The projected overages in Non-Personnel expenditures are comprised of higher supplies, and energy and utilities costs partially offset by anticipated savings in contracts expenditures.

While both the revenue and expenditure projections are close to budget, there may be additional expenditures incurred in Fiscal Year 2013 that are not included in these projections. At the time

of this projection, it appears that \$2.3 million in budgeted savings related to the Fleet Services Managed Competition process may not be realized due to delays in implementation. Should this occur, the projected Fiscal Year 2013 deficit would increase from \$0.2 million to \$2.5 million.

Finally, uncertainty remains regarding the impact of Redevelopment Agency (RDA) dissolution. The State Department of Finance (DOF) has informed the City that it is rejecting certain elements in the Recognized Obligation Payment Schedule (ROPS) III submission, which the City is appealing. Should the DOF determination hold, \$13.8 million in debt service support for PETCO Park and Convention Center Expansion Phase II would shift to the General Fund.

GENERAL FUND RESERVES

Fiscal Year 2012 ended the year with an estimated \$165.7 million (unaudited) fund balance.

FY 2013 General Fund Reserve Estimates	
<i>Table 2</i>	<i>in millions</i>
Description	Amount
FY 2012 Ending Balance (unaudited estimate)	
Unassigned Balance	\$ 106.3
Emergency Reserve	59.4
Subtotal	\$ 165.7
FY 2013 Projected Activity	
Projected Revenue	\$ 1,156.2
Projected Expenditures ¹	(1,169.7)
Subtotal	\$ (13.5)
FY 2013 Projected Ending Balance	
	\$ 152.3
Other Potential FY 2013 Activity	
Unrealized Fleet Managed Competition Savings	\$ (2.3)
Subtotal	\$ (2.3)
Revised Reserve Projection	
	\$ 150.0

¹Includes \$12.7 million use of the Fiscal Year 2012 General Fund ending balance as reflected in the Adopted Budget.

The projected General Fund reserve balance for the end of Fiscal Year 2013 is \$150.0 million, which accounts for:

- The budgeted use of \$12.7 million in reserves in Fiscal Year 2013. This use was included in the Fiscal Year 2013 Budget as follows: \$8.3 million for deferred capital projects, \$1.5 million for Council Community Projects, Programs and Services, \$1.4 million for Kinder Morgan litigation, \$0.9 for community plan updates, and \$0.8 million in the General Fund Appropriated Reserve.
- An additional \$0.2 million use of reserves for current year activity.

- The potential use of reserves due to \$2.3 million in unrealized savings related to the Fleet Services Managed Competition process.

These calculations are reflected on the previous page in Table 2: FY 2013 General Fund Reserve Estimates.

The projected \$150.0 million reserve balance reflects approximately 13.0 percent of Fiscal Year 2013 projected revenue. The projections are very close to budget and any change in economic conditions, such as an increase in unemployment levels or declines in major revenue sources, could impact revenue projections. Also, the ultimate impact of the RDA dissolution could significantly impact reserves should they be needed to address this issue.

GENERAL FUND REVENUES

The current General Fund revenue budget for Fiscal Year 2013 is \$1.2 billion. In total, General Fund revenues are projected to be over budget by \$0.5 million at year-end, which is a 0.0 percent variance from the current budget. Departmental revenues are projected to be over budget by \$1.5 million, or 0.5 percent. The most significant increase in departmental revenue is due to higher than budgeted transient occupancy tax reimbursements to the Park and Recreation Department for tourism related expenses. Conversely, major General Fund revenues are projected to conclude the fiscal year \$1.0 million, or 0.1 percent, under budget primarily due to lower than budgeted sales tax receipts. The net impact is that total General Fund revenues are projected to be nearly on target with budget at the end of the fiscal year. The following sections discuss the variances between revenue projections and the current budget for both major and departmental revenues. Table 3: FY 2013 General Fund Revenue Projections summarizes these revenue variances, which are also detailed in Attachment I: General Fund Revenue Projections.

FY 2013 General Fund Revenue Projections				
<i>Table 3</i>	<i>in millions</i>			
Revenue Source	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Major General Fund Revenues	\$ 846.1	\$ 845.1	\$ (1.0)	-0.1%
Departmental Revenue	309.6	311.1	1.5	0.5%
Total	\$ 1,155.7	\$ 1,156.2	\$ 0.5	0.0%

Major Revenues

The year-end projection for the General Fund major revenues is \$845.1 million, which is a \$1.0 million unfavorable variance from the current budget, as reflected in Table 4: FY 2013 Major General Fund Revenue Projections. The projections for Major General Fund revenues are based on the most recent economic information and revenue distributions to the City. The primary contributor to the negative variance is sales tax revenue which is projected to end the year under budget by \$3.6 million. The projected shortfall in this category is partially offset by projected increases in transient occupancy tax revenue of \$2.0 million and motor vehicle license fee

revenue of \$0.7 million. Also, the property tax revenue is projected to be over budget by \$3.6 million offset by a similar decrease in other revenue. This is due to a re-categorization of revenue between the Property Tax and Transfers In categories from the Estimated Redevelopment Property Tax Trust Fund allocations to the City.

FY 2013 Major General Fund Revenue Projections				
<i>Table 4</i>	<i>in millions</i>			
Revenue Source	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Property Tax	\$ 387.1	\$ 390.7	\$ 3.6	0.9%
Sales Tax	236.3	232.7	(3.6)	-1.5%
Transient Occupancy Tax ¹	81.7	83.7	2.0	2.4%
Franchise Fees ²	70.0	69.9	(0.1)	-0.1%
Property Transfer Tax	6.4	6.6	0.2	3.1%
Motor Vehicle License Fees	-	0.7	0.7	100.0%
Other Major Revenue	64.7	60.9	(3.8)	-5.9%
Total	\$ 846.1	\$ 845.1	\$ (1.0)	-0.1%

¹ Total City FY 2013 current revenue budget for transient occupancy tax is \$156.0 million and the projection is \$159.8 million. The balance is budgeted in the Transient Occupancy Tax Fund.

² Total City FY 2013 current revenue budget for franchise fees is \$133.2 million and the projection is \$133.1 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

When the Fiscal Year 2013 Adopted Budget for major General Fund revenues was developed, it incorporated a projection of continuing improvement in the local, State and national economies for the fiscal year. While some of the major General Fund revenues are currently projected to end the fiscal year under budget, the positive signs shown by local economic indicators during development of the budget have continued through the first quarter of the fiscal year as reflected in Table 5: Local Economic Indicators.

Local Economic Indicators			
<i>Table 5</i>			
Economic Indicator	September 2011	September 2012	% Change
City of San Diego Unemployment	9.9%	8.5%	-1.4%
City of San Diego Number of Unemployed	70,300	60,400	-14.1%
USD Index of Leading Econ. Indicators	116.1	122.3	5.3%
San Diego County Home Sales	3,065	3,212	4.8%
San Diego County Median Home Price	\$326,421	\$365,483	12.0%
San Diego County Foreclosures	1,031	548	-46.8%
San Diego County Notices of Default	1,883	1,239	-34.2%

Source: California Employment Development Department, DataQuick Information Systems, USD Index of Leading Economic Indicators, San Diego County Assessor/Auditor/Recorder's Office

When compared to September 2011, the unemployment rate in the City of San Diego for September 2012 has dropped by 1.4 percent, while the total number of unemployed has decreased by 14.1 percent. There have also been significant decreases in foreclosures and notices

of default when comparing the same time periods. In addition to local employment and real estate indicators showing improvement, the University of San Diego's (USD) Index of Leading Economic Indicators also reflects a positive change. This index provides a broader picture of the local economy, as it summarizes data across several areas, including building permits, unemployment, stock prices, consumer confidence, help wanted advertising and the national economy.

While the current year-end projection for the major General Fund revenues is slightly under budget, it remains evident that the local economy is continuing to slowly improve, as displayed by local economic indicators in the table above. Although it is anticipated that this improvement in the local economy will continue through the remainder of Fiscal Year 2013, economic indicators will be closely monitored for potential impacts on the major General Fund revenues.

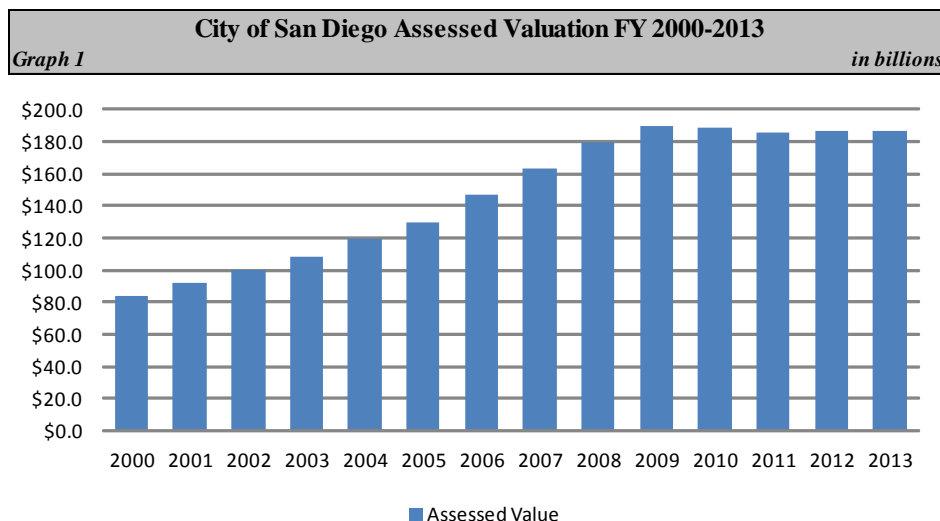
Property Tax

The year-end projection for property tax revenue is \$390.7 million, which is a 0.9 percent or \$3.6 million increase from the current budget. This projection consists of the City's 1.0 percent property tax distributions from the County and the tax sharing pass-through payment from the former RDA. The 1.0 percent property tax year-end projection varies from the current budget due to a lower than projected assessed valuation (AV) for the City for Fiscal Year 2013 which has resulted in a decrease of \$1.3 million in projected property tax receipts. This reduced projection is offset by a positive adjustment of \$4.8 million in the Estimated Redevelopment Property Tax Trust Fund payment as a result of the dissolution of the RDA. Both of these components in the property tax projection result in a net projected surplus of \$3.6 million.

The assessed valuation information was released by the County Assessor's Office in June 2012, after the preparation of the Fiscal Year 2013 Adopted Budget. While there are some signs of improvement in the local real estate market, a lag time of approximately eighteen months exists between the time the assessed valuation is set by the County Assessor's Office and property tax revenue is received by the City. Fiscal Year 2013 property tax receipts reflect housing market activity from calendar year 2011. The median home price for calendar year 2011 decreased 4.0 percent over the calendar year 2010 median home price and was the main contributor to the decrease in the City's assessed valuation. However, current market trends are promising with home sales increasing 4.8 percent in September 2012 over September 2011 and median home prices increasing 12.0 percent over the same time frame. These recent trends should have a positive impact on the City's assessed valuation and property tax receipts in future years.

In Fiscal Year 2012, actual property tax refunds totaled \$5.5 million, a 25.2 percent decrease over the Fiscal Year 2011 property tax refunds of \$7.4 million. Approved reductions in assessed value result in refunds paid to the applicants, which negatively impacts the total projected revenue to be received by the City. The decrease in refunds is a promising sign that there will be fewer property tax appeal applications. The Fiscal Year 2013 year-end property tax projection assumes the same amount of refunds as in Fiscal Year 2012. Reassessment refunds as reported by the County Assessor will be monitored throughout the fiscal year to identify any potential

impact these refunds may have on the Fiscal Year 2013 property tax revenue projection. Graph 1: City of San Diego Assessed Valuation FY 2000-2013, below displays the City of San Diego's AV for Fiscal Years 2000 through 2013.



Source: San Diego County Assessor's Office

The Fiscal Year 2013 Adopted Budget included a \$2.5 million tax sharing pass-through payment within the Transfers In revenue category. However, as a result of the dissolution of the RDA, the tax sharing pass-through payment will be received as part of the ROPS and will be recognized as property tax revenue. The Fiscal Year 2013 year-end property tax projection includes a total tax sharing pass-through payment of \$4.8 million from the former RDA based on previously approved ROPS. In Fiscal Year 2012, the City's received \$2.4 million in tax sharing pass-through payments from the first ROPS distribution, therefore, the projection for Fiscal Year 2013 is increased to \$4.8 million as the City is expected to receive two ROPS distributions. The City will monitor future ROPS and adjust the projected pass-through payments as necessary.

Sales Tax

The year-end projection for sales tax is \$232.7 million, which is a 1.5 percent or \$3.6 million decrease from the current budget of \$236.3 million. This decreased projection is primarily due to the State Board of Equalization's estimated Fiscal Year 2013 triple-flip payment¹ to the City being lower than anticipated in the current budget. Additionally, the City received less than budgeted sales tax revenue for the second quarter of calendar year 2012.

While both of these components resulted in lower sales tax revenue, the City did experience positive growth in taxable sales throughout Fiscal Year 2012 and this trend in taxable sales has continued into the first quarter of Fiscal Year 2013. When comparing taxable sales from the second quarter of calendar year 2012 with the same period from 2011, a net gain of 3.7 percent is reported across all economic sectors, as shown in Table 6: Quarterly Sales Tax Revenue. Gains

¹ Triple-flip is the State legislation under which local governments are required to shift one-quarter of 1.0 cent of the Sales and Use Tax to the State in exchange for an equivalent amount of property tax.

in taxable sales in the first quarter of this fiscal year were mainly due to increases in food products and business-to-business sales.

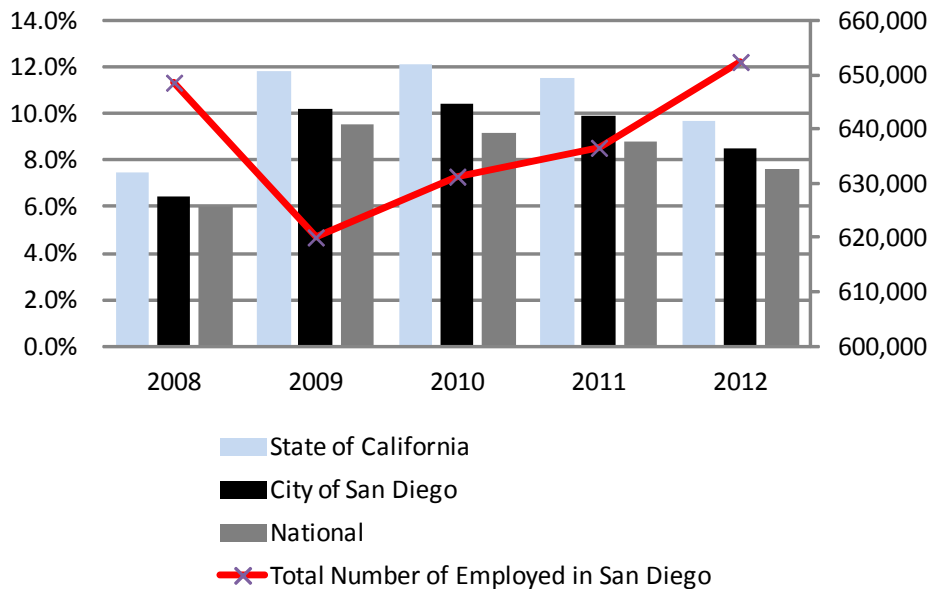
According to the most recent (August 2012) forecast from the State Board of Equalization, State-wide taxable sales are forecasted to have an average growth of 5.0 percent in the remaining three quarters of Fiscal Year 2013. The City’s projection for the remainder of the fiscal year is 5.3 percent which is based on the analysis of the most recently available sales tax actual receipts, and the current and projected activity of key economic indicators. While unemployment rates for both San Diego and the State of California have declined, they are still above the national unemployment rate of 7.6 percent, as shown in Graph 2: Unemployment Rates. The

Quarterly Sales Tax Revenue			
<i>Table 6</i>	<i>in millions</i>		
Economic Category	2nd Quarter CY 2011	2nd Quarter CY 2012	Variance %
General Retail	\$ 14.5	\$ 14.5	-0.4%
Food Products	11.0	11.9	8.5%
Transportation	10.3	10.7	4.1%
Business to Business	8.4	9.0	7.2%
Construction	3.8	3.7	-2.9%
Total	\$ 48.0	\$ 49.8	3.7%

Source: MuniServices, LLC

sales tax growth projection for the remainder of the fiscal year remains at budgeted level of 5.3 percent. Looking ahead, holiday season taxable sales performance will provide further indication of economic growth and consumer confidence. Any potential increase or decrease in local taxable sales performance will directly impact the sales tax revenue projection.

Unemployment Rates
Graph 2 *as of September 2012*



Source: State of California, Employment Development Department

Transient Occupancy Tax (TOT)

The total City TOT projection is \$159.8 million, of which \$83.7 million is in the General Fund. This is a \$2.0 million or 2.4 percent positive variance from the current General Fund budget. The positive trend in tourism growth that began in Fiscal Year 2010 is expected to continue through Fiscal Year 2013, as projected in the September 2012 Quarterly Travel Forecast from the San Diego Convention and Visitors Bureau. Overall, visitor growth in the San Diego region during

San Diego County Visitor Industry
Table 7

	CY 2010	CY 2011	CY 2012	CY 2013 ¹
Visitors				
Total Visits (millions)	29.9	31.1	32.1	32.8
Overnight Visits (millions)	15.1	15.8	16.1	16.3
Hotel Sector				
Avg. Occupancy	66.5%	68.7%	71.1%	71.5%
Avg. Daily Rate	\$ 121.38	\$ 125.56	\$ 131.72	\$ 136.01
Rev PAR ²	\$ 80.59	\$ 86.27	\$ 93.64	\$ 97.29
Room Demand (growth)	7.1%	3.6%	3.6%	1.4%

Source: San Diego Convention and Visitors Bureau and Tourism Economics

¹ Forecast - Tourism Economics, September 2012

² Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

calendar years 2012 and 2013 is projected at 3.0 percent and 2.4 percent, respectively, with overnight visitor growth of 2.2 percent and 1.4 percent during the same time frame. Growth in room demand is projected to be 3.6 percent and 1.4 percent for calendar years 2012 and 2013, respectively. The Average Daily Rate (ADR) is expected to reach \$131.72 for calendar year 2012,

an increase of 4.9 percent over calendar year 2011, and \$136.01 in calendar year 2013, an increase of 3.3 percent over calendar year 2012 projections. Table 7: San Diego County Visitor Industry provides statistics that are used to develop the transient occupancy tax projection for the City.

Franchise Fees

The projection for franchise fee revenue in the major General Fund revenue category is \$69.9 million, which is a 0.1 percent or \$0.1 million negative variance from the current budget of \$70.0 million. Franchise fee revenue is generated from agreements with refuse haulers and private utility companies in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, AT&T and refuse haulers. The revenue received from the above agreements is based on a percentage of gross sales. The projected decrease in franchise fee revenue is attributed to lower than anticipated tonnage at the Sycamore facility.

Property Transfer Tax

The year-end projection for property transfer tax is \$6.6 million, which is a 3.1 percent or \$0.2 million increase from the current budget. This projection is based on actual receipts through the first quarter of Fiscal Year 2013. According to DataQuick Information Systems, the number of single family homes sold in San Diego County in September 2012 was 3,212, a 4.8 percent increase over the September 2011 home sales volume of 3,065. Median home prices have also

increased and as of September 2012, the median home price was \$365,483, a 12.0 percent increase over the September 2011 median home price of \$326,421. Notices of default and foreclosures have been declining from their record high levels during the recession. As of September 2012, there were 1,239 notices of default, a 34.2 percent decrease from September 2011 notices of default of 1,883. There were 548 foreclosures in September 2012, a 46.8 percent decrease from the September 2011 foreclosure count of 1,031. It is assumed that the declines in notices of default and foreclosures will continue through calendar year 2012 and into 2013.

Property transfer tax is levied on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, making property transfer tax revenues generally more volatile to market changes than the 1.0 percent property tax levy. Accordingly, appreciation or depreciation in property values and sales volume in the local real estate market affect property transfer tax revenues and changes in the market place are reflected in the revenue received on a monthly basis.

Motor Vehicle License Fees

The Fiscal Year 2013 Adopted Budget did not include revenue from motor vehicle license fees (MVLFF) due to the passage of State of California Senate Bill 89 which eliminated MVLFF allocations to cities and redirected this revenue to the State's General Fund to support public safety grants. Although no MVLFF revenue was included in the budget for this fiscal year, during the first quarter the City received a payment of \$0.7 million from the State for penalties and interest on late MVLFF payments.

Other Major Revenues

The combined projection for all other major General Fund revenue is \$60.9 million, which is a \$3.8 million, or a 5.9 percent negative variance from the current budget. Other revenues include general governmental services billing (GGSB), which is a reimbursement from other City funds that utilize General Fund services; the one-cent transient occupancy tax (TOT) transfer into the General Fund; interest earnings attributable to the General Fund from the City investment pool; and refuse collector business tax. The projected shortfall is primarily the result of \$2.5 million in budgeted transfers in from RDA tax sharing payments being recognized as property tax revenue and an anticipated delay in receiving \$1.1 million in disaster recovery reimbursement payments.

Department Revenues

Combined department General Fund revenues are projected to exceed the current budget by \$1.5 million. The largest contributor to the increased projection over the current budget is an additional \$1.6 million in TOT reimbursements to be received by the Park and Recreation Department for tourism related activities. Table 8: FY 2013 Significant General Fund Revenue Variances by Department displays departments with projected under or over budget revenues of \$0.5 million or greater. These variances are discussed following the table.

FY 2013 Significant General Fund Revenue Variances by Department
Table 8 *in millions*

Department	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Park and Recreation	\$ 37.3	\$ 38.9	\$ 1.6	4.3%
Real Estate Assets	41.0	42.2	1.2	2.8%
Police	42.9	43.5	0.6	1.4%
Public Works - General Services	4.0	3.5	(0.5)	-13.0%

Park and Recreation

The Park and Recreation Department projects revenues to exceed budget at year-end by \$1.6 million, or 4.3 percent. This is primarily due to projected over budget transient occupancy tax revenue, thus increasing the funding available from the Transient Occupancy Tax Fund to reimburse the Park and Recreation Department for tourism related activities by \$1.6 million.

Real Estate Assets

The Real Estate Assets Department expects to end the fiscal year with \$1.2 million, or 2.8 percent, of revenue over budget. The lease revenues from Mission Bay rents and concessions are projected to be \$1.2 million higher than anticipated, which is offset by an expenditure increase in Citywide Program Expenditures for the transfer of this revenue to the Mission Bay and Regional Park Improvements Funds.

Police

The Police Department projects revenues to exceed budget at year-end by \$0.6 million, or 1.4 percent. The surplus is primarily the result of unexpected reimbursements from various federal and local agencies for unpredictable joint task force activity and unbudgeted grant revenue for the Stonegarden grant. These reimbursements and grant revenues are projecting to be over budget by \$2.4 million; however, they are partially offset by under budget revenue in licenses and permits and red light violations. Licenses and permits, including alarm permit fees, user fees such as gaming and alcohol licenses and various occupational licenses are projecting to be under budget by \$1.5 million.

Public Works - General Services

The Public Works - General Services Department projects revenues to be under budget at fiscal year-end by \$0.5 million, or 13.0 percent. The unfavorable variance is due to the department performing less reimbursable work for non-general funds. The department is focusing on General Fund department facility needs which are not reimbursable. Financial Management and the Department will continue to monitor this redirection throughout the fiscal year and its fiscal impacts to the General Fund.

GENERAL FUND EXPENDITURES

The current General Fund expenditure budget for Fiscal Year 2013 is \$1.2 billion. Year-end projections show over budget expenditures of \$0.7 million, or 0.1 percent. The over budget expenditures anticipated within the non-personnel category are partially offset by a projected

surplus within the personnel category, as displayed in Table 9: FY 2013 General Fund Expenditure Projections Summary. The following sections discuss the significant variances between expenditure projections and the current budget by categories of expenditures and by department, as detailed in Attachment II: General Fund Projected Expenditures.

FY 2013 General Fund Expenditure Projections Summary				
<i>Table 9</i>	<i>in millions</i>			
Expenditure Type	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Personnel	\$ 832.6	\$ 832.3	\$ (0.3)	0.0%
Non-Personnel	336.3	337.4	1.1	0.3%
Total	\$ 1,168.9	\$ 1,169.7	\$ 0.7	0.1%

Expenditures by Category

As noted above, the projected overages are primarily within non-personnel expenditures and can be found in the Police, Fire-Rescue, Transportation and Storm Water and Public Works - General Services Departments projections. These projections are comprised of anticipated overages within supplies, energy and utilities, and transfers out and offset by anticipated surpluses within the contracts category, as displayed in Table 10: FY 2013 General Fund Expenditure Projections by Category. A detailed discussion of expenditure variances follows.

FY 2013 General Fund Expenditure Projections by Category				
<i>Table 10</i>	<i>in millions</i>			
Expenditure Category	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Salaries and Wages	\$ 511.5	\$ 511.8	\$ 0.3	0.1%
Fringe Benefits	321.1	320.5	(0.6)	-0.2%
Contracts	143.8	142.6	(1.2)	-0.8%
Supplies	21.3	22.2	0.9	4.2%
Information Technology	42.9	42.8	(0.1)	-0.3%
Energy and Utilities	42.7	42.9	0.2	0.6%
Transfers Out	66.9	68.2	1.3	1.9%
Other	6.9	6.9	-	0.0%
Debt	5.8	5.8	-	0.0%
Capital Expenditures	2.1	2.0	(0.1)	-2.5%
Appropriated Reserve	3.9	3.9	-	0.0%
Total	\$ 1,168.9	\$ 1,169.7	\$ 0.7	0.1%

Salaries and Wages

Salaries and wages are projected to be over budget by \$0.3 million, or 0.1 percent. Overall, departments are experiencing savings from a temporary hiring freeze implemented following voter approval of Proposition B pension reform. However, these savings are offset by projected increases in other types of wages, such as overtime, hourly wages, pay-in-lieu of annual leave, and termination pay expenditures.

Fringe Benefits

General Fund fringe benefits are projected to end the fiscal year \$0.6 million, or 0.2 percent, under budget. The primary cause of the \$1.3 million surplus in flexible benefits is longer than anticipated length of time positions were held vacant as a result of the hiring freeze. The fixed or obligated fringe benefits include; San Diego City Employees' Retirement System (SDCERS) Annual Required Contribution (ARC), Retiree Healthcare Contribution (Pay-Go), Workers' Compensation, Other Post-Employment Benefits (OPEB), Risk Management Administration, Long-Term Disability, and Unemployment Insurance. When the Fiscal Year 2013 Adopted Budget was developed, these expenses were distributed among City departments and funds based upon budgeted positions; however, actual expenditures to date combined with year-end projections reflect shifts in personnel activity from the budgeted amounts. Table 11: FY 2013 General Fund Fringe Benefits Projections includes the projection for the most significant fringe benefits accounts. The total City requirement for the fixed or obligated fringe benefits for Fiscal Year 2013 is \$331.5 million, of which \$253.4 million is projected to be allocated to the General Fund. Collection rates for these fringe benefits are adjusted as necessary throughout the fiscal year to ensure full collection by fiscal year-end and appropriate allocation among City funds.

FY 2013 General Fund Fringe Benefits Projections						
<i>Table 11</i>						<i>in millions</i>
Fringe Benefits Account	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %		
Retirement ARC ¹	\$ 179.7	\$ 178.9	\$ (0.8)	-0.4%		
Other Post-Employment Benefits	41.0	40.8	(0.2)	-0.5%		
Flexible Benefits	38.6	37.3	(1.3)	-3.3%		
Workers' Compensation	23.1	23.2	0.1	0.3%		
Supplemental Pension Savings Plan	11.1	11.8	0.7	6.5%		
Employee Offset Savings	9.1	8.9	(0.2)	-2.4%		
Risk Management Administration	6.7	6.7	-	0.0%		
Medicare	5.6	6.4	0.8	13.5%		
Long-Term Disability	2.5	2.5	-	0.0%		
Other Fringe Benefits	3.6	4.0	0.4	10.4%		
Total	\$ 321.1	\$ 320.5	\$ (0.6)	-0.2%		

¹ Total City FY 2013 projection for the Retirement ARC is \$231.1 million. The balance is projected in the non-general funds.

Contracts

The contracts category is projected to be under budget by \$1.2 million, or 0.8 percent. The projected positive variance is a result of \$1.6 million in lower than anticipated costs related to citywide elections. The Transportation and Storm Water Department's contract expenses are also projected to be under budget by \$0.8 million due to lower than anticipated slurry seal and dredging costs. Additionally, the Public Works - General Services and Public Works - Engineering and Capital Projects, Development Services and Real Estate Assets Departments are projecting savings as a result of conservative spending and reduced contract costs. The projected savings within the contracts category are partially offset by an anticipated \$2.0 million in over budget expenses in the Police Department for helicopter maintenance and air support expenses. The Park and Recreation Department is also projecting to be over budget within the contracts

category by \$0.8 million due to higher than anticipated costs to perform brush management activities.

Supplies

Supplies expenses are projected to end the fiscal year \$0.9 million, or 4.2 percent over budget. The largest projected over budget supply expense is a result of the Public Works - General Services Department experiencing increased costs for supplies and materials for facility repairs totaling a projected overage of \$0.4 million. The Police Department supplies expense overage of \$0.2 million is primarily for the Police Officers Association (POA) negotiated uniform allowance due to an increase in the number of recruits. Additionally, the Transportation and Storm Water Department anticipates going over budget in supplies by \$0.3 million due to increased asphalt supplies necessary to fulfill pothole repair requests.

Energy and Utilities

The energy and utilities category is projected to be \$0.2 million, or 0.6 percent, over budget at year-end. The largest contributor to this over budget projection is the movement of the Police Department's helicopter fuel costs to the General Fund as a result of insufficient seizure and grant funds to support this cost. Additionally, over budget diesel fuel costs are projected for fire trucks and engines. These overages are offset by projected savings in fuel expenses within the Environmental Services and Transportation and Storm Water Departments.

Transfers Out

The transfers out category is projected to conclude the fiscal year \$1.3 million, or 1.9 percent, over budget. This increase is primarily due to an additional \$1.2 million in anticipated revenues from the Mission Bay leases which results in an offsetting increase in the transfer out to the Mission Bay and Regional Park Improvement Funds. Additionally, the Transportation and Storm Water Department is projecting a deficit of \$0.3 million due to increased transfers to capital improvement projects.

Other Expenditure Categories

General Fund projections reflect spending in the areas of capital expenditures, information technology, debt and other expenditures to be at or slightly varied from the current budget.

Appropriated Reserve

The Fiscal Year 2013 First Quarter projection assumes the \$3.9 million appropriated reserve will be fully expended. This reflects a conservative approach at this point in the fiscal year. Appropriated reserve expenditures will be monitored and a revised projection will be included in the Fiscal Year 2013 Mid-Year Monitoring Report. Any unspent funds would fall to the General Fund ending balance. At the time of this projection, \$1.3 million was allocated from this Reserve, \$1.0 million for pre-construction contracts related to the Convention Center Expansion Phase III. The General Fund will be reimbursed for this expense when the short-term note is issued. The additional \$0.3 million is for tree maintenance within the public right-of-way.

Department Expenditures

Table 12: FY 2013 Significant General Fund Expenditure Variances by Department displays the departments with projected over or under budget expenditure variances of \$0.5 million or greater. These variances are discussed following the table.

FY 2013 Significant General Fund Expenditure Variances by Department					
<i>Table 12</i>					
<i>in millions</i>					
Department	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %	
Police	\$ 406.5	\$ 411.1	\$ 4.5	1.1%	
Transportation and Storm Water	92.4	89.7	(2.8)	-3.0%	
Fire-Rescue	201.6	204.2	2.6	1.3%	
Park and Recreation	86.2	87.5	1.3	1.5%	
Development Services	14.2	13.4	(0.9)	-6.3%	
Citywide Program Expenditures	66.5	66.0	(0.5)	-0.8%	

Police Department

The Police Department projects to end the fiscal year with expenditures over budget by \$4.5 million, or 1.1 percent. A large portion of the deficit is due to \$2.5 million of additional costs projected to be expended in the General Fund for helicopter maintenance, fuel, and related air support expenses, which were originally budgeted to be expended from the Seized Assets Fund. These funds have underperformed in recent years and currently do not have funds to support these expenses, resulting in redirecting these expenditures to the General Fund. An additional \$1.3 million of the overall deficit is due to over budget fringe expenditures following the reallocation of these expenses as previously discussed. The deficit also includes \$0.3 million over budget expenditures in salaries and wages because of high overtime projections due to joint task force activity, which will be partially reimbursed, and higher than expected pay--in-lieu of annual leave. Other contributors to the overall deficit are \$0.2 million in over budget expenditures associated with the required officer uniform allowance.

Transportation and Storm Water

The Transportation and Storm Water Department is projecting expenditures to be \$2.8 million, or 3.0 percent, under budget at the end of the fiscal year. This positive variance from the current budget is primarily due to projected savings of \$2.4 million in salaries and wages and fringe benefit expenses as a result of vacancies within the department. In addition to the savings within salaries and wages, the department projects the contracts category to be \$0.8 million under budget due to lower than anticipated slurry seal and dredging expenses. These savings are partially offset by projected overages of \$0.3 million in supplies due to increased asphalt materials necessary to fulfill pothole repair requests and \$0.3 million due to increased transfers to capital improvement projects.

Fire-Rescue

The Fire-Rescue Department is projected to be \$2.6 million, or 1.3 percent over budget at year-end. This is primarily due to overages in the salaries and wages and energy and utilities categories in the amount of \$2.5 million and \$0.5 million, respectively. Within the salaries and

wages category, salaries are projected to be under budget by \$2.6 million due to vacancies within the Department. Offsetting the salary savings, overtime expenses are projected to be over budget by \$4.0 million due to use of constant staffing procedures to maintain fire suppression staffing levels and reimbursable overtime expenditures for the deployment of strike teams. Other contributors to the overage in the salaries and wages category include unanticipated termination pay expenses of \$0.6 million and pay-in-lieu of annual leave expenses of \$0.6 million. The department also projects to be \$0.5 million over budget in energy and utilities as a result of increased fuel costs for fire trucks and engines and increased utility charges for fire stations. These overages are offset by approximately \$0.4 million in fringe savings due to using overtime, rather than full-time positions, to meet constant staffing needs.

Park and Recreation

The Park and Recreation Department is projected to end the fiscal year with \$1.3 million, or 1.5 percent of expenditures over budget primarily in salaries and wages, and contracts. Salaries and wages and fringe expenses are anticipated to exceed budget by approximately \$0.6 million which is primarily due to requests for opening recreation centers outside of budgeted operating hours. These additional hours of operation are reimbursed by the requestors. The contracts category is projected to exceed budget by \$0.8 million primarily due to higher than anticipated costs to perform brush management activities in the Open Space division.

Development Services

The Development Services Department projects to end the fiscal year with \$0.9 million, or 6.3 percent, of expenditures under budget. The savings are primarily attributable to personnel and contractual expenditures. Salaries and wages and fringe are projected to be \$0.4 million under budget as a result of vacancies within department. Contractual expenditures are projected to be \$0.4 million under budget due to less than anticipated spending on major planning activities, including community plan updates.

Citywide Program Expenditures

Citywide Program Expenditures are projected to be \$0.5 million, or 0.8 percent, under budget at the end of the fiscal year. This under budget projection is the result of \$1.6 million in savings in contract expenses as a result of lower than anticipated costs for citywide elections. These savings are offset by a projected increase of \$1.2 million in the transfer out of Mission Bay lease revenues to the Mission Bay and Regional Park Improvement Funds.

NON-GENERAL FUNDS

Projections based on the first quarter of Fiscal Year 2013 are provided in Attachment III: Non-General Fund Projections for all non-general funds with staff. This information addresses operating expenditures only. Capital Improvements Program expenditures are not included in the current budget or projections provided in this report. Those funds with significant budgetary variances in revenues or expenditures of \$0.5 million or more are displayed in Table 13: FY 2013 Significant Non-General Fund Variances and are discussed below.

FY 2013 Significant Non-General Fund Variances						
<i>Table 13</i>						<i>in millions</i>
Fund	Revenue/Expenditure	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %	
Central Stores	Rev	\$ 13.3	\$ 11.1	\$ (2.3)	-16.9%	
	Exp	13.3	11.1	(2.3)	-16.9%	
Development Services	Rev	45.6	50.7	5.2	11.3%	
	Exp	44.1	46.2	2.0	4.6%	
Fleet Services Operating	Exp	48.0	52.3	4.2	8.8%	
Golf Course	Rev	16.6	18.1	1.6	9.4%	
Information Technology	Exp	9.1	8.1	(1.0)	-10.9%	
Publishing Services	Rev	3.8	3.2	(0.6)	-15.0%	
Recycling	Rev	18.8	19.4	0.6	3.2%	
	Exp	23.3	21.9	(1.4)	-6.1%	
Refuse Disposal	Exp	34.5	31.7	(2.9)	-8.3%	
Sewer Utility	Rev	410.3	415.3	5.0	1.2%	
	Exp	344.7	323.8	(21.0)	-6.1%	
Transient Occupancy Tax	Rev	74.4	76.2	1.8	2.4%	
	Exp	74.4	76.2	1.8	2.4%	
Water Utility Operating	Rev	467.0	470.8	3.8	0.8%	
	Exp	436.9	421.9	(15.1)	-3.4%	

Central Stores Fund

The Central Stores Fund is projecting to end the fiscal year with both revenues and expenditures under budget by \$2.3 million, or 16.9 percent, primarily due to decreased demand by City departments for items stocked in the storeroom. Savings in information technology and energy expenditures also contribute to decreased expenditures at year-end. Savings in information technology expenditures are the result of decreased need for SAP interface support resulting from the closure of the Citywide Open Purchase Order Program while savings in energy expenditures are the result of the department's energy conservation efforts in the storeroom and Citywide delivery operations. The Fund projects to end the year with revenues slightly in excess of expenditures.

Development Services Fund

The Development Services Fund is projecting over budget revenues of \$5.2 million, or 11.3 percent, and over budget expenditures of \$2.0 million, or 4.6 percent, at year-end. Revenue is projecting higher than budget due to an increase in the demand for building permits, as a result of the improving economy. The over budget expenditure projection is due to pay-in-lieu of annual leave and hourly wages. Additionally, overtime expenditures are projecting to exceed budget due to vacancies within the department. Also contributing to the projected deficit in expenditures is the Department's need to purchase software licenses. The Fund projects to end the fiscal year with \$4.6 million of revenue in excess of expenditures.

Fleet Services Operating Fund

The Fleet Services Operating Fund is projecting expenditures to be \$4.2 million, or 8.8 percent, over budget at year-end. The projected deficit in expenditures is primarily due to the delayed implementation of the Fleet Service Managed Competition Most Efficient Government Organization (MEGO) proposal, as well as, increased fuel costs contributing \$0.3 million to the deficit, and unbudgeted debt service for the GPS contract contributing \$0.2 million to the deficit. The General Fund portion of the unrealized managed competition savings is \$2.3 million.

Golf Course Fund

The Golf Course Fund is projecting revenue to be \$1.6 million, or 9.4 percent over budget. The fund is realizing increased revenue at all City golf courses because of improving economic conditions, favorable weather, and golf course enhancements. The Fund projects to end the fiscal year with revenues \$3.3 million in excess of expenditures.

Information Technology Fund

The Information Technology Fund's expenditures are projected to be under budget at year-end by \$1.0 million, or 10.9 percent. This is primarily due to by salary and fringe savings from vacant positions, due to the hiring freeze, which are projected to be filled later in the fiscal year. Expenditures are projected to exceed revenues by \$0.3 million, which will be covered by fund balance.

Publishing Services Fund

The Publishing Services Fund projects revenue to be \$0.6 million, or 15.0 percent under budget. The revenue variance is caused by approximately \$0.4 million in copier revenue that was not adjusted for Fiscal Year 2013 to reflect savings from the convenience copier contract and \$0.2 million in reduced revenue from a decline in print jobs performed by the department. The fund is projecting to be \$0.4 million, or 11.6 percent under budget in expenditures, primarily due to savings in the contracts category as a result of decreased demand for outsourced print jobs. The Fund projects to end the fiscal year with revenues of \$0.2 million in excess of expenditures.

Recycling Fund

The Recycling Fund is projecting year-end revenue to be over budget by \$0.6 million, or 3.2 percent. This surplus in revenue is driven by an anticipated \$0.6 million of forfeited refundable construction and demolition (C&D) debris recycling deposits related to the C&D Diversion Ordinance, \$0.1 million of overage fees collected from Allan Company and IMS Recycling for disposing more than their allotted tonnage of contaminated recycled loads at the Miramar

Landfill, and \$0.1 million in rent paid by Allen Company to operate the recycling buy back center at the Miramar Landfill. This \$0.8 million increase in projected revenue is offset by a \$0.2 million decrease, and is primarily due to the market price of commodities sold from the curbside recycling program. The Recycling Fund is also projecting expenditures to be \$1.4 million, or 6.1 percent, under budget. The major contributors to the \$1.4 million in savings are salaries and wages due to vacancies, actual fleet fuel cost being lower than expected, and a reduction in vehicle assignment and usage fees. The Fund projects to end the year with expenditures in excess of revenues.

Refuse Disposal Fund

The Refuse Disposal Fund projects revenue to be over budget by \$0.2 million, or 0.7 percent, and expenditures to be \$2.9 million, or 8.3 percent, under budget. The projected surplus in revenue is primarily due to the increased sales of greenery products at the Miramar Landfill and shared profit the City receives from the sale of converted landfill gases to renewable energy. The projected reduction in expenses is due to the trending decline in tonnage disposed of at the Miramar Landfill. With a decline in tonnage, the fund anticipates a savings of approximately \$0.5 million due to reduced regulatory payments to CalRecycle and the County of San Diego. Along with reduced regulatory fees, there is an anticipated savings of \$2.0 million in equipment rental, and \$0.1 million in fuel cost due to less tonnage being processed at the landfill. The Fund also projects savings of \$0.3 million in salaries due to vacancies. The Fund projects to end the year with expenditures in excess of revenues.

Sewer Utility Funds

The Sewer Utility Funds are projecting revenues to be over budget by \$5.0 million, or 1.2 percent. The variance is caused primarily by \$2.8 million higher than budgeted revenue due to improving economic growth in housing and commercial real estate development. Additionally, \$2.7 million in revenues was received from Capital Improvement Program surety proceeds and emergency reimbursements. The Sewer Utility Funds are projecting expenditures to be under budget by \$21.0 million, or 6.1 percent. A large component is \$10.0 million savings in contracts due to a \$7.7 million accrual adjustment to correctly reflect expenditures in the prior fiscal year. There are also projected savings in environmental monitoring projects and the advanced metering infrastructure system. The remaining surplus is made up of savings in personnel, supplies, information technology, and energy and utilities that will not be spent this year. Year-end revenues are expected to exceed expenditures by approximately \$91.5 million. This revenue combined with fund balance supports the Sewer Utility Capital Improvements Program.

Transient Occupancy Tax Fund

Both revenues and expenditures in the Transient Occupancy Tax Fund are projected to exceed budget by \$1.8 million, or 2.4 percent. The total City transient occupancy tax (TOT) projection is \$159.8 million, of which \$76.1 million is in the Transient Occupancy Tax Fund. As discussed in the General Fund Revenues section earlier in this report, the positive trend in tourism growth that began in Fiscal Year 2010 is expected to continue through Fiscal Year 2013. This additional revenue will be transferred to the General Fund as part of the one-cent of discretionary TOT funding as well as reimbursements to certain General Fund departments for tourism related activities supported by the General Fund. The projected year-end TOT Fund balance is \$10.8 million.

Water Utility Fund

The Water Utility Fund is projecting revenues to be over budget by \$3.8 million, or 0.8 percent. This is primarily caused by higher revenues being projected due to improving economic growth in housing and commercial real estate development. Expenditures are projecting to be under budget by \$15.1 million, or 3.4 percent. The budgeted appropriated reserve and Capital Improvement Program contingencies account for \$8.2 million of the variance and the remaining balance is comprised of savings in supplies, contracts, and information technology. Year-end revenues are projected to exceed expenditures by approximately \$49.0 million. This revenue combined with fund balance supports the Water Utility Capital Improvements Program.

CONCLUSION

Both General Fund revenues and General Fund expenditures are projected to be nearly at budget at fiscal year-end. General Fund revenues are projected to be \$0.5 million over budget, which is a 0.0 percent variance from the current budget. General Fund expenditures are projected to be \$0.7 million, or 0.1 percent, over budget at fiscal year-end. This results in a projected Fiscal Year 2013 shortfall of \$0.2 million. However, at the time of this projection, it appears the \$2.3 million General Fund savings for the Fleet Services Managed Competition process may not be realized in Fiscal Year 2013. These savings, included in the Fiscal Year 2013 Adopted Budget, may not be realized due to delays in implementation of the employee managed competition proposal. Should this occur, the Fiscal Year 2013 projected deficit would increase from \$0.2 million to \$2.5 million.

Fiscal Year 2012 ended the year with an estimated \$165.7 million (unaudited) reserve level. This equates to 13.9 percent of estimated (unaudited) Fiscal Year 2012 General Fund revenues. The projected Fiscal Year 2013 General Fund ending reserve level, incorporating the unrealized Fleet Services Managed Competition savings, is \$150.0 million, or 13.0 percent of projected Fiscal Year 2013 General Fund revenues. The General Fund reserve level target for the Fiscal Year 2013 Budget is 8.0 percent.

Finally, several uncertainties have been identified in the Fiscal Years 2014-2018 Five-Year Financial Outlook that could significantly impact the Fiscal Year 2014 Budget. One of these uncertainties, RDA Dissolution Impact, could also significantly affect Fiscal Year 2013. The State Department of Finance (DOF) has informed the City that it is rejecting certain elements in the ROPS III submission, which the City is appealing. Should the DOF determination hold, \$13.8 million in debt service support for PETCO Park and Convention Center Expansion Phase II would shift to the General Fund.

ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
General Fund Projected Revenues					
Major General Fund Revenues					
Charges for Current Services	\$ 25,334,212	\$ 25,334,212	\$ 24,742,873	\$ (591,339)	-2.3%
Franchise Fees ¹	70,007,311	\$ 70,007,311	69,907,312	(99,999)	-0.1%
Interest and Dividends	1,354,233	\$ 1,354,233	1,354,233	-	0.0%
Motor Vehicle License Fees	-	\$ -	705,454	705,454	100.0%
Other Revenue	466,027	\$ 466,027	341,027	(125,000)	-26.8%
Property Tax	387,134,682	\$ 387,134,682	390,687,310	3,552,628	0.9%
Property Transfer Tax	6,359,105	\$ 6,359,105	6,557,377	198,272	3.1%
Refuse Collector Business Tax	660,000	\$ 660,000	660,000	-	0.0%
Revenue from Money and Property	523,973	\$ 523,973	523,973	-	0.0%
Sales Tax	236,258,330	\$ 236,258,330	232,661,047	(3,597,283)	-1.5%
Transfers In	36,312,417	\$ 36,312,417	33,241,163	(3,071,254)	-8.5%
Transient Occupancy Tax ²	81,710,904	\$ 81,710,904	83,703,893	1,992,989	2.4%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 846,121,194</u>	<u>\$ 846,121,194</u>	<u>\$ 845,085,662</u>	<u>\$ (1,035,532)</u>	<u>-0.1%</u>
Administration	571,690	571,690	799,029	227,339	39.8%
Business Office	-	-	24	24	100.0%
City Attorney	4,656,169	4,656,169	4,657,329	1,160	0.0%
City Auditor	-	-	17,426	17,426	100.0%
City Clerk	18,404	18,404	18,404	-	0.0%
City Comptroller	2,716,760	2,716,760	2,241,761	(474,999)	-17.5%
City Treasurer	25,046,475	25,046,475	24,603,482	(442,993)	-1.8%
Council Administration	-	-	-	-	0.0%
Council District 1	-	-	-	-	0.0%
Council District 1 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 2	-	-	-	-	0.0%
Council District 2 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 3	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 4	-	-	-	-	0.0%
Council District 4 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 5	-	-	-	-	0.0%
Council District 5 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 6	-	-	-	-	0.0%
Council District 6 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 7	-	-	-	-	0.0%
Council District 7 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 8	-	-	-	-	0.0%

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Council District 8 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 9	-	-	-	-	0.0%
Debt Management	\$ 660,645	\$ 660,645	\$ 712,208	\$ 51,563	7.8%
Department of Information Technology	-	-	-	-	0.0%
Development Services	3,291,864	3,291,864	3,085,601	(206,263)	-6.3%
Disability Services	15,415	15,415	15,415	-	0.0%
Economic Development	4,232,349	8,727,698	8,566,457	(161,241)	-1.8%
Environmental Services	1,264,100	1,264,100	1,221,034	(43,066)	-3.4%
Ethics Commission	-	-	1,000	1,000	100.0%
Financial Management	5,000	5,000	4,999	(1)	0.0%
Fire-Rescue	27,673,921	27,673,921	27,676,127	2,206	0.0%
Human Resources	-	-	-	-	0.0%
Library	1,543,719	1,543,719	1,730,936	187,217	12.1%
Multimedia Services	113,300	113,300	112,566	(734)	-0.6%
Office of Homeland Security	1,028,515	1,028,515	722,243	(306,272)	-29.8%
Office of the Assistant Chief Operating Officer	-	-	-	-	0.0%
Office of the Chief Financial Officer	600,000	600,000	214,475	(385,525)	-64.3%
Office of the Chief Operating Officer	-	-	87	87	100.0%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	308,400	308,400	308,400	-	0.0%
Park and Recreation	37,280,754	37,280,754	38,893,050	1,612,296	4.3%
Personnel	6,000	6,000	6,350	350	5.8%
Police	42,860,136	42,860,136	43,459,903	599,767	1.4%
Public Utilities - Reservoir Recreation	989,819	989,819	989,819	-	0.0%
Public Works - Engineering and Capital Projects	56,188,544	56,188,544	56,604,144	415,600	0.7%
Public Works - General Services	4,001,183	4,001,183	3,481,721	(519,462)	-13.0%
Purchasing and Contracting	529,500	529,500	749,738	220,238	41.6%
Real Estate Assets	41,049,418	41,049,418	42,203,887	1,154,469	2.8%
Transportation and Storm Water	48,441,871	48,441,871	48,022,209	(419,662)	-0.9%
Total General Fund Revenues	\$ 1,151,215,145	\$ 1,155,710,494	\$ 1,156,205,486	\$ 494,992	0.0%

The current budget presented in this table is as of September 2012 (accounting period 3) unless otherwise noted.

¹ Total City FY 2013 current revenue budget for franchise fees is \$133.2 million and the projection is \$133.1 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

² Total City FY 2013 current revenue budget for transient occupancy tax is \$156.0 million and the projection is \$159.8 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures					
Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Administration	\$ 2,931,271	\$ 2,931,271	\$ 2,920,249	\$ (11,022)	-0.4%
Appropriated Reserve	3,928,250	3,928,250	3,928,250	-	0.0%
Business Office	1,122,992	1,122,992	1,116,458	(6,534)	-0.6%
City Attorney	43,602,031	43,602,031	43,547,121	(54,910)	-0.1%
City Auditor	3,809,105	3,809,105	3,846,613	37,508	1.0%
City Clerk	4,809,806	4,811,806	4,711,110	(100,696)	-2.1%
City Comptroller	10,195,223	10,195,223	10,022,013	(173,210)	-1.7%
City Treasurer	19,648,529	19,648,529	19,211,476	(437,053)	-2.2%
Citywide Program Expenditures					
Assessments to Public Property	463,235	463,235	497,356	34,121	7.4%
Business Cooperation Program	350,000	350,000	350,000	-	0.0%
Citywide Elections	1,800,000	1,800,000	250,000	(1,550,000)	-86.1%
Corporate Master Leases Rent	10,683,503	10,683,503	10,811,843	128,340	1.2%
Deferred Capital Debt Service	8,877,870	8,877,870	8,645,401	(232,469)	-2.6%
Employee Personal Prop Claims	5,000	5,000	5,000	-	0.0%
Insurance	1,281,700	1,281,700	1,206,778	(74,922)	-5.8%
Leverage of Employee Pick-Up Savings	7,973,053	7,973,053	8,007,672	34,619	0.4%
Memberships	630,000	630,000	630,000	-	0.0%
Preservation of Benefits	1,700,000	1,700,000	1,700,000	-	0.0%
Property Tax Administration	5,102,711	5,102,711	5,102,711	-	0.0%
Public Liab Claims Xfer-Claims Fund	12,206,208	12,206,208	12,206,208	-	0.0%
Public Liab Claims Xfer-Reserves	6,100,000	6,100,000	6,100,000	-	0.0%
Public Use Leases	1,502,488	1,502,488	1,502,488	-	0.0%
Special Consulting Services	4,300,000	3,850,000	3,850,000	-	0.0%
TRANS Interest Expense Transfer Fund	500,000	500,000	500,000	-	0.0%
Transfer to Park Improvement Funds	3,003,095	3,003,095	4,155,562	1,152,467	38.4%
Transportation Subsidy	459,102	459,102	459,102	-	0.0%
<i>Subtotal Citywide Program Expenditures</i>	<u>\$ 66,937,965</u>	<u>\$ 66,487,965</u>	<u>\$ 65,980,121</u>	<u>\$ (507,844)</u>	<u>-0.8%</u>
Council Administration	2,010,627	2,010,627	1,899,982	(110,645)	-5.5%
Council District 1	1,038,595	1,038,595	861,808	(176,787)	-17.0%
Council District 1 - Community Projects, Programs and Services	141,498	141,498	141,498	-	0.0%
Council District 2	1,011,772	1,011,772	729,558	(282,214)	-27.9%
Council District 2 - Community Projects, Programs and Services	241,735	241,735	241,735	-	0.0%
Council District 3	1,126,508	1,126,508	968,250	(158,258)	-14.0%
Council District 3 - Community Projects, Programs and Services	161,248	161,248	161,248	-	0.0%
Council District 4	1,101,562	1,101,562	898,277	(203,285)	-18.5%
Council District 4 - Community Projects, Programs and Services	234,393	217,234	217,234	-	0.0%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Council District 5	\$ 1,041,206	\$ 1,041,206	\$ 765,955	\$ (275,251)	-26.4%
Council District 5 - Community Projects, Programs and Services	257,699	257,699	257,699	-	0.0%
Council District 6	1,085,830	1,085,830	984,682	(101,148)	-9.3%
Council District 6 - Community Projects, Programs and Services	104,411	59,911	59,911	-	0.0%
Council District 7	1,109,533	1,109,533	915,678	(193,855)	-17.5%
Council District 7 - Community Projects, Programs and Services	108,767	108,767	108,767	-	0.0%
Council District 8	1,122,604	1,122,604	957,817	(164,787)	-14.7%
Council District 8 - Community Projects, Programs and Services	214,081	214,081	214,081	-	0.0%
Council District 9	629,826	629,826	629,825	(1)	0.0%
Debt Management	2,356,856	2,356,856	2,341,698	(15,158)	-0.6%
Department of Information Technology	500,000	500,000	500,000	-	0.0%
Development Services	14,243,885	14,243,885	13,352,123	(891,762)	-6.3%
Disability Services	575,749	575,749	580,980	5,231	0.9%
Economic Development	6,821,730	12,047,844	11,708,755	(339,089)	-2.8%
Environmental Services	34,492,606	34,495,606	34,161,218	(334,388)	-1.0%
Ethics Commission	928,923	928,923	937,311	8,388	0.9%
Financial Management	4,209,030	4,209,030	4,034,826	(174,204)	-4.1%
Fire-Rescue	201,562,113	201,562,113	204,156,598	2,594,485	1.3%
Human Resources	2,404,564	2,404,564	2,354,090	(50,474)	-2.1%
Library	39,291,642	39,336,142	39,243,610	(92,532)	-0.2%
Multimedia Services	423,014	423,014	524,065	101,051	23.9%
Office of Homeland Security	1,744,465	1,744,465	1,795,661	51,196	2.9%
Office of the Assistant Chief Operating Officer	314,036	314,036	318,488	4,452	1.4%
Office of the Chief Financial Officer	841,996	841,996	776,888	(65,108)	-7.7%
Office of the Chief Operating Officer	538,024	538,024	538,024	-	0.0%
Office of the Independent Budget Analyst	1,701,668	1,701,668	1,695,013	(6,655)	-0.4%
Office of the Mayor	4,102,579	4,102,579	3,977,400	(125,179)	-3.1%
Park and Recreation	85,971,850	86,184,009	87,475,080	1,291,071	1.5%
Personnel	6,546,590	6,546,590	6,367,387	(179,203)	-2.7%
Police	406,529,645	406,529,645	411,056,275	4,526,630	1.1%
Public Utilities - Reservoir Recreation	1,706,193	1,706,193	1,706,193	-	0.0%
Public Works - Engineering and Capital Projects	61,086,289	61,086,289	61,456,183	369,894	0.6%
Public Works - General Services	15,191,845	15,191,845	15,213,828	21,983	0.1%
Purchasing and Contracting	3,166,747	3,166,747	3,011,478	(155,269)	-4.9%
Real Estate Assets	4,541,750	4,541,750	4,426,264	(115,486)	-2.5%
Transportation and Storm Water	92,421,891	92,421,891	89,654,029	(2,767,862)	-3.0%
Total General Fund Expenditures	\$ 1,163,942,747	\$ 1,168,918,861	\$ 1,169,660,881	\$ 742,020	0.1%

The current budget presented in this table is as of September 2012 (accounting period 3) unless otherwise noted.

Fund	Revenues/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Airports Fund	Revenues	\$ 4,690,580	\$ 4,690,580	\$ 4,620,941	\$ (69,639)	-1.5%
	Expenditures	5,882,910	5,882,910	5,917,844	34,934	0.6%
Central Stores Fund	Revenues	13,342,058	13,342,058	11,088,010	(2,254,048)	-16.9%
	Expenditures	13,342,058	13,342,058	11,086,805	(2,255,253)	-16.9%
Concourse and Parking Garages Operating Fund	Revenues	2,683,220	2,683,220	2,683,220	-	0.0%
	Expenditures	2,641,944	2,641,944	2,651,396	9,452	0.4%
Development Services Fund	Revenues	45,586,082	45,586,082	50,749,621	5,163,539	11.3%
	Expenditures	44,139,126	44,139,126	46,174,138	2,035,012	4.6%
Energy Conservation Program Fund	Revenues	3,926,679	3,926,679	4,241,981	315,302	8.0%
	Expenditures	2,361,424	2,361,424	2,387,459	26,035	1.1%
Facilities Financing Fund	Revenues	2,067,150	2,067,150	2,052,161	(14,989)	-0.7%
	Expenditures	2,067,150	2,067,150	2,052,161	(14,989)	-0.7%
Fire/EMS Transportation Program Fund	Revenues	10,750,000	10,750,000	10,847,461	97,461	0.9%
	Expenditures	14,995,600	14,995,600	14,890,762	(104,838)	-0.7%
Fleet Services Operating Fund	Revenues	48,098,089	48,098,089	48,259,136	161,047	0.3%
	Expenditures	48,036,589	48,036,589	52,261,930	4,225,341	8.8%
GIS Fund	Revenues	1,616,274	1,616,274	1,537,510	(78,764)	-4.9%
	Expenditures	1,640,459	1,640,459	1,600,712	(39,747)	-2.4%
Golf Course Fund	Revenues	16,558,714	16,558,714	18,111,738	1,553,024	9.4%
	Expenditures	14,757,337	14,757,337	14,795,119	37,782	0.3%
Information Technology Fund	Revenues	7,818,160	7,818,160	7,838,794	20,634	0.3%
	Expenditures	9,085,716	9,085,716	8,097,163	(988,553)	-10.9%
Junior Lifeguard Program Fund	Revenues	567,716	567,716	567,716	-	0.0%
	Expenditures	567,716	567,716	567,716	-	0.0%
Local Enforcement Agency Fund	Revenues	795,693	795,693	742,040	(53,653)	-6.7%
	Expenditures	851,056	851,056	806,226	(44,830)	-5.3%
Los Peñasquitos Canyon Preserve Fund	Revenues	186,000	186,000	188,173	2,173	1.2%
	Expenditures	201,804	201,804	204,936	3,132	1.6%
OneSD Support Fund	Revenues	25,638,857	25,638,857	25,643,265	4,408	0.0%
	Expenditures	25,678,944	25,678,944	25,758,357	79,413	0.3%

Non-General Fund Projections

Fund	Revenues/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
PETCO Park Fund	Revenues	\$ 17,397,100	\$ 17,397,100	\$ 17,559,668	\$ 162,568	0.9%
	Expenditures	17,466,309	17,466,309	17,124,495	(341,814)	-2.0%
Publishing Services Fund	Revenues	3,773,269	3,773,269	3,208,922	(564,347)	-15.0%
	Expenditures	3,388,151	3,388,151	2,996,140	(392,011)	-11.6%
QUALCOMM Stadium Operating Fund	Revenues	14,922,801	14,922,801	15,130,975	208,174	1.4%
	Expenditures	16,549,074	16,549,074	16,237,803	(311,271)	-1.9%
Recycling Fund	Revenues	18,826,994	18,826,994	19,424,231	597,237	3.2%
	Expenditures	23,300,027	23,300,027	21,872,737	(1,427,290)	-6.1%
Refuse Disposal Fund	Revenues	27,674,497	27,674,497	27,875,745	201,248	0.7%
	Expenditures	34,548,056	34,548,056	31,674,961	(2,873,095)	-8.3%
Risk Management Administration Fund	Revenues	9,728,039	9,728,039	9,728,039	-	0.0%
	Expenditures	9,530,180	9,530,180	9,439,785	(90,395)	-0.9%
Sewer Utility Funds	Revenues	410,300,578	410,300,578	415,250,998	4,950,420	1.2%
	Expenditures	344,733,176	344,733,176	323,771,054	(20,962,122)	-6.1%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenues	-	-	-	-	0.0%
Special Events Department	Revenues	150,000	150,000	150,000	-	0.0%
Special Promotional Programs	Revenues	74,282,640	74,282,640	76,094,448	1,811,808	2.4%
<i>Total Transient Occupancy Tax Fund Revenues</i>		<u>\$ 74,432,640</u>	<u>\$ 74,432,640</u>	<u>\$ 76,244,448</u>	<u>\$ 1,811,808</u>	<u>2.4%</u>
Commission for Arts and Culture Department	Expenditures	948,968	948,968	820,164	(128,804)	-13.6%
Special Events Department	Expenditures	722,192	722,192	745,202	23,010	3.2%
Special Promotional Programs	Expenditures	72,761,480	72,761,480	74,679,082	1,917,602	2.6%
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 74,432,640</u>	<u>\$ 74,432,640</u>	<u>\$ 76,244,448</u>	<u>\$ 1,811,808</u>	<u>2.4%</u>
Underground Surcharge Fund	Revenues	49,444,555	49,444,555	49,424,321	(20,234)	0.0%
	Expenditures	49,444,555	49,444,555	49,444,555	-	0.0%
Water Utility Operating Fund	Revenues	467,014,802	467,014,802	470,767,002	3,752,200	0.8%
	Expenditures	436,924,189	436,924,189	421,866,797	(15,057,392)	-3.4%
Wireless Communications Technology Fund	Revenues	8,621,354	8,621,354	8,622,688	1,334	0.0%
	Expenditures	9,869,693	9,869,693	9,549,201	(320,492)	-3.2%

The current budget presented in this table is as of September 2012 (accounting period 3) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.