

**2009-2010
MID-YEAR BUDGET REVIEW
Section III**

**RECOMMENDED BUDGET ADJUSTMENTS
AND CLEAN-UP ACTIONS**

Recommended Budget Adjustments

This section of the Mid-Year Budget Review summarizes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. This section includes the following types of changes:

General Fund

Required Technical/Rebalancing Actions – This section recommends adjustments to revenues and expenditures that are necessary for General Fund rebalancing actions, to implement Departmental Vacancy Savings Plans, and to fund three urgent fiscal/program needs. The most significant changes include: downward adjustments to General Fund revenue to bring revenue estimates in line with current lower than budgeted projections due to the economic environment (\$6.0 million); use of the Economic Uncertainty Reserve (\$4.5 million), fuel savings (\$900,000), Watson site clean-up and restoration savings (\$512,000), False Claims Act litigation settlement revenue (\$411,000), Salary and Benefit Reserve savings (\$400,000), and parking citations savings (\$389,000). Net-zero adjustments to departmental and non-departmental budgets to realign expenditure line-items to implement Departmental Vacancy Savings Plans are also included.

Grants/Reimbursements/Fees – These actions recognize new grant, reimbursement, or fee activity revenue and appropriate the funds for these purposes (\$3.9 million).

Urgent Fiscal/Program Needs – These three recommended adjustments include actions to fund newly emerging, urgent budget issues: City staff relocation from the old Dr. Martin Luther King, Jr. Library to City Hall and the Central Service Yard (\$267,000); legal and expert witness assistance for International Association of Firefighters (IAFF) binding interest arbitration (\$400,000); and labor/employee relations contractual assistance for negotiations and personnel investigations (\$250,000).

Special/Capital Funds

Special Fund Adjustments – These actions rebalance funds to adjust for lower revenue estimates, recognize new grants and reimbursements, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects and programs.

Capital Fund Adjustments – These actions rebalance funds to adjust for lower revenue estimates in the current year, adjust capital allocations based on revised cost estimates and project timing, reallocate project funding from reserves, and establish a limited number of new projects to address current year needs.

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Section III**

**RECOMMENDED BUDGET ADJUSTMENTS
AND CLEAN-UP ACTIONS
(CONT'D.)**

Clean-Up Actions

General Fund & Special/Capital Funds

This section consists of clean-up actions for the General Fund and Special/Capital Funds based on ongoing review and monitoring of the budget through six months of the current fiscal year. Revisions are required to technically correct existing appropriations or to implement benefit changes that have been approved by the City Council in 2009-2010. The following types of adjustments are included:

Technical Adjustments – These actions correct errors or align revenues and/or expenditures among appropriations and funds for previously approved budget actions:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations and funds, redistributing funding allocations.
- **Technical Corrections** – These actions revise Beginning Fund Balance and/or project appropriations in the 2009-2010 budget to correct inadvertent rebudget, interest earning, or allocation errors, offset by Ending Fund Balance or corresponding project appropriation actions.

Benefits Program – The 2009-2010 Benefits Program includes net-zero appropriation adjustments to various departments and funds to reflect new health plan contribution rates, effective January 1, 2010. The General Fund increase was anticipated and is funded from the Salary and Benefit Earmarked Reserve. In the special and capital funds, sufficient funding is available in the Ending Fund Balance and/or Contingency Reserve to offset the Benefits Program.