



2010-2011

ANNUAL REPORT

SEPTEMBER 2011

OFFICE OF THE CITY MANAGER

2010-2011 ANNUAL REPORT

The Annual Report is established by the City Charter as the City Manager's vehicle for summarizing and analyzing the financial performance of the City for the preceding fiscal year. The mandated elements of the report include the following:

A description of revenues received and expenditures incurred in the prior fiscal year, and an explanation concerning material differences between these amounts and the amounts budgeted.

The amount of the financial reserves of the City.

All other information that, in the opinion of the City Manager, is necessary to provide an accurate and complete picture of the fiscal status and condition of the City.

The financial information used in this report represents final, unaudited 2010-2011 year-end closing figures as of June 30, 2011.

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ANNUAL REPORT**

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2010-2011

**ANNUAL
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LETTER OF TRANSMITTAL

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: 2010-2011 ANNUAL REPORT

DATE: September 30, 2011

RECOMMENDATIONS

It is recommended that the City Council:

1. Accept the 2010-2011 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F);
2. Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2010-2011 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up Actions);
3. Adopt a resolution accepting the 2011 COPS Hiring Program Grant in the amount of \$1,703,664, adding 3.0 Police Officer positions in the Police Department, and authorizing the City Manager and Chief of Police to execute the Grant Agreement and all related documents; and
4. Authorize the City Manager and Chief of Police to negotiate and execute additional amendments to the grant without further City Council action.

OUTCOME

In accordance with Section 701(F) of the San José City Charter, the 2010-2011 Annual Report describes the financial status of the City at the end of the 2010-2011 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2010-2011 Ending Fund Balance for each fund to the estimate used in the development of the 2011-2012 Adopted Budget as well as information on the status of the City's year-end reserves by fund.

Approval of the recommended budget actions will implement fund balance reconciliations as well as rebudget and clean-up adjustments necessary based on final 2010-2011 performance. In addition, revisions to the 2011-2012 budget are recommended to align budgeted revenue and expenditures with the most current information, correct technical problems and implement reconciliation adjustments, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects. Actions are also recommended to accept the 2011 COPS Hiring Program grant and authorize the addition of three Police Officer positions.

EXECUTIVE SUMMARY

The Administration proactively managed the City’s many funds in 2010-2011. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations. A moderate level of budget adjustments was required during the year to maintain this balance.

While the 2010-2011 budget performance was generally within estimated levels, the starting point for 2010-2011 was extremely challenging. Representing the ninth consecutive year of shortfalls, the 2010-2011 Adopted Budget addressed a General Fund deficit of \$118.5 million, resulting in significant service reductions across the organization. The slow pace of the economic recovery was not expected to result in revenue growth that would keep pace with the City’s increasing costs. Actual performance was consistent with this assumption.

In the General Fund, revenues ended the year close to budgeted expectations and expenditures ended the year with slight savings. As displayed in the chart below, there was \$16.3 million in additional General Fund 2010-2011 Ending Fund Balance/2011-2012 Beginning Fund Balance above the level assumed in the development of the 2011-2012 Budget. These funds, as well as additional funds generated from the reconciliation of 2011-2012 retirement and unemployment costs are recommended to be allocated in the Annual Report as shown below.

Proposed 2011-2012 General Fund Adjustments (\$000s)

Additional 2010-2011 Ending Fund Balance	\$ 16,263
Clean-Up Actions	
Changes to Development Fee Program Reserves	(3,764)
Rebudgets/Clean-Up Adjustments	(4,378)
Sub-total Clean-Up Actions	\$ (8,142)
Fund Balance Available After Clean-up Actions	\$ 8,121
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	4,561
Urgent Fiscal/Program Needs	(1,065)
Sub-total Recommended Budget Adjustments	\$ 3,496
Remaining Balance After Clean-ups/Recommended Adjustments	\$ 11,617
2012-2013 Future Deficit Reserve	\$ (11,617)

Approximately half of the additional fund balance (\$8.1 million) is recommended to be allocated back to the development fee programs, reconcile other reimbursement-related expenditures, or to adjust rebudget amounts that were carried over to 2011-2012 to complete projects. After adjusting for those clean-up actions, the additional General Fund 2010-2011 Ending Fund Balance/2011-2012 Beginning Fund Balance was within \$8.1 million, or 0.4%, of the 2010-2011 Modified Budget (sources and uses). The remaining General Fund balance of \$8.1 million, combined with additional net funding from various technical and rebalancing actions (\$4.6 million), offset by a small number of urgent fiscal and program needs (\$1.1 million) will allow for a 2012-2013 Future Deficit Reserve of \$11.6 million to be established as directed in the Mayor’s June Budget Message for 2011-2012 and approved by the City Council. This 2012-

2013 Future Deficit Reserve will partially address the large General Fund shortfall projected for 2012-2013 (currently estimated between \$78 and \$115 million).

While the City ended the year as expected and a small additional fund balance accumulated in the General Fund and most City funds, the fiscal challenges faced over the last decade are expected to continue over the next several years. The City will have to remain diligent to ensure the revenues and expenditures within all funds remain in alignment.

As we move forward in 2011-2012, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2010-2011 will also be factored into the development of the 2013-2017 General Fund Forecast that will be released in February 2012. The preliminary 2012-2013 General Fund Forecast is expected to be released in early November 2011.

BACKGROUND

Each year the City issues the Annual Report at the end of September, three months after the close of the fiscal year, as required by the City Charter. The Annual Report document has been revised this year to provide additional context on the combined performance of all funds and to streamline the discussion of significant expenditure and revenue variances by fund.

Following is a description of the various sections of the Annual Report document.

- **Transmittal Memorandum** – This section provides an overall summary of the 2010-2011 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section of the Annual Report provides a comparison of 2010-2011 budget to actual revenues and expenditures by fund as well as a discussion of expenditure and/or revenue variances of 5% or greater to the budget. In addition, this section provides a comparison of the year-end actual 2010-2011 Ending Fund Balance by fund to the 2010-2011 Ending Fund Balance/2011-2012 Beginning Fund Balance estimate used in the development of the 2011-2012 Adopted Budget. This section also includes a listing of the Earmarked and Contingency Reserves that were available at the end of 2010-2011 by fund.
- **Section II: General Fund Budget Performance** – This section provides a summary of the General Fund performance in 2010-2011, including the following: General Fund Year-End Performance; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2010-2011 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2010-2011 in the development of the 2011-2012 Adopted Budget.

- **Section IV: Recommended Budget Adjustments and Clean-Up Actions** – This section provides a description of the recommended budget adjustments and clean-up actions. The proposed actions generally fall into three categories: (1) adjustments to the 2011-2012 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2010-2011; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2011-2012 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2011-2012 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, implement reconciliation adjustments, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects in special and capital funds.
- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2010-2011.

ANALYSIS

This Analysis section includes the following:

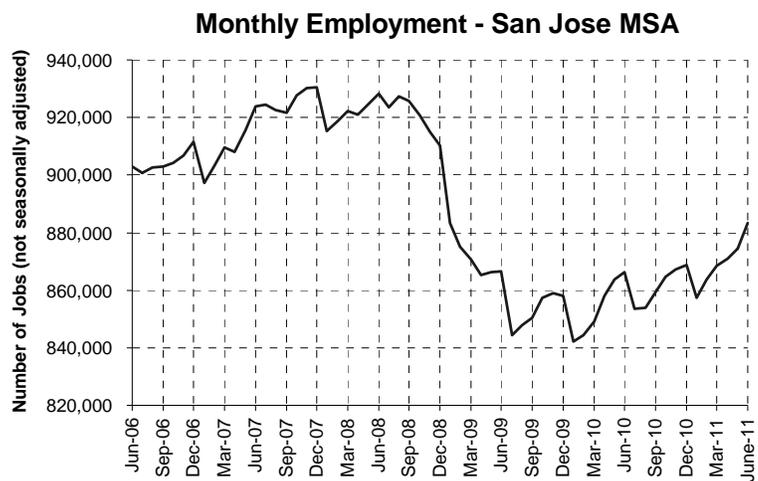
- an overview of the economic environment;
- a discussion of the 2010-2011 budget performance of all City funds;
- a discussion of the 2010-2011 General Fund budget performance;
- a discussion of the components of the 2010-2011 General Fund ending fund balance;
- an analysis of the impact of the 2010-2011 General Fund budget performance on the 2011-2012 Adopted Budget; and
- a discussion of the budget performance of selected special and capital funds.

Economic Environment

When the 2010-2011 budget was developed, it was assumed the economy would continue its slow recovery and not dip back into a recession. Actual performance in 2010-2011 is consistent with this general assumption. In fiscal year 2010-2011, the Gross Domestic Product (GDP) increased in each of the four quarters, with stronger increases in the first two quarters (2.5% and 2.3%, seasonally adjusted) followed by increases of 0.4% in the third quarter and 1.3% in the fourth quarter.

The June 2011 employment level in the San José Metropolitan Statistical Area (MSA) of 883,400 was 2.0% above the June 2010 employment level of 866,300. While this employment level was still well below the recent peak of 930,500 jobs experienced in December 2007, it reflects modest improvement from the prior year and the January 2010 low of 839,300.

The San José metropolitan area continued to experienced double-digit unemployment, with the June 2011 unemployment rate of 10.4%. The June 2011 figure has, however, has



Unemployment Rate (Unadjusted)

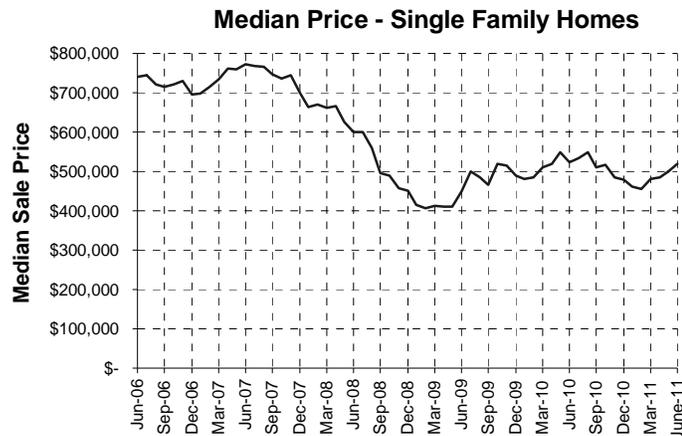
	June 2009	June 2010	June 2011
San José Metropolitan Statistical Area	11.9%	11.4%	10.4%
State of California	11.6%	12.2%	11.4%
United States	9.7%	9.6%	9.3%

Source: California Employment Development Department

shown improvement from the 11.4% experienced in June 2010. The unemployment rate in this region remains less than the unadjusted unemployment rate for the State, but above the nation, which has a current unadjusted unemployment rate of 9.3%.

In 2010-2011, the level of construction permit activity compared with the prior year varied significantly across the three types of construction. Industrial construction valuation dropped 21%, with new industrial construction reaching an eight-year low. Commercial valuation also dropped 17%, reflecting a 50% decline in new commercial valuation, partially offset by 25% increase in alterations. Residential valuation experienced strong growth, with a 159% increase in valuation and a 285% increase in the number of new housing units, reaching a four-year high. A one-month surge in December, however, accounted for nearly three quarters of the new units. This permit activity drives the revenue collection in several construction tax categories and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

The June 2011 median home price of \$520,000 for single family homes within the City was slightly (0.7%) below the June 2010 median of \$523,500. The number of sales for all residences, however, fell 10% as the credit market tightened and tax incentive programs expired.



Looking forward, the City continues to face uncertain economic times with serious concerns regarding global financial markets, the lack of employment growth, and the relatively high unemployment rates. There is potential risk that the economy will stall and slip into a double dip recession. The Administration will closely monitor economic conditions and any associated potential impacts on the City's revenues.

2010-2011 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balance) totaled \$2.2 billion in 2010-2011, which was 2.4% (\$54.4 million) below the budgeted estimate of \$2.3 billion. In several funds, grants and expenditure-related reimbursements were not received in 2010-2011 and are now expected to be received in 2011-2012.

In 2010-2011, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.3 billion, which was \$599.9 million (20.3%) below the modified budget of \$2.9 billion. Almost 60% of the expenditure variance (\$348.1 million) was in the capital funds, which expended \$396.7 million of the \$744.8 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2011-2012 in the 2011-2012 Adopted Budget and additional funds are recommended to be rebudgeted in this document.

At the end of 2010-2011, the Earmarked and Contingency Reserves for all City funds totaled \$415.8 million, which represented 11.1% of the total modified budget for the City of \$3.7 billion (includes Contributions, Loans and Transfers). In the General Fund, Reserves totaled \$88.1 million. Almost all of these General Fund Reserves were rebudgeted to 2011-2012 or assumed as savings in the development of the 2011-2012 Adopted Budget.

The financial performance in 2010-2011 is used as the starting point for 2011-2012. The collective 2010-2011 Ending Fund Balances for all City funds totaled \$1.36 billion, which was \$115.5 million above the 2010-2011 Ending Fund Balance estimates of \$1.24 billion used in the development of the 2011-2012 Adopted Budget. After adjusting for additional rebudgets of \$41.6 million recommended in this document, the adjusted 2010-2011 Ending Fund Balance variance for all funds drops to \$74.0 million. The General Fund had an adjusted fund balance variance of \$8.1 million. The additional fund balance in the special funds totaled \$50.4 million. The capital funds had the largest adjusted fund balance variance of \$15.5 million.

2010-2011 General Fund Budget Performance

The City's General Fund ended the 2010-2011 fiscal year within budget. As shown in the chart below, the General Fund Ending Fund Balance of \$137.3 million was \$16.3 million above the fund balance estimate assumed when the 2011-2012 Adopted Budget was developed, primarily as a result of expenditure savings. The following table summarizes the General Fund performance in 2010-2011, comparing the actual results to the modified budget and the estimates used to develop the 2011-2012 Adopted Budget.

Table 1
General Fund Year-End Status
For the Year Ended June 30, 2011
 (\$000s)

Sources	2010-2011 Revised Budget	2010-2011 Year-end Estimate	2010-2011 Budgetary Basis Actual	Actual to Budget Variance	Actual to Estimate Variance
<i>Beginning Fund Balance*</i>	141,398	141,398	141,484	86	86
<i>Carryover Encumbrances</i>	15,717	15,717	15,717	-	-
<i>Liquidation of Carry- over Encumbrances</i>	-	4,688	4,918	4,918	230
<i>Revenue*</i>	888,154	888,154	876,170	(11,984)	(11,984)
Totals	1,045,269	1,049,957	1,038,289	(6,980)	(11,668)
Uses					
<i>Expenditures*</i>	928,613	900,053	872,431	56,182	27,622
<i>Transfers</i>	28,539	28,539	28,534	5	5
<i>Reserves</i>	88,117	304	-	88,117	304
Totals	1,045,269	928,896	900,965	144,304	27,931
<i>Ending Fund Balance</i>	-	121,061	137,324	137,324	16,263

* The General Fund incorporates the Special Services Assessment Revolving Fund, which was previously an unbudgeted fund. After adjusting for a net-zero \$12.9 million of grant and reimbursement related revenues and expenditures not received or expended in 2010-2011, but rebudgeted to 2011-2012, the revenue variance resulted in a surplus of \$873,000 and the expenditures variance actually totaled \$14.8 million.

The negative variance of \$12.0 million in revenues was 1.3% of the budget and the \$27.6 million positive variance generated from expenditures and transfers was 2.9% of the budget. The majority of these variances are related to various grants and reimbursements that were not received in 2010-2011 but are expected to be received in 2011-2012. After adjusting for a net-zero \$12.9 million of grant and reimbursement-related revenues and expenditures not received or expended in 2010-2011, but rebudgeted to 2011-2012 in the 2011-2012 Adopted Budget, the revenue variance resulted in surplus of \$0.9 million (0.1%) and the expenditures and transfers variance totaled \$14.8 million (1.5%).

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$16.3 million. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the

final reconciliation of 2010-2011. Net clean-up adjustments of \$8.1 million are recommended in this document to reconcile the development fee programs for 2010-2011 (\$3.8 million) and to adjust various rebudget amounts (\$4.3 million). After accounting for these clean-up adjustments, the remaining unallocated fund balance in the General Fund is \$8.1 million, representing only 0.4% of the total 2010-2011 Modified Budget (sources and uses). This additional fund balance was generated from net expenditure savings (\$9.1 million) and the liquidation of prior year encumbrances above the estimated level (\$0.2 million), partially offset by net lower funding sources (-\$1.2 million).

Combining the additional fund balance of \$8.1 million with the additional net resources generated from recommended 2011-2012 budget adjustments (\$3.5 million) will generate \$11.6 million that is proposed to establish a 2012-2013 Future Deficit Reserve. Typically, per Council Policy I-18, the remaining fund balance would be distributed equally to the Future Deficit Reserve for the upcoming year (if a shortfall is projected) and to unmet/deferred infrastructure and maintenance needs. However, per the Mayor's June Budget Message for Fiscal Year 2011-2012 as approved by the City Council, any remaining fund balance from 2010-2011 along with savings generated from the final reconciliation of 2011-2012 retirement and unemployment costs is to be allocated entirely to a 2012-2013 Future Deficit Reserve in recognition of the large General Fund projected shortfall estimated to be at least \$78 - \$115 million projected for next year.

To identify revenue and expenditure trends, the actual 2010-2011 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2010-2011 with the financial performance of the prior year.

Table 2
General Fund
Comparison of Year-End Actuals With Prior Year
(\$000s)

	2009-2010	2010-2011	Change	% Change
	Actuals	Actuals		
Source of Funds				
Beginning Fund Balance	199,037	162,119	(36,918)	-18.5%
Revenues	782,623	876,170	93,547	12.0%
Total Source of Funds	981,660	1,038,289	56,629	5.8%
Use of Funds				
Personal Services	601,211	591,413	(9,798)	-1.6%
Non-Personal/Equipment/Other	95,951	90,939	(5,012)	-5.2%
City-Wide Expenses	98,239	181,240	83,001	84.5%
Capital Projects	19,436	8,839	(10,597)	-54.5%
Transfers	25,425	28,534	3,109	12.2%
Reserves	-	-	-	N/A
Total Use of Funds	\$ 840,262	900,965	60,703	7.2%

As shown in Table 2, 2010-2011 General Fund revenues of \$876.2 million represented an increase of 12.0% from the 2009-2010 collection level. The majority of this increase was due to the issuance of Tax Revenue Anticipation Notes (TRANS) of \$75 million in 2010-2011. Excluding this transaction, revenues were only above the 2009-2010 levels by \$18.5 million (2.4%). In 2010-2011, the categories that experienced the largest increases included: Sales Tax, Licenses and Permits, Revenue from the State of California, and Departmental Charges. Increases in those categories were partially offset by lower collections in the Property Tax and Revenue from Local Agencies categories. A detailed discussion of the revenue performance by category is provided in Section I of this document.

General Fund expenditures of \$901.0 million in 2010-2011 increased 7.2% (\$60.7 million) when compared to the prior year expenditure level of \$840.3 million. This increase was due entirely to the repayment of TRANS of \$75.4 million in the City-Wide Expenses category. Excluding this transaction, expenditures ended the year \$14.7 million (1.7%) below the 2009-2010 levels. This decline from the prior year reflects lower expenditure levels in the Personal Services, Non-Personal/Equipment/Other, and Capital Projects categories, partially offset by increases in the City-Wide Expenses and Transfers categories.

2010-2011 General Fund Ending Fund Balance

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and that portion which is undesignated and available as a general funding source in the coming year. In the 2011-2012 Adopted Budget, a total fund balance estimate of \$121.1 million was included as a funding source. The 2010-2011 General Fund Ending Fund Balance of \$137.3 million was \$16.3 million above this estimate.

The components of the 2010-2011 General Fund Ending Fund Balance include unexpended reserves, expenditure/transfer savings, and funding sources as described below:

**2010-2011 General Fund
Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Funding Sources	(\$ 6,980)
Expenditure/Transfer Savings	56,187
Unexpended Reserves	88,117
TOTAL	\$ 137,324

The total Sources of Funds ended the year \$7.0 million below the revised budget as a result of lower revenues (-\$11.9 million) that were partially offset by the liquidation of carryover encumbrances (\$4.9 million). As discussed above, the negative revenue variance can be attributed to various grants and reimbursements totaling \$12.9 million that were not expected to

be received in 2010-2011 and the revenues and associated expenditures were rebudgeted to 2011-2012 as part of the Adopted Budget. Additional rebudget and clean-up actions are also recommended in the Annual Report, resulting in a revenue shortfall of \$1.2 million, or 0.1% of the revised budget.

For the Uses of Funds, expenditure and transfer savings totaled \$56.2 million while unexpended reserves totaled \$88.1 million; this represented the largest component of the 2010-2011 Ending Fund Balance. Of the \$56.2 million in expenditure/transfer savings, almost 75% of these savings (\$41.4 million) was assumed as savings in the development of the 2011-2012 budget or rebudgeted to 2011-2012 to complete projects. Based on actual 2010-2011 expenditures, additional rebudget and clean-up adjustments totaling \$4.5 million are recommended in this document. In addition, the fee-related expenditure savings of \$1.3 million are recommended to be used to reconcile the development fee programs. After accounting for these adjustments, net expenditure/transfer savings totaled \$9.0 million at year-end, or 0.9% of the revised budget.

General Fund Reserve categories include: Earmarked Reserves (\$45.9 million) established to address specific needs per City Council direction; the Contingency Reserve (\$29.3 million) set at a minimum of 3% of expenditures per City Council policy; and the Ending Fund Balance Reserve (\$12.9 million) established at the end of each year from excess revenues and expenditure savings that are programmed for use in the 2011-2012 Adopted Budget. Of the \$88.1 million in Reserves, \$87.8 million was approved for rebudget or assumed as a source of funding in the development of the 2011-2012 Adopted Budget. Following is additional information regarding the three reserve categories.

- ***Earmarked Reserves (\$45.9 million)*** – At the end of 2010-2011, the most significant reserves included the following: Workers’ Compensation/General Liability Reserve (\$10.0 million); Fee Supported – Building Reserve (\$7.7 million); Economic Uncertainty Reserve (\$5.0 million); Unemployment Insurance Reserve (\$5.0 million); Salaries and Benefits Reserve (\$4.3 million); Retiree Healthcare Reserve (\$2.6 million); and Fee Supported – Fire Reserve (\$2.4 million). In the 2011-2012 Adopted Budget, all but \$304,000 of these reserves were approved for rebudget to 2011-2012 (\$28.5 million) as part of the Adopted Budget and appropriated as reserves, or were used as solutions to the 2011-2012 General Fund shortfall (\$17.1 million).
- ***Ending Fund Balance Reserve (\$12.9 million)*** – Funding was set aside as part of the 2010-2011 Mid-Year Budget Review (\$8.5 million) and as part of the 2010-2011 year-end clean-up actions (\$4.4 million) to account for additional revenues and expenditure savings expected to be generated in 2010-2011 for use in 2011-2012. The use of these funds was assumed in the development of the 2011-2012 Adopted Budget.
- ***Contingency Reserve (\$29.3 million)*** – The City Council has established a Budget Policy of maintaining a minimum 3% Contingency Reserve in the General Fund. This Reserve is in place as a last resort for unexpected critical needs. At the end of 2010-2011, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2011-2012 Adopted Budget, the entire Contingency Reserve was rebudgeted to 2011-2012. No additional

funding is necessary to be added to the Contingency Reserve as part of the 2011-2012 Annual Report in order to meet the minimum 3% Contingency Reserve level.

Impacts on the 2011-2012 General Fund Budget

As discussed above, it was assumed that \$121.1 million would remain at the end of 2010-2011 and carried over to 2011-2012 as Beginning Fund Balance as part of the adoption of the 2011-2012 Operating Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2011-2012, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2011-2012 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2011-2012 Adopted Budget by \$16.3 million, primarily due to additional expenditure savings.

The following chart details the recommended uses of the \$16.3 million additional fund balance as well as other budget adjustments that are recommended as part of this report. Approximately half of the available fund balance (\$8.1 million) is proposed to be allocated to address rebudgets and clean-up adjustments to close out the 2010-2011 fiscal year. After factoring out these adjustments, a total of \$8.1 million in available fund balance remains. This additional fund balance, when combined with required technical and rebalancing actions (\$4.6 million) offset by a small number of urgent fiscal and program needs (\$1.1 million), will allow for a 2012-2013 Future Deficit Reserve of \$11.6 million to be established consistent with City Council's approval of the Mayor's June Budget Message for Fiscal Year 2011-2012.

Proposed 2011-2012 General Fund Adjustments (\$000s)

Additional 2010-2011 Ending Fund Balance	\$ 16,263
Clean-Up Actions	
Changes to Fee Reserves	(3,764)
Rebudgets/Clean-Up Adjustments	(4,378)
Total Clean-Up Actions	(8,142)
Fund Balance Available After Clean-up Actions	\$ 8,121
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	
- Sales Tax Revenue Estimate	6,223
- 2011-2012 Retirement Contributions Reconciliation	4,310
- 2011-2012 Unemployment Insurance Reconciliation	1,645
- 2010-2011 Federated Retirement System Annual Req'd. Contribution - Potential Addtl. Pymt.	(4,387)
- Property Tax Revenue Estimate	(1,359)
- Motor Vehicle In-Lieu Revenue Estimate (Eliminate per State Budget Action)	(2,800)
- Motor Vehicle In-Lieu Revenue Estimate (Prior Year True-Up Payment)	2,100
- Commercial Solid Waste Franchise Fee Revenue Estimate	(400)
- Transfer to the Police and Fire Retirement Fund (SB 90)	(276)
- Disposal Facility Tax Revenue Estimate	(200)
- Transfer to the District 10 C&C Fund (Leland High School Sports Field Repayment)	(120)
- Parks, Recreation & Neighborhood Services Personal Services (Living Wage Adjustment)	(90)
- Code Enforcement Clean-Ups and Landscape Accident Repair Program	(85)
- 2009 UASI Grant/Fire Apparatus Replacement	0
- Grants/Reimbursements/Fee Activities (\$3.2 million in net-zero adjustments)	0
Sub-Total Required Technical/Rebalancing Actions	4,561
Urgent Fiscal/Program Needs	
- Fire Minimum Staffing Overtime	(760)
- Third SAFER Grant Firefighter Academy	(103)
- Police Horse Mounted Unit	(102)
- Habitat Conservation Plan Earmarked Reserve	(100)
- Comprehensive General Plan Update/General Plan Update Reserve	0
Sub-Total Urgent Fiscal/Program needs	(1,065)
Total Recommended Budget Adjustments	3,496
Funding Available After Recommended Adjustments	\$ 11,617
2012-2013 Future Deficit Reserve	\$ (11,617)

Following is a summary of the recommended actions. These adjustments are described in more detail in Section III of this report.

Clean-Up Actions (-\$8.14 Million)

- **Changes to Fee Reserves (-\$3.76 million)** – Consistent with budget practices enacted several years ago, year-end reconciliations of the revenues and expenditures in the development fee programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support the development fee activities, any excess revenues and

interest earnings over costs are placed in Development Fee Program Reserves. Based on the 2010-2011 results, \$3.8 million is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs. With the approval of these changes, a total balance of over \$15 million would be available for the development fee programs, a sizable amount considering the balances in the development fee program reserves in recent years.

- **Rebudgets/Clean-Up Adjustments (-\$4.38 million)** – A series of adjustments are recommended to complete existing projects in 2011-2012 and to reflect any necessary technical budget adjustments. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditures for which the rebudgets were approved actually occurred in 2010-2011, therefore, the funds are not available for rebudget to 2011-2012. Other actions include budget corrections, net-zero expenditure reallocations to correct or realign funding, various reconciliations of revenue-supported services, and reallocation of funds between revenue categories in 2011-2012. Lastly, adjustments are included in the Energy Efficiency Fund from departments Non-Personal/Equipment appropriations as new energy saving projects became online, which by Council Policy savings are to be deposited in this revolving fund for two years.

Recommended Budget Adjustments (+\$3.5 million)

A number of General Fund budget changes are recommended in this report to adjust 2011-2012 revenue estimates and expenditure appropriations, as well as to address current year funding needs that have emerged since the 2011-2012 budget was approved. These adjustments generate net additional funding of \$3.5 million and are classified under two categories: 1) Required Technical/Rebalancing Actions that generate an additional \$4.6 million in savings; and 2) Urgent Fiscal/Program Needs with a net cost of \$1.1 million. In addition, grant/reimbursement/fee-related adjustments are recommended totaling \$3.2 million, with a net-zero impact on the General Fund.

Following is a summary of the recommended adjustments:

- **Required Technical/Rebalancing Actions (+\$4.56 million)**
 - Increase the *Sales Tax Revenue Estimate* for 2011-2012 by \$6.2 million (from \$136.8 million to \$143 million) to recognize additional Sales Tax revenue generated in the fourth quarter 2010-2011 (\$2.6 million) and higher estimated collections based on an adjusted starting point for 2011-2012 (\$3.6 million). This adjustment will allow for 2% economic growth in 2011-2012 sales tax collections over the actual level received in 2010-2011. (\$6,223,000)

- Per direction from the City Council-approved Mayor’s June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from a complete **2011-2012 Retirement Contributions Reconciliation** based on final actions approved as part of the 2011-2012 Adopted Budget were to be used to establish a 2012-2013 Future Deficit Reserve in the General Fund. Due to the fact that the City is now providing funding to the Federated City Employees’ Retirement System and the Police and Fire Department Retirement System for 2011-2012 with a methodology that provides for a minimum annual required contribution amount that is paid for by all City funds with personal services allocations, a reconciliation and rebalancing was necessary in all affected funds. Based on this reconciliation, adjustments to decrease personal services or project appropriations will properly fund required retirement contributions, producing savings in all funds of \$5.5 million. As a result of these savings, \$4.31 million is available and recommended be allocated to the 2012-2013 Future Deficit Reserve in the General Fund. In all other funds, a total of \$1.19 million in savings is available and recommended to increase those funds’ ending fund balances or reserves accordingly. (\$4,310,000)
- Per direction from the City Council-approved Mayor’s June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from a complete **2011-2012 Unemployment Insurance Reconciliation** based on final actions approved as part of the 2011-2012 Adopted Budget were to be used to establish a 2012-2013 Future Deficit Reserve in the General Fund. Based on this reconciliation, technical adjustments to decrease appropriations across all City funds to appropriately align funding sources with projected unemployment insurance payments was required. Recommendations included in this document decrease personal services and project appropriations across all City funds, restore funding to the Salary and Benefits Reserve in the General Fund (\$1.67 million) as that reserve was temporarily used as a source of funds to restore General Fund services until this reconciliation could be completed, contribute \$1.65 million to a new 2012-2013 Future Deficit Reserve in the General Fund, and increase the ending fund balances or reserves in all other funds accordingly. (\$1,645,000)
- Establish a **2010-2011 Federated Retirement System Annual Required Contribution – Potential Additional Payment** transfer appropriation for potential payments to the Federated Retirement System. In 2010-2011, the City fully paid the annual required contribution (ARC) to the Federated Retirement System using a 23.18% City Contribution Rate of pensionable payroll as requested by the Federated Retirement Board based on the Board’s approved phased reduction of the interest earning assumption from 8.25% to 7.75% over 5 years. In September 2011, however, the Department of Retirement Services informed the Administration that the City did not in fact fully fund the ARC for 2010-2011, since the ARC should have been paid using a previously calculated 25.75% City Contribution Rate which was based on an earning assumption of 7.75%. Since the City fully paid the ARC as requested by the Board, the Administration is analyzing this new information and will seek clarification from the Federated Retirement Board whether the City should have paid the ARC using a 23.18% or 25.75% City Contribution Rate. Using the higher City Contribution Rate, the additional ARC amount based on actual pensionable payroll for 2010-2011 is estimated at \$8.1 million for all funds and \$4.4 million for the General Fund. This report includes recommendations to set aside the additional potential ARC payment of \$8.1 million from

all impacted funds to be transferred to the Federated Retirement Fund in the event that the Federated Retirement Board determines that the City should pay the higher amount as is now being indicated. If, however, it is determined that it is not necessary for the City to pay the additional ARC, it will be the Administration's intention to return to the City Council as part of the 2011-2012 Mid-Year Budget Review with a recommendation to allocate the set aside funds of \$4.4 million in the General Fund to the 2012-2013 Future Deficit Reserve and the remaining funds of \$3.7 million to each affected fund's ending fund balance as appropriate. (-\$4,387,000)

- Decrease the ***Property Tax Revenue Estimate*** by \$1.4 million (from \$201.5 million to \$200.1 million) to bring the revenue estimate in line with the 2011-2012 Property Tax information provided by the county of Santa Clara Controller-Treasurer Department in August 2011. This includes downward adjustments to the following Property Tax sub-categories: Secured Property Tax (down \$327,000); SB 813 Property Tax (down \$656,000); Unsecured Property Tax (down \$346,000); and Homeowner's Exemption Subvention (down \$30,000). (-\$1,359,000)
- Decrease ***Motor Vehicle In-Lieu Revenue Estimate*** by \$2.8 million to reflect loss of this revenue based on the recent State approved bill (SB 89) that eliminated these payments beginning in 2011-2012. On September 28, 2011, the League of California Cities filed a petition in the Sacramento County Superior Court challenging the legality of the State's diversion of this revenue. (-\$2,800,000)
- Increase the ***Motor Vehicle In-Lieu Revenue Estimate*** by \$2.1 million to reflect the receipt in July 2011 of a Motor Vehicle In-Lieu true-up payment that accounted for underpayments in prior years (2006-2007 through 2009-2010). (\$2,100,000)
- Decrease the ***Commercial Solid Waste Franchise Fees Revenue Estimate*** by \$400,000 (from \$9.6 million to \$9.2 million) to reflect lower anticipated collections based on actual 2010-2011 performance and the downward collection trend in this category. This adjustment will allow for a 3.2% decline from the 2010-2011 actual collection level of \$9.5 million. (-\$400,000)
- Establish a ***Transfer to the Police and Fire Retirement Fund*** for reimbursements from the State of California for the City's Police and Fire Retirement Plan following State SB 90 mandates. The Police and Fire Retirement Plan (Plan) is required to offer medical benefits to the surviving spouse and family of sworn officers that died in the line of duty. Annually, the Retirement Department provides information regarding the amounts paid by the Plan and requests reimbursement. The reimbursements have been posted to the General Fund in error since 2006-2007 for reimbursements that cover claims since 1996-1997; as has been recently discovered that the reimbursement should have been instead posted to the Police and Fire Retirement Fund. (-\$275,368)
- Decrease the ***Disposal Facility Tax Revenue Estimate*** by \$200,000 (from \$10.9 to \$10.7 million) to reflect lower estimated Disposal Facility Tax revenues based on actual 2010-2011 performance and the downward collection trend in this category. This adjustment will allow for a 3% decline from the actual 2010-2011 collection level. (-\$200,000)
- Per direction from the City Council, establish a ***Transfer to the Council District 10 Construction and Conveyance Tax Fund*** in the amount of \$120,000 to reflect a partial

repayment of the total investment of \$350,000 from the Council District 10 Construction and Conveyance Tax Fund that originally supported the addition of an enhanced concession/storage/bathroom facility at the Leland High School Sports Field. This allocation of \$120,000 reflects the balance of fees collected once the cost of operations and maintenance were paid in 2008-2009, 2009-2010 and 2010-2011. (-\$120,000)

- Consistent with City Council Policy, increase the ***Parks, Recreation and Neighborhood Services Department Personal Services*** appropriation by \$90,000 to provide for a living wage increase for part-time unbenefitted (Assistant Swimming Pool Manager, Instructor Lifeguard, Open Water Lifeguard, and Regional Park Aide) position costs where the hourly living wage (\$14.84) exceeds the budgeted hourly wage in 2011-2012. (-\$90,000)
- Provide funding for a ***Code Enforcement Clean-Ups and Landscape Accident Repair Program*** in the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation (\$50,000) and the Department of Transportation's Non-Personal/Equipment appropriation (\$35,000) to fund contractual services for the clean-ups on properties that are found to be unsafe, dangerous, hazardous, or a nuisance and to fund emergency repairs to median islands, median island landscaping, and the irrigation system as a result of traffic accident damages. In previous fiscal years, these costs and the associated reimbursements from individuals and insurance companies were accounted for in the Special Services Assessment Revolving Fund, an unbudgeted fund. It has been determined that a more appropriate process is to budget this activity in the General Fund. As part of the 2010-2011 General Fund reconciliation, this fund has been merged into the General Fund and the associated fund balance from that fund is sufficient to support these activities in 2011-2012. Since the activity level is minimal and volatile, no revenues are being recommended to be recognized at this time. (-\$85,000)
- Reallocate funding from the ***2009 Urban Areas Security Initiative (UASI) Grant - Fire*** city-wide appropriation to the ***Fire Apparatus Replacement*** capital improvement appropriation. In 2010-2011, the 2009 UASI Grant- Fire appropriation did not have enough funding to charge the purchase of thermal imaging cameras for the emergency fire apparatus; however, the UASI grant had funding appropriated in 2011-2012. The UASI eligible cameras were temporarily charged to the Fire Apparatus Replacement appropriation in 2010-2011; therefore, this action is recommended to reimburse the Fire Apparatus Replacement appropriation for 2010-2011 expenditures. (\$0)
- A series of net-zero adjustments are recommended to reflect new or updated revenues and expenditures for ***Grants, Reimbursements and/or Fee Activities*** for Public Safety, Neighborhood Services, Development Services and other miscellaneous programs. Net-zero new Public Safety grants total \$1.9 million and are designated for equipment and selective special public safety activities. Adjustments in the Neighborhood Services area include After School Education and Safety (\$608,000), Senior Nutrition (\$414,000), Summer Youth Nutrition (\$61,000) and Sheppard Middle School Operations and Maintenance (\$33,000). Other miscellaneous adjustments include reallocating funds for the Public Works Fee Program from reserves (\$312,000), providing for the Silicon Valley Interoperability Project (\$75,000), and recognizing funds received for State Waste Tire activities (\$67,000). (\$0)

- **Urgent Fiscal/Program Needs (-\$1.1 million)**

- Increase the Fire Department's Personal Services appropriation to provide additional ***Fire Minimum Staffing Overtime*** funding to augment daily staffing. In order to generate savings for the 2011-2012 Adopted Operating Budget, the Fire Department's overtime budget was reduced by \$3.8 million, leaving \$2.8 million for minimum staffing needs. This reduction was part of the Flexible Brown-Out Plan that is described in the 2011-2012 Adopted Operating Budget. Due to higher than anticipated absence rates through the first two months of this year and Department-wide understaffing at the Fire Engineer rank, overtime expenditures through August were higher than budgeted, but necessary in order to maintain acceptable fire service response times. The Department is reviewing staffing configurations and the completion of a Fire Engineer Academy in mid-September should mitigate future additional overtime needs; however, additional funding is recommended in this report to ensure the Department stays within its Personal Services appropriation by year-end. (-\$760,000)
- Increase the Fire Department's Personal Services appropriation to provide funding for a ***Third Staffing for Adequate Fire and Emergency Response (SAFER) Grant Firefighter Academy***. When the training needs for reinstating the 49 Firefighter positions associated with the SAFER Grant were estimated, it was assumed that two academies of 22 and 27 Firefighters would be needed. However, the first two academies had 22 and 14 Firefighters respectively, and a third academy is needed in February 2012 in order for the remaining 13 positions to start in April 2012. (-\$103,000)
- Increases the Police Department's Personal Services (\$56,000) and Non-Personal/Equipment (\$46,000) appropriations to continue the ***Police Horse Mounted Unit*** (HMU) through mid-February 2012 as a collateral assignment as described in the 2011-2012 Adopted Operating Budget. The Friends of the Horse Mounted Unit (Friends) were fundraising for the collateral HMU assignment and provided \$35,500 towards operations in 2011-2012. As the Friends are no longer engaged in these fundraising efforts, the Administration is now exploring having the San José Police Foundation fundraise matching funds of \$102,000 to continue the HMU through the end of 2011-2012. The Police Department will report on the fundraising efforts to the City Council with an information memorandum in late November to determine if the HMU will continue through June 2012. If the fundraising efforts are not successful, this will leave the Department enough time to disband the HMU by mid-February. (-\$102,000)
- Establishes a ***Habitat Conservation Plan Earmarked Reserve*** in the amount of \$100,000. The City Council is currently discussing refinements to the draft Habitat Conservation Plan (City Council Agenda, 9/20/11 – Item 4.3, 9/27/11 – Item 4.1) as directed as part of the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012. If the City Council approves to proceed with the plan, funding will be required to prepare the Final Habitat Conservation Plan for formal review by the U.S. Fish and Wildlife Service and California Department of Fish and Game. In addition, consultant costs will be necessary to prepare the supporting documents to allow the Army Corps of Engineers to issue a Regional General Permit for wetlands. The estimated costs are \$100,000 to prepare the final habitat plan and funding is recommended to be set aside in a reserve, pending final City Council decision to proceed with or terminate the plan. If the City

Council chooses to proceed with the plan, the reallocation of funding from the reserve to fund these activities will be recommended as part of the 2011-2012 Mid-Year Budget Review in February 2012. However, should the City Council decide not to proceed with the plan, funding will be recommended to be allocated to the 2012-2013 Future Deficit Reserve as part of the 2011-2012 Mid-Year Budget Review. (-\$100,000)

- Reallocates funding from the *General Plan Update Reserve* to the City-Wide Expenses *Comprehensive General Plan Update* appropriation to provide personal services funding (\$15,000) for staff to attend community meetings and public hearings, and associated non-personal/equipment funding (\$85,000) for marketing and public outreach (e.g. printing of publications, postage for mass mailing, and translation services). In addition, this action will provide funding for the Department of Transportation (\$20,000) to develop and analyze land use scenarios; develop, compile, and validate dynamic traffic assignments; and review, coordinate, and respond to Environmental Impact Reports (EIR). These costs related to the General Plan Update were inadvertently left out during the development of the 2011-2012 Adopted Operating Budget. (\$0)

2012-2013 Future Deficit Reserve (\$11.6 Million)

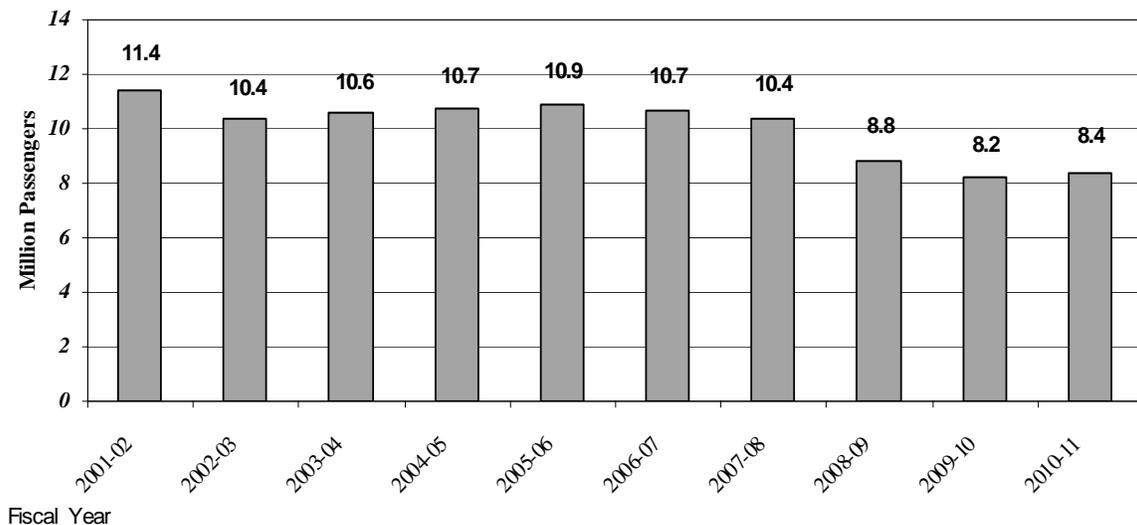
The establishment of a 2012-2013 Future Deficit Reserve totaling \$11.6 million is recommended to set aside all available net funding in the General Fund to address the large General Fund shortfall currently estimated between \$78 - \$115 million for 2012-2013. Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from the a retirement contributions and unemployment insurance reconciliation as well as any ending fund balance that may be available after the close of the 2010-2011 fiscal year is to be allocated entirely to establish a 2012-2013 Future Deficit Reserve. A total of \$5.96 million is available for this Reserve, as previously described, from the savings associated with the retirement contributions (\$4.31 million) and unemployment insurance (\$1.65 million) reconciliations. In addition, if the Administration budget recommendations are approved as part of this report, a total of \$5.66 million is available for this Reserve to reflect the net remaining funds from the close out of the 2010-2011 fiscal year.

2010-2011 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 8.4 million passengers in 2010-2011, which was an overall increase of 1.9% in fiscal year passenger activity. Airport activity categories had mixed results. Parking exits, gallons of aviation fuel sold, and taxicab operations exceeded last year's activity, while pounds of mail/freight/cargo, traffic operations, and landed weights experienced declines in comparison to last fiscal year.

**Norman Y. Mineta San José International Airport
10 Year History Passenger Activity**



Overall revenue performance exceeded budget by 3.6% with the primary driver in Parking and Roadway revenue. Airline Rates and Charges (combined total of landing fees and terminal rents) and all other categories were at or slightly above the budgeted estimate. Parking revenue and Rental Car Privilege Fees increased most likely due to an end to construction activity and opening of new conveniently located Rental Car garage and parking lots. Customer Facility Charges reflecting rental car activity, have demonstrated a steady increase since January 2011, as have passengers, peaking in June as expected for the summer travel season. Other increases are in revenue associated with rented space in the Terminals and non-terminal locations.

The Airport's two operating funds, Airport Customer Facility and Transportation Fee Fund and the Airport Maintenance and Operation Fund, had year-end expenditure savings in excess of \$18 million. Of these savings, approximately \$8.8 million were contingency funds that were not used during the year. Personal Services savings of approximately \$1.8 million were the result of an increase in the number of vacancies and, most significantly, reduced compensated absence liabilities associated with decreased Airport staffing levels. Non-personal/equipment savings of \$8.5 million resulted from adhering to strict cost controls, prioritizing needs, deferring purchases as well as conservative budgeting for operation of new terminal facilities and utilities for the rental car garage. Reduced activity in the shuttle bus program and lower than anticipated costs

on new lines of credit also account for notable one-time savings. The improved revenue performance and the lower expenditure levels were factored in part into the 2011-2012 Adopted Budget. The additional fund balance will also better position the Airport Funds in 2011-2012 and in the development of the 2012-2013 budget. While Airport activity for the first two months of 2011-2012 has shown passenger growth, this growth is not at the anticipated level (2.0%) projected in this budget. Airport staff will continue to monitor and report on activity, expenditures and revenues.

Convention and Cultural Affairs Fund

This fund accounts for Team San José's (TSJ) operation of the City's Convention Facilities. In 2010-2011, Convention Facilities activities generated revenues (\$860,000) above the modified estimate due primarily to building rental, food and beverage, and contract labor revenue. Expenditures were below budgeted levels by approximately \$1.5 million due primarily to savings in the Center for Performing Arts Improvements, Personal Services, and Non-Personal/Equipment appropriations. This combination of higher revenues and lower expenditures resulted in an ending fund balance that was approximately \$2.6 million higher than the level assumed in the 2011-2012 Adopted Budget. The City is currently in the process of reviewing 2010-2011 performance against the City Council-approved performance targets.

Due to higher than anticipated Transient Occupancy Tax receipts, the Annual Report includes a recommended increase of \$436,000 to the Transfer from the Transient Occupancy Tax Fund, and an off-setting increase to the Ending Fund Balance. The Annual Report also includes a recommendation to rebudget \$696,000 in the Center for Performing Arts Improvements appropriation to complete an overhaul of the fire monitoring system at that facility. Also recommended is the allocation of \$600,000 to support sales efforts associated with the Convention Center expansion/renovation, and \$450,000 to address any sudden and unanticipated building repairs at the Convention Center or cultural facilities.

Low and Moderate Income Housing Fund

After a reconciliation of the fund's actual revenue collections and expenditures, the fund ended 2010-2011 with an ending fund balance that was \$1.4 million below the estimate used to develop the 2011-2012 Adopted Budget. This lower ending fund balance was primarily the result of not issuing \$14.0 million in commercial paper proceeds, which was partially offset by a reduction in encumbrances (\$10.6 million). To offset the negative ending fund balance, there is a recommendation to reduce the budget for the Kings Crossing Housing project by \$1.8 million and shift these costs to the Home Investment Partnership Program Fund. With this adjustment, the ending fund balance will be \$1.6 million. On June 28, 2011, as part of the approval of the State budget, the Governor signed Assembly Bill XI 26 which would dissolve redevelopment agencies throughout the State. The majority of funding for the Low and Moderate Income Fund is derived from the 20% tax increment revenues from the San Jose Redevelopment Agency. If the redevelopment agencies do dissolve, the Low and Moderate Income Housing Fund will need to be rebalanced by eliminating positions, funding shifts to other Housing funds, and/or reducing non-personal/equipment funding for projects. No budget adjustments are recommended at this time because the California Supreme Court granted a Stay pending the Court's ruling on the

dissolution of redevelopment agencies throughout the State. With the Stay issued, the Housing Department has suspended all new activities. The Court is expected to make a decision on the dissolution of redevelopment agencies by January 15, 2012.

Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) Fund revenues of \$10.9 million exceeded the 2010-2011 Modified Budget by \$885,000, or 8.8%. Actual revenues ended the year 5.1% above the 2009-2010 actual level, and 2.5% above the 2010-2011 estimate used in the development of the 2011-2012 Adopted Budget. For the fourteen largest hotels, the average room rate increased from \$117 to \$121, while the occupancy rate increased from 55.9% to 59.8%. With actual collections coming in above the modified estimate, additional allocations to the recipient organizations (above the levels programmed in the 2011-2012 Adopted Budget) are recommended in this Annual Report. A total of \$872,000 will be distributed to the following organizations: the Convention and Cultural Affairs Fund (\$436,000); the Conventions and Visitors' Bureau (\$218,000); and Cultural Development (\$218,000).

The 2011-2012 budget assumed a 1.8% increase from the 2010-2011 estimate used to develop the 2011-2012 Adopted Budget. With the final revenue performance coming in at higher than anticipated levels, revenues can decline by approximately 1% and still meet the budgeted level. Revenues in this economically sensitive category will continue to be actively monitored, and adjustments to the estimate and corresponding recipient organizations will be brought forward if necessary.

Construction-Related Capital Program Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City's Capital program. As reported in Monthly Financial Reports, 2010-2011 collections in all of the major capital revenue categories exceeded budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues.

Construction-Related Capital Program Revenues Comparison
 (\$ in Thousands)

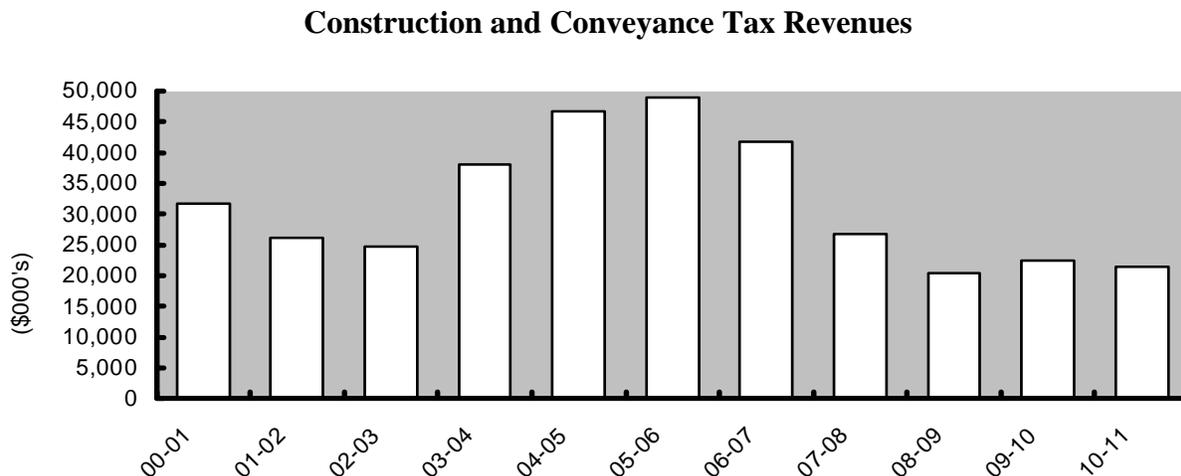
	2010-2011 Estimate*	2010- 2011 Actual	% Variance
Construction and Conveyance Tax	\$20,000	\$21,384	6.9%
Building and Structure Construction Tax	\$8,500	\$9,397	10.6%
Construction Excise Tax	\$12,500	\$13,261	6.1%
Municipal Water System Fees	\$120	\$171	42.5%
Residential Construction Tax	\$200	\$286	43.0%
Sanitary Sewer Connection Fee	\$500	\$546	9.2%
Storm Drainage Connection Fee	\$100	\$137	37.0%

* Revenue estimate used in the development of the 2011-2012 Adopted Capital Budget

Construction and Conveyance Tax

Real estate activity (primarily housing resales) determines the collection level of one of the major capital revenue sources, the Construction and Conveyance (C&C) Tax. Construction and Conveyance Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$21.4 million in 2010-2011. This collection level was 7% (\$1.4 million) above the modified budget estimate of \$20 million, but 5% (\$1.1 million) below the 2009-2010 receipts of \$22.5 million. The drop in tax receipts from the prior year is consistent with the 11% decrease in property transfers for all types of residences between 2009-2010 and 2010-2011. Numerous tax incentive programs, foreclosures, and short sales occurred in 2009-2010, which was reflected in the higher Construction and Conveyance Tax receipts. However, as the credit market tightened and tax incentive programs expired, less home sales occurred in 2010-2011, which resulted in lower Construction and Conveyance Tax revenue compared to 2009-2010 collection levels. Additionally, the median home price for single family homes within the City decreased slightly in value, with a median home price in June 2011 of \$520,000, down less than 1% from the June 2010 price of \$523,500. Also, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has slightly risen in the past year from 71 days in June 2010 to 76 days in June 2011. Collections in 2010-2011, however, are still slightly above the \$20.3 million received in 2008-2009, which was the lowest level of collections received since 1996-1997. The revenue in 2010-2011 represents a 56% drop from the record peak of \$49.0 million collected in 2005-2006.

The following graph displays the collection history of Construction and Conveyance Tax receipts.



After reaching a collection peak of \$31.6 million in 2000-2001, receipts dropped following the dot-com bust in both 2001-2002 and 2002-2003. This downward trend ended with the unprecedented and unsustainable growth of 54% in 2003-2004 followed by additional 22% growth in 2004-2005 and 5% growth in 2005-2006. The declines experienced in 2006-2007 through 2008-2009 are indicative of a real estate market correction after the financial market collapse. Collections bottomed in 2008-2009 at levels not seen in twelve years (since 1996-

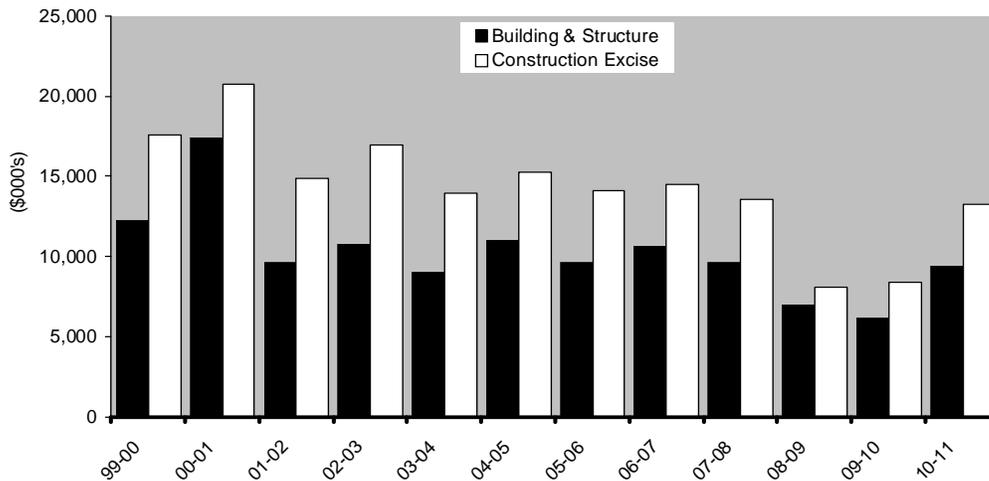
1997). After the severe drop, receipts rebounded modestly to \$22.5 million in 2009-2010. In 2010-2011, receipts declined slightly to \$21.4 million, but it is currently assumed that the housing market has reached bottom, with receipts in this category expected to remain relatively flat in the upcoming year. The 2011-2012 Adopted Budget assumes receipts in 2011-2012 will total \$21.0 million and grow slightly in 2012-2013 to \$22.0 million. Staff will closely monitor receipts in this area to determine if adjustments to this revenue category are necessary during the year.

Building and Structure Construction Tax and the Construction Excise Tax

The Building and Structure Construction Tax and the Construction Excise Tax are the primary sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$9.4 million, which was \$0.9 million above the estimate of \$8.5 million, but significantly below peak collections in 2000-2001 of \$17.5 million. With a similar trend, Construction Excise Tax receipts of \$13.3 million exceeded the estimate of \$12.5 million; however, results were well below peak collections in 2000-2001 levels of \$20.7 million. While a strong 2nd quarter 2010-2011 performance for construction valuation activity caused this short term spike in the collection levels for Building and Structure Construction Tax and the Construction Excise Tax, the level of activity is expected to be unsustainable and activity is expected to return back to moderate levels. Therefore, the 2011-2012 Adopted Budget assumes receipts in 2011-2012 will total \$6 million for the Building and Structure Construction Tax and \$8 million for the Construction Excise Tax. Staff will closely monitor receipts in this area to determine if adjustments to these revenue categories are necessary during the year.

The following graph displays the collection history of both the Building and Structure and Construction Excise Tax receipts over the past decade. Collections have dropped sharply with collections in 2010-2011 totaling only a fraction of peak receipts received in 2000-2001.

Construction Tax Revenues



Capital Budget Adjustments

Several capital budget adjustments are recommended in this document including recognition of grants, net-zero transfers/reallocations, and new allocations for a small number of high priority projects. Excess revenues received or expenditure savings in 2010-2011 beyond the budgeted levels will be available for programming for future use. In addition, the rebudget of unexpended funds for capital projects extending into 2011-2012 is recommended in this report. Details of these adjustments can be found in Section III of this document.

Airport Capital Funds

In 2010-2011, major projects were completed at the Airport including construction of the South loop parking lots, the Terminal B parking lots and the Taxiway W Improvement project (Phase I and Phase II) which was awarded a significant amount of grant funding. The Airport also received the National Steel Industry Award for the new Terminal B. Major projects with expenditures and encumbrances in 2010-2011 include the Terminal Area Improvement, Phase I (\$47.9 million), Taxiway W Improvements (\$9.3 million) and Public Parking Improvements (\$11.0 million) projects.

Library, Parks and Community Facilities, and Public Safety General Obligation Bond Funds

Major improvements continue in the City's libraries, parks, community centers, and public safety facilities as a result of voter-approved bond measures that will generate a total of \$599 million for these purposes. Several new bond-funded facilities completed construction in 2010-2011, including the Bascom Community Center and Library, Seven Trees Community Center and Library, Educational Park Branch Library, Fire Station 2, Fire Station 19, and South San José Police Substation. However, due to the significant operating and maintenance impacts these facilities will have on the General Fund, only the Seven Trees Community Center, Fire Station 19, and Fire Station 2 opened. A total of \$32.7 million was expended or encumbered in the Library (\$16.0 million), Public Safety (\$10.1 million), and Parks and Community Facilities (\$6.6 million) General Obligation Bond Funds.

In the Library Program, the projects with the largest expenditures and encumbrances in 2010-2011 included the following: Educational Park Branch Library (\$5.6 million); Calabazas Branch Library (\$5.5 million); and Bascom Branch Library (\$2.1 million). Only one branch library facility remains to enter into a construction contract - the Southeast Branch Library.

In the Parks and Community Facilities Program, the projects with the largest expenditures and encumbrances included the following: Happy Hollow Park and Zoo Renovations and Improvements (\$2.6 million); Bascom Community Center (\$1.3 million); and Seven Trees Community Center (\$844,000). The last two facilities to enter into a construction contract are the Soccer Complex and the Softball Complex.

In the Public Safety Program, the projects with the largest expenditures and encumbrances included the following: Fire Station 24 (\$5.0 million); South San José Police Substation (\$3.3

million); and Fire Station 37 (\$656,000). The two remaining Fire Stations to enter into construction contracts are Fire Station 21 – White Road and Fire Station 37 – Willow Glen.

Traffic Capital Funds

In 2010-2011, a total of \$65.5 million was spent or encumbered for traffic capital projects. The projects with the largest expenditures and encumbrances included Prop 42– Pavement Maintenance (\$8.2 million); Prop 1B – Pavement Maintenance (\$7.6 million); Recovery Act – Street Resurfacing and Rehabilitation (\$7.1 million); Traffic Signal Communications and Synchronization (\$6.4 million); Pavement Maintenance (\$4.9 million); and the Julian and St. James Street Couplet Conversion (\$3.1 million). Significant projects completed in 2010-2011 include the Jackson Street Pedestrian Corridor, Seven Trees Sidewalk Improvements, Julia/St. James Couplet Conversion, and Hensley Historic District – SJSU to Japantown Pedestrian Corridor.

San José/Santa Clara Treatment Plant Capital Fund

In 2010-2011, a total of \$70.4 million was spent or encumbered for Water Pollution Control capital projects. The projects with the largest expenditures and encumbrances included Plant Electrical Reliability (\$14.9 million), the Revised South Bay Action Plan – South Bay Water Recycling Extension (\$18.1 million), Plant Infrastructure Improvements (\$5.2 million), SBWR Reservoir Facility (\$5.1 million), Recovery Act – South Bay Water (\$4.3 million), and Plant Master Plan (\$3.2 million). This expenditure level was \$31.6 million (31.0%) below budget. Of the \$31.6 million in savings, \$17.1 million was rebudgeted as part of the 2011-2012 Adopted Capital Budget, and an additional \$3.0 million is recommended for rebudget as part of this report. The remaining funding of \$11.5 million would be returned to the Ending Fund Balance for use in future projects. The sizable savings are due largely to challenges in staffing the growing capital program, as well as some refinement in scope and cost estimates of projects arising out of the Plant Master Plan. The Administration is developing a strategy to further advance the capital program and ensure that the projects are completed as planned.

NEXT STEPS

The results of the 2010-2011 Annual Report will provide an updated starting point for monitoring 2011-2012 budget performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2011-2012 will be provided in Bi-Monthly Financial Reports and the 2011-2012 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2010-2011 Annual Report results will also be factored into the development of the 2012-2013 Proposed Budget. As discussed at the September 20, 2011 City Council meeting, a substantial General Fund shortfall of \$78 million to \$115 million is anticipated in 2012-2013, based on the 2012-2016 General Fund Forecast issued in February 2011, updated for the 2011-2012 Adopted Budget actions and adding in likely impacts from several significant risk factors.

This initial estimate will be revised based on the actual 2010-2011 performance, data for the first quarter of 2011-2012, and projections for future performance based on current economic trends. A preliminary 2012-2013 General Fund Forecast is anticipated to be released in early November 2011, with a final Five-Year General Fund Forecast released in late February 2012. The 2011-2012 Proposed Capital and Operating Budgets are scheduled to be released in late April 2012 and May 1, 2012, respectively.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This document is posted on the City's website for the October 18, 2011 Council agenda.

COORDINATION

The Budget Office coordinated with the Finance Department on the reconciliation of the City's funds and coordinated with all City Departments on recommended budget adjustments that are brought forward in this document.

CONCLUSION

Through careful fiscal management, the revenues for the various City funds generally ended the year close to estimated levels and expenditures were below the budgeted allocations. The continued slow economic recovery was consistent with the assumptions incorporated into the development of the 2010-2011 budget.

In the General Fund, the additional fund balance at the end of 2010-2011 after considering clean-up adjustments totaled \$8.1 million, or 0.4% of the Modified Budget (total sources and uses). This funding, when combined with additional net funding from various technical and rebalancing actions (\$4.6 million), offset by a small number of urgent fiscal and program needs (-\$1.1 million), will allow for the establishment of a 2012-2013 Future Deficit Reserve in the amount of \$11.6 million which is recommended as part of this Report consistent with the City Council's approval of the Mayor's June Budget Message for 2011-2012. If approved, this 2012-2013 Future Deficit Reserve will be used to partially address the large General Fund shortfall (currently estimated between \$78 and \$115 million) projected for 2012-2013.

HONORABLE MAYOR AND COUNCIL

September 30, 2011

Subject: 2010-2011 Annual Report

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In developing the upcoming preliminary 2012-2013 General Fund Forecast, the Administration will closely analyze economic trends and the projected impacts of those trends on the City's revenues. The Administration will also continue to closely monitor the current year financial status and report to the City Council any significant developments through the regular Bi-Monthly Financial Reports.

While the City addressed another significant General Fund shortfall of \$115.1 million in 2011-2012 on the heels of balancing a shortfall of \$118.5 million in 2010-2011 and \$84.2 million in 2009-2010, the budgetary challenges facing the organization in 2012-2013 are expected to be even more severe and will be unacceptable to the San Jose community given the budget balancing actions that have already been implemented for the past ten consecutive years. As discussed at the September 20, 2011 City Council meeting, it is the Administration's professional opinion that the City is in a fiscal and service level emergency. Fundamental changes to the City's revenue and cost structures are needed to create a sustainable organization that can meet the most critical needs of our community. The fiscal reform efforts currently underway are extremely important to both the short-term and long-term viability of this City. It will take the fortitude of all involved to accept and make the difficult changes that are needed.



Debra Figone
City Manager

CERTIFICATION OF FUNDS

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2011-2012 monies in excess of those heretofore appropriated therefrom:

General Fund	\$ 22,944,365
Airport Customer Facility and Transportation Fee	1,908,394
Airport Fiscal Agent	3,123,295
Airport Passenger Facility Charge	593,783
Airport Renewal & Replacement	3,244,273
Airport Revenue	10,666,272
Anti-Tobacco Settlement Master Settlement Agreement Benefit	147,683
Building & Structures Construction Tax	133,932
Branch Library Bond Projects	5,301,394
Business Improvement District	451,144
City Hall Debt Service	346,356
Civic Center Construction	653,246
Community Development Block Grant	12,697
Community Facilities Revenue	1,025,954
Community Facilities District Fund #2 and #3	503,478
Community Facilities District Fund #8	175,136
Community Facilities District Fund #11	170,150
Community Facilities District Fund #12	28,736
Construction & Conveyance Tax – Central Fund	88,141
Construction & Conveyance Tax – Communications	1,031,337
Construction & Conveyance Tax – Fire	680,816
Construction & Conveyance Tax – Library	918,969
Construction & Conveyance Tax – Council District 1	1,078,455
Construction & Conveyance Tax – Council District 2	1,673,337
Construction & Conveyance Tax – Council District 3	687,590
Construction & Conveyance Tax – Council District 4	273,354
Construction & Conveyance Tax – Council District 5	970,310
Construction & Conveyance Tax – Council District 6	1,447,805
Construction & Conveyance Tax – Council District 7	1,774,678
Construction & Conveyance Tax – Council District 8	1,834,713
Construction & Conveyance Tax – Council District 9	620,955
Construction & Conveyance Tax – Council District 10	1,117,411
Construction & Conveyance Tax – City-Wide	1,366,401
Construction & Conveyance Tax – Parks Yards	419,928
Construction & Conveyance Tax – Service Yards	219,117
Construction Excise Tax	398,732
Convention and Cultural Affairs	10,372,204
Convention Center Facilities District Project	3,065,815
	16,119,154

CERTIFICATION OF FUNDS (CONT'D.)

Convention Center Facilities District Revenue	9,804,926
Dental Insurance	402,809
Downtown Property & Business Improvement District	2,782
Economic Development Administration Loan	2,308
Economic Development Enhancement	343
Emergency Reserve	11,000
Emma Prusch Memorial Park	97,733
Federal Drug Forfeiture	50,524
Federal Local Law Enforcement Block Grant	93
Fiber Optics Development	32
General Purpose Parking	803,018
Gift Trust	843,187
Home Investment Partnership Program Trust	
1,584,332	
Housing Trust	404,225
Ice Centre Revenue	2,605,314
Integrated Waste Management	3,662,167
Lake Cunningham	12,726
Library Parcel Tax	1,556,697
Life Insurance	37,090
Maintenance Assessment District Fund #1	205,383
Maintenance Assessment District Fund #5	18,488
Maintenance Assessment District Fund #8	35,526
Maintenance Assessment District Fund #11	35,657
Maintenance Assessment District Fund #13	2,808
Maintenance Assessment District Fund #15	203,929
Maintenance Assessment District Fund #18	6,193
Maintenance Assessment District Fund #19	4,269
Maintenance Assessment District Fund #20	28,767
Maintenance Assessment District Fund #21	13,538
Maintenance Assessment District Fund #22	9,375
Major Collectors and Arterials	182,379
Major Facilities Fee	436,847
Parking Capital Development	36,001
Parks & Recreation Bond Projects	296,538
Public Works Program Support	733,100
San Jose Arena Enhancement	429
Sanitary Sewer Connection Fee	1,307,815
Services for Redevelopment Capital Projects	830,270
Sewer Service & Use Charge	1,000,495
Sewer Service & Use Charge Capital	5,415,478
SJ-SC Treatment Plant Capital	11,359,802
SJ-SC Treatment Plant Operating	6,618,129
State Drug Forfeiture	195,802
Stores	160,776

CERTIFICATION OF FUNDS (CONT'D.)

Storm Drainage Fee	31,883
Storm Sewer Capital	1,255,133
Storm Sewer Operating	1,360,590
Subdivision Park Trust	11,759,557
Supplemental Law Enforcement Services	748,521
Transient Occupancy Tax	464,559
Underground Utility	454,981
Vehicle Maintenance & Operation	262,752
Water Utility Capital	773,409
Water Utility	1,038,852
Workforce Investment Act	2,351,657

Jennifer A. Maguire
Budget Director

2010-2011

**ANNUAL
REPORT**

DEFINITIONS/

GLOSSARY OF **T**ERMS/

FUND **D**ESCRPTIONS

DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2010-2011 actual revenues/expenditures and either the 2010-2011 Modified Budget or 2010-2011 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2011.
 - "Budget" reflects the original 2010-2011 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2011. These estimates were used in projecting the year-end fund balance, and consequently, the 2011-2012 Adopted Budget beginning fund balance.

- **Budgetary Basis vs. GAAP** – The figures used throughout the text of this report are presented in accordance with the budget. The Financial Statements section of this report, however, has been prepared using reports which, in many cases, have been adjusted to report transactions in accordance with generally accepted accounting principles (GAAP). Major differences between the budgetary basis and GAAP basis include:
 - Year-end encumbrances are recognized as the equivalent of expenditures for budgetary purposes. Encumbrances are not recognized as expenditures on a GAAP basis until recorded as actual expenditures. As a result, the expenditures and encumbrances have been combined in the text for a budgetary basis presentation, while the Financial Statements section presents expenditures and encumbrances separately.
 - In Governmental Funds, an amount for the current year's compensated absences is not recognized on a budgetary basis since annual expenditures related to vacation, sick leave, and compensatory time are budgeted as part of departmental personal services.
 - Certain loan transactions and debt service payments are not recognized as expenditures on a GAAP basis since these payments represent a reduction of an existing debt obligation. For budgetary purposes, however, these payments represent a "use of funds" and are budgeted as such.
 - Under the GAAP basis, grant resources that are restricted to capital acquisition or construction in an enterprise fund are identified as contributions of capital and are not recorded as revenue. For budgetary purposes, grant funding, such as this, is recognized as a source of funds.

- **Glossary of Terms** – Definitions of frequently used budgetary and accounting terms are presented on the next page.

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GLOSSARY OF TERMS

Appropriation

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

Base Budget

Ongoing expense level necessary to maintain service levels previously authorized by the City Council.

Capital Budget

A financial plan of capital projects and the means of financing them for a given period of time.

Capital Improvement Program (Five-Year)

A plan, separate from the annual budget, which identifies all capital projects to be undertaken during a five-year period, along with cost estimates, method of financing, and a recommended schedule for completion.

Capital Funds

These funds account for resources designated to acquire or construct general fixed assets and major improvements.

Carryover

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

Contingency Reserve

An appropriation of funds to cover unforeseen events that occur during the budget year, such as emergencies, newly-required programs, shortfalls in revenue, or other eventualities.

Contractual Services

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

Debt Service

The amount required to pay interest on and to retire the principal of outstanding debt.

Encumbrance

Financial obligations such as purchase orders, contracts, or commitments which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

Fiscal Year

A 12-month accounting period to which the annual budget applies; for San Jose, it is the period from July 1 through June 30.

Fund

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

Fund Balance

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

General Fund

The primary operating fund used to account for all the revenues and expenditures of the City which are not related to special or capital funds.

Non-Personal/Equipment Expenses

Operating costs which are not related to personnel, such as supplies, training, contractual services, utilities, and vehicles.

Operating Budget

A financial plan for the provision of direct services and support functions.

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

Unspent and unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

Reserve

Funds budgeted for a particular purpose but not authorized for immediate obligation.

Special Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources and are usually required by statute, charter provision, local ordinance, or federal grant regulation to finance particular functions of the City.

Transfers

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.

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FUND DESCRIPTIONS

Airport Capital Funds

Account for the Airport's capital expenditures and revenues and consist of the following: Airport Capital Improvement Fund; Airport Revenue Bond Improvement Fund; Airport Renewal and Replacement Fund; and the Airport Passenger Facility Charge Fund.

Airport Operating Funds

Account for the operation of the Airport and consist of the following: Airport Revenue Fund; Airport Maintenance and Operation Fund; Airport Surplus Revenue Fund; Airport Customer Facility and Transportation Fee Fund; and the Airport Fiscal Agent Fund.

Anti-Tobacco Master Settlement Agreement Revenue Fund ("Healthy Neighborhoods Venture Fund")

Accounts for the disposition of encumbered funds related to the national tobacco settlement received by the City of San José prior to July 1, 2010. As of June 30, 2011, this fund will be closed and future proceeds from the settlement will be deposited into the General Fund.

Benefit Fund

Accounts for the provision and financing of benefits to City employees, retirees, and their dependents. Consists of the Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, and Benefit Fund.

Branch Libraries Bond Projects Fund

Accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure O). The use of this fund is restricted to acquisition of property and expansion and construction of branch libraries.

Building and Structure Construction Tax Fund

Accounts for the tax on residential, commercial, and industrial development. The use of these funds, along with grant revenues, is restricted to traffic capital improvements on major arterials and collectors, including bridges, culverts, lighting, and traffic control systems.

Business Improvement District Fund

Accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

Accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

City Hall Debt Service Fund

Accounts for the debt service payments for City Hall, the City Hall off-site parking garage, and City Hall furniture, fixtures, and equipment. This fund receives transfers from the General Fund, special funds, and capital funds in amounts sufficient to cover the debt service payments.

FUND DESCRIPTIONS

Civic Center Construction Fund

Accounts for the revenues and construction costs related to the construction of City Hall.

Civic Center Improvement Fund

Accounts for commercial paper proceeds for improvements to City Hall, including technology, furniture, and equipment.

Civic Center Parking Fund

Accounts for revenues and construction costs related to the construction of the City Hall off-site parking garage.

Community Development Block Grant Fund

Accounts for federal grant monies received from the U.S. Department of Housing and Urban Development under Title II Housing and Community Development Act of 1974 and Rental Rehabilitation Program funds.

Community Facilities and Maintenance Districts Funds

Accounts for the maintenance and administration of assessment districts throughout the City.

Community Facilities Revenue Fund

Accounts for the rental revenues received from Hayes Mansion operations and provides for the accumulation and transfer of base rental income to the appropriate debt service funds for repayment of facilities-related debts.

Construction and Conveyance Tax Funds

Account for Construction and Conveyance tax receipts. The Construction Tax is a flat rate assessed to residential, commercial, and industrial development. The Conveyance Tax is a fee imposed at a rate of \$3.30 for each \$1,000 of the value of property conveyed. Construction and Conveyance Tax Funds are dedicated to the Parks and Community Facilities, Communications, Public Safety (Fire Department), Library, and Service Yards Capital Programs.

Construction Excise Tax Fund

Accounts for the tax on the construction of residential, commercial, and mobile home developments (also referred to as the Commercial, Residential, Mobile Home Park Building Tax). This general purpose tax is based on building valuation, with the majority of the revenues in the fund historically being used for traffic improvements.

Convention and Cultural Affairs Fund

Accounts for the costs of managing and operating the San José McEnery Convention Center, Center for the Performing Arts (CPA), Civic Auditorium, Montgomery Theatre, Exhibit Hall, and their related facilities and grounds.

Convention Center Facilities District Project Fund

Accounts for the bond proceeds and construction costs related to the expansion and renovation of the San José McEnery Convention Center.

FUND DESCRIPTIONS

Convention Center Facilities District Revenue Fund

Accounts for Special Tax revenues collected by the City on behalf of the Convention Center Facilities District No. 2008-1.

Downtown Property and Business Improvement District Fund

Accounts for revenue collected and expenses related to maintaining and operating any public improvements which are payable from annual assessments apportioned among the several lots of parcels or property within the Downtown area.

Economic Development Administration Loan Fund

Accounts for federal funds and loan repayments associated with the economic development administration program, which provides loans to small businesses for business expansion, remodeling, working capital, equipment or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José.

Economic Development Enhancement Fund

Accounts for grants and interest income to assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards, and provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested.

Edward Byrne Memorial Justice Assistance Grant Trust Fund

Accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement. The Justice Assistance Grant process replaces the Local Law Enforcement Block Grant (LLEBG) process.

Emergency Communication System Support Fee Fund

Accounts for the receipt of all money received for the eligible portion of operating costs and project costs related to the operation of the San José 911 emergency communication system for telephone subscribers who are subject to the Emergency Communication System Support Fee collected pursuant to the provisions of Chapter 8.20 of Title 8 of the San José Municipal Code. This fee was discontinued effective April 2009 due to voter approval of the Telephone Line Tax that replaces this fee.

Emergency Reserve Fund

Accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

Accounts for the development and improvement of the Emma Prusch Memorial Park.

FUND DESCRIPTIONS

Federal Drug Forfeiture Fund

Accounts for federal drug forfeiture monies received pursuant to the drug abuse prevention and control provisions of Title 21, Chapter 13 of the United States Code. Federal guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Federated Retirement Fund

Accounts for the accumulation of resources to be used for retirement annuity payments to all full-time and some eligible part-time City of San José employees, except members of the Police and Fire Retirement System.

Fiber Optics Development Fund

Accounts for the repayment of a loan from the Sewage Treatment Plant Connection Fee Fund for the installation of a fiber optic conduit system owned by the City.

Gas Tax Maintenance and Construction Fund

Accounts for the City's portion of the State collected Gas Tax. Revenues are restricted for acquisition, construction, improvement, and maintenance of public streets subject to provisions of the Streets and Highways Code of the State of California and to provide for traffic capital improvements.

General Purpose Parking Fund

Accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

Gift Trust Fund

Accounts for revenues from and expenditures of gifts, donations, and bequests.

Home Investment Partnership Program Trust Fund

Accounts for all monies allocated to the City by the U.S. Department of Housing and Urban Development for affordable housing projects pursuant to the HOME Investment Partnership Act.

Housing Trust Fund

Accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Ice Centre Revenue Fund

Accounts for the rental revenues received from Ice Centre operations and provides for the accumulation and transfer of base income to the appropriate debt service funds for repayment of facilities-related debts.

Integrated Waste Management Fund

Accounts for activities related to the Integrated Waste Management Program, which includes garbage collection, recycling services and related billing operations. The fund collects revenues from the City's Recycle Plus program. These funds are expended for programs related to the City's efforts to comply with State law requiring cities to reduce waste sent to landfills along with other integrated waste management services.

FUND DESCRIPTIONS

Interim City Facilities Improvement Fund

Accounts for expenditures related to programming, relocation services, technology, furniture and equipment, and improvements to existing facilities to complete the City's interim space plan.

Lake Cunningham Fund

Accounts for the parking fees and lease payment revenues used for the purchase of equipment, maintenance, and operations at Lake Cunningham Park.

Library Parcel Tax Fund

Accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

Local Law Enforcement Block Grant Fund

Accounts for funding received from the federal government in support of the Local Law Enforcement Block Grant Program. These grant funds are used to support law enforcement activities such as training, overtime for law enforcement officers, procurement of equipment, technology and other material directly related to law enforcement functions.

Low and Moderate Income Housing Fund

Accounts for San Jose Redevelopment Agency tax increment funds received to provide affordable housing rehabilitation and new housing programs. Funds are available for eligible administrative expenses, loans and grants.

Major Collectors and Arterial Fund

Accounts for the collection of monies owed by developers for previously completed street improvements.

Major Facilities Fund

Accounts for fees associated with the connection of municipal water activities for many water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas. These fees are assessed for the future construction of large water mains, reservoirs, and other large projects.

Multi-Source Housing Fund

Accounts for grants, inclusionary fees, and rental dispute mediation fees to support the rental rights and referrals program, to expand the supply of affordable housing for low and very-low income residents by providing both financial and technical assistance to non-profit organizations in the production and operation of affordable housing, and to preserve the existing supply of affordable housing by providing rehabilitation grants and loans to low and moderate income homeowners.

Municipal Golf Course Fund

Accounts for the construction, management, and operation of various City golf courses, including the San José Municipal Golf Course, Los Lagos Golf Course, and Rancho del Pueblo Golf Course.

FUND DESCRIPTIONS

Municipal Health Services Program Fund

Accounts for money received from the Medicare Waiver Demonstration Project funded by the Health Care Financing Administration (HCFA) of the U.S. Department of Health and Human Services and disbursements made by the City to various health care clinics on behalf of HCFA. Funding is used to provide community-based health care services to Medicare recipients at four San José clinics. As of October 2010, this fund was closed out.

Neighborhood Security Act Bond Fund

Accounts for General Obligation Bond proceeds authorized by voters on the March 2002 ballot (Measure O). This fund is dedicated for the acquisition of real property and construction and rehabilitation of public safety-related facilities.

North San José Traffic Impact Fee Fund

Accounts for fees imposed to offset the impacts on traffic from new industrial and residential development within the boundaries of and subject to the North San José Area Development Policy.

Parking Capital Development Fund

Accounts for funding to acquire land; design, develop, and construct parking facilities; acquire parking inventory; pay parking debt obligations; and support activities that have a direct impact on increasing parking supply development.

Parks and Recreation Bond Projects Fund

Accounts for General Obligation Bond proceeds approved by voters on the November 2000 ballot (Measure P). The use of this fund is restricted to acquisition of property, upgrades, and construction of neighborhood parks, community centers, trails, regional parks, and sports complexes.

Police and Fire Retirement Fund

Accounts for the accumulation of resources to be used for retirement annuity payments to all sworn personnel of the City of San José's Police and Fire Departments.

Public Works Program Support Fund

Accounts for Public Works administrative costs, compensated absences, unfunded activities, and non-personal costs. An annual cost allocation plan is utilized to equitably allocate these costs to capital programs on the basis of service levels received as compensated time-off is earned rather than charging the costs when the time-off is taken. Various capital projects are charged a rate for each hour Public Works' staff spends on the project and corresponding revenue is received by this fund.

FUND DESCRIPTIONS

Residential Construction Tax Contribution Fund

Accounts for taxes imposed upon the construction of single-family dwelling units or any mobile home lots in the City. The tax is used to reimburse developers who have constructed a portion of an arterial street that is wider than what is normally required in connection with residential development. The funds are also used to construct median island landscaping and other street improvements.

San José Arena Enhancement Fund

Accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (HP Pavilion).

San José Municipal Stadium Capital Fund

Accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company for the use, operation, and management of the Municipal Stadium.

San José-Santa Clara Treatment Plant Capital Fund

Accounts for the construction of improvements to the regional San José/Santa Clara Water Pollution Control Plant (WPCP) and the purchase of equipment through contributions from the City of Santa Clara and other tributary agencies, and transfers from the Sewer Service and Use Charge Operating Fund.

San José-Santa Clara Treatment Plant Income Fund

Accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. Contains the City's share of revenue from land rentals, legal settlements, and purchase of land located at the WPCP.

San José-Santa Clara Treatment Plant Operating Fund

Accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

Sanitary Sewer Connection Fee Fund

Accounts for connection fees charged to developers for access to the City's sanitary sewer system and the regional WPCP. Funds are restricted to the construction and reconstruction of the system.

Services for Redevelopment Capital Projects Fund

Accounts for funds paid directly to the City from the San Jose Redevelopment Agency (Agency) for design, construction and acquisition of public improvements on behalf of the Agency. To the extent construction project funds are not fully expended, the savings are returned to the Agency.

Sewage Treatment Plant Connection Fee Fund

Accounts for revenues from new residential, commercial and industrial connections to the WPCP. These revenues pay the City's share of acquisition, construction, reconstruction or enlargement of the WPCP.

FUND DESCRIPTIONS

Sewer Service and Use Charge Fund

Accounts for sewer service and use charge fees used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

Sewer Service and Use Charge Capital Improvement Fund

Accounts for the reconstruction of the sanitary sewer system and is funded primarily by annual transfers from the Sewer Service and Use Charge Fund.

State Drug Forfeiture Fund

Accounts for State drug forfeiture monies received whenever the Police Department is involved in asset seizures from convicted drug law violators. City Council guidelines for this fund stipulate that seizure monies be used for the financing of programs or costs required for the direct or indirect enhancement of narcotics-related enforcement activities.

Stores Fund

Accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations.

Storm Drainage Fee Fund

Accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for construction and reconstruction of the storm drainage system or land acquisition for the system.

Storm Sewer Capital Fund

Accounts for the construction and reconstruction of the storm drainage system, and is funded primarily by transfers from the Storm Sewer Fund.

Storm Sewer Operating Fund

Accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on non-point source pollution reduction, along with maintenance and operation of the storm drainage system.

Subdivision Park Trust Fund

Accounts for payments of fees in lieu of dedication of land for park and recreation purposes in residential subdivisions. Moneys in the fund, including accrued interest, may be expended solely for the acquisition or development of improvements on parkland to serve the subdivision for which the fees were paid.

Supplemental Law Enforcement Services Fund

Accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

Transient Occupancy Tax Fund

Accounts for receipts generated through the assessment of a percentage of the rental price for transient occupancy lodging charged when the period of occupancy is less than 30 days. The tax rate is currently 10%, 6% of which is placed in this fund and 4% of which is deposited in the General Fund. The uses of revenues from this source are specified by City Ordinance and include grants and rental subsidies for fine arts and cultural programs, and subsidies for the San José Convention and Visitors Bureau and Convention and Cultural Facilities.

FUND DESCRIPTIONS

Underground Utility Fund

Accounts for fees collected from developers in lieu of placing utility facilities underground at the time of development. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

Accounts for the operation, maintenance, and replacement of City vehicles and equipment.

Water Utility Capital Fund

Accounts for the acquisition, construction, and installation of water system capital improvements for the Municipal Water System. This system provides water service to North San José, Evergreen, Alviso, Edenvale, and Coyote areas and is primarily funded through user charges.

Water Utility Fund

Accounts for the five water system operating districts: North San José, Evergreen, Coyote Valley, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Workforce Investment Act Fund

Accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

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2010-2011

ANNUAL

REPORT

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

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I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2010-2011 financial performance in the General Fund, Special Revenue Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures – This table, organized by General Fund, Special Revenue Funds, and Capital Funds, displays the 2010-2011 Budgeted and Actual revenues as well as the 2010-2011 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Ending Fund Balance and Reserves.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, 2010-2011 revenues (excluding Beginning Fund Balance) totaled \$2.2 billion in 2010-2011, which was 2.4% (\$54.4 million) below the budgeted estimate of \$2.3 billion. In 2010-2011, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.3 billion, which was \$599.9 million (20.3%) below the modified budget of \$2.9 billion. Almost 60% of the expenditure variance (\$348.1 million) was in the capital funds, which expended \$396.7 million of the \$744.8 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2011-2012 as part of the 2011-2012 Adopted Budget and additional funds are recommended to be rebudgeted in this document. A **Discussion of Significant Variances by Fund** includes a description of revenue or expenditure variances to the modified budget of 5% or greater by fund.

Comparison of Estimated to Actual 2010-2011 Ending Fund Balance – This table, organized by General Fund, Special Revenue Funds, and Capital Funds, displays the 2010-2011 Modified Budget for each fund, followed by the estimated 2010-2011 Ending Fund Balance that was used in the development of the 2011-2012 Adopted Budget, the Actual 2010-2011 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2010-2011 Ending Fund Balance variance should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for the transfers, loans, and contributions between funds and therefore overstates the total funds which were available in all funds.

The financial performance in 2010-2011 is used as the starting point for 2011-2012. The collective 2010-2011 Ending Fund Balances for all City funds totaled \$1.36 billion, which was \$115.5 million above the 2010-2011 Ending Fund Balance estimates of \$1.24 billion used in the development of the 2011-2012 Adopted Budget. After adjusting for additional rebudgets of \$41.6 million recommended in this document, the adjusted 2010-2011 Ending Fund Balance variance for all funds drops to \$74.0 million of the 2010-2011 Modified Budget. The General Fund had an adjusted fund balance variance of \$8.1 million of the 2010-2011 Modified Budget. The adjusted fund balance in the special funds totaled \$50.4 million of the modified budget for those funds. The capital funds had the largest adjusted fund balance variance of \$15.5 million of the modified budget.

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I. BUDGET PERFORMANCE SUMMARY

For most funds, the 2010-2011 actual Ending Fund Balance was above the estimate used in the development of the 2011-2012 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2010-2011 Annual Report actions. For the few funds where the 2010-2011 actual Ending Fund Balance was below the estimate used in the development of the 2011-2012 Adopted Budget, actions are recommended in this document to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2010-2011 Year-End Reserves by Fund – This table, organized by General Fund, Special Revenue Funds, and Capital Funds, displays the 2010-2011 Earmarked and Contingency Reserves balances for each fund.

At the end of 2010-2011, the Earmarked and Contingency Reserves for all City funds totaled \$415.8 million, which represented 11.1% of the total modified budget for the City of \$3.7 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$88.1 million. Almost all of these General Fund Reserves were rebudgeted to 2011-2012 or assumed as savings in the development of the 2011-2012 Adopted Budget.

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2010-2011 Budget Revenues	2010-2011 Actual Revenues	Revenue Variance	% Variance	2010-2011 Budget Expenditures	2010-2011 Actual Expenditures	Expenditure Variance	%
General Fund	888,153,890	876,169,902	(11,983,988)	-1.3%	1,045,268,984	900,965,309	144,303,675	13.8%
Special Revenue Funds								
Airport Customer Facility and Transportation Fee Fund	16,051,296	16,887,495	836,199	5.2%	16,304,391	15,120,848	1,183,543	7.3%
Airport Fiscal Agent Fund	59,658,323	58,420,257	(1,238,066)	-2.1%	69,487,370	65,830,820	3,656,550	5.3%
Airport Maintenance and Operation Fund	95,742,452	76,690,261	(19,052,191)	-19.9%	92,116,368	74,190,548	17,925,820	19.5%
Airport Revenue Fund	114,236,201	118,355,266	4,119,065	3.6%	139,151,460	119,277,519	19,873,941	14.3%
Airport Surplus Revenue Fund	19,595,432	20,014,432	419,000	2.1%	26,256,957	25,189,008	1,067,949	4.1%
Anti-Tobacco Master Settlement Agreement Revenue Fund	0	22,876	22,876	N/A	7,236,138	7,111,331	124,807	1.7%
Benefit Funds	82,916,320	81,620,067	(1,296,253)	-1.6%	80,880,330	78,455,848	2,424,482	3.0%
Business Improvement District Fund	2,461,366	2,491,561	30,195	1.2%	2,593,366	2,384,410	208,956	8.1%
Cash Reserve Fund	30	25	(5)	-16.7%	0	0	0	N/A
City Hall Debt Service Fund	25,311,880	24,985,748	(326,132)	-1.3%	26,130,662	24,921,873	1,208,789	4.6%
Community Development Block Grant Fund	11,596,115	11,827,486	231,371	2.0%	16,573,680	12,555,496	4,018,184	24.2%
Community Facilities Revenue Fund	10,181,036	10,181,547	511	0.0%	10,483,783	9,810,568	673,215	6.4%
Convention and Cultural Affairs Fund	23,335,953	24,189,170	853,217	3.7%	24,059,052	22,604,668	1,454,384	6.0%
Convention Center Facilities District Revenue Fund	4,258,796	15,671,732	11,412,936	268.0%	0	0	0	N/A
Downtown Property and Business Improvement District Fund	2,336,422	2,289,390	(47,032)	-2.0%	2,290,311	2,277,797	12,514	0.5%
Economic Development Administrative Loan Fund	27,500	15,033	(12,467)	-45.3%	120,000	225	119,775	99.8%
Economic Development Enhancement Fund	27,500	6,343	(21,157)	-76.9%	691,000	691,000	0	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	339,702	327,015	(12,687)	-3.7%	1,894,806	1,801,351	93,455	4.9%
Emergency Communication System Support Fee Fund	0	0	0	N/A	6,403	6,402	1	0.0%
Emergency Reserve Fund	17,000	15,674	(1,326)	-7.8%	17,000	15,674	1,326	7.8%
Federal Drug Forfeiture Fund	393,000	416,947	23,947	6.1%	117,000	34,103	82,897	70.9%
Fiber Optics Development Fund	50,000	50,074	74	0.1%	50,000	50,000	0	0.0%
Gas Tax Maintenance and Construction Funds	16,626,000	15,669,088	(956,912)	-5.8%	16,626,000	15,669,088	956,912	5.8%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2010-2011	2010-2011	Revenue Variance	%	2010-2011	2010-2011	Expenditure Variance	%
	Budget Revenues	Actual Revenues				Budget Expenditures		
General Purpose Parking Fund	8,567,865	9,610,943	1,043,078	12.2%	10,416,696	9,554,121	862,575	8.3%
Gift Trust Fund	1,019,818	1,124,988	105,170	10.3%	3,130,998	823,041	2,307,957	73.7%
Home Investment Partnership Program Fund	6,021,862	4,584,761	(1,437,101)	-23.9%	5,986,528	4,910,121	1,076,407	18.0%
Housing Trust Fund	989,500	1,055,159	65,659	6.6%	3,013,114	2,633,775	379,339	12.6%
Ice Center Revenue Fund	2,699,532	2,698,677	(855)	0.0%	4,241,263	1,631,094	2,610,169	61.5%
Integrated Waste Management Fund	113,597,414	112,825,724	(771,690)	-0.7%	131,708,283	118,357,124	13,351,159	10.1%
Library Parcel Tax Fund	7,123,706	7,341,096	217,390	3.1%	9,609,603	8,257,296	1,352,307	14.1%
Local Law Enforcement Block Grant Fund	50	11	(39)	-78.0%	3,844	3,714	130	3.4%
Low and Moderate Income Housing Fund	53,406,505	56,196,244	2,789,739	5.2%	109,328,224	105,700,309	3,627,915	3.3%
Multi-Source Housing Fund	20,966,544	16,283,809	(4,682,735)	-22.3%	25,912,729	22,535,808	3,376,921	13.0%
Municipal Golf Course Fund	1,638,000	1,565,459	(72,541)	-4.4%	2,364,499	2,344,374	20,125	0.9%
Municipal Health Services Program Fund	1	0	(1)	-100.0%	471	471	0	0.0%
Public Works Program Support Fund	11,480,500	11,492,275	11,775	0.1%	12,315,116	11,521,871	793,245	6.4%
San Jose Arena Enhancement Fund	1,079,458	1,069,628	(9,830)	-0.9%	1,088,698	1,078,739	9,959	0.9%
San Jose Municipal Stadium Capital Fund	12,000	0	(12,000)	-100.0%	12,000	0	12,000	100.0%
San Jose/Santa Clara Treatment Plant Operating Funds	203,402,403	206,552,141	3,149,738	1.5%	207,667,038	200,285,486	7,381,552	3.6%
Special Assessment Maintenance District Funds	4,566,815	4,428,092	(138,723)	-3.0%	5,706,128	4,784,378	921,750	16.2%
State Drug Forfeiture Funds	105,000	97,802	(7,198)	-6.9%	186,000	0	186,000	100.0%
Stores Fund	2,873,750	2,028,066	(845,684)	-29.4%	2,984,922	2,181,520	803,402	26.9%
Storm Sewer Operating Fund	30,421,219	30,853,022	431,803	1.4%	36,924,496	33,177,746	3,746,750	10.1%
Supplemental Law Enforcement Services Fund	880,654	942,696	62,042	7.0%	1,617,886	1,379,177	238,709	14.8%
Transient Occupancy Tax	10,029,834	10,914,382	884,548	8.8%	12,155,851	10,638,242	1,517,609	12.5%
Vehicle Maintenance and Operations Fund	16,965,068	16,992,432	27,364	0.2%	19,712,128	19,136,276	575,852	2.9%
Workforce Investment Act Fund	24,212,010	17,567,591	(6,644,419)	-27.4%	24,216,244	17,796,802	6,419,442	26.5%
Water Utility Fund	26,900,791	25,462,583	(1,438,208)	-5.3%	27,133,396	24,933,875	2,199,521	8.1%
Sub-Total Special Revenue Funds	1,034,122,623	1,021,835,068	(12,287,555)	-1.2%	1,190,522,232	1,081,663,937	108,858,295	9.1%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2010-2011	2010-2011	Revenue		2010-2011	2010-2011	Expenditure	
	Budget Revenues	Actual Revenues	Variance	% Variance	Budget Expenditures	Actual Expenditures	Variance	% Variance
<i>Capital Funds</i>								
Airport Capital Funds	53,376,000	39,471,227	(13,904,773)	-26.1%	250,850,173	113,727,085	137,123,088	54.7%
Branch Library Bond Projects Fund	8,181,000	162,896	(8,018,104)	-98.0%	33,045,922	16,001,752	17,044,170	51.6%
Building and Structure Construction Tax Fund	25,517,000	18,919,665	(6,597,335)	-25.9%	38,578,198	20,997,271	17,580,927	45.6%
Civic Center Construction Fund	0	6,095	6,095	N/A	633,357	561,754	71,603	11.3%
Civic Center Improvement Fund	782,875	344,372	(438,503)	-56.0%	(14,007)	(24,749)	10,742	-76.7%
Construction and Conveyance Tax Fund	32,079,500	33,229,071	1,149,571	3.6%	80,396,729	48,134,163	32,262,566	40.1%
Construction Excise Tax Fund	48,493,896	46,090,670	(2,403,226)	-5.0%	57,827,336	44,314,185	13,513,151	23.4%
Convention Center Facilities District Project Fund	120,000,000	120,000,000	0	0.0%	20,080,000	3,960,846	16,119,154	80.3%
Emma Prusch Park Fund	76,500	75,874	(626)	-0.8%	130,248	50,407	79,841	61.3%
Interim City Facilities Improvements Fund	840,000	0	(840,000)	-100.0%	840,000	0	840,000	100.0%
Lake Cunningham Fund	666,000	631,541	(34,459)	-5.2%	1,085,764	959,815	125,949	11.6%
Major Collectors and Arterials Fund	40,000	18,728	(21,272)	-53.2%	498,000	181,849	316,151	63.5%
Major Facilities Fund	437,000	441,886	4,886	1.1%	428,625	40,039	388,586	90.7%
Neighborhood Security Act Bond Fund	251,000	147,260	(103,740)	-41.3%	17,375,323	10,126,398	7,248,925	41.7%
Parking Capital Development Fund	0	0	0	N/A	3,400,000	3,363,999	36,001	1.1%
Parks and Recreation Bond Projects Fund	1,265,000	1,219,898	(45,102)	-3.6%	9,037,677	6,589,360	2,448,317	27.1%
Residential Construction Tax Contribution Fund	200,000	191,034	(8,966)	-4.5%	343,000	42,095	300,905	87.7%
SJ/SC Treatment Plant Capital Fund	51,858,215	49,292,931	(2,565,284)	-4.9%	101,979,100	70,392,084	31,587,016	31.0%
Sanitary Sewer Connection Fee Fund	902,000	745,879	(156,121)	-17.3%	8,564,688	3,960,024	4,604,664	53.8%
Services for Redevelopment Capital Projects Fund	163,000	248,936	85,936	52.7%	5,981,366	4,966,893	1,014,473	17.0%
Sewer Service and Use Charge Capital Improvement Fund	16,275,000	17,131,159	856,159	5.3%	54,581,595	23,447,681	31,133,914	57.0%
Storm Drainage Fee Fund	109,000	145,313	36,313	33.3%	36,000	34,430	1,570	4.4%
Storm Sewer Capital Fund	10,463,000	10,399,371	(63,629)	-0.6%	14,397,559	6,255,237	8,142,322	56.6%
Subdivision Park Trust Fund	6,523,056	9,471,644	2,948,588	45.2%	37,342,651	14,422,087	22,920,564	61.4%
Underground Utility Fund	725,000	849,170	124,170	17.1%	2,044,000	463,590	1,580,410	77.3%
Water Utility Capital Fund	3,772,000	3,668,925	(103,075)	-2.7%	5,320,879	3,691,517	1,629,362	30.6%
Sub-Total Capital Funds	382,996,042	352,903,545	(30,092,497)	-7.9%	744,784,183	396,659,812	348,124,371	46.7%
TOTAL ALL FUNDS	2,305,272,555	2,250,908,515	(54,364,040)	-2.4%	2,980,575,399	2,379,289,058	601,286,341	20.2%

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND (Revenue and/or Expenditure Variances of 5% or greater)

GENERAL FUND

General Fund – Revenues totaled \$876.2 million which fell below the 2010-2011 Modified Budget level by \$12.0 million, or 1.3%, primarily due to lower grants and reimbursements. After adjusting for \$12.9 million of grant and reimbursement revenue that was rebudgeted to 2011-2012, the revenue variance resulted in a surplus of \$873,000 (0.1%). General Fund expenditures and encumbrances of \$901.0 million were \$144.3 million below (13.8%) the modified budget total of \$1.0 billion. Approximately 61.1% of this savings was generated from unspent reserves (\$88.1 million), 25.6% was from City-Wide Expenses and Capital Contributions (\$37.0 million), and 13.3% was a result of departmental expenditure savings (\$19.2 million). Total expenditures were approximately \$27.9 million below (3.0%) the estimate used in the development of the 2011-2012 Adopted Budget. After adjusting for rebudgets and clean-ups approved in the 2011-2012 Adopted Budget (\$12.9 million) or as recommended in this document (\$6.0 million), the total General Fund expenditure savings figure totals \$9.1 million or 1% of the estimate. When combined with net variances with the General Fund revenues (-\$1.2 million) and liquidation of prior year encumbrances (\$200,000), \$8.1 million in additional beginning fund balance is available and recommended to be allocated in this document. Detailed information on the General Fund is found in *Section II. General Fund Performance*.

SPECIAL REVENUE FUNDS

Airport Customer Facility and Transportation Fee Fund – As a result of slightly higher than anticipated rental car activity, revenues in the Airport Customer Facility and Transportation Fee Fund (\$16.9 million) ended 2010-2011 above the modified budget amount by 5.2%. Expenditure savings (\$1.2 million or 7.3%) were primarily associated with shuttle bus operations. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Airport Fiscal Agent Fund – Expenditures in this fund ended the year \$3.7 million (5.3%) below budgeted levels due to lower than anticipated interest expenses.

Airport Maintenance and Operation Fund – Revenues in the Airport Maintenance and Operation Fund are the result of a single transfer from the Airport Revenue Fund. The funds from this transfer are used to operate and maintain the Airport. This transfer, which is based on the funding demands of the airport, was \$19.1 million (19.9%) below the budgeted estimate. This lower transfer amount was primarily the result of cost containment measures in the non-personal/equipment cost category. These savings were achieved in spite of the opening of the new terminal space. Expenditures in this fund ended the year \$17.9 million (19.5%) below the modified budget as a result of these cost containment measures as well as position vacancies. The position reductions also resulted in lower workers' compensation costs. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Airport Revenue Fund – Airport revenues were slightly higher than the modified budget by 3.6% or \$4.1 million, primarily due to slightly higher passenger-related activity. Expenditures in the Airport Revenue Fund, transfers to other Airport funds, ended the year \$19.9 million or 14.3% below budgeted levels. These savings primarily resulted from expenditure savings in the Airport Maintenance and Operation Fund in 2010-2011. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Anti-Tobacco Master Settlement Agreement Revenue Fund – This fund accounts for the distribution of funds received by the City related to the national tobacco settlement. The positive revenue variance of \$23,000 is the result of higher than budgeted interest earnings (\$14,000) as well as higher than budgeted miscellaneous revenue (\$9,000).

Business Improvement District Fund – Total revenues of \$2.49 million were higher than budgeted by \$30,000 (1.2%). The variance is primarily the result of higher than estimated collections in Hotel assessments. Expenditures of \$2.38 million were lower than budgeted by \$209,000 (8.1%). The majority of the 8.1% expenditure variance reflects the methodology of quarterly payments of total cash balance. As a result, the payments for receipts to the BIDs during the 4th Quarter of 2010-2011 will be disbursed in the 1st Quarter of 2011-2012. Since quarterly disbursements are paid based on available cash balances, the expenditure variance is mostly likely the direct result of the timing of the incoming cash during the 4th Quarter.

Cash Reserve Fund – The negative revenue variance of \$5 (16.7%) is the result of lower than budgeted interest earnings.

Community Development Block Grant Fund – Positive expenditure variance of \$4.0 million (24.2%) is primarily due to lower than budgeted expenditures in Capital Projects (\$1.2 million), Fire Engines (\$1.1 million), Housing Rehabilitation Loans and Grants (\$442,000), and Recovery Act - Community Development Block Grant (\$415,000). The majority of these savings was anticipated in the development of the 2011-2012 Adopted Operating Budget and programmed into the 2011-2012 Beginning Fund Balance or rebudgeted.

Community Facilities Revenue Fund – This fund accounts for rental revenues received from Hayes Mansion operations and provides for payment of debt related to the facility. The expenditure variance of \$673,000 is primarily due to lower than budgeted debts service costs (\$562,000) as a result of lower than anticipated interest rates for variable rate debt and fewer than expected capital projects undertaken by Dolce, the operator of the Hayes Mansion, resulting in savings of \$99,000 in capital costs. Dolce has continued to improve efficiency through cost-containment measures that limit operating expenditures and prioritize repairs and improvements.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Convention and Cultural Affairs Fund – This fund accounts for the deposit of revenues and payment of expenses related to the activities of the San José McEnery Convention Center and cultural facilities. The positive expenditure variance of \$1.5 million is due to lower than budgeted expenditures in the Center for Performing Arts Improvements (\$697,000), Non-Personal/Equipment (\$424,000), and Personal Services (\$112,000) appropriations. Additional detail on this Fund found in *Section III. Performance of Selected Special and Capital Funds.*

Convention Center Facilities District Revenue Fund – The positive revenue variance of \$11.4 million is due to the sale of bonds for the Convention Center Expansion and Renovation project (\$9.6 million), and higher than anticipated special tax collections (\$1.9 million). Proceeds from the bond sale will be used to finance the construction project. The special tax collections of \$6.1 exceeded the budgeted estimate of \$4.2 million due to higher than anticipated hotel occupancy and increased average room rates.

Economic Development Administration Loan Fund – Total revenues of \$15,033 were lower than the budgeted revenue by \$12,467 (45.3%). This variance is primarily the result of lower than anticipated revenues from principal and interest loan repayments (\$11,487). Positive expenditure variance of \$119,775 (99.8%) is due to no small business loans having been awarded in 2010-2011. The savings were anticipated in the development of the 2011-2012 Adopted Operating Budget and were programmed into the 2011-2012 Beginning Fund Balance.

Economic Development Enhancement Fund – Total revenues of \$6,343 were lower than the budgeted revenue by \$21,157 (76.9%). This variance is primarily the result of lower than anticipated revenues from Small Business Loan principal and interest repayments (\$16,000) and interest earnings (\$5,157). Expenditures were at \$691,000 for a transfer to the General Fund. The Economic Development Catalyst Program targets high growth companies with the goal of creating quality jobs and enhancing the local tax base. Due to the economic downturn, no new investments were undertaken, though a number of companies are currently under consideration.

Emergency Reserve Fund – A negative revenue variance of 7.8% (\$1,326) is due to lower than anticipated interest earnings. The expenditure variance of \$1,326 (7.8%) is due to lower than anticipated transfers to the General Fund for interest earnings.

Federal Drug Forfeiture Fund – The positive revenue variance of \$24,000 (6.1%) is the result of higher than budgeted Federal Asset Forfeiture Revenue (\$48,000) partially offset by lower than budgeted interest earnings (\$24,000). The expenditure savings of \$83,000 (70.9%) reflects unexpended funding for the Parcel Post Interdiction Program. During the development of the 2011-2012 Adopted Budget, savings of \$78,000 was anticipated at the end of 2010-2011 and was rebudgeted to 2011-2012. The remaining \$5,000 is no longer needed for the program and will be recorded in the Ending Fund Balance.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Gas Tax Maintenance and Construction Funds – The \$957,000 revenue and expenditure variance is the result of lower than budgeted Gas Tax receipts from the State. The revenue collected in this fund is transferred to the General Fund to support the acquisition, construction, improvement, and maintenance of public streets and to provide for traffic capital improvements.

General Purpose Parking Fund – The positive revenue variance (12.2%) is due primarily to higher than budgeted revenues from parking garages and lots. The positive expenditure variance of \$863,000 (8.3%) primarily reflects savings in the Transportation Department Non-Personal/Equipment (\$276,000) and Capital Program (\$414,000) appropriations. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Gift Trust Fund – Revenue variance of \$105,000 (10.3%) is due to the accumulation of unbudgeted interest earnings and the receipt of unanticipated gifts. The expenditure variance of \$2.3 million (73.7%) is due to restrictions on gifts and need to pool small and medium gifts to provide for sufficient funding for expenditures. As is often the case with this fund, revenue and expenditure variances are high given that, in this fund, revenue is not budgeted until a gift has been received and expenditures are assumed to be fully spent each year. As this fund is appropriated according to the available cash balance, all savings are recommended to be rebudgeted to 2011-2012 in this report.

Home Investment Partnership Program Trust Fund – The negative revenue variance of \$1.4 million (23.9%) is primarily due to lower than anticipated federal grant reimbursements and the positive expenditure variance of \$1.1 million (18.0%) is due to lower than budgeted project expenditures primarily in the Tenant Based Rental Assistance Program. Generally, variances in revenues and expenditures are due to delays in capital projects that qualified for federal grants and the timing of receiving reimbursements. These savings were anticipated in the development of the 2011-2012 Adopted Operating Budget and were programmed into the 2011-2012 Beginning Fund Balance.

Housing Trust Fund – The positive revenue variance of \$66,000 (6.6%) is primarily the result of higher than budgeted collections of Bond Administration Fees (\$81,000), which is offset by lower than budgeted revenues from the Job Training Grant Program (\$17,000). The positive expenditure variance of \$379,000 (12.6%) is primarily the result of a Transfer to the Home Investment Partnership Program Fund that did not occur (\$115,000) and lower than budgeted expenditures in the Emergency Assistance Program (\$98,000), Destination: Home Program (\$66,000), Lifeline Transportation Grant Program (\$50,000), and Job Training Grant Program (\$40,000).

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Ice Centre Revenue Fund – The expenditure variance of approximately \$2.6 million (62%) reflects a delay in the purchase of fuel cell equipment (\$2.0 million), lower than expected expenditures for repairs and replacements, and a reduced Debt Service payment resulting from lower than budgeted interest rates for variable rate debt.

Integrated Waste Management Fund – Positive expenditure variance is due primarily to the timing of construction of the Las Plumas Household Hazardous Waste Facility. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Library Parcel Tax Fund – The positive expenditure variance of \$1.4 million, or 14.1% reflects unexpended project funds including Library Department Non-Personal/Equipment (\$478,000), Personal Services (\$453,000), Acquisition of Materials (\$368,000), and Automation projects (\$40,000). A portion of these unexpended funds is recommended to be rebudgeted as part of this report for personal services costs associated with the California Room digitizing project (\$35,000) and non-personal/equipment costs associated with automated materials handling technology at the Martin Luther King, Jr. Library (\$100,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Local Law Enforcement Block Grant Fund – The negative revenue variance of \$39 (78.0%) is the result of lower than budgeted interest earnings.

Low and Moderate Income Housing Fund – Positive expenditure variance of \$3.6 million (3.3%) is due primarily to savings in Debt Service payments (\$1.2 million), the Housing Department's Personal Services (\$376,000), Commercial Paper Debt Service payments (\$352,000), Multi-Family Loans and Grants (\$311,000), Second Mortgage Loan Commitment Program (\$250,000), Loan Management (\$220,000), and Housing Predevelopment Activity (\$200,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Multi-Source Housing Fund – The revenue for this fund is derived from State and federal reimbursements for expenditures incurred for qualifying projects. Negative revenue variance of \$4.7 million (22.3%) is primarily due to lower than budgeted revenue collections in Recovery Act - Neighborhood Stabilization Program 2 (\$2.5 million), Grant Revenues (\$1.5 million), and Recovery Act - Homeless Prevention and Rapid Re-housing Program (\$886,000). Since grant reimbursements are received in this fund as expenditures are incurred, a related positive expenditure variance of \$3.4 million (13.0%) was realized. The majority of these savings was anticipated in the development of the 2011-2012 Adopted Operating Budget and programmed into the 2011-2012 Beginning Fund Balance.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Public Works Program Support Fund – The negative expenditure variance of \$796,000 (6.5%) is due to savings in Compensated Time-Off (\$246,000), Public Works' Personal Services (\$147,000) and Non-Personal/Equipment (\$354,000) appropriations. These savings are due to lower than budgeted staffing costs due to position vacancies and employee compensation reductions in Compensation Time-Off. The non-personal/equipment savings are primarily due to lower than budgeted costs for supplies, phone bills, and vehicle maintenance and operations.

San Jose Municipal Stadium Capital Fund – The revenue and expenditure variances of 100% (\$12,000) reflect no activity in this fund. The agreement with the Baseball Acquisition Company (BAC) for the use, operation, and management of the Municipal Stadium stipulates that the company will provide funds for capital repairs and replacements as well as net revenues from the Enhanced Video Board. Revenues from the Enhanced Video Board were not received as the agreement stipulates that revenues will not be transferred until revenues exceed the current debt due for the purchase of the Enhanced Video Board. No revenue from the Enhanced Video Board was expected in 2010-2011.

Special Assessment Maintenance Districts Funds – The combined positive expenditure variance of \$922,000 (16.2%) primarily reflects lower than budgeted expenditures in Maintenance District #15 (Silver Creek Valley) of \$214,000, Maintenance District #1 (Los Paseos) of \$181,000, Community Facilities District #8 (Communications Hill) of \$139,000, and Community Facilities District #2 (Aborn-Murillo) and #3 (Silverland-Capriana) of \$103,000. The remaining savings of \$276,000 were generated in the other Special Assessment Maintenance District Fund, all with positive variances of less than \$50,000. These savings were generated due to favorable bid prices, delays in completion of planned renovation projects, and a delay in reimbursing the General Fund for the 2010-2011 cost of administering these funds. This report includes a recommendation to rebudget \$142,000 across these funds to account for these costs, and a corresponding revenue rebudget in the General Fund is also included.

State Drug Forfeiture Fund – The negative revenue variance of \$7,000 (6.9%) is the result of lower than budgeted interest earnings (\$14,000) partially offset by higher than budgeted State Asset Forfeiture Revenue (\$7,000). The expenditure savings of \$186,000 (100.0%) reflect unexpended funding for Furnishings, Fixtures and Equipment (FF&E) at the South San José Police Substation. As part of the 2011-2012 Adopted Budget, the opening of the Substation was approved to be deferred until September 2012. In order to use the funding to purchase FF&E for the Substation closer to the opening date, this funding is recommended for rebudget as part of this document.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Stores Fund – Revenues were 29% (\$846,000) below budgeted levels, reflecting lower than budgeted transfers from departments for the issuance of supplies, materials, and postage. Expenditures were 27% (\$803,000) below budgeted levels due primarily to savings in the following appropriations: Inventory Purchases (\$573,000), Postage (\$135,000), and Non-Personal/Equipment (\$70,000). Demand for warehouse services continues to decline with the implementation of a vendor-direct service delivery model and increasing use of Procurement Card (P-Card) processing for purchases of supplies at retail stores.

Storm Sewer Operating Fund – Positive expenditure variance of \$3.7 million is primarily due to Environmental Services Department non-personal/equipment savings (\$2.7 million), and Transportation Department non-personal/equipment savings (\$530,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Supplemental Law Enforcement Services Fund – The positive revenue variance of \$62,000 (7.0%) is due to a payment for the 2010-2012 SLES Grant (\$66,000) being received in 2010-2011 instead of 2011-2012 as previously anticipated, partially offset by lower than budgeted interest earnings (\$4,000). The expenditure savings of \$239,000 (14.8%) reflect unexpended grant funding. During the development of the 2011-2012 Adopted Budget, savings of \$228,000 were anticipated in the 2010-2012 SLES Grant and rebudgeted to 2011-2012. Additional savings in the 2007-2009 SLES and 2009-2011 SLES Grant appropriations (\$11,000) are recommended for rebudget as part of this document.

Transient Occupancy Tax Fund – Positive revenue variance of \$885,000 (is due to higher than budgeted Transient Occupancy Tax Receipts. The positive expenditure variance of \$1.5 million (12.5%) is due to savings in the Cultural Development appropriations. The majority of these savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Budget. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Water Utility Fund – Negative revenue variance of \$1.4 million is due primarily to lower than expected sales of potable and recycled water. Positive expenditure variance of \$2.2 million is due primarily to lower than expected wholesale water and energy purchases. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS (CONT'D.)

Workforce Investment Act Fund – Negative revenue and positive expenditure variances of \$6.6 million (27.5%) and \$6.4 million (26.5%), respectively, primarily reflect the timing difference in expense and revenue recognition for grants from the State and federal governments. Each annual grant allocation is available for a two-year period after which unspent allocations are forfeited. A positive expenditure variance of \$6.4 million is due primarily to lower than budgeted expenditures related to the Youth Workers Program (\$1.3 million), ARRA – Temporary Assistance to Needy Families (\$887,000), ARRA Dislocated Workers Program (\$838,000), Adult Workers program (\$787,000), and Public Sector Career Transition Program (\$797,000). Under the current Workforce Investment Act contract with the State, expenses will only be reimbursed when funds are actually spent; therefore, a negative variance in revenues is expected as anticipated expenditures have not been reported to the State for reimbursement. A full reconciliation of the 2010-2011 formula grant allocations and the ARRA grant allocations was completed and, budget actions are recommended to allocate remaining funding in this document.

CAPITAL FUNDS

Airport Capital Funds – The actual expenditures of \$113.7 million were \$137.1 million or 54.7%, below the modified budget. Several projects had unexpended funds remaining at year-end, including the Terminal Area Development, Phase I project, North Concourse Building, Consolidated Rental Car Facility, and Public Parking Garage projects. The majority of the unexpended funds was rebudgeted as part of the 2011-2012 Adopted Budget (\$117.8 million) or is recommended to be rebudgeted in this document (\$424,000) to complete the Airport capital projects. The final close-out of these projects is anticipated to occur in 2011-2012. At that time a determination of any use or application of unspent bond proceeds will be finalized. Additional detail on the Airport Capital funds is included in *Section III. Status of Selected Special/Capital Funds*.

Branch Libraries Bond Projects Fund – The negative revenue variance of \$8 million is due to the delay in the planned bond issuance (\$5.9 million), a delay in the sale of land (\$2.0 million), and lower than anticipated interest earnings (\$113,000). The positive expenditure variance (\$17.0 million) primarily reflects unexpended project funds for the Southeast Branch (\$8.6 million), Branch Efficiency (\$3.1 million), Educational Park Branch (\$2.7 million) and Land Acquisition (\$1.2 million) projects. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS (CONT'D.)

Building and Structure Construction Tax Fund – The negative revenue variance of \$6.6 million (25.9%) is primarily the result of lower than budgeted receipts of federal grants (\$6.3 million) and State grants (\$5.0 million), which are partially offset by higher than budgeted Building and Structure Construction Tax receipts of \$4.9 million. The positive expenditure variance of \$17.6 million (45.6%) is due primarily to savings in the Traffic Signal Communications and Synchronization (\$4.2 million), ITS: Transportation Incident Management Center (\$3.1 million), and San Carlos Street Multimodal Streetscape Improvement (\$1.4 million) appropriations. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

Civic Center Construction Fund – The positive expenditure variance of \$72,000 (11.3%) reflects unexpended project funds including the City Hall Garage Waterproofing (\$69,000) and Capital Enhancements (\$3,000) projects.

Civic Center Improvement Fund – The negative revenue variance of \$439,000 (56.0%) reflects lower than anticipated commercial paper proceeds. The positive expenditure variance of \$11,000 (76.7%) reflects unexpended project funds for the Technology, Furniture and Equipment allocation.

Construction and Conveyance Tax Fund – The positive revenue variance of \$1.2 million is a result of higher than anticipated tax revenue (\$1.4 million) and transfers (\$1.1 million) partially offset by lower than anticipated Grant revenue (\$609,000), interest earnings (\$126,000), and miscellaneous revenue (\$546,000). The positive expenditure variance of \$32.3 million reflects unexpended project funds including Branch Libraries Fixtures, Furnishings and Equipment (\$2.4 million), Council District 10 Sports Field Development (\$2.0 million), Mise Park Sports Field Development (\$1.6 million), TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680), and TRAIL: Three Creeks Land Acquisition (Council District 6 and Parks City-Wide) (\$2.4 million). Additional detail on these Funds can be found in *Section III. Performance of Selected Special and Capital Funds.*

Construction Excise Tax Fund – The negative revenue variance of \$2.4 million (5.0%) is the result of lower than budgeted receipts of federal grants (\$9.9 million), revenue from the State (\$835,000), Valley Transportation Authority (\$862,000), and other sources (\$110,000), partially offset by higher receipts of Construction Excise Tax (\$5.7 million), Miscellaneous Revenue (\$3.5 million), and Developer Contributions (\$94,000). The positive expenditure variance of \$13.5 million (23.4%) is due to savings in nearly every appropriation, with the largest savings found in the Gas Tax - Pavement Maintenance (\$2.6 million), Proposition 1B - Pavement Maintenance (\$2.3 million), and ARRA - Street Resurfacing and Rehabilitation (\$1.8 million) appropriations. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS (CONT'D.)

Convention Center Facilities District Project Fund – The positive expenditure variance of \$16.1 million (80.3%) reflects unexpended project funds primarily for the Convention Center Expansion and Renovation project (\$16.1 million).

Emma Prusch Memorial Park Fund – The positive expenditure variance of \$80,000 (61.3%) reflects unexpended project funds. Projects with significant variances include Emma Prusch Park Capital Renovations and Maintenance (\$37,000), LeFevre House Improvements (\$22,000), and Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment (\$21,000). A significant portion of these unexpended funds (\$80,000) are recommended to be rebudgeted into 2011-2012 as part of this report.

Interim City Facilities Improvements Fund – The negative revenue variance of \$840,000 (100.0%) and the positive expenditure variance of \$840,000 (100.0%) are both attributed to no activity occurring in the fund in 2010-2011.

Lake Cunningham Fund – The negative revenue variance of \$34,000 (5.2%) reflects lower than anticipated lease revenue (\$17,000), engineering and inspection reimbursements (\$20,000), and interest earnings (\$7,000), partially offset by higher than anticipated parking revenue (\$10,000). The positive expenditure variance of \$126,000 (11.6%) reflects unexpended project funds. Projects with significant variances include Lake Cunningham Public Art (\$63,000), Lake Water Management Plan (\$60,000), Lake Cunningham Skate Park Trailer Installation (\$1,000), and Lake Cunningham Perimeter Landscaping (\$1,000). A majority of these unexpended funds were approved to be rebudgeted as part of the 2011-2012 Adopted Capital Budget (\$123,000).

Major Collectors and Arterial Fund – The negative revenue variance of \$21,000 (53.2%) is due to lower than budgeted developer collections (\$12,000) and interest earnings (\$9,000). The positive expenditure variance of \$316,000 (63.5%) is primarily due to lower than budgeted savings in the Miscellaneous Street Improvements (\$301,000) project. A portion of these savings (\$110,000) were assumed and rebudgeted in the 2011-2012 Adopted Capital Budget. The remaining variance of \$191,000 in this appropriation is recommended for rebudget in this report.

Major Facilities Fund – Positive expenditure variance of \$389,000 (91%) is due primarily to savings in the Nortech Parkway East Loop Main project. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS (CONT'D.)

Neighborhood Security Act Bond Fund – The negative revenue variance of \$104,000 (41.3%) is a result of lower than budgeted interest earnings. The expenditure savings of \$7.2 million (41.7%) reflects unexpended project funds. During the development of the 2011-2012 Adopted Budget, savings of \$7.5 million was anticipated at the end of 2010-2011 and was rebudgeted to 2011-2012. In total, negative rebudgets of \$359,000 are recommended as part of this document. Downward adjustments are recommended for the Fire Station 24 - Relocation (Silver Creek/Yerba Buena) (\$224,000), Fire Station 37 (Willow Glen) (\$51,000), the South San José Police Substation (\$49,000), and Fire Station 21 - Relocation (White Road) (\$46,000) appropriations, because the year-end savings were insufficient to cover the rebudget amounts assumed in the development of the 2011-2012 Adopted Budget. Rebudgets totaling \$11,000 are recommended for Fire Station 19 - Relocation (Piedmont) (\$9,000) and Fire Station 2 - Rebuild (\$2,000) in order to complete construction and close-out items remaining for these projects. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds.*

Parks and Recreation Bond Projects Fund – The positive expenditure variance of \$2.4 million (27.1%) reflects unexpended project funds. Projects with significant variances include Happy Hollow Park and Zoo Renovations and Improvements project (\$1.5 million), Soccer Complex project (\$227,000), and Public Art - Parks and Recreation Bond Projects (\$209,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds.*

Residential Construction Tax Contribution Fund – The positive expenditure variance of \$301,000 (87.7%) reflects unexpended project funds. Projects with significant variances include Reimbursement to Developers for Landscaping (\$200,000), Reimbursement to Developers for Center Strip Paving (\$50,000), and Street Improvements for New Development (\$50,000).

San José/Santa Clara Treatment Plant Capital Fund – Positive expenditure variance of \$31.6 million is due to lower expenditures in a number of projects. Projects with the largest savings include Plant Infrastructure Improvements (\$7.0 million) and Headworks Enhancement (\$3.9 million). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

Sanitary Sewer Connection Fee Fund – Negative revenue variance of \$156,000 is primarily due to lower than expected joint participation revenue (\$362,000), partially offset by higher Connection Fee revenue (\$196,000) and Interest income (\$10,000). The positive expenditure variance of \$4.6 million is due to savings in numerous projects. The largest savings were in the Mackey Avenue Sanitary Sewer Rehabilitation (\$1.2 million), Miscellaneous Rehabilitation Projects (\$1.0 million), and Flow Monitoring - Master Planning (\$632,000) projects. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS (CONT'D.)

Services for Redevelopment Capital Projects Fund – The positive revenue variance of \$86,000 (52.7%) reflects project funds received in 2010-2011 but appropriated in 2011-2012 as part of the City Council-approved Mayor's June Budget Message. The positive expenditure variance of \$1.0 million (17.0%) reflects unexpended project funds. Major unexpended projects include: Edenvale Community Center Public Art (\$224,000); Pedestrian Safety Improvements (\$108,000); 13th St SNI Couplet Conversion & Pedestrian Improvement - Hensley Historic District SJSU to Japantown Pedestrian Corridor (97,000); Project Facilitation Services (\$78,000); and Spartan Keyes Public Art Project (73,000). Anticipated expenditure savings of \$356,000 were rebudgeted as part of the 2011-2012 Adopted Budget to fund continuing project costs. Additional project savings in the amount of \$595,000 are recommended for rebudget in this document, which are offset by a recommended decrease to the ending fund balance.

Sewer Service and Use Charge Capital Improvement Fund – Positive revenue variance of \$856,000 is due to the receipt of settlement funds from the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II project (\$1.2 million), partially offset by lower than expected Interest Earnings (\$330,000). The positive expenditure variance of \$31.1 million is due to savings in numerous projects. Projects with the largest savings include 30" Old Bayshore Supplement (\$4.0 million), Spreckles Sanitary Sewer Force Main Supplement (\$3.9 million), Almaden Expressway Sanitary Sewer (\$3.0 million), and Coleman Road Sanitary Sewer Supplement (\$2.9 million). Of the \$31.1 million expenditure variance, \$24.6 million was rebudgeted as part of the 2011-2012 Adopted Capital Budget for future project expenditures. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Storm Drainage Fee Fund – Positive revenue variance of \$36,000 (33%) is primarily due to higher than expected Storm Drainage Fees. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

Storm Sewer Capital Fund – The positive expenditure variance of \$8.1 million is due to lower expenditures in a number of projects. Projects with the largest savings include Alviso Storm Drain Rehabilitation (savings of \$1.6 million), Storm Pump Station Rehab & Replacements (savings \$1.0 million), and Storm Drainage Improvements - Special Corridors (savings of \$842,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS (CONT'D.)

Subdivision Park Trust Fund – The positive revenue variance of \$2.9 million (45.2%) is mainly attributed to higher than anticipated in-lieu fees (\$2.6 million) and interest earnings (\$324,000). The positive expenditure variance of \$22.9 million (61.4%) reflects unexpended project funds. Projects with significant variances include Santana Park Development (\$4.5 million), West Street Home Land Acquisition (\$2.2 million), Solari Park Sports Field Conversion (\$2.1 million), Mise Park Sports Field Development (\$1.9 million), River Oaks Turnkey Park Design Review and Inspection (\$1.2 million), Penitencia Creek Park Play Lot (\$1.0 million), Dairy Hill Detention Basin (\$896,000), Backesto Park Improvements (\$780,000), and Calabazas Park Play Lot Renovation (\$748,000).

Underground Utility Fund – The positive revenue variance of \$124,000 (17.1%) is mainly attributed to higher than anticipated contributions from developers (\$161,000) partially offset by lower than anticipated revenue from Pacific Gas and Electric (\$29,000) and interest earnings (\$8,000). The positive expenditure variance of \$1.6 million (77.3%) reflects unexpended project funds including Underground Utility Program (\$1.4 million) and Underground Utility Program (20A) (\$165,000).

Water Utility Capital Fund – Positive expenditure variance of \$1.6 million is due to lower expenditures in a number of projects including Castleton Drive Main Replacement (\$332,000 in savings), Nortech Parkway East Loop Main (\$285,000 in savings), and Service Installations (\$245,000 in savings). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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COMPARISON OF ESTIMATED TO ACTUAL 2010-2011 ENDING FUND BALANCE

Fund	2010-2011 Modified Budget	2010-2011 Est. Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)
<i>General Fund</i>	1,045,268,984	121,060,735	137,323,534	16,262,799	(8,153,111)	8,109,688
<i>Special Revenue Funds</i>						
Airport Customer Facility and Transportation Fee Fund	16,678,972	370,464	2,278,858	1,908,394	0	1,908,394
Airport Fiscal Agent Fund	119,975,866	50,248,910	52,909,980	2,661,070	0	2,661,070
Airport Maintenance and Operation Fund	115,413,824	20,049,190	19,701,209	(347,981)	0	(347,981)
Airport Revenue Fund	149,435,818	24,346,770	34,277,304	9,930,534	0	9,930,534
Airport Surplus Revenue Fund	28,861,110	9,065,679	4,102,174	(4,963,505)	0	(4,963,505)
Anti-Tobacco Master Settlement Agreement Revenue Fund	7,236,138	7,236,138	147,683	(7,088,455)	0	(7,088,455)
Benefit Funds	87,618,885	6,962,522	7,866,893	904,371	0	904,371
Business Improvement District Fund	3,178,146	1,116,780	823,931	(292,849)	0	(292,849)
Cash Reserve Fund	5,539	5,539	5,534	(5)	0	(5)
City Hall Debt Service Fund	26,130,662	229,411	25,804,530	25,575,119	0	25,575,119
Community Development Block Grant Fund	20,428,925	7,151,255	8,177,209	1,025,954	(39,883)	986,071
Community Facilities Revenue Fund	10,977,477	663,942	1,167,420	503,478	0	503,478
Convention and Cultural Affairs Fund	4,943,093	4,745,726	7,375,695	2,629,969	(747,020)	1,882,949
Convention Center Facilities District Revenue Fund	0	0	0	0	0	0
Downtown Property and Business Improvement District Fund	1,016,927	979,627	982,409	2,782	0	2,782
Economic Development Administration Loan Fund	132,987	117,987	120,295	2,308	0	2,308
Economic Development Enhancement Fund	1,562,894	850,394	850,737	343	0	343
Edward Byrne Memorial Justice Assistance Grant Trust Fund	1,902,075	364,112	88,037	(276,075)	277,257	1,182
Emergency Communication System Support Fee Fund	0	0	0	0	0	0
Emergency Reserve Fund	3,398,532	3,381,532	3,381,532	0	0	0
Federal Drug Forfeiture Fund	2,688,789	2,628,109	2,678,633	50,524	0	50,524
Fiber Optics Development Fund	78,803	28,845	28,877	32	0	32
Gas Tax Maintenance and Construction Funds	0	0	0	0	0	0
General Purpose Parking Fund	17,164,753	8,020,557	8,858,575	838,018	31,000	869,018
Gift Trust Fund	3,130,998	2,057,998	2,612,234	554,236	(483,297)	70,939
Home Investment Partnership Program Fund	6,626,852	570,006	281,172	(288,834)	44,428	(244,406)
Housing Trust Fund	4,324,766	1,468,152	1,797,377	329,225	(116,280)	212,945
Ice Center Revenue Fund	6,403,751	2,166,488	4,771,802	2,605,314	0	2,605,314

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COMPARISON OF ESTIMATED TO ACTUAL 2010-2011 ENDING FUND BALANCE

Fund	2010-2011 Modified Budget	2010-2011 Est. Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)
Integrated Waste Management Fund	134,452,329	14,502,967	18,165,134	3,662,167	0	3,662,167
Library Parcel Tax Fund	14,252,670	4,656,067	6,212,764	1,556,697	(135,000)	1,421,697
Local Law Enforcement Block Grant Fund	3,844	0	91	91	0	91
Low and Moderate Income Housing Fund	112,712,057	11,230,182	9,896,395	(1,333,787)	0	(1,333,787)
Multi-Source Housing Fund	30,102,242	4,066,492	3,424,234	(642,258)	109,878	(532,380)
Municipal Golf Course Fund	2,718,397	353,898	301,482	(52,416)	0	(52,416)
Municipal Health Services Program Fund	471	0	0	0	0	0
Public Works Program Support Fund	15,490,443	3,353,447	4,086,547	733,100	0	733,100
San Jose Arena Enhancement Fund	1,088,698	0	429	429	0	429
San Jose Municipal Stadium Capital Fund	12,000	0	0	0	0	0
San Jose/Santa Clara Treatment Plant Operating Funds	262,672,281	62,681,570	69,864,307	7,182,737	0	7,182,737
Special Assessment Maintenance District Funds	14,271,583	14,077,330	15,084,959	1,007,629	0	1,007,629
State Drug Forfeiture Funds	1,537,947	1,334,947	1,530,749	195,802	(186,000)	9,802
Stores Fund	3,537,952	567,547	728,323	160,776	0	160,776
Storm Sewer Operating Fund	47,653,662	13,749,514	15,110,104	1,360,590	0	1,360,590
Supplemental Law Enforcement Services Fund	1,622,625	229,940	305,490	75,550	(10,646)	64,904
Transient Occupancy Tax	13,591,926	3,375,075	3,839,634	464,559	(169,010)	295,549
Vehicle Maintenance and Operations Fund	20,365,093	1,051,965	1,317,717	265,752	0	265,752
Water Utility Fund	33,447,996	6,100,159	7,265,011	1,164,852	0	1,164,852
Workforce Investment Act Fund	25,627,622	1,441,716	1,186,401	(255,315)	0	(255,315)
Sub-Total Special Revenue Funds	1,374,478,420	297,598,949	349,409,871	51,810,922	(1,424,573)	50,386,349

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COMPARISON OF ESTIMATED TO ACTUAL 2010-2011 ENDING FUND BALANCE

Fund	2010-2011 Modified Budget	2010-2011 Est. Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)
<i>Capital Funds</i>						
Airport Capital Funds	475,832,550	347,407,332	313,117,235	(34,290,097)	424,000	(33,866,097)
Branch Library Bond Projects Fund	38,151,717	14,016,229	14,522,373	506,144	284,000	790,144
Building and Structure Construction Tax Fund	41,025,694	11,195,261	13,868,655	2,673,394	(795,000)	1,878,394
Civic Center Construction Fund	633,357	65,000	77,697	12,697	0	12,697
Civic Center Improvement Fund	(14,007)	0	(188)	(188)	0	(188)
Construction and Conveyance Tax Fund	116,807,804	50,734,119	70,785,027	20,050,908	(11,255,000)	8,795,908
Construction Excise Tax Fund	74,532,304	19,959,036	27,924,240	7,965,204	(1,325,594)	6,639,610
Convention Center Facilities District Project Fund	120,000,000	99,920,000	116,039,154	16,119,154	0	16,119,154
Emma Prusch Park Fund	389,863	257,863	338,830	80,967	(80,000)	967
Interim City Facilities Improvements Fund	840,000	0	0	0	0	0
Lake Cunningham Fund	1,594,317	633,437	646,163	12,726	0	12,726
Major Collectors and Arterials Fund	801,125	913,625	1,096,004	182,379	(191,000)	(8,621)
Major Facilities Fund	3,364,843	2,892,843	3,329,690	436,847	0	436,847
Neighborhood Security Act Bond Fund	20,238,603	10,296,675	10,049,537	(247,138)	359,000	111,862
Parking Capital Development Fund	1,817,101	1,817,101	1,853,102	36,001	0	36,001
Parks and Recreation Bond Projects Fund	40,490,671	33,610,202	34,066,740	456,538	21,000	477,538
Residential Construction Tax Contribution Fund	1,158,826	1,120,826	1,107,765	(13,061)	0	(13,061)
San Jose/Santa Clara Treatment Plant Capital Fund	165,511,831	81,942,744	93,155,591	11,212,847	(3,094,935)	8,117,912
Sanitary Sewer Connection Fee Fund	18,093,590	13,073,272	14,381,087	1,307,815	(2,000)	1,305,815
Services for Redevelopment Capital Projects Fund	6,143,661	466,285	1,296,556	830,271	(594,799)	235,472
Sewer Service and Use Charge Capital Improvement Fund	87,600,424	59,721,312	65,136,790	5,415,478	(2,627,000)	2,788,478
Storm Drainage Fee Fund	224,344	194,344	226,227	31,883	0	31,883
Storm Sewer Capital Fund	16,625,376	9,510,998	10,466,132	955,134	(1,250,000)	(294,866)
Subdivision Park Trust Fund	84,781,704	60,846,190	73,325,747	12,479,557	(11,869,000)	610,557
Underground Utility Fund	2,539,465	1,719,465	2,200,045	480,580	0	480,580
Water Utility Capital Fund	8,317,563	3,838,204	4,611,613	773,409	0	773,409
Sub-Total Capital Funds	1,327,502,726	826,152,363	873,621,812	47,469,449	(31,996,328)	15,473,121
TOTAL ALL FUNDS	3,747,250,130	1,244,812,047	1,360,355,217	115,543,170	(41,574,012)	73,969,158

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SUMMARY OF 2010-2011 YEAR-END RESERVES BY FUND

Fund	2010-2011 Contingency and Earmarked Reserves Balance
General Fund	\$88,117,253
Special Revenue Funds	
Airport Customer Facility and Transportation Fee Fund	2,278,858
Airport Fiscal Agent Fund	52,906,980
Airport Maintenance and Operation Fund	14,976,047
Airport Revenue Fund	34,277,304
Airport Surplus Revenue Fund	3,000,000
Benefit Funds	4,172,800
Community Development Block Grant Fund	27,483
Convention and Cultural Affairs Fund	1,045,818
Emergency Reserve Fund	3,381,532
General Purpose Parking Fund	3,028,563
Home Investment Partnership Program Fund	141,220
Integrated Waste Management Fund	2,308,843
Library Parcel Tax Fund	913,507
Low and Moderate Income Housing Fund	208,220
Multi-Source Housing Fund	2,977,460
Public Works Program Support Fund	26,020
San Jose/Santa Clara Treatment Plant Operating Funds	25,129,785
Special Assessment Maintenance District Funds	3,863
Stores Fund	308,683
Storm Sewer Operating Fund	7,816,631
Transient Occupancy Tax	589,000
Vehicle Maintenance and Operations Fund	46,653
Water Utility Fund	5,735,437
Sub-Total Special Revenue Funds	\$165,300,707
Capital Funds	
Branch Library Bond Projects Fund	4,714,795
Building and Structure Construction Tax Fund	1,754,000
Construction and Conveyance Tax Funds	12,905,000
Construction Excise Tax Fund	13,807,655
Emma Prusch Park Fund	8,000
Lake Cunningham Fund	234,000
Major Facilities Fund	1,600,000
Neighborhood Security Act Bond Fund	19,148
Parks and Recreation Bond Projects Fund	31,331,994
San Jose/Santa Clara Treatment Plant Capital Fund	46,505,000
Storm Sewer Capital Fund	300,000
Subdivision Park Trust Fund	47,439,053
Water Utility Capital Fund	1,797,000
Sub-Total Capital Funds	\$162,415,645
TOTAL ALL FUNDS	\$415,833,605

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II. GENERAL FUND

BUDGET

PERFORMANCE

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II. GENERAL FUND BUDGET PERFORMANCE

This section of the Annual Report summarizes the performance of the General Fund and is broken down into the following sections:

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2010-2011. It includes the following: a chart that compares the General Fund modified budget and actuals for revenues, expenditures and fund balance; and a chart that compares the General Fund revenue, expenditure and fund balance actuals to the estimates used in developing the 2011-2012 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2010-2011 General Fund revenue collections. This section includes a chart that compares the 2010-2011 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget and a comparison of the actual revenues to the 2009-2010 collections to indicate collection trends and to provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2010-2011 General Fund expenditures. This section includes an overview that compares the 2010-2011 modified budget to actuals as well as the 2010-2011 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance includes a chart that provides additional detail on the 2010-2011 modified budget and actual expenditures by individual department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

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GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$137.3 million, as reflected in the following table:

**GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2011
(\$000s)**

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance ¹	141,398	141,484	86
Carryover Encumbrances	15,717	15,717	-
Liquidated			
Carryover Encumbrances		4,918	4,918
<i>Subtotal</i>	<i>157,115</i>	<i>162,119</i>	<i>5,004</i>
Revenues ¹	888,154	876,170	(11,984)
Total Sources	1,045,269	1,038,289	(6,980)
Uses			
Personal Services	601,738	591,413	10,325
Non-Personal/Equipment/Other	99,819	90,939	8,880
City-Wide Expenses ¹	212,916	181,240	31,676
Capital Contributions	14,140	8,839	5,301
Transfers	28,539	28,534	5
Reserves	88,117	-	88,117
Total Uses	1,045,269	900,965	144,304
Available Ending Fund Balance		137,324	137,324

¹ The Actual Beginning Fund Balance, Revenues, and City-wide Expenses figures incorporate the Special Services Assessment Revolving Fund, which was previously an unbudgeted fund.

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2010-2011 Comprehensive Annual Financial Report (CAFR), the Emergency Reserve Fund will be displayed as part of the General Fund, rather than as part of Special Revenue Funds, to comply with Governmental Accounting Standards Board (GASB) 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$137.3 million slightly exceeded the estimated ending fund balance level used in the development of the 2011-2012 Adopted Budget by \$16.3 million. Once adjusted for clean-up actions recommended in this report, a 2010-2011 true ending fund balance of \$8.1 million (0.4%) is available for allocation. The elements of the Ending Fund Balance variance are illustrated in the following comparison of estimate to actual chart.

2010-2011 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

Sources	Estimate	Budgetary Basis Actual	Variance
Beginning Fund Balance ¹	141,398	141,484	86
Carryover Encumbrances	15,717	15,717	-
Liquidated			
Carryover Encumbrances	4,688	4,918	230
<i>Subtotal</i>	<i>161,803</i>	<i>162,119</i>	<i>316</i>
Revenues ¹	888,154	876,170	(11,984)
Total Sources	1,049,957	1,038,289	(11,668)
Uses			
Expenditures ¹	900,053	872,431	27,622
Transfers	28,539	28,534	5
Reserves	304		304
Total Uses	928,896	900,965	27,931
Available Ending Fund Balance	121,061	137,324 ²	16,263

¹ The Actual Beginning Fund Balance, Revenues, and City-Wide Expenses figures incorporate the Special Services Assessment Revolving Loan Fund, which was previously an unbudgeted fund.

² After adjusting for \$12.9 million of grant and reimbursement related revenues and expenditures not received or expended in 2010-2011, but rebudgeted to 2011-2012 as part of the 2011-2012 Adopted Budget, the revenue variance actually resulted in a surplus of \$873,000 (0.1%) and the expenditures variance actually totaled \$14.8 million (1.4%). For these grant revenues, corresponding General Fund expenditure savings were also realized in 2010-2011, with a net zero impact on the General Fund Ending Fund Balance.

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2010-2011 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers and reserves is provided in the following section. The actual 2010-2011 liquidation of carryover encumbrance amount was \$4.9 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2009-2010 financial statements and the end of the 2010-2011 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$230,000 represents carryover encumbrance liquidations that occurred at only a slightly higher level than originally anticipated when the fund balance was estimated.

As noted earlier, although the fund balance represents a positive variance of \$16.3 million, once adjusted for clean-up actions to exclude the development fee program and true-up rebudget actions previously approved by the City Council or recommended in this report, \$8.1 million in additional beginning fund balance is available. After removing net-zero grant and reimbursement related revenues and expenditures not received or expended in 2010-2011, the \$8.1 million positive fund balance variance is comprised of net expenditure savings of \$9.1 million and the liquidation of prior year encumbrances above the estimated level (\$200,000), partially offset by net lower funding sources (\$1.2 million). Recommendations for the allocation of these additional funds are provided elsewhere in this document.

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GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2010-2011 General Fund revenue collections as compared with the modified budget estimates:

**TABLE A
2010-2011 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)**

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 194,909	\$ 194,814	\$ (95)	0.0%
Sales Tax	138,756	137,970	(786)	-0.6%
Telephone Tax	20,725	20,643	(82)	-0.4%
Transient Occupancy Tax	6,684	7,222	538	8.0%
Franchise Fees	41,556	41,273	(283)	-0.7%
Utility Tax	87,832	87,885	53	0.1%
Licenses and Permits	75,526	76,694	1,168	1.5%
Fines, Forfeitures, and Penalties	17,110	17,926	816	4.8%
Use of Money and Property	3,542	3,631	89	2.5%
Revenue from Local Agencies	45,772	44,075	(1,697)	-3.7%
Revenue from the State of California	18,064	17,797	(267)	-1.5%
Rev. from State Govt. - Recovery Act	404	129	(274)	-67.8%
Revenue from Federal Government	10,121	5,844	(4,277)	-42.3%
Rev. from Fed. Govt. - Recovery Act	10,955	3,488	(7,466)	-68.2%
Departmental Charges	31,456	32,149	693	2.2%
Other Revenue ¹	92,690	92,573	(117)	-0.1%
Subtotal	796,102	784,113	(11,987)	-1.5%
Overhead Reimbursements	34,303	34,480	177	0.5%
Transfers	41,395	41,452	56	0.1%
Reimbursements for Services	16,354	16,125	(229)	-1.4%
Subtotal	92,052	92,057	4	0.0%
TOTALS²	\$ 888,154	\$ 876,170	\$ (11,984)	-1.3%

¹ Incorporates revenues of \$244,240 from the Special Services Assessment Revolving Fund which were previously reflected in an unbudgeted fund.

² Excludes Beginning Fund Balance

³ After adjusting for \$12.9 million of grant and reimbursement related revenues not received in 2010-2011 but rebudgeted to 2011-2012 as part of the 2011-2012 Adopted Budget, the revenue variance actually resulted in a surplus of \$873,000 (0.1%). For these grant revenues, corresponding General Fund expenditure savings were also realized in 2010-2011, with a net zero impact on the General Fund Ending Fund Balance.

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GENERAL FUND REVENUE PERFORMANCE

The General Fund revenue performance for 2010-2011 is discussed in detail in this section. The 2010-2011 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

As shown in Table A, total revenue received in the General Fund in 2010-2011 was \$876.2 million. This collection level fell below the 2010-2011 Modified Budget level by \$12.0 million, or 1.3%. This negative variance, however, was due to lower collections from various grants and reimbursements that were not received in 2010-2011 and were rebudgeted to 2011-2012 in the 2011-2012 Adopted Budget (\$12.9 million). After adjusting for grant and reimbursement related revenues not received in 2010-2011 but rebudgeted to 2011-2012, revenues actually ended the year \$873,000 (0.1%) above the budgeted estimates for over 500 revenue accounts monitored and budgeted annually.

The 2010-2011 collection level of \$876.2 million was up \$93.6 million (12.0%) from the actual 2009-2010 collections (\$782.6 million). The majority of this increase was due to the issuance of Tax Revenue Anticipation Notes (TRANS) of \$75 million for cash flow purposes in 2010-2011. Excluding this transaction, revenues were slightly above the 2009-2010 levels by \$18.6 million (2.4%). The categories that experienced the largest increases included: Sales Tax, Licenses and Permits, Revenue from the State of California, and Departmental Charges. Increases in those categories were partially offset by lower collections in the Property Tax, and Revenue from Local Agencies categories.

The variances from the modified budget levels, as well as changes from prior year levels, are better understood through a discussion of the status of the individual General Fund revenue categories, as provided in the following section.

Property Tax

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, and Homeowner's Property Tax Relief. Property Tax receipts for the 2010-2011 fiscal year totaled \$194.8 million. This collection level was only \$100,000 below the budgeted estimate of \$194.9 million, and represented a decline of 3.7% from 2009-2010 actuals of \$202.2 million. This marks the second year in which Property Tax receipts have dropped from the prior year, with revenue down 7.6% from the 2008-2009 collection level of \$210.8 million. Following is a discussion of the major Property Tax components.

- **Secured Property Tax** – Receipts in this category of \$181.7 million were less than 1% (\$400,000) below the 2010-2011 Modified Budget estimate of \$182.1 million. Collections in this category have decreased for the last two years, with a decline of 2.2% (\$4.1 million)

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GENERAL FUND REVENUE PERFORMANCE

Property Tax (Cont'd.)

from the 2009-2010 actuals of \$185.8 million and a decline of 5.6% from the 2008-2009 actuals of \$192.3 million. Receipts in 2010-2011 were based on the property tax roll as of January 1, 2010, with any tax roll corrections incorporated into final collection totals. During 2010-2011, tax roll corrections county-wide reduced the tax levy by approximately 2%. In addition, Property Tax collections were impacted by the drop in the California Consumer Price Index (CCPI). Under Proposition 13, which was approved by the voters in 1978, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or the value of the property falls below the assessed value. The CCPI adjustment for the 2010-2011 tax roll was a decrease of 0.237%.

In the 2011-2012 Adopted Budget, Secured Property Tax receipts are estimated at \$183.6 million, based on the assumption that collections would increase 1% from the 2010-2011 projected collection level. This projected increase is the net result of three factors: the increase in the CCPI and the anticipated increase in residential valuation, partially offset by a reduction in commercial valuation. The CCPI adjustment for the 2011-2012 tax roll is an increase of 0.753%. Based on actual 2010-2011 collections and the latest information from the County of Santa Clara, Secured Property Tax receipts for 2011-2012 are estimated at \$183.3 million, or 0.9% above the 2010-2011 collection level. To reflect this slightly lower estimate, a downward adjustment of \$327,000 to this revenue estimate is recommended as part of the 2010-2011 Annual Report actions.

- **SB 813 Property Tax** – The SB 813 Property Tax component represents the retroactive taxes on reassessed valuation from the period of resale to the time that the Assessor formally revalues the property. In 2010-2011, receipts of \$1.1 million fell 26.7% below the modified budget of \$1.5 million, were down 63.0% from 2009-2010 (\$3.0 million) and down 80.6% from 2008-2009 collections (\$5.7 million). This continued decline was expected given the general weakness in the housing market and the actions by the County of Santa Clara Controller's Office to process a substantial backlog of refunds. When the 2011-2012 Adopted Budget was developed, it was assumed that collections would return to the level experienced during 2009-2010 of \$3.0 million. However, based on the latest information from the County of Santa Clara, 2011-2012 receipts are projected at \$2.3 million. A downward adjustment of \$656,000 to this category is recommended as part of the 2010-2011 Annual Report to reflect this lower estimated collection level.
- **Unsecured Property Tax** – This tax is assessed on major business equipment items and is subject to annual depreciation adjustments. Current and Prior Unsecured Property Tax receipts of \$10.9 million in 2010-2011 were \$692,000 (6.8%) above the 2010-2011 Modified Budget of \$10.2 million, but \$1.4 million (11.4%) below collection levels in 2009-2010 (\$12.3 million). Revenues in this category have proved to be continually volatile over the last decade, with growth in this category dependant primarily on increases in the value of

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GENERAL FUND REVENUE PERFORMANCE

Property Tax (Cont'd.)

personal property. In the 2011-2012 Adopted Budget, the revenue estimate was set at \$11.5 million based on a 5% growth factor applied to the estimated 2010-2011 collection level. Based on the most recent estimates provided by the County of Santa Clara, collections in this category are projected at \$11.1 million for 2011-2012, an increase of 1.8% over the 2010-2011 actual receipts, but less than the level assumed in the 2011-2012 Adopted Budget. A downward adjustment of \$346,000 to this category is recommended as part of the 2010-2011 Annual Report actions to reflect this lower estimate.

- **Homeowner's Exemption Subvention** – This category represents the recovery of tax loss resulting from the per-household exemption granted by current State law. Receipts of \$1.1 million were consistent with both the budgeted estimate and 2009-2010 actual collections. A \$30,000 reduction to the 2011-2012 revenue estimate is recommended to reflect the latest projection from the County of Santa Clara, bringing the budget down from \$1.1 million to \$1.07 million.

As described above, a downward adjustment of \$1.4 million to the 2011-2012 Property Tax revenue estimate is recommended as part of the 2010-2011 Annual Report actions. The City's Property Tax performance will be closely monitored in 2011-2012 to determine if any additional adjustments to the budgeted estimate are necessary. As part of that monitoring activity, staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector to ensure that the City's budget appropriately reflects the most recent information available.

Sales Tax

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall Sales Tax collections for 2010-2011 of \$138.0 million were 0.6% (\$786,000) below the 2010-2011 Modified Budget, but represent an 8.4% increase from collections in 2009-2010 (\$127.2 million). Following is a discussion of the two Sales Tax components:

- **General Sales Tax** – In the General Sales Tax category, collections of \$133.9 million fell below the modified budget estimate of \$135.0 million, but were 8.6% above the 2009-2010 collection level of \$123.3 million. Prior to 2010-2011, collections in this category had experienced two years of declines from \$149.5 million in 2007-2008 to \$127.8 million in 2008-2009 and to \$123.3 million in 2009-2010.

The 2010-2011 actual General Sales Tax figure of \$133.9 million reflects performance for the first three quarters of 2010-2011, during which growth of 11.7% (1st quarter), 10.4% (2nd quarter) and 3.5% (3rd quarter) was experienced, as well as estimated growth of approximately 1% for the last quarter combined with prior year true-up adjustments.

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax (Cont'd.)

Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter (April through June) was accrued to 2010-2011 based on the 1% growth projection. Since the accrual was processed, preliminary Sales Tax data for the fourth quarter have become available and shows an actual increase of 11.7%. While details by economic sector for the last quarter's performance are not yet available, this higher growth rate generated an additional \$2.6 million in revenue.

The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2011, as displayed in the chart below. This analysis measures sales tax receipts, excluding state and county pools, and adjusts for anomalies, payments to prior periods, and late payments.

**Sales Tax Revenue Economic Performance
April 2010 – March 2011**

Economic Sector	% of Total Revenue	% Change from April 2010 – March 2010
General Retail	28.0%	6.2%
Business to Business	24.5%	2.6%
Transportation	21.7%	12.1%
Food Products	15.6%	12.1%
Construction	9.5%	11.0%
Miscellaneous	0.7%	- 5.9%
Total	100.0%	8.5%

As a result of this recent performance, an increase to the 2011-2012 General Sales Tax budget estimate of \$6.2 million is recommended as part of the 2010-2011 Annual Report actions to recognize the additional revenue generated from the fourth quarter 2010-2011 (\$2.6 million) and higher estimated collections based on the adjusted starting point for 2011-2012 (\$3.6 million). This adjustment will allow for 2% economic growth in 2011-2012 over the actual 2010-2011 collections. This growth rate is lower than the 3.5% increase assumed with the 2011-2012 Adopted Budget was developed. However, given the stronger performance in 2010-2011, which establishes a higher base from which to measure growth, and the current economic uncertainty, the 2% growth factor is believed to be more prudent at this time. With this adjustment, the 2011-2012 General Sales Tax estimate will be \$143.0 million, which is 6.8% above the 2010-2011 year-end figure of \$133.9 million. This increase reflects the one-time prior year adjustments and true-up payments as well as the 2% underlying economic growth. Additional adjustments may be brought forward during 2011-2012 based on actual performance. Data for the first quarter of 2011-2012 (July – September activity) will not be available until December 2011.

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax (Cont'd.)

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$4.1 million were up 7.5% compared to the 2010-2011 budgeted estimate of \$3.8 million and up 4.1% when compared to the 2009-2010 collection level of \$3.9 million. This increase reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

Telephone Line Tax

In 2010-2011, Telephone Line Tax collections of \$20.6 million fell 0.4% (\$82,000) below the budgeted estimate of \$20.7 million, but increased slightly from 2009-2010 levels (0.7%, \$143,000).

Transient Occupancy Tax

In 2010-2011, receipts of \$7.2 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) exceeded the modified budget estimate of \$6.7 million by 7.5% and increased 4.7% from the 2009-2010 collection level of \$6.9 million. The higher than budgeted 2010-2011 revenue is due to the average occupancy rate for the City's 14 largest hotels climbing from 55.9% to 59.8%, and a \$4 increase in the average room rate for these hotels (from \$117 to \$121).

The 2011-2012 budget assumed approximately 2.0% growth from the 2010-2011 estimate at the time the budget was developed. Because the actual 2010-2011 receipts were above this estimate, the \$7.2 million 2011-2012 budget now allows for a 0.3% decline from the 2010-2011 level. Given the current uncertain economic outlook and the possibility of temporary negative impacts from the Convention Center expansion construction project, no adjustment to this revenue category is recommended at this time.

Franchise Fees

Franchise Fee collections of \$41.3 million were slightly below (-0.7%) the 2010-2011 Modified Budget level of \$41.6 million, but were 7.5% above the 2009-2010 collection level of \$38.4 million.

Significant increases in the Electric, Gas, and Cable Television Franchise Fees were partially offset by slight decreases in the City's General Tow and Commercial Solid Waste Franchise Fees. Following is a discussion of the major Franchise Fee components:

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GENERAL FUND REVENUE PERFORMANCE

Franchise Fees (Cont'd.)

- **Electric and Gas Franchise Fees** – For 2010-2011, collections were based on activity that occurred during calendar year 2010. Electric Franchise Fees collections of \$17.7 million were less than 1.0% or \$148,000 below the 2010-2011 Modified Budget level of \$17.8 million and 14.2% above the 2009-2010 collection level of \$15.5 million. Gas Franchise Fees of \$4.5 million ended the year at the budgeted estimate and 14.3% above the 2009-2010 collection level primarily as a result of increased gas prices.
- **Commercial Solid Waste Franchise Fee (CSW)** – Collections of \$9.5 million were 0.9% below the 2010-2011 Modified Budget estimate of \$9.6 million and 4.2% below the prior year collection level of \$9.9 million. This category has experienced declines in each of the last four years, dropping from \$12.5 million in 2006-2007 to \$9.5 million in 2010-2011. The declining revenues are attributed to an increase in recycling as well as the impacts from the steep economic downturn. In the 2011-2012 Adopted Budget, the revenue estimate for this category was set at \$9.6 million, based on the estimated 2010-2011 collection level when the Adopted Budget was developed. A downward adjustment of \$400,000 to the 2011-2012 revenue estimate is recommended based on the actual performance for 2010-2011, allowing for a 3.2% decline from 2010-2011 actual levels. Effective July 2012, as previously approved by the City Council, the CSW fee methodology will change to a fee for franchises based on geographic collection districts rather than volume. Starting next year, the new fee will be set at \$5 million per year for each of two geographic collection districts, each to be served by one franchise, and will be subject to an annual consumer price index adjustment.
- **Cable Television Franchise Fees** – Actual 2010-2011 collections ended the year at the budgeted estimate of \$8.4 million and were 10.3% above the 2009-2010 collection level of \$7.6 million. This increase is partially attributable to cable provider rate increases.
- **City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees** – Receipts in these categories were relatively consistent with the budgeted estimates but varied from 2009-2010 collection levels. City-Generated Tow Franchise Fee receipts of \$1.0 million met the budget estimate, but were 16.7% below the prior year collection level of \$1.2 million. Water Franchise Fee collections of \$209,000 were 1.0% above the budget estimate of \$207,000, but 8.3% below the prior year collection level of \$228,000. Nitrogen Gas Pipeline Franchise Fee receipts of \$55,000 were above the budgeted estimate of \$50,000 and the 2009-2010 collection level of \$48,000.

Utility Tax

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$87.9 million were 0.1% above the 2010-2011 Modified Budget level of \$87.8 million and 0.1% above (\$200,000) the 2009-2010 actual level of \$87.7 million.

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GENERAL FUND REVENUE PERFORMANCE

Utility Tax (Cont'd.)

- **Electricity and Gas Utility Tax** – Electricity Utility Tax receipts of \$39.1 million were approximately 0.3% below the modified budget estimate of \$39.2 million and 3.2% above the 2009-2010 level of \$37.9 million. Gas Utility Tax collections of \$8.7 million were at the 2010-2011 Modified Budget estimate and 1.2% above the 2009-2010 collection level of \$8.6 million. The variance in revenue collections was due to a combination of various rate changes and consumption levels throughout the year.
- **Water Utility Tax** – Receipts in this category of \$8.6 million were 4.4% below the modified budget level of \$9.0 million and 1.1% below the 2009-2010 collection level of \$8.7 million despite a January 2011 rate increase of 3.1%.
- **Telephone Utility Tax** – Collections of \$31.5 million in this category were slightly (1.6%) above the modified budget level of \$31.0 million and 3.1% below (\$1.0 million) the prior year collection level of \$32.5 million. The decline from the prior year primarily reflects a combination of continuing migration from land-line service to less-expensive wireless service, intense price competition among wireless service providers, and increased use of service plans that bundle voice service with data service, which qualifies for a federal exemption from the Telephone Utility Tax.

Licenses and Permits

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$76.7 million were 1.5% above the modified budget level of \$75.5 million and 16.2% above (\$10.7 million) the 2009-2010 collection level of \$66.0 million. The significant increase over the prior year is a result of substantial growth in the Cardroom Tax, Business Tax, Fire Permits, and Building Permits categories, partially offset by lower collections in the Disposal Facility Tax category. Following is a discussion of the major Licenses and Permits components:

- **Cardroom Tax** – Collections in this category reflect the gross receipts tax collected from the two cardrooms located in San José. Effective August 13, 2010, with the approval of the Cardroom Tax Ballot measure by voters in June 2010, the Cardroom Tax rate increased from 13% to 15% and increased the maximum number of card tables from 80 to 98. Receipts of \$14.8 million ended the year above (1.8%) the modified budget estimate of \$14.5 million and 18.2% above the prior year actual level of \$12.5 million. While receipts ended the year \$2.2 million above the prior year, this collection level fell short of the original growth estimate of \$5.0 million associated with the ballot measure.

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GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits (Cont'd.)

- **Business Tax** – Collections of \$10.9 million in this category are consistent with the modified budget estimate and on par with the 2009-2010 collection level of \$10.9 million. The lack of growth in Business Tax receipts for 2010-2011 reflects the relatively weak economic recovery.
- **Marijuana Business Tax** – On November 2, 2010, San José voters approved Measure U, which permits the City to impose a gross receipts business tax on all marijuana businesses in the City. Effective March 1, 2011, the Marijuana Business Tax (“MBT”) rate set by the City Council is 7% of gross receipts. The partial year MBT revenues totaled \$1.2 million, which was 9.1% above the budgeted estimate of \$1.1 million. Currently, there are in excess of 105 marijuana collectives with Business Tax Certificates in San José. As regulations approved by the City Council are implemented to reduce the number of collectives, it is anticipated that monthly revenues will decline in 2011-2012. The 2011-2012 revenue estimate of \$2.5 million accounts for that potential reduction. Actual receipts in 2011-2012 will be closely monitored to determine if adjustments are necessary during the year.
- **Disposal Facility Tax** – Collections of \$11.1 million ended the year slightly above the budgeted estimate of \$11.0 million and 4.4% below the 2009-2010 collection level of \$11.6 million. Similar to the Commercial Solid Waste Franchise fees, collections in this category have declined in each of the past four years from \$14.7 million in 2006-2007 to \$11.1 million in 2010-2011. Revenue from the Disposal Facility Tax is impacted by the economy, waste exports, and waste diversion. In the 2011-2012 Adopted Budget, the revenue estimate for this category is set at \$10.9 million, based on the assumption that receipts would drop 3.5% from the 2010-2011 estimated collection level of \$11.3 million assumed at the time the budget was developed. A downward adjustment of \$200,000 to the 2011-2012 revenue estimate is recommended as part of the 2011-2012 Annual Report actions based on the actual performance for 2010-2011. The revised 2011-2012 estimate of \$10.7 million would allow for a 3.6% decline from the actual 2010-2011 collection level.
- **Fire Permits** – Fire Fee receipts of \$8.0 million at year-end were 7.9% below the estimate of \$8.7 million, but 15.0% above the prior year level of \$6.8 million. The original 2010-2011 estimate of \$7.1 million was built assuming a slight increase of activity levels from the previous year. However, an upward adjustment of \$1.2 million to the Development revenue estimate, as well as an upward adjustment of \$404,000 to the Non-Development revenue estimate, were approved in the 2010-2011 Mid-Year Budget Review to reflect an increase in activity in both programs.

Non-Development revenue of \$3.4 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other Miscellaneous activities were well below (24.5%) estimated levels of \$4.6 million. Combined revenues of \$527,000 from non-renewable

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GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits (Cont'd.)

permit and inspection activities (such as after hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$87,000 (19.7%) higher than budgeted levels and \$186,000 (54.7%) higher than prior year's year-end revenue of \$341,000. However, annual renewable permits revenue of \$2.9 million was 29.3% (\$1.2 million) lower than estimated and \$500,000 (15.6%) lower than the prior year's year-end revenue. This is mainly due to a bad debt write-off of \$1.0 million at the end of 2010-2011, and \$200,000 less in estimated revenue from Santa Clara's County's Hazardous Materials Certified Unified Program (CUPA) due to the transfer of the administration of the program from the City to the County.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and Miscellaneous revenues ended the year at \$4.6 million, above the modified revenue estimate of \$4.2 million. As discussed above, in the 2010-2011 Mid-Year Budget Review, the budgeted Development revenue of \$3.0 million was adjusted upward to align with increases in development activity. Because year-end collections exceeded the modified budget estimate, an increase to the Fire Fee Reserve of \$333,000 is recommended as part of this document. When combined with the Fire Department Fee Program expenditure savings and interest earnings of \$218,000, the Fire Fee Program Reserve is recommended to be increased by a total of \$551,000.

A portion of the savings in the Fire Fee Program (\$84,000) is recommended to be transferred from the Fire Fee Program Reserve to the Building Fee Reserve. This action will reimburse the Building Fee Program for partially funding a Hazardous Materials Inspector position in the Fire Department to staff a second Special Tenant Improvement/Industrial Tool Installation (STI/ITI) line that was approved in 2010-2011. In addition, adjustments to the estimated Retirement and Unemployment rates for 2011-2012, as directed in the City Council approved Mayor's June Budget Message for Fiscal Year 2011-2012, generated additional savings to the Fire Fee Program. An additional \$36,000 (\$19,000 for Retirement and \$18,000 for Unemployment) are recommended to be transferred to the Fire Fee Program Reserve to reflect those savings.

- **Building Permits** – Receipts of \$22.4 million ended the year 6.7% (\$1.4 million) above the modified budget estimate of \$21.0 million and 37.4% above the prior year level of \$16.3 million. As identified in Bi-Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenues in the first half of 2010-2011 were above anticipated levels primarily due to a surge in residential permit activity in December 2010. In recognition of increased permit revenues, the budget estimate was increased by \$5.3 million during 2010-2011.

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GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits (Cont'd.)

A total of 2,208 residential units received permits in 2010-2011, with a valuation of \$386.9 million, up from \$149.3 million in 2009-2010. It should be noted that the building permit revenue associated with new residential permits more than doubled last year's level, primarily from a surge in permit valuation in December 2010 as a result of two new housing developments in the North San José area. Commercial valuation was at approximately \$225.0 million, which was 16.6% below last year's level. The number of projects requiring plan check was 5,654 in 2010-2011, an increase of approximately 12% from 5,049 from the prior year. The total number of building inspections conducted in 2010-2011 was 93,999, increasing approximately 8.3% from 86,825 inspections during the previous year.

This document includes a recommendation to increase the Building Fee Reserve from \$7.7 million to \$9.6 million, an increase of \$1.9 million. This funding was derived from a combination of revenue surplus in 2010-2011 (\$1.4 million), expenditure savings in 2010-2011 (\$266,000), a positive adjustment related to a year-end reconciliation of retirement and unemployment contributions (\$172,000), and a reimbursement from the Fire Fee Program for Hazard Materials Inspector position to staff a second Special Tenant Improvement/Industrial Tool Installation (STI/ITI) line (\$85,000).

Fines, Forfeitures and Penalties

The primary sources of revenue in this category are proceeds from Parking, Vehicle Code, and Municipal Code Fines, and Business and Cardroom Tax Penalties. Collections of \$17.9 million in this category were 4.8% above the modified budget estimate of \$17.1 million and up 11.9% from the prior year collection level of \$16 million.

Parking fines, the largest component of this revenue category, ended the year at \$11.7 million. This collection level slightly exceeded the modified estimate of \$11.3 million (3.4%) and increased 14.8% from the 2009-2010 collection level of \$10.2 million. A portion of this increase was due to State-mandated fine increases implemented mid-way through 2010-2011 and a portion from the City's participation in a program under which the State of California Franchise Tax Board collects past-due parking fines on behalf of the City.

Municipal Code and Vehicle Code Fines ended the year at \$4.0 million, which was 3.7% above the modified budget estimate of \$3.8 million and was 1.6% above the 2009-2010 collections of \$3.9 million. The City also received \$1.1 million from Business Tax Penalties, 6.0% above the modified budget estimate of \$1.0 million, but 9.8% below the prior year collections of \$1.2 million. False Alarm fines totaled \$462,000, exceeding both the modified budget estimate of \$345,000 and the prior year collection level of \$222,000.

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GENERAL FUND REVENUE PERFORMANCE

Revenue from Use of Money and Property

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation revenues. Collections of \$3.6 million ended the year slightly above the modified budget level of \$3.5 million and the prior year collection level of \$3.2 million. Rental income (\$2.3 million) and subrogation revenues (\$1.1 million) exceeded both the budgeted estimates and the prior year collection levels, while interest income (\$0.3 million) fell below the prior year and budgeted levels. A settlement of a workers' compensation claim resulted in the large increase in subrogation recovery. In addition, the City's pre-payment of the City's contribution to its two retirement plans in July 2010, and lower levels of earmarked reserves resulted in a significantly low cash balance. The net investment yield in the General Fund also dropped from 1.59% in 2009-2010 to 0.55% in 2010-2011. The yield is down from 3.02% in 2008-2009.

Revenue from Local Agencies

This revenue category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the reimbursement for City staff and overhead costs from the San Jose Redevelopment Agency (SJRA); the reimbursement from the SJRA for payment of the Convention Center debt service and eligible capital expenditures (which enables the City to fund the San José BEST Program); payments from the Central Fire District for fire services provided to County residents by the San José Fire Department; and payment from the County for the City's Paramedic Program.

Revenue collections of \$44.1 million in the Local Agencies category ended the year below the budgeted estimate of \$45.8 million, with a negative variance of 3.7%. This collection level is 8.3% below the \$48.1 million collected in 2009-2010. Reimbursements of \$29.3 million from the SJRA fell below the budgeted estimate by \$672,000, but this shortfall was offset by expenditure savings. The SJRA reimbursements also fell \$4.5 million (13.4%) below the 2009-2010 level due primarily to budget re-balancing actions brought forward as part of the 2010-2011 Adopted Budget and during 2010-2011 to help to address the financial difficulties faced by the SJRA. In 2010-2011, the Central Fire District payment of \$5.2 million was 1.8% above the modified budget estimate of \$5.1 million, but fell 13.8% below the prior year collection level of \$6.0 million. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The lower level of payments reflects reduced property tax revenues in 2010-2011. The payment of \$1.7 million from the County for the City's Paramedic Program was slightly below both the budgeted estimate and prior year collection level of \$1.8 million. Lastly the CAL-ID program and Automated Finger Information System reimbursements of \$3.5 million fell \$844,000 below the budget estimate of \$4.3 million. This variance was anticipated and revenues were rebudgeted as part of the 2011-2012 Adopted Budget.

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GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California

The major State revenues include Motor Vehicle In-Lieu Fees, Airplane In-Lieu Fees, and State Grants. Revenue from the State of California of \$17.8 million ended the year 1.5% below the modified budget estimate of \$18.1 million, but 52.1% above the prior year actual level of \$11.7 million. The variance from the modified budget estimate was due primarily to lower than estimated Motor Vehicle In-Lieu payments.

Motor Vehicle In-Lieu payments totaled \$2.5 million in 2010-2011, which tracked 8.7% below the modified budget of \$2.8 million and 23.3% below the prior year collection level of \$3.3 million. Included in this report is a recommendation to eliminate the 2011-2012 revenue estimate for Motor Vehicle In-Lieu payments of \$2.8 million to reflect the recent State approved bill (SB 89), which eliminated these payments beginning in 2011-2012 as a State Budget balancing action. In 2011-2012, this ongoing revenue loss will be partially offset by an adjustment to recognize a one-time Motor Vehicle In-Lieu true-up payment of \$2.1 million that accounted for underpayments in prior years (2006-2007 through 2009-2010). Currently, in response to this take, as outlined in a memo from the Executive Director of the League of California Cities, Chris McKenzie, "the League board of directors unanimously approved filing a lawsuit against the State to challenge the last-minute...legislation that diverted \$130 million in Motor Vehicle In-Lieu funds from cities in connection with the State budget" as of September 29, 2011. The petition filed in Sacramento County Superior Court asks that the State allocate the VLF as outlined under law as it existed prior to SB 89 and AB 118. This issue will continue to be monitored closely as this matter progresses.

Airplane In-Lieu collections of \$2.4 million ended the year at the modified budget estimate and 39.0% below the 2009-2010 collection level of \$4.0 million. This drop in revenue was due to the re-basing of a number of high-value aircraft to airfields outside of the City's jurisdiction. The Airplane In-Lieu revenue category has been moved to the Property Tax category in the 2011-2012 Adopted Budget.

State grants and reimbursements totaled \$2.6 million, which was at the modified budget estimate. This was the result of many variances both up and down in grant reimbursements. Major variances include: higher than anticipated 911 Emergency Communication Reimbursements of \$753,000 (201.2% above the budgeted estimate of \$250,000); no reimbursement for the CAD Network Upgrade compared to the budgeted estimate of \$480,000; and lower 2010-2011 Driving Under the Influence Enforcement and Awareness Grant revenues of \$246,000 (35.7% lower than the budgeted estimate of \$382,000). Included in the 2011-2012 Adopted Budget were the rebudget of revenues for various State grants in the amount of \$1.1 million to account for the anticipated receipt in 2011-2012 of revenues that were not received in 2010-2011. Included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in Section III.

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GENERAL FUND REVENUE PERFORMANCE

Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2010-2011, Revenue from the Federal Government of \$5.8 million was 42.3% below the modified budget estimate of 10.1 million but 14.0% above the 2009-2010 collection level of \$5.1 million. A portion of these grants (\$2.8 million) was rebudgeted to 2011-2012 as part of 2011-2012 Adopted Budget. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section III of this report.

Revenue from the Federal Government – American Recovery and Reinvestment Act (ARRA)

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. The revenue in this category is generated by various federal grants and reimbursements. In 2010-2011, ARRA Revenue from the Federal Government of \$3.5 million was \$7.5 million below the modified budget estimate of \$11.0 million. However, \$7.7 million of these grants was rebudgeted to 2011-2012 as part of the 2011-2012 Adopted Budget. This rebudget amount, however, exceeded the actual year-end savings and net downward adjustments to the rebudgets are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section III of this report.

Departmental Charges

This category includes the fees and charges levied to recover all or partial costs of services provided by various City departments. Collections of \$32.1 million for Departmental Charges were 2.2% above the modified budget estimate of \$31.5 million and were above the 2009-2010 collection level of \$27.3 million (17.8%). A brief description of the performance in each of the departmental fee categories is provided below.

- **Library Departmental Fees** – Collections of \$1.4 million ended the year 27% below the modified budget estimate of \$1.9 million and 13% below the 2009-2010 receipts of \$1.6 million. The decreased revenue in 2010-2011 was due to lower fine revenue received, reflecting the reduction in hours at the Martin Luther King, Jr. Library and branch libraries, in addition to service improvements for the online renewal of materials.
- **Parks, Recreation, and Neighborhood Services (PRNS) Departmental Fees** – Collections of \$13.7 million ended the year slightly below (1.2%) the modified budget estimate of \$13.8 million. This differential was more than offset by lower than expected spending in activities supported by this revenue. This collection level was 24% above the prior year level of \$11.0 million due primarily to increased revenues from Happy Hollow Park and Zoo,

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GENERAL FUND REVENUE PERFORMANCE

Departmental Charges (Cont'd.)

reflecting a full year of operation of this facility. PRNS Fee Activities revenue (\$5.8M), Parking revenue (\$1.4M), and Facility Rentals revenue (\$0.7M) performances are the highest on record.

- **Planning Departmental Fees** – Collections of \$2.6 million ended the year 4.0% above the modified budget estimate of \$2.5 million, but 2.6% below the prior year level of \$2.7 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenue throughout 2010-2011 was slightly above anticipated levels. In recognition of increased revenues, budget estimates were slightly increased. Even with the adjustments to the revised budget estimate, actual collections collected were above the revised budget estimate. Fee categories with significantly higher than anticipated revenues include Non-Residential Environmental Clearance, Non-Residential Conditional Use Permits, and Public Noticing, offset by several fee categories that fell below budgeted levels and include: Residential and Non-Residential General Plan Amendments, and Residential and Non-Residential Planned Development Rezoning/Rezoning. This document includes a recommendation to increase the Planning Fee Reserve from \$677,000 to \$1.2 million, an increase of \$558,000. This funding was derived from a combination of a revenue surplus of \$103,000 in 2010-2011, expenditure savings of \$436,000, and a positive \$20,000 adjustment related to a year-end reconciliation of retirement and unemployment contributions.

- **Police Departmental Fees** – Collections of \$1.74 million at year-end were 9.2% (\$176,000) below the modified budget estimate of \$1.92 million and 10.2% (\$198,000) below actual collections of \$1.94 million in 2009-2010. This variance is primarily due to lower collections of Vehicle Impound Release fees (\$251,000), State Reimbursements for Police Extraditions (\$37,000), Miscellaneous Bureau of Administration/Bureau of Investigations Revenue (\$28,000), Towing Service Dispatch (\$27,000), and Photostat (Police Records/Reports) (\$15,000). The lower collections are partially off-set by higher collections in Police Officer Standards Training (POST) (\$90,000), Restitution Permits/City Probation (\$64,000), Reimbursements for Police Officers Attending Court (\$15,000), and Miscellaneous Police Revenue (\$12,000). The 2010-2011 budgeted estimate assumed a higher level of revenue collection from Vehicle Impound Release fees, State Reimbursement for Police extraditions, Miscellaneous Bureau of Administration/Bureau of Investigations Revenue, Towing Service Dispatch, and Photostat (Police Records/Reports) based on prior year collection trends and fee revisions approved for 2010-2011 to maintain cost recovery. However, as a result of lower than anticipated activity levels in these areas, collections fell below budgeted estimates.

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GENERAL FUND REVENUE PERFORMANCE

Departmental Charges (Cont'd.)

- **Public Works Departmental Fees** – Collections of \$5.7 million ended the year 11% above the modified budget estimate of \$5.1 million and almost 35% above the \$4.2 million collected in 2009-2010. Revenues in utility excavations, non-residential engineering, residential and non-residential underground service alert locating, utilities, erosion and sediment control, underground service alert locating, residential streetlight and signal design and inspection, planned development rezonings, private streets engineering, and grading permits categories all performed at higher than estimated levels. However, this performance was offset by lower than anticipated collections for residential engineering, geological control application fees, non-residential streetlight design, non-residential signal and streetlight inspection, traffic reports, site development permits development review, and conditional use permits development review categories. The revenue surplus of \$535,000 in 2010-2011 in the Development Fee Program combined with the expenditure savings of \$530,000 and interest earnings attributed to the program of \$7,000 results in a recommendation in this report to increase Public Works Development Fee Program Earmarked Reserve by \$1.1 million from \$1.2 million to \$2.3 million.
- **Transportation Departmental Fees** – Collections of \$1.1 million ended the year \$317,000 or 40.7% above the modified budget estimate of \$779,000 and 10.6% (\$105,000) above the \$991,000 collected in 2009-2010. Collections exceeded the modified level due primarily to higher than budgeted collection of development fees (\$102,000), sidewalk repair fees (\$60,000), special event fees (\$34,000) and residential permit parking fees (\$23,000). Other categories ended the year with slight positive or negative variances.
- **Miscellaneous Departmental Fees and Charges** – Collections of \$5.9 million ended the year 10.7% above the modified budget estimate of \$5.3 million and was 23.9% above the prior year actual level of \$4.8 million. The Solid Waste Enforcement fee, which is the largest component of this category, ended the year at \$3.5 million, which was 1.2% above the modified budget estimate and 23.4% above the prior year collection level of \$2.9 million.

Other Revenue

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue receipts of \$92.6 million were 0.1% below the budgeted estimate of \$92.7 million and 242.6% above the 2009-2010 collection level of \$27.0 million. The primary reason for the significant increase from 2009-2010 is the \$75.0 million in borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANs) issued for cash flow purposes in July (\$40.0 million) and October (\$35.0 million) 2010. There were a number of individual line items with positive or negative variances to the modified budget. The lines items with the largest negative variances included: the Silicon Valley Energy Watch grant (\$339,000); Vendor Audit Pilot Program revenue (\$200,000); Parades Celebrations Cost Reimbursement for the Office of Economic

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GENERAL FUND REVENUE PERFORMANCE

Other Revenue (Cont'd.)

Development (\$200,000); and Tree Maintenance Activities (\$333,000). These were offset with positive variances including: SB 90 State reimbursements for mandated services (up \$151,000), Comcast PEG Access Capital (up \$293,000); Willow Senior Center Fire Damage (up \$362,000), Miscellaneous City-Wide Revenues (up \$139,000).

Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section III of this report.

Transfers and Reimbursements

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall collections ended the year at \$92.1 million, which was at the 2010-2011 budgeted estimate. This was realized as a result of higher than budgeted estimated Overhead Reimbursements and Transfers offset by lower than estimated Reimbursements for Services.

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$34.5 million ended the year 0.5% above the modified budget estimate of \$34.3 million. This variance represents the net result of a series of over- and under-budgeted performances from over 45 special and capital funds that reimburse the General Fund. These differences occurred where fund activities were over or under the level assumed in the modified budget estimates. The positive variance was driven by higher than anticipated collections from various capital funds (e.g., Branch Libraries Bond Fund, Neighborhood Securities Bond Fund, and the San José/Santa Clara Treatment Plant Capital Fund,) based on actual activity levels.
- **Transfers** – Revenue from the Transfers category of \$41.5 million ended the year slightly above the modified budget level of \$41.4 million (0.1%). The transfer from the Construction and Conveyance Tax Fund to the General Fund of \$2.1 million was \$135,000 higher than estimated based on slightly higher Construction and Conveyance Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts to support parks maintenance activities.
- **Reimbursement for Services** – Collections of \$16.1 million in the Reimbursements for Services category were 1.4% below the modified budget level of \$16.4 million. The negative variance of \$228,000 was due to lower than budgeted reimbursement for the Deferred Compensation Program (\$146,000), which was accompanied by expenditure savings, and the lack of reimbursement from the Maintenance Assessment District Funds (\$125,000), which was the result of an error. Budget actions are recommended in this document to correct for this error and reimburse the General Fund for the services provided.

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GENERAL FUND REVENUE PERFORMANCE

Summary

In 2010-2011, total revenues received by the General Fund of \$876.2 million were lower than the modified budget level by \$12.0 million or 1.3%. After adjusting for \$12.9 million of grant and reimbursement related revenues not received in 2010-2011, but rebudgeted to 2011-2012 as part of the 2011-2012 Adopted Budget, revenues actually ended the year \$873,000 (0.1%) above the budgeted estimate. This is an extremely small variance given the diversity of the over 500 City revenues and the overall size of the General Fund. The \$876.2 million of 2010-2011 revenue represents a significant increase of \$93.6 million (up 12%) from the actual 2009-2010 collections (\$782.6 million). As described in this section, the primary reason for this increase is the \$75 million in borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANS) issued for cash flow purposes in July (\$40 million) and October (\$35 million) 2010. Adjusting for the TRANS issuance, General Fund revenues in 2010-2011 totaled \$801.2 million, an increase of \$18.6 million (2.4%) from the 2009-2010 level.

The 2010-2011 revenue estimates were built on the assumption that the slow pace of recovery from the economic recession would continue to impact the City's economic performance. Actual performance in 2010-2011 was consistent with this general assumption. Some revenue categories, such as Property Tax and Construction and Conveyance Tax, continued to be impacted by the downturn; while other categories, such as Sales Tax, have shown some improvement from the low collection levels experienced in recent years. Slow economic growth has been factored into the 2011-2012 revenue estimates. Given the uncertain state of the economy, it may be necessary to revisit those assumptions if economic conditions worsen. The Administration will actively monitor collections for 2011-2012 through the Bi-Monthly Financial Report and Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions as necessary.

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GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2010-2011 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

The following table details actual 2010-2011 General Fund expenditures as compared with the modified budget estimates:

TABLE B
2010-2011 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)

Category	Modified Budget*	Actual**	Variance	% Variance
Personal Services	\$ 601,738	\$ 591,413	\$ 10,325	1.7%
Non-Personal/Equipment/Other	99,819	90,939	8,880	8.9%
City-Wide Expenses	212,916	181,240	31,676	14.9%
Capital Contributions	14,140	8,839	5,301	37.5%
Transfers	28,539	28,534	5	0.0%
Reserves	88,117	-	88,117	100.0%
TOTAL GENERAL FUND	\$ 1,045,269	\$ 900,965	\$ 144,304	13.8%

* 2010-2011 appropriations as modified by Council through June 30, 2011, plus 2009-2010 carryover encumbrances

** Actual 2010-2011 expenses plus encumbrances

General Fund expenditures and encumbrances through June 30, 2011 of \$901.0 million were \$144.3 million below (down 13.8%) the modified budget total of \$1.0 billion. Approximately 60% of this savings was generated from unspent reserves (\$88.1 million), with the remaining savings generated from expenditure and transfer appropriations. Total 2010-2011 expenditures and encumbrances were up \$60.7 million (7.2%), from the June 2010 level of \$840.3 million. This increase, however, was due entirely to the budget actions to reflect the payment of the Tax Revenue Anticipation Notes (TRANS) of \$75.4 million in 2010-2011. Excluding this transaction, expenditures of \$825.6 million were 1.7% below the June 2010 level.

In addition to comparing actual expenditures to the modified budget and prior year actuals, it is important to compare actual expenditures to the estimates used in formulating the 2010-2011 Ending Fund Balance/2011-2012 Beginning Fund Balance estimate for the 2011-2012 Adopted Budget. This comparison is used to determine if any adjustments to the 2011-2012 Adopted Budget are necessary and to identify any additional fund balance for use in 2011-2012.

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview (Cont'd.)

As shown in Table C, the actual General Fund expenditures, transfers, and reserves of \$901.0 million were approximately \$27.9 million below (3.0%) the estimate used in the development of the 2011-2012 Adopted Budget. A portion of these savings (\$12.9 million) was carried over to 2011-2012 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up expenditure adjustments of \$6.0 million are recommended in this document to reconcile the development fee programs for 2010-2011 (\$1.3 million) and to adjust various rebudget amounts (\$4.7 million). After accounting for these technical adjustments, the remaining General Fund expenditures, transfers, and reserves savings figure total \$9.1 million, or 1.0% of the estimate. These net expenditure savings, when combined with net variances associated with the General Fund revenues and the liquidation of prior year encumbrances, represent the additional beginning fund balance that is available for allocation. In 2011-2012, a total of \$8.1 million in additional beginning fund balance is available from net expenditure savings (\$9.1 million) and the liquidation of prior year encumbrances above the estimated level (\$0.2 million), partially offset by net lower funding sources (-\$1.2 million). Recommendations on the allocation of these additional funds are provided elsewhere in this document.

**TABLE C
2010-2011 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

Category	Estimate	Actual	Variance	% Variance
Expenditures	\$ 900,054	\$ 872,431	\$ 27,622	3.1%
Transfers	28,539	28,534	5	0.0%
Reserves	304	-	304	100.0%
TOTAL	\$ 928,896	\$ 900,965	\$ 27,931	3.0%

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as the estimate used in the development of the 2011-2012 budget.

Personal Services expenditures of \$591.4 million ended the year \$10.3 million (1.7%) below the budgeted level and \$9.8 million (1.6%) below 2009-2010 expenditure levels. The drop from 2009-2010 reflects the net impact of the elimination of approximately 10% of the positions funded by the General Fund and an increase in the cost per employee, particularly retirement and benefit costs. When compared to the budget, the personal services savings are within levels typically experienced. Over the past decade, expenditure savings compared to budgeted levels have ranged from a high of 2.5% savings in 2006-2007 to a low of 0.8% savings in 2003-2004. It is important to note, however, that this savings level is higher than the level assumed when the 2010-2011 year-end clean-up adjustments were developed.

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview (Cont'd.)

As described in the 2010-2011 Year-End Clean-Ups Memorandum that was approved by the City Council on June 21, 2011, several departmental personal services appropriations were augmented through net-zero appropriation adjustments to provide for an anticipated increase in retirement contributions resulting from the transition to the fixed-payment "retirement floor" methodology that was implemented in 2011-2012. As part of the transition to a full fiscal year fixed payment in 2011-2012, it was determined that one pay period of retirement costs was not included in the prepayment of retirement costs for 2010-2011 or the prepayment of retirement costs for 2011-2012. These costs, estimated at \$5.9 million in all funds and \$4.9 million in the General Fund, were intended to be accrued by the Finance Department in 2010-2011 and paid to the retirement funds as part of the July 1, 2011 retirement prepayment. Because it was subsequently discovered that this additional funding had actually been set-aside through the prior year accrual process, the appropriation increases were not needed. Therefore, General Fund personal services savings in the amount of \$4.9 million were realized city-wide.

If the accounting adjustment had occurred as anticipated, the General Fund personal services savings would have totaled approximately \$5.4 million and ended the year 0.9% below the budgeted level; this is consistent with 2009-2010 performance and is near the low end of the range of savings experienced over the past decade. The majority of Personal Services savings were generated by the following departments: Police (\$5.1 million); Fire (\$1.8 million); and Parks, Recreation and Neighborhood Services (\$796,000). After adjusting for the planned additional retirement costs, the remaining Personal Services savings of \$5.4 million in all departments were primarily generated from vacant positions, reflecting the impact of the hiring freeze which has been in place in some form since 2001.

General Fund Non-Personal/Equipment/Other¹ expenditures and encumbrances ended the year at \$90.9 million, generating savings from the budgeted level of approximately \$8.9 million (8.9%). The majority of savings in this category were generated by the Mayor and City Council (\$2.6 million) and by the following departments: Police (\$2.3 million); Information Technology (\$1.1 million); and Parks, Recreation and Neighborhood Services (\$477,000). Of the \$8.9 million in savings, \$8.4 million was assumed as savings in the development of the 2011-2012 budget or rebudgeted to 2011-2012 in the Adopted Budget and additional rebudget and clean-up adjustments of \$559,000 are recommended in this document, resulting in no net savings in this category.

After rebudget and clean-up adjustments, departmental expenditures (Personal Services and Non-Personal/Equipment/other) generated total savings of \$10.2 million. Of this amount, the \$1.3 million in departmental savings generated from the four Development Fee Programs

¹ The "Other" category expenditures are primarily comprised of budgets for the Mayor and City Council, Library Department grants program and the Parks, Recreation and Neighborhood Services fee activities program.

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview (Cont'd.)

(Building, Fire, Planning, and Public Works) is recommended to be allocated to the Development Fee Program Reserves in this document. After these reconciling adjustments, departmental savings totaled \$8.9 million in 2010-2011.

In the City-Wide Expenses category, expenditures of \$181.2 million ended the year \$31.7 million below the budgeted level. Of this amount, \$29.0 million was assumed as savings in the development of the 2011-2012 budget or rebudgeted to 2011-2012 in the Adopted Budget, leaving a net balance of \$2.7 million. Additional rebudget and clean-up adjustments totaling \$2.7 million are recommended in this document and would result in no net savings in this category.

In the Capital Contributions category, expenditures of \$8.8 million ended the year \$5.3 million below the budgeted level. Of this amount, \$4.0 million was assumed as savings in the development of the 2011-2012 budget or rebudgeted to 2011-2012 in the Adopted Budget. An additional \$1.2 million is recommended to be rebudgeted in this document. Factoring out these assumed savings and rebudgets, adjusted General Fund Capital savings totaled \$100,000 (0.4%) at year-end. In the Transfers category, expenditures of \$28.5 million fell below budgeted amounts by \$5,000 at year end.

The largest single category of remaining funding occurred, as planned, in the Reserves category (\$88.1 million). Of the \$88.1 million in Reserves, \$87.8 million was assumed in the development of the 2011-2012 budget or rebudgeted to 2011-2012 in the Adopted Budget. Additional rebudget and clean-up adjustments of \$201,000 are recommended in this document for the General Plan Update (\$172,000) and Fee Program Reserves for Planning and Public Works for a net change of (\$29,000). Factoring out these assumed savings and rebudgets, adjusted savings from the General Fund Reserves totaled approximately \$100,000, or 0.4%. Additional detailed discussion of the reserve status can be found later in this section of the document.

Review of General Fund Expenditure Performance

This section provides more detailed information on the departmental and non-departmental performance, including a discussion of significant variances.

Departmental costs (\$682.4 million) represented 75.7% of total 2010-2011 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.3% of their budgets, generating overall savings of 2.7%, or \$19.2 million. Of the twenty City departments/offices, twelve had expenditure savings of less than 5%. These twelve departments, which included the Police and Fire Departments, generated \$12.6 million (65.6%) of the savings. Four departments had

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance (Cont'd.)

expenditure savings between 5% – 10% and generated \$2.8 million (14.6%) of the savings. The remaining four departments had expenditure savings over 10% and generated \$3.8 million (19.8%) of the savings.

In 2010-2011, the following six departments/offices had expenditure savings in excess of \$1 million: Fire; Information Technology; Mayor and City Council; Parks, Recreation and Neighborhood Services; Planning, Building and Code Enforcement; and Police. A portion of the savings in several of these departments/offices, however, was previously rebudgeted as part of the Adopted Budget and/or are being recommended to be rebudgeted as part of this document.

Those departments with General Fund expenditure variances over 5% are discussed in detail in the following section. In addition, the year-end status of expenditures for both the Police and Fire Departments are also summarized.

Non-departmental expenditures totaled \$218.6 million, or 24.3% of the total 2010-2011 General Fund expenditures. In this category, 85.5% of the amount budgeted (excluding reserves) was expended. The reserves represent the largest portion of the unexpended funds and are being carried over or used in 2011-2012 as planned. It is also important to note that almost all of savings in the City-Wide Expenses and Capital Contributions categories also have been or are recommended in this document to be rebudgeted to 2011-2012 for their originally intended uses.

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance (Cont'd.)

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2010-2011 Modified Budget	2010-2011 Expenditures	Variance	% Variance
City Attorney	\$ 11,865,510	\$ 11,647,538	\$ (217,973)	(1.8%)
City Auditor	1,909,531	1,782,279	(127,252)	(6.7%)
City Clerk	4,016,859	3,948,764	(68,095)	(1.7%)
City Manager	11,006,846	10,792,571	(214,275)	(1.9%)
Economic Development	3,065,214	2,983,638	(81,576)	(2.7%)
Environmental Services	717,096	559,089	(158,007)	(22.0%)
Finance	11,532,651	11,257,707	(274,945)	(2.4%)
Fire	155,145,446	153,111,556	(2,033,891)	(1.3%)
General Services	25,990,564	25,566,685	(423,879)	(1.6%)
Human Resources	7,260,689	7,067,614	(193,075)	(2.7%)
Independent Police Auditor	871,455	826,282	(45,173)	(5.2%)
Information Technology	16,034,891	14,765,331	(1,269,560)	(7.9%)
Library	25,357,867	25,032,852	(325,016)	(1.3%)
Mayor and City Council	10,252,253	7,602,259	(2,649,994)	(25.8%)
Parks, Recreation & Neighborhood Services	57,386,755	56,113,791	(1,272,964)	(2.2%)
Planning, Building & Code Enforcement	25,610,445	24,204,442	(1,406,003)	(5.5%)
Police	297,828,043	290,397,052	(7,430,991)	(2.5%)
Public Works	5,225,684	4,517,934	(707,750)	(13.5%)
Redevelopment Agency	1,550,393	1,284,425	(265,968)	(17.2%)
Transportation	28,928,068	28,890,383	(37,685)	(0.1%)
Subtotal	701,556,260	682,352,191	(19,204,069)	(2.7%)
Non-Departmental				
City-Wide Expenses	212,916,323	181,239,760	(31,676,564)	(14.9%)
Capital Contributions	14,140,385	8,839,195	(5,301,190)	(37.5%)
Transfers	28,538,763	28,534,164	(4,599)	(0.0%)
Earmarked Reserves	45,877,253	-	(45,877,253)	(100.0%)
Contingency Reserve	29,309,000	-	(29,309,000)	(100.0%)
Ending Fund Balance	12,931,000	-	(12,931,000)	(100.0%)
Subtotal	343,712,724	218,613,118	(125,099,606)	(36.4%)
TOTALS	\$ 1,045,268,984	\$ 900,965,309	\$ (144,303,675)	(13.8%)

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Following is a discussion of those departments with significant variances and a summary of the performance in the City's two largest General Fund departments, Police and Fire.

- *City Auditor*

The Office of the City Auditor expended 93.3% of its General Fund appropriation with resulting savings of \$127,000. The majority of this variance is related to personal services expenditures, which were 5.4% below (\$98,000) the modified budget as a result of salary savings due to two of the Office's 15 (13.3%) budgeted positions being vacant for approximately half of 2010-2011. Non-Personal/Equipment expenditures ended the year 39.2% below (\$29,000) budgeted levels. The majority of these savings was realized in contractual services, as all performance audits in 2010-2011 were completed with in-house resources, rather than partially through the use of outside contracts.

- *Environmental Services*

The Environmental Services Department expended 78.0% of its modified budget of \$717,000 with resulting savings of \$158,000. Personal Services expenditures were 26.6% (\$89,000) below budgeted levels. Of this balance, \$49,000 was rebudgeted in the 2011-2012 Adopted Budget to pay for Silicon Valley Energy Watch Program staffing. The Silicon Valley Energy Watch Program focuses on promoting energy efficiency through activities that include outreach and education, training, and local government policy coordination. This document recommends reversing \$10,000 of this rebudget, as grant-related personal services expenditures in 2010-2011 exceeded the estimate generated at the time the 2011-2012 Budget was adopted. After these adjustments, the net Personal Services savings totals approximately \$50,000.

The Department's Non-Personal/Equipment expenditures ended the year 18.1% (\$69,000) below the modified budget. Of this balance, \$25,000 was rebudgeted in the 2011-2012 Adopted Budget to pay for Silicon Valley Energy Watch activities. An additional rebudget of \$27,000 for Silicon Valley Energy Watch activities is recommended as part of this document. After these adjustments, the net Non-Personal/Equipment savings totals approximately \$17,000. These primarily represent savings in the Municipal Environmental Compliance and Green Building programs, partially offset by unbudgeted expenditures associated with the Bright Green Day event.

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

- *Fire*

At the end of 2010-2011, the Fire Department had expended or encumbered 98.7% of its total modified budget of \$155.1 million, resulting in savings of \$2.0 million. Of this savings, \$230,000 is either allocated for rebudgets or required to be reallocated to the Fire Fee Reserve, leaving \$1.8 million in net savings.

The Personal Services appropriation of \$148.2 million was 98.8% expended, with savings of \$1.7 million, primarily due to lower overtime expenditures as well as vacancies in the Development Fee Program. In reconciling the Development Fee Program budget with year-end Personal Services expenditures, savings in the Program of approximately \$152,000 are recommended to be transferred to the Fire Fee Reserve which includes \$137,000 in Personal Services savings and \$15,000 in overhead savings. Reallocating this amount to the Fire Fee Reserve would result in savings of \$1.6 million in this appropriation. As discussed in the Overview section of *General Fund Expenditure Performance*, several departmental personal services appropriations were augmented through net-zero appropriation adjustments to provide for an anticipated increase in retirement contributions at the end of 2010-2011. These expenditures in the Fire Department were projected at \$1.4 million. It was subsequently discovered that this additional funding had actually been set-aside through the prior year accrual process; as a result, personal services expenditures savings were higher than anticipated.

Fire's overtime expenditures of \$10.0 million ended the year below the modified budget level of \$11.5 million. The \$1.5 million in overtime savings along with the \$958,000 in retirement savings was partially offset by \$690,000 in higher than budgeted costs for salaries and other fringe benefits. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. Overtime savings were a result of minimum staffing levels being maintained without the use of overtime. The Fire Department is expected to bring its 2010-2011 annual overtime report to the Public Safety, Finance, and Strategic Support Council Committee by January 2012. The overtime report will include an analysis of the balance between relief personnel and the overtime allocation for minimum staffing.

The Fire Department ended 2010-2011 with a total of 166 filled paramedics (153 front-line, 5 Supervisors, and 8 support) compared to the 139 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department projects it will have no issues maintaining the target staffing level of 139 front-line Firefighter Paramedics in 2011-2012. As part of the City Council's approval of Department Absence and Vacancy Rates (March

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

2010), it should be noted that the number of sworn administrative staff in the Department at year-end was 30, which is within the authorized number of 34.

The Department's Non-Personal/Equipment budget was 96.0% expended or encumbered, with year-end savings of \$277,000. Of this savings, \$12,775 was estimated to be available for targeted projects and was approved for rebudget in the 2011-2012 Adopted Budget for recertification of Emergency Medical Technicians. The portion of Non-Personal/Equipment savings of approximately \$65,000 achieved by Fire's Development Fee Program is recommended to be allocated to the Fire Fee Reserve.

- *Independent Police Auditor*

Overall, the Independent Police Auditor's (IPA) Office expended 94.8% of its total modified budget of \$871,000 with savings of \$45,000 through year-end. Approximately \$42,000 of the savings was in Personal Services due to an IPA Analyst position being vacant for four months of 2010-2011.

The Office's Non-Personal/Equipment budget was 87.0% expended and encumbered, with savings of \$3,000. Savings in printing (\$2,000) and communications (\$1,000) generated Non-Personal/Equipment savings. A portion of the Non-Personal/Equipment savings, \$1,500, is recommended for rebudget in this document to print a revised fourth edition of the Student Guide to Police Practices. The Guide informs youth about their rights and responsibilities when interacting with the police, common crimes that involve youth, and how to avoid becoming victims of crime. The revised edition will contain new sections, an updated list of community resources, and will be available in English, Spanish, and Vietnamese.

- *Information Technology*

The Information Technology Department (ITD) expended 92.1% of its General Fund modified budget with year-end savings of \$1,270,000. Personal Services expenditures were 1.8% below modified budget levels (\$188,000) resulting primarily from vacancy savings due to employee retirements.

Non-Personal/Equipment expenditures were 19.6% or \$1.1 million below budgeted levels. This savings primarily represents project savings or project delays. Of the remaining balance, \$730,000 was rebudgeted in the 2011-2012 Adopted Operating Budget for the Converged Network (VoIP) Expansion project (\$600,000) and the PCI (Payment Card

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

Industry) Compliance Audit project (\$130,000). This document recommends an additional rebudget of \$350,000 to augment the current city-wide electronic file system to meet current city-wide storage needs and transition to a modular architecture that would allow the City to quickly re-provision on premise storage as cloud offerings are evaluated for data security, cost effectiveness, and ease of management with limited staffing levels. After these adjustments, the net Non-Personal/Equipment savings total \$2,000.

- *Mayor and City Council*

Overall, the Mayor's Office, the City Council Offices, and Council General expended 74.2% of their total modified budget of \$10.3 million with savings of \$2.6 million at year-end. Of this amount, \$619,000 of the savings was in the Mayor's Office, \$1.0 million was in the City Council Offices, and \$1.0 million was in Council General as outlined below:

2010-2011 Actual Expenditure Performance

	2010-2011 Modified Budget	2010-2011 Actuals	Variance
Council District 1	\$ 280,205	\$ 259,019	\$ 21,186
Council District 2	374,181	209,579	164,602
Council District 3	290,381	234,150	56,231
Council District 4	366,291	228,683	137,608
Council District 5	340,693	221,982	118,711
Council District 6	365,390	230,132	135,258
Council District 7	342,089	252,155	89,934
Council District 8	321,042	273,857	47,185
Council District 9	334,353	249,034	85,319
Council District 10	384,588	235,976	148,612
Mayor's Office	1,996,669	1,377,321	619,348
Council General	4,856,372	3,830,372	1,026,000
	\$ 10,252,254	\$ 7,602,259	\$ 2,649,995

A portion of the savings, \$1.4 million (\$624,000 in the City Council Offices, \$442,000 in the Mayor's Office, and \$285,000 in Council General) was rebudgeted in the 2011-2012 Adopted Budget. A reduction to the rebudget amount of \$217,000 is recommended in this document in order to align the City Council Offices' year-end balances with rebudgets total and the \$1.4 million in savings that was used to fund other services throughout the City as

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

described and approved by the City Council as part of the Mayor's June Budget Message for Fiscal Year 2011-2012. Below is a chart outlining the revised 2011-2012 budgets by office as recommended in this document:

2011-2012 Adopted Budget Modifications

	2011-2012 Adopted Budget	2010-2011 Constituent Outreach (Reconciliation)	2010-2011 Rebudget (Reconciliation)	2011-2012 Other Adjustments	2011-2012 Modified Budget
Council District 1	\$ 242,576	\$ 1,606	\$ 0	\$ 0	\$ 244,182
Council District 2	327,595	458	0	0	328,053
Council District 3	308,821	(641)	(9,373)	0	298,807
Council District 4	331,426	(8,585)	0	0	322,841
Council District 5	348,140	(2,443)	0	0	345,697
Council District 6	326,211	(4,490)	0	0	321,721
Council District 7	356,746	(1,534)	(17,202)	0	338,010
Council District 8	280,851	274	16,536	0	297,661
Council District 9	331,397	559	(4,061)	0	327,895
Council District 10	350,957	-2,693	0	0	348,264
Mayor's Office	1,769,977	22,885	0	0	1,792,862
Council General	5,344,127	0	(208,218)	(18,695)	5,117,214
	\$10,318,824	\$ 5,396	\$ (222,318)	\$ (18,695)	\$10,083,207

- *Planning, Building and Code Enforcement*

The Planning, Building and Code Enforcement Department (PBCE) expended 94.5% of its General Fund budget, with resulting savings of \$1.4 million. Personal services expenditures were 1.7% below budgeted levels (\$395,000) and non-personal/equipment expenditures were 39.8% below budgeted levels (\$1.0 million).

Personal services savings of \$226,000 were realized in the Building and Planning Fee Programs (Development Fee Programs), and savings of \$169,000 were realized in Community Code Enforcement and Planning Services (Non-Development Fee Programs). The savings were due to vacant positions resulting from a large amount of retirements. As part of the 2011-2012 Adopted Budget, anticipated personal services savings of \$18,500 were rebudgeted to 2011-2012 for staff support to work on the revised scope of work with the Bay Area Air Quality Management District.

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

The majority of the non-personal/equipment expenditure savings were primarily in the Development Fee Programs (\$683,000). As part of the 2011-2012 Adopted Budget, Development Fee Program non-personal/equipment expenditure savings of \$372,500 were anticipated and rebudgeted for consulting services, a software upgrade, and hardware expenses as a result of the implementation of the Alfresco software (formerly the FileNet Upgrade), which will provide record retention capabilities to the City for the storage, retrieval, and maintenance of vital City-wide records. Other non-personal/equipment savings achieved (\$328,000) were non-fee related, such as deferring training and travel, consolidating software maintenance contracts, and reducing spending on office supplies.

Overall, the Development Fee Programs had total savings of \$909,000 and the Non-Development Fee Programs had total savings of \$497,000. The savings in the Development Fee Programs above the amounts already rebudgeted to 2011-2012 (\$518,000) are recommended in this document to be added to the Fee Reserves as part of the process to reconcile actual fee program expenditures and revenues for 2010-2011.

- *Police*

Overall, the Police Department expended 97.5% of its total modified budget of \$297.8 million with savings of \$7.4 million through year-end. Approximately \$5.1 million of the savings was in the Personal Services category with \$2.6 million in overtime savings, \$2.5 million in total salary and benefit savings. Overtime expenditures of \$9.7 million were 21.0% below the modified budget of \$12.3 million, mainly due to overtime controls implemented during 2009-2010, which have continued through 2010-2011. The overtime management process requires preapproval by a supervisor and additional timesheet coding is required to determine the type of usage in order to readily identify mandatory versus discretionary usage. This process has been useful in reducing discretionary overtime expenditures. As discussed in the Overview section of *General Fund Expenditure Performance*, several departmental personal services appropriations were augmented through net-zero appropriation adjustments to provide for an anticipated increase in retirement contributions at the end of 2010-2011. These expenditures in the Police Department were projected at \$2.4 million. It was subsequently discovered that this additional funding had actually been set-aside through the prior year accrual process; as a result, personal services expenditures savings were higher than anticipated.

As of June 2011, the Department had 1,268 authorized sworn staff of which 62 were vacant, and two were offset by a temporary Police Lieutenant and a temporary Police Officer (both funded through Super Urban Area Security Initiative (SUASI) grants), leaving a net of 60

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

sworn vacancies in the Department. The number of sworn vacancies in the Department in 2010-2011 was higher than past years as there was no recruit academy held in 2010-2011. At the beginning of 2010-2011, 64 Police Officer and 1 Police Sergeant positions were reinstated on a one-time basis through June 30, 2011. In order to lay-off fewer sworn personnel at the end of 2010-2011, due to anticipated budget reductions, sworn positions were held vacant when an employee retired or left the Department. This higher vacancy level did generate salary and benefit savings; however, a portion of this savings was used to cover the vacation and compensatory time payouts for the separated employees which are reflected under full-time salaries.

The compensatory time balance at the end of 2010-2011, for sworn personnel, was 190,846 hours. This balance represented an 11.1% decrease compared to the 2009-2010 total sworn compensatory time balance of 214,781 hours. In accordance with the Memorandum of Agreement (MOA) with the Police Officers Association, sworn personnel are able to maintain 240 hours of compensatory time. Sworn personnel with compensatory time balances that exceed 240 hours at the end of the last pay-period of the calendar year are required to reduce those balances to within the 240-hour limit within 150 days. In addition to reducing the overall compensatory balance by 11.1%, the compensatory time balance in excess of the 240-hour threshold also decreased from 26,179 (spread among 329 sworn staff) to 15,516 hours (spread among 138 sworn staff). The overall reduction in compensatory time balance can be attributed to a number of factors including higher time off granted, higher than normal attrition rates (leading to compensatory time balances being paid out at the time of separation, which resulted in higher expenditures in full-time salaries), and additional overtime controls implemented during 2009-2010 and continued in 2010-2011.

The Department's Non-Personal/Equipment budget was 88.7% expended and encumbered, with savings of \$2.3 million. Police data processing services savings of \$1.6 million, supplies and materials savings of \$410,000, and contractual services savings of \$273,000, contributed to a significant portion of the overall Non-Personal/Equipment savings. The savings in data processing services is primarily the result of upgrades to the Automated Fingerprint Identification System (AFIS) (\$808,080) and the State of California to upgrade the Computer Aided Dispatch (CAD) System (\$402,000) which were scheduled in 2010-2011, but not completed. This funding was already rebudgeted in the 2011-2012 Adopted Operating Budget. The savings in supplies and materials is primarily a result of the cancellation of the Police Recruit Academies in 2010-2011, and the savings in contractual services is also a result of the cancelled Recruit Academies (no expenditures for background psychological screenings and polygraph testing for potential recruits) as well as fewer in-state prisoner transports than projected. A portion of the Non-Personal/Equipment savings

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Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

(\$65,266 for the Child Interview Center) was also rebudgeted in the 2011-2012 Adopted Operating Budget. An additional \$383,335 in savings is recommended for rebudget in this document: \$280,000 for sworn safety equipment, \$62,500 for the Air Support Unit to overhaul the engine on the fixed wing and perform minor maintenance on the helicopter, \$20,835 to upgrade the CAD System (offset by revenue from the State of California), and \$20,000 to continue participation in the State run Cal-Gang Program.

- *Public Works*

The Public Works Department, which includes the Public Works Fee Program, expended 86.5% of its General Fund modified budget with resulting savings of \$708,000. Personal Services expenditures were 10.2% below budgeted levels (\$486,000). The majority of the Personal Services savings (\$401,000) was realized in the Fee Program, with the remaining savings of \$85,000 realized in the non-development fee areas. In June 2011, additional funding of \$300,000 was added to Personal Services to support increased costs for development activity in order to improve customer service delivery. The additional funding proved unnecessary as much of this anticipated workload is now expected to be carried forward to 2011-2012. Additional funding of \$312,000 for a temporary engineer position and reallocated capital-funded staff to the fee program in order to improve customer service delivery is recommended in this document. In particular, two significant projects in North San José, Sony and Fairfield Northpointe, are impacting Public Works' ability to achieve its agreed upon performance with developers of processing 85.0% of the plans within their processing cycle time. For 2010-2011, this was achieved 78.0% of the time for non-planning permit projects.

Non-Personal/Equipment expenditures and encumbrances were 46.6% below budgeted levels (\$222,000). Non-Fee Program expenditure savings of \$93,000 are the result of lower than anticipated vehicle maintenance and operations and machinery/equipment costs. Savings in the Fee Program of \$128,000 reflect lower than anticipated supplies/materials, training, dues and subscription, and communications costs.

Savings in the Public Works Fee Program results in a surplus of \$530,000. A portion of these savings (\$35,000) is recommended to be allocated to the Building Fee Program Reserve to pay for a portion of Public Works' share for the Development Fee Program Administrative Hub and the remainder (\$495,000) is recommended to be allocated to the Public Works Fee Program Reserve.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues (Cont'd.)

- *Redevelopment Agency*

The Redevelopment Agency expended 82.8% of its General Fund modified budget with year-end savings of \$266,000 of which all savings were attributed to Personal Services expenditures. As a result of the continued uncertainty surrounding the Redevelopment Agency given current State legislation, savings were realized as a result of layoffs of staff in Spring 2011 as well as the retirement of staff in June 2011. It should be noted that a corresponding decrease in Revenue from Local Agencies was seen as these costs are 100% reimbursed by the Redevelopment Agency therefore having no impact on the Ending Fund Balance in the General Fund.

Highlights of Non-Departmental Expenditures and Variances

The non-departmental categories consist of City-Wide Expenses, Capital Contributions, Transfers, Earmarked Reserves, and the Contingency Reserve. An overview of the expenditure performance in these categories is provided below:

**TABLE E
2010-2011
NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)**

Category	Modified Budget	Actual	Variance	% Variance
City-Wide Expenses	\$ 212,916	\$ 181,240	\$ 31,676	14.9%
Capital Contributions	14,140	8,839	5,301	37.5%
Transfers	28,539	28,534	5	0.0%
Earmarked Reserves	45,877	-	45,877	100.0%
Contingency Reserve	29,309	-	29,309	100.0%
Ending Fund Balance Reserve	12,931	-	12,931	100.0%
TOTAL	\$ 343,712	\$ 218,613	\$ 125,099	36.4%

- *City-Wide Expenses*

Included in City-Wide Expenses is funding related to more than one department or that is not directly associated with ongoing departmental operations. In this category, a total of 85.1% of the General Fund was expended, resulting in a significant savings level of \$31.7 million. Of this amount, \$29.0 million was assumed as savings in the development of the 2011-2012

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

budget or rebudgeted to 2011-2012 in the Adopted Budget, leaving a net balance of \$2.7 million.

The major 2010-2011 expenditures in this category included:

- TRANS Debt Service payment of \$75.4 million which was completed for cash flow purposes.
- City-wide General Fund Workers Compensation Claims payments of \$17.2 million which were \$586,000 below the 2010-2011 Modified Budget (\$17.8 million). Total expenditures are \$1.4 million or 8.8% higher than 2009-2010 actuals (\$15.8 million).
- Sick Leave Payments Upon Retirement of \$14.1 million ended the year at 2010-2011 budgeted levels but \$500,000 below 2009-2010 actual payments of \$14.6 million.
- Convention Center Lease Payment of \$15.0 million ended the year at 2010-2011 budgeted levels. In 2010-2011 all payments were offset by reimbursement from the San Jose Redevelopment Agency. Beginning in 2011-2012, only a partial payment of this annual payment will be reimbursed by the Redevelopment Agency.

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Details of these appropriation adjustments are reflected in Section III of this document. After accounting for actions already approved in the 2011-2012 Adopted Budget and clean-up actions recommended in this document, there are no net savings in the City-Wide Expenses.

A discussion of the performance in each City Service Area program category is provided below.

Community and Economic Development – Included in this program is funding for various facility operating subsidies, lease payments, and economic development activities. The more significant expenditures in 2010-2011 included: Convention Center Lease Payments (\$15.0 million); Comprehensive General Plan Update (\$1.8 million); Technology Center Subsidy - Tech Museum (\$1.3 million); Economic Incentive Fund (\$1.0 million); History San José (\$825,000).

In 2010-2011, expenditures in this category totaled \$25.2 million and were \$2.4 million below the modified budget. Approved in the 2011-2012 Adopted Budget were \$1.7 million in rebudgets from 2010-2011 to 2011-2012 and planned project savings of which the largest included: Historic Preservation (\$597,000); Public Art in Private Development (\$522,000);

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

Economic Development Pre-Development Activities (\$181,000); and 4th Street Garage Banquet Facility Maintenance and Operations (\$103,000).

Additional net adjustments are recommended as part of this report totaling \$460,000 and include, but are not limited to, additional unspent funds for Donna Bradford Improvement Project (\$294,000), 4th Street Garage Banquet Facility Maintenance and Operations (\$252,000), and Evergreen Innovation Corridor (\$10,000).

After accounting for all adjustments, this program category ended the year below budgeted levels with net savings totaling \$260,000. In addition, an augmentation of \$120,000 to the Comprehensive General Plan Update project is recommended in Section IV of this report.

Environmental and Utility Services – Funding for various environmental initiatives through policy development, program design, and reliable utility services are included in this program. Significant projects in 2010-2011 included: The Recovery Act Energy Efficiency and Conservation Block Grant (\$2.4 million); Recovery Act - Solar Market Transformation (\$661,000); and Storm Fees (\$254,000).

Expenditures in this program in 2010-2011 totaled \$4.1 million and were \$9.0 million below the modified budget. The 2011-2012 Adopted Budget incorporated rebudgets totaling \$9.0 million including but not limited to: Recovery Act – Energy Efficiency and Conservation Block Grant (\$6.5 million), City-Building Energy Projects Program (\$1.3 million), Recovery Act – Solar Market Transformation (\$354,000), Silicon Valley Energy Watch (SVEW) Innovator Pilots (\$247,000), and Recovery Act – Retrofit California Program (\$195,000).

Additional rebudget adjustments resulting in a net reduction of \$49,000 are recommended in this document based on actual 2010-2011 performance. The net reduction is reflective of downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved as part of the 2011-2012 Adopted Budget. After adjusting for all rebudgets, net savings of \$2,000 remain in this category.

Neighborhood Services – Included in the Neighborhood Services program is funding for community activities, providing healthy neighborhoods, and providing access for learning opportunities. Major expenditures in 2010-2011 include but are not limited to: San José BEST (\$4.8 million); Children's Health Initiative (\$2.1 million); Healthy Neighborhood Venture Fund - Youth Services (\$1.6 million); Workers' Compensation Claims - PRNS (\$1.5 million); and Healthy Neighborhood Venture Fund - Senior Services (\$1.4 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

In 2010-2011, expenditures in this program totaled \$15.1 million and were \$654,000 below the modified budget. The 2011-2012 Adopted Budget included rebudgets totaling \$375,000, the largest of which were for the San José BEST program (\$140,000) and the Hoffman/Via Monte Neighborhood Youth Center (\$103,000).

Additional savings of \$236,000 are recommended to be rebudgeted in Section IV of this document for Workers' Compensation Claims – PRNS (\$225,000) and the San José BEST program (\$57,000). In addition, downward adjustments are recommended where actual year-end savings were lower than projected levels including: San José After School – Year 5 District Contracts (-\$35,000) and the 2008 Juvenile Justice and Delinquency Grant (-\$4,000). After accounting for all recommended adjustments, the Neighborhood Services CSA ended the year below budgeted levels with net savings totaling \$43,000.

Recommended augmentations of \$669,000 are included in Section IV of this report for the After School Education and Safety Program for 2011-2012 (\$608,000) and the Summer Youth Nutrition Program (\$61,000).

Public Safety – Included in this program are a number of grants and programs which continue to assist in providing prevention and emergency response services though it is primarily comprised of workers' compensation claims for the Fire and Police Departments (\$13.8 million, 49.5% of the 2010-2011 modified budget). Major 2010-2011 expenditures included: Workers' Compensation Claims – Police (\$7.9 million); Workers' Compensation Claims – Fire (\$5.9 million); 2009 Urban Area Security Initiative – Fire (\$1.7 million); 2009 Urban Area Security Initiative – Police (\$961,000); and Internet Crimes Against Children Continuation Grant (\$647,000).

Total expenditures of \$22.1 million were \$5.8 million below the modified budget. Rebudgets totaling \$5.4 million were approved in the 2011-2012 Adopted Budget including: Fire Self Contained Breathing Apparatus (\$2.2 million), Recovery Act – 2009 Internet Crimes Against Children Task Force (\$570,000), Automated Fingerprint Identification System (\$490,000), Cardiac Monitors/Defibrillators (\$440,000), and for the 2010 COPS Technology Program Grant projects (\$382,000).

Included in Section IV of this document are additional net rebudget adjustments totaling \$103,000 are recommended based on actual 2010-2011 performance. Major rebudgets include: Mobile Identification Services Project (\$137,000), Workers' Compensation Claims – Police (\$105,000), Recovery Act - 2009 Anti-Human Trafficking Task Force (\$66,000), Workers' Compensation Claims – Fire (\$63,000), and State Homeland Security Grant program (\$50,000). A number of appropriations did not generate as much savings as

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

anticipated and downward adjustments are recommended including but not limited to: the Internet Crimes Against Children Continuation Grant (-\$103,000), the 2010 COPS Technology Program Grant (-\$87,000), and the 2009 Metropolitan Medical Response System (MMRS) Grant – Fire (-\$55,000).

After accounting for all rebudget adjustments recommended and approved, this program category ended the year with net savings totaling \$229,000.

Recommended augmentations for various projects and new grant cycles of two annual grants of \$320,000 are outlined in Section IV of this document: 2011-2012 Internet Crimes Against Children (ICAC) State Grant, the 2011-2012 Anti-Drug Abuse Grant, and the Silicon Valley Interoperability Project (\$75,000).

Transportation and Aviation Services – Included in this program is funding for surface infrastructure improvements and repairs ensuring transportation systems that support livability and processing fees for parking citations and courthouse fees. Major 2010-2011 expenditures in this category include: Parking Citations/Jail Courthouse Fees (\$2.3 million); Parking Citations Processing (\$974,000); Sidewalk Repairs (\$703,000), and Workers' Compensation Claims – Department of Transportation (\$500,000).

In 2010-2011, expenditures in this category totaled \$4.9 million and were \$278,000 below the modified budget. No rebudgets were approved in the 2011-2012 Adopted Budget though rebudget adjustments totaling \$141,000 are recommended in this report. Recommended rebudgets include Contractual Street Tree Planting (\$100,000) and Workers' Compensation Claims – Transportation (\$42,000). After accounting for these recommended rebudgets, this category ended the year with adjusted net savings of \$137,000.

Strategic Support – This program includes numerous funds to ensure the management and safeguard of the City's fiscal, physical, technological, and personnel resources are in place to effectively deliver City services and projects. Included in this category are funds for the issuance of the 2010 TRANs debt payment, insurance premiums, general liability claims, sick leave payouts, debt service payments, workers' compensation claims, and financial payments. In 2010-2011 major expenditures included: 2010 TRANs Debt Service payment (\$75.4 million) as discussed previously in this document; Sick Leave Payments upon retirement (\$14.1 million); General Liability Claims (\$5.6 million) as a result of a pending settlement on current cases; Property Tax Administration Fee (\$2.6 million); FMC Debt Service Payments (\$1.7 million); Public, Educational, and Government (PEG) Access Facilities – Capital (\$1.4 million); Banking Services (\$1.1 million); and Worker's Compensation Claims – Other (\$1.1 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)
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In 2010-2011 expenditures in this category totaled \$109.7 million and were \$13.5 million below the modified budget. Included in the 2011-2012 Adopted Budget was \$12.5 million in rebudgeted funds from 2010-2011 to 2011-2012. Included in this amount were significant rebudgets such as: General Liability Claims (\$7.8 million), Sick Leave Payments Upon Retirement (\$2.0 million), TRANs Debt Service (\$600,000), Labor/Employee Relations Consultant Funding (\$365,000) and False Claims Act Litigation Settlement (\$310,000).

In Section IV of this report, additional rebudgets totaling a net \$1.5 million are recommended including, but not limited to: Watson Park Settlement (\$1.4 million), Workers' Compensations Claims – Other Departments (\$213,000), Arts Stabilization Loan Fund (\$89,000), and City Manager Special Projects (\$61,000). As appropriate, where actual year-end savings were less than projected, downward adjustments are recommended in this report; the largest of these adjustments were for the General Liability Claims (\$400,000).

After accounting for all approved and recommended rebudget and clean-up adjustments, there were no net savings in this program category and expenditures anticipated will be \$269,000 higher than originally estimated. This is primarily the result of the reconciliation of the Public, Educational, and Government (PEG) Access Facilities which is offset by higher than anticipated revenue collections in 2010-2011.

- *Capital Projects*

In 2010-2011, the General Fund provided funding totaling \$14.1 million for capital projects. Of this amount, approximately \$5.3 million was unexpended at year-end. The projects with the largest unexpended balances included:

Capital Projects	(\$000s)
Building Facilities Maintenance Backlog*	\$ 1,783
Fire Apparatus Replacement	1,112
South San José Police Substation FF&E	889
Fire Station 37 (Willow Glen)	620
Arena Repairs	611
Maintenance Backlog – Neighborhood Appearance	101
All Other Projects	185
Total Unexpended Capital Projects	5,301

* 9-1-1 Uninterruptible Power Supply System, Police Communications Air Handling Units and Generator Controls, Police Special Operations Unit Mechanical System

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

It should be noted, however, that rebudgets of \$4.0 million were included as part of the 2011-2012 Adopted Budget. An additional net total of \$1.2 million is recommended for rebudget and \$12,000 is recommended as a budget augmentation for the Fire Apparatus Replacement appropriation as part of this report. After adjusting for these two types of changes, the net savings in the General Fund Capital category was \$78,000. All Arena Repairs savings will be carried over to 2011-2012. As a General Fund budget balancing strategy in 2011-2012, the annual General Fund allocation of \$100,000 for Arena Repairs (maintenance and repair needs at HP Pavilion at San José) was suspended for two years (2011-2012 and 2012-2013) with the expectation that the remaining funds in 2010-2011 would be rebudgeted to 2011-2012 to cover repairs during the next two years.

- *Transfers*

In the Transfers category, expenditures of \$28.5 million fell below budgeted amounts by \$5,000 at year end.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2011, the total Reserve balance was \$88.1 million.

Of this amount, \$45.9 million represented Earmarked Reserves, the largest of which were the Workers' Compensation/General Liability Reserve (\$10.0 million); Fee Supported – Building Reserve (\$7.7 million); Economic Uncertainty Reserve (\$5.0 million); Unemployment Insurance Reserve (\$5.0 million); Salaries and Benefits Reserve (\$4.3 million); Retiree Healthcare Reserve (\$2.6 million); and Fee Supported – Fire Reserve (\$2.4 million). Almost all of the Earmarked Reserves were approved for rebudget to 2011-2012 (\$28.5 million) as part of the Adopted Budget and appropriated as reserves, or were used as solutions to the 2010-2011 General Fund shortfall (\$17.1 million).

Funding for the Ending Fund Balance Reserve (\$12.9 million) was set aside as part of the 2010-2011 Mid-Year Budget Review (\$8.5 million) and as part of the 2010-2011 year-end clean-up actions (\$4.4 million) to account for additional revenues and expenditure savings expected to be generated in 2010-2011 for use in 2011-2012. The use of these funds was assumed in the development of the 2011-2012 Adopted Budget.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

At the end of the year, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2011-2012 Adopted Budget, the full Contingency Reserve was rebudgeted. No additional funding is necessary to be added to the Contingency Reserve in 2011-2012 in order to comply with the Council Policy of maintaining a 3% Contingency Reserve in the General Fund.

Recommended General Fund Expenditure Adjustments

Recommended expenditure adjustments and clean-up actions can be found in *Section IV – Recommended Budget Adjustments and Clean-Up Actions* of this document. Adjustments are in the following categories: Required Technical/Rebalancing Actions, Grants/Reimbursements/Fees, and Urgent Fiscal Needs and are described in detail in the General Fund Recommended Budget Adjustments Summary. In addition, clean-up actions can also be found in this section with a detailed description found in the introduction of that section.

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**III. SELECTED SPECIAL/
CAPITAL FUNDS
BUDGET
PERFORMANCE**

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III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2010-2011 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and Ending Fund Balance performance. The funds are discussed in alphabetical order.

Included in this report are a set of universal adjustments in most all of the funds that reconcile retirement contributions and unemployment insurance as directed in the City Council-approved Mayor's June Budget Message for 2011-2012 and another set of adjustments to set aside additional potential Annual Required Contribution to the Federated Retirement System.

Revenue Performance: This discussion identifies the amount of revenue and the major revenue sources; provides context regarding the variance of the year-end revenue performance from the budget; and compares revenues to the prior year performance.

Expenditure Performance: This discussion identifies the amount of expenditures and the major expenditure categories; provides context regarding the variance of the year-end expenditure performance from the budget; lists related 2011-2012 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2011-2012 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2011-2012 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2011-2012 budget as it relates to recommended actions included in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$53,736	\$44,890	(\$8,846)	(16.5%)
Expenditures	\$250,850	\$113,727	\$137,123	54.7%

Revenue Performance

In 2010-2011, capital revenues totaled \$44.9 million, a shortfall of \$8.9 million or 16.5% below the budgeted estimate. Receipt of Commercial Paper proceeds of \$5.0 million is not included in the total revenue amount since these proceeds are unbudgeted and are reflected in the Beginning Fund Balance. Commercial Paper resources are drawn to finance projects in the Airport Revenue Bond Improvement Fund.

Actual revenues received in 2010-2011 consist of the following (excluding the Commercial Paper proceeds noted above): Grant income (\$10.8 million), Passenger Facility Charges (PFCs) (\$17.3 million), Interest (\$1.4 million), Transfers from other Airport funds (\$10.3 million), and other miscellaneous revenue (\$175,000). Interest income, PFCs and tenant improvement reimbursements all ended the year above the modified budget estimate, offset by grant income and interest earnings ending the year below the budgeted estimate.

Expenditure Performance

In 2010-2011, expenditures and commitments of \$113.7 million were primarily attributed to transfers to other funds for debt service (\$26.5 million); Terminal Area Development, Phase I (\$48.0 million); Public Parking Improvements (\$11.0 million); Taxiway W Improvements (\$8.8 million); Consolidated Rental Car Garage (\$8.3 million); and the North Concourse Building (\$4.0 million). The remaining balance of \$137.1 million primarily reflects the anticipated close out of Terminal Area Improvement Program projects and project reserves, as well as project savings. A total of \$123.5 million in Airport capital project funding was approved for rebudget as part of the 2011-2012 Adopted Capital Budget, and a net amount of \$424,000 is recommended for rebudget as part of this document to continue projects already underway.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

The expenditure variance (\$137.1 million) was due to lower than budgeted project expenditures. The following is a list of the major unexpended projects totaling \$132.2 million:

- The Terminal Area Improvement, Phase I project variance (\$73.2 million) results primarily from project reserves and savings associated with the design-bid-build projects that were mostly completed in 2010-2011. Funding of \$66.3 million was rebudgeted into 2011-2012 as part of the Adopted Capital Budget. The final close-out of this project is anticipated to occur in 2011-2012. At this time a determination of any use or application of unspent bond proceeds will be finalized.
- The Consolidated Rental Car Facility project variance (\$19.5 million) also reflects project reserves and savings. A large portion of the project's savings (\$18.9 million) was rebudgeted in the 2011-2012 Adopted Capital Budget. The remaining project funds will be reviewed as part of the final close-out of the project. Project savings are held in the appropriation until such time as a review of unspent proceeds is completed.
- The Taxiway W Improvements project variance (\$13.1 million) reflects the timing of the project phasing. All phases of the project (I-VII) are scheduled to be completed by 2016 contingent on continued Federal Aviation Administration grant funding. A portion of the remaining funds (\$11.8 million) was rebudgeted as part of the 2011-2012 Adopted Capital Budget and an additional \$797,000 is recommended to be rebudgeted as part of this report with the remainder available to complete the improvement through Phase VII. The Taxiway W Improvements project provides infrastructure to support future development on the Airport's westside.
- The Public Parking Improvements project budget was entirely funded in its first year, with the intent to rebudget funds until the project's completion, scheduled for 2012. Funding of \$11.4 million was rebudgeted as part of the 2011-2012 Adopted Capital Budget to continue work. The project includes the recent construction of the "Green Island" economy parking lot and surface lots located south of the Consolidated Rental Car Garage and Terminal B, as well as design of taxi and shuttle bus staging areas. Because anticipated savings were not achieved, a decrease of \$483,000 is recommended in this appropriation as part of this report.
- The North Concourse Building project variance (\$6.4 million) reflects the timing of the establishment of the project's budget. Since funding for this project was programmed entirely in the first year, funds have been rebudgeted until the project's completion. Funding of \$4.0 million was rebudgeted into 2011-2012 as part of the 2011-2012 Adopted Capital Budget. As with other Terminal Area Improvement Program design-bid-build projects, project savings have been held in the appropriation until such time as a full project close out occurs and a determination is made with regard to unspent proceeds.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- The Clean-Up of Existing Fuel Farm project variance (\$5.3 million) was rebudgeted as part of the 2011-2012 Adopted Capital Budget to complete demolition and contamination clean-up of pipelines and equipment that remain on the City-owned portion of the old aviation fuel facility. Funding of \$5.7 million was rebudgeted to the project in the 2011-2012 Adopted Capital Budget. However, anticipated savings were not achieved and a decrease of \$388,000 is recommended in this appropriation elsewhere in this document.
- Three other appropriations had savings over \$1 million: Renewal and Replacement Projects (\$1.7 million), Non-Terminal Area Projects (\$1.2 million) and Advanced Planning (\$1.0 million). The Renewal and Replacement Projects appropriation provides funds for improvements and repairs on the Airport campus on an as-needed-basis. Savings in this appropriation falls to fund balance and is made available for future as-needed improvements and repairs. Remaining funds (\$2.1 million) in the Non-Terminal Area Projects and Advanced Planning appropriations have been rebudgeted as part of the 2011-2012 Adopted Capital Budget process to provide funding for necessary studies and the design of a Fuel Truck Maintenance Facility.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$475,833	\$344,136	\$313,117	(\$31,019)	(\$424)	(\$31,443)	6.6%

The 2010-2011 Ending Fund Balance of \$313.1 million was \$31.0 million below the estimate used to develop the 2011-2012 Adopted Budget. The primary reason for this negative variance is a \$67 million reduction in commercial paper capacity offset by lower than budgeted expenditures.

It is recommended that \$424,000 of the remaining fund balance be allocated for rebudgets to complete various capital projects.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$85,964 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

2010-2011 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$114,236	\$118,355	\$4,119	3.6%
Expenditures	\$139,151	\$119,278	\$19,873	14.3%

Revenue Performance

Overall revenue performance in the Airport Revenue Fund ended the year above the budgeted level. Operating revenue categories at the Airport include: Airfield Area, Landing Fees, Parking and Roadway, Petroleum Products, Terminal Building, Terminal Rental, and Miscellaneous Revenue. Operating revenue ended the year \$4.1 million above the budgeted level primarily due to greater than budgeted Parking and Roadway revenue which includes Parking Revenue and Rental Car Privilege Fees. Additional categories with higher than budgeted levels of revenue were the Airfield, Terminal Rental, and Other Space Rents in the Terminal Building category offset with lower than estimated interest earnings. Transfers from other Airport funds, also a significant revenue source for the Airport Revenue Fund, were slightly below budgeted levels by \$255,000 due to reduced interest earnings from the Airport Fiscal Agent Fund. In total, both of these revenue categories reflect a revenue variance in 2010-2011 of \$4.1 million above budgeted levels.

Expenditure Performance

Expenses in this fund consist entirely of transfers to other Airport funds. The largest transfer is made to the Airport Maintenance and Operation Fund. In 2010-2011, the transfer to the Airport Maintenance and Operation Fund was \$19.9 million less than budgeted due to lower than anticipated expenditures in the Airport Maintenance and Operation Fund as described elsewhere in this report, resulting in an expenditure variance of 14.3%.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$10,284	\$24,347	\$34,811	\$10,464	\$0	\$10,464	101.8%

The 2010-2011 fund balance variance of \$10.5 resulted from greater than estimated Airport revenues and expenditure savings due to a reduced transfer to the Airport Maintenance and Operation Fund in addition to a prior year Other Post Employment Benefit related audit adjustment of \$533,903.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS - AIRPORT CUSTOMER FACILITY AND
TRANSPORTATION FEE FUND & AIRPORT MAINTENANCE AND OPERATION FUND**

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$111,793	\$93,578	(\$18,215)	(16.3%)
Expenditures	\$101,190	\$90,707	(\$10,483)	(10.4%)

Revenue Performance

Airport Operating funds include the Airport Customer Facility and Transportation Fee Fund (Fund 519), which includes the Rental Car Customer Facility Charge Fees and the Rental Car Contributions; and the Airport Maintenance and Operation Fund (Fund 523) that provides for all general Airport operating expenses including Police, Fire and interdepartmental services. Revenues in these two funds ended the year significantly less than budgeted (\$18.2 million), however that was in large part due to a lower than anticipated transfer from the Airport Revenue Fund. The lower transfer from the Airport Revenue Fund (\$19.1 million) was possible due to savings in the various Airport operating expenses partially offset by higher than budgeted Customer Transport Fees (\$831,000) as the result of increased car rental activities in the Customer Facility and Transportation Fee Fund.

Expenditure Performance

Consistent with the performance of the Airport operating fund revenues, Airport operating expenses also ended the year below budgeted levels. For 2010-2011, expenditures in these two funds totaled \$90.7 million, which were \$10.5 million below budgeted levels primarily due to savings in personal services (\$1.8 million) and non-personal/equipment appropriations (\$7.2 million). Personal services savings were the result of an increase in the number of retirements; efficiencies associated with consolidation of staff at the Airport; and reduced compensated absence liability and workers' compensation costs associated with decreased Airport staffing levels. Non-personal/equipment savings were realized due to lower than budgeted utility expenditures for operation of both Terminal B and the Consolidated Rental Car Facility; lower shuttle bus program expenses due to reduced frequency of service and delay of surface lot transportation until June 2011; maintenance cost savings associated with the Parking Revenue Control System as testing and acceptance of the new system has not occurred; and lower than estimated Commercial Paper Program and Lines of Credit fees. Although most of the savings are one-time, the savings contributed to a higher 2010-2011 ending fund balance/2011-2012 beginning fund balance and are available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS - AIRPORT CUSTOMER FACILITY AND
TRANSPORTATION FEE FUND & AIRPORT MAINTENANCE AND OPERATION FUND
(CONT'D.)**

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$20,954	\$20,420	\$21,980	\$1,560	\$0	\$1,560	7.4%

The 2010-2011 combined Ending Fund Balance of \$22.0 million was \$1.6 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due to lower than budgeted revenues offset by lower than budgeted expenditures in addition to a prior year Other Post Employment Benefit related audit adjustment of \$533,903.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$307,800 in the Airport Maintenance and Operations Fund and increase the Contingency Reserve are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$485,149 for the Airport Maintenance and Operations Fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the Contingency Reserve. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the Contingency Reserve.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BENEFIT FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$82,916	\$82,897	(\$19)	(0.0%)
Expenditures	\$80,880	\$78,456	\$2,424	3.0%

Revenue Performance

Revenues in the benefit funds are primarily generated from benefit rates applied to City funds to cover the costs related to providing employee benefits, which are driven by premiums and enrollment and vary year-over-year. Benefit rates are set to produce the necessary revenues to cover the projected costs.

Aggregate revenue collections in 2010-2011 were at budgeted levels, however, revenue performance varied widely by fund. Descriptions of the revenue performance for each fund are summarized below.

- Dental Insurance Fund: Revenues ended the year above budgeted levels by \$560,000 (4.6%) primarily due to higher than estimated reimbursements from retirement funds (\$363,000), City funds (\$129,000), and participant contributions (\$54,000) for dental insurance coverage. Revenues in 2010-2011 were \$344,000 (2.8%) above the 2009-2010 revenues of \$12.5 million due to a higher reimbursement from the retirement funds (\$625,000), partially offset by a lower reimbursement from City funds (\$231,000) and lower interest earnings (\$33,000).
- Life Insurance Fund: Revenues were slightly below budgeted levels (\$22,000) mostly due to lower than estimated participant contributions (\$12,000) and reimbursements from City funds (\$9,000). Revenues in 2010-2011 were \$146,000 (11.9%) below the 2009-2010 revenues of \$1.2 million primarily due to lower reimbursements from City funds (\$93,000) and participant contributions (\$48,000).
- Unemployment Insurance Fund: Revenue collections in 2010-2011 ended the year at budgeted levels. Compared to 2009-2010, however, revenues increased significantly by \$4.6 million or 277.8% due to the increase in contributions from City funds to account for an anticipated spike in unemployment claims in 2010-2011 and subsequent years due to unprecedented lay-offs of City employees. Due to the higher anticipated number of unemployment claims, the reserve for claims was increased accordingly.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BENEFIT FUNDS (CONT'D.)

Revenue Performance (Cont'd.)

- Benefit Fund: Revenues in this fund ended the year below the modified budget level by \$575,000, or 0.9%. The revenue variance is primarily due to lower than budgeted collections from City funds for Health Plans (\$1.2 million); FICA – Medicare payments (\$459,000); and PTC 457 for part-time, temporary, and contractual employee contributions for retirement (\$154,000); offset by a \$1.3 million grant for the Early Retirement Reinsurance Program (ERRP). The ERRP program provides reimbursements of up to 80% of the costs of medical plan claims between \$15,000 and \$90,000 for retirees who are under the age of 65 (“early retirees”) as part of the federal Health Care Reform. As approved by the City Council on June 21, 2011, the City accepted a reimbursement in the amount of \$1.3 million from the federal government for eligible early retiree medical claims in 2010-2011 and placed the funds into an earmarked reserve. During 2011-2012, the Administration will work with the federal Department of Health and Human Services to understand how these funds can be utilized.

Expenditure Performance

Expenditures in the benefit funds cover administrative costs, anticipated claims, premiums, and other expenditures related to the provision of employee benefits. Expenditures ended the year \$2.4 million, or 3.0% below budgeted levels. The expenditure variances are explained by fund below.

- Dental Insurance Fund: Expenditures ended the year slightly below budgeted levels by \$165,000 (1.3%) primarily due to lower than estimated payment of dental insurance claims (\$92,000), lower than anticipated dental plan premiums (\$43,000), and Non-Personal/Equipment savings (\$19,000). Expenditures in 2010-2011 were \$169,000 (1.4%) below the 2009-2010 level of \$12.5 million primarily due to lower payment of dental insurance claims (\$106,000) and lower than anticipated dental plan premiums (\$67,000).
- Life Insurance Fund: Expenditures in 2010-2011 ended the year at budgeted levels. Compared to 2009-2010, however, expenditures in 2010-2011 were \$149,000 (11.2%) lower primarily due to lower life insurance premium costs (\$147,000).
- Unemployment Insurance Fund: Expenditures ended the year below budgeted levels by \$647,000 (15.6%) primarily due to lower than budgeted payment of unemployment claims (\$638,000). Expenditures in 2010-2011 (\$3.5 million) were almost double the 2009-2010 level of \$1.8 million due to the significant increase in the payment of unemployment claims (\$1.7 million) resulting from a high number of employee lay-offs and federal extension of unemployment benefits.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BENEFIT FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- **Benefit Fund:** Expenditures ended the year below budgeted levels by \$1.6 million (2.5%) primarily due to lower than budgeted expenditures for health plan payments (\$798,000); FICA – Medicare payments (\$456,000); PTC 457 for part-time, temporary, and contractual employee contributions for retirement (\$154,000); and COBRA health coverage for employees separating from the City (\$140,000). Expenditures in 2010-2011 were \$2.5 million (4.0%) below the 2009-2010 level of \$64.0 million due to lower expenditures for health plan payments (\$1.8 million); FICA – Medicare payments (\$463,000); PTC 457 (\$235,000); employee assistant program costs (\$60,000); and COBRA health coverage for employees separating from the City (\$50,000), partially offset by a higher than budgeted consultant fees (\$120,000).

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$87,619	\$6,963	\$9,144	\$2,181	0	\$2,181	2.5%

The 2010-2011 Ending Fund Balance of \$9.1 million was \$2.2 million above the estimate used to develop the 2011-2012 Adopted Budget. The variance in ending fund balances in the benefit funds is the result of the combined impact of the lower than estimated expenditures and higher than estimated revenues.

The Ending Fund Balance in the Benefit Fund of \$1.4 million was \$1.0 million above the estimate used to develop the 2011-2012 Adopted Budget primarily due to the receipt of grant funds for ERRP, partially offset by an under collection of health premiums from City funds. The imbalance between estimated expenditures for health plan premiums and corresponding revenue collections from City funds for the City's share of health plan premium costs resulted in a variance of \$406,000. Human Resources staff is currently working on a complete reconciliation to determine health premiums owed by City funds. Staff is committed to regularly monitoring the collection of health premiums from City funds to avoid this problem moving forward.

As directed by the City Council through the approval of the Mayor's June Budget Message for Fiscal Year 2011-2012, included in this report are reductions to Transfers for Reimbursements from City Funds for unemployment contributions by \$3.4 million as a result of a complete unemployment contributions reconciliation based on the final actions approved in the 2011-2012 Adopted Budget. These reconciliations as described in detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions of this report, adjust for current projected unemployment insurance claims, and account for the employee placement process that occurred at the end of June 2011. The benefit funds are not designed to carry significant unrestricted fund balances, though some of the funds do carry

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BENEFIT FUNDS (CONT'D.)

adequate claims reserves. Therefore, when unrestricted fund balances increase beyond reasonable levels as a result of higher revenues than expenditures in a particular year, the budgets for the following year are developed with the intention of reducing those balances through rate adjustments. Conversely, rates are increased to augment claims reserves or unrestricted fund balances as needed.

In addition, this report recommends technical adjustments related to service restorations resulting in a net revenue increase of \$21,000 in the Benefit Fund as well as adjustments to retirement contributions (\$5,000) and unemployment contributions (\$7,000) that reduce the Human Resources Department's Personal Services allocation. The remaining fund balance is recommended to be allocated to the respective funds' 2011-2012 Ending Fund Balance and would be available for future use.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$11,519 in these funds and increase Ending Fund Balances are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$17,335 for these funds are set aside in Transfer appropriations to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balances. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside funds to the 2011-2012 Ending Fund Balances.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$25,517	\$18,920	(\$6,597)	-25.9%
Expenditures	\$38,578	\$20,997	\$17,581	45.6%

Revenue Performance

In 2010-2011, revenues totaled \$18.9 million and were generated from Building and Structure Construction Tax (\$9.4 million); receipts from State grants (\$7.1 million) for projects including traffic signal communications/synchronization, signal retiming, and couplet conversion; and receipts from federal grants (\$2.3 million) for various Intelligent Transportation Systems (ITS) projects, a pedestrian corridor improvement project, and the Branham Lane/Monterey Highway Rail project. The 2010-2011 revenues were below the budget estimate by \$6.6 million primarily due to lower than budgeted receipts of federal grants (\$6.3 million) and State grants (\$4.9 million) as a result of project delays, which were offset by higher than budgeted receipts of Building and Structure Construction Tax (\$4.9 million) due to residential permits pulled in December 2010 for two new housing developments in North San José in order to take advantage of temporary exemptions of affordable housing requirements and lower fees. It should be noted that a recommendation to rebudget a total of \$2.8 million in grant reimbursements is included as part of this report in order to account for lags in reimbursement or project delays.

The 2010-2011 collection level was \$642,000 lower (3.3%) than the 2009-2010 level of \$19.6 million primarily as a result of the elimination of a transfer from the Sewer Service and Use Charge Capital Improvement Fund (\$6.0 million) and a reduced level of federal grant receipts (\$209,000), partially offset by higher receipts of Building and Structure Construction Tax (\$3.3 million) and revenue from the State (\$2.5 million). At \$9.4 million, Building and Structure Construction Tax receipts in 2010-2011 were 53.3% higher than 2009-2010 collections (\$6.1 million), however, far from the 2001-2002 peak level of \$17.5 million. While a strong 2nd quarter performance for construction valuation activity caused a significant, short term spike in the collection levels for Building and Structure Construction Tax, this level of activity is unsustainable and activity is expected to return to 2009-2010 levels.

Expenditure Performance

In 2010-2011, expenditures of \$21.0 million were primarily attributed to: Traffic Signal Communications and Synchronization project (\$6.4 million), Julian and St. James Couplet Conversion project (\$3.1 million), Route 101/Mabury Acquisition Project (\$2.2 million), ITS: Transportation Incident Management Center (\$1.9 million), ITS Enhancements (\$1.7 million), Underground Utilities-City Conversions (\$485,000), a transfer to the City Hall Debt Service Fund (\$463,000), Lighting and Signal Program (\$394,000), North San José Regional Improvements (\$348,000), City-wide and Public Works Capital Support Costs (\$340,000), and Santa Clara/Alum Rock Bus Rapid Transit (\$322,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE TAX FUND (CONT'D.)

Expenditure Performance (Cont'd.)

This expenditure level was \$17.6 million or 45.6% below the modified budget. \$13.0 million of this variance was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget. A total of \$3.6 million is recommended for rebudget as part of this report to ensure sufficient funding for projects in 2011-2012. These rebudgets, combined with the rebudgets approved as part of the 2011-2012 Adopted Capital Budget, bring the expenditure variance down to \$973,000 or 2.5% below modified budget levels.

The \$17.6 million variance between budgeted and actual expenditures was caused primarily by the following projects:

- Delays in the Traffic Signal Communications and Synchronization project were primarily the result of staff vacancies. Of the \$4.2 million variance, \$3.2 million was rebudgeted as part of the 2011-2012 Adopted Capital Budget for the design and construction of the project. The remaining unexpended funds (\$968,000) are recommended for rebudget in this report.
- The ITS: Transportation Incident Management Center (TiMC) project generated savings due to longer than expected proposal evaluation/agreement negotiations, as well as staffing issues. Unexpended funds totaling \$3.0 million were rebudgeted as part of the 2011-2012 Adopted Capital Budget for the construction of the project. The remaining unexpended funds (\$87,000) are recommended for rebudget in this report.
- Delays were experienced in the San Carlos Street Multimodal Streetscape Improvement project due to timing issues with the Valley Transportation Authority and California Transportation Commission. Authorization to proceed with this project was approved by Caltrans in September 2011. Savings realized in this appropriation were anticipated and rebudgeted in the 2011-2012 Adopted Capital Budget.
- The Underground Utilities - City Conversions project generated savings of \$1.2 million due to PG&E schedule delays. A recommendation to rebudget these savings is included in this report.
- Savings of \$1.0 million were realized in the Route 101/Tully Interchange Upgrade project. Savings of \$500,000 were assumed and rebudgeted as part of the 2011-2012 Adopted Capital Budget, leaving a balance of \$500,000 available to rebudget. In August 2011, an increase of \$500,000 to this appropriation was approved by the City Council to further this project, therefore, no additional rebudgets are recommended as part of this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE TAX FUND (CONT'D.)

Expenditure Performance (Cont'd.)

- Savings of \$997,000 were generated in the Julian and St. James Street Couplet Conversion project due to weather-related construction delays. In the 2011-2012 Adopted Capital Budget, \$1.1 million in savings were assumed and rebudgeted to 2011-2012, therefore, this document includes a recommended downward adjustment of \$53,000 to account for the higher than anticipated 2010-2011 expenditure level.
- Savings of \$902,000 were realized in the Jackson Street: LRT to Japantown Pedestrian Corridor project. \$860,000 was assumed in the development of the 2011-2012 Adopted Capital Budget, with the remaining savings of \$42,000 recommended for rebudget as part of this report.
- Savings of \$735,000 were generated in The Alameda - A Plan for the Beautiful Way project due to unforeseen delays in the design process. A portion of these savings (\$565,000) were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget, with the remaining savings of \$170,000 recommended for rebudget in this report.
- Savings of \$546,000 were generated in the Branham Lane/Monterey Highway Rail Grade Separation project due to timing issues with Caltrans in issuing the authorization to proceed. Unexpended funds of \$528,000 were rebudgeted as part of the 2011-2012 Adopted Capital Budget, with the remaining savings (\$18,000) recommended for rebudget as part of this report.
- Savings were realized in the San José State University to Japantown Pedestrian Corridor project due to unforeseen construction delays. The majority of savings in this appropriation were anticipated and rebudgeted in the 2011-2012 Adopted Capital Budget, with a recommendation to rebudget the remaining savings of \$32,000 as included in this report.
- Savings of \$435,000 were generated in the High Speed Rail project due to a delay on the Environmental Impact Report, and City Council's direction requiring staff to explore the best underground and aerial alternatives and to develop Visual Design Guidelines. A portion of the unexpended funds (\$290,000) were rebudgeted as part of the 2011-2012 Adopted Capital Budget. Also included in this report is a recommendation to decrease this project and the corresponding revenue estimate by \$200,000, as the California High Speed Rail Authority is currently unable to commit to a reimbursement schedule for City design work.

The remaining variance (\$4.6 million) reflects unexpended funds in a number of projects with balances of less than \$400,000.

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BUILDING AND STRUCTURE TAX FUND (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$41,026	\$11,195	\$13,869	\$2,674	(\$795)	\$1,879	4.6%

The 2010-2011 Ending Fund Balance of \$13.9 million was \$2.7 million above the estimate used to develop the 2011-2012 Adopted Capital Budget. This variance was due to lower than estimated revenues (\$1.9 million) offset by lower than estimated expenditures (\$4.6 million).

It is recommended that a portion of the additional fund balance be allocated for rebudgets for various capital projects (\$3.6 million) to ensure sufficient funding for these projects to continue in 2011-2012. In addition, recommendations to rebudget \$2.8 million in revenues are included in this report to reflect revenue that was anticipated in 2010-2011 but is now anticipated in 2011-2012. Also included is a recommendation to provide \$60,000 in funding for the Lyndale Sidewalk Project, as described elsewhere. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$107,040 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance. Lastly, an increase of \$120,000 to the Lighting and Signal Program is recommended for staff to perform traffic signal/streetlight plan review and design work for projects generated by development activities, regional projects, and grant sources. These projects require conceptual engineering work to determine the ultimate scope of the project. After accounting for the recommended revenue and expenditure rebudgets as well as the adjustments for Lyndale Sidewalk, High Speed Rail, Lighting and Signal Program, and Retirement Transfer, \$1.8 million will be added to the Ending Fund Balance to be available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$32,079	\$33,229	\$1,150	3.6%
Expenditures	\$80,397	\$48,134	\$32,263	40.1%

Revenue Performance

Construction and Conveyance Tax Fund revenues in 2010-2011 totaled \$33.2 million and were generated from Construction and Conveyance tax receipts, transfers between funds, State and federal grants, interest earnings, developer contributions, and miscellaneous revenues.

The elements of the positive \$1,150,000 net revenue variance were as follows: **(\$000s)**

Grants	\$ (609)
Developer Contributions and Miscellaneous Revenues	(546)
Interest Earnings	(126)
Construction and Conveyance Tax Revenue	1,384
Transfers of Construction and Conveyance Revenue between funds	<u>1,047</u>
Total	\$ 1,150

Construction and Conveyance Tax revenue collections in 2010-2011, which are almost entirely generated from property transfers, dropped slightly compared to receipts in 2009-2010. Actual collections for 2010-2011 totaled \$21.4 million, which is \$1.1 million less than \$22.5 million received in 2009-2010. This drop is consistent with the 11% decrease in property transfers for all types of residences between 2009-2010 and 2010-2011. Numerous tax incentive programs, foreclosures, and short sales occurred in 2009-2010, which was reflected in the higher Construction and Conveyance Tax receipts. However, as the credit market tightened and tax incentive programs expired, less home sales occurred in 2010-2011, which resulted in slightly lower Construction and Conveyance Tax revenue. This slight difference in revenue collections is also reflected in the median home price for single family homes within the City between June 2010 and June 2011. The median home price for single family homes decreased slightly in value, with a median home price in June 2011 of \$520,000, down less than 1% from the June 2010 price of \$523,500. However, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has grown slightly in the past year from 71 days in June 2010 to 76 days in June 2011.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

Revenue Performance (Cont'd.)

Collections in 2010-2011, however, are still slightly above the \$20.3 million received in 2008-2009, which was the lowest level of collections received since 1996-1997. When the 2010-2011 budget was developed, due to the state of the economy, it was assumed that receipts would fall to \$20.0 million, a 11% decline from the 2009-2010 collection level. While collections did drop compared to 2009-2010 levels, the decline was less than anticipated, therefore, revenues exceeded budgeted levels. As part of this document, adjustments are recommended in each Construction and Conveyance Tax fund Ending Fund Balance as a result of the higher than anticipated tax revenue. The higher than anticipated tax collections also positively impacted the transfer category because of the methodology used to distribute the tax revenue to individual Construction and Conveyance Tax funds.

The negative variance for the interest earnings and developer contributions/miscellaneous revenues categories resulted from lower than expected average cash balances. Grant revenue fell below anticipated levels by \$609,000 as many of the grants are paid on a reimbursement basis and the work on the eligible projects has not yet been completed. In addition, a number of the projects were recently completed, but the reimbursement requests have not yet been finalized. Most of these grant revenues are expected to be received in 2011-2012 and are recommended to be rebudgeted as part of this report.

Expenditure Performance

The expenditure variance of \$32.3 million, or 40.1%, is primarily the result of unexpended capital project funds. A portion of these expenditure savings were anticipated and the funds were rebudgeted to 2011-2012 in the Adopted Capital Budget to complete these projects. Additional rebudgets are recommended in this report to provide sufficient funding to complete projects.

The following is a list of projects in which unexpended balances exceeded \$300,000:

		<u>(\$000s)</u>
Council District 1:	Misc. Park Sports Field Development	\$ 1,563
	Strategic Capital Replacement and Maintenance Needs	527
	Calabazas Park Playground Improvements	300
Council District 2:	Strategic Capital Replacement and Maintenance Needs	367
	Watson Site Clean-Up and Restoration	438
Council District 3:	TRAIL: Bay Trail Reach 9 Design (Gold Street to San Tomas Aquino)	550
	Strategic Capital Replacement and Maintenance Needs	394

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

		<u>(\$000s)</u>
Council District 5:	TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)	\$ 1,369
	Strategic Capital Replacement and Maintenance Needs	629
Council District 6:	TRAIL: Three Creeks Land Acquisition	1,260
	Strategic Capital Replacement and Maintenance Needs	643
	Bascom Community Center – Multi-Service	570
	Bascom Community Center FF&E	501
Council District 7:	Strategic Capital Replacement and Maintenance Needs	707
	Solari Park Sports Field Conversion	562
	Seven Trees Community Center FF&E	311
Council District 9:	Strategic Capital Replacement and Maintenance Needs	745
Council District 10:	Council District 10 Sports Field Development	2,000
	Strategic Capital Replacement and Maintenance Needs	622
	Almaden Winery Irrigation Automation	476
City-Wide:	TRAIL: Three Creeks Land Acquisition	1,165
	Happy Hollow Park and Zoo Phase II Renovations and Improvements	962
	Happy Hollow East Side Improvements	625
	TRAIL: Albertson Parkway	601
Communications:	City-Wide Trunking Radio System	750
	Communication Equipment Replacement	538
Fire:	Fire Station 21 – Relocation (White Road)	391
Library:	Branch Libraries FF&E	2,382
	New Branch Opening Day Collections	448
Total		\$22,396

Explanations for projects with significant variances are summarized below and organized by each Construction and Conveyance Tax Fund.

- The Mise Park Sports Field Development project had an expenditure variance due to delay in the development of a joint-use agreement with Arch Bishop Mitty High School. This project is anticipated to begin in 2011-2012 and be completed in 2012-2013.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- The Strategic Capital Replacement and Maintenance Needs allocations for all Council Districts (with the exception of Council Districts 3 and 8) had a project expenditure variance exceeding \$300,000. The Capital Infrastructure Team had issued work orders for the implementation of numerous infrastructure projects in all the Council Districts; however, reduced staffing at the Department of Public Works significantly affected the speed with which projects were completed. In addition, where possible, available funds in the Subdivision Park Trust Fund were utilized first for minor projects, leaving balances in the various C&C Tax funds. As a process improvement strategy, open purchase orders have been established for the most common renovation projects such as concrete and asphalt pavement repairs, hard court resurfacings, and playground surfacing repairs allowing for faster project implementation in the future.
- The Calabazas Park Playground Improvements project had an expenditure variance due to a delay in the bid process. The project is currently under construction with expected completion in spring 2012.
- The Watson Site Clean-Up and Restoration project had an expenditure variance due to the continuation of remediation and restoration efforts. This renovation project was completed in August 2011; however, mitigation and monitoring along the river will continue for the next five years.
- The TRAIL: Bay Trail Reach 9 Design (Gold Street to San Tomas Aquino) had an expenditure variance due to additional studies required to complete with the National Environmental Policy Act (NEPA) that are mandated due to use of federal funds (Federal Transportation Bill).
- The TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680) had an expenditure variance due to a substantial change in the project's planned design. The master plan was developed in consultation with the Santa Clara Valley Water District. Guidance was provided to develop a permeable pavement surface created by base rock retained within a geo-grid retaining structure. Since the plan was adopted, the Santa Clara Valley Water District has changed its guidance due to frequency and weight of vehicles required for frequent maintenance of the channel. The change in design will lead to a more traditional paved trail but is likely to be more costly, therefore, additional grant funding to address a possible funding shortfall is currently being pursued.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- The TRAIL: Three Creeks Land Acquisition project (funded by the Council District 6 Construction and Conveyance Tax Fund and the Parks City-Wide Construction and Conveyance Tax Fund) seeks to acquire 0.92 miles of linear parcels from Union Pacific Railroad (UPRR). The parcels account for the western alignment of the trail system, from Lonus Street to Minnesota Avenue. The negotiation process has been impacted by development of a California-mandated Remedial Action Work Plan and a disagreement on the valuation of property. Negotiations with UPRR are anticipated to be completed by late 2011.
- The Bascom Community Center – Multi-Service project had an expenditure variance due to project schedule delays as a result of additions and changes in the project scope and negotiations of change orders taking longer than originally anticipated. Construction on this project is now complete, however, due to the significant impact the operating and maintenance costs will have on the General Fund, the opening of the facility was deferred to fall 2012.
- The Bascom Community Center FF&E project had an expenditure variance due to Council action which deferred the opening of the facility as part of the 2011-2012 Adopted Budget. The purchase of fixtures, furnishings and equipment was limited to critical items, while the disposition of the building was determined.
- The Solari Park Sports Field Conversion project had an expenditure variance due to a delay in the project start date. Staffing reductions in the Department of Public Works has caused a work backlog and prioritization of projects. As a result, the project schedule has been extended and is anticipated to begin in 2011-2012 and be completed in 2012-2013.
- The Seven Trees Community Center FF&E project had an expenditure variance due to staffing reductions in the Finance Department which led to a backlog of purchase requisitions. Purchases are continuing to be made, and are anticipated to be completed in 2011-2012.
- The Council District 10 Sports Field Development project had an expenditure variance due to an extended site selection process and establishing a collaborative partnership with the San José Unified School District. The partnership is anticipated to be accomplished in 2011-2012 and delivery of the project is anticipated to occur in 2012-2013.
- The Almaden Winery Irrigation Automation project had an expenditure variance due to a delay in the project schedule. The project is currently under design development and is anticipated to be completed in 2012-2013.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- The Happy Hollow Park and Zoo Phase II Renovations project and the Happy Hollow East Side Improvements project were completed in 2010-2011; however, final invoices from the contractors are expected to be received in 2011-2012.
- The TRAIL: Albertson Parkway project was completed in 2009-2010, however, several elements of the project were not constructed per specifications including signage and an interpretive element; neither element prevents public access to the trail. Final payment to the contractor is anticipated to occur in 2011-2012 pending the issues being resolved.
- The City-Wide Trunking Radio System allocation provides matching grant funds to the County of Santa Clara for the expansion of Emergency Communication Microwave (ECOMM) system. The expenditure variance was due to a delay in the ECOMM project, however, it is anticipated the funds will be provided to the County of Santa Clara in 2012-2013.
- The Communications Equipment Replacement project funds the replacement of communications equipment based upon useful life expectancy. The project was delayed due to unanticipated vacancies and the need to focus on higher priority needs such as the County-wide coordinated effort to reprogram every radio in the Fire fleet for a new channel plan. The project is anticipated to be completed in 2011-2012.
- The Fire Station 21 – Relocation (White Road) project had an expenditure variance due to a delay in the project start date. Once the other fire stations funded by the Neighborhood Security Act Bond Fund are completed, the Fire Station 21 – Relocation (White Road) project will begin.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to outfit the General Obligation Bond-funded libraries. All unexpended funds are carried over to the following year to purchase the necessary furniture, fixtures and equipment for the new and remodeled libraries as these facilities come on-line.
- New Branch Opening Day Collections allocations provide funding for new materials at each of the newly constructed branch libraries funded by the Branch Libraries Bond Projects Fund. All unexpended funds are carried over to the following year to purchase the necessary materials for the new libraries as they come on-line.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$116,808	\$50,734	\$70,785	\$20,051	(\$11,255)	\$8,796	7.5%

The 2010-2011 Ending Fund Balance of \$70.8 million was \$20.1 million above the estimate used to develop the 2011-2012 Adopted Capital Budget. This variance was due primarily to lower than anticipated project expenditures (\$16.9 million) and higher than anticipated tax revenues (\$1.4 million), grant revenue (\$836,000), and transfers (\$752,000). A portion of these expenditure savings were anticipated and the funds were rebudgeted as part of the 2011-2012 Adopted Budget process (\$6.9 million).

Included in this report is a recommendation to reduce the 2011-2012 Earned Revenue estimate by \$382,000 primarily to reflect the receipt of grant funding in 2010-2011 that were anticipated to be received in 2011-2012. In addition, this report includes a recommendation to rebudget a portion of the additional fund balance to allow projects to continue in 2011-2012. This report also includes recommended adjustments totaling \$701,000 in several Construction and Conveyance Tax funds to allocate new funding to various projects. The new or increased projects include Plaza de Cesar Chavez Fountain Repair and Improvement (Parks City-Wide Construction and Conveyance Tax Fund - \$350,000), Facilities Improvements (Public Safety Construction and Conveyance Tax Fund - \$336,000), and Watson Park Soccer Field Fixtures, Furnishings and Equipment (Council District 3 Construction and Conveyance Tax Fund - \$15,000). In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$117,383 for these funds are set aside in Transfer appropriations to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balances. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside funds to the 2011-2012 Ending Fund Balances. Information on these adjustments can be found in Section IV, Recommended Budget Adjustments and Clean-up Actions. The remaining fund balance is recommended to be allocated to the respective funds 2011-2012 Ending Fund Balance and would be available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$48,494	\$46,091	(\$2,403)	(5.0%)
Expenditures	\$57,827	\$44,314	\$13,513	23.4%

Revenue Performance

In 2010-2011, revenues totaled \$46.1 million and were generated primarily from the following: Construction Excise Tax (\$13.3 million), Revenue from the Federal Government (\$11.6 million), Revenue from the State (\$10.6 million), Miscellaneous Revenue (including Traffic Impact Fees) (\$7.7 million), Valley Transportation Authority (\$1.5 million), and Developer Contributions (\$1.2 million). The 2010-2011 revenues were below the budgeted estimate by \$2.4 million primarily due to lower than budgeted receipts of federal grants (\$9.9 million), revenue from the State (\$835,000), Valley Transportation Authority (\$862,000), and other sources (\$110,000), partially offset by higher receipts of Construction Excise Tax (\$5.7 million), Miscellaneous Revenue (\$3.5 million), and Developer Contributions (\$94,000).

The lower than budgeted revenues of \$2.4 million or 5.0% are primarily due to lower than estimated receipts from the Federal Government offset by higher than estimated Construction Excise Tax collections and Miscellaneous Revenue related to the Traffic Impact Fee collections in the North San José area. While Revenue from the Federal Government came in lower than budgeted, this variance was largely assumed in the development of the 2011-2012 Adopted Capital Budget. A significant portion of the budget to actual variance (\$7.4 million) was due to a delay in Federal Transportation Bill funding. The total amount of funding anticipated from this bill is unchanged, however it is now assumed this revenue will be collected beginning in 2011-2012. A total of \$718,000 in several other federal grants is recommended to be rebudgeted to 2011-2012 as part of this report. The other major factor for the negative variance in this category is lower than budgeted revenue (\$2.2 million) associated with the American Recovery and Reinvestment Act (ARRA). Of the \$2.2 million variance, \$1.8 million was rebudgeted in the 2011-2012 Adopted Capital Budget, with the remainder recommended for rebudget in this report.

Construction Excise Tax collections exceeded the budgeted level by \$5.7 million largely due to residential permits pulled in December 2010 for two new housing developments in the North San José area, in order to take advantage of temporary exemptions of affordable housing requirements and lower fees. Miscellaneous Revenue came in at higher than budgeted levels (\$3.5 million) primarily due to Traffic Impact Fee collections in the North San José area. These fees, which are only budgeted after they are received, are only available for usage in the North San José area and are therefore recommended to be placed into the reserve for this purpose as part of this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND (CONT'D.)

Revenue Performance (Cont'd.)

The 2010-2011 collection level of \$46.1 million in this fund was \$20.8 million (82.2%) above the 2009-2010 level of \$25.3 million primarily due to higher American Recovery and Reimbursement Act reimbursements of \$8.3 million, Miscellaneous Revenue of \$7.6 million, and higher Construction Excise Tax collections (\$4.9 million). At \$13.3 million, 2010-2011 Construction Excise Tax receipts were 57.8% higher than 2009-2010 collections (\$8.4 million). While a strong second quarter performance for construction valuation activity caused a dramatic, short term spike in the collection levels for Construction Excise Tax, this level of activity is unsustainable and activity is expected to return to 2009-2010 levels.

Expenditure Performance

In 2010-2011, expenditures of \$44.3 million were primarily attributed to Gas Tax – Pavement Maintenance activities (\$8.2 million), transfers to the General Fund for general purpose and pavement maintenance activities (\$8.0 million), Prop 1B - Pavement Maintenance activities (\$7.6 million), ARRA – Street Resurfacing and Rehabilitation (\$7.1 million), Automated Transit Network (\$1.8 million), and Capitol Expressway- Story and Aborn Road Improvements (\$1.3 million).

This expenditure level was \$13.5 million or 23.4% below the modified budget. The majority of these savings (\$9.7 million) were anticipated and rebudgeted or redistributed as part of the 2011-2012 Adopted Capital Budget. A total of \$1.3 million is recommended for rebudget in this report to ensure sufficient funding for projects in 2011-2012.

The variance between budgeted and actual expenditures was caused primarily by the following projects (totaling \$10.6 million) with expenditure variances greater than \$300,000:

- The Gas Tax – Pavement Maintenance project uses State grant funding to provide maintenance for the City, such as surface sealing and street resurfacing. Savings totaling \$2,584,000 remained at the end of the year. Of this amount, \$461,000 was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget. After accounting for the planned savings, \$2.1 million was available to rebudget, however due to lower than anticipated revenue collections from the state, only \$506,000 is recommended for rebudget as part of this report.
- The Prop 1B – Pavement Maintenance project uses State grant funding to perform street sealing and resurfacing of various City streets, thereby improving the overall condition of the City's street network. Savings of \$3.9 million were anticipated and rebudgeted as part of the 2011-2012 Adopted Budget, however at the conclusion of the fiscal year only \$2.3 million was available. As a result, a downward adjustment of \$1.6 million is recommended in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND (CONT'D.)

Expenditure Performance (Cont'd.)

- The ARRA – Street Resurfacing and Rehabilitation project had \$1.8 million in savings at the end of 2010-2011, of which \$1.76 million was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget. This report includes a recommendation to rebudget the remaining savings of \$44,000.
- The Montague Expressway Improvements project had \$1.1 million remaining at the conclusion of 2011-2012. The majority of this savings (\$1.1 million), which were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget, were the result of project delays due to right-of-way issues. This report includes a recommendation to rebudget the remaining savings of \$14,000 to 2011-2012. Also recommended in this report is a \$200,000 reallocation from the North San José Traffic Impact Fee Reserve to this project, as described elsewhere.
- The Route 101/Mabury Acquisition Project had savings of \$1.0 million due to an unforeseen timing issue. These funds will be required for completion of this project, and therefore are recommended to be rebudgeted as part of this report.
- Capitol Expressway – Story Road and Aborn Road Improvements project provides funding for improvements including the construction of left-turn lanes, roadway widening, traffic signal and median island modifications, and pavement restriping. Savings of \$818,000 were available at the end of 2010-2011, however \$205,000 of this amount was anticipated and rebudgeted in the 2011-2012 Adopted Capital Budget, leaving a balance of \$613,000 available for rebudget. This report includes a recommendation to rebudget the remaining savings for project completion.
- The 2010 Federal Surface Transportation Program (STP) Resurfacing and Rehabilitation had savings of \$614,000 at the end of 2010-2011. \$600,000 of these savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget, with the remaining savings of \$14,000 recommended for rebudget as part of this report.
- The Highway 237 Bikeway project had savings of \$350,000 at the end of 2010-2011. These savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.

The remaining variance (\$2.9 million) reflects unexpended funds in a number of projects with balances of less than \$300,000.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$74,532	\$19,959	\$27,924	\$7,965	(\$1,326)	\$6,553	8.7%

The 2010-2011 Ending Fund Balance of \$28.0 million was \$8.0 million above the estimate used to develop the 2011-2012 Adopted Capital Budget. This variance was due to the following: higher than estimated revenues (\$4.6 million) and lower than estimated expenditures (\$3.4 million). It should be noted that the 2010-2011 Ending Fund Balance includes the impact of a reduction to the 2010-2011 Beginning Fund Balance (\$34,000) required as a result of a recalculation of the 2010-2011 Beginning Fund Balance.

It is recommended that a portion of the additional fund balance be allocated to rebudget funds for various capital projects (\$1.7 million) to ensure sufficient funding for project continuation in 2011-2012. Also recommended is a rebudget to the North San José Traffic Impact Fee Reserve (\$1.4 million). Recommendations to rebudget \$1.8 million in revenues are also included in this report to reflect revenue that was anticipated in 2010-2011, but is now expected in 2011-2012.

The following appropriation adjustments are also included and described elsewhere in this report: the establishment of appropriations for the Walkn' Roll San José (\$325,000), Geometric Design Standards Manual Update (\$180,000), Safe Access San José (\$97,000), St. John Street Pedestrian/Bike Improvements (\$90,000), Lyndale Avenue Sidewalk (\$60,000), Maintenance District 15 Feasibility Assessment (\$20,000), and Maintenance District 19 Feasibility Assessment (\$20,000). These increases are partially offset by the recognition of grants and Developer Contributions totaling \$631,000.

Increases to the North San José Traffic Impact Fees Reserve (\$3.5 million), Route 101/Oakland/Mabury Traffic Impact Fees Reserve (\$122,000), and Evergreen Traffic Impact Fees Reserve (\$208) are recommended in order to preserve traffic impact fees collected in those areas for future use. An increase to the Federal Pavement Maintenance project (\$495,000) is recommended based upon higher than anticipated federal collections. Other adjustments recommended in this report and described elsewhere are the establishment of the Lyndale Avenue Sidewalk project (\$60,000); increases to the Montague Expressway Improvements (\$200,000) and Bridge Maintenance and Repair projects (\$50,000); and decreases to the Congestion Management Program Dues (\$29,000) project and the Reserve for Transportation Grants (\$101,000). After accounting for all recommended rebudgets and other adjustments, approximately \$2.2 million will be added to the Ending Fund Balance to be available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND (CONT'D.)

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$115,501 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$23,336	\$24,189	\$853	3.7%
Expenditures	\$24,059	\$22,605	\$1,454	6.0%

Revenue Performance

In 2010-2011, revenues totaling \$24.2 million were generated from operating revenues from the City's convention facilities (\$18.7 million), transfers from the Transient Occupancy Tax (TOT) Fund (\$5.0 million), General Purpose Parking Fund (\$450,000), and General Fund (\$48,000), and interest earnings (\$13,000). The 2010-2011 revenues exceeded the budget estimate by \$853,000 due to higher than budgeted operating revenues associated with building rental, food and beverage, and contractual labor (\$860,000), partially offset by lower than anticipated interest earnings (\$7,000). The 2010-2011 collection level was also \$1.8 million (7.9%) above the 2009-2010 level of \$22.4 million due to increases in the transfer levels from the TOT Fund (\$1.1 million) and operating revenues from the City's convention facilities (\$882,000), partially offset by a decreased transfer from the General Fund (\$202,000) and reduced interest earnings (\$38,000).

TOT receipts are recognized in the TOT Fund upon collection and allocated according to the Council-approved distribution formula. Due to the fact that actual TOT receipts ended 2010-2011 higher than budgeted, a recommendation is included in this document to increase the 2011-2012 Transfer from the TOT Fund to the Convention and Cultural Affairs Fund by \$436,000. A portion of the increased TOT receipts were anticipated in the development of the 2011-2012 Adopted Budget and placed into a Reserve for Future Distribution in the TOT Fund, while the remaining portion represents the variance between estimated and actual collections. Both the Reserve for Future Distribution and the incremental increase between estimated and actual collections are recommended to be distributed as part of this report. For more information on the 2010-2011 performance of the TOT Fund, please refer to the TOT Fund section of this document.

Expenditure Performance

In 2010-2011, expenditures of \$22.6 million were primarily attributed to non-personal/equipment (\$18.1 million) and personal services (\$1.9 million) costs associated with operating the convention and cultural facilities. This expenditure level was \$1.5 million or 6.0% below the modified budget due primarily to lower than budgeted expenditures in the Center for Performing Arts Improvements (\$697,000), Non-Personal/Equipment (\$424,000), and Personal Services (\$112,000) appropriations. Expenditures in this fund were 14.5% below the 2009-2010 level of \$26.4 million due primarily to lower personal services (\$3.8 million) costs and associated overhead costs. Expenditures in this appropriation were much lower

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND (CONT'D.)

Expenditure Performance (Cont'd.)

than the prior year due to the elimination of 42 positions as part of the 2010-2011 Adopted Budget.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$30,173	\$5,792	\$8,422	\$2,630	(\$747)	\$1,883	6.2%

The 2010-2011 Ending Fund Balance of \$8.4 million was \$2.6 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due to higher than estimated facility revenues (\$2.5 million) and lower than anticipated expenditures (\$77,000).

It is recommended that a portion of the additional fund balance be allocated to rebudget a total of \$747,000 in unexpended funds for Center for Performing Arts Improvements (\$697,000), Team San Jose Executive Management Fees (\$27,500), and Convention Facilities Industry Advisor (\$23,000). The Center for Performing Arts Improvements allocation will fund an overhaul of the fire monitoring system at that facility. The rebudget in the Team San Jose Executive Management Fee appropriation will allow for the full payment of management fees earned by Team San José. Funding for the Convention Facilities Industry Advisor is necessary to provide industry-specific knowledge on convention and cultural facilities financials, marketing, and operations.

After the recommended rebudgets, a portion of the remaining additional fund balance of \$1.9 million is recommended to be allocated to fund urgent needs in this fund such as the establishment of a new Convention and Visitor's Bureau (CVB) Services appropriation (\$600,000) to support sales efforts associated with the Convention Center expansion/renovation and an increase of \$450,000 to the Miscellaneous Improvements allocation. The establishment of CVB Services would provide funding for additional Convention and Visitor's Bureau staff to secure advance business for the expanded and renovated convention center once it opens in 2012-2013. The increase in the Miscellaneous Improvements allocation would ensure funding is in place to address any sudden and unanticipated building repairs at the Convention Center or cultural facilities. The 2011-2012 Adopted allocation of \$500,000 for this purpose is anticipated to be fully used to complete elevator repairs and upgrades at the San José Civic Auditorium. The remaining excess fund balance in the amount of \$1.3 million (after accounting for the increased Transfer from the TOT Fund) is recommended to be allocated to the 2011-2012 Ending Fund Balance for future use.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND (CONT'D.)

in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$12,431 in this fund and increase Ending Fund Balance are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$33,528 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$9,697	\$1,530	(\$8,167)	(84.2%)
Expenditures	\$59,459	\$32,718	\$26,741	45.0%

Revenue Performance

The General Obligation Bond (G.O. Bond) Funds consist of the Branch Libraries Bond Projects Fund, Neighborhood Security Act Bond Fund, and Parks and Recreation Bond Projects Fund. All G.O. Bond proceeds have already been issued for the Parks and Recreation Bond Projects Fund, however, \$5.9 million remain to be issued for the Branch Library Bond Projects Fund and \$3.3 million remain to be issued for the Neighborhood Security Act Bond Fund. It is currently anticipated that the remaining G.O. Bond proceeds will be issued in 2011-2012. In 2010-2011, revenues totaled \$1.5 million and were generated primarily from transfers from the Council District 3 Construction and Conveyance Tax Fund and the Fire Construction and Conveyance Tax Fund (\$1.0 million), interest earnings (\$466,000), and revenue from the Santa Clara Valley Water District (\$55,000). The negative revenue variance of \$8.2 million, or 84.2%, primarily represents lower than anticipated bond proceeds (\$5.9 million), a delay in the sale of land (\$2.0 million), and interest earnings (\$317,000) partially offset by higher than anticipated revenue from the Santa Clara Valley Water District (\$55,000).

Expenditure Performance

The expenditure variance of \$26.7 million, or 45.0%, is primarily the result of unexpended capital project funds. Projects with significant variances include the following:

- The Southeast Branch project had an expenditure variance of \$8.6 million due to a delay in awarding the design agreement as the purchase of the land for this new branch has yet to be completed. These savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.
- The Fire Station 37 (Willow Glen) project had an expenditure variance of \$4.0 million due to an extension to the project schedule. It is currently anticipated that this project will be completed in 2012-2013. This funding was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.
- The Branch Efficiency Projects allocation had an expenditure variance of \$3.1 million due to a delay with the issuance of the Request for Proposals. These savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS (CONT'D.)

Expenditure Performance (Cont'd.)

- The Educational Park Branch project had an expenditure variance of \$2.7 million due to the need to finish punch list items and finalize several construction elements. This funding was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.
- The Happy Hollow Park and Zoo Renovations and Improvements project had an expenditure variance of \$1.5 million. This project was completed in 2010-2011; however, final invoices to the contractors have not been made, but are anticipated to occur in 2011-2012.
- The Fire Station 24 Relocation (Silver Creek/Yerba Buena) project had an expenditure variance of \$1.2 million due to delays in construction that moved the completion date from June 2011 to December 2011. This funding was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.
- The Land Acquisition allocation had an expenditure variance of \$1.2 million due to delays in negotiating a final agreement for the purchase of land being acquired for the Southeast Branch. These savings were anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.
- The South San José Police Substation project had an expenditure variance of \$1.0 million due to the need to finish punch list items and to finalize several construction elements closer to the anticipated opening of the Substation in September 2012. This funding was anticipated and rebudgeted as part of the 2011-2012 Adopted Capital Budget.

A large portion of these expenditure savings were anticipated and the funds were rebudgeted in the 2011-2012 Adopted Capital Budget (\$17.9 million). This document, however, includes reductions in over-expended 2010-2011 rebudgets, partially offset by rebudgets for projects that ended the year with expenditure variances (\$664,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$98,881	\$57,923	\$58,639	\$716	\$664	\$1,380	1.4%

The 2010-2011 Ending Fund Balance of \$58.6 million was \$716,000 above the estimate used to develop the 2011-2012 Adopted Capital Budget. This variance was primarily due to lower than anticipated project expenditures (\$630,000) and higher than anticipated interest earnings/miscellaneous revenue (\$85,000).

As discussed previously, included in this report is a recommendation to rebudget a portion of the additional fund balance offset by the reduction in some over-expended 2010-2011 rebudgets. In addition, this report recommends allocating an additional \$20,000 from the Neighborhood Security Act Bond Fund Contingency Reserve for the Fire Station 2 project. The remaining fund balance of \$1.4 million is recommended to be allocated to the respective funds' Contingency Reserves and would be available for future use.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$69,004 for these funds are set aside in Transfer appropriations to the Federated Retirement System with offsets from the 2011-2012 Ending Fund Balances. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside funds to the 2011-2012 Ending Fund Balances or the respective funds' Contingency Reserves.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL PURPOSE PARKING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$8,568	\$9,611	\$1,043	12.2%
Expenditures	\$10,417	\$9,554	\$863	8.3%

Revenue Performance

In 2010-2011, \$9.6 million in revenues were primarily generated from parking garages and lots (\$7.1 million), parking meters (\$2.3 million), interest earnings (\$61,000), and miscellaneous revenues (\$47,000). The 2010-2011 revenues exceeded the budget estimate by \$1,043,000 or 12.2% primarily due to higher than budgeted revenues from parking garages and lots (\$1.0 million).

This 2010-2011 collection level was actually \$1.1 million (10.3%) below the 2009-2010 level of \$10.7 million due to lower revenue collections in parking garages and lots and lower interest earnings. Revenues generated in this fund have declined primarily due to the sale of two surface lots owned by the Redevelopment Agency to a private owner.

Expenditure Performance

In 2010-2011, expenditures of \$9.6 million were primarily attributed to the non-personal/equipment (\$5.5 million) and personal services expenditures (\$1.7 million) for the Transportation Department, the Parking Capital Program (\$1.0 million), and transfers to the General Fund (\$462,000), Convention and Cultural Affairs Fund (\$450,000), and City Hall Debt Service Fund (\$182,000).

This expenditure level was \$863,000 or 8.3% below the modified budget. The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure variances:

- The Transportation Department's Non-Personal/Equipment appropriation generated savings of \$276,000 primarily due to lower costs for contractual services, electricity, rent, and insurance.
- The Market Street Garage Railing Improvements project generated savings of \$232,000 as a result of a reduced scope of work that focused on the specific area in need of repair and additional structural support rather than a full replacement.
- The Parking Guidance System project generated savings of \$98,000 as a result of eliminating future warranty payment options for years 4-5 of the contract period. This project is now done and will be closed out. The possibility of purchasing payment options for these future years is currently being explored and, if a decision is made to continue the warranty, these costs will likely be assumed in the Non-Personal/Equipment appropriation.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL PURPOSE PARKING FUND (CONT'D.)

Expenditure Performance (Cont'd.)

- The Revenue Control Equipment project generated savings of \$84,000 as a result of wiring and data archiving work which will be completed in 2011-2012. A downward adjustment (\$67,000) is recommended in this report since the actual year-end expenditure savings were insufficient to cover the \$151,000 rebudgeted amount assumed in the development of the 2011-2012 Adopted Budget.

The remaining variance (\$173,000) reflects unexpended funds in a number of appropriations with balances of less than \$60,000.

Of the total savings of \$863,000, \$202,000 was anticipated and rebudgeted as part of the 2011-2012 Adopted Budget. An additional \$36,000 is recommended for rebudget as part of this report to ensure sufficient funding for Minor Parking Facility Improvements in 2011-2012, while a reduction of \$67,000 to the Revenue Control Upgrades appropriation is recommended to account for higher than anticipated 2010-2011 expenditure levels. These adjustments, combined with the rebudgets approved as part of the 2011-2012 Adopted Budget, bring the expenditure variance to \$692,000, or 6.6%.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$17,165	\$8,021	\$8,859	\$838	(\$31)	\$869	5.1%

The 2010-2011 Ending Fund Balance of \$8.9 million was \$838,000 above the estimate used to develop the 2011-2012 Adopted Budget. This variance was primarily due to higher than anticipated revenues from parking garages, lots, and meters and expenditure savings in the Transportation Department's Non-Personal/Equipment appropriation. This additional funding of \$838,000 is recommended to be placed in the Reserve for Debt Service to support future debt service needs for the 4th Street Garage. It should be noted that the 2010-2011 Ending Fund Balance includes the impact of a reduction to the 2010-2011 Beginning Fund Balance (\$14,000) required as a result of an audit adjustment processed after the release of the 2009-2010 Annual Report. Additional funding of \$31,000 is available for the Reserve for Debt Service due to the net effect of rebudgets recommended in this report for the Minor Parking Facilities and Revenue Control Equipment appropriations, as described above.

Also recommended in this report is a downward adjustment of \$35,000 to the revenue estimate for Parking Lots and Garages and the Non-Personal/Equipment allocation as a result of reduced staffing needs on weekend days due to the preservation of free parking until July 2012 during certain weekend hours at the following City parking garages: Market and San Pedro Square, 3rd Street,

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GENERAL PURPOSE PARKING FUND (CONT'D.)

2nd and San Carlos, and Fourth Street. These parking changes were approved by the City Council on June 21, 2011 as part of the Master Parking Rate Schedule.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$22,114 in this fund and increase Reserve for Debt Service are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$34,676 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$113,597	\$112,826	(\$771)	(0.7%)
Expenditures	\$131,708	\$118,357	\$13,351	10.1%

Revenue Performance

In 2010-2011, revenues totaled \$112.8 million and were generated from the following: Recycle Plus Collection Charges (\$95.8 million), Lien-Related Charges (\$7.1 million), AB939 Fees (\$3.7 million), a one-time payment from the Recycle Plus Haulers in connection with Recycle Plus contract negotiations (\$2.6 million), a one-time transfer from the Sewer Service and Use Charge Fund for construction of the Household Hazardous Waste Facility on Las Plumas Avenue (\$1.5 million), Construction and Demolition Diversion Deposit (CDDD) Ineligible Refunds (\$800,000), and other sources of revenue (\$1.3 million). The 2010-2011 revenues fell short of the budget estimate by \$771,000 due primarily to lower than expected Recycle Plus Collection Charge revenues, partially offset by higher than expected Lien Related Charges. The shortfall in the Recycle Plus Collection Charge revenue stream was driven by the deferral of annexations from 2010-2011 to 2011-2012, the downsizing of garbage containers, requests for reduction in collection frequency by landlords due to lower occupancy rates, and slower than expected growth in the number of residential customers. Lien Related Charges ended the year \$1.2 million over the budgeted estimate due to higher instances of delinquent payments.

The 2010-2011 revenue collection level was \$3.3 million (3.0%) above the 2009-2010 level of \$109.5 million. The positive variance was due to a one-time payment from the Recycle Plus Haulers in connection with Recycle Plus contract negotiations (\$2.6 million), a one-time transfer from the Sewer Service and Use Charge Fund for construction of the Household Hazardous Waste facility at Las Plumas (\$1.5 million), additional Household Hazardous Waste revenue from the County (\$504,000), additional Lien Related Charges (\$442,000), and a net positive impact of variances in other revenues (\$438,000), partially offset by lower 2010-2011 Recycle Plus Collection Charges (\$1.0 million), CDDD Ineligible Refunds (\$700,000), and interest earnings (\$472,000). Household Hazardous Waste program revenue is given to San José by the County based on a reconciliation of costs for this County-run program. If the San José share of landfill AB939 fee revenues received by the County exceeds the expenditures incurred by the County for providing services to San José residents, San José receives a rebate from the County. In 2009-2010, a large number of residential participants in the program led to greater than expected program expenditures, and hence, no savings were returned to San José. In 2010-2011, savings were returned to the City because fewer appointments were made than had been anticipated. Lien Related Charges reflect the receipt of past due revenues collected through the property lien process by the City. Lien Related Charges were higher in 2010-2011 due to increased instances of delinquent payments. CDDD Ineligible Refunds, which reflect deposits ineligible to be returned to developers,

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND (CONT'D.)

Revenue Performance (Cont'd.)

were lower due to reduced construction activity. It should also be noted that 2010-2011 was the last year of a four-year period of intense reconciliation of the CDDD program. Going forward, CDDD revenue levels are expected to be lower than during the last four years, since reconciliations will only pertain to the current year. Interest earnings were lower due to reduced interest rates.

Expenditure Performance

In 2010-2011, expenditures of \$118.4 million were primarily attributed to the Recycle Plus Single Family Dwelling (\$46.6 million), Yard Trimmings/Street Sweeping (\$21.3 million), and Multi-Family Dwelling (\$16.1 million) contracts, as well as the IDC Disposal Agreement (\$8.4 million). In addition, the Environmental Services Personal Services (\$6.0 million) and Non-Personal/Equipment (\$4.8 million) appropriations, the Information Technology Personal Services (\$2.9 million) appropriation, as well as the Land Purchase – Las Plumas (\$2.3 million) accounted for significant expenditures. This expenditure level was \$13.4 million (10.1%) below the modified budget due primarily to unexpended funds associated with the Household Hazardous Waste Las Plumas Facility construction (\$11.6 million), Environmental Services Personal Services (\$348,000), and Information Technology Personal Services (\$260,000). The unspent funding for the Household Hazardous Waste Las Plumas Facility was rebudgeted for use in 2011-2012 as part of the 2011-2012 Adopted Operating Budget. Savings in the personal services appropriations reflect higher than expected vacancies.

Expenditures in this fund, including transfers, were \$893,000 (0.7%) below the 2009-2010 level of \$119.2 million due to lower spending on the Household Hazardous Waste Las Plumas Facility (\$3.4 million), Environmental Services Department Non-Personal/Equipment (\$2.1 million), and the Yard Trimmings/Street Sweeping contract (\$2.0 million), and the Single-Family Dwelling Recycle Plus Contract (\$866,000), partially offset by increased expenditures in other areas, as described below. The lower spending on the Household Hazardous Waste Las Plumas Facility is only due to project scheduling, and is expected to increase in 2011-2012 with the start of Phase II construction. Environmental Services Department Non-Personal/Equipment spending was lower than in 2009-2010 primarily because a portion of the funding was used on a one-time basis in 2010-2011 toward the purchase of land on Las Plumas Avenue. Both the Yard Trimmings/Street Sweeping and Single Family Dwelling 2009-2010 spending levels included additional encumbrances, which carried over into the following year.

These reduced expenditures were partially offset by higher 2010-2011 expenditures in the following appropriations: a transfer of CDDD revenue to the General Fund (\$2.5 million), a purchase of land on Las Plumas Avenue (\$2.3 million), Multi-Family Dwelling Recycle Plus Contract expenditures (\$1.5 million), and the net increase in other appropriations (\$1.3 million).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance from Estimate	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$134,452	\$14,503	\$18,165	\$3,662	\$0	\$3,662	2.7%

The 2010-2011 Ending Fund Balance of \$18.2 million was \$3.7 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to lower than estimated expenditures and higher than estimated revenues as described above. The remaining balance of \$3.7 million is recommended to be allocated to the 2011-2012 Ending Fund Balance for future use, and to offset future Recycle Plus rate increases.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$133,308 in this fund and increase the Ending Fund Balance are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$205,729 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the Reserve for Operations and Maintenance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the Reserve for Operations and Maintenance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LIBRARY PARCEL TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$7,124	\$7,341	\$217	3.1%
Expenditures	\$9,610	\$8,257	\$1,352	14.1%

Revenue Performance

In 2010-2011, revenues totaled \$7.3 million and were generated primarily from parcel tax revenue (\$7.3 million) and interest earnings (\$34,000). The 2010-2011 revenues exceeded the budget estimate by \$217,000, or 3.1%, due to higher than budgeted parcel tax revenue (\$209,000) and higher than budgeted interest earnings (\$8,000).

The 2010-2011 collection level was 153,000 (2.1%) above the 2009-2010 level of \$7.2 million due to higher Library Parcel Tax collections (\$158,000) and a one-time transfer from the General Fund for retiree healthcare funding previously set aside in a reserve (\$24,000), partially offset by lower interest earnings (\$29,000). The increase in the Library Parcel Tax collections is attributable to the 2010-2011 rate increase of 1.79%. An increase to the Library Parcel Tax rate based on the Consumer Price Index (CPI) is annually approved by the City Council.

Expenditure Performance

In 2010-2011, expenditures of \$8.3 million were primarily comprised of Library Department Personal Services (\$4.9 million), Acquisition of Materials (\$1.9 million), Automation Projects (\$1 million), and Non-Personal/Equipment (\$208,000). This expenditure level was \$1.4 million or 14.1% below the modified budget primarily due to savings in various appropriations such as the Library Department Non-Personal/Equipment (\$478,000) for supplies and materials, Personal Services (\$453,000) given a high number of vacancies, Acquisition of Materials (\$368,000) given a lower than anticipated need to acquire new materials in 2010-2011, and Automation projects (\$40,000) due to project delays. This document includes a recommendation to rebudget \$35,000 in Library Department Personal Services to help complete the California Room digitizing project and \$100,000 in Library Non-Personal/Equipment to implement automated materials handling technology at the Martin Luther King, Jr. Library. These rebudgets bring the expenditure variance to \$1.2 million, or 12.7%.

Expenditures in this fund were 36.3% above the 2009-2010 level of \$6.1 million due primarily to a shift of the Library Department's personal services and non-personal/equipment expenditures (\$1.5 million) from the General Fund to the Library Parcel Tax Fund as part of the General Fund budget rebalancing plan as approved by the City Council as part of the 2010-2011 Mid-Year Budget Review. Increases in

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LIBRARY PARCEL TAX FUND (CONT'D.)

Expenditure Performance (Cont'd.)

the Library's Capital Program for Automation Projects (\$400,000) and Acquisition of Materials (\$282,000) also contributed to the year-over-year increase in expenditures.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$14,253	\$4,656	\$6,213	\$1,557	(\$135)	\$1,422	10.0%

The 2010-2011 Ending Fund Balance of \$6.2 million was \$1.6 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance is the result of the combined impact of the lower than estimated expenditures and higher than estimated revenues.

As discussed above, it is recommended that a portion of the additional fund balance be rebudgeted to the Library Department Personal Services (\$35,000) and Library Non-Personal/Equipment (\$100,000) appropriations. The remaining fund balance of \$1.4 million is recommended to be allocated to the 2011-2012 Ending Fund Balance and would be available for future use.

In addition, per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$38,980 and increase Ending Fund Balance in this fund are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$49,138 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

LOW AND MODERATE INCOME HOUSING FUND

**Revenue and Expenditure Performance
(\$ in thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$53,407	\$56,196	\$2,789	5.2%
Expenditures	\$109,328	\$105,700	\$3,628	3.3%

Revenue Performance

In 2010-2011, revenues totaled \$56.2 million and were primarily generated from the following sources: 20% tax increment revenues (\$36.7 million), loan repayments (\$17.7 million), commercial paper proceeds (\$1.2 million), repayments from the Teacher Housing Program (\$304,000), and interest earnings (\$170,000). The 2010-2011 revenues exceeded the budgeted estimate by \$2.8 million, or 5.2%, primarily due to higher than budgeted loan repayments (\$3.5 million) primarily from the Julian Housing Development project (\$189,000), Lucretia Housing Development project (\$1.1 million), and the Fairgrounds Housing Development project (\$1.7 million). This higher than budgeted collection is offset by lower than budgeted collection from 20% tax increment revenues (\$822,000) as a result of decreased property tax collections due to the continued downturn in the housing market.

The 2010-2011 revenues of \$56.2 million were \$108.1 million below the 2009-2010 level of \$164.3 million. This lower collection is primarily due to the one-time sale of bonds (\$92.5 million) and commercial paper proceeds (\$11.7 million) that occurred in 2009-2010. The bond sale and commercial paper proceeds were used to fund a loan to the San Jose Redevelopment Agency (SJRA) for the Supplemental Education Revenue Augmentation Fund (SERAF) payment and to repay the Department's Line of Credit. With the possible dissolution of redevelopment agencies throughout the State as a result of Assembly Bills XI 26 & 27 that were signed by the Governor, 20% tax increment revenues may be pledged to existing obligations. If the redevelopment agencies do dissolve, the Department will need to rebalance the fund by potentially eliminating positions, shifting program costs to other Housing funds, and reducing non-personal/equipment funding for projects. The Department is not recommending making any adjustments to the fund at this time because the California Supreme Court granted a Stay pending the Court's ruling on the dissolution of redevelopment agencies throughout the State. In compliance with the Stay, the Department has suspended all new activities. The Court is expected to make a decision on the dissolution of redevelopment agencies by January 15, 2012.

Expenditure Performance

In 2010-2011, total expenditures of \$105.7 million were \$3.6 million or 3.3% below the modified budget. The expenditures were primarily attributed to the Multi-Family Loans and Grants appropriation (\$51.6 million), debt service payment (\$25.4 million), loan to the SJRA for the SERAF payment (\$12.8 million), Housing Department Personal Services (\$7.0 million), and the Rehabilitation Loan Program (\$2.7 million).

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LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)

Expenditure Performance (Cont'd.)

It should be noted that expenditures in this fund were 45.9% below the 2009-2010 level of \$195.4 million primarily due to the decreased loan to SJRA (\$39.2 million), a line of credit payment (\$47.5 million) that occurred in 2009-2010, and decreased expenditures in the Multi-Family Loans and Grants appropriation (\$5.6 million).

In January 2011, Governor Brown announced his plan to balance the State's 2011-2012 budget, which included the dissolution of redevelopment agencies throughout the State. The news raised concerns about the overall health and the future of this fund; therefore, activities in many affordable housing programs were delayed halfway through the fiscal year in an effort to pace spending in this fund.

The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure savings:

- The Debt Service Payment appropriation generated savings of \$1.2 million as a result of a reduction in debt service owed due to the refinancing of the bonds in the fund.
- The Housing Department's Personal Services appropriation generated savings of \$376,000 as a result of position vacancies. The expenditure savings will revert to the Ending Fund Balance.
- The Commercial Paper Debt Service Payment appropriation generated savings of \$352,000 due to lower interest payments which resulted from a lower than projected principal amount of commercial paper debt. Additional commercial paper to fund the SERAF loan was not issued because the fund had savings from various housing projects to support the loan, therefore, creating a lower principal amount. The savings in this appropriation were anticipated during the development of the 2011-2012 Adopted Budget and were programmed into the 2011-2012 Beginning Fund Balance.
- The Multi-Family Loans and Grants appropriation generated savings of \$311,000 as a result of limitations on spending for affordable housing projects during the year. The savings in this appropriation will revert to the Ending Fund Balance.
- The Second Mortgage Loan Commitment Program generated savings of \$250,000 as a result of shifting this program from the Low and Moderate Income Housing Fund to the Home Investment Partnership Program Fund in order to create savings in this fund. The expenditure savings in this appropriation were anticipated during the development of the 2011-2012 Adopted Budget and was programmed into the 2011-2012 Beginning Fund Balance.

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LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)

Expenditure Performance (Cont'd.)

- The Loan Management appropriation provides funding for the acquisition of properties that have loans that are at risk to default. Fortunately, these funds did not have to be used in 2010-2011. The unexpended funds of \$220,000 will revert to the Ending Fund Balance.
- The Housing Predevelopment Activity appropriation provides funding to assist housing developers with funds necessary to explore the feasibility of a proposed housing project. Since there was very limited redevelopment funds available for new project commitments, no new predevelopment loans were being approved. The savings of \$200,000 in this appropriation will revert to the Ending Fund Balance.

The remaining variance (\$676,000) reflects unexpended funds in a number of projects with balances of less than \$200,000.

**Ending Fund Balance Performance
(\$ in thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$112,712	\$11,230	\$9,896	(\$1,334)	\$0	(\$1,334)	(1.2%)

The 2010-2011 Ending Fund Balance of \$9.9 million was \$1.3 million below the estimate used to develop the 2011-2012 Adopted Budget as a result of lower than estimated revenue levels, partially offset by lower than estimated expenditure levels. This lower ending fund balance would create a negative unrestricted ending fund balance in 2011-2012. In an effort to generate expenditure savings as a result of the possible dissolution of redevelopment agencies throughout the State and have a positive ending fund balance, a recommendation to reduce the budget for the Kings Crossing Housing project by \$1.8 million is included in this report. A corresponding recommendation to shift these project costs to the Home Investment Partnership Program Fund is also included. With this adjustment, the 2011-2012 ending fund balance will be \$1.7 million.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$79,628 in this fund and increase Ending Fund Balance are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$165,554

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LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)

for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$51,858	\$49,293	(\$2,565)	(4.9%)
Expenditures	\$101,979	\$70,392	\$31,587	31.0%

Revenue Performance

In 2010-2011, revenues totaled \$49.3 million and were generated primarily from Transfers from the Sewer Service and Use Charge Fund (\$26.8 million) and the Sewage Treatment Plant Connection Fee Fund (\$3.1 million); Federal Government Grants (\$5.2 million); and contributions from the Tributary Agencies for Equipment and Projects (\$9.6 million) and debt service payments (\$2.6 million). This revenue level was \$2.6 million (4.9%) below the budgeted estimate, primarily due to lower than budgeted contributions from the Tributary Agencies (\$1.4 million), and delays in the receipt of grants from the U.S. Bureau of Reclamation (\$1.1 million). Contributions from the Tributary Agencies reflect the true cost of these Agencies' share of projects and equipment. Fluctuations in this revenue stream can be the result of billing cycles, project timing, and actual versus budgeted project costs.

The 2010-2011 collection level was \$2.4 million (4.6%) below the 2009-2010 level of \$51.7 million due primarily to the fact that 2009-2010 revenues included a one-time \$4.2 million transfer from the Sewer Revenue Bond Payment Fund. Excluding this one-time transfer, 2010-2011 revenues were \$1.8 million higher than 2009-2010, due primarily to the receipt of grants from the U.S. Bureau of Reclamation (\$4.2 million) and a contribution from the Santa Clara Valley Water District for the construction on the Advanced Water Treatment Facility (\$1.0 million), partially offset by a lower transfer from the Sewer Service and Use Charge Fund (\$1.9 million), lower interest earnings (\$1.0 million), and lower contributions from the Tributary Agencies for these Agencies' share of projects and debt service payments (\$419,000).

Expenditure Performance

In 2010-2011, expenditures of \$70.4 million were attributed to capital improvement projects (\$59.0 million) and debt payments (\$11.4 million). The largest projects included Plant Electrical Reliability (\$14.9 million), the Revised South Bay Action Plan – South Bay Water Recycling (SBWR) Extension (\$18.1 million), Plant Infrastructure Improvements (\$5.2 million), SBWR Reservoir Facility (\$5.1 million), Recovery Act – South Bay Water Recycling Phase IC (\$4.3 million), and Plant Master Plan (\$3.2 million). This expenditure level was \$31.6 million (31.0%) below budget. Projects with the largest amounts of unused funding at the end of 2010-2011 included Plant Infrastructure Improvements (\$6.9 million), Headworks Enhancement (\$3.9 million), Secondary and Nitrification Clarifier Rehabilitation (\$2.9 million), Digester Rehabilitation (\$2.5 million), and Equipment Replacement

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND (CONT'D.)

Expenditure Performance (Cont'd.)

(\$2.5 million). Of the \$31.6 million in savings, \$17.1 million was rebudgeted for use in 2011-2012 as part of the 2011-2012 Adopted Capital Budget. In addition to this, this document recommends a rebudget of \$3.0 million dollars for the continuation of several projects as described elsewhere in this report. Expenditures in this fund were 0.6% (\$453,000) higher than the 2009-2010 level of \$69.9 million.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$165,512	\$81,943	\$93,156	\$11,213	\$2,978	\$8,235	5.0%

The 2010-2011 Ending Fund Balance of \$93.2 million was \$11.2 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due to lower than estimated project expenditures (\$12.1 million), partially offset by lower than estimated revenues (\$899,000). Of this Ending Fund Balance, \$3.0 million is recommended to be rebudgeted as part of this report for the continuation of projects. The remaining fund balance of \$8.2 million is recommended to be allocated to the 2011-2012 Ending Fund Balance and would be available for future use.

As described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$58,311 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$203,402	\$206,552	\$3,150	1.5%
Expenditures	\$207,667	\$200,285	\$7,382	3.6%

Revenue Performance

The San José/Santa Clara Treatment Plant operating funds consist of the Sewer Service and Use Charge Fund, the San José/Santa Clara Treatment Plant Operating Fund, the Sewage Treatment Plant Connection Fee Fund, and the San José/Santa Clara Treatment Plant Income Fund. In 2010-2011, gross revenues in these funds totaled \$206.6 million and were generated primarily from Sewer Service and Use Charges for Residential (\$99.8 million), Commercial (\$18.9 million), and Industrial (\$4.8 million) users; Contributions from Tributary Agencies (\$25.9 million); and sales of Recycled Water (\$2.5 million). Revenue collections ended the year slightly (1.5%) above budget, primarily due to higher than expected collections of Sewer Service and Use Charges from Industrial (\$1.5 million) and Residential (\$561,000) users, higher than budgeted contributions from the Tributary Agencies for their share of Plant operating costs (\$1.8 million), and Connection Fee revenues (\$771,000), partially offset by lower than budgeted revenues from Sewer Service and Use Charges (\$884,000) from Commercial users. The 2010-2011 combined revenue level was also \$12.4 million (6.4%) above the 2009-2010 level of \$194.2 million primarily due to a 6% rate increase that was approved for the Sewer Service and Use Charge in 2010-2011.

Expenditure Performance

In 2010-2011, gross expenditures of \$200.3 million were primarily attributed to Transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$51.0 million), Treatment Plant Capital Fund (\$26.8 million), and Sewer Service and Use Charge Capital Fund (\$15.6 million); Environmental Services Department (ESD) personal services (\$37.7 million) and non-personal/equipment (\$31.7 million); General Fund Overhead reimbursements (\$11.1 million); and Transportation Department personal services (\$8.4 million) and non-personal/equipment (\$4.4 million) costs. Expenditures ended the year \$7.4 million (3.6%) below budget due primarily to lower than budgeted ESD personal services (\$2.9 million) and non-personal/equipment (\$1.2 million), Worker's Compensation (\$691,000), and Major Litigation (\$600,000) expenditures.

In 2010-2011, expenditures were 3.2% (\$6.6 million) below the 2009-2010 level of \$206.9 million due primarily to lower ESD personal services (\$3.6 million) and non-personal/equipment (\$1.4 million), and Transportation Department personal services (\$1.1 million) expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS
(CONT'D.)**

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$262,672	\$62,682	\$69,864	\$7,182	\$0	\$7,182	2.7%

The 2010-2011 Ending Fund Balance of \$69.9 million was \$7.2 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due to lower than anticipated expenditures. The remaining fund balance of \$7.2 million is recommended to be allocated to the 2011-2012 Ending Fund Balance to be available for future use. Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$670,744 in these funds and increase Ending Fund Balances are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$985,098 for these funds are set aside in Transfer appropriations to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balances. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside funds to the 2011-2012 Ending Fund Balances.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL PROGRAM

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$17,177	\$17,877	\$700	4.1%
Expenditures	\$63,146	\$27,408	\$35,738	56.6%

Revenue Performance

The Sanitary Sewer Capital Program includes the Sewer Service and Use Charge Capital Fund and the Sanitary Sewer Connection Fee Fund. In 2010-2011, revenues totaled \$17.9 million and were generated from a Transfer from the Sewer Service and Use Charge Fund (\$15.6 million), a settlement for the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II project (\$1.2 million), Connection Fees (\$546,000), interest earnings (\$408,000), and joint participation (\$121,000).

In total, 2010-2011 revenues ended the year \$700,000 above the budgeted estimate due to unexpected revenues (\$1.2 million) from a settlement for the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II project, as well as higher than expected Connection Fee Revenue (\$196,000), partially offset by lower than expected interest income (\$360,000) and Joint Participation revenue (\$362,000). Connection Fee revenue ended the year 56% above the budgeted estimate due to the conversion of a large facility in North San José from office space to mixed use commercial-residential requiring additional sewer facilities. However, the 2010-2011 Connection Fee collection revenue of \$546,000 still fell far short in comparison to historical levels. For the five years prior to 2008-2009, average collections were slightly above \$1.0 million per year. Joint Participation revenue, which reflects the West Valley Sanitation District's and County Sanitation District's share of costs for projects in their jurisdictions, came in lower than expected because of delays in completing projects.

The 2010-2011 collection level was \$11.7 million (39.7%) below the 2009-2010 level of \$29.5 million due primarily to one-time transfers and payments that took place in 2009-2010. A transfer from the Building and Structure Construction Tax Fund (\$6.0 million) due to a short-term loan and revenue from Caltrans for portions of the Highway 87 and San José Sanitary Sewer Phase II projects (\$3.0 million) were both received in 2009-2010. In addition, the 2010-2011 transfer from the Sewer Service and Use Charge Fund was \$1.7 million below the 2009-2010 level, and interest earnings were also significantly lower (\$868,000) due to lower interest rates.

Expenditure Performance

In 2010-2011, expenditures totaled \$27.4 million. The largest projects in this program, with over \$1.0 million in expenditures each, included Miscellaneous Rehabilitation Projects (\$5.9 million) including the Balsa-Husted, Lariat Lane, Padres Drive, Perie Lane, Dorel Drive, Emory Street, and Ashburton Drive Sanitary Sewer Rehabilitation projects, the Spreckles Force Main Supplement, and the East San

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL PROGRAM (CONT'D.)

Expenditure Performance (Cont'd.)

José Miscellaneous Department of Transportation Sanitary Sewer Repairs; Inflow and Infiltration Reduction (\$3.3 million); Miscellaneous Projects (\$3.2 million) including projects located in Japan Town, on Husted Avenue and Richland Avenue, Lower Bird Avenue, Chant Court and Kollmar Drive, Blossom Hill Area, Parkmoor Avenue and Meridian Avenue, Westgate Avenue, and Echo Valley; 60" Brick Interceptor, Phase VIA & VIB (\$2.5 million); Morrill Avenue/Sierra Road Sanitary Sewer Improvement (\$1.2 million); and Sanitary Sewer Condition Assessments, Phase II (\$1.0 million). The 2010-2011 expenditures ended the year 56.6% (\$35.7 million) below the budgeted level of \$63.1 million. This variance was primarily due to project timing. Projects with the largest savings include the 30" Old Bayshore Supplement (\$4.1 million), Spreckles Sanitary Sewer Force Main Supplement (\$4.0 million), Almaden Expressway Sanitary Sewer (\$3.0 million), Coleman Road Sanitary Sewer Supplement (\$2.9 million), Fourth Major Interceptor, Phase IIB (\$2.6 million), Minnesota Avenue Sanitary Sewer Improvements (\$1.6 million), and Lamplighter Relief Pump Station Force Main (\$1.4 million). Funding is available for the continuation of all these projects in 2011-2012, with the exception of the Lamplighter Relief Pump Station Force Main, continuation of which has been deferred to 2012-2013 to allow staff to focus on more urgent projects. Of the \$35.7 million expenditure variance, \$27.6 million was rebudgeted as part of the 2011-2012 Adopted Capital Budget for future project expenditures, and an additional \$2.6 million is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to \$5.5 million or 8.7%.

Expenditures in this fund were 3.4% below the 2009-2010 level of \$28.4 million. This variance reflects a transfer of \$6.0 million due to a short-term loan to the Building and Construction Tax Fund, which took place in 2009-2010, partially offset by slightly higher project spending in 2010-2011.

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$105,694	\$72,795	\$79,518	\$6,723	\$2,627	\$4,096	3.9%

The 2010-2011 Ending Fund Balance of \$79.5 million was \$6.7 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due to lower than expected expenditures (\$7.2 million), partially offset by lower than expected revenues (\$531,000). This document recommends rebudgets of \$2.6 million for a number of projects, as described elsewhere in this document. The remaining fund balance of \$4.1 million is recommended to be allocated to the 2011-2012 Ending Fund Balance and would be available for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL PROGRAM (CONT'D.)

As described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$78,791 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL PROGRAM

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$10,572	\$10,545	(\$27)	(0.3%)
Expenditures	\$14,434	\$6,290	\$8,144	56.4%

Revenue Performance

In 2010-2011, revenues totaled approximately \$10.5 million and were generated primarily from a Transfer from the Storm Sewer Operating Fund (\$10.4 million), and Storm Drainage Fees (\$137,000). 2010-2011 revenues came in slightly below the budget estimate by \$27,000 due to lower than budgeted interest earnings (\$64,000), partially offset by higher than budgeted Storm Drainage Fees (\$37,000).

This 2010-2011 collection level was \$4.6 million (78.0%) above the 2009-2010 level of \$5.9 million due primarily to a higher transfer from the Storm Sewer Operating Fund (\$4.6 million). Storm Drainage Fee revenue increased by \$41,000 (43.1%) to \$137,000, but still remains far below pre-2008-2009 levels. The average annual collection of this fee for the five years starting in 2004-2005 was \$335,000.

Expenditure Performance

In 2010-2011, expenditures totaled \$6.3 million. Major projects contributing to this expenditure level were Storm Pump Station Rehab & Replacements (\$2.6 million), Creek Channel Stabilization (\$538,000), Outfall Rehabilitation – Capital (\$397,000), Storm Sewer Master Plan - City-wide (\$356,000), and Minor Neighborhood Storm Drain Improvements (\$312,000).

This expenditure level was \$8.1 million (56.4%) below the modified budget due primarily to unexpended funds associated with the Alviso Storm Drain Rehabilitation (\$1.6 million), Storm Pump Station Rehab & Replacements (\$1.0 million), Storm Drainage Improvements – Special Corridors (\$842,000), Miscellaneous Projects (\$774,000), Storm Sewer Master Plan - City-wide (\$644,000), Minor Neighborhood Storm Drain Improvements (\$637,000), and Storm Sewer Master Plan – North San José (\$513,000). Expenditures related to these projects were delayed because of the selection process and contracting for master planning consultants and because of significant staff turn-over related to the bumping process in 2010-2011. This document includes a recommendation to rebudget \$950,000 to complete several projects, as described in the Ending Fund Balance Performance section below. These rebudgets, combined with rebudgets totaling \$4.8 million approved as part of the 2011-2012 Adopted Budget, bring the expenditure variance to \$2.4 million, or 16.6% of the Modified 2010-2011 budget.

Expenditures in this program were 70.3% or \$2.6 million above the 2009-2010 level of \$3.7 million due primarily to greater spending on the Storm Pump Station Rehab & Replacements (\$1.8 million), and Creek Channel Stabilization (\$534,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL PROGRAM (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$16,850	\$9,405	\$10,692	\$1,287	\$1,250	\$37	0.0%

The 2010-2011 Ending Fund Balance of \$10.7 million was \$1.3 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was principally due to the lower than expected expenditures in Storm Pump Station Replacement (\$400,000), Rincon Storm System Study (\$100,000), and Storm Sewer Master Plan – North San José (\$413,000) projects, as well as the Reserve for Storm Sewer Capital Improvements, which was expected to be used for projects but was not expended.

It is recommended that \$1,250,000 of the additional fund balance be allocated to rebudget funds for the continuation of several projects, including Storm Sewer Master Plan – North San José (\$413,000), Storm Pump Station Rehabilitation and Replacement (\$390,000), Rincon Storm System Study (\$100,000), and the Reserve for Storm Sewer Capital Improvements (\$300,000). The remaining fund balance of \$37,000 is recommended to be allocated to the 2011-2012 Ending Fund Balance and would be available for future use.

As described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$27,083 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$30,421	\$30,853	\$432	1.4%
Expenditures	\$36,924	\$33,178	\$3,746	10.1%

Revenue Performance

In 2010-2011, revenues totaled \$30.9 million and were generated primarily by Storm Sewer Service Fee assessments (\$30.7 million) and interest earnings (\$80,000). The favorable variance to budget was mainly driven by higher than expected assessments of Storm Sewer Service Charges (\$496,000), partially offset by lower than budgeted interest earnings (\$70,000).

The 2010-2011 revenue level was \$191,000 (0.6%) above the 2009-2010 level of \$30.7 million primarily due to higher assessments (\$198,000) and a 2010-2011 transfer from the General Fund for Retiree Healthcare (\$50,000), partially offset by lower interest income (\$52,000).

Expenditure Performance

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System and stormwater pollution reduction. In 2010-2011, expenditures of \$33.2 million consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$10.4 million), Environmental Services Department (ESD) Personal Services (\$5.0 million) and Non-Personal/ Equipment (\$3.2 million), Transportation Department Personal Services (\$4.8 million) and Non-Personal/Equipment (\$2.1 million), Overhead Reimbursements (\$2.5 million), Yard Trimmings/Street Sweeping (\$1.6 million), and an early repayment of the IBS Commercial Paper (\$1.0 million).

This spending level was \$3.7 million (10.1%) below the modified budget. Savings occurred across all appropriations. The most significant savings were in ESD Non-Personal/Equipment appropriation (\$2.7 million) and Transportation Department Non-Personal/Equipment appropriation (\$530,000). Savings in ESD Non-Personal/Equipment appropriation were primarily due to delays in the implementation of the trash reduction initiative. These delays resulted from staffing vacancies in the Stormwater Management section of the Wastewatershed Division, staffing constraints in partner departments, and delays in securing the geotechnical engineering services required to support the installation of structural trash controls. In addition, several program efforts were conducted at a lower cost than estimated due to the rescoping of work or leveraging of efforts with other programs. For example, substantial savings were realized by combining rate increase notices for the Storm Sewer Service Charges with the notices for the Recycle Plus Rates. Of the total ESD Non-Personal/Equipment savings, \$1.8 million was rebudgeted as part of the 2011-2012 Adopted Budget for the purchase and installation of structural trash controls for the storm

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND (CONT'D.)

Expenditure Performance (Cont'd.)

sewer system (\$1.7 million), and integrated pest management projects (\$100,000). Savings in the Transportation Department Non-Personal/Equipment appropriation were primarily due to a milder storm season resulting in fewer storm maintenance needs than compared to the previous year.

Expenditures in this fund were \$7.0 million (26.7%) above the 2009-2010 level of \$26.2 million due primarily to an increase in the Transfer to the Storm Sewer Capital Fund (\$4.6 million), the early repayment of IBS Commercial Paper in 2010-2011 (\$838,000), contractual increases in the Yard Trimmings/Street Sweeping contract (\$600,000), and higher spending in the Environmental Services Department Personal Services appropriation (\$574,000). The higher ESD Personal Services spending was due to higher 2010-2011 per-employee costs, mainly as a result of increased retirement rates, the addition of a temporary position to assist with trash reduction program oversight, and the filling of several positions that had been vacant in 2009-2010.

**Revenue and Expenditure Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$47,654	\$13,750	\$15,110	\$1,360	\$0	\$1,360	2.9%

The 2010-2011 Ending Fund Balance of \$15.1 million was \$1.4 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due almost entirely to lower than estimated expenditure levels. The remaining fund balance of \$1.4 million is recommended to be allocated to the 2011-2012 Ending Fund Balance for future use, and to offset future rate increases needed to maintain the aging storm sewer infrastructure. Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$149,949 in this fund and increase Ending Fund Balance are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$217,849 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$10,030	\$10,914	\$884	8.8%
Expenditures	\$12,156	\$10,638	\$1,518	12.5%

Revenue Performance

The 2010-2011 budgeted revenue estimate assumed a decline of approximately 3.1% from the 2009-2010 level. However, actual Transient Occupancy Tax (TOT) revenues of \$10.9 million ended the year 5.1% above 2009-2010 actual revenue collections and 8.8% (\$884,000) above the modified budget. The higher than budgeted 2010-2011 revenue is primarily due to the average occupancy rate for the City's 14 largest hotels climbing from 55.9% to 59.8% and a \$4 increase in the average room rate for the same set of hotels (from \$117 to \$121). A portion of the higher than budgeted revenues (\$589,000) were anticipated in the development of the 2011-2012 Adopted Budget, and were placed in a Reserve for Future Distribution. It was anticipated that, contingent upon the actual receipt of these revenues, this reserve would be distributed as part of the 2010-2011 Annual Report according to the City Council-approved formula. Because above-budgeted revenue actually was received in 2010-2011, recommendations for distributing these funds are contained elsewhere in this report.

Expenditure Performance

By ordinance, the TOT Fund tax revenue is split into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). The Cultural Development category included the Cultural Grants, Cultural Grants Administration, and Office of Cultural Affairs Relocation appropriations. When compared to the Modified Budget, savings in the Cultural Development category of approximately \$1.5 million were realized and the majority of these savings (\$1.35 million) were anticipated and rebudgeted or reallocated as part of the approval of the 2011-2012 Adopted Operating Budget. At year-end, after accounting for funds previously rebudgeted or reallocated, additional savings of \$169,000 in the Cultural Development category were realized in the Office of Cultural Affairs Relocation (\$85,000), Cultural Grants Administration (\$59,000), and Cultural Grants (\$25,000) appropriations. Savings from these three appropriations are recommended to be rebudgeted into the Cultural Grants appropriation in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$13,592	\$3,375	\$3,840	\$465	(\$169)	\$296	2.2%

The 2010-2011 Ending Fund Balance of \$3.8 million was \$465,000 above the estimate used to develop the 2011-2012 Adopted Budget. This variance was due primarily to higher than anticipated TOT receipts (\$283,000), interest earnings (\$13,000), and lower than anticipated expenditures of \$169,000 in the Cultural Development category. Recommendations are included elsewhere in this document to rebudget the savings in the Cultural Development category and distribute the higher than anticipated TOT receipts (\$283,000) and Reserve for Future Distribution appropriation (\$589,000) among the three categories according to the City Council approved distribution formula as follows: Cultural Development (\$218,000), Convention and Visitor's Bureau (\$218,000), and Transfer to the Convention and Cultural Affairs Fund (\$436,000).

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$11,905 in this fund and increase the Cultural Grants allocation are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$10,446 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset to the Cultural Grants allocation. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the Cultural Grants allocation.

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ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL PROGRAM

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$4,209	\$4,111	(\$98)	(2.3%)
Expenditures	\$5,750	\$3,732	\$2,018	35.1%

Revenue Performance

In 2010-2011, revenues totaled \$4.1 million and were generated primarily from a Transfer from the Water Utility Fund (\$3.5 million) and fees paid by developers for direct services (\$599,000). The fees consist of Major Facilities Fees (\$428,000), Service Connection Fees (\$60,000), Meter Installation Fees (\$58,000), and Advance System Design Fees (\$53,000). Service Connection Fees, which are charged for small scale service connections to the water utility system, ended the year \$115,000 (65.6%) below budget due to lower than expected levels of this type of connection activity. All other fee revenues in this program ended the year slightly above budget.

The developer fee revenues ended the year well above 2009-2010 levels. Major Facilities Fees were \$389,000 above the 2009-2010 level of \$39,000 due to the conversion of a large facility in North San José from office space to mixed use commercial-residential requiring additional water facilities. Meter Installation Fees ended the year \$49,000 above 2009-2010 levels, Advanced System Design Fees ended the year \$44,000 above 2009-2010 levels, and Service Connection Fees ended the year \$12,000 above 2009-2010 levels, reflecting greater demand for installation or upgrade of water services, increased development activity, and new services for small scale connections to the Municipal Water System.

Expenditure Performance

In 2010-2011, expenditures totaled \$3.7 million. Major projects in this program included the Infrastructure Replacements (\$699,000), Service Installation (\$627,000), Castleton Drive Main Replacement (\$558,000), and System Maintenance and Repairs (\$384,000). Also contributing to this expenditure level was the repayment of a loan from the Sewage Treatment Plant Connection Fee Fund (\$1.0 million). Of this loan, \$1.2 million is outstanding as of June 30, 2011.

Expenditures were \$2.0 million (35.1%) below budget due primarily to savings or delays in the following projects: Nortech Parkway East Loop Main (\$658,000), Castleton Drive Main Replacement Project (\$332,000), Service Connections (\$243,000), System Maintenance and Repairs (\$176,000), North Coyote Valley Water System (\$168,000), and Water Valve Rehabilitation (\$100,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL PROGRAM (CONT'D.)

Expenditure Performance (Cont'd.)

Expenditures for 2010-2011 in this fund were 20.3% above the 2009-2010 level of \$3.1 million due primarily to work on the Castleton Drive Main Replacement Project (\$553,000), Infrastructure Replacement (\$329,000), and an increase in the Sewage Treatment Plant Connection Fee Fund loan repayment amount (\$300,000).

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$11,682	\$6,731	\$7,941	\$1,210	\$0	\$1,210	10.4%

The 2010-2011 Ending Fund Balance of \$7.9 million was \$1.2 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was primarily due to lower than estimated project expenditures (\$736,000) and higher than estimated fee revenues (\$474,000). The remaining fund balance of \$1.2 million is recommended to be allocated to the 2011-2012 Ending Fund Balance to be available for future use.

As described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$7,913 for these funds are set aside in Transfer appropriations to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balances. If, however, it is determined that this additional contribution is not necessary, it will be the Administration’s intention to return to the City Council with recommendations to allocate the set aside funds to the 2011-2012 Ending Fund Balances.

2010-2011 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

**Revenue and Expenditure Performance
(\$ in Thousands)**

	2010-2011 Budget	2010-2011 Actuals	Variance	% Variance
Revenues	\$26,901	\$25,463	(\$1,438)	(5.3%)
Expenditures	\$27,133	\$24,934	\$2,199	8.1%

Revenue Performance

In 2010-2011, revenues totaled \$25.5 million and were generated from potable and recycled water sales (\$25.3 million), late fees (\$110,000), interest earnings (\$31,000), and a transfer from the General Fund (\$20,000). The revenues from potable water sales came in under budget by \$1.5 million or 5.3%. This shortfall was the result of a 5.7% decrease in water sales from the prior year. The lower sales were driven mainly by a wetter than average winter and cooler than normal spring, the continued impact of the economic downturn, and the continuing effects of a county-wide call for water conservation to address three consecutive years of drought. Also impacting revenue collections was a one-time \$240,000 write-off of uncollectible accounts.

The 2010-2011 collection level was \$753,000 (3.0%) over the 2009-2010 level of \$24.7 million, due to a 3.75% rate increase, partially offset by lower water usage due to cooler weather and the wetter than average winter, the economic downturn, and voluntary rationing.

Expenditure Performance

In 2010-2011, expenditures of \$24.9 million were primarily for potable wholesale water purchases (\$13.8 million), a transfer to the Water Utility Capital Fund (\$3.5 million), Environmental Services Department Personal Services (\$3.3 million), and other Environmental Services Department Non-Personal/Equipment needs (\$2.0 million). Expenditures ended the year \$2.2 million (8.1%) below budget, primarily due to lower Environmental Services Department Non-Personal/Equipment spending (\$2.1 million). Most of these savings (\$1.7 million) can be attributed to lower than expected wholesale purchases of potable water.

Expenditures in this fund were \$1.1 million (4.6%) above the 2009-2010 level of \$23.8 million due primarily to a higher transfer to the Water Utility Capital Fund (\$611,000), higher potable water costs (\$241,000), and a \$170,000 transfer of late fees to the General Fund approved by the City Council as part of the 2010-2011 Midyear Budget Review after a reconciliation of fees received over several years.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND (CONT'D.)

**Ending Fund Balance Performance
(\$ in Thousands)**

2010-2011 Modified Budget	2010-2011 Estimated Ending Fund Balance	2010-2011 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$33,448	\$6,100	\$7,265	\$1,165	\$0	\$1,165	3.5%

The 2010-2011 Ending Fund Balance of \$7.3 million was approximately \$1.2 million above the estimate used to develop the 2011-2012 Adopted Budget. This variance was primarily due to lower than estimated expenditure levels (\$1.4 million), partially offset by lower than estimated revenue levels (\$207,000). No rebudgets are recommended for this fund as part of this document, and the remaining fund balance of \$1.2 million is recommended to be allocated to the 2011-2012 Ending Fund Balance to be available for future use.

Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, a complete retirement contributions and unemployment insurance reconciliation was to be performed based on final actions approved as part of the 2011-2012 Adopted Budget as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document. Based on these reconciliations, actions to decrease personal services appropriations totaling \$45,192 in this fund and increase Ending Fund Balance are recommended elsewhere in this document. In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to set aside an additional potential Annual Required Contribution to the Federated Retirement System. The potential amount of \$72,828 for this fund is set aside in a Transfer appropriation to the Federated Retirement System with an offset from the 2011-2012 Ending Fund Balance. If, however, it is determined that this additional contribution is not necessary, it will be the Administration's intention to return to the City Council with recommendations to allocate the set aside fund to the 2011-2012 Ending Fund Balance.

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

**2010-2011
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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Recommended Budget Adjustments

This section of the Annual Report summarizes recommended budget adjustments in all funds and is broken down by General Fund and Special/Capital Funds. This section consists of the following types of changes:

General Fund

Required Technical/Rebalancing Actions – These actions recommend current year adjustments to align budgeted revenue and expenditures with the most current information, or to correct technical problems in the 2011-2012 Adopted Budget. The following items are recommended: an increase to the estimate for Sales Tax (\$6.2 million); an increase to establish a 2012-2013 Future Deficit Reserve (\$5.7 million); a downward adjustment to the estimate for Property Tax (\$1.4 million); a decrease to the estimate for Revenue from the State of California for Motor Vehicle In-Lieu (\$700,000); a decrease to the estimate for Commercial Solid Waste Franchise Fees (\$400,000); an increase to establish a Transfer to the Police and Fire Retirement Fund for SB90 reimbursements from the State of California (\$275,000); a decrease to the estimate for Disposal Facility Tax (\$200,000); an increase to establish a Transfer to the Council District 10 Construction and Conveyance Tax Fund as a repayment for the addition of an enhanced concession/storage/bathroom facility at the Leland High School Sports Field (\$120,000); an increase to Parks, Recreation and Neighborhood Services Department's Personal Services appropriation for increased costs associated with a living wage increase (\$90,000); an increase to the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation to fund contractual services for the clean-ups on properties that are unsafe, dangerous, hazardous, or a nuisance (\$50,000); an increase to the Department of Transportation's Non-Personal/Equipment appropriation for emergency repairs to median islands, median island landscaping, and the irrigation system (\$35,000); and, finally, a net zero impact to reimburse funding to the Fire Apparatus Replacement capital improvement appropriation from the 2009 Urban Areas Security Initiative Grant – Fire city-wide appropriation.

Grants/Reimbursements/Fees – These actions recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes as appropriate.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Recommended Budget Adjustments

General Fund (Cont'd.)

Urgent Fiscal/Program Needs – These actions recommend current year adjustments to address urgent budget issues or to correct errors discovered in the 2011-2012 Adopted Budget. The following urgent program needs are recommended: increases to the Fire Department's Personal Services appropriation for minimum staffing overtime funding (\$760,000) and a third SAFER Grant Firefighter Academy (\$103,000); an increase to the Police Department's Personal Services and Non-Personal/Equipment appropriations to continue the Horse Mounted Unit through mid-February 2012 (\$102,000); an increase to establish a Habitat Conservation Plan Earmarked Reserve (\$100,000); and a net zero impact to provide funding for personal services and non-personal services expenditures related to the General Plan Update that was inadvertently left out during the development of the 2011-2012 Adopted Budget.

Special/Capital Funds

Special Fund Adjustments – These actions adjust revenue estimates based on updated collection information, 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 adjust capital projects based on new and/or revised grants and reimbursements, cost estimates, and project timing; reallocate project funding to and from reserves; and establish a limited number of new projects to address current year needs.

Clean-Up Actions

General Fund & Special/Capital Funds

This section consists of clean-up actions for the General Fund and Special/Capital Funds. The following types of adjustments are included:

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2011-2012 budget for all funds where the actual (unaudited) 2010-2011 Ending Fund Balance/2011-2012 Beginning Fund Balance differed from the budgeted amount.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds (Cont'd.)

Fee Program Reconciliations – These actions adjust appropriations based on actual fee program reconciliations. In the four development fee programs (Building, Fire, Planning, and Public Works), these actions adjust fee reserves to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings resulting from year-end program reconciliations.

Rebudget Adjustments – These actions revise various appropriations to rebudget funds to complete prior year projects. Downward adjustments to previous rebudget actions are included if actual year-end revenues or expenditures were higher than anticipated, while upward adjustments are included if actual year-end revenues or expenditures were lower than anticipated.

Retirement Contributions Reconciliation – Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from a complete retirement contributions reconciliation based on final actions approved as part of the 2011-2012 Adopted Budget were to be used to establish a 2012-2013 Future Deficit Reserve in the General Fund. Due to the fact that the City is now providing funding to the Federated City Employees' Retirement System and the Police and Fire Department Retirement System for 2011-2012 on a methodology that provides for a minimum annual required contribution amount that is paid for by all City funds with personal services allocations, a reconciliation and rebalancing was necessary in all affected funds. Based on this reconciliation, adjustments to decrease personal services or project appropriations will properly fund required retirement contributions, producing savings in all funds of \$5.5 million. As a result of these savings, \$4.31 million is available and recommended be allocated to the 2012-2013 Future Deficit Reserve in the General Fund. In all other funds, a total of \$1.19 million in savings is available and recommended to increase those funds' ending fund balances or reserves accordingly.

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ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds (Cont'd.)

Unemployment Insurance Reconciliation – Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from a complete unemployment contributions reconciliation based on final actions approved as part of the 2011-2012 Adopted Budget were to be used to establish a 2012-2013 Future Deficit Reserve in the General Fund. Based on this reconciliation, technical adjustments to decrease appropriations across all City funds to appropriately align funding sources with projected unemployment insurance payments was required. Recommendations included in this document decrease personal services and project appropriations across all City funds, restore funding to the Salary and Benefits Reserve in the General Fund (\$1.67 million) as that reserve was temporarily used as a source of funds to restore General Fund services until this reconciliation could be completed, contribute \$1.65 million to a new 2012-2013 Future Deficit Reserve in the General Fund, and increase the ending fund balances or reserves in all other funds accordingly.

2010-2011 Federated Retirement System Annual Required Contribution – Potential Additional Payment – In 2010-2011, the City fully paid the annual required contribution (ARC) to the Federated Retirement System using a 23.18% City Contribution Rate of pensionable payroll as requested by the Federated Retirement Board. The 23.18% City Contribution Rate was based on the Board's approved phased reduction of the interest earning assumption from 8.25% to 7.75% over 5 years. In September 2011, however, the Department of Retirement Services informed the Administration that the City did not in fact fully fund the ARC for 2010-2011, since the ARC should have been paid using a previously calculated 25.75% City Contribution Rate which was based on an earning assumption of 7.75%. Since the City fully paid the ARC as requested by the Board, the Administration is analyzing this new information and will seek clarification from the Federated Retirement Board whether the City should have paid the ARC using a 23.18% or 25.75% City Contribution Rate. Using the higher City Contribution Rate, the additional ARC amount based on actual pensionable payroll for 2010-2011 is estimated at \$8.046 million for all funds and \$4.387 million for the General Fund.

This report includes recommendations to set aside the additional potential ARC payment of \$8.046 million from all impacted funds to be transferred to the Federated Retirement Fund in the event that the Federated Retirement Board determines that the City should pay the higher amount as is now being indicated. It is recommended that the transfer from the General Fund of the additional ARC of \$4.387 million be funded through additional funding available in 2011-2012 as described elsewhere in this report. For all other funds, the transfers to the Federated Retirement Fund would be offset accordingly through a decrease in each fund's 2011-2012 Ending Fund Balance or project appropriations.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds (Cont'd.)

If, however, it is determined that it is not necessary for the City to pay the additional ARC, it will be the Administration's intention to return to the City Council as part of the 2011-2012 Mid-Year Budget Review with a recommendation to allocate the set aside funds of \$4.387 million in the General Fund to the 2012-2013 Future Deficit Reserve and the remaining funds of \$3.659 million to each affected fund's ending fund balance as appropriate.

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, funds and revenue categories, redistributing funding allocations.
- **Grants/Reimbursement Revisions** – These actions include revenue and expenditure appropriation adjustments to reflect updated grant awards, assessment activity, and/or reimbursements for previously approved projects.
- **Close-Out of Funds** – These actions include revenue and expenditure appropriation adjustments to reflect the final reconciliations to close out funds based on activity through the end of 2010-2011.
- **Other Adjustments**
 - **Beginning Fund Balance** – These technical adjustments adjust the Beginning Fund Balance to correct the 2010-2011 Beginning Fund Balance based on the reconciliation of the final 2009-2010 Comprehensive Annual Financial Report.
 - **Benefit Funds Adjustments for Service Restorations** – These technical adjustments increase appropriations in the Benefit and Life Insurance Funds to align the budget for benefit allocations with the service restorations approved by the City Council as part of the Mayor's June Budget Message for Fiscal Year 2011-2012 and final budget adoption. Due to the timing of the final budget approval in late June, all reconciling budget actions were not completed. Corresponding increases in transfers and participant contributions are recommended to offset these actions.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds (Cont'd.)

- **Other Adjustments (Cont'd.)**
 - **Cardroom Regulation** – This technical adjustment reduces the Cardroom Regulation Fee revenue for 2011-2012 to credit the cardrooms for over collection in 2010-2011. As a result of a settlement between the City and the cardrooms, the annual revenue collected from the cardroom regulation fees and the cardroom work permit fees is required to be reconciled to the expenditures incurred by the City for cardroom regulation. In 2010-2011 the revenue collected from the cardrooms was greater than the City's expenditures by \$11,394.
 - **Energy Efficiency Program Implementation** – Per previous City Council direction, this technical adjustment allocates energy rebates received in 2010-2011, as well as the equivalent of first year energy savings from departmental non-personal/equipment appropriations, to a revolving energy efficiency City-Wide Expenses appropriation for future energy savings projects.
 - **Transient Occupancy Tax Fund Allocation Adjustments** – These technical adjustments redistribute higher than anticipated Transient Occupancy Tax (TOT) collections received in 2010-2011 according to the City Council approved distribution formula to the following three recipients: 1) Convention and Cultural Affairs Fund, 2) San José Convention and Visitors Bureau (CVB), and, 3) Cultural Development. The distributions, which total approximately \$872,000, are equal to the amount of TOT received above the 2010-2011 Modified Budget. A portion of this amount (\$589,000) was assumed in the development of the 2011-2012 Adopted Budget and placed in a Reserve for Future Distribution. The remaining \$283,000 represents 2010-2011 TOT collections above and beyond what was assumed in the 2011-2012 Adopted Operating Budget.

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
2009 Urban Areas Security Initiative (UASI) Grant - Fire (Thermal Imaging Cameras)	CITY-WIDE EXPENSES		(\$11,937)	
Decreases the 2009 Urban Areas Security Initiative (UASI) Grant - Fire city-wide appropriation to reimburse the Fire Apparatus Replacement capital improvement appropriation. In 2010-2011, the 2009 UASI Grant- Fire appropriation did not have enough funding to charge the purchase of thermal imaging cameras for the emergency fire apparatus; however, the UASI grant had funding appropriated in 2011-2012. The UASI eligible cameras were temporarily charged to the Fire Apparatus Replacement appropriation in 2010-2011; therefore, this action is recommended to reimburse the Fire Apparatus Replacement appropriation. A corresponding increase to the Fire Apparatus Replacement appropriation is recommended elsewhere in this report.				
2012-2013 Future Deficit Reserve	EARMARKED RESERVES		\$5,661,917	
Establishes a 2012-2013 Future Deficit Reserve totaling \$11.62 million. Per direction from the City Council-approved Mayor's June Budget Message for Fiscal Year 2011-2012, any additional funding resulting from a complete retirement contributions reconciliation and an unemployment contributions reconciliation based on final actions approved as part of the 2011-2012 Adopted Budget were to be used to establish a 2012-2013 Future Deficit Reserve. In addition, any ending fund balance that may be available after the close of the 2010-2011 fiscal year will be allocated entirely to the 2012-2013 Future Deficit Reserve. An increase of \$5.66 million is recommended to the 2012-2013 Future Deficit Reserve, as reflected in this section, to reflect the net remaining funds from the close out of the 2010-2011 fiscal year. An additional increase to the Future Deficit Reserve totaling \$5.96 million is also recommended from the savings associated with the retirement contributions (\$4.31 million) and unemployment insurance (\$1.65 million) reconciliations as described in further detail in the General Fund Clean-Up Actions section of this report.				
Business Taxes Revenue Adjustment	REVENUE ADJUSTMENTS			(\$200,000)
A decrease to the Business Taxes revenue estimate of \$200,000 (from \$38,795,000 to \$38,595,000) is recommended to reflect lower estimated Disposal Facility Tax revenues based on actual 2010-2011 performance and the downward collection trend in this category. With this adjustment, the Disposal Facility Tax revenue estimate will be reduced from \$10.9 million to \$10.7 million, allowing for a 3% decline from the actual 2010-2011 collection level.				

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Code Enforcement Clean-Up</i>	PLANNING, BLDG, & CODE ENF		\$50,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation to fund contractual services for the clean-ups on properties that are found to be unsafe, dangerous, hazardous, or a nuisance. Originally, funds received from liens placed on property owners to cover the clean-up costs were deposited and expended from an unbudgeted fund which will be closed out in 2011-2012. It has been determined that a more appropriate process is to have the Department spend from their Non-Personal/Equipment appropriation with the reimbursements to be deposited in the General Fund. Since the activity level is minimal and volatile, no revenues are being recommended to be recognized at this time. There will be no net impact to the General Fund because existing funds are currently in the unbudgeted fund and will be transferred to the General Fund to support these costs.</p>				
<i>Fire Apparatus Replacement (Thermal Imaging Cameras)</i>	CAPITAL PROJECTS		\$11,937	
<p>Increases the Fire Apparatus Replacement capital improvement appropriation with funding from the 2009 Urban Areas Security Initiative (UASI) Grant - Fire city-wide appropriation. In 2010-2011, the 2009 UASI Grant - Fire appropriation did not have enough funding to charge the purchase of thermal imaging cameras for the emergency fire apparatus; however, the UASI grant had funding appropriated in 2011-2012. The UASI eligible cameras were temporarily charged to the Fire Apparatus Replacement appropriation in 2010-2011; therefore, this action is recommended to reimburse the Fire Apparatus Replacement appropriation. A corresponding decrease to the 2009 UASI Grant - Fire appropriation is recommended elsewhere in this report.</p>				
<i>Franchise Fees Adjustment</i>	REVENUE ADJUSTMENTS			(\$400,000)
<p>A decrease to the Franchise Fees revenue estimate of \$400,000 (from \$43,025,000 to \$42,625,000) is recommended to reflect lower anticipated collections in the Commercial Solid Waste Franchise Fees category based on actual 2010-2011 performance and the downward collection trend in this category. This adjustment would reduce the 2011-2012 Commercial Solid Waste Franchise Fees revenue estimate from \$9.6 million to \$9.2 million, allowing for a 3.2% decline from the 2010-2011 actual collection level of \$9.5 million.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Landscape Accident Repair Program</i>	TRANSPORTATION		\$35,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation to provide funding for emergency repairs to median islands, median island landscaping, and the irrigation system as a result of traffic accident damages. Originally, funds received from insurance companies to cover the damages were deposited and expended from an unbudgeted fund which will be closed out in 2011-2012. It has been determined that a more appropriate process is to have the Department spend from their Non-Personal/Equipment appropriation with the reimbursements to be deposited in the General Fund. Since the activity level is minimal and volatile, no revenues are being recommended to be recognized at this time. There will be no net impact to the General Fund because existing funds are currently in the unbudgeted fund and will be transferred to the General Fund to support these costs.</p>				
<i>Leland Sports Field Repayment</i>	TRANSFERS		\$120,000	
<p>Establishes a Transfer to the Council District 10 Construction and Conveyance Tax Fund in the amount of \$120,000 toward the total repayment of \$350,000 that originally supported the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. As approved by City Council on March 20, 2007, fees collected from use of this sports field will: support ongoing operational and maintenance costs; repay Council District #10 Construction and Conveyance Tax Fund the \$350,000 that was advanced to the project from the District; and establish a reserve for future replacement of the turf should there be a need to replace the turf prior to the expiration of the agreement. This allocation of \$120,000 reflects the balance of fees collected once the cost of operations and maintenance were paid in 2008-2009, 2009-2010 and 2010-2011. There is a corresponding transaction in the Council District #10 Construction and Conveyance Tax Fund.</p>				
<i>Living Wage Hourly Wage Increase</i>	PARKS, REC, & NEIGH SVCS		\$90,000	
<p>Increases the Personal Services appropriation in the Parks, Recreation and Neighborhood Services Department to provide for increased costs associated with several part-time unbenefitted positions (Assistant Swimming Pool Manager, Instructor Lifeguard, Open Water Lifeguard, and Regional Park Aide) where the hourly living wage (\$14.84) exceeds the budgeted hourly wage in 2011-2012. As included in the 2011 Living Wage Rates Information Memorandum distributed to City Council on May.20, 2011, per the Living Wage Policy, the living wage rates for direct service contracts solicited for and entered into after July 1, 2011 were increased to \$13.59 per hour with health insurance benefits and \$14.84 per hour without health insurance benefits.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Property Tax Adjustment</i>				
A decrease to the Property Tax revenue estimate of \$1,359,000 (from \$201,454,000 to \$200,095,000) is recommended to bring the revenue estimate in line with the 2011-2012 Property Tax information provided by the County of Santa Clara Controller-Treasurer Department in August 2011. This includes downward adjustments to the following Property Tax sub-categories: Secured Property Tax (down \$327,000); SB 813 Property Tax (down \$656,000); Unsecured Property Tax (down \$346,000); and Homeowner's Exemption Subvention (down \$30,000).	REVENUE ADJUSTMENTS			(\$1,359,000)
<i>Revenue from the State of California - Motor Vehicle In-Lieu Adjustment</i>				
A net decrease of \$700,000 to the Motor Vehicle In-Lieu revenue estimate is recommended to reflect the following: a decrease of \$2.8 million to reflect the elimination of the 2011-2012 Motor Vehicle In-Lieu revenue estimate based on the recent State approved bill (SB 89) which eliminated these payments beginning in 2011-2012; and the addition of \$2.1 million that was received from the State in July 2011 to recognize a true-up payment that accounted for underpayments in prior years (2006-2007 through 2009-2010).	REVENUE ADJUSTMENTS			(\$700,000)
<i>Sales Tax Adjustment</i>				
An increase to the General Sales Tax estimate of \$6.2 million (from \$136.8 million to \$143.0 million) is recommended to recognize additional Sales Tax revenue generated in the fourth quarter 2010-2011 (\$2.6 million) and higher estimated collections based on an adjusted starting point for 2011-2012 (\$3.6 million). This adjustment will allow for 2% economic growth in 2011-2012 sales tax collections over the actual level received in 2010-2011.	REVENUE ADJUSTMENTS			\$6,223,000
<i>Transfer to Police and Fire Retirement Fund (SB 90 Reimbursements)</i>				
Establishes a transfer to the Police and Fire Retirement Fund for reimbursements from the State of California for the City's Police and Fire Retirement Plan following state mandates. The Police and Fire Retirement Plan (Plan) is required to offer medical benefits to the surviving spouse and family of sworn officers that died in the line of duty. Annually, the Plan provides information regarding the amounts paid by the Plan and requests reimbursement from the State. The reimbursements have been posted to the General Fund in error since 2006-2007 for reimbursements that cover claims since 1996-1997; however, it has been recently discovered that the reimbursement should have been instead posted to the Police and Fire Retirement Fund.	TRANSFERS		\$275,368	
TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS			\$6,232,285	\$3,564,000

General Fund Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>2011 COPS Hiring Grant/Revenue from the Federal Government</i>	POLICE	2.55	\$181,257	\$181,257
<p>On September 28, 2011, the City was awarded the 2011 COPS grant in the amount of \$1,703,664 to reimburse the City for the costs related to three entry level Police Officer positions for three years. The City is responsible for the costs related to higher than entry-level salaries, non-reimbursable benefits, and non-personal/equipment associated with the three positions. As part of the grant award, the City must also retain the positions for an additional year after the three year grant reimbursement period has expired. This action adds the three Police Officer positions to the Police Department and recognizes and appropriates \$181,257 (2.55 positions) for the reimbursement from the federal government of their associated costs, effective February 1, 2012. A corresponding entry in the Federal Asset Forfeiture Fund for \$32,354 (0.45 positions) is also recommended in this report to provide for the cost differences for the three positions that are not grant reimbursement eligible. Year two of the grant will be included as part of the 2012-2013 Base Budget process.</p>				
<i>2011-2012 Anti Drug Abuse Grant/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$125,897	\$125,897
<p>Recognizes and appropriates grant funding to the Police Department from the State of California Governor's Office of Emergency Services to reimburse for equipment (\$97,810) and training (\$28,087) related to anti-drug abuse activities. The Police Department will purchase rifles, rifle sights, ammunition, ballistic shields, bulletproof vests, and stealth trackers. In addition, the funding will allow 16 officers to attend the California Narcotic Officers' Association (CNOA) Narcotics Conference and observe best practices in the field of narcotics interdiction programs and one officer to attend the California Narcotic Canine Association (CNCA) Narcotics Conference. A corresponding increase to the estimate for Revenue from the State of California is also recommended.</p>				
<i>2011-2012 Internet Crimes Against Children (ICAC) State Grant/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$125,000	\$125,000
<p>Recognizes and appropriates grant funding to the Police Department from the State of California Governor's Office of Emergency Services to reimburse for the travel and training of San José Police Department (SJPD) ICAC investigators and Silicon Valley ICAC (SVICAC) affiliate agency investigators. Trainings include ICAC Internet Technologies and Tracking, Undercover Chat, Cybertip Manager, First Responder, and two National White Collar Crime Center courses provided by SJPD for the SVICAC affiliates. A corresponding increase to the estimate for Revenue from the State of California is also recommended.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>AFIS Phase II Upgrade/Revenue from Local Agencies</i>	POLICE		\$896,000	\$896,000
<p>Increases the Police Department's Non-Personal/Equipment appropriation to fund the Phase II upgrade to the Automated Fingerprint Identification System (AFIS). Phase I was funded in 2010-2011 and included upgrading software in 24 LiveScan stations to capture better fingerprint resolution as well as upgrades to support DNA sample collection. Funding from the CAL-ID Regional Access Network Board (SB720 funding) for Phase II will be used to implement an Advanced Data Services (ADS) server and database, Data Exchange/Data Processing (DES/DPS) servers, and an Administrative Workstation. The server and database upgrades will process and store new data records submitted to AFIS, as well as track and process updates of existing records. A corresponding increase to the estimate for Revenue from Local Agencies is also recommended.</p>				
<i>After School Education and Safety Programs for 2011-2012/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$607,861	\$607,861
<p>Recognizes State grant funding and establishes an appropriation to support after school education and safety programs in the Berryessa and Alum Rock Union School Districts for the 2011-2012 school year. The After School Education and Safety Program is a voter-approved initiative to support local after school education and enrichment programs by providing literacy, academic enrichment and constructive alternatives for students in kindergarten through the ninth grade.</p>				
<i>Fee Supported Reserve - Public Works</i>	EARMARKED RESERVES		(\$312,000)	
<p>Decreases the Fee Supported Reserve - Public Works to support increased costs for development fee activity. Due to increased activity in 2010-2011, capital-funded staff have been reallocated from capital projects to the Development Fee Program and the creation of a temporary Civil Engineer position to maintain customer service delivery was necessary. In particular, two significant projects in North San José, Sony, and Fairfield Northpointe have impacted Public Works' ability to achieve its agreed upon performance with developers of processing 85% of the plans within their processing cycle time. A corresponding increase to the Public Works Department's Personal Services appropriation is recommended elsewhere in this report.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Mobile Identification System Enhancement/Revenue from Local Agencies</i>	POLICE		\$481,052	\$481,052
<p>Increases the Police Department's Non-Personal/Equipment appropriation for the purchase of equipment to upgrade the Mobile ID System in order to enhance the quality of criminal identification information maintained by the State. Funding from the CAL-ID Regional Access Network Board (SB720 funding) will be used to upgrade LiveScan equipment in police vehicles, Mobile ID devices carried by patrol officers, and the T-1 line and broadband connections for the Mobile ID network. A corresponding increase to the estimate for Revenue from Local Agencies is also recommended.</p>				
<i>Public Works Development Fee Program</i>	PUBLIC WORKS		\$312,000	
<p>Increases the Public Works Department's Personal Services Development Fee appropriation to support increased costs for development fee activity. Due to increased activity in 2010-2011, capital-funded staff have been reallocated from capital projects to the Development Fee Program and the creation of a temporary Civil Engineer position to maintain customer service delivery was necessary. In particular, two significant projects in North San José, Sony, and Fairfield Northpointe have impacted Public Works' ability to achieve its agreed upon performance with developers of processing 85% of the plans within their processing cycle time. A corresponding decrease to the Fee Supported Reserve - Public Works is recommended elsewhere in this report.</p>				
<i>Recovery Act - Anti Drug Abuse Enforcement/Revenue from the State - Recovery Act</i>	CITY-WIDE EXPENSES		\$6,000	\$6,000
<p>Increases the Recovery Act- Anti Drug Abuse Enforcement grant to fund anti-drug abuse activities in 2011-2012 and recognize the full amount of the grant award. The total grant amount of \$116,801 was awarded from the Governor's Office of Emergency Services to fund Police Department overtime to conduct covert anti-drug operations during the term of the grant (March 1, 2010 through February 28, 2012). In accordance with the spending plan, \$60,066 was appropriated and expended in 2010-2011. The remaining balance of \$56,735 was to be appropriated in 2011-2012 as part of the Manager's Budget Addendum #47; however, only \$50,735 was appropriated. This action recognizes and appropriates the remaining \$6,000 in grant funding to be used for anti-drug abuse operations by the February 28, 2012 spending deadline. A corresponding increase to the estimate for Revenue from the State of California - Recovery Act is also recommended.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Senior Nutrition Program/Revenue from Local Agencies and Departmental Charges</i>	PARKS, REC, & NEIGH SVCS		\$414,220	\$414,220
<p>Recognizes revenue from the County (\$357,220) and from retained donations from participants (\$57,000) and appropriates Personal Services funding (Kitchen Aides, Cooks, Food Service Coordinators) (\$214,280) and Non-Personal/Equipment funding for food and non-food expenses (\$199,940) for the Senior Nutrition Program through the end of October. Beginning in November, this program will be delivered by an alternative service provider, with some reduced support continuing to be provided by the City. In the 2010-2011 Adopted Budget, the City Council approved the elimination of the Senior Nutrition Program, effective July 2011. In an effort to mitigate this reduction, a task force of various local agencies was convened to identify a lower-cost alternative to meeting the nutrition needs of the San José senior community, and it was recommended that a joint effort between the City, County and non-profits continue to offer this program at up to 13 City Community Center sites. Funding of \$550,000, which included funding for 1.0 Recreation Supervisor and 0.5 part-time Analyst, was added to the Department's budget in 2011-2012 for this purpose. City staff is currently reviewing alternative providers for delivering this program at this lower cost level and will return to the Neighborhood Services and Education Committee in November 2011 with those recommendations.</p>				
<i>Sheppard Middle School Sports Field Operations and Maintenance/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$33,000	\$33,000
<p>Increases the estimate for Earned Revenue and the Parks, Recreation and Neighborhood Services Department's Personal Services (\$9,500) and Non-Personal/Equipment (\$23,500) appropriations to fund operations and maintenance costs at the Sheppard Middle School Sports Field, scheduled to open in March 2012. This funding will cover the costs associated with making and monitoring field reservations and maintaining the field turf. These costs will be offset by revenue generated from reservations at the sports field received from the Alum Rock Union School District.</p>				
<i>Silicon Valley Interoperability Project/Revenue From Local Agencies</i>	CITY-WIDE EXPENSES		\$75,000	\$75,000
<p>Recognizes Revenue from Local Agencies and establishes an appropriation for the Silicon Valley Regional Interoperability Project (SVRIP) for continued staffing resources associated with the program through November 2011. The SVRIP was formed to enhance interagency coordination and communication between public safety agencies and to exchange critical information and resources in real time during an emergency. The SVRIP operates under the general direction of the Santa Clara County/Cities Managers Association; the City provides funding up front for expenditures and is reimbursed by the SVRIP Fiscal Agent, County of Santa Clara.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>South Bay Metro Task Force/Revenue from State of California</i>	POLICE		\$67,203	\$67,203
Increases the Police Department's Personal Services appropriation for operations associated with the South Bay Metro Task Force, which focuses on narcotics related investigations. Funding includes overtime for one officer primarily assigned to the Task Force and overtime for other Covert Response Unit (CRU) officers participating in Task Force operations. The total grant amount is \$100,804 and the term is from July 1, 2011 through December 31, 2012. \$67,203 will be appropriated in 2011-2012 and the remaining \$33,601 will be appropriated in 2012-2013 as part of the budget process. A corresponding increase to the estimate for Revenue from the State of California is also recommended.				
<i>State Homeland Security Grant/Revenue from State of California</i>	FIRE		\$52,651	\$52,651
Increases the Fire Department's Personal Services appropriation for Strike Team Leader training and All Risk Division Supervisor training. A total of 24 Fire Department personnel attended these trainings in July 2011 that were administered by the Santa Clara County Office of Emergency Services. A corresponding increase to the estimate for Revenue from the State of California is also recommended.				
<i>State Waste Tire Amnesty Grant/Revenue from State of California</i>	PLANNING, BLDG, & CODE ENF		\$29,990	\$29,990
This action increases the Planning, Building and Code Enforcement Department's Personal Services (\$11,988) and Non-Personal/Equipment (\$18,002) appropriations and recognizes a grant from the State of California for the Waste Tire Amnesty Program. The funding will provide for the monitoring of waste tire bins at neighborhood clean-ups (estimated 25 clean-ups in 2011-2012), a hauler to dispose the waste tires, and marketing/public outreach to residents regarding the neighborhood clean-ups.				
<i>State Waste Tire Enforcement Grant/Revenue from State of California</i>	PLANNING, BLDG, & CODE ENF		\$37,006	\$37,006
This action increases the Planning, Building and Code Enforcement Department's Personal Services (\$22,506) and Non-Personal/Equipment (\$14,500) appropriations and recognizes grant funding from the State of California for Waste Tire Enforcement to align funding with the grant award. An estimated grant award was recognized and appropriated as part of the 2011-2012 Adopted Budget, and this action will align funding with the final grant award which was received after the development of the 2011-2012 Adopted Budget. This grant funds an Environmental Inspector position and associated non-personal expenditures which provides waste tire enforcement activities (such as investigate illegal tire disposal, perform waste tire inspections, and ensure compliance with all applicable laws and regulations).				

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Summer Youth Nutrition Program/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$60,724	\$60,724
<p>Recognizes and appropriates reimbursed grant revenue from the California Department of Education Nutrition Services Division and corresponding expenditure budget in support of the 2011 Summer Youth Nutrition program. Lunches and snacks were provided to youth at the Roosevelt and Mayfair Community Centers, Alviso Youth Center, and Ramblewood Elementary School for the period June 2011 through mid-August 2011.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES		2.55	\$3,192,861	\$3,192,861
URGENT FISCAL/PROGRAM NEEDS				
<i>Comprehensive General Plan Update</i>	CITY-WIDE EXPENSES		\$120,000	
<p>Increases the Comprehensive General Plan Update appropriation to provide personal services funding (\$15,000) for staff to attend community meetings and public hearings, and associated non-personal/equipment funding (\$85,000) for marketing and public outreach (e.g. printing of publications, postage for mass mailing, and translation services). In addition, this action will provide funding for the Department of Transportation (\$20,000) to develop and analyze land use scenarios; develop, compile, and validate dynamic traffic assignments; and review, coordinate, and respond to Environmental Impact Reports (EIR). These costs related to the General Plan Update were inadvertently left out during the development of the 2011-2012 Adopted Operating Budget. A recommendation to decrease the General Plan Update Reserve is also included elsewhere in this report to offset this action.</p>				
<i>General Plan Update Reserve</i>	EARMARKED RESERVES		(\$120,000)	
<p>Decreases the General Plan Update Reserve to provide personal services funding (\$15,000) for staff to attend community meetings and public hearings, and associated non-personal/equipment funding (\$85,000) for marketing and public outreach (e.g. printing of publications, postage for mass mailing, and translation services). In addition, this action will provide funding for the Department of Transportation (\$20,000) to develop and analyze land use scenarios; develop, compile, and validate dynamic traffic assignments; and review, coordinate, and respond to Environmental Impact Reports (EIR). These costs related to the General Plan Update were inadvertently left out during the development of the 2011-2012 Adopted Operating Budget. A recommendation to increase the Comprehensive General Plan Update appropriation is also included elsewhere in this report to offset this action.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Habitat Conservation Plan Earmarked Reserve</i>	EARMARKED RESERVES		\$100,000	
<p>Establishes a Habitat Conservation Plan Earmarked Reserve in the amount of \$100,000. The City Council is currently discussing refinements to the draft Habitat Conservation Plan (City Council Agenda, 9/20/11 – Item 4.3, 9/27/11 – Item 4.1) as directed as part of the City Council-approved Mayor’s June Budget Message for Fiscal Year 2011-2012. If the City Council approves to proceed with the plan, funding will be required to prepare the Final Habitat Conservation Plan for formal review by the U.S. Fish and Wildlife Service and California Department of Fish and Game. In addition, consultant costs will be necessary to prepare the supporting documents to allow the Army Corps of Engineers to issue a Regional General Permit for wetlands. The estimated costs are \$100,000 to prepare the final habitat plan and funding is recommended to be set aside in a reserve, pending final City Council decision to proceed with or terminate the plan. If the City Council chooses to proceed with the plan, the reallocation of funding from the reserve to fund these activities will be recommended as part of the 2011-2012 Mid-Year Budget Review in February 2012. However, should the City Council decide not to proceed with the plan, funding will be recommended to be allocated to the 2012-2013 Future Deficit Reserve as part of the 2011-2012 Mid-Year Budget Review.</p>				
<i>Horse Mounted Unit</i>	POLICE		\$102,000	
<p>Increases the Police Department's Personal Services (\$56,000) and Non-Personal/Equipment (\$46,000) appropriations to continue the Horse Mounted Unit (HMU) through mid-February 2012 as a collateral assignment as described in the 2011-2012 Adopted Operating Budget. The Friends of the Horse Mounted Unit (Friends) were fundraising for the collateral HMU assignment and provided \$35,500 towards operations in 2011-2012. As the Friends are no longer engaged in these fundraising efforts, the Administration is now exploring having the San José Police Foundation fundraise matching funds of \$102,000 to continue the HMU through the end of 2011-2012. The Police Department will report on the fundraising efforts to the City Council with an information memorandum in late November to determine if the HMU will continue through June 2012. If the fundraising efforts are not successful, this will leave the Department enough time to disband the HMU by mid-February.</p>				

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Minimum Staffing Overtime Augmentation</i>	FIRE		\$760,000	
<p>Increases the Fire Department's Personal Services appropriation with overtime funding to augment daily minimum staffing requirements to ensure the Department stays within its Personal Services appropriation by year-end. In order to generate savings for the 2011-2012 Adopted Operating Budget, the Fire Department's overtime budget was reduced by \$3.8 million, leaving \$2.8 million for minimum staffing needs. This reduction was part of the Flexible Brown-Out Plan that is described in the 2011-2012 Adopted Operating Budget. Due to higher than anticipated absence rates through the first two months of this year and Department-wide understaffing at the Fire Engineer rank, overtime expenditures through August were higher than budgeted but necessary in order to maintain acceptable fire service response times. The Department is reviewing staffing configurations, and the completion of a Fire Engineer Academy in mid-September should mitigate future additional overtime needs.</p>				
<i>Third Staffing for Adequate Fire and Emergency Response (SAFER) Grant Firefighter Academy</i>	FIRE		\$103,000	
<p>Increases the Fire Department's Personal Services appropriation with funding for a third Firefighter Academy related to the 49 Firefighter positions rehired through the SAFER Grant. When the training needs for reinstating the SAFER funded positions were estimated, it was assumed that two academies of 22 and 27 Firefighters would be needed. However, the first two academies had 22 and 14 Firefighters respectively, and a third academy is needed in February 2012 in order for the remaining 13 positions to start in April 2012.</p>				
TOTAL URGENT FISCAL/PROGRAM NEEDS			\$1,065,000	\$0

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2.55	\$10,490,146	\$6,756,861

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
Ending Fund Balance Adjustment	Airport Capital Program		(\$210,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
Taxiway W Improvements/Revenue from Other Agencies	Airport Capital Program		(\$1,635,000)	(\$1,635,000)
Decreases grant revenue from the Federal Aviation Administration with a corresponding decrease to the Taxiway W Improvements appropriation by \$1.6 million. Due to construction bids coming in lower than anticipated, the Airport is able to adjust the budget down for phase III of the construction of the Taxiway W Improvements project.				
Transfer to the Airport Surplus Revenue Fund - Owner Controlled Insurance Program	Airport Capital Program		\$210,000	
Establishes a Transfer to the Airport Surplus Revenue Fund (Fund 524) from the Airport Capital Improvement Fund (Fund 520) by \$210,000. Funds previously held in the Owner Controlled Insurance Program (OCIP) for the North Concourse Building project have been refunded as the project nears completion, and can be transferred to the Airport Surplus Revenue Fund (Fund 524) to enable the repayment of commercial paper initially used to fund the OCIP claims loss reserve.				
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			(\$1,635,000)	(\$1,635,000)
AIRPORT FISCAL AGENT FUND (525)				
Interest Earnings/Transfer to Airport Revenue Fund	Airport		\$732,949	\$732,949
Recognizes additional interest earnings of \$732,949 from the July 2011 issuance of revenue bonds and transfers that money to the Airport Revenue Fund (Fund 521). A corresponding set of adjustments are also recommended in the Airport Revenue Fund (Fund 521).				
Reserve for Debt Service	Airport		(\$201,835)	
Decreases the Ending Fund Balance - Reserve for Debt Service by \$201,835. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves in the Reserve for Debt Service for the 2004 bond series. Under the Airport Master Trust Agreement, the 2004 bond series excess reserve funds shall be returned to the Airport Revenue Fund. A corresponding increase to the Transfer to the Airport Revenue Fund (Fund 521) in the amount of \$201,835 is also recommended.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT FISCAL AGENT FUND (525)				
<i>Reserve for Debt Service/Transfer from the Airport Revenue Fund</i>	Airport		(\$267,691)	(\$267,691)
Decreases the Ending Fund Balance - Reserve for Debt Service by \$267,691. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves in the Reserve for Debt Service for the 2001 bond series. Under the Airport Master Trust Agreement, the 2001 bond series excess reserve funds shall be retained in the Airport Fiscal Agent Fund (Fund 525), thereby reducing the amount of funding required to be transferred to this fund by the Airport Revenue Fund (Fund 521) for debt interest payments. A corresponding decrease to the Transfer from the Airport Revenue Fund (Fund 521) in the amount of \$267,991 is also recommended.				
<i>Transfer to Airport Revenue Fund</i>	Airport		\$201,835	
Increases the Transfer to the Airport Revenue Fund (Fund 521) from the Airport Fiscal Agent Fund by \$201,835. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves in the Reserve for Debt Service held in the Airport Fiscal Agent Fund (Fund 525) from the 2004 revenue bond issue in the amount of \$201,835. Under the Airport Master Trust Agreement associated with the 2004 issue, excess reserve funds shall be released and returned to the Airport Revenue Fund to pay interest costs. A corresponding reduction to the Reserve for Debt Service is also recommended elsewhere.				
TOTAL AIRPORT FISCAL AGENT FUND (525)			\$465,258	\$465,258
AIRPORT REV BOND IMP FUND (526)				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$2,489,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Taxiway W Improvements</i>	Airport Capital Program		\$181,000	
Increases the Taxiway W Improvements project by \$181,000 to increase the construction contingency reserve for Phase III of this project. During Phases I and II, this project experienced unforeseen sewer and soil condition issues, therefore the Phase III project contingency is increased accordingly. Any project funds unused will be counted as savings in the Airport Revenue Bond Improvement Fund.				
<i>Transfer to the Airport Surplus Revenue Fund - Owner Controlled Insurance Program</i>	Airport Capital Program		\$2,308,000	
Establishes a Transfer to the Airport Surplus Revenue Fund (Fund 524) from the Airport Revenue Bond Improvement Fund (Fund 526) by \$2,308,000. Funds previously held in the Owner Controlled Insurance Program (OCIP) for the North Concourse Building project have been refunded as the project nears completion, and can be transferred to the Airport Surplus Revenue Fund (Fund 524) to enable the repayment of commercial paper initially used to fund the OCIP claims loss reserve.				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT REVENUE FUND (521)				
<i>Miscellaneous Revenue/Earned Revenue</i>	Airport			(\$732,949)
Decreases the Miscellaneous Revenue in the Airport Revenue Fund (Fund 521) by \$732,949. This action offsets an increase in the transfer from the Airport Fiscal Agent Fund (Fund 525) that reflects additional interest earnings received.				
<i>Transfer from Airport Fiscal Agent Fund</i>	Airport			\$732,949
Increases the Transfer from the Airport Fiscal Agent Fund (Fund 525) to reflect additional interest earnings received from the July 2011 issuance of Revenue Bonds. A corresponding action to reduce the Airport's Miscellaneous Revenue in this fund is also recommended.				
<i>Transfer from Airport Fiscal Agent Fund/Transfer to Airport Surplus Revenue Fund</i>	Airport		\$201,835	\$201,835
Increases the Transfer from the Airport Fiscal Agent Fund by \$201,835. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves in the Airport Fiscal Agent Fund (Fund 525) from the 2004 revenue bond issue. Under the Airport Master Trust Agreement associated with the 2004 issue, excess reserves shall be released from the Airport Fiscal Agent Fund (Fund 525) and will be used to replenish the reserve for discretionary expenses. There are corresponding adjustments in the Airport Fiscal Agent Fund (Fund 525) and the Airport Surplus Revenue Fund (Fund 524).				
<i>Transfer to Airport Fiscal Agent Fund</i>	Airport		(\$267,691)	
Decreases the Transfer to the Airport Fiscal Agent Fund (Fund 525) by \$267,691. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves held in the Airport Fiscal Agent Fund (Fund 525) for the 2001 bond series. Under the Airport Master Trust Agreement, the 2001 bond series excess reserve funds shall be used to reduce interest payments in the Airport Fiscal Agent Fund (Fund 525). There are corresponding adjustments in the Airport Fiscal Agent Fund (Fund 525) and the Airport Surplus Revenue Fund (Fund 524).				
<i>Transfer to Airport Surplus Revenue Fund</i>	Airport		\$267,691	
Increases the transfer to the Airport Surplus Revenue Fund (Fund 524) by \$267,691. With the recent valuation of bond reserves by Bond Counsel, it was determined that there are excess reserves held in the Airport Fiscal Agent Fund (Fund 525) for the 2001 bond series. Under the Airport Master Trust Agreement, the 2001 bond series excess reserve funds shall be used to reduce interest payments, thereby reducing the need for the Transfer from the Airport Revenue Fund (Fund 521), and making available these excess reserve funds to replenish the Reserve for Discretionary Expenses in the Airport Surplus Revenue Fund (Fund 524). There are corresponding adjustments in the Airport Fiscal Agent Fund (Fund 525) and the Airport Surplus Revenue Fund (Fund 524).				
TOTAL AIRPORT REVENUE FUND (521)			\$201,835	\$201,835

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT SURPLUS REV FD (524)				
<i>Commercial Paper Principal and Interest/Transfers from Airport Capital Funds</i>	Airport		\$2,518,000	\$2,518,000
Increases Commercial Paper Principal and Interest and establishes transfers to the Airport Surplus Revenue Fund (Fund 524) for a total amount of \$2,518,000, from the Airport Capital Improvement Fund (Fund 520) in the amount of \$210,000 and from the Airport Revenue Bond Improvement Fund (Fund 526) in the amount of \$2,308,000. Funds previously held in the Owner Controlled Insurance Program (OCIP) for the North Concourse Building project have been refunded as the project nears completion, and can be transferred to the Airport Surplus Revenue Fund (Fund 524) to enable the repayment of commercial paper initially used to fund the OCIP claims loss reserve.				
<i>Reserve for Discretionary Expenses/Transfer from Airport Revenue Fund</i>	Airport		\$469,526	\$469,526
Restores the Reserve for Discretionary Expenses in the Airport Surplus Revenue Fund (Fund 524) that were used to cover a temporary reserve valuation deficit in the Airport Fiscal Agent Fund (Fund 525). Included in the 2010-2011 Year-End Clean-up Memorandum approved by City Council on June 21, 2011 were a set of transactions to temporarily restore the level of reserves held by the trustee. Based on the value of the Airport's outstanding bonds, Bond Counsel had determined that the reserve levels had fallen below the levels required to be held in order to be in compliance with bond requirements. Funding was temporarily transferred to the Airport Fiscal Agent Fund (Fund 525) from the Airport Surplus Revenue Fund's (Fund 524) Reserve for Discretionary Expenses. This action restores those funds with a corresponding increase in the Transfer from the Airport Revenue Fund (Fund 521). According to the Master Trust Agreement associated with this issue, release of excess reserves must be deposited in the Airport Revenue Fund (Fund 521). A corresponding set of adjustments are also recommended in the Airport Revenue Fund (Fund 521) and the Airport Fiscal Agent Fund (525).				
TOTAL AIRPORT SURPLUS REV FD (524)			\$2,987,526	\$2,987,526
BLDG & STRUCT CONST TAX FD (429)				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$180,000)	
Reduces the Ending Fund Balance to offset actions recommended in this report.				
<i>High Speed Rail/Earned Revenue</i>	Traffic Capital Program		(\$200,000)	(\$200,000)
Decreases the High Speed Rail project and the corresponding estimate for revenue from the California High Speed Rail Authority (CHSRA) as the CHSRA is currently unable to commit to a reimbursement schedule as the City is in the process of determining the alignment of Diridon Station Planning activities. It is anticipated at this time that the visual design guidelines will be presented for City Council consideration in November 2011.				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>Lighting and Signal Program</i>	Traffic Capital Program		\$120,000	
Increases the Lighting and Signal Program by \$120,000 to fund traffic signal/streetlight plan review and design work for projects generated by development activities, regional projects, and grant sources. These projects require conceptual engineering work such as field investigation, design options and cost estimating to determine the ultimate scope of the project.				
<i>Lyndale Sidewalk Project</i>	Traffic Capital Program		\$60,000	
Establishes an appropriation for the Lyndale Sidewalk Project. This project will construct sidewalks in a County pocket that was recently annexed into the City. As part of the annexation, the County of Santa Clara agreed to fund sidewalk improvements on certain streets. The County will be designing and bidding all the work, however the City will be required to fund all Public Works permits, plan review, and inspection during the construction period. This funding will allow for the project to move forward and cover Public Works staff time associated with this project.				
TOTAL BLDG & STRUCT CONST TAX FD (429)			(\$200,000)	(\$200,000)
BUSINESS IMPVT DIST FUND (351)				
<i>Downtown Business Improvement District/Earned Revenue</i>	Economic Development		\$29,529	\$134,746
Increases the Earned Revenue estimate (\$134,746) and the Downtown Business Improvement District budget (\$29,529) to reflect additional assessments anticipated to be received from property owners in this district. The funding pays for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities in the area. The services and improvements are funded by assessments collected from the individual property owners within the district, and the funds are restricted for uses within the area. The remaining balance of funds of \$105,217 is recommended to be placed in the Ending Fund Balance for future use.				
<i>Ending Fund Balance Adjustment - Downtown</i>	Economic Development		\$105,217	
Increases the Ending Fund Balance to recognize additional Downtown Business Improvement District earned revenue as described above.				
<i>Ending Fund Balance Adjustment - Hotel</i>	Economic Development		(\$66,534)	
Decreases the Ending Fund Balance to provide additional funding to the Hotel Business Improvement District appropriation as described in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BUSINESS IMPVT DIST FUND (351)				
<i>Hotel Business Improvement District/Earned Revenue</i>	Economic Development		\$570,993	\$504,459
Increases the Earned Revenue estimate (\$504,459) and the Hotel Business Improvement District budget (\$570,993) to reflect additional assessments anticipated to be received from property owners in this district. The funding pays for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities in the area. The services and improvements are funded by assessments collected from the individual property owners within the district, and the funds are restricted for uses within the area. Because additional funds of \$66,534 are also needed for these activities, a decrease to the Ending Fund Balance is also recommended as described above.				
TOTAL BUSINESS IMPVT DIST FUND (351)			\$639,205	\$639,205
CONST/CONV TAX FIRE FUND (392)				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$336,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<i>Facilities Improvements</i>	Public Safety Capital Program		\$336,000	
Increases the Facilities Improvements appropriation by \$336,000 to fund critical repairs needed at various Fire Stations around the City. Funding will be used to repair termite damage at Fire Station 14, replace the roof at Fire Station 10, retrofit the fuel tank at Fire Station 4 for new biodiesel fuel, repair asphalt, and repair/replace the roll-up doors at Fire Station 2. A corresponding decrease to the Ending Fund Balance is recommended to fund this action.				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$0	\$0
CONST/CONV TAX PK CD 3 FUND (380)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$15,000)	
This action reduces the Ending Fund Balance to offset the action recommended in this report.				
<i>Watson Park Soccer Field Fixtures, Furnishings and Equipment</i>	Parks & Comm Fac Dev Capital Program		\$15,000	
This action establishes the Watson Park Soccer Field Fixtures, Furnishings and Equipment project in the amount of \$15,000. This project will provide funding for the purchase of equipment, including additional soccer goals, nets, wheels, corner flags, bleachers, storage containers, and signs, which are needed to maximize programming of the newly renovated fields. An offsetting adjustment to the Ending Fund Balance is also recommended in this report.				
TOTAL CONST/CONV TAX PK CD 3 FUND (380)			\$0	\$0
CONST/CONV TAX PK CD10 FD (389)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		\$120,000	
This action increases the Ending Fund Balance to offset the action recommended in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD10 FD (389)				
<p><i>Transfer from General Fund: Leland Sports Field Repayment</i></p> <p>This action establishes a transfer from the General Fund in the amount of \$120,000 toward the total repayment to this fund of \$350,000 that supported the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. This allocation of \$120,000 reflects the balance of fees collected, as approved by the City Council on March 20, 2007, once the cost of operations and maintenance were paid in 2008-2009, 2009-2010, and 2010-2011. A corresponding transaction is included in the General Fund Required Technical/Rebalancing Actions section of this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>			<p>\$120,000</p>
TOTAL CONST/CONV TAX PK CD10 FD (389)			\$120,000	\$120,000
CONST/CONV TAX PK YARDS FD (398)				
<p><i>Fire Station 19 Conversion</i></p> <p>This action eliminates the Fire Station 19 Conversion project. The former Fire Station 19 building was originally slated to be converted to a parks maintenance facility, however, the building is not up to American with Disabilities Act (ADA) standards, thereby making the conversion cost prohibitive. A corresponding action to establish the Fire Station 19 Demolition project is recommended as part of this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>(\$295,000)</p>	
<p><i>Fire Station 19 Demolition</i></p> <p>This action establishes the Fire Station 19 Demolition project in the amount of \$295,000. The former Fire Station 19 building was originally slated to be converted to a parks maintenance facility, however, the building is not up to American with Disabilities Act (ADA) standards, thereby making the conversion cost prohibitive. Additionally, due to the outsourcing of parks maintenance services, an additional facility is no longer required. The new Fire Station 19 Demolition project will provide funding to completely demolish the building, which is located at the northern end of Penitencia Creek Park. A corresponding reduction to the Fire Station 19 Conversion project is recommended as part of this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>\$295,000</p>	
TOTAL CONST/CONV TAX PK YARDS FD (398)			\$0	\$0
CONST/CONV TAX PKS CW FUND (391)				
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>(\$350,000)</p>	

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Plaza de Cesar Chavez Fountain Repair and Improvements</i>	Parks & Comm Fac Dev Capital Program		\$350,000	
<p>This action establishes the Plaza de Cesar Chavez Fountain Repair and Improvements project in the amount of \$350,000. An equipment failure caused the fountain's underground vault to flood, causing extensive damage to the electrical system and circuitry. This project will provide funding to evaluate the damage, develop a repair plan, replace damaged equipment, and if needed, expand the vault and pump system to prevent a reoccurrence. An offsetting adjustment to the Ending Fund Balance is also recommended in this report.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Bridge Maintenance and Repair</i>	Traffic Capital Program		\$50,000	
<p>Increases the Bridge Maintenance and Repair appropriation by \$50,000. This funding will be used to continue funding an on-call contractor to perform repairs, maintenance, and accessibility improvements on City-owned bridges and their approaches.</p>				
<i>Congestion Management Program Dues</i>	Traffic Capital Program		(\$29,000)	
<p>Decreases funding for the Congestion Management Program Dues appropriation to reflect the revised amount of the City's payment of dues supporting the Santa Clara County Congestion Management Program. A new member agency fee schedule was released after the adoption of the budget, and the fee schedule reflected a lower payment than programmed in the 2011-2012 Adopted Budget. An increase the Ending Fund Balance is recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$81,000)	
<p>Decreases the Ending Fund Balance to offset actions recommended in this report.</p>				
<i>Geometric Design Standards Manual Update/Miscellaneous Revenue</i>	Traffic Capital Program		\$180,000	\$144,000
<p>Recognizes and appropriates funds from the Community Design and Transportation Planning Grant for an update to the Geometric Design Standards Manual. This project, which will cost a total of \$180,000, would be funded through a combination of grant funds (\$144,000) and a local match of \$36,000. A corresponding reduction to the Reserve for Transportation Grants is recommended elsewhere in this report for the local match portion. This project will revise and update the existing City geometric standards per the San José General Plan to help deliver San José's proposed multi-modal system.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Lyndale Sidewalk Project</i>	Traffic Capital Program		\$60,000	
Establishes an appropriation for the Lyndale Sidewalk Project. This project will construct sidewalks in a County pocket that was recently annexed into the City. As part of the annexation, the County of Santa Clara agreed to fund sidewalk improvements on certain streets. The County will be designing and bidding all the work, however the City will be required to fund all Public Works permits, plan review, and inspection during the construction period. This funding will allow for the project to move forward and cover Public Works staff time associated with this project.				
<i>Maintenance District 15 Feasibility Study/Miscellaneous Revenue</i>	Traffic Capital Program		\$20,000	\$20,000
Recognizes funds from a developer to perform a feasibility study for a potential maintenance district annexation to include enhanced landscaping and street improvements in the public right of way. The proposed improvements are located within and adjacent to Maintenance District 15 between Neiman Blvd. and Cadwallader Avenue approximately 2,600 feet north of Yerba Buena Avenue. These improvements are proposed for the approval of a 39 unit residential development in the Silver Creek Valley area.				
<i>Maintenance District 19 Feasibility Study/Miscellaneous Revenue</i>	Traffic Capital Program		\$20,000	\$20,000
Recognizes and appropriates funds from a developer to perform a feasibility study for a potential maintenance district annexation in North San José to include enhanced improvements and median islands in the public right of way. The proposed improvements are located within Maintenance District 19 at the southeast corner of Zanker Road and River Oaks Parkway. The improvements are part of a proposed mixed use development with approximately 1,900 units and some local retail square footage.				
<i>Montague Expressway Improvements</i>	Traffic Capital Program		\$200,000	
Increases the Montague Expressway Improvements project by \$200,000. This project will widen the expressway from six to eight lanes, thereby enhancing the expressway's capacity. This additional funding is recommended to support additional right of way costs associated with the project, and would be funded through a recommended reduction to the Reserve for North San José Traffic Impact Fees, as described elsewhere in this report.				
<i>Reserve - North San José Traffic Impact Fees</i>	Traffic Capital Program		(\$200,000)	
Traffic Impact Fees collected from developers for the North San José can only be used to develop transportation improvements in the North San José area. This action would decrease the Reserve for North San José Traffic Impact Fees to support additional costs related to the Montague Expressway Improvements project. A corresponding addition to to Montague Expressway Improvement project is recommended elsewhere in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
Reserve - Transportation Grants	Traffic Capital Program		(\$101,000)	
Decreases the Reserve for Transportation Grants by \$101,000 to fund the local match portion of four new grants recommended for appropriation as part of this report. This funding will allow for the local match requirements for the Walkn' Roll (\$37,000), St. John Street Pedestrian/Bike Improvements (\$15,000), Geometric Design Standards (\$36,000), and Safe Access San José (\$13,000) to be satisfied.				
Safe Access San José/Earned Revenue	Traffic Capital Program		\$97,000	\$84,000
Establishes an appropriation in the amount of \$97,000 for the Safe Access San José project. This funding, which is supported through federal funds (\$84,000) from the Climate Initiative Safe Routes to School Grant and a reduction to the Reserve for Transportation Grants (\$13,000), will support low-cost engineering enhancements to increase safety along walking/bicycle lanes. The overall goal of this grant is to reduce gas emissions, ease traffic congestion, and create a safer environment in school zones. A corresponding reduction to the Reserve for Transportation Grants is recommended elsewhere in this report.				
St. John Street/Pedestrian/Bike Improvements/Earned Revenue	Traffic Capital Program		\$90,000	\$75,000
Recognizes and appropriates funds from the Community Design and Transportation Planning Grant for a Bicycle and Pedestrian Facilities improvement project. This project, which will cost a total of \$90,000, would be funded through grant funds (\$75,000) and a local match of \$15,000. A corresponding reduction to the Reserve for Transportation Grants is recommended elsewhere in this report for the local match portion. This project will develop conceptual plans that will include the assessment of the existing right of way to create a pedestrian, bicycle, and transit friendly multi-modal facility.				
Walkn' Roll/Earned Revenue	Traffic Capital Program		\$325,000	\$288,000
Recognizes and appropriates funds from the Metropolitan Transportation Commission Climate Initiative Grant for the Walkn' Roll program. This three year program, which will cost \$1.1 million, will be supported by \$943,000 in grant funds with a local match requirement of \$122,000. In 2011-2012 the anticipated expenditures for this program are \$325,000, with grant revenues estimated at \$288,000 (requiring a 2011-2012 local match of \$37,000). A corresponding action to decrease the Reserve for Transportation Grants is recommended elsewhere in this report. This program will develop and implement a mode-shift and encouragement program to reduce greenhouse gas emissions, ease traffic congestion, and create a safer pedestrian environment at approximately 35 selected schools within the City.				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$631,000	\$631,000
CONV/CULTURAL AFFAIRS FUND (536)				
Ending Fund Balance Adjustment	Convention Facilities Dept		(\$1,050,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Miscellaneous Improvements</i>				
<p>Increases the allocation for Miscellaneous Improvements by \$450,000. This allocation is traditionally used for urgent and unanticipated repairs at the Convention Center and other cultural facilities under the management of Team San José. In 2011-2012, urgent funding needs were identified for the San José Civic Auditorium in order to perform elevator repairs and upgrades, which would have nearly exhausted the Adopted Budget allocation of \$500,000. This increase is required to ensure that the elevator upgrades/repairs can be completed while preserving funding to address any other other urgent and unanticipated needs this year.</p>	<p>Convention Facilities Dept</p>		\$450,000	
<i>San Jose Convention and Visitors Bureau Services</i>				
<p>Establishes an allocation for Convention and Visitors Bureau (CVB) services in the amount of \$600,000. Traditionally, CVB services have been funded from the Transient Occupancy Tax Fund, General Fund, and Airport, however as a result of reduced General Fund resources for this program and TOT receipts which are still far below peak 2007-2008 levels, it is recommended that resources in the Convention and Cultural Affairs Fund be allocated to support sales efforts associated with the expanded and renovated Convention Center. While efforts related to the expansion/renovation are still underway, these funds will be used to secure sales, ensuring that bookings are in place in advance of the project's completion.</p>	<p>Convention Facilities Dept</p>		\$600,000	
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$0	\$0
E PRUSCH MEM PK IMPR FUND (131)				
<i>Earned Revenue</i>				
<p>This action increases the Earned Revenue in the Emma Prusch Memorial Park Fund in the amount of \$16,766 to reflect the receipt of funds from the William F. Prusch Fund. Proceeds in the William F. Prusch Fund may be expended at Emma Prusch Park, therefore, this report recommends shifting the remaining funds from the closing out of the William F. Prusch Fund to the Emma Prusch Memorial Park Fund and establishing a new project (reflected below) for the William Prusch Multicultural Building Minor Improvements project.</p>	<p>Parks & Comm Fac Dev Capital Program</p>			\$16,766
<i>Emma Prusch Park Windmill</i>				
<p>This action establishes the Emma Prusch Park Windmill project in the amount of \$8,000. This project will provide funding to evaluate the current condition of the windmill and estimate costs associated with making the windmill operational for use in powering farm landscaping irrigation. A corresponding decrease to the Reserve: Emma Prusch Park Windmill allocation is also included in this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		\$8,000	
<i>Reserve: Emma Prusch Park Windmill</i>				
<p>This action decreases the Reserve: Emma Prusch Park Windmill allocation to offset a corresponding action recommended in this report to allocate the funding to the Emma Prusch Park Windmill project.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		(\$8,000)	

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
E PRUSCH MEM PK IMPR FUND (131)				
<i>William Prusch Multicultural Building Minor Improvements</i>	Parks & Comm Fac Dev Capital Program		\$16,766	
<p>This action establishes the William Prusch Multicultural Building Minor Improvements project in the amount of \$16,766. This project will provide funding for minor improvements to the building, which may enhance revenue potential. Improvements will include painting the activity room, classrooms, and restrooms; cleaning the elevated ductwork, rafters, and windows; resurfacing the wood floor; and installing a new room divider and new window screens. A corresponding increase to Earned Revenue is recommended in this report to offset this adjustment.</p>				
TOTAL E PRUSCH MEM PK IMPR FUND (131)			\$16,766	\$16,766
EDW BYRNE MEMORIAL JAG FD (474)				
<i>2009 Justice Assistance Grant (JAG)/Earned Revenue</i>	Police		\$650	\$650
<p>Recognizes and appropriates additional interest earnings (\$650) for the 2009 JAG that was earned in 2010-2011 in order to spend the funds before the spending deadline of September 30, 2012.</p>				
<i>2010 Justice Assistance Grant (JAG)/Earned Revenue</i>	Police		\$575	\$575
<p>Recognizes and appropriates additional interest earnings (\$575) for the 2009 JAG that was earned in 2010-2011 in order to spend the funds before the spending deadline of September 30, 2012.</p>				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			\$1,225	\$1,225
FEDERAL DRUG FORF FUND (419)				
<i>2011 COPS Hiring Grant</i>	Police	.45	\$32,354	
<p>On September 28, 2011, the City was awarded the 2011 COPS grant in the amount of \$1,703,664 to reimburse the City for the costs related to three entry level Police Officer positions for three years. The City is responsible for the costs related to higher than entry-level salaries, non-reimbursable benefits, and non-personal/equipment associated with the three positions. As part of the grant award, the City must also retain the positions for an additional year after the three year grant reimbursement period has expired. This action appropriates \$32,354 (0.45 positions) to provide for the cost differences for the three positions that are not grant reimbursement eligible. A corresponding entry in the Police Department's General Fund Personal Services appropriation is also recommended in this report to add the three Police Officer positions to the Police Department and recognize and appropriate \$181,257 (2.55 positions) for the reimbursement from the federal government of their associated costs, effective February 1, 2012. Year two of the grant will be included as part of the 2012-2013 Base Budget process.</p>				
<i>Ending Fund Balance Adjustment</i>	Police		(\$32,354)	
<p>Decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
TOTAL FEDERAL DRUG FORF FUND (419)		.45	\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
FEDERAL LLEBG PROG FUND (415)				
<i>Earned Revenue - Interest Earnings</i>	Police			\$2
Recognizes interest earnings anticipated in 2011-2012 in order to close-out this fund as recommended below.				
<i>Ending Fund Balance Adjustment</i>	Police		(\$91)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>LLEBG Close-Out</i>	Police		\$93	
Appropriates interest earnings from 2009-2010 (\$80) and 2010-2011 (\$11) and interest earnings anticipated in 2011-2012 (\$2) in order to use these funds and close out the Local Law Enforcement Block Grant Fund.				
TOTAL FEDERAL LLEBG PROG FUND (415)			\$2	\$2
GENERAL PURPOSE PARKING FD (533)				
<i>Downtown Weekend Parking/Earned Revenue</i>	Transportation		(\$35,000)	(\$35,000)
Reduces the revenue estimate for Parking Garages and Lots by \$35,000, with a corresponding reduction to the Department of Transportation Non-Personal/Equipment appropriation. This action is recommended due to the preservation of free parking during certain weekend hours at the Market and San Pedro Square, 3rd Street, 2nd and San Carlos, and Fourth Street Garages until July 2012. The parking changes has a corresponding impact on contractual staffing requirements for the garages. These parking changes were approved by the City Council in June 2011 as part of the Master Parking Rate Schedule.				
TOTAL GENERAL PURPOSE PARKING FD (533)			(\$35,000)	(\$35,000)
GIFT TRUST FUND (139)				
<i>Library - General Gifts/Earned Revenue</i>	Library		\$24,478	\$24,478
Increases the Library-General Gifts appropriation and corresponding estimate for Earned Revenue to recognize and appropriate gifts made in support of Work Smart: An Industry Specific Vocational ESL Project (\$22,728) and Alum Rock Library for the Target Matching Funds grant and programming and supplies (\$1,750).				
<i>River Oaks Park Maintenance/Transfer from Subdivision Park Trust Fund</i>	Parks, Rec, & Neigh Svcs		\$664,200	\$664,200
Establishes the River Oaks Park Maintenance appropriation and increases the estimate for Transfers to reflect a transfer from the Subdivision Park Trust Fund for Parks, Recreation and Neighborhood Services Department maintenance costs associated with River Oaks Park. Developer funding of \$664,200 was received and deposited in the Subdivision Park Trust Fund. These funds are required to be used for maintenance of the newly developed park.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GIFT TRUST FUND (139)				
<i>Safe Summer Initiative/Earned Revenue</i>	Parks, Rec, & Neigh Svcs		\$79,509	\$79,509
Establishes the Safe Summer Initiative appropriation and increases the corresponding estimate for Earned Revenue to support scholarships for youth to attend City of San José summer camps through the Safe Summer Initiative. The summer camp program provides children with a safe environment, recreational programs, and nutritious meals.				
<i>Vista Montana Park Maintenance/Earned Revenue</i>	Parks, Rec, & Neigh Svcs		\$75,000	\$75,000
Establishes the Vista Montana Park Maintenance appropriation and increases the corresponding estimate for Earned Revenue from developers to fund Parks, Recreation and Neighborhood Services Department maintenance costs associated with the newly developed Vista Montana Park.				
TOTAL GIFT TRUST FUND (139)			\$843,187	\$843,187
HOME INVEST PART PROG FUND (445)				
<i>Multi-Family Loans and Grants/Earned Revenue</i>	Housing		\$1,873,166	\$1,873,166
Increases the estimate for Earned Revenues and the corresponding funding for Multi-Family Loans and Grants to reflect federal funding from the U.S. Department of Housing and Urban Development for the Kings Crossing Housing project. This project was originally funded in the Low and Moderate Income Housing Fund; however, in order to create savings in the Low and Moderate Income Housing Fund as a result of the possible dissolution of redevelopment agencies throughout the State, this project was refinanced and the funds are recommended to be redistributed to the Home Investment Partnership Program Fund. A corresponding decrease to the Multi-Family Loans and Grants appropriation in the Low and Moderate Income Housing Fund is recommended elsewhere in this document.				
TOTAL HOME INVEST PART PROG FUND (445)			\$1,873,166	\$1,873,166
HOUSING TRUST FUND (440)				
<i>Housing and Homeless Project/Earned Revenue</i>	Housing		\$60,000	\$60,000
Increases the Housing and Homeless Project appropriation and recognizes funding received from Unity Care Group to provide for a funding gap in the renovation and rehabilitation of Unity Place II, a newly-renovated apartment complex for young parents.				
TOTAL HOUSING TRUST FUND (440)			\$60,000	\$60,000
INTEGRATED WASTE MGT FUND (423)				
<i>Capital Program and Public Works Department Support Service Costs</i>	Environmental Services		\$2,000	
This action establishes a Capital Program & Public Works Department Support Service Costs for services associated with the construction of the Household Hazardous Waste Las Plumas Facility.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$2,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL INTEGRATED WASTE MGT FUND (423)			\$0	\$0
LAKE CUNNINGHAM FUND (462)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$58,000)	
This action decreases the Ending Fund Balance to offset the action recommended below.				
<i>Lake Cunningham Parking Machines</i>	Parks & Comm Fac Dev Capital Program		\$58,000	
This action establishes the Lake Cunningham Parking Machines project in the amount of \$58,000. This project will provide funding for the purchase of two parking machines, as well as the installation of the equipment and electrical and telephone lines. An offsetting adjustment to the Ending Fund Balance is also recommended in this report.				
TOTAL LAKE CUNNINGHAM FUND (462)			\$0	\$0
LOW/MOD INCOME HOUSING FD (443)				
<i>Ending Fund Balance Adjustment</i>	Housing		\$1,873,166	
Increases the Ending Fund Balance to offset the action recommended below.				
<i>Multi-Family Loans and Grants</i>	Housing		(\$1,873,166)	
Decreases the Multi-Family Loans and Grants appropriation to shift expenditure costs for the Kings Crossing Housing project from the Low and Moderate Income Housing Fund to the Home Investment Partnership Program Fund. In order to create savings in the Low and Moderate Income Housing Fund as a result of the possible dissolution of redevelopment agencies throughout the State, this project was refinanced and the funds are recommended to be redistributed to the Home Investment Partnership Program Fund. A corresponding increase to the Multi-Family Loans and Grants appropriation in the Home Investment Partnership Program Fund is recommended elsewhere in this document.				
TOTAL LOW/MOD INCOME HOUSING FD (443)			\$0	\$0
NEIGHBHD SECURITY BOND FD (475)				
<i>Contingency Reserve</i>	Public Safety Capital Program		(\$20,000)	
Reduces the Contingency Reserve to fund punch list and repair items to finalize construction of Fire Station 2 as recommended elsewhere in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
NEIGHBHD SECURITY BOND FD (475)				
<i>Fire Station 2 - Rebuild</i>	Public Safety Capital Program		\$20,000	
Increases the Fire Station 2 - Rebuild appropriation by \$20,000 to fund punch list and repair items to finalize construction on the station. This funding will be used to repair wiring for thermostats in the dorm rooms, install bollards for the ADA parking space (\$6,000), repair the generator controls (\$4,300), and repair the bay door controls (\$3,400). A corresponding decrease to the Contingency Reserve is recommended in this report.				
TOTAL NEIGHBHD SECURITY BOND FD (475)			\$0	\$0
RES CONST TAX FUND (420)				
<i>Capital Program and Public Works Department Support Service Costs</i>	Developer Assisted Capital Program		\$6,000	
This action establishes a Capital Program and Public Works Department Support Service Costs for services associated with general street improvements projects in residential areas.				
<i>Ending Fund Balance Adjustment</i>	Developer Assisted Capital Program		(\$6,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL RES CONST TAX FUND (420)			\$0	\$0
SUBDIVISION PARK TRUST FUND (375)				
<i>Reserve: Future PDO/PIO Projects</i>	Parks & Comm Fac Dev Capital Program		(\$857,200)	
This action decreases the Reserve: Future PDO/PIO Projects to offset actions recommended in this report.				
<i>TRAIL: Coyote Creek (Highway 237 to Story Road)</i>	Parks & Comm Fac Dev Capital Program		\$32,000	
This action increases the TRAIL: Coyote Creek (Highway 237 to Story Road) project in the amount of \$32,000. Funding totaling \$31,000 is allocated in the Park Trust Fund in 2011-2012 for master planning and the development of environmental review documents. However, due to the trail development occurring near the historical structures at San José High School, additional federally mandated environmental documentation is required than was originally anticipated. An offsetting adjustment in the Reserve: Future PDO/PIO Projects is also recommended in this report.				
<i>TRAIL: Milestone Markers</i>	Parks & Comm Fac Dev Capital Program		\$75,000	
This action establishes the TRAIL: Milestone Markers allocation in the amount of \$75,000. This project will provide funding to deploy mileage markers, signage and striping for emergency and directional purposes along various trails in the City's trail system. The Parks, Recreation and Neighborhood Services Department is currently pursuing a State grant which, if awarded, will reimburse the Subdivision Park Trust Fund for costs associated with this project. An offsetting adjustment in the Reserve: Future PDO/PIO Projects is also recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<p>Transfer to the Gift Trust Fund: River Oaks Park Maintenance</p> <p>This action establishes a transfer to the Gift Trust Fund for Parks, Recreation and Neighborhood Services Department maintenance costs associated with River Oaks Park. Funding totaling \$1,328,400 was received and deposited in the Subdivision Park Trust Fund in winter 2010, of which \$664,200 is obligated to be used for maintenance of the newly developed park. This action transfers the funding from the Subdivision Park Trust Fund to the Gift Trust Fund and a corresponding action elsewhere in this report recommends establishing a new appropriation in the Gift Trust Fund for the River Oaks Park Maintenance project.</p>	Parks & Comm Fac Dev Capital Program		\$664,200	
<p>West Home Land Acquisition</p> <p>This action increases the West Home Land Acquisition allocation in the amount of \$86,000 due to additional funding needed for closing costs and real estate costs associated with the land purchase. An offsetting adjustment in the Reserve: Future PDO/PIO Projects is also recommended in this report.</p>	Parks & Comm Fac Dev Capital Program		\$86,000	
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<p>Earned Revenue - SLES 2010-2012 Grant</p> <p>Decreases the estimate for Earned Revenue from the State of California due to a payment for the 2010-2012 Supplemental Law Enforcement Services (SLES) Grant (\$65,888) that was received in 2010-2011 instead of 2011-2012 as previously anticipated. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>	Police			(\$65,888)
<p>Ending Fund Balance Adjustment</p> <p>Reduces the Ending Fund Balance to adjust for lower earned revenue anticipated in 2011-2012 as discussed below.</p>	Police		(\$65,888)	
<p>SLES Grant 2010-2012/Earned Revenue</p> <p>Recognizes and appropriates the remaining payments from the State of California for the 2010-2012 SLES grant (\$738,614) as well as interest income earned on the funding for the 2010-2012 grant cycle (\$245). Funding will be used according to the spending plan that was approved by the City Council on February 1, 2011. The spending plan allocates funding for hardware, software, technology upgrades, officer safety equipment, and enhancements in investigative abilities including AFR/RMS and Mobile ID Phases 3 and 4.</p>	Police		\$738,859	\$738,859
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$672,971	\$672,971
UNEMPLOYMENT INSUR FD (157)				
<p>Ending Fund Balance Adjustment</p> <p>Decreases Ending Fund Balance to offset actions recommended in this report.</p>	Human Resources		(\$550,000)	

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
UNEMPLOYMENT INSUR FD (157)				
<p><i>Payment of Claims</i></p> <p>This action reduces the City's Payment of Claims appropriation by \$2.9 million to account for reconciliation adjustments that are required as a result of final 2011-2012 Adopted Budget actions as explained below.</p>	Human Resources		(\$2,880,000)	
<p><i>Transfers for Reimbursements from City Funds</i></p> <p>As directed by the City Council through the approval of the Mayor's June Budget Message for Fiscal Year 2011-2012, this action reduces the estimate for Transfers for Reimbursements from City Funds for unemployment contributions by \$3.4 million as a result of a complete unemployment contributions reconciliation based on the final actions approved in the 2011-2012 Adopted Budget. As part of final General Fund budget balancing actions, the City's unemployment contribution from the General Fund to be paid to this fund was reduced by \$1.1 million to account for estimated lower unemployment insurance claims. An additional reduction of \$550,000 for estimated General Fund unemployment insurance claims was also approved by the City Council as part of those same final budget balancing actions, however, that action was only reflected in the General Fund with the corresponding decrease in the Unemployment Insurance Fund inadvertently excluded. This recommendation will correct for that exclusion in this fund (\$550,000) and proportionally reflect additional lower Special/Capital Fund transfers into this fund (\$355,000) that have not yet been reflected. An additional reduction in reimbursements to this fund from all City funds totaling \$2.5 million (\$1.6 million in the General Fund excluding development-fee programs) is also recommended as part of this action based on lower projected unemployment insurance claims costs as a result of the final employee placement process that occurred at the end of June 2011. A corresponding decrease to the Ending Fund Balance (\$550,000) and Payment of Claims appropriation (\$2.9 million) in this fund are recommended in this report to offset these actions. Corresponding actions in other funds are reflected elsewhere in this report.</p>	Human Resources			(\$3,430,000)
TOTAL UNEMPLOYMENT INSUR FD (157)			(\$3,430,000)	(\$3,430,000)
WATER UTILITY FUND (515)				
<p><i>ESD Non-Personal/Equipment (Wholesale Water Purchases)</i></p> <p>This action decreases the Environmental Services Department Non-Personal/Equipment appropriation to recognize anticipated savings for wholesale water purchases. As described below, water rates will be lower than assumed in the Adopted 2011-2012 Budget.</p>	Environmental Services		(\$126,000)	
<p><i>Earned Revenue (Potable Water Sales)</i></p> <p>This action decreases the estimate for Earned Revenue due to lower than anticipated potable water rates. The budget was built on a rate increase of 6.5%, however a rate increase of 5.9% was approved because wholesale water rates from the San Francisco Public Utilities Commission did not increase as much as had been expected.</p>	Environmental Services			(\$126,000)
TOTAL WATER UTILITY FUND (515)			(\$126,000)	(\$126,000)

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2010-2011

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE INVSTMNT ACT FD (290)				
<i>Ending Fund Balance Adjustment</i>	Economic Development		\$554,288	
Increases the Ending Fund Balance to offset the decrease to the Reserve for Program Allocation as described below.				
<i>Reserve for Program Allocation</i>	Economic Development		(\$554,288)	
Decreases Reserve for Program Allocation and reallocates this funding to the unrestricted ending fund balance while still maintaining the minimum Program Reserve requirement.				
TOTAL WORKFORCE INVSTMNT ACT FD (290)			\$0	\$0

General Fund
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
CAPITAL PROJECTS						
Fire Apparatus Replacement (Thermal Imaging Cameras)			\$11,937	\$11,937		\$11,937
CAPITAL PROJECTS Total	\$0	\$0	\$11,937	\$11,937	\$0	\$11,937
CITY-WIDE EXPENSES						
2009 Urban Areas Security Initiative (UASI) Grant - Fire (Thermal Imaging Cameras)			(\$11,937)	(\$11,937)		(\$11,937)
2011-2012 Anti Drug Abuse Grant/Revenue from State of California			\$125,897	\$125,897	\$125,897	\$0
2011-2012 Internet Crimes Against Children (ICAC) State Grant/Revenue from State of California			\$125,000	\$125,000	\$125,000	\$0
After School Education and Safety Programs for 2011-2012/Revenue from State of California			\$607,861	\$607,861	\$607,861	\$0
Comprehensive General Plan Update			\$120,000	\$120,000		\$120,000
Recovery Act - Anti Drug Abuse Enforcement/Revenue from the State - Recovery Act			\$6,000	\$6,000	\$6,000	\$0
Silicon Valley Interoperability Project/Revenue From Local Agencies			\$75,000	\$75,000	\$75,000	\$0
Summer Youth Nutrition Program/Revenue from State of California			\$60,724	\$60,724	\$60,724	\$0
CITY-WIDE EXPENSES Total	\$0	\$0	\$1,108,545	\$1,108,545	\$1,000,482	\$108,063

General Fund
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
EARMARKED RESERVES						
2012-2013 Future Deficit Reserve			\$5,661,917	\$5,661,917		\$5,661,917
Fee Supported Reserve - Public Works			(\$312,000)	(\$312,000)		(\$312,000)
General Plan Update Reserve			(\$120,000)	(\$120,000)		(\$120,000)
Habitat Conservation Plan Earmarked Reserve			\$100,000	\$100,000		\$100,000
EARMARKED RESERVES Total	\$0	\$0	\$5,329,917	\$5,329,917	\$0	\$5,329,917
FIRE						
Minimum Staffing Overtime Augmentation	\$760,000			\$760,000		\$760,000
State Homeland Security Grant/Revenue from State of California	\$52,651			\$52,651	\$52,651	\$0
Third Staffing for Adequate Fire and Emergency Response (SAFER) Grant Firefighter Academy	\$103,000			\$103,000		\$103,000
FIRE Total	\$915,651	\$0	\$0	\$915,651	\$52,651	\$863,000
PARKS, REC, & NEIGH SVCS						
Living Wage Hourly Wage Increase	\$90,000			\$90,000		\$90,000
Senior Nutrition Program/Revenue from Local Agencies and Departmental Charges	\$214,280	\$199,940		\$414,220	\$414,220	\$0
Sheppard Middle School Sports Field Operations and Maintenance/Revenue from Local Agencies	\$9,500	\$23,500		\$33,000	\$33,000	\$0
PARKS, REC, & NEIGH SVCS Total	\$313,780	\$223,440	\$0	\$537,220	\$447,220	\$90,000

General Fund
 Recommended Budget Adjustments
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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
PLANNING, BLDG, & CODE ENF						
Code Enforcement Clean-Up		\$50,000		\$50,000		\$50,000
State Waste Tire Amnesty Grant/Revenue from State of California	\$11,988	\$18,002		\$29,990	\$29,990	\$0
State Waste Tire Enforcement Grant/Revenue from State of California	\$22,506	\$14,500		\$37,006	\$37,006	\$0
PLANNING, BLDG, & CODE ENF Total	\$34,494	\$82,502	\$0	\$116,996	\$66,996	\$50,000
POLICE						
2011 COPS Hiring Grant/Revenue from the Federal Government	\$181,257			\$181,257	\$181,257	\$0
AFIS Phase II Upgrade/Revenue from Local Agencies		\$896,000		\$896,000	\$896,000	\$0
Horse Mounted Unit	\$56,000	\$46,000		\$102,000		\$102,000
Mobile Identification System Enhancement/Revenue from Local Agencies		\$481,052		\$481,052	\$481,052	\$0
South Bay Metro Task Force/Revenue from State of California	\$67,203			\$67,203	\$67,203	\$0
POLICE Total	\$304,460	\$1,423,052	\$0	\$1,727,512	\$1,625,512	\$102,000
PUBLIC WORKS						
Public Works Development Fee Program			\$312,000	\$312,000		\$312,000
PUBLIC WORKS Total	\$0	\$0	\$312,000	\$312,000	\$0	\$312,000

General Fund
 Recommended Budget Adjustments
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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
REVENUE ADJUSTMENTS						
Business Taxes Revenue Adjustment				\$0	(\$200,000)	\$200,000
Franchise Fees Adjustment				\$0	(\$400,000)	\$400,000
Property Tax Adjustment				\$0	(\$1,359,000)	\$1,359,000
Revenue from the State of California - Motor Vehicle In-Lieu Adjustment				\$0	(\$700,000)	\$700,000
Sales Tax Adjustment				\$0	\$6,223,000	(\$6,223,000)
REVENUE ADJUSTMENTS Total	\$0	\$0	\$0	\$0	\$3,564,000	(\$3,564,000)
TRANSFERS						
Leland Sports Field Repayment			\$120,000	\$120,000		\$120,000
Transfer to Police and Fire Retirement Fund (SB 90 Reimbursements)			\$275,368	\$275,368		\$275,368
TRANSFERS Total	\$0	\$0	\$395,368	\$395,368	\$0	\$395,368
TRANSPORTATION						
Landscape Accident Repair Program		\$35,000		\$35,000		\$35,000
TRANSPORTATION Total	\$0	\$35,000	\$0	\$35,000	\$0	\$35,000
Total General Fund Recommended Budget Adjustments	\$1,568,385	\$1,763,994	\$7,157,767	\$10,490,146	\$6,756,861	\$3,733,285

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Airport Capital Program								
Ending Fund Balance Adjustment				(\$210,000)	(\$210,000)			(\$210,000)
Taxiway W Improvements/Revenue from Other Agencies			(\$1,635,000)		(\$1,635,000)	(\$1,635,000)		\$0
Transfer to the Airport Surplus Revenue Fund - Owner Controlled Insurance Program			\$210,000		\$210,000			\$210,000
Total AIRPORT CAPITAL IMPVT FUND (520)	\$0	\$0	(\$1,425,000)	(\$210,000)	(\$1,635,000)	(\$1,635,000)	\$0	\$0
AIRPORT FISCAL AGENT FUND (525)								
AIRPORT								
Interest Earnings/Transfer to Airport Revenue Fund			\$732,949		\$732,949	\$732,949		\$0
Reserve for Debt Service				(\$201,835)	(\$201,835)			(\$201,835)
Reserve for Debt Service/Transfer from the Airport Revenue Fund				(\$267,691)	(\$267,691)	(\$267,691)		\$0
Transfer to Airport Revenue Fund			\$201,835		\$201,835			\$201,835
Total AIRPORT FISCAL AGENT FUND (525)	\$0	\$0	\$934,784	(\$469,526)	\$465,258	\$465,258	\$0	\$0
AIRPORT REV BOND IMP FUND (526)								
Airport Capital Program								
Ending Fund Balance Adjustment				(\$2,489,000)	(\$2,489,000)			(\$2,489,000)
Taxiway W Improvements			\$181,000		\$181,000			\$181,000
Transfer to the Airport Surplus Revenue Fund - Owner Controlled Insurance Program			\$2,308,000		\$2,308,000			\$2,308,000
Total AIRPORT REV BOND IMP FUND (526)	\$0	\$0	\$2,489,000	(\$2,489,000)	\$0	\$0	\$0	\$0
AIRPORT REVENUE FUND (521)								
AIRPORT								
Miscellaneous Revenue/Earned Revenue					\$0	(\$732,949)		\$732,949
Transfer from Airport Fiscal Agent Fund					\$0	\$732,949		(\$732,949)

Special/Capital Funds
 Recommended Budget Adjustments
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REVENUE FUND (521)								
AIRPORT								
Transfer from Airport Fiscal Agent Fund/Transfer to Airport Surplus Revenue Fund			\$201,835		\$201,835	\$201,835		\$0
Transfer to Airport Fiscal Agent Fund			(\$267,691)		(\$267,691)			(\$267,691)
Transfer to Airport Surplus Revenue Fund			\$267,691		\$267,691			\$267,691
Total AIRPORT REVENUE FUND (521)	\$0	\$0	\$201,835	\$0	\$201,835	\$201,835	\$0	\$0
AIRPORT SURPLUS REV FD (524)								
AIRPORT								
Commercial Paper Principal and Interest/Transfers from Airport Capital Funds			\$2,518,000		\$2,518,000	\$2,518,000		\$0
Reserve for Discretionary Expenses/Transfer from Airport Revenue Fund			\$469,526		\$469,526	\$469,526		\$0
Total AIRPORT SURPLUS REV FD (524)	\$0	\$0	\$2,987,526	\$0	\$2,987,526	\$2,987,526	\$0	\$0
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
Ending Fund Balance Adjustment				(\$180,000)	(\$180,000)			(\$180,000)
High Speed Rail/Earned Revenue			(\$200,000)		(\$200,000)	(\$200,000)		\$0
Lighting and Signal Program			\$120,000		\$120,000			\$120,000
Lyndale Sidewalk Project			\$60,000		\$60,000			\$60,000
Total BLDG & STRUCT CONST TAX FD (429)	\$0	\$0	(\$20,000)	(\$180,000)	(\$200,000)	(\$200,000)	\$0	\$0
BUSINESS IMPVT DIST FUND (351)								
ECONOMIC DEVELOPMENT								
Downtown Business Improvement District/Earned Revenue			\$29,529		\$29,529	\$134,746		(\$105,217)
Ending Fund Balance Adjustment - Downtown				\$105,217	\$105,217			\$105,217
Ending Fund Balance Adjustment - Hotel				(\$66,534)	(\$66,534)			(\$66,534)

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BUSINESS IMPVT DIST FUND (351)								
ECONOMIC DEVELOPMENT								
Hotel Business Improvement District/Earned Revenue			\$570,993		\$570,993	\$504,459		\$66,534
Total BUSINESS IMPVT DIST FUND (351)	\$0	\$0	\$600,522	\$38,683	\$639,205	\$639,205	\$0	\$0
CONST/CONV TAX FIRE FUND (392)								
Public Safety Capital Program								
Ending Fund Balance Adjustment				(\$336,000)	(\$336,000)			(\$336,000)
Facilities Improvements			\$336,000		\$336,000			\$336,000
Total CONST/CONV TAX FIRE FUND (392)	\$0	\$0	\$336,000	(\$336,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Parks & Comm Fac Dev Capital Program								
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
Watson Park Soccer Field Fixtures, Furnishings and Equipment			\$15,000		\$15,000			\$15,000
Total CONST/CONV TAX PK CD 3 FUND (380)	\$0	\$0	\$15,000	(\$15,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD10 FD (389)								
Parks & Comm Fac Dev Capital Program								
Ending Fund Balance Adjustment				\$120,000	\$120,000			\$120,000
Transfer from General Fund: Leland Sports Field Repayment					\$0	\$120,000		(\$120,000)
Total CONST/CONV TAX PK CD10 FD (389)	\$0	\$0	\$0	\$120,000	\$120,000	\$120,000	\$0	\$0
CONST/CONV TAX PK YARDS FD (398)								
Parks & Comm Fac Dev Capital Program								
Fire Station 19 Conversion			(\$295,000)		(\$295,000)			(\$295,000)

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK YARDS FD (398)								
Parks & Comm Fac Dev Capital Program								
Fire Station 19 Demolition			\$295,000		\$295,000			\$295,000
Total CONST/CONV TAX PK YARDS FD (398)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONST/CONV TAX PKS CW FUND (391)								
Parks & Comm Fac Dev Capital Program								
Ending Fund Balance Adjustment				(\$350,000)	(\$350,000)			(\$350,000)
Plaza de Cesar Chavez Fountain Repair and Improvements			\$350,000		\$350,000			\$350,000
Total CONST/CONV TAX PKS CW FUND (391)	\$0	\$0	\$350,000	(\$350,000)	\$0	\$0	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
Bridge Maintenance and Repair			\$50,000		\$50,000			\$50,000
Congestion Management Program Dues			(\$29,000)		(\$29,000)			(\$29,000)
Ending Fund Balance Adjustment				(\$81,000)	(\$81,000)			(\$81,000)
Geometric Design Standards Manual Update/Miscellaneous Revenue			\$180,000		\$180,000	\$144,000		\$36,000
Lyndale Sidewalk Project			\$60,000		\$60,000			\$60,000
Maintenance District 15 Feasibility Study/Miscellaneous Revenue			\$20,000		\$20,000	\$20,000		\$0
Maintenance District 19 Feasibility Study/Miscellaneous Revenue			\$20,000		\$20,000	\$20,000		\$0
Montague Expressway Improvements			\$200,000		\$200,000			\$200,000
Reserve - North San José Traffic Impact Fees			(\$200,000)		(\$200,000)			(\$200,000)
Reserve - Transportation Grants			(\$101,000)		(\$101,000)			(\$101,000)
Safe Access San José/Earned Revenue			\$97,000		\$97,000	\$84,000		\$13,000
St. John Street/Pedestrian/Bike Improvements/Earned Revenue			\$90,000		\$90,000	\$75,000		\$15,000
Walkn' Roll/Earned Revenue			\$325,000		\$325,000	\$288,000		\$37,000
Total CONSTRUCTION EXCISE TAX FD (465)	\$0	\$0	\$712,000	(\$81,000)	\$631,000	\$631,000	\$0	\$0

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment				(\$1,050,000)	(\$1,050,000)			(\$1,050,000)
Miscellaneous Improvements			\$450,000		\$450,000			\$450,000
San Jose Convention and Visitors Bureau Services			\$600,000		\$600,000			\$600,000
Total CONV/CULTURAL AFFAIRS FUND (536)	\$0	\$0	\$1,050,000	(\$1,050,000)	\$0	\$0	\$0	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Parks & Comm Fac Dev Capital Program								
Earned Revenue					\$0	\$16,766		(\$16,766)
Emma Prusch Park Windmill			\$8,000		\$8,000			\$8,000
Reserve: Emma Prusch Park Windmill			(\$8,000)		(\$8,000)			(\$8,000)
William Prusch Multicultural Building Minor Improvements			\$16,766		\$16,766			\$16,766
Total E PRUSCH MEM PK IMPR FUND (131)	\$0	\$0	\$16,766	\$0	\$16,766	\$16,766	\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
POLICE								
2009 Justice Assistance Grant (JAG)/Earned Revenue			\$650		\$650	\$650		\$0
2010 Justice Assistance Grant (JAG)/Earned Revenue			\$575		\$575	\$575		\$0
Total EDW BYRNE MEMORIAL JAG FD (474)	\$0	\$0	\$1,225	\$0	\$1,225	\$1,225	\$0	\$0
FEDERAL DRUG FORF FUND (419)								
POLICE								
2011 COPS Hiring Grant			\$32,354		\$32,354			\$32,354
Ending Fund Balance Adjustment				(\$32,354)	(\$32,354)			(\$32,354)
Total FEDERAL DRUG FORF FUND (419)	\$0	\$0	\$32,354	(\$32,354)	\$0	\$0	\$0	\$0

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
FEDERAL LLEBG PROG FUND (415)								
POLICE								
Earned Revenue - Interest Earnings					\$0	\$2		(\$2)
Ending Fund Balance Adjustment				(\$91)	(\$91)			(\$91)
LLEBG Close-Out			\$93		\$93			\$93
Total FEDERAL LLEBG PROG FUND (415)	\$0	\$0	\$93	(\$91)	\$2	\$2	\$0	\$0
GENERAL PURPOSE PARKING FD (533)								
TRANSPORTATION								
Downtown Weekend Parking/Earned Revenue		(\$35,000)			(\$35,000)	(\$35,000)		\$0
Total GENERAL PURPOSE PARKING FD (533)	\$0	(\$35,000)	\$0	\$0	(\$35,000)	(\$35,000)	\$0	\$0
GIFT TRUST FUND (139)								
PARKS, REC, & NEIGH SVCS								
River Oaks Park Maintenance/Transfer from Subdivision Park Trust Fund			\$664,200		\$664,200	\$664,200		\$0
Safe Summer Initiative/Earned Revenue			\$79,509		\$79,509	\$79,509		\$0
Vista Montana Park Maintenance/Earned Revenue			\$75,000		\$75,000	\$75,000		\$0
LIBRARY								
Library - General Gifts/Earned Revenue			\$24,478		\$24,478	\$24,478		\$0
Total GIFT TRUST FUND (139)	\$0	\$0	\$843,187	\$0	\$843,187	\$843,187	\$0	\$0
HOME INVEST PART PROG FUND (445)								
HOUSING								
Multi-Family Loans and Grants/Earned Revenue			\$1,873,166		\$1,873,166	\$1,873,166		\$0
Total HOME INVEST PART PROG FUND (445)	\$0	\$0	\$1,873,166	\$0	\$1,873,166	\$1,873,166	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments
 Annual Report 2010-2011

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
HOUSING TRUST FUND (440)							
HOUSING							
Housing and Homeless Project/Earned Revenue			\$60,000		\$60,000	\$60,000	\$0
Total HOUSING TRUST FUND (440)	\$0	\$0	\$60,000	\$0	\$60,000	\$60,000	\$0
INTEGRATED WASTE MGT FUND (423)							
ENVIRONMENTAL SERVICES							
Capital Program and Public Works Department Support Service Costs			\$2,000		\$2,000		\$2,000
Ending Fund Balance Adjustment				(\$2,000)	(\$2,000)		(\$2,000)
Total INTEGRATED WASTE MGT FUND (423)	\$0	\$0	\$2,000	(\$2,000)	\$0	\$0	\$0
LAKE CUNNINGHAM FUND (462)							
Parks & Comm Fac Dev Capital Program							
Ending Fund Balance Adjustment				(\$58,000)	(\$58,000)		(\$58,000)
Lake Cunningham Parking Machines			\$58,000		\$58,000		\$58,000
Total LAKE CUNNINGHAM FUND (462)	\$0	\$0	\$58,000	(\$58,000)	\$0	\$0	\$0
LOW/MOD INCOME HOUSING FD (443)							
HOUSING							
Ending Fund Balance Adjustment				\$1,873,166	\$1,873,166		\$1,873,166
Multi-Family Loans and Grants			(\$1,873,166)		(\$1,873,166)		(\$1,873,166)
Total LOW/MOD INCOME HOUSING FD (443)	\$0	\$0	(\$1,873,166)	\$1,873,166	\$0	\$0	\$0
NEIGHBHD SECURITY BOND FD (475)							
Public Safety Capital Program							
Contingency Reserve			(\$20,000)		(\$20,000)		(\$20,000)

Special/Capital Funds
 Recommended Budget Adjustments
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
NEIGHBHD SECURITY BOND FD (475)								
Public Safety Capital Program								
Fire Station 2 - Rebuild			\$20,000		\$20,000			\$20,000
Total NEIGHBHD SECURITY BOND FD (475)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RES CONST TAX FUND (420)								
Developer Assisted Capital Program								
Capital Program and Public Works Department Support Service Costs			\$6,000		\$6,000			\$6,000
Ending Fund Balance Adjustment				(\$6,000)	(\$6,000)			(\$6,000)
Total RES CONST TAX FUND (420)	\$0	\$0	\$6,000	(\$6,000)	\$0	\$0	\$0	\$0
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Reserve: Future PDO/PIO Projects			(\$857,200)		(\$857,200)			(\$857,200)
TRAIL: Coyote Creek (Highway 237 to Story Road)			\$32,000		\$32,000			\$32,000
TRAIL: Milestone Markers			\$75,000		\$75,000			\$75,000
Transfer to the Gift Trust Fund: River Oaks Park Maintenance			\$664,200		\$664,200			\$664,200
West Home Land Acquisition			\$86,000		\$86,000			\$86,000
Total SUBDIVISION PARK TRUST FUND (375)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUPPL LAW ENF SVCES FUND (414)								
POLICE								
Earned Revenue - SLES 2010-2012 Grant					\$0	(\$65,888)		\$65,888
Ending Fund Balance Adjustment				(\$65,888)	(\$65,888)			(\$65,888)
SLES Grant 2010-2012/Earned Revenue			\$738,859		\$738,859	\$738,859		\$0
Total SUPPL LAW ENF SVCES FUND (414)	\$0	\$0	\$738,859	(\$65,888)	\$672,971	\$672,971	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
UNEMPLOYMENT INSUR FD (157)								
HUMAN RESOURCES								
Ending Fund Balance Adjustment				(\$550,000)	(\$550,000)			(\$550,000)
Payment of Claims			(\$2,880,000)		(\$2,880,000)			(\$2,880,000)
Transfers for Reimbursements from City Funds					\$0	(\$3,430,000)		\$3,430,000
Total UNEMPLOYMENT INSUR FD (157)	\$0	\$0	(\$2,880,000)	(\$550,000)	(\$3,430,000)	(\$3,430,000)	\$0	\$0
WATER UTILITY FUND (515)								
ENVIRONMENTAL SERVICES								
ESD Non-Personal/Equipment (Wholesale Water Purchases)		(\$126,000)			(\$126,000)			(\$126,000)
Earned Revenue (Potable Water Sales)					\$0	(\$126,000)		\$126,000
Total WATER UTILITY FUND (515)	\$0	(\$126,000)	\$0	\$0	(\$126,000)	(\$126,000)	\$0	\$0
WORKFORCE INVSTMNT ACT FD (290)								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment				\$554,288	\$554,288			\$554,288
Reserve for Program Allocation			(\$554,288)		(\$554,288)			(\$554,288)
Total WORKFORCE INVSTMNT ACT FD (290)	\$0	\$0	(\$554,288)	\$554,288	\$0	\$0	\$0	\$0

General Fund
 Clean-Up Actions
 Annual Report 2010-2011

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Rebudget: Arena Repairs			\$611,000	\$611,000			\$611,000
Rebudget: Building Facilities Maintenance Backlog: 9-1-1 UPS System, Police Communications Air Handling Units and Generator Controls, Police Special Operations Unit Mechanical System			(\$246,000)	(\$246,000)			(\$246,000)
Rebudget: Closed Landfill Compliance			\$29,000	\$29,000			\$29,000
Rebudget: Fire Apparatus Replacement			\$585,000	\$585,000			\$585,000
Rebudget: Fuel Tank Monitoring			\$9,000	\$9,000			\$9,000
Rebudget: Maintenance Backlog - Neighborhood Appearance			\$101,000	\$101,000			\$101,000
Rebudget: South San José Police Substation			\$53,000	\$53,000			\$53,000
Rebudget: South San José Police Substation FF&E			\$43,000	\$43,000			\$43,000
Rebudget: South San José Police Substation Interior Public Art			\$4,000	\$4,000			\$4,000
CAPITAL PROJECTS Total	\$0	\$0	\$1,189,000	\$1,189,000	\$0	\$0	\$1,189,000
CITY ATTORNEY							
Retirement Contributions Reconciliation	(\$56,064)			(\$56,064)			(\$56,064)
Unemployment Insurance Reconciliation	(\$70,601)			(\$70,601)			(\$70,601)
CITY ATTORNEY Total	(\$126,665)	\$0	\$0	(\$126,665)	\$0	\$0	(\$126,665)

General Fund
 Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY AUDITOR							
Retirement Contributions Reconciliation	(\$10,429)			(\$10,429)			(\$10,429)
Unemployment Insurance Reconciliation	(\$13,020)			(\$13,020)			(\$13,020)
CITY AUDITOR Total	(\$23,449)	\$0	\$0	(\$23,449)	\$0	\$0	(\$23,449)
CITY CLERK							
Retirement Contributions Reconciliation	(\$8,389)			(\$8,389)			(\$8,389)
Unemployment Insurance Reconciliation	(\$10,483)			(\$10,483)			(\$10,483)
CITY CLERK Total	(\$18,872)	\$0	\$0	(\$18,872)	\$0	\$0	(\$18,872)
CITY MANAGER							
Retirement Contributions Reconciliation	(\$46,950)			(\$46,950)			(\$46,950)
Unemployment Insurance Reconciliation	(\$61,061)			(\$61,061)			(\$61,061)
CITY MANAGER Total	(\$108,011)	\$0	\$0	(\$108,011)	\$0	\$0	(\$108,011)

General Fund
 Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Rebudget: 2008 Human Trafficking Prevention Grant			(\$1,029)	(\$1,029)			(\$1,029)
Rebudget: 2008 Juvenile Justice and Delinquency Prevention Grant/Revenue from Federal Government			(\$4,295)	(\$4,295)	(\$4,295)		\$0
Rebudget: 2009 COPS Technology Program Grant/Revenue from Federal Government			(\$2,612)	(\$2,612)	(\$52,464)		\$49,852
Rebudget: 2009 Child Sexual Predator Program Grant/Revenue from Federal Government			\$32,818	\$32,818	\$32,818		\$0
Rebudget: 2009 Metropolitan Medical Response System (MMRS) Grant - Fire			(\$55,046)	(\$55,046)			(\$55,046)
Rebudget: 2009 Urban Areas Security Initiative (UASI) Grant - Fire			(\$45,000)	(\$45,000)			(\$45,000)
Rebudget: 2009 Urban Areas Security Initiative (UASI) Grant - Police/Revenue from Federal Government			\$1,113	\$1,113	\$1,113		\$0
Rebudget: 2010 COPS Technology Program Grant/Revenue from Federal Government			(\$87,078)	(\$87,078)	(\$64,601)		(\$22,477)
Rebudget: 2010 Human Trafficking Prevention Grant			(\$7,341)	(\$7,341)			(\$7,341)
Rebudget: 2010-2011 DUI Enforcement and Awareness Program Grant/Revenue from State of California			(\$15,574)	(\$15,574)	(\$15,574)		\$0
Rebudget: 2010-2011 Internet Crimes Against Children (ICAC) State Grant/Revenue from State of California			(\$6,802)	(\$6,802)	(\$6,802)		\$0
Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations			\$252,335	\$252,335			\$252,335
Rebudget: Arena Community Fund			(\$25,082)	(\$25,082)			(\$25,082)
Rebudget: Arts Stabilization Loan Fund			\$88,556	\$88,556			\$88,556

General Fund
 Clean-Up Actions
 Annual Report 2010-2011

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Rebudget: City Manager Special Projects			\$61,000	\$61,000			\$61,000
Rebudget: City-Building Energy Projects Program			\$163,811	\$163,811			\$163,811
Rebudget: Community Translation/Interpretation and Meeting Spaces			\$36,877	\$36,877			\$36,877
Rebudget: Comprehensive General Plan Update			\$3,028	\$3,028			\$3,028
Rebudget: Contractual Street Tree Planting			\$99,875	\$99,875			\$99,875
Rebudget: Donna Bradford Improvement Project			\$294,400	\$294,400			\$294,400
Rebudget: Emergency Response and Preparedness			(\$1,208)	(\$1,208)			(\$1,208)
Rebudget: Energy Efficiency Program			\$681	\$681			\$681
Rebudget: Enhance Fitness Grant/Other Revenue			(\$5,900)	(\$5,900)	(\$5,900)		\$0
Rebudget: Evergreen Innovation Corridor			\$10,000	\$10,000			\$10,000
Rebudget: False Claims Act Litigation Settlement			(\$38,110)	(\$38,110)			(\$38,110)
Rebudget: General Liability Claims			(\$400,000)	(\$400,000)			(\$400,000)
Rebudget: Government Access - Capital Expenditures			\$5,896	\$5,896			\$5,896
Rebudget: Information Technology Business Applications Support			(\$14,414)	(\$14,414)			(\$14,414)
Rebudget: Internet Crimes Against Children Continuation Grant			(\$103,445)	(\$103,445)			(\$103,445)
Rebudget: Metropolitan Medical Task Force Grant			\$1,061	\$1,061			\$1,061
Rebudget: Mobile Identification Services Project/Revenue from Local Agencies			\$136,573	\$136,573	\$136,573		\$0
Rebudget: Pesticide Management Demonstration/Revenue from State of California			\$1,783	\$1,783	\$1,784		(\$1)

General Fund
Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Rebudget: Public Art in Private Development Fund			(\$9,265)	(\$9,265)			(\$9,265)
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			(\$4,166)	(\$4,166)			(\$4,166)
Rebudget: Recovery Act - 2009 Administration			(\$3,000)	(\$3,000)			(\$3,000)
Rebudget: Recovery Act - 2009 Anti-Human Trafficking Task Force/Revenue from State of California - Recovery Act			\$65,977	\$65,977	\$135,139		(\$69,162)
Rebudget: Recovery Act - 2009 Internet Crimes Against Children Task Force/Revenue from Federal Government - Recovery Act			(\$30,742)	(\$30,742)	(\$18,828)		(\$11,914)
Rebudget: Recovery Act - 2010-2012 Anti-Drug Abuse Enforcement Team Program Grant/Revenue from State of California - Recovery Act			(\$4,111)	(\$4,111)	(\$4,731)		\$620
Rebudget: Recovery Act - Anti Drug Abuse Enforcement Team/Revenue from State of California - Recovery Act			(\$16,091)	(\$16,091)	(\$10,286)		(\$5,805)
Rebudget: Recovery Act - Energy Efficiency and Conservation Block Grant/Revenue from Federal Government - Recovery Act			(\$290,679)	(\$290,679)	(\$290,791)		\$112
Rebudget: Recovery Act - Local Energy Assurance Planning (LEAP)/Revenue from Federal Government - Recovery Act			(\$3,988)	(\$3,988)	(\$4,409)		\$421
Rebudget: Recovery Act - Retrofit California Program/Revenue from Federal Government - Recovery Act			\$10,800	\$10,800	\$12,113		(\$1,313)
Rebudget: Recovery Act - Solar Market Transformation/Revenue from Federal Government			\$68,181	\$68,181	\$79,300		(\$11,119)
Rebudget: Retirement Prepayment Actuarial Services			\$20,000	\$20,000			\$20,000
Rebudget: San José After School - Year 5 District Contracts/Revenue from Local Agencies			(\$35,407)	(\$35,407)	(\$35,407)		\$0

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Rebudget: San José BEST Program			\$57,100	\$57,100			\$57,100
Rebudget: San José Cycling Events			(\$90,500)	(\$90,500)			(\$90,500)
Rebudget: Silicon Valley Energy Watch (SVEW) Innovator Pilots/Other Revenue			\$763	\$763	\$856		(\$93)
Rebudget: Silicon Valley Interoperability Project			\$24,484	\$24,484			\$24,484
Rebudget: Spartan Keyes Neighborhood Action Center			\$45,000	\$45,000			\$45,000
Rebudget: State Homeland Security Grant Program/Revenue from State of California			\$50,058	\$50,058	\$50,058		\$0
Rebudget: TRANs Debt Service			(\$20,000)	(\$20,000)			(\$20,000)
Rebudget: Truancy Abatement Program			\$6,600	\$6,600			\$6,600
Rebudget: Watson Park Settlement			\$1,459,428	\$1,459,428			\$1,459,428
Rebudget: Weed and Seed - East San José (Police)			(\$7,765)	(\$7,765)			(\$7,765)
Rebudget: Workers' Compensation Claims - Fire			\$63,000	\$63,000			\$63,000
Rebudget: Workers' Compensation Claims - Other Departments			\$213,000	\$213,000			\$213,000
Rebudget: Workers' Compensation Claims - PRNS			\$225,000	\$225,000			\$225,000
Rebudget: Workers' Compensation Claims - Police			\$105,000	\$105,000			\$105,000
Rebudget: Workers' Compensation Claims - Public Works			\$38,000	\$38,000			\$38,000
Rebudget: Workers' Compensation Claims - Transportation			\$41,600	\$41,600			\$41,600
Recovery Act - 2009 Anti-Human Trafficking Task Force (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$221)	(\$221)			(\$221)

General Fund
 Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Recovery Act - 2009 Internet Crimes Against Children Task Force (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$2,384)	(\$2,384)			(\$2,384)
Recovery Act - Energy Efficiency and Conservation Block Grant (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$13,058)	(\$13,058)			(\$13,058)
Recovery Act - Local Energy Assurance Planning (LEAP) (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$1,815)	(\$1,815)			(\$1,815)
Recovery Act - Retrofit California Program (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$2,165)	(\$2,165)			(\$2,165)
Recovery Act - Solar Market Transformation (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$5,338)	(\$5,338)			(\$5,338)
Tech Adjust: Energy Efficiency Fd (1st Yr Savings from GF Departments)			\$78,500	\$78,500			\$78,500
Tech Adjust: Energy Efficiency Fd (Prior Year Rebates)			\$18,171	\$18,171			\$18,171
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			\$29,726	\$29,726			\$29,726
Tech Adjust: Mexican Heritage Plaza Capital Maintenance (reallocate from maintenance and operations appropriation per contract)			\$60,000	\$60,000			\$60,000
Tech Adjust: Mexican Heritage Plaza Maintenance and Operations (reallocate 10% for capital per contract)			(\$60,000)	(\$60,000)			(\$60,000)
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			\$264,055	\$264,055			\$264,055

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Tech Adjust: Recovery Act - Solar Market Transformation/Revenue from Federal Government - Recovery Act			(\$526)	(\$526)	(\$526)		\$0
Tech Adjust: Workers' Compensation Claims - Other Departments (reclassification to PW for GS/PW merger)			(\$225,000)	(\$225,000)			(\$225,000)
Tech Adjust: Workers' Compensation Claims - Public Works (reclassification from Other for GS/PW merger)			\$225,000	\$225,000			\$225,000
CITY-WIDE EXPENSES Total	\$0	\$0	\$2,720,093	\$2,720,093	(\$64,860)	\$0	\$2,784,953

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Fee Program Reconciliation - Building Fee Program Reserve			\$1,672,689	\$1,672,689			\$1,672,689
Fee Program Reconciliation - Fire Fee Program Reserve			\$635,639	\$635,639			\$635,639
Fee Program Reconciliation - Planning Fee Program Reserve			\$388,757	\$388,757			\$388,757
Fee Program Reconciliation - Public Works Fee Program Reserve			\$1,067,354	\$1,067,354			\$1,067,354
General Plan Update Reconciliation - General Plan Update Reserve			\$44,093	\$44,093			\$44,093
Rebudget: General Plan Update			\$127,500	\$127,500			\$127,500
Rebudget: Planning Fee Program Reserve			(\$422)	(\$422)			(\$422)
Rebudget: Public Works Fee Program Reserve			\$29,540	\$29,540			\$29,540
Retirement Contributions Reconciliation - 2012-2013 Future Deficit Reserve			\$4,310,000	\$4,310,000			\$4,310,000
Retirement Contributions Reconciliation - Building Fee Program Reserve			\$76,342	\$76,342			\$76,342
Retirement Contributions Reconciliation - Fire Fee Program Reserve			\$18,874	\$18,874			\$18,874
Retirement Contributions Reconciliation - Planning Fee Program Reserve			\$8,723	\$8,723			\$8,723
Retirement Contributions Reconciliation - Public Works Fee Program Reserve			\$18,708	\$18,708			\$18,708
Tech Adjust: Building Fee Program Reserve Special Tenant Improvement/Industrial Tool Installation (STI/ITI) Reimbursement			\$84,502	\$84,502			\$84,502
Tech Adjust: Fire Fee Program Reserve Special Tenant Improvement/Industrial Tool Installation (STI/ITI) Reimbursement			(\$84,502)	(\$84,502)			(\$84,502)
Unemployment Insurance Reconciliation - 2012-2013 Future Deficit Reserve			\$1,645,000	\$1,645,000			\$1,645,000

General Fund
Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Unemployment Insurance Reconciliation - Building Fee Program Reserve			\$95,322	\$95,322			\$95,322
Unemployment Insurance Reconciliation - Fire Fee Program Reserve			\$17,602	\$17,602			\$17,602
Unemployment Insurance Reconciliation - Planning Fee Program Reserve			\$10,892	\$10,892			\$10,892
Unemployment Insurance Reconciliation - Public Works Fee Reserve			\$23,373	\$23,373			\$23,373
Unemployment Insurance Reconciliation - Salary and Benefits Reserve			\$1,670,000	\$1,670,000			\$1,670,000
EARMARKED RESERVES Total	\$0	\$0	\$11,859,986	\$11,859,986	\$0	\$0	\$11,859,986
ECONOMIC DEVELOPMENT							
Retirement Contributions Reconciliation	(\$13,403)			(\$13,403)			(\$13,403)
Unemployment Insurance Reconciliation	(\$16,738)			(\$16,738)			(\$16,738)
ECONOMIC DEVELOPMENT Total	(\$30,141)	\$0	\$0	(\$30,141)	\$0	\$0	(\$30,141)
ENVIRONMENTAL SERVICES							
Rebudget: Silicon Valley Energy Watch Grant/Other Revenue	(\$9,847)	\$26,699		\$16,852	\$17,105		(\$253)
Retirement Contributions Reconciliation	(\$454)			(\$454)			(\$454)
Unemployment Insurance Reconciliation	(\$567)			(\$567)			(\$567)
ENVIRONMENTAL SERVICES Total	(\$10,868)	\$26,699	\$0	\$15,831	\$17,105	\$0	(\$1,274)

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
FINANCE							
Rebudget: Technology Enhancements (Automatic Call Distribution)		\$10,000		\$10,000			\$10,000
Retirement Contributions Reconciliation	(\$58,155)			(\$58,155)			(\$58,155)
Tech Adjust: Reallocation of Risk Financing from HR Department		\$11,000		\$11,000			\$11,000
Unemployment Insurance Reconciliation	(\$73,008)			(\$73,008)			(\$73,008)
FINANCE Total	(\$131,163)	\$21,000	\$0	(\$110,163)	\$0	\$0	(\$110,163)
FIRE							
Retirement Contributions Reconciliation	(\$2,737,872)			(\$2,737,872)			(\$2,737,872)
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$2,100)		(\$2,100)			(\$2,100)
Unemployment Insurance Reconciliation	(\$849,522)			(\$849,522)			(\$849,522)
FIRE Total	(\$3,587,394)	(\$2,100)	\$0	(\$3,589,494)	\$0	\$0	(\$3,589,494)
HUMAN RESOURCES							
Retirement Contributions Reconciliation	(\$25,973)			(\$25,973)			(\$25,973)
Tech Adjust: Reallocation of Risk Financing to Finance Department		(\$11,000)		(\$11,000)			(\$11,000)
Unemployment Insurance Reconciliation	(\$33,202)			(\$33,202)			(\$33,202)
HUMAN RESOURCES Total	(\$59,175)	(\$11,000)	\$0	(\$70,175)	\$0	\$0	(\$70,175)

General Fund
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
INDEPENDENT POLICE AUDITOR							
Rebudget: Student Guide to Police Practices		\$1,500		\$1,500			\$1,500
Retirement Contributions Reconciliation	(\$5,067)			(\$5,067)			(\$5,067)
Unemployment Insurance Reconciliation	(\$6,334)			(\$6,334)			(\$6,334)
INDEPENDENT POLICE AUDITOR Total	(\$11,401)	\$1,500	\$0	(\$9,901)	\$0	\$0	(\$9,901)
INFORMATION TECHNOLOGY							
Rebudget: Storage Area Network Upgrade		\$350,000		\$350,000			\$350,000
Retirement Contributions Reconciliation	(\$49,903)			(\$49,903)			(\$49,903)
Unemployment Insurance Reconciliation	(\$62,314)			(\$62,314)			(\$62,314)
INFORMATION TECHNOLOGY Total	(\$112,217)	\$350,000	\$0	\$237,783	\$0	\$0	\$237,783
LIBRARY							
Rebudget: Library Grants/Revenue from Federal Government			\$21,913	\$21,913	\$21,913		\$0
Rebudget: Library Grants/Revenue from the State of California			\$22,835	\$22,835	\$22,835		\$0
Retirement Contributions Reconciliation	(\$79,287)			(\$79,287)			(\$79,287)
Tech Adjust: Personal Services/Departmental Charges	(\$300,000)			(\$300,000)	(\$300,000)		\$0
Unemployment Insurance Reconciliation	(\$136,645)			(\$136,645)			(\$136,645)
LIBRARY Total	(\$515,932)	\$0	\$44,748	(\$471,184)	(\$255,252)	\$0	(\$215,932)

General Fund
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Rebudget: Council District 1 (Constituent Outreach)			\$1,606	\$1,606			\$1,606
Rebudget: Council District 2 (Constituent Outreach)			\$458	\$458			\$458
Rebudget: Council District 3			(\$9,373)	(\$9,373)			(\$9,373)
Rebudget: Council District 3 (Constituent Outreach)			(\$641)	(\$641)			(\$641)
Rebudget: Council District 4 (Constituent Outreach)			(\$8,585)	(\$8,585)			(\$8,585)
Rebudget: Council District 5 (Constituent Outreach)			(\$2,443)	(\$2,443)			(\$2,443)
Rebudget: Council District 6 (Constituent Outreach)			(\$4,490)	(\$4,490)			(\$4,490)
Rebudget: Council District 7			(\$17,202)	(\$17,202)			(\$17,202)
Rebudget: Council District 7 (Constituent Outreach)			(\$1,534)	(\$1,534)			(\$1,534)
Rebudget: Council District 8			\$16,536	\$16,536			\$16,536
Rebudget: Council District 8 (Constituent Outreach)			\$274	\$274			\$274
Rebudget: Council District 9			(\$4,061)	(\$4,061)			(\$4,061)
Rebudget: Council District 9 (Constituent Outreach)			\$559	\$559			\$559
Rebudget: Council General			(\$208,218)	(\$208,218)			(\$208,218)
Rebudget: Mayor's Office (Constituent Outreach)			\$22,885	\$22,885			\$22,885
Rebudget: Council District 10 (Constituent Outreach)			(\$2,693)	(\$2,693)			(\$2,693)
Retirement Contributions Reconciliation - Council General			(\$8,305)	(\$8,305)			(\$8,305)
Unemployment Insurance Reconciliation - Council General			(\$10,390)	(\$10,390)			(\$10,390)
MAYOR & COUNCIL Total	\$0	\$0	(\$235,617)	(\$235,617)	\$0	\$0	(\$235,617)

General Fund
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
PARKS, REC, & NEIGH SVCS							
Retirement Contributions Reconciliation	(\$127,837)			(\$127,837)			(\$127,837)
Retirement Contributions Reconciliation - PRNS Development Fee Activities			(\$5,050)	(\$5,050)			(\$5,050)
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$53,400)		(\$53,400)			(\$53,400)
Tech Adjust: Parks Landscape and Custodial Services (budget correction to reallocate NP to PS)	\$69,500	(\$69,500)		\$0			\$0
Unemployment Insurance Reconciliation	(\$211,096)			(\$211,096)			(\$211,096)
Unemployment Insurance Reconciliation - PRNS Department Fee Activities			(\$9,419)	(\$9,419)			(\$9,419)
PARKS, REC, & NEIGH SVCS Total	(\$269,433)	(\$122,900)	(\$14,469)	(\$406,802)	\$0	\$0	(\$406,802)
PLANNING, BLDG, & CODE ENF							
Rebudget: Fish and Game Notice of Determination Fees		\$10,424		\$10,424			\$10,424
Retirement Contributions Reconciliation	(\$127,355)			(\$127,355)			(\$127,355)
Unemployment Insurance Reconciliation	(\$162,467)			(\$162,467)			(\$162,467)
PLANNING, BLDG, & CODE ENF Total	(\$289,822)	\$10,424	\$0	(\$279,398)	\$0	\$0	(\$279,398)

General Fund
 Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Rebudget: Air Support Program (Fixed Wing Engine Overhaul)		\$62,500		\$62,500			\$62,500
Rebudget: CAD Network Upgrades/Revenue from the State of California		\$20,835		\$20,835	\$20,835		\$0
Rebudget: Cal-Gang Program		\$20,000		\$20,000			\$20,000
Rebudget: Police Sworn Safety Equipment (Weapons and Special Operations Equipment)		\$280,000		\$280,000			\$280,000
Retirement Contributions Reconciliation	(\$959,822)			(\$959,822)			(\$959,822)
Unemployment Insurance Reconciliation	(\$1,556,359)			(\$1,556,359)			(\$1,556,359)
POLICE Total	(\$2,516,181)	\$383,335	\$0	(\$2,132,846)	\$20,835	\$0	(\$2,153,681)
PUBLIC WORKS							
Rebudget: Dolce Hayes Mansion Feasibility Study		\$28,114		\$28,114			\$28,114
Retirement Contributions Reconciliation	(\$72,279)			(\$72,279)			(\$72,279)
Retirement Contributions Reconciliation - Development Fee Program Personal Services			(\$18,708)	(\$18,708)			(\$18,708)
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$23,000)		(\$23,000)			(\$23,000)
Unemployment Insurance Reconciliation	(\$95,578)			(\$95,578)			(\$95,578)
Unemployment Insurance Reconciliation - Development Fee Program - Personal Services			(\$23,373)	(\$23,373)			(\$23,373)
PUBLIC WORKS Total	(\$167,857)	\$5,114	(\$42,081)	(\$204,824)	\$0	\$0	(\$204,824)

General Fund
 Clean-Up Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Fund Balance Reconciliation				\$0	\$16,262,799		(\$16,262,799)
Rebudget: Transfers and Reimbursements (Maintenance Assessment Districts)				\$0	\$141,547		(\$141,547)
Retirement Contributions Reconciliation - Transfers and Reimbursements (Airport Police/Fire)				\$0	(\$50,376)		\$50,376
Tech Adjust: Cardroom Regulation Fee (Reconciliation) (Licenses & Permits)				\$0	(\$11,394)		\$11,394
Tech Adjust: Library Grants/Revenue from Federal Government				\$0	\$296,500		(\$296,500)
Tech Adjust: Library Grants/Revenue from State of California				\$0	(\$296,500)		\$296,500
Tech Adjust: Use of Money/Property - Interest Earnings from the Emergency Reserve Fund				\$0	\$11,000		(\$11,000)
Transfer from the Anti-Tobacco Master Agreement Settlement Revenue Fund (Close-Out)				\$0	\$147,683		(\$147,683)
Unemployment Insurance Reconciliation - Transfers and Reimbursements (Airport Police/Fire)				\$0	(\$31,583)		\$31,583
REVENUE ADJUSTMENTS Total	\$0	\$0	\$0	\$0	\$206,877	\$16,262,799	(\$16,469,676)

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
TRANSFERS							
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$4,387,403	\$4,387,403			\$4,387,403
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Recovery Act - 2009 Anti-Human Trafficking Task Force)			\$221	\$221			\$221
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Recovery Act - 2009 Internet Crimes Against Children Task Force)			\$2,384	\$2,384			\$2,384
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Recovery Act - Energy Efficiency and Conservation Block Grant)			\$13,058	\$13,058			\$13,058
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Recovery Act - Solar Market Transformation)			\$5,338	\$5,338			\$5,338
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment - (Recovery Act - Local Energy Assurance Planning (LEAP))			\$1,815	\$1,815			\$1,815
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment - (Recovery Act - Retrofit California Program)			\$2,165	\$2,165			\$2,165
TRANSFERS Total	\$0	\$0	\$4,412,384	\$4,412,384	\$0	\$0	\$4,412,384
TRANSPORTATION							
Retirement Contributions Reconciliation	(\$71,721)			(\$71,721)			(\$71,721)
Unemployment Insurance Reconciliation	(\$91,595)			(\$91,595)			(\$91,595)
TRANSPORTATION Total	(\$163,316)	\$0	\$0	(\$163,316)	\$0	\$0	(\$163,316)
Total General Fund Clean-Up Actions	(\$8,141,897)	\$662,072	\$19,934,044	\$12,454,219	(\$75,295)	\$16,262,799	(\$3,733,285)

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Airport Capital Program								
Fund Balance Reconciliation				\$65,492	\$65,492		\$65,492	\$0
Rebudget: Taxiway W Improvements			\$35,000	(\$35,000)	\$0			\$0
Total AIRPORT CAPITAL IMPVT FUND (520) -	\$0	\$0	\$35,000	\$30,492	\$65,492	\$0	\$65,492	\$0
AIRPORT CUST FAC & TRANS FD (519)								
AIRPORT								
Fund Balance Reconciliation - OPEB			\$301		\$301		\$301	\$0
Fund Balance Reconciliation - Rate Stabilization Reserve			\$1,908,093		\$1,908,093		\$1,908,093	\$0
Total AIRPORT CUST FAC & TRANS FD (519)	\$0	\$0	\$1,908,394	\$0	\$1,908,394	\$0	\$1,908,394	\$0
AIRPORT FISCAL AGENT FUND (525)								
AIRPORT								
Fund Balance Reconciliation				\$2,658,037	\$2,658,037		\$2,658,037	\$0
Total AIRPORT FISCAL AGENT FUND (525)	\$0	\$0	\$0	\$2,658,037	\$2,658,037	\$0	\$2,658,037	\$0
AIRPORT MAINT & OPER FUND (523)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$316)		\$316		\$0			\$0
Unemployment Insurance Reconciliation	(\$395)		\$395		\$0			\$0
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$2,972)		\$2,972		\$0			\$0
Unemployment Insurance Reconciliation	(\$3,711)		\$3,711		\$0			\$0
POLICE								
Retirement Contributions Reconciliation	(\$469)		\$469		\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT MAINT & OPER FUND (523)								
POLICE								
Unemployment Insurance Reconciliation	(\$589)		\$589		\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$778)		\$778		\$0			\$0
Unemployment Insurance Reconciliation	(\$972)		\$972		\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$339)		\$339		\$0			\$0
Unemployment Insurance Reconciliation	(\$423)		\$423		\$0			\$0
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$240)		\$240		\$0			\$0
Unemployment Insurance Reconciliation	(\$300)		\$300		\$0			\$0
AIRPORT								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Contingency Offset)			(\$485,149)		(\$485,149)			(\$485,149)
Contingency Reserve (Reallocation/Offset for Retirement Contributions and Unemployment Insurance Reconciliations)			\$622,371		\$622,371			\$622,371
Fund Balance Reconciliation - Res for Wrkr's Comp Claim			(\$2,419,604)		(\$2,419,604)		(\$2,419,604)	\$0
Fund Balance Reconciliation - Res-Per Master Trus Agmnt			\$2,071,704		\$2,071,704		\$2,071,704	\$0
Reserve - Per Master Trust Agreement (Reallocation/Offset for Retirement Contributions and Unemployment Insurance Reconciliations)			(\$530,151)		(\$530,151)			(\$530,151)
Retirement Contributions Reconciliation	(\$131,656)		\$131,656		\$0			\$0
Retirement Contributions Reconciliation (Fire)			(\$20,710)		(\$20,710)			(\$20,710)
Retirement Contributions Reconciliation (Police)			(\$39,927)		(\$39,927)			(\$39,927)
Unemployment Insurance Reconciliation	(\$164,640)		\$164,640		\$0			\$0
Unemployment Insurance Reconciliation (Fire)			(\$16,827)		(\$16,827)			(\$16,827)

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT MAINT & OPER FUND (523)								
AIRPORT								
Unemployment Insurance Reconciliation (Police)			(\$14,756)		(\$14,756)			(\$14,756)
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$485,149		\$485,149			\$485,149
Total AIRPORT MAINT & OPER FUND (523)	(\$307,800)	\$0	(\$40,100)	\$0	(\$347,900)	\$0	(\$347,900)	\$0
AIRPORT PASS FACIL CHG FUND (529)								
Airport Capital Program								
Fund Balance Reconciliation				\$593,783	\$593,783		\$593,783	\$0
Total AIRPORT PASS FACIL CHG FUND (529)	\$0	\$0	\$0	\$593,783	\$593,783	\$0	\$593,783	\$0
AIRPORT RENEW & REPL FUND (527)								
Airport Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$36,679	(\$36,679)	\$0			\$0
Fund Balance Reconciliation				\$3,244,273	\$3,244,273		\$3,244,273	\$0
Rebudget: Advanced Planning			\$56,000	(\$56,000)	\$0			\$0
Rebudget: Airfield Improvements			\$320,000	(\$320,000)	\$0			\$0
Rebudget: Airport Technology Services			\$61,000	(\$61,000)	\$0			\$0
Rebudget: Equipment, Operating			\$71,000	(\$71,000)	\$0			\$0
Rebudget: Tenant Plan Review			\$3,000	(\$3,000)	\$0			\$0
Total AIRPORT RENEW & REPL FUND (527)	\$0	\$0	\$547,679	\$2,696,594	\$3,244,273	\$0	\$3,244,273	\$0
AIRPORT REV BOND IMP FUND (526)								
Airport Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$49,285	(\$49,285)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REV BOND IMP FUND (526)								
Airport Capital Program								
Fund Balance Reconciliation				(\$38,193,645)	(\$38,193,645)		(\$38,193,645)	\$0
Rebudget: Clean-Up of Existing Fuel Farm			(\$388,000)	\$388,000	\$0			\$0
Rebudget: Non-Terminal Area Projects			(\$13,000)	\$13,000	\$0			\$0
Rebudget: Public Parking Improvements			(\$483,000)	\$483,000	\$0			\$0
Rebudget: Taxiway W Improvements			\$762,000	(\$762,000)	\$0			\$0
Total AIRPORT REV BOND IMP FUND (526)	\$0	\$0	(\$72,715)	(\$38,120,930)	(\$38,193,645)	\$0	(\$38,193,645)	\$0
AIRPORT REVENUE FUND (521)								
AIRPORT								
Fund Balance Reconciliation - Res-Per Master Trust Agmnt			\$10,464,437		\$10,464,437		\$10,464,437	\$0
Total AIRPORT REVENUE FUND (521)	\$0	\$0	\$10,464,437	\$0	\$10,464,437	\$0	\$10,464,437	\$0
AIRPORT SURPLUS REV FD (524)								
AIRPORT								
Fund Balance Reconciliation - Res-Discretionary Exp.			(\$469,526)		(\$469,526)		(\$469,526)	\$0
Fund Balance Reconciliation - Res-Per Master Trust Agmnt			(\$4,493,979)		(\$4,493,979)		(\$4,493,979)	\$0
Total AIRPORT SURPLUS REV FD (524)	\$0	\$0	(\$4,963,505)	\$0	(\$4,963,505)	\$0	(\$4,963,505)	\$0
ANTI-TOBACCO SETTLEMNT FD (426)								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation					\$0		\$147,683	(\$147,683)
Fund Balance Reconciliation - Transfer to General Fund			\$147,683		\$147,683			\$147,683
Total ANTI-TOBACCO SETTLEMNT FD (426)	\$0	\$0	\$147,683	\$0	\$147,683	\$0	\$147,683	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BENEFIT FUND (160)								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$235,951)	(\$235,951)		(\$235,951)	\$0
Fund Balance Reconciliation - Early Retirement Reinsurance Program Reserve			\$883		\$883		\$883	\$0
Retirement Contributions Reconciliation	(\$2,679)			\$2,679	\$0			\$0
Tech Adjust: Beginning Fund Balance					\$0		(\$1,276,177)	\$1,276,177
Tech Adjust: Benefits Administration Fee (service restorations)				\$21,000	\$21,000	\$21,000		\$0
Tech Adjust: Early Retirement Reinsurance Program Reserve					\$0		\$1,276,177	(\$1,276,177)
Tech Adjust: Employee Assistance Program (service restorations)			\$16,000		\$16,000	\$16,000		\$0
Tech Adjust: General Employee Vision (service restorations)			\$6,000		\$6,000	\$6,000		\$0
Tech Adjust: Health Premiums (service restorations)			\$323,000		\$323,000	\$323,000		\$0
Tech Adjust: MEF Legal (service restorations)			\$3,000		\$3,000	\$3,000		\$0
Unemployment Insurance Reconciliation	(\$3,580)			\$3,580	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$9,268	(\$9,268)	\$0			\$0
Total BENEFIT FUND (160)	(\$6,259)	\$0	\$358,151	(\$217,960)	\$133,932	\$369,000	(\$235,068)	\$0
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$107,040	(\$107,040)	\$0			\$0
Fund Balance Reconciliation				\$2,673,394	\$2,673,394		\$2,673,394	\$0
Rebudget: ADA Sidewalk Accessibility Program			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Airport People Mover			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Bascom Avenue Median Island Landscaping Maintenance			\$15,000	(\$15,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
Rebudget: Bike/Pedestrian Development			\$43,000	(\$43,000)	\$0			\$0
Rebudget: Blossom Hill Road/Monterey Pedestrian Improvements			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Branham Lane/Monterey Highway Rail Grade Separation			\$18,000	\$4,000	\$22,000	\$22,000		\$0
Rebudget: Bridge Mitigation Monitoring			\$18,000	(\$18,000)	\$0			\$0
Rebudget: CIP Delivery Management			\$68,000	(\$68,000)	\$0			\$0
Rebudget: Capitol LRT to Eastridge			\$35,000	(\$35,000)	\$0			\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek			\$15,000	\$20,000	\$35,000	\$35,000		\$0
Rebudget: High Speed Rail			\$145,000	(\$145,000)	\$0			\$0
Rebudget: ITS: Enhancements			(\$22,000)	\$1,071,000	\$1,049,000	\$1,049,000		\$0
Rebudget: ITS: Transportation Incident Management Center			\$87,000	\$143,000	\$230,000	\$230,000		\$0
Rebudget: Jackson Street: LRT to Japantown Pedestrian Corridor			\$42,000	\$468,000	\$510,000	\$510,000		\$0
Rebudget: Julian Street and St. James Street Couplet Conversion			(\$53,000)	\$955,000	\$902,000	\$902,000		\$0
Rebudget: Lighting and Signal Program			\$37,000	(\$37,000)	\$0			\$0
Rebudget: Milpitas Transit Area - Capitol Avenue Corridor Improvements			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Public Art			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Riparian Mitigation - Bailey Avenue/Route 101			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Route 101: Interstate 280 to Yerba Buena			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Route 280/880/Stevens Creek Upgrade			\$19,000	(\$19,000)	\$0			\$0
Rebudget: SJSU to Japantown Pedestrian Corridor			\$32,000	\$287,000	\$319,000	\$319,000		\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements			(\$3,000)	\$3,000	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase II			(\$5,000)	\$5,000	\$0			\$0
Rebudget: State Route Relinquishment			\$13,000	(\$13,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
Rebudget: The Alameda - A Plan for the Beautiful Way			\$170,000	(\$170,000)	\$0			\$0
Rebudget: Traffic Flow Management and Signal Retiming			\$387,000	(\$387,000)	\$0			\$0
Rebudget: Traffic Signal - Endicott Boulevard and Hayes Avenue			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Traffic Signal - Hostetter Road and Piedmont Road			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Traffic Signal Communications and Synchronization			\$968,000	(\$1,207,000)	(\$239,000)	(\$239,000)		\$0
Rebudget: Underground Utilities - City Conversions			\$1,203,000	(\$1,203,000)	\$0			\$0
Total BLDG & STRUCT CONST TAX FD (429)	\$0	\$0	\$3,730,040	\$1,771,354	\$5,501,394	\$2,828,000	\$2,673,394	\$0
BRANCH LIB BOND PROJECT FD (472)								
Library Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$20,348	(\$20,348)	\$0			\$0
Fund Balance Reconciliation				\$451,144	\$451,144		\$451,144	\$0
Rebudget: Bascom Branch			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Calabazas Branch			(\$163,000)	\$163,000	\$0			\$0
Rebudget: Educational Park Branch			(\$109,000)	\$109,000	\$0			\$0
Rebudget: Land Acquisition			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Miscellaneous Post Construction Costs			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Southeast Branch			(\$2,000)	\$2,000	\$0			\$0
Total BRANCH LIB BOND PROJECT FD (472)	\$0	\$0	(\$263,652)	\$714,796	\$451,144	\$0	\$451,144	\$0
BUSINESS IMPVT DIST FUND (351)								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Downtown				(\$91,644)	(\$91,644)		(\$91,644)	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BUSINESS IMPVT DIST FUND (351)								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Hotel				(\$277,786)	(\$277,786)		(\$277,786)	\$0
Fund Balance Reconciliation - Interest				\$2,813	\$2,813		\$2,813	\$0
Fund Balance Reconciliation - Japantown				(\$1,824)	(\$1,824)		(\$1,824)	\$0
Fund Balance Reconciliation - Willow Glen CBID				\$75,592	\$75,592		\$75,592	\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$58	(\$58)	\$0			\$0
Total BUSINESS IMPVT DIST FUND (351)	\$0	\$0	\$58	(\$292,907)	(\$292,849)	\$0	(\$292,849)	\$0
CASH RESERVE FUND (002)								
FINANCE								
Fund Balance Reconciliation				(\$5)	(\$5)		(\$5)	\$0
Total CASH RESERVE FUND (002)	\$0	\$0	\$0	(\$5)	(\$5)	\$0	(\$5)	\$0
CFD #1 CAPITAL AUTOMALL FUND (371)								
TRANSPORTATION								
Fund Balance Reconciliation				(\$15,368)	(\$15,368)		(\$15,368)	\$0
Rebudget: Non-Personal/Equipment		\$6,454		(\$6,454)	\$0			\$0
Retirement Contributions Reconciliation	(\$159)			\$159	\$0			\$0
Unemployment Insurance Reconciliation	(\$199)			\$199	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$544	(\$544)	\$0			\$0
Total CFD #1 CAPITAL AUTOMALL FUND (371)	(\$358)	\$6,454	\$544	(\$22,008)	(\$15,368)	\$0	(\$15,368)	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #11 ADELINE-MARY HELEN FD (374)								
TRANSPORTATION								
Fund Balance Reconciliation				\$28,736	\$28,736		\$28,736	\$0
Rebudget: Non-Personal/Equipment		\$6,314		(\$6,314)	\$0			\$0
Total CFD #11 ADELINE-MARY HELEN FD (374)	\$0	\$6,314	\$0	\$22,422	\$28,736	\$0	\$28,736	\$0
CFD #12 BASKING RIDGE FUND (376)								
TRANSPORTATION								
Fund Balance Reconciliation				\$88,141	\$88,141		\$88,141	\$0
Rebudget: Non-Personal/Equipment		\$9,234		(\$9,234)	\$0			\$0
Retirement Contributions Reconciliation	(\$225)			\$225	\$0			\$0
Unemployment Insurance Reconciliation	(\$281)			\$281	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$826	(\$826)	\$0			\$0
Total CFD #12 BASKING RIDGE FUND (376)	(\$506)	\$9,234	\$826	\$78,587	\$88,141	\$0	\$88,141	\$0
CFD #2 AND CFD #3 FUND (369)								
TRANSPORTATION								
Fund Balance Reconciliation				\$175,136	\$175,136		\$175,136	\$0
Rebudget: Non-Personal/Equipment		\$8,990		(\$8,990)	\$0			\$0
Retirement Contributions Reconciliation	(\$990)			\$990	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,237)			\$1,237	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$3,915	(\$3,915)	\$0			\$0
Total CFD #2 AND CFD #3 FUND (369)	(\$2,227)	\$8,990	\$3,915	\$164,458	\$175,136	\$0	\$175,136	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #8 COMM HILL FUND (373)								
TRANSPORTATION								
Fund Balance Reconciliation				\$170,150	\$170,150		\$170,150	\$0
Rebudget: Non-Personal/Equipment		\$7,548		(\$7,548)	\$0			\$0
Retirement Contributions Reconciliation	(\$328)			\$328	\$0			\$0
Unemployment Insurance Reconciliation	(\$410)			\$410	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$1,031	(\$1,031)	\$0			\$0
Total CFD #8 COMM HILL FUND (373)	(\$738)	\$7,548	\$1,031	\$162,309	\$170,150	\$0	\$170,150	\$0
CITY HALL DEBT SERVICE FUND (210)								
FINANCE								
Fund Balance Reconciliation				\$653,246	\$653,246		\$653,246	\$0
Tech Adjust: Transfer to Civic Center Improvement Fund (Technology Furniture and Equipment Reimbursement)			\$188	(\$188)	\$0			\$0
Total CITY HALL DEBT SERVICE FUND (210)	\$0	\$0	\$188	\$653,058	\$653,246	\$0	\$653,246	\$0
CIVIC CENTER CONST FUND (425)								
Muni Improvements Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$2,791	(\$2,791)	\$0			\$0
Fund Balance Reconciliation				\$12,697	\$12,697		\$12,697	\$0
Rebudget: New City Hall Waterproofing			\$4,000	(\$4,000)	\$0			\$0
Total CIVIC CENTER CONST FUND (425)	\$0	\$0	\$6,791	\$5,906	\$12,697	\$0	\$12,697	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CIVIC CENTER IMPVT FUND (473)								
Muni Improvements Capital Program								
Fund Balance Reconciliation					\$0		(\$188)	\$188
Tech Adjust: Technology Furniture and Equipment Reimbursement (from City Hall Debt Service Fund)					\$0	\$188		(\$188)
Total CIVIC CENTER IMPVT FUND (473)	\$0	\$0	\$0	\$0	\$0	\$188	(\$188)	\$0
COMM DEV BLOCK GRANT FD (441)								
CITY ATTORNEY								
Retirement Contributions Reconciliation - Legal Services			(\$190)	\$190	\$0			\$0
Unemployment Insurance Reconciliation - Legal Services			(\$237)	\$237	\$0			\$0
FINANCE								
Retirement Contributions Reconciliation - Accounting Services			(\$964)	\$964	\$0			\$0
Unemployment Insurance Reconciliation - Accounting Services			(\$1,210)	\$1,210	\$0			\$0
HOUSING								
Fund Balance Reconciliation				\$1,025,954	\$1,025,954		\$1,025,954	\$0
Rebudget: LED Streetlight Conversion			(\$591)	\$591	\$0			\$0
Rebudget: Recovery Act - CDBG			\$40,474	(\$40,474)	\$0			\$0
Retirement Contribution Reconciliation - Housing Program Development and Monitoring			(\$7,271)	\$7,271	\$0			\$0
Unemployment Insurance Reconciliation - Housing Program Development and Monitoring			(\$9,102)	\$9,102	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation - Code Enforcement Operations			(\$9,082)	\$9,082	\$0			\$0
Unemployment Insurance Reconciliation - Code Enforcement Operations			(\$11,371)	\$11,371	\$0			\$0
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation - Non-Profit Platform			(\$53)	\$53	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FD (441)								
ECONOMIC DEVELOPMENT								
Unemployment Insurance Reconciliation - Non-Profit Platform			(\$66)	\$66	\$0			\$0
LIBRARY								
Retirement Contribution Reconciliation - SJ Smart Start Family Child Care			(\$1,138)	\$1,138	\$0			\$0
Unemployment Insurance Reconciliation - SJ Smart Start Family Child Care			(\$1,856)	\$1,856	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$67,182	(\$67,182)	\$0			\$0
Total COMM DEV BLOCK GRANT FD (441)	\$0	\$0	\$64,525	\$961,429	\$1,025,954	\$0	\$1,025,954	\$0
COMMTY FACIL REVENUE FUND (422)								
FINANCE								
Fund Balance Reconciliation				\$503,478	\$503,478		\$503,478	\$0
Total COMMTY FACIL REVENUE FUND (422)	\$0	\$0	\$0	\$503,478	\$503,478	\$0	\$503,478	\$0
CONST/CONV TAX CENTRAL FD (390)								
Parks & Comm Fac Dev Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$91,055	(\$91,055)	\$0			\$0
Fund Balance Reconciliation				\$1,031,337	\$1,031,337		\$1,031,337	\$0
Rebudget: Agronomic Services			\$189,000	(\$189,000)	\$0			\$0
Rebudget: Ball Fields Renovation			\$100,000	(\$100,000)	\$0			\$0
Rebudget: City-Building Energy Projects Program			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Community Center Equipment			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Major Park Equipment			\$62,000	(\$62,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX CENTRAL FD (390)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Parks and Community Facilities Master Plan			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Pools and Fountains			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Property Services			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Regional Parks Safety Enhancements			\$150,000	(\$150,000)	\$0			\$0
Rebudget: Tree Services			\$81,000	(\$81,000)	\$0			\$0
Rebudget: Unanticipated or Critical Repairs			\$132,000	(\$132,000)	\$0			\$0
Total CONST/CONV TAX CENTRAL FD (390)	\$0	\$0	\$935,055	\$96,282	\$1,031,337	\$0	\$1,031,337	\$0
CONST/CONV TAX COMM FUND (397)								
Communications Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$3,700	(\$3,700)	\$0			\$0
Fund Balance Reconciliation				\$680,816	\$680,816		\$680,816	\$0
Rebudget: Communications Equipment Replacement and Upgrade			\$538,000	(\$538,000)	\$0			\$0
Total CONST/CONV TAX COMM FUND (397)	\$0	\$0	\$541,700	\$139,116	\$680,816	\$0	\$680,816	\$0
CONST/CONV TAX FIRE FUND (392)								
Public Safety Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$7,785	(\$7,785)	\$0			\$0
Fund Balance Reconciliation				\$918,969	\$918,969		\$918,969	\$0
Rebudget: Broadband Equipment			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Emergency Response Data Analysis			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Emergency Response Maps			\$25,000	(\$25,000)	\$0			\$0
Rebudget: FF&E and Facility Improvements			\$42,000	(\$42,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Public Safety Capital Program								
Rebudget: Facilities Improvements			(\$12,000)	\$12,000	\$0			\$0
Rebudget: Fire Apparatus Replacement			\$125,000	(\$125,000)	\$0			\$0
Rebudget: Fire Data System			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Self-Contained Breathing Apparatus (SCBA) Equipment			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Telecommunications Equipment			\$9,000	(\$9,000)	\$0			\$0
Total CONST/CONV TAX FIRE FUND (392)	\$0	\$0	\$225,785	\$693,184	\$918,969	\$0	\$918,969	\$0
CONST/CONV TAX LIBRARY FD (393)								
Library Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$6,549	(\$6,549)	\$0			\$0
Fund Balance Reconciliation				\$1,078,455	\$1,078,455		\$1,078,455	\$0
Total CONST/CONV TAX LIBRARY FD (393)	\$0	\$0	\$6,549	\$1,071,906	\$1,078,455	\$0	\$1,078,455	\$0
CONST/CONV TAX PK CD 1 FUND (377)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,673,337	\$1,673,337		\$1,673,337	\$0
Rebudget: Calabazas Park Playground Improvements			\$300,000	(\$300,000)	\$0			\$0
Rebudget: Mise Park Sports Field Development			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Murdock Park Renovation			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$527,000	(\$527,000)	\$0			\$0
Rebudget: TRAIL: Saratoga Creek (Barnhart Avenue to Bollinger Road)			\$89,000	(\$89,000)	\$0			\$0
Total CONST/CONV TAX PK CD 1 FUND (377)	\$0	\$0	\$1,015,000	\$658,337	\$1,673,337	\$0	\$1,673,337	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 2 FUND (378)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$619,590	\$619,590		\$619,590	\$0
Rebudget: Council District 2 Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Earned Revenue				\$68,000	\$68,000	\$68,000		\$0
Rebudget: Edenvale Community Center FF&E			\$209,000	(\$209,000)	\$0			\$0
Rebudget: Enhanced Maintenance			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$367,000	(\$367,000)	\$0			\$0
Total CONST/CONV TAX PK CD 2 FUND (378)	\$0	\$0	\$598,000	\$89,590	\$687,590	\$68,000	\$619,590	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$273,354	\$273,354		\$273,354	\$0
Rebudget: Enhanced Maintenance			\$20,000	(\$20,000)	\$0			\$0
Rebudget: O'Donnell's Garden Park			(\$173,000)	\$173,000	\$0			\$0
Rebudget: Pool Repairs			\$46,000	(\$46,000)	\$0			\$0
Rebudget: Roosevelt Community Center FF&E			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$194,000	(\$194,000)	\$0			\$0
Rebudget: Watson Site Clean-up and Restoration			(\$52,000)	\$52,000	\$0			\$0
Total CONST/CONV TAX PK CD 3 FUND (380)	\$0	\$0	\$105,000	\$168,354	\$273,354	\$0	\$273,354	\$0
CONST/CONV TAX PK CD 4 FUND (381)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,020,310	\$1,020,310		\$1,020,310	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 4 FUND (381)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Berryessa Community Center Improvements			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Council District 4 Public Art			(\$34,000)	\$34,000	\$0			\$0
Rebudget: Earned Revenue				(\$50,000)	(\$50,000)	(\$50,000)		\$0
Rebudget: Sports Fields Minor Improvements			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$144,000	(\$144,000)	\$0			\$0
Rebudget: TRAIL: Bay Trail Reach 9			\$550,000	(\$550,000)	\$0			\$0
Rebudget: TRAIL: Penitencia Creek Reach VI			\$9,000	(\$9,000)	\$0			\$0
Tech Adjust: TRAIL: Bay Trail Reach 9			(\$550,000)	\$550,000	\$0			\$0
Tech Adjust: TRAIL: Bay Trail Reach 9 Design (Gold Street to San Tomas Aquino)			\$550,000	(\$550,000)	\$0			\$0
Total CONST/CONV TAX PK CD 4 FUND (381)	\$0	\$0	\$700,000	\$270,310	\$970,310	(\$50,000)	\$1,020,310	\$0
CONST/CONV TAX PK CD 5 FUND (382)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,447,805	\$1,447,805		\$1,447,805	\$0
Rebudget: Alum Rock Cultural History Corridor Public Art			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Emma Prusch Back Acreage			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Mayfair Community Center FF&E			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Police Athletic League Stadium Improvements			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Pool Repairs			\$160,000	(\$160,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$629,000	(\$629,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)			\$44,000	(\$44,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 5 FUND (382)								
Parks & Comm Fac Dev Capital Program								
Rebudget: TRAIL: Lower Silver Creek Reach VI (Doborn Bridge to Foxdale Drive)			\$281,000	(\$281,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek/Silverstone Place			\$27,000	(\$27,000)	\$0			\$0
Total CONST/CONV TAX PK CD 5 FUND (382)	\$0	\$0	\$1,320,000	\$127,805	\$1,447,805	\$0	\$1,447,805	\$0
CONST/CONV TAX PK CD 6 FUND (384)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,774,678	\$1,774,678		\$1,774,678	\$0
Rebudget: Bascom Community Center - Multi-Service			\$370,000	(\$370,000)	\$0			\$0
Rebudget: Bascom Community Center FF&E			\$501,000	(\$501,000)	\$0			\$0
Rebudget: Bramhall Park Play Lot Renovation			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Council District 6 Public Art			\$119,000	(\$119,000)	\$0			\$0
Rebudget: Parks and Recreation Bond Projects			\$43,000	(\$43,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$643,000	(\$643,000)	\$0			\$0
Rebudget: TRAIL: Los Gatos Reach IV Mitigation and Monitoring			\$1,000	(\$1,000)	\$0			\$0
Total CONST/CONV TAX PK CD 6 FUND (384)	\$0	\$0	\$1,651,000	\$123,678	\$1,774,678	\$0	\$1,774,678	\$0
CONST/CONV TAX PK CD 7 FUND (385)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$2,234,713	\$2,234,713		\$2,234,713	\$0
Rebudget: Council District 7 Public Art			\$62,000	(\$62,000)	\$0			\$0
Rebudget: Earned Revenue				(\$400,000)	(\$400,000)	(\$400,000)		\$0
Rebudget: Fair Swim Center Improvements			\$180,000	(\$180,000)	\$0			\$0
Rebudget: Pool Repairs			\$140,000	(\$140,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 7 FUND (385)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Santee Neighborhood Action Center Minor Repairs			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Seven Trees Community Center FF&E			\$311,000	(\$311,000)	\$0			\$0
Rebudget: Solari Park Sports Field Conversion			\$562,000	(\$562,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$416,000	(\$416,000)	\$0			\$0
Total CONST/CONV TAX PK CD 7 FUND (385)	\$0	\$0	\$1,705,000	\$129,713	\$1,834,713	(\$400,000)	\$2,234,713	\$0
CONST/CONV TAX PK CD 8 FUND (386)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$620,955	\$620,955		\$620,955	\$0
Rebudget: Council District 8 Public Art			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Meadowfair Pavement			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$261,000	(\$261,000)	\$0			\$0
Tech Adjust: Meadowfair Park Pavement Improvements			\$40,000	(\$40,000)	\$0			\$0
Tech Adjust: Meadowfair Pavement			(\$40,000)	\$40,000	\$0			\$0
Total CONST/CONV TAX PK CD 8 FUND (386)	\$0	\$0	\$328,000	\$292,955	\$620,955	\$0	\$620,955	\$0
CONST/CONV TAX PK CD 9 FUND (388)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,117,411	\$1,117,411		\$1,117,411	\$0
Rebudget: Council District 9 Public Art			\$58,000	(\$58,000)	\$0			\$0
Rebudget: Paul Moore Park Sports Field Renovation			\$111,000	(\$111,000)	\$0			\$0
Rebudget: Pool Repairs			\$25,000	(\$25,000)	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 9 FUND (388)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$745,000	(\$745,000)	\$0			\$0
Total CONST/CONV TAX PK CD 9 FUND (388)	\$0	\$0	\$939,000	\$178,411	\$1,117,411	\$0	\$1,117,411	\$0
CONST/CONV TAX PK CD10 FD (389)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$1,246,401	\$1,246,401		\$1,246,401	\$0
Rebudget: Almaden Winery Irrigation Automation			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Chris Hotts Park Improvements			\$34,000	(\$34,000)	\$0			\$0
Rebudget: Council District 10 Public Art			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$622,000	(\$622,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe Creek and Almaden Expressway Pedestrian Bridge			\$8,000	(\$8,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River Reach 13 Lighting Study			\$46,000	(\$46,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River Undercrossing (Coleman Avenue) Design			\$41,000	(\$41,000)	\$0			\$0
Rebudget: TRAIL: Los Alamitos Creek (Portswood Circle to Harry Road)			\$37,000	(\$37,000)	\$0			\$0
Rebudget: TRAIL: Los Alamitos Creek Bridge Rehabilitation			\$28,000	(\$28,000)	\$0			\$0
Rebudget: TRAIL: Los Alamitos Creek Connection (Leland High School)			\$31,000	(\$31,000)	\$0			\$0
Total CONST/CONV TAX PK CD10 FD (389)	\$0	\$0	\$930,000	\$316,401	\$1,246,401	\$0	\$1,246,401	\$0
CONST/CONV TAX PK YARDS FD (398)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$219,117	\$219,117		\$219,117	\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK YARDS FD (398)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Fire Station 19 Conversion			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Guadalupe Gardens Fixtures, Furnishings and Equipment			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Park Yards Public Art			(\$3,000)	\$3,000	\$0			\$0
Total CONST/CONV TAX PK YARDS FD (398)	\$0	\$0	\$205,000	\$14,117	\$219,117	\$0	\$219,117	\$0
CONST/CONV TAX PKS CW FUND (391)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$419,928	\$419,928		\$419,928	\$0
Rebudget: Alum Rock Park Bridge Repair			\$60,000	(\$60,000)	\$0			\$0
Rebudget: Alum Rock Park Minor Renovations			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Alum Rock Park Security Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: City-wide Facilities Infrastructure Renovations			\$205,000	(\$205,000)	\$0			\$0
Rebudget: Environmental Mitigation Maintenance and Monitoring			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Family Camp Interim Dining Hall			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Family Camp Master Plan			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Family Camp Volunteer Assistance			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Happy Hollow East Side Improvements			(\$575,000)	\$575,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Minor Renovations			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Phase II Renovations			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Japanese Friendship Garden Koi Fish Filtration System			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Minor Building Renovations			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Parks City-Wide Public Art			\$3,000	(\$3,000)	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Regional Park Call Boxes			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$183,000	(\$183,000)	\$0			\$0
Rebudget: TRAIL: Albertson Parkway			\$1,000	(\$1,000)	\$0			\$0
Rebudget: TRAIL: Call Boxes			\$16,000	(\$16,000)	\$0			\$0
Rebudget: TRAIL: Milestone Markers			(\$101,000)	\$101,000	\$0			\$0
Rebudget: TRAIL: Penitencia Creek and King Road Crossing			\$4,000	(\$4,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek Easement			\$92,000	(\$92,000)	\$0			\$0
Rebudget: Undeveloped Acreage Services			\$24,000	(\$24,000)	\$0			\$0
Total CONST/CONV TAX PKS CW FUND (391)	\$0	\$0	\$159,000	\$260,928	\$419,928	\$0	\$419,928	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Service Yards Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$8,294	(\$8,294)	\$0			\$0
Fund Balance Reconciliation				\$398,732	\$398,732		\$398,732	\$0
Total CONST/CONV TAX SRVC YDS FD (395)	\$0	\$0	\$8,294	\$390,438	\$398,732	\$0	\$398,732	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$115,501	(\$115,501)	\$0			\$0
Fnd Bal Reconciliation - Reserve for Evergreen Traffic Impact Fees			\$208	(\$208)	\$0			\$0
Fnd Bal Reconciliation - Reserve for North San José Traffic Impact Fees			\$3,485,156	(\$3,485,156)	\$0			\$0
Fnd Bal Reconciliation - Rsrv. for Rte 101/OklnD/Mbry Trffc Impct Fees			\$121,789	(\$121,789)	\$0			\$0
Fund Balance Reconciliation				\$7,999,404	\$7,999,404		\$7,999,404	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
Fund Balance Reconciliation: Federal Pavement Maintenance			\$495,226	(\$495,226)	\$0			\$0
Rebudget: 2010 STP Resurfacing and Rehabilitation Project (Revenue from the Federal Government)			\$14,000	\$42,000	\$56,000	\$56,000		\$0
Rebudget: Automated Transit Network (Revenue from the VTA)				(\$100,000)	(\$100,000)	(\$100,000)		\$0
Rebudget: Bicycle and Pedestrian Facilities (Revenue from the State)			\$208,000	\$364,000	\$572,000	\$572,000		\$0
Rebudget: Bridge Maintenance and Repair			\$6,000	(\$6,000)	\$0			\$0
Rebudget: CFD #14 Feasibility Study			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Capitol Expressway Light Rail Pedestrian Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Capitol Expressway: Story Road and Aborn Road Improvements			\$613,000	(\$613,000)	\$0			\$0
Rebudget: City-Wide Emergency Repairs			\$59,000	(\$59,000)	\$0			\$0
Rebudget: Diridon Station Planning (Revenue from the State)			\$62,000	\$58,000	\$120,000	\$120,000		\$0
Rebudget: Federal Pavement Maintenance			\$106,000	(\$106,000)	\$0			\$0
Rebudget: Gas Tax - Pavement Maintenance			\$507,000	(\$507,000)	\$0			\$0
Rebudget: General Plan Update			\$84,000	(\$84,000)	\$0			\$0
Rebudget: Hitachi Maintenance Agreement			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Infrastructure Management System			\$41,000	(\$41,000)	\$0			\$0
Rebudget: Land Management and Weed Abatement			\$28,000	(\$28,000)	\$0			\$0
Rebudget: Local Transportation Policy and Planning			\$87,000	(\$87,000)	\$0			\$0
Rebudget: Maintenance Assessment District Development			(\$17,000)	\$17,000	\$0			\$0
Rebudget: Maintenance Backlog - Traffic Infrastructure Maintenance			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Minidoka Avenue Sidewalk Improvements (Revenue from the Federal Government)			(\$333,000)	\$955,000	\$622,000	\$622,000		\$0
Rebudget: Montague Expressway Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: North San José Deficiency Plan Improvements			\$57,000	(\$57,000)	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
Rebudget: Pavement Maintenance			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Prop. 1B - Pavement Maintenance			(\$1,561,000)	\$1,561,000	\$0			\$0
Rebudget: Public Works Miscellaneous Support			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Recovery Act - MTC Street Resurfacing and Rehabilitation (Revenue from the Federal Government)			\$43,594	\$410,406	\$454,000	\$454,000		\$0
Rebudget: Reserve - North San José Traffic Impact Fees			\$1,462,000	(\$1,462,000)	\$0			\$0
Rebudget: Rosemary Gardens Neighborhood Improvements			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Route 101/Mabury Road Land Acquisition			\$1,021,000	(\$1,021,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements			\$6,000	(\$6,000)	\$0			\$0
Rebudget: San Fernando Street Enhanced Bikeway and Pedestrian Access			\$41,000	(\$41,000)	\$0			\$0
Rebudget: Santa Clara - Alum Rock Bus Rapid Transit			\$17,000	(\$5,000)	\$12,000	\$12,000		\$0
Rebudget: School Sign Upgrade (Revenue from the Federal Government)			\$53,000	(\$13,000)	\$40,000	\$40,000		\$0
Rebudget: Seven Trees Boulevard Sidewalk			\$57,000	(\$57,000)	\$0			\$0
Rebudget: Traffic Congestion Data Management			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Traffic Safety Education			\$55,000	(\$55,000)	\$0			\$0
Rebudget: Traffic Safety Improvements			\$57,000	(\$57,000)	\$0			\$0
Tech Adjust: Ending Fund Balance/Beginning Fund Balance				(\$34,200)	(\$34,200)		(\$34,200)	\$0
Total CONSTRUCTION EXCISE TAX FD (465)	\$0	\$0	\$7,319,474	\$2,421,730	\$9,741,204	\$1,776,000	\$7,965,204	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				\$2,629,969	\$2,629,969		\$2,629,969	\$0
Rebudget: Center for Performing Arts Improvements			\$697,000	(\$697,000)	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV CTR FACIL DIST REV FD (791)								
FINANCE								
Tech Adjust: Reallocate Unrestricted Ending Fund Balance to Debt Service Reserve				(\$10,282,964)	(\$10,282,964)			(\$10,282,964)
Tech Adjust: Reallocate Unrestricted Fund Balance (To Revenue Stabilization Reserve)				(\$8,000,000)	(\$8,000,000)			(\$8,000,000)
Tech Adjust: Revenue Stabilization Reserve (from Unrestricted Fund Balance)				\$8,000,000	\$8,000,000			\$8,000,000
Total CONV CTR FACIL DIST REV FD (791)	\$0	\$0	\$0	\$9,804,926	\$9,804,926	\$0	\$9,804,926	\$0
CONV CTR FACIL DIST PROJ FD (691)								
Muni Improvements Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$2,322	(\$2,322)	\$0			\$0
Fund Balance Reconciliation				\$16,119,154	\$16,119,154		\$16,119,154	\$0
Rebudget: Convention Center Expansion and Renovation			\$16,096,000	(\$16,096,000)	\$0			\$0
Rebudget: Convention Center Expansion and Renovation - Public Art			\$23,000	(\$23,000)	\$0			\$0
Total CONV CTR FACIL DIST PROJ FD (691)	\$0	\$0	\$16,121,322	(\$2,168)	\$16,119,154	\$0	\$16,119,154	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				\$2,629,969	\$2,629,969		\$2,629,969	\$0
Rebudget: Center for Performing Arts Improvements			\$697,000	(\$697,000)	\$0			\$0
Rebudget: Convention Facilities Industry Advisor			\$22,500	(\$22,500)	\$0			\$0
Rebudget: Team San Jose Executive Management Fee			\$27,500	(\$27,500)	\$0			\$0
Retirement Contributions Reconciliation	(\$5,524)			\$5,524	\$0			\$0
Tech Adjust: Transfer from the Transient Occupancy Tax Fund				\$435,846	\$435,846	\$435,846		\$0
Unemployment Insurance Reconciliation	(\$6,907)			\$6,907	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$33,528	(\$33,528)	\$0			\$0
Total CONV/CULTURAL AFFAIRS FUND (536)	(\$12,431)	\$0	\$780,528	\$2,297,718	\$3,065,815	\$435,846	\$2,629,969	\$0
DENTAL INSURANCE FUND (155)								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$458,440	\$458,440		\$458,440	\$0
Fund Balance Reconciliation - Reserve for Claims				(\$55,631)	(\$55,631)		(\$55,631)	\$0
Retirement Contributions Reconciliation	(\$1,485)			\$1,485	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,853)			\$1,853	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$5,160	(\$5,160)	\$0			\$0
Total DENTAL INSURANCE FUND (155)	(\$3,338)	\$0	\$5,160	\$400,987	\$402,809	\$0	\$402,809	\$0
DOWNTOWN PBID FUND (302)								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,782	\$2,782		\$2,782	\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$120	(\$120)	\$0			\$0
Total DOWNTOWN PBID FUND (302)	\$0	\$0	\$120	\$2,662	\$2,782	\$0	\$2,782	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Parks & Comm Fac Dev Capital Program								
Fund Balance Reconciliation				\$80,967	\$80,967		\$80,967	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
E PRUSCH MEM PK IMPR FUND (131)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Emma Prusch Park Capital Renovation and Maintenance			\$37,000	(\$37,000)	\$0			\$0
Rebudget: Emma Prusch Park Service Yard FF&E			\$21,000	(\$21,000)	\$0			\$0
Rebudget: LeFevre House Improvements			\$22,000	(\$22,000)	\$0			\$0
Total E PRUSCH MEM PK IMPR FUND (131)	\$0	\$0	\$80,000	\$967	\$80,967	\$0	\$80,967	\$0
ECON DEV ADMIN LOAN FUND (444)								
HOUSING								
Fund Balance Reconciliation				\$2,308	\$2,308		\$2,308	\$0
Total ECON DEV ADMIN LOAN FUND (444)	\$0	\$0	\$0	\$2,308	\$2,308	\$0	\$2,308	\$0
ECON DEV ENHANCEMENT FD (439)								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Reserve for Outstanding Loans			\$343		\$343		\$343	\$0
Total ECON DEV ENHANCEMENT FD (439)	\$0	\$0	\$343	\$0	\$343	\$0	\$343	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
POLICE								
Fund Balance Reconciliation				(\$276,075)	(\$276,075)		(\$276,075)	\$0
Fund Balance Reconciliation - Reserve for Recovery Act			(\$20,000)		(\$20,000)		(\$20,000)	\$0
Rebudget: 2009 Justice Assistance Grant (JAG)			(\$2,108)	\$2,108	\$0			\$0
Rebudget: 2010 Justice Assistance Grant (JAG)			(\$265,506)	\$265,506	\$0			\$0
Rebudget: JAG 2007-2009			(\$19)	\$19	\$0			\$0
Rebudget: Recovery Act Justice Assistance Grant (JAG)			(\$9,625)	\$9,625	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
EDW BYRNE MEMORIAL JAG FD (474)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$501	(\$501)	\$0			\$0
Total EDW BYRNE MEMORIAL JAG FD (474)	\$0	\$0	(\$296,757)	\$682	(\$296,075)	\$0	(\$296,075)	\$0
EMERGENCY RESERVE FUND (406)								
FINANCE								
Tech Adjust: Transfer to the General Fund/Earned Revenue: Interest Earnings			\$11,000		\$11,000	\$11,000		\$0
Total EMERGENCY RESERVE FUND (406)	\$0	\$0	\$11,000	\$0	\$11,000	\$11,000	\$0	\$0
FEDERAL DRUG FORF FUND (419)								
POLICE								
Fund Balance Reconciliation				\$50,524	\$50,524		\$50,524	\$0
Retirement Contributions Reconciliation	(\$823)			\$823	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,414)			\$1,414	\$0			\$0
Total FEDERAL DRUG FORF FUND (419)	(\$2,237)	\$0	\$0	\$52,761	\$50,524	\$0	\$50,524	\$0
FEDERAL LLEBG PROG FUND (415)								
POLICE								
Fund Balance Reconciliation				\$91	\$91		\$91	\$0
Total FEDERAL LLEBG PROG FUND (415)	\$0	\$0	\$0	\$91	\$91	\$0	\$91	\$0
FIBER OPTICS DEVELOPMT FD (007)								
FINANCE								
Fund Balance Reconciliation				\$32	\$32		\$32	\$0
Total FIBER OPTICS DEVELOPMT FD (007)	\$0	\$0	\$0	\$32	\$32	\$0	\$32	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GENERAL PURPOSE PARKING FD (533)								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation (Reserve for Debt Service)	(\$33)			\$33	\$0			\$0
Unemployment Insurance Reconciliation (Reserve for Debt Service)	(\$41)			\$41	\$0			\$0
TRANSPORTATION								
Fund Balance Reconciliation				\$852,119	\$852,119		\$852,119	\$0
Rebudget: Minor Parking Facilities Improvements (Reserve for Debt Service)			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Revenue Control Upgrades (Reserve for Debt Service)			(\$67,000)	\$67,000	\$0			\$0
Retirement Contributions Reconciliation (Reserve for Debt Service)	(\$9,382)			\$9,382	\$0			\$0
Tech Adjust: Ending Fund Balance/Beginning Fund Balance				(\$14,101)	(\$14,101)		(\$14,101)	\$0
Tech Adjust: Reserve for Debt Service (from Unrestricted Fund Balance)				\$838,018	\$838,018			\$838,018
Tech Adjust: Shift Unrestricted Fund Balance to Reserve for Debt Service				(\$838,018)	(\$838,018)			(\$838,018)
Tech Adjust: Transfer to General Fund for Retirement Contributions			\$34,476	(\$34,476)	\$0			\$0
Unemployment Insurance Reconciliation (Reserve for Debt Service)	(\$12,155)			\$12,155	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation (Reserve for Debt Service)	(\$224)			\$224	\$0			\$0
Unemployment Insurance Reconciliation (Reserve for Debt Service)	(\$279)			\$279	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$34,676	(\$34,676)	\$0			\$0
Total GENERAL PURPOSE PARKING FD (533)	(\$22,114)	\$0	\$38,152	\$821,980	\$838,018	\$0	\$838,018	\$0
GIFT TRUST FUND (139)								
CITY MANAGER								
Rebudget: Berryessa Center Art Project			\$2,420	(\$2,420)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
CITY MANAGER								
Rebudget: Cat Spay/Neuter Program			\$2,729	(\$2,729)	\$0			\$0
CITY CLERK								
Rebudget: Annual District I Festival in the Park			\$2	(\$2)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$87	(\$87)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$584	(\$584)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$23	(\$23)	\$0			\$0
POLICE								
Rebudget: CADPE - Drug Education			\$2	(\$2)	\$0			\$0
Rebudget: Canine Unit			\$10	(\$10)	\$0			\$0
Rebudget: Child Safety Seats			\$17	(\$17)	\$0			\$0
Rebudget: Children's Interview Center			\$48	(\$48)	\$0			\$0
Rebudget: Communications Facility Fitness Center			\$3	(\$3)	\$0			\$0
Rebudget: Community Services Program			\$4	(\$4)	\$0			\$0
Rebudget: Cybercadet Program			\$6	(\$6)	\$0			\$0
Rebudget: Internet Crimes Against Children Gifts			\$14	(\$14)	\$0			\$0
Rebudget: Investigative Enhancement			\$63	(\$63)	\$0			\$0
Rebudget: Major Awards Banquet			\$2	(\$2)	\$0			\$0
Rebudget: Mayor's Safe Families			\$7	(\$7)	\$0			\$0
Rebudget: Police & School Partnership Program			\$12	(\$12)	\$0			\$0
Rebudget: Police Educational Robot			\$3	(\$3)	\$0			\$0
Rebudget: Police Mounted Unit			\$1,519	(\$1,519)	\$0			\$0
Rebudget: Police Reserves Unit			\$21,790	(\$21,790)	\$0			\$0
Rebudget: Robbery Secret Witness Program			\$21	(\$21)	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
POLICE								
Rebudget: S.A.V.E. Program			\$39	(\$39)	\$0			\$0
Rebudget: Scholastic Crime Stoppers			\$7	(\$7)	\$0			\$0
Rebudget: School Safety Gifts			\$5	(\$5)	\$0			\$0
Rebudget: Trauma Kits			\$2	(\$2)	\$0			\$0
Rebudget: Volunteer Program			\$1	(\$1)	\$0			\$0
TRANSPORTATION								
Rebudget: Downtown Area Shuttle Program			\$81	(\$81)	\$0			\$0
Rebudget: Our City Forest			\$1	(\$1)	\$0			\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway			(\$25,338)	\$25,338	\$0			\$0
Rebudget: Transportation and Parking Guidance Signs			\$9	(\$9)	\$0			\$0
FIRE								
Rebudget: Hazardous Material Training			\$3	(\$3)	\$0			\$0
Rebudget: Public Education Program			\$1,234	(\$1,234)	\$0			\$0
PUBLIC WORKS								
Rebudget: Animal Services			\$37,836	(\$37,836)	\$0			\$0
Rebudget: Hurricane Katrina Animals			\$1	(\$1)	\$0			\$0
Rebudget: Kinjo Gardens			\$6	(\$6)	\$0			\$0
Rebudget: Spay/Neuter Program			\$22,267	(\$22,267)	\$0			\$0
ECONOMIC DEVELOPMENT								
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund			\$113	(\$113)	\$0			\$0
Rebudget: Art + Technology Program			\$189,875	(\$189,875)	\$0			\$0
Rebudget: Arts and Education Week			(\$16,831)	\$16,831	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
ECONOMIC DEVELOPMENT								
Rebudget: Cultural Performance			(\$337)	\$337	\$0			\$0
Rebudget: Incubation Office Project			(\$16,505)	\$16,505	\$0			\$0
Rebudget: Miscellaneous Gifts			\$1	(\$1)	\$0			\$0
Rebudget: Sponsorship Gifts			(\$365)	\$365	\$0			\$0
PARKS, REC, & NEIGH SVCS								
Rebudget: A.B. Langhof Gift			\$2	(\$2)	\$0			\$0
Rebudget: Abate Gift			\$893	(\$893)	\$0			\$0
Rebudget: Almaden Lake Park			\$202	(\$202)	\$0			\$0
Rebudget: Almaden Winery Improvement			\$35	(\$35)	\$0			\$0
Rebudget: Alum Rock Park			\$3	(\$3)	\$0			\$0
Rebudget: Alviso Community Center			(\$90)	\$90	\$0			\$0
Rebudget: Alviso Recreation and Teen Program			\$2	(\$2)	\$0			\$0
Rebudget: Animal Adoption			(\$199)	\$199	\$0			\$0
Rebudget: Calabazas BMX Park			\$7	(\$7)	\$0			\$0
Rebudget: Castro School Landscaping			\$8	(\$8)	\$0			\$0
Rebudget: Christmas in the Park			\$144	(\$144)	\$0			\$0
Rebudget: Combined Gifts			\$6,665	(\$6,665)	\$0			\$0
Rebudget: Community Cultural Council			\$4	(\$4)	\$0			\$0
Rebudget: Computer Equipment			\$72	(\$72)	\$0			\$0
Rebudget: Emma Prusch Farm Park			\$46	(\$46)	\$0			\$0
Rebudget: Friends of Paul Moore Park			\$19	(\$19)	\$0			\$0
Rebudget: Friends of San Jose Environmental Outreach			\$949	(\$949)	\$0			\$0
Rebudget: Gullo Park Turf Irrigation			\$24	(\$24)	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
PARKS, REC, & NEIGH SVCS								
Rebudget: Happy Hollow Park & Zoo Improvements			\$28	(\$28)	\$0			\$0
Rebudget: J. Ward Memorial Scholarship			\$2,760	(\$2,760)	\$0			\$0
Rebudget: Japanese Friendship Garden			\$470	(\$470)	\$0			\$0
Rebudget: Lake Almaden Summer 2010			\$30,993	(\$30,993)	\$0			\$0
Rebudget: Leland High School Tennis			\$2	(\$2)	\$0			\$0
Rebudget: Lone Hill Park Tree Plant			\$203	(\$203)	\$0			\$0
Rebudget: Mayor's Youth Conference			\$5,760	(\$5,760)	\$0			\$0
Rebudget: McClaren Circles Design of History			\$9	(\$9)	\$0			\$0
Rebudget: Miscellaneous Gifts Under \$1,000			\$1,097	(\$1,097)	\$0			\$0
Rebudget: Mise and Starbird Gift			\$77	(\$77)	\$0			\$0
Rebudget: Nicolas Prusch Swimming			\$395	(\$395)	\$0			\$0
Rebudget: O'Donnell's Gardens Park			\$1	(\$1)	\$0			\$0
Rebudget: Old Mill Exhibit			\$28	(\$28)	\$0			\$0
Rebudget: Older Adult Resource Program			\$5	(\$5)	\$0			\$0
Rebudget: Overfelt Gardens			\$5,007	(\$5,007)	\$0			\$0
Rebudget: Packard Foundation			\$231	(\$231)	\$0			\$0
Rebudget: RP & CS General Gifts over \$1,000			(\$776)	\$776	\$0			\$0
Rebudget: Richard Guarino Mem Fund			\$1	(\$1)	\$0			\$0
Rebudget: San José BEST			(\$446)	\$446	\$0			\$0
Rebudget: Senior Companion			\$1,814	(\$1,814)	\$0			\$0
Rebudget: Southside Community Center			\$494	(\$494)	\$0			\$0
Rebudget: Southside Community Center Gazebo			\$401,320	(\$401,320)	\$0			\$0
Rebudget: St. James Park Landscaping			\$8	(\$8)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
PARKS, REC, & NEIGH SVCS								
Rebudget: Summer Lunch Program			\$1	(\$1)	\$0			\$0
Rebudget: Swings for Special Needs Children			\$4,459	(\$4,459)	\$0			\$0
Rebudget: Willow Glen Founders Day			\$9	(\$9)	\$0			\$0
Rebudget: YIS Chowchilla			\$75	(\$75)	\$0			\$0
Rebudget: Youth Activities			(\$7,878)	\$7,878	\$0			\$0
Rebudget: Youth Commission			\$9,938	(\$9,938)	\$0			\$0
Rebudget: Youth Sports Fair			\$713	(\$713)	\$0			\$0
Rebudget: Zoo Educator Grant			\$316	(\$316)	\$0			\$0
LIBRARY								
Rebudget: Books for Little Hands			\$1,989	(\$1,989)	\$0			\$0
Rebudget: Calabazas Branch Library			\$3	(\$3)	\$0			\$0
Rebudget: Child Care Endowment			\$5,153	(\$5,153)	\$0			\$0
Rebudget: Garbage Stickers			\$2,609	(\$2,609)	\$0			\$0
Rebudget: Library Literacy Project			\$16,181	(\$16,181)	\$0			\$0
Rebudget: Library-General Gifts			(\$230,053)	\$230,053	\$0			\$0
Rebudget: Tully Community Branch Family Learning Center			\$1	(\$1)	\$0			\$0
Rebudget: Young Adult Summer Reading Program			\$1	(\$1)	\$0			\$0
AIRPORT								
Rebudget: Art Work			\$32	(\$32)	\$0			\$0
Rebudget: Heliport System Plan Study			\$10	(\$10)	\$0			\$0
Total GIFT TRUST FUND (139)	\$0	\$0	\$483,297	(\$483,297)	\$0	\$0	\$0	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOME INVEST PART PROG FUND (445)								
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$251)			\$251	\$0			\$0
Unemployment Insurance Reconciliation	(\$311)			\$311	\$0			\$0
HOUSING								
Fund Balance Reconciliation				(\$288,834)	(\$288,834)		(\$288,834)	\$0
Rebudget: Multi-Family Loans and Grants			(\$44,428)	\$44,428	\$0			\$0
Retirement Contributions Reconciliation	(\$1,183)			\$1,183	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,487)			\$1,487	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$4,324	(\$4,324)	\$0			\$0
Total HOME INVEST PART PROG FUND (445)	(\$3,232)	\$0	(\$40,104)	(\$245,498)	(\$288,834)	\$0	(\$288,834)	\$0
HOUSING TRUST FUND (440)								
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$113)			\$113	\$0			\$0
Unemployment Insurance Reconciliation	(\$140)			\$140	\$0			\$0
HOUSING								
Fund Balance Reconciliation				\$329,225	\$329,225		\$329,225	\$0
Rebudget: Destination: Home			\$66,280	(\$66,280)	\$0			\$0
Rebudget: Lifeline Transportation Grant Program			\$50,000	(\$35,000)	\$15,000	\$15,000		\$0
Retirement Contributions Reconciliation	(\$1,540)			\$1,540	\$0			\$0
Unemployment Insurance Reconciliation	(\$2,275)			\$2,275	\$0			\$0
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation - Non-Profit Platform			(\$92)	\$92	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOUSING TRUST FUND (440)								
ECONOMIC DEVELOPMENT								
Unemployment Insurance Reconciliation - Non-Profit Platform			(\$116)	\$116	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$482	(\$482)	\$0			\$0
Total HOUSING TRUST FUND (440)	(\$4,068)	\$0	\$116,554	\$231,739	\$344,225	\$15,000	\$329,225	\$0
ICE CENTRE REVENUE FUND (432)								
FINANCE								
Fund Balance Reconciliation				\$2,605,314	\$2,605,314		\$2,605,314	\$0
Total ICE CENTRE REVENUE FUND (432)	\$0	\$0	\$0	\$2,605,314	\$2,605,314	\$0	\$2,605,314	\$0
INTEGRATED WASTE MGT FUND (423)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$56)			\$56	\$0			\$0
Unemployment Insurance Reconciliation	(\$70)			\$70	\$0			\$0
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$14,754)			\$14,754	\$0			\$0
Unemployment Insurance Reconciliation	(\$18,470)			\$18,470	\$0			\$0
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$178)			\$178	\$0			\$0
Unemployment Insurance Reconciliation	(\$223)			\$223	\$0			\$0
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$69)			\$69	\$0			\$0
Unemployment Insurance Reconciliation	(\$85)			\$85	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
FINANCE								
Retirement Contributions Reconciliation	(\$7,291)			\$7,291	\$0			\$0
Unemployment Insurance Reconciliation	(\$9,108)			\$9,108	\$0			\$0
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$842)			\$842	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,052)			\$1,052	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$172)			\$172	\$0			\$0
Unemployment Insurance Reconciliation	(\$215)			\$215	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$1,059)			\$1,059	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,332)			\$1,332	\$0			\$0
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation	(\$236)			\$236	\$0			\$0
Unemployment Insurance Reconciliation	(\$293)			\$293	\$0			\$0
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$242)			\$242	\$0			\$0
Unemployment Insurance Reconciliation	(\$305)			\$305	\$0			\$0
ENVIRONMENTAL SERVICES								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Reserve for Operations and Maintenance Offset)			(\$205,729)		(\$205,729)			(\$205,729)
Fund Balance Reconciliation - Reserve for Operations and Maintenance			\$3,662,167		\$3,662,167		\$3,662,167	\$0
Reserve for Operations and Maintenance (Retirement & Unemployment Insurance Offset)			\$133,308	(\$133,308)	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$34,340)			\$34,340	\$0			\$0
Unemployment Insurance Reconciliation	(\$42,916)			\$42,916	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$205,729		\$205,729			\$205,729
Total INTEGRATED WASTE MGT FUND (423)	(\$133,308)	\$0	\$3,795,475	\$0	\$3,662,167	\$0	\$3,662,167	\$0
LAKE CUNNINGHAM FUND (462)								
Parks & Comm Fac Dev Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$554	(\$554)	\$0			\$0
Fund Balance Reconciliation				\$12,726	\$12,726		\$12,726	\$0
Total LAKE CUNNINGHAM FUND (462)	\$0	\$0	\$554	\$12,172	\$12,726	\$0	\$12,726	\$0
LIBRARY PARCEL TAX FUND (418)								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$349)			\$349	\$0			\$0
Unemployment Insurance Reconciliation	(\$437)			\$437	\$0			\$0
LIBRARY								
Fund Balance Reconciliation				\$1,556,697	\$1,556,697		\$1,556,697	\$0
Rebudget: California Room Digitizing Project	\$35,000			(\$35,000)	\$0			\$0
Rebudget: Materials Handling Technology		\$100,000		(\$100,000)	\$0			\$0
Retirement Contributions Reconciliation	(\$12,296)			\$12,296	\$0			\$0
Unemployment Insurance Reconciliation	(\$25,898)			\$25,898	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIBRARY PARCEL TAX FUND (418)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$49,138	(\$49,138)	\$0			\$0
Total LIBRARY PARCEL TAX FUND (418)	(\$3,980)	\$100,000	\$49,138	\$1,411,539	\$1,556,697	\$0	\$1,556,697	\$0
LIFE INSURANCE FUND (156)								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$17,090	\$17,090		\$17,090	\$0
Retirement Contributions Reconciliation	(\$276)			\$276	\$0			\$0
Tech Adjust: Insurance Premiums (service restorations)			\$20,000		\$20,000			\$20,000
Tech Adjust: Participant Contributions (service restorations)					\$0	\$11,000		(\$11,000)
Tech Adjust: Reimbursement - City Funds (service restorations)					\$0	\$9,000		(\$9,000)
Unemployment Insurance Reconciliation	(\$344)			\$344	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$953	(\$953)	\$0			\$0
Total LIFE INSURANCE FUND (156)	(\$620)	\$0	\$20,953	\$16,757	\$37,090	\$20,000	\$17,090	\$0
LOW/MOD INCOME HOUSING FD (443)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$133)			\$133	\$0			\$0
Unemployment Insurance Reconciliation	(\$194)			\$194	\$0			\$0
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$2,688)			\$2,688	\$0			\$0
Unemployment Insurance Reconciliation	(\$3,355)			\$3,355	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LOW/MOD INCOME HOUSING FD (443)								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$166)			\$166	\$0			\$0
Unemployment Insurance Reconciliation	(\$207)			\$207	\$0			\$0
FINANCE								
Retirement Contributions Reconciliation	(\$1,152)			\$1,152	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,438)			\$1,438	\$0			\$0
HOUSING								
Fund Balance Reconciliation				(\$1,333,787)	(\$1,333,787)		(\$1,333,787)	\$0
Retirement Contributions Reconciliation	(\$30,297)			\$30,297	\$0			\$0
Unemployment Insurance Reconciliation	(\$38,467)			\$38,467	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$681)			\$681	\$0			\$0
Unemployment Insurance Reconciliation	(\$850)			\$850	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$165,554	(\$165,554)	\$0			\$0
Total LOW/MOD INCOME HOUSING FD (443)	(\$79,628)	\$0	\$165,554	(\$1,419,713)	(\$1,333,787)	\$0	(\$1,333,787)	\$0
M.D. #1 LOS PASEOS FUND (352)								
TRANSPORTATION								
Fund Balance Reconciliation				\$205,383	\$205,383		\$205,383	\$0
Rebudget: Non-Personal/Equipment		\$7,726		(\$7,726)	\$0			\$0
Retirement Contributions Reconciliation	(\$568)			\$568	\$0			\$0
Unemployment Insurance Reconciliation	(\$709)			\$709	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #1 LOS PASEOS FUND (352)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$2,106	(\$2,106)	\$0			\$0
Total M.D. #1 LOS PASEOS FUND (352)	(\$1,277)	\$7,726	\$2,106	\$196,828	\$205,383	\$0	\$205,383	\$0
M.D. #11 BROKAW/JCT-OAK FD (364)								
TRANSPORTATION								
Fund Balance Reconciliation				\$35,657	\$35,657		\$35,657	\$0
Rebudget: Non-Personal/Equipment		\$6,351		(\$6,351)	\$0			\$0
Retirement Contributions Reconciliation	(\$27)			\$27	\$0			\$0
Unemployment Insurance Reconciliation	(\$34)			\$34	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$68	(\$68)	\$0			\$0
Total M.D. #11 BROKAW/JCT-OAK FD (364)	(\$61)	\$6,351	\$68	\$29,299	\$35,657	\$0	\$35,657	\$0
M.D. #13 KARINA CT-O'NL DR FD (366)								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,808	\$2,808		\$2,808	\$0
Rebudget: Non-Personal/Equipment		\$7,657		(\$7,657)	\$0			\$0
Retirement Contributions Reconciliation	(\$32)			\$32	\$0			\$0
Unemployment Insurance Reconciliation	(\$40)			\$40	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$120	(\$120)	\$0			\$0
Total M.D. #13 KARINA CT-O'NL DR FD (366)	(\$72)	\$7,657	\$120	(\$4,897)	\$2,808	\$0	\$2,808	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #15 SILVER CREEK FUND (368)								
TRANSPORTATION								
Fund Balance Reconciliation				\$203,929	\$203,929		\$203,929	\$0
Rebudget: Non-Personal/Equipment		\$20,007		(\$20,007)	\$0			\$0
Retirement Contributions Reconciliation	(\$1,069)			\$1,069	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,335)			\$1,335	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$3,980	(\$3,980)	\$0			\$0
Total M.D. #15 SILVER CREEK FUND (368)	(\$2,404)	\$20,007	\$3,980	\$182,346	\$203,929	\$0	\$203,929	\$0
M.D. #18 MEADOWLANDS FUND (372)								
TRANSPORTATION								
Fund Balance Reconciliation				\$6,193	\$6,193		\$6,193	\$0
Rebudget: Non-Personal/Equipment		\$6,351		(\$6,351)	\$0			\$0
Retirement Contributions Reconciliation	(\$129)			\$129	\$0			\$0
Unemployment Insurance Reconciliation	(\$161)			\$161	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$482	(\$482)	\$0			\$0
Total M.D. #18 MEADOWLANDS FUND (372)	(\$290)	\$6,351	\$482	(\$350)	\$6,193	\$0	\$6,193	\$0
M.D. #19 RIVER OAKS FUND (359)								
TRANSPORTATION								
Fund Balance Reconciliation				\$4,269	\$4,269		\$4,269	\$0
Rebudget: Non-Personal/Equipment		\$6,536		(\$6,536)	\$0			\$0
Retirement Contributions Reconciliation	(\$73)			\$73	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #19 RIVER OAKS FUND (359)								
TRANSPORTATION								
Unemployment Insurance Reconciliation	(\$90)			\$90	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$274	(\$274)	\$0			\$0
Total M.D. #19 RIVER OAKS FUND (359)	(\$163)	\$6,536	\$274	(\$2,378)	\$4,269	\$0	\$4,269	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354)								
TRANSPORTATION								
Fund Balance Reconciliation				(\$159)	(\$159)		(\$159)	\$0
Rebudget: Non-Personal/Equipment		\$8,124		(\$8,124)	\$0			\$0
Retirement Contributions Reconciliation	(\$27)			\$27	\$0			\$0
Unemployment Insurance Reconciliation	(\$34)			\$34	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$68	(\$68)	\$0			\$0
Total M.D. #2 TRADE ZONE/LUNDY FD (354)	(\$61)	\$8,124	\$68	(\$8,290)	(\$159)	\$0	(\$159)	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365)								
TRANSPORTATION								
Fund Balance Reconciliation				\$28,767	\$28,767		\$28,767	\$0
Rebudget: Non-Personal/Equipment		\$6,536		(\$6,536)	\$0			\$0
Retirement Contributions Reconciliation	(\$27)			\$27	\$0			\$0
Unemployment Insurance Reconciliation	(\$34)			\$34	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$68	(\$68)	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #20 RENAISSANC-N. 1ST FD (365)								
Total M.D. #20 RENAISSANC-N. 1ST FD (365)	(\$61)	\$6,536	\$68	\$22,224	\$28,767	\$0	\$28,767	\$0
M.D. #21 GATEWAY FUND (356)								
TRANSPORTATION								
Fund Balance Reconciliation				\$13,538	\$13,538		\$13,538	\$0
Rebudget: Non-Personal/Equipment		\$6,664		(\$6,664)	\$0			\$0
Retirement Contributions Reconciliation	(\$95)			\$95	\$0			\$0
Unemployment Insurance Reconciliation	(\$118)			\$118	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$311	(\$311)	\$0			\$0
Total M.D. #21 GATEWAY FUND (356)	(\$213)	\$6,664	\$311	\$6,776	\$13,538	\$0	\$13,538	\$0
M.D. #22 HELLYER-FONT RD FD (367)								
TRANSPORTATION								
Fund Balance Reconciliation				\$9,375	\$9,375		\$9,375	\$0
Rebudget: Non-Personal/Equipment		\$6,108		(\$6,108)	\$0			\$0
Retirement Contributions Reconciliation	(\$27)			\$27	\$0			\$0
Unemployment Insurance Reconciliation	(\$34)			\$34	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$68	(\$68)	\$0			\$0
Total M.D. #22 HELLYER-FONT RD FD (367)	(\$61)	\$6,108	\$68	\$3,260	\$9,375	\$0	\$9,375	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
TRANSPORTATION								
Fund Balance Reconciliation				\$18,488	\$18,488		\$18,488	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
TRANSPORTATION								
Rebudget: Non-Personal/Equipment		\$7,770		(\$7,770)	\$0			\$0
Retirement Contributions Reconciliation	(\$84)			\$84	\$0			\$0
Unemployment Insurance Reconciliation	(\$104)			\$104	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$274	(\$274)	\$0			\$0
Total M.D. #5 ORCH PKY-PLUMRIA FD (357)	(\$188)	\$7,770	\$274	\$10,632	\$18,488	\$0	\$18,488	\$0
M.D. #8 ZANKER-MONTAGUE FD (361)								
TRANSPORTATION								
Fund Balance Reconciliation				\$35,526	\$35,526		\$35,526	\$0
Rebudget: Non-Personal/Equipment		\$6,641		(\$6,641)	\$0			\$0
Retirement Contributions Reconciliation	(\$140)			\$140	\$0			\$0
Unemployment Insurance Reconciliation	(\$175)			\$175	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$514	(\$514)	\$0			\$0
Total M.D. #8 ZANKER-MONTAGUE FD (361)	(\$315)	\$6,641	\$514	\$28,686	\$35,526	\$0	\$35,526	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)								
TRANSPORTATION								
Fund Balance Reconciliation				(\$2,860)	(\$2,860)		(\$2,860)	\$0
Rebudget: Non-Personal/Equipment		\$6,536		(\$6,536)	\$0			\$0
Retirement Contributions Reconciliation	(\$159)			\$159	\$0			\$0
Unemployment Insurance Reconciliation	(\$199)			\$199	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #9 S TERESA/GRT OAKS FD (362)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$589	(\$589)	\$0			\$0
Total M.D. #9 S TERESA/GRT OAKS FD (362)	(\$358)	\$6,536	\$589	(\$9,627)	(\$2,860)	\$0	(\$2,860)	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Traffic Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$1,530	(\$1,530)	\$0			\$0
Fund Balance Reconciliation				\$182,379	\$182,379		\$182,379	\$0
Rebudget: Miscellaneous Street Improvements			\$191,000	(\$191,000)	\$0			\$0
Total MAJOR COLLECT & ARTRLS FD (421)	\$0	\$0	\$192,530	(\$10,151)	\$182,379	\$0	\$182,379	\$0
MULTI-SOURCE HOUSING FD (448)								
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$361)			\$361	\$0			\$0
Unemployment Insurance Reconciliation	(\$450)			\$450	\$0			\$0
HOUSING								
Fund Balance Reconciliation				(\$642,258)	(\$642,258)		(\$642,258)	\$0
Rebudget: CalHome (BEGIN)			(\$428,746)	\$428,746	\$0			\$0
Rebudget: Emergency Shelter Grant			\$89,808		\$89,808	\$89,808		\$0
Rebudget: HOPWA Grants			\$156,843		\$156,843	\$156,843		\$0
Rebudget: HOPWA SHAPSS Grants			\$14,981		\$14,981	\$14,981		\$0
Rebudget: Hazard Mitigation Grant			\$7,236		\$7,236	\$7,236		\$0
Rebudget: Skills to Succeed			\$50,000	(\$50,000)	\$0			\$0
Retirement Contributions Reconciliation	(\$2,973)			\$2,973	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MULTI-SOURCE HOUSING FD (448)								
HOUSING								
Unemployment Insurance Reconciliation	(\$3,730)			\$3,730	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$17,332	(\$17,332)	\$0			\$0
Total MULTI-SOURCE HOUSING FD (448)	(\$7,514)	\$0	(\$92,546)	(\$273,330)	(\$373,390)	\$268,868	(\$642,258)	\$0
MUNI WATER MAJ FAC FEE FUND (502)								
Water Utility Sys Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$7	(\$7)	\$0			\$0
Fund Balance Reconciliation				\$436,847	\$436,847		\$436,847	\$0
Total MUNI WATER MAJ FAC FEE FUND (502)	\$0	\$0	\$7	\$436,840	\$436,847	\$0	\$436,847	\$0
MUNICIPAL GOLF COURSE FUND (518)								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				(\$52,416)	(\$52,416)		(\$52,416)	\$0
Total MUNICIPAL GOLF COURSE FUND (518)	\$0	\$0	\$0	(\$52,416)	(\$52,416)	\$0	(\$52,416)	\$0
NEIGHBHD SECURITY BOND FD (475)								
Public Safety Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$26,160	(\$26,160)	\$0			\$0
Fund Balance Reconciliation				(\$247,138)	(\$247,138)		(\$247,138)	\$0
Fund Balance Reconciliation: Public Safety Bond Contingency Reserve			\$85,702	(\$85,702)	\$0			\$0
Rebudget: Fire Station 19 - Relocation (Piedmont)			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Fire Station 2 - Rebuild			\$2,000	(\$2,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
NEIGHBHD SECURITY BOND FD (475)								
Public Safety Capital Program								
Rebudget: Fire Station 21 - Relocation (White Road)			(\$46,000)	\$46,000	\$0			\$0
Rebudget: Fire Station 24 - Relocation (Silver Creek/Yerba Buena)			(\$224,000)	\$224,000	\$0			\$0
Rebudget: Fire Station 37 (Willow Glen)			(\$51,000)	\$51,000	\$0			\$0
Rebudget: South San José Police Substation			(\$49,000)	\$49,000	\$0			\$0
Total NEIGHBHD SECURITY BOND FD (475)	\$0	\$0	(\$247,138)	\$0	(\$247,138)	\$0	(\$247,138)	\$0
PARKING CAPITAL DEV FUND (556)								
Parking Capital Program								
Fund Balance Reconciliation				\$36,001	\$36,001		\$36,001	\$0
Total PARKING CAPITAL DEV FUND (556)	\$0	\$0	\$0	\$36,001	\$36,001	\$0	\$36,001	\$0
PARKS & REC BOND PROJ FD (471)								
Parks & Comm Fac Dev Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$22,496	(\$22,496)	\$0			\$0
Fund Balance Reconciliation				\$296,538	\$296,538		\$296,538	\$0
Fund Balance Reconciliation: Parks Bond Contingency Reserve			\$295,042	(\$295,042)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Renovation and Improvements			(\$176,000)	\$176,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Renovation and Improvements			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Public Art - Parks and Recreation Bond Projects			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Seven Trees Community Center - Multi-Service			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Softball Complex			\$85,000	(\$85,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River (Woz Way to Virginia Street)			\$12,000	(\$12,000)	\$0			\$0
Total PARKS & REC BOND PROJ FD (471)	\$0	\$0	\$296,538	\$0	\$296,538	\$0	\$296,538	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
PUBLIC WKS PRO SUPPORT FD (150)								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$795)			\$795	\$0			\$0
Unemployment Insurance Reconciliation	(\$992)			\$992	\$0			\$0
FINANCE								
Retirement Contributions Reconciliation	(\$256)			\$256	\$0			\$0
Unemployment Insurance Reconciliation	(\$319)			\$319	\$0			\$0
PUBLIC WORKS								
Fund Balance Reconciliation				\$733,100	\$733,100		\$733,100	\$0
Retirement Contributions Reconciliation	(\$23,283)			\$23,283	\$0			\$0
Unemployment Insurance Reconciliation	(\$29,075)			\$29,075	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$200,858	(\$200,858)	\$0			\$0
Total PUBLIC WKS PRO SUPPORT FD (150)	(\$54,720)	\$0	\$200,858	\$586,962	\$733,100	\$0	\$733,100	\$0
REDEV CAPITAL PROJECT FD (450)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$11,696	(\$11,696)	\$0			\$0
Muni Improvements Capital Program								
Fund Balance Reconciliation				\$830,270	\$830,270		\$830,270	\$0
Rebudget: Children's Discovery Museum Exhibit Shop Infrastructure and Safety Improvements			\$17,068	(\$17,068)	\$0			\$0
Rebudget: Delmas Park Housing Rehabilitation Program			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Project Facilitation Services			\$27,573	(\$27,573)	\$0			\$0
Rebudget: SNI Multi-Family Home Improvement Program			\$2,101	(\$2,101)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
REDEV CAPITAL PROJECT FD (450)								
Muni Improvements Capital Program								
Rebudget: Spartan Keyes Public Art			\$73,367	(\$73,367)	\$0			\$0
Rebudget: Washington Housing Rehabilitation			\$4,515	(\$4,515)	\$0			\$0
Parks & Comm Fac Dev Capital Program								
Rebudget: Barberry Lane Improvements			\$913	(\$913)	\$0			\$0
Rebudget: Edenvale Community Center Public Art			\$224,020	(\$224,020)	\$0			\$0
Rebudget: Hillview Park Play Area Improvements			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Mayfair Community Center - Satellite			\$5,178	(\$5,178)	\$0			\$0
Rebudget: Starbird Youth Center Public Art			\$13,098	(\$13,098)	\$0			\$0
Rebudget: Welch Park Playground Demolition			\$29,733	(\$29,733)	\$0			\$0
Traffic Capital Program								
Rebudget: 13th Street SNI Couplet Conversion and Pedestrian Improvement - Hensley Historic District SJSU			\$31,479	(\$31,479)	\$0			\$0
Rebudget: Ann Darling Drive Improvements			\$12,638	(\$12,638)	\$0			\$0
Rebudget: Circle of Palms Plaza Lighting Enhancements Phase II			\$5,363	(\$5,363)	\$0			\$0
Rebudget: Downtown Seasonal Banners			(\$16,009)	\$16,009	\$0			\$0
Rebudget: Neighborhood Business Districts' Banner Program			\$8,856	(\$8,856)	\$0			\$0
Rebudget: Pedestrian Safety Improvements			\$108,294	(\$108,294)	\$0			\$0
Rebudget: William Street and Colton Place Sidewalk Improvements			\$23,612	(\$23,612)	\$0			\$0
Total REDEV CAPITAL PROJECT FD (450)	\$0	\$0	\$606,495	\$223,775	\$830,270	\$0	\$830,270	\$0
RES CONST TAX FUND (420)								
Developer Assisted Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$417	(\$417)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
RES CONST TAX FUND (420)								
Developer Assisted Capital Program								
Fund Balance Reconciliation				(\$13,061)	(\$13,061)		(\$13,061)	\$0
Total RES CONST TAX FUND (420)	\$0	\$0	\$417	(\$13,478)	(\$13,061)	\$0	(\$13,061)	\$0
SANITARY SEWER CONN FEE FD (540)								
Sanitary Sewer Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$14,261	(\$14,261)	\$0			\$0
Fund Balance Reconciliation				\$1,307,815	\$1,307,815		\$1,307,815	\$0
Rebudget: 30" Old Bayshore Supplement			(\$2,000)	\$2,000	\$0			\$0
Total SANITARY SEWER CONN FEE FD (540)	\$0	\$0	\$12,261	\$1,295,554	\$1,307,815	\$0	\$1,307,815	\$0
SEWER SVC & USE CHARGE FD (541)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$87)			\$87	\$0			\$0
Unemployment Insurance Reconciliation	(\$138)			\$138	\$0			\$0
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,988)			\$1,988	\$0			\$0
Unemployment Insurance Reconciliation	(\$2,485)			\$2,485	\$0			\$0
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$2,534)			\$2,534	\$0			\$0
Unemployment Insurance Reconciliation	(\$3,163)			\$3,163	\$0			\$0
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$133)			\$133	\$0			\$0
Unemployment Insurance Reconciliation	(\$166)			\$166	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHARGE FD (541)								
FINANCE								
Retirement Contributions Reconciliation	(\$2,403)			\$2,403	\$0			\$0
Unemployment Insurance Reconciliation	(\$3,002)			\$3,002	\$0			\$0
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$48,351)			\$48,351	\$0			\$0
Unemployment Insurance Reconciliation	(\$60,993)			\$60,993	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$8,851)			\$8,851	\$0			\$0
Unemployment Insurance Reconciliation	(\$11,051)			\$11,051	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$798)			\$798	\$0			\$0
Unemployment Insurance Reconciliation	(\$997)			\$997	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$999,114	\$999,114		\$1,000,495	(\$1,381)
Fund Balance Reconciliation - Reserve for Operations and Maintenance			\$1,381		\$1,381			\$1,381
Retirement Contributions Reconciliation	(\$5,591)			\$5,591	\$0			\$0
Unemployment Insurance Reconciliation	(\$6,984)			\$6,984	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$221,412	(\$221,412)	\$0			\$0
Total SEWER SVC & USE CHARGE FD (541)	(\$159,715)	\$0	\$222,793	\$937,417	\$1,000,495	\$0	\$1,000,495	\$0
SEWER SVC & USE CHG CAP FD (545)								
Sanitary Sewer Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$64,530	(\$64,530)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHG CAP FD (545)								
Sanitary Sewer Capital Program								
Fund Balance Reconciliation				\$5,415,478	\$5,415,478		\$5,415,478	\$0
Rebudget: 30" Old Bayshore Rehabilitation			\$72,000	(\$72,000)	\$0			\$0
Rebudget: Almaden Expressway Sanitary Sewer Improvements			(\$51,000)	\$51,000	\$0			\$0
Rebudget: Almaden Supplement Sewer Rehabilitation (North)			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Coleman Road Sanitary Sewer Improvements			(\$65,000)	\$65,000	\$0			\$0
Rebudget: Gold Street Sanitary Sewer Extension			\$125,000	(\$125,000)	\$0			\$0
Rebudget: Inflow and Infiltration Reduction			\$817,000	(\$817,000)	\$0			\$0
Rebudget: Infrastructure - Sanitary Sewer Condition Assessment			\$136,000	(\$136,000)	\$0			\$0
Rebudget: Interceptor Management Plan			\$87,000	(\$87,000)	\$0			\$0
Rebudget: Naglee Avenue Sanitary Sewer Replacement			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Public Art			\$974,000	(\$974,000)	\$0			\$0
Rebudget: Rehabilitation of Sanitary Sewer Pump Stations			\$398,000	(\$398,000)	\$0			\$0
Rebudget: Sanitary Sewer Condition Assessments - Phase II			\$34,000	(\$34,000)	\$0			\$0
Total SEWER SVC & USE CHG CAP FD (545)	\$0	\$0	\$2,691,530	\$2,723,948	\$5,415,478	\$0	\$5,415,478	\$0
SJ ARENA ENHANCEMENT FUND (301)								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$429	\$429		\$429	\$0
Total SJ ARENA ENHANCEMENT FUND (301)	\$0	\$0	\$0	\$429	\$429	\$0	\$429	\$0
SJ-SC TRMNT PLANT CAP FUND (512)								
Water Pollution Control Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$58,311	(\$58,311)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT CAP FUND (512)								
Water Pollution Control Capital Program								
Fund Balance Reconciliation				\$11,212,847	\$11,212,847		\$11,212,847	\$0
Rebudget: Equipment Replacement			\$2,021,000	(\$2,021,000)	\$0			\$0
Rebudget: Plant Master Plan			(\$16,000)	\$16,000	\$0			\$0
Rebudget: Public Art			\$527,000	(\$527,000)	\$0			\$0
Rebudget: Recovery Act - South Bay Water Recycling Phase 1C/Recovery Act - Federal Revenue			(\$1,181,687)	\$1,328,642	\$146,955	\$146,955		\$0
Rebudget: Revised South Bay Action Plan - SBWR Extension			\$1,913,000	(\$1,913,000)	\$0			\$0
Rebudget: SBWR Reservoir Facility			(\$25,000)	\$25,000	\$0			\$0
Rebudget: Secondary and Nitrification Clarifier Rehabilitation			(\$260,000)	\$260,000	\$0			\$0
Total SJ-SC TRMNT PLANT CAP FUND (512)	\$0	\$0	\$3,036,624	\$8,323,178	\$11,359,802	\$146,955	\$11,212,847	\$0
SJ-SC TRMNT PLANT OPER FUND (513)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$339)			\$339	\$0			\$0
Unemployment Insurance Reconciliation	(\$482)			\$482	\$0			\$0
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$613)			\$613	\$0			\$0
Unemployment Insurance Reconciliation	(\$766)			\$766	\$0			\$0
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$1,092)			\$1,092	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,363)			\$1,363	\$0			\$0
FINANCE								
Retirement Contributions Reconciliation	(\$772)			\$772	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
FINANCE								
Unemployment Insurance Reconciliation	(\$964)			\$964	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$341)			\$341	\$0			\$0
Unemployment Insurance Reconciliation	(\$429)			\$429	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$248)			\$248	\$0			\$0
Unemployment Insurance Reconciliation	(\$310)			\$310	\$0			\$0
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation	(\$226)			\$226	\$0			\$0
Unemployment Insurance Reconciliation	(\$282)			\$282	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$3,272,325	\$3,272,325		\$6,618,129	(\$3,345,804)
Fund Balance Reconciliation - Reserve for Operations and Maintenance			\$3,345,804		\$3,345,804			\$3,345,804
Retirement Contributions Reconciliation	(\$223,508)			\$223,508	\$0			\$0
Unemployment Insurance Reconciliation	(\$279,294)			\$279,294	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$760,873	(\$760,873)	\$0			\$0
Total SJ-SC TRMNT PLANT OPER FUND (513)	(\$511,029)	\$0	\$4,106,677	\$3,022,481	\$6,618,129	\$0	\$6,618,129	\$0
SJ-SC TRMNT PLNT INC FUND (514)								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				(\$2,023)	(\$2,023)		(\$2,023)	\$0
Total SJ-SC TRMNT PLNT INC FUND (514)	\$0	\$0	\$0	(\$2,023)	(\$2,023)	\$0	(\$2,023)	\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STATE DRUG FORF FUND (417)								
POLICE								
Fund Balance Reconciliation				\$195,802	\$195,802		\$195,802	\$0
Rebudget: South San José Police Substation FF&E			\$186,000	(\$186,000)	\$0			\$0
Total STATE DRUG FORF FUND (417)	\$0	\$0	\$186,000	\$9,802	\$195,802	\$0	\$195,802	\$0
STORES FUND (551)								
FINANCE								
Fund Balance Reconciliation				\$160,776	\$160,776		\$160,776	\$0
Retirement Contributions Reconciliation	(\$1,250)			\$1,250	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,562)			\$1,562	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$9,734	(\$9,734)	\$0			\$0
Total STORES FUND (551)	(\$2,812)	\$0	\$9,734	\$153,854	\$160,776	\$0	\$160,776	\$0
STORM DRAINAGE FEE FUND (413)								
Storm Sewer Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$412	(\$412)	\$0			\$0
Fund Balance Reconciliation				\$31,883	\$31,883		\$31,883	\$0
Total STORM DRAINAGE FEE FUND (413)	\$0	\$0	\$412	\$31,471	\$31,883	\$0	\$31,883	\$0
STORM SEWER CAPITAL FUND (469)								
Storm Sewer Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$26,671	(\$26,671)	\$0			\$0
Fund Balance Reconciliation				\$1,255,133	\$1,255,133		\$1,255,133	\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER CAPITAL FUND (469)								
Storm Sewer Capital Program								
Rebudget: Alviso Storm Rehabilitation			\$102,000	(\$102,000)	\$0			\$0
Rebudget: Creek Channel Stabilization			\$41,000	(\$41,000)	\$0			\$0
Rebudget: El Dorado Street Sewer Improvements			(\$23,000)	\$23,000	\$0			\$0
Rebudget: Gold Street Storm Drainage Improvements			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Minor Neighborhood Storm Sewer Improvements			(\$50,000)	\$50,000	\$0			\$0
Rebudget: Public Works Stormwater Permit Training			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Rincon Storm System Study			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Storm Pump Station Rehabilitation and Replacement			\$390,000	(\$390,000)	\$0			\$0
Rebudget: Storm Sewer Master Plan - City-wide			(\$56,000)	\$56,000	\$0			\$0
Rebudget: Storm Sewer Master Plan - North San José			\$413,000	(\$413,000)	\$0			\$0
Rebudget: Storm/Sanitary Sewer Separation			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Reserve for Storm Capital Improvements			\$300,000	(\$300,000)	\$0			\$0
Total STORM SEWER CAPITAL FUND (469)	\$0	\$0	\$1,276,671	(\$21,538)	\$1,255,133	\$0	\$1,255,133	\$0
STORM SEWER OPERATING FD (446)								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,285)			\$1,285	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,603)			\$1,603	\$0			\$0
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$197)			\$197	\$0			\$0
Unemployment Insurance Reconciliation	(\$246)			\$246	\$0			\$0
FINANCE								
Retirement Contributions Reconciliation	(\$189)			\$189	\$0			\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
FINANCE								
Unemployment Insurance Reconciliation	(\$235)			\$235	\$0			\$0
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$27,828)			\$27,828	\$0			\$0
Unemployment Insurance Reconciliation	(\$35,057)			\$35,057	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$2,963)			\$2,963	\$0			\$0
Unemployment Insurance Reconciliation	(\$3,699)			\$3,699	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contribution Reconciliation	(\$1,694)			\$1,694	\$0			\$0
Unemployment Insurance Reconciliation	(\$2,116)			\$2,116	\$0			\$0
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$727)			\$727	\$0			\$0
Unemployment Insurance Reconciliation	(\$914)			\$914	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,318,518	\$1,318,518		\$1,360,590	(\$42,072)
Fund Balance Reconciliation - Reserve for Operations and Maintenance			\$42,072		\$42,072			\$42,072
Retirement Contributions Reconciliation	(\$31,650)			\$31,650	\$0			\$0
Unemployment Insurance Reconciliation	(\$39,546)			\$39,546	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$217,849	(\$217,849)	\$0			\$0
Total STORM SEWER OPERATING FD (446)	(\$149,949)	\$0	\$259,921	\$1,250,618	\$1,360,590	\$0	\$1,360,590	\$0

Special/Capital Fund
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$32,917	(\$32,917)	\$0			\$0
Fund Balance Reconciliation				\$11,759,557	\$11,759,557		\$11,759,557	\$0
Fund Balance Reconciliation: Reserve: Future PDO/PIO Projects			(\$142,360)	\$142,360	\$0			\$0
Rebudget: Almaden Lake Park Neighborhood Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Almaden Lake Park Playground			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Almaden Lake Park Playground Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Backesto Park Improvements			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Bascom Community Center - Multi-Service			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Basking Ridge Park Perimeter Fencing			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Basking Ridge Tot Lot Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bernal Park Expansion Public Art			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Bernal Park Improvements			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Berryessa Community Center Improvements			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Berryessa Community Center Sidewalk Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Berryessa Creek Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Bestor Art Park Minor Improvements			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Biebrach Park Minor Improvements			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Brenda Lopez Plaza Minor Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Buena Vista Park Expansion			(\$11,000)	\$11,000	\$0			\$0
Rebudget: Cahalan Park Field Improvements			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Calabazas Park Playground Improvements			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Camden Community Center Kid Zone Construction			(\$6,000)	\$6,000	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Camden Community Center Restroom Renovation and Minor Improvements			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Cataldi Park Minor Improvements			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Cimarron Park Minor Improvements			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Cypress Senior Center Minor Improvements			\$47,000	(\$47,000)	\$0			\$0
Rebudget: Cypress Senior Center Parking Lot Expansion and Outdoor Patio			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Dairy Hill Detention Basin Refund			\$896,000	(\$896,000)	\$0			\$0
Rebudget: DeAnza Park Sports Field Improvements			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Evergreen Community Center Expansion Public Art			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Evergreen Park Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Fernish Park Minor Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Glenview Park Infrastructure Improvements Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Graystone Park Minor Improvements			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Hillview Park Minor Improvements			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Houge Park and Community Center Renovation			\$70,000	(\$70,000)	\$0			\$0
Rebudget: Kirk Community Center Renovation FF&E			\$158,000	(\$158,000)	\$0			\$0
Rebudget: Kirk Park Minor Improvements			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Lincoln Glen Park Minor Improvements			\$3,000	(\$3,000)	\$0			\$0
Rebudget: LoBue Park Development			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Martin Park Expansion			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Metcalf Park Playground Replacement			\$108,000	(\$108,000)	\$0			\$0
Rebudget: Mise Park Sports Field Development			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Mount Pleasant Park Minor Improvements			\$82,000	(\$82,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Newhall Neighborhood Park			(\$32,000)	\$32,000	\$0			\$0
Rebudget: Noble Park Minor Improvements			\$18,000	(\$18,000)	\$0			\$0
Rebudget: PDO Valuation Updates			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Parkview II Park Renovation Public Art			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Parkview Park Renovation			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Penitencia Creek Neighborhood Park Public Art			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Penitencia Creek Park Playground Renovation			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Penitencia Creek Reach II Public Art			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Pfeiffer Park Minor Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Plata Arroyo Park Improvements			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Plata Arroyo Skate Park Development			\$22,000	(\$22,000)	\$0			\$0
Rebudget: River Glen Park Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Riveroaks Turnkey Park Design & Construction			\$1,160,000	(\$1,160,000)	\$0			\$0
Rebudget: Rock Springs Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Roosevelt Community Center - Multi-Service			\$37,000	(\$37,000)	\$0			\$0
Rebudget: Rosemary Garden Park Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Rubino Park Improvements			\$55,000	(\$55,000)	\$0			\$0
Rebudget: Rubino Park Improvements Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Ryland Pool Repairs			\$31,000	(\$31,000)	\$0			\$0
Rebudget: San Tomas Park Minor Improvements			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Santana Park Development			\$4,500,000	(\$4,500,000)	\$0			\$0
Rebudget: Saratoga Creek Park Dog Park Public Art			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Selma Olinder Park Minor Improvements			\$9,000	(\$9,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Solari Park Sports Field Conversion			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Southside Community Center Improvements			\$13,000	(\$13,000)	\$0			\$0
Rebudget: TJ Martin Park Turf Renovation			\$34,000	(\$34,000)	\$0			\$0
Rebudget: TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino)			\$5,000	(\$5,000)	\$0			\$0
Rebudget: TRAIL: Bay Trail Reach VII Land Acquisition			\$23,000	(\$23,000)	\$0			\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 to Story Road)			(\$8,000)	\$8,000	\$0			\$0
Rebudget: TRAIL: Coyote Creek Mitigation			\$37,000	(\$37,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe Creek (Singletree Way to Masson Dam)			\$52,000	(\$52,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe Creek and Almaden Expressway Pedestrian Bridge			\$60,000	(\$60,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River (Branham Lane to Chynoweth Avenue)			\$690,000	(\$690,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River Undercrossing (Coleman Road) Design			\$511,000	(\$511,000)	\$0			\$0
Rebudget: TRAIL: Highway 237 Bikeway			\$65,000	(\$65,000)	\$0			\$0
Rebudget: TRAIL: Lower Guadalupe River (Gold Street to Highway 880)			\$6,000	(\$6,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)			\$50,000	(\$50,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek/Silverstone Place			\$50,000	(\$50,000)	\$0			\$0
Rebudget: TRAIL: Penitencia Creek Reach I			\$59,000	(\$59,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek (Aborn Road to Tully Road)			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Townsend Park Minor Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Vinci Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Vista Park Improvements			\$208,000	(\$208,000)	\$0			\$0
Rebudget: Vista Park Phase II Development Public Art			\$1,000	(\$1,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Rebudget: Wallenberg Park Minor Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Watson Park Minor Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Watson Park Phase II Development (Soccer Field)			(\$22,000)	\$22,000	\$0			\$0
Rebudget: West Home Street Land Acquisition			\$2,150,000	(\$2,150,000)	\$0			\$0
Rebudget: Wilcox Park Minor Improvements			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Wilcox Park Renovation			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Willow Glen Community Center Minor Improvements			(\$10,000)	\$10,000	\$0			\$0
Tech Adjust: River Oaks Park Design Review and Inspection			\$1,160,000	(\$1,160,000)	\$0			\$0
Tech Adjust: Riveroaks Turnkey Park Design & Construction			(\$1,160,000)	\$1,160,000	\$0			\$0
Total SUBDIVISION PARK TRUST FUND (375)	\$0	\$0	\$11,759,557	\$0	\$11,759,557	\$0	\$11,759,557	\$0
SUPPL LAW ENF SVCES FUND (414)								
POLICE								
Fund Balance Reconciliation				\$75,550	\$75,550		\$75,550	\$0
Rebudget: SLES Grant 2007-2009			\$10,301	(\$10,301)	\$0			\$0
Rebudget: SLES Grant 2009-2011			\$345	(\$345)	\$0			\$0
Total SUPPL LAW ENF SVCES FUND (414)	\$0	\$0	\$10,646	\$64,904	\$75,550	\$0	\$75,550	\$0
SWG TRMNT PLNT CON FEE FD (539)								
ENVIRONMENTAL SERVICES								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment (Reserve for Treatment Plant Expansion)			(\$2,813)		(\$2,813)			(\$2,813)
Fund Balance Reconciliation - Reserve for Treatment Plant Expansion			(\$433,864)		(\$433,864)		(\$433,864)	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SWG TRMNT PLNT CON FEE FD (539)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$2,813		\$2,813			\$2,813
Total SWG TRMNT PLNT CON FEE FD (539)	\$0	\$0	(\$433,864)	\$0	(\$433,864)	\$0	(\$433,864)	\$0
TRANSIENT OCCUPANCY TX FD (461)								
ECONOMIC DEVELOPMENT								
Cultural Grants (2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment)			(\$10,446)		(\$10,446)			(\$10,446)
Cultural Grants (from Retirement/Unemployment Reconciliations)			\$11,905		\$11,905			\$11,905
Fund Balance Reconciliation				\$464,559	\$464,559		\$464,559	\$0
Rebudget: Cultural Grants			\$25,099	(\$25,099)	\$0			\$0
Rebudget: Cultural Grants (from Cultural Grants Administration)			\$58,600	(\$58,600)	\$0			\$0
Rebudget: Cultural Grants (from Office of Cultural Affairs Relocation)			\$85,311	(\$85,311)	\$0			\$0
Retirement Contributions Reconciliation - Cultural Grants Administration			(\$5,295)		(\$5,295)			(\$5,295)
Tech Adjust: Cultural Grants			\$70,673	(\$70,673)	\$0			\$0
Tech Adjust: Cultural Grants (From Reserve for Cultural Grants)			\$147,250		\$147,250			\$147,250
Tech Adjust: Reserve for Future Distribution				(\$589,000)	(\$589,000)			(\$589,000)
Tech Adjust: San José Convention and Visitor's Bureau			\$70,673	(\$70,673)	\$0			\$0
Tech Adjust: San José Convention and Visitors Bureau (From Reserve for Future Distribution)			\$147,250		\$147,250			\$147,250
Tech Adjust: Transfer to the Convention and Cultural Affairs Fund			\$141,346	(\$141,346)	\$0			\$0
Tech Adjust: Transfer to the Convention and Cultural Affairs Fund (From Reserve for Future Distribution)			\$294,500		\$294,500			\$294,500
Unemployment Insurance Reconciliation - Cultural Grants Administration			(\$6,610)		(\$6,610)			(\$6,610)

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
TRANSIENT OCCUPANCY TX FD (461)								
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$10,446		\$10,446			\$10,446
Total TRANSIENT OCCUPANCY TX FD (461)	\$0	\$0	\$1,040,702	(\$576,143)	\$464,559	\$0	\$464,559	\$0
UNDERGROUND UTILITY FUND (416)								
Developer Assisted Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$4,758	(\$4,758)	\$0			\$0
Fund Balance Reconciliation				\$480,580	\$480,580		\$480,580	\$0
Tech Adjust: Ending Fund Balance/Beginning Fund Balance				(\$25,599)	(\$25,599)		(\$25,599)	\$0
Total UNDERGROUND UTILITY FUND (416)	\$0	\$0	\$4,758	\$450,223	\$454,981	\$0	\$454,981	\$0
UNEMPLOYMENT INSUR FD (157)								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$720,423	\$720,423		\$720,423	\$0
Retirement Contributions Reconciliation	(\$579)			\$579	\$0			\$0
Unemployment Insurance Reconciliation	(\$723)			\$723	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$1,954	(\$1,954)	\$0			\$0
Total UNEMPLOYMENT INSUR FD (157)	(\$1,302)	\$0	\$1,954	\$719,771	\$720,423	\$0	\$720,423	\$0
VEHICLE MAINT & OPER FUND (552)								
HUMAN RESOURCES								
Retirement Contributions Reconciliation - Safety Program Personal Services			(\$364)	\$364	\$0			\$0
Unemployment Insurance Reconciliation - Safety Program			(\$454)	\$454	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
VEHICLE MAINT & OPER FUND (552)								
PUBLIC WORKS								
Fund Balance Reconciliation				\$262,752	\$262,752		\$262,752	\$0
Retirement Contributions Reconciliation	(\$34,795)			\$34,795	\$0			\$0
Unemployment Insurance Reconciliation	(\$43,626)			\$43,626	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$127,974	(\$127,974)	\$0			\$0
Total VEHICLE MAINT & OPER FUND (552)	(\$78,421)	\$0	\$127,156	\$214,017	\$262,752	\$0	\$262,752	\$0
WATER UTILITY CAPITAL FUND (500)								
Water Utility Sys Capital Program								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$7,906	(\$7,906)	\$0			\$0
Fund Balance Reconciliation				\$773,409	\$773,409		\$773,409	\$0
Total WATER UTILITY CAPITAL FUND (500)	\$0	\$0	\$7,906	\$765,503	\$773,409	\$0	\$773,409	\$0
WATER UTILITY FUND (515)								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$21)			\$21	\$0			\$0
Unemployment Insurance Reconciliation	(\$26)			\$26	\$0			\$0
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,311)			\$1,311	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,639)			\$1,639	\$0			\$0
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$41)			\$41	\$0			\$0
Unemployment Insurance Reconciliation	(\$51)			\$51	\$0			\$0

Special/Capital Fund
 Clean-Up Actions
 Annual Report 2010-2011

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY FUND (515)								
FINANCE								
Retirement Contributions Reconciliation	(\$1,157)			\$1,157	\$0			\$0
Unemployment Insurance Reconciliation	(\$1,450)			\$1,450	\$0			\$0
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$128)			\$128	\$0			\$0
Unemployment Insurance Reconciliation	(\$159)			\$159	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation - Reserve for Operations and Maintenance			\$1,164,852		\$1,164,852		\$1,164,852	\$0
Retirement Contributions Reconciliation	(\$17,409)			\$17,409	\$0			\$0
Unemployment Insurance Reconciliation	(\$21,800)			\$21,800	\$0			\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$72,828	(\$72,828)	\$0			\$0
Total WATER UTILITY FUND (515)	(\$45,192)	\$0	\$1,237,680	(\$27,636)	\$1,164,852	\$0	\$1,164,852	\$0
WORKFORCE INVSTMNT ACT FD (290)								
CITY ATTORNEY								
Retirement Contributions Reconciliation - Administrative Costs			(\$812)	\$812	\$0			\$0
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$232,129	\$232,129		\$232,129	\$0
Rebudget: 25% Additional Assistance Grant Bridge Funding - NUMMI			\$51,659		\$51,659	\$51,659		\$0
Rebudget: Administration			\$15,940		\$15,940	\$15,940		\$0
Rebudget: Adult Workers Program			\$715,886		\$715,886	\$715,886		\$0
Rebudget: BusinessOwnerSpace.com Network			\$7,902		\$7,902	\$7,902		\$0
Rebudget: CA Workforce Association			\$5,000		\$5,000	\$5,000		\$0

Special/Capital Fund
 Clean-Up Actions
 Annual Report 2010-2011

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WORKFORCE INVSTMNT ACT FD (290)								
ECONOMIC DEVELOPMENT								
Rebudget: Dislocated Workers Program			\$1,224,256		\$1,224,256	\$1,224,256		\$0
Rebudget: National Emergency Grant Dislocated Workers - NUMMI			(\$1,936,107)		(\$1,936,107)	(\$1,936,107)		\$0
Rebudget: Public Sector Career Transition Assistance Program			(\$27,272)		(\$27,272)	(\$27,272)		\$0
Rebudget: Rapid Response Grant			\$192,025		\$192,025	\$192,025		\$0
Rebudget: Recovery Act - OJT NEG Grant			\$280		\$280	\$280		\$0
Rebudget: SV Small Business Assistance Portal Project			\$108,720		\$108,720	\$108,720		\$0
Rebudget: Youth Workers Program			\$1,761,239		\$1,761,239	\$1,761,239		\$0
TRANSFERS								
2010-2011 Federated Retirement System Annual Required Contribution - Potential Additional Payment			\$103,273	(\$103,273)	\$0			\$0
Total WORKFORCE INVSTMNT ACT FD (290)	\$0	\$0	\$2,221,989	\$129,668	\$2,351,657	\$2,119,528	\$232,129	\$0

2010-2011

ANNUAL

REPORT

**V. FINANCIAL
STATEMENTS**



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the 12 Months Ended June 30, 2011
Fiscal Year 2010-11
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the 12 Months Ended June 30, 2011
Fiscal Year 2010-11
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
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Fiscal Year 2010-11
(UNAUDITED)

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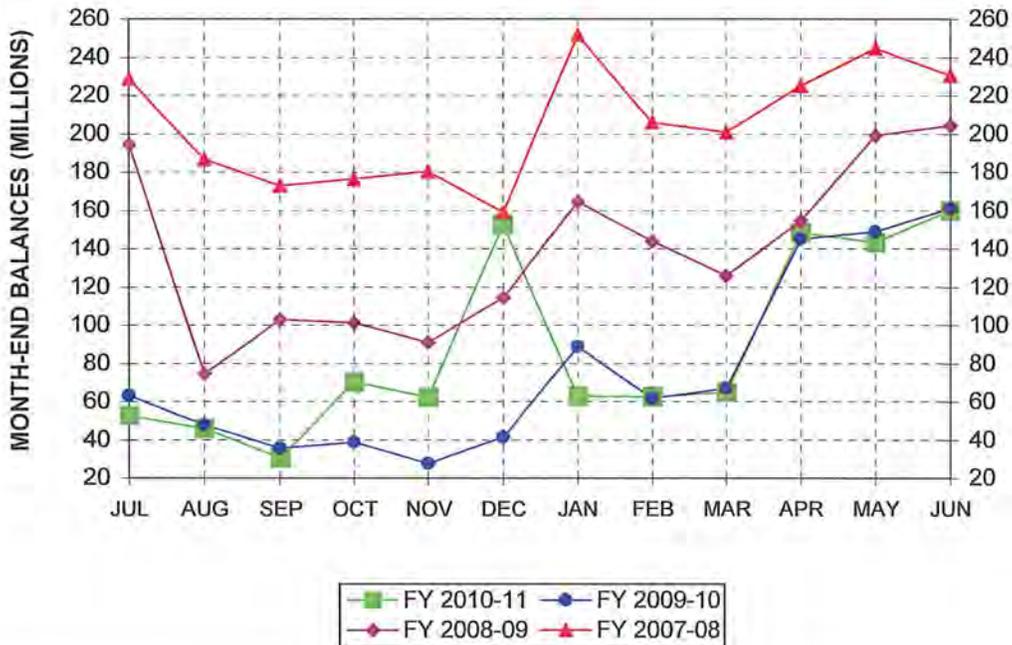
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Submitted by:



JULIA H. COOPER
Acting Director, Finance Department

GENERAL FUND Comparison of Cash Balances



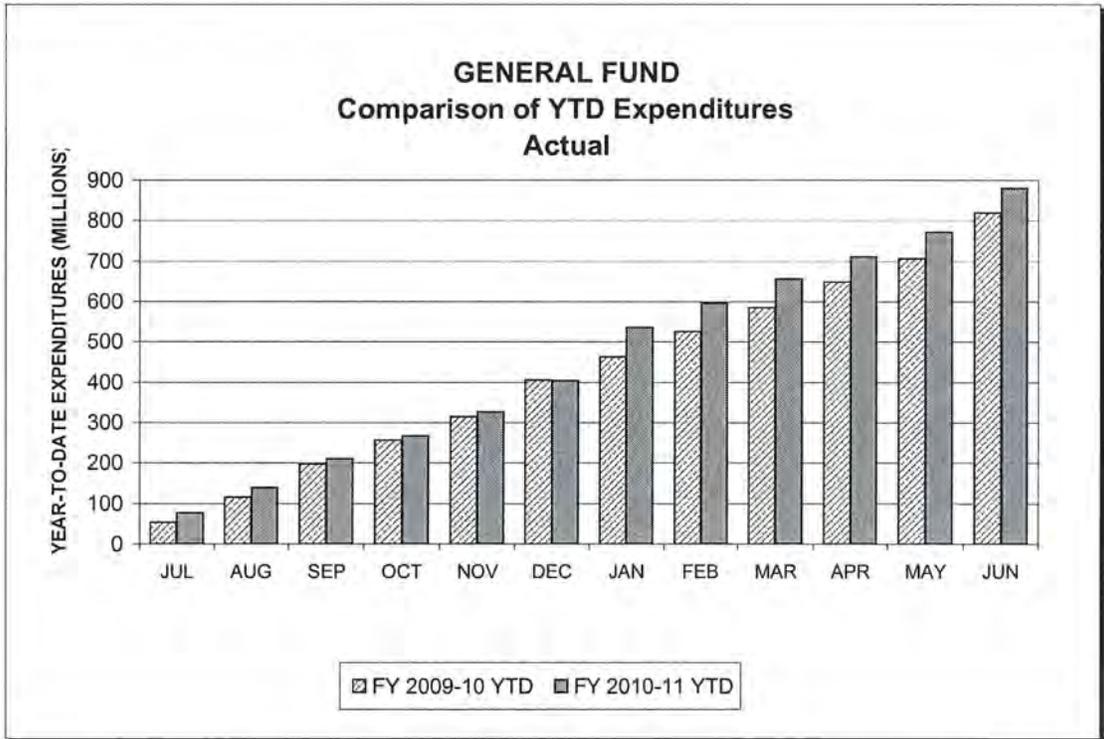
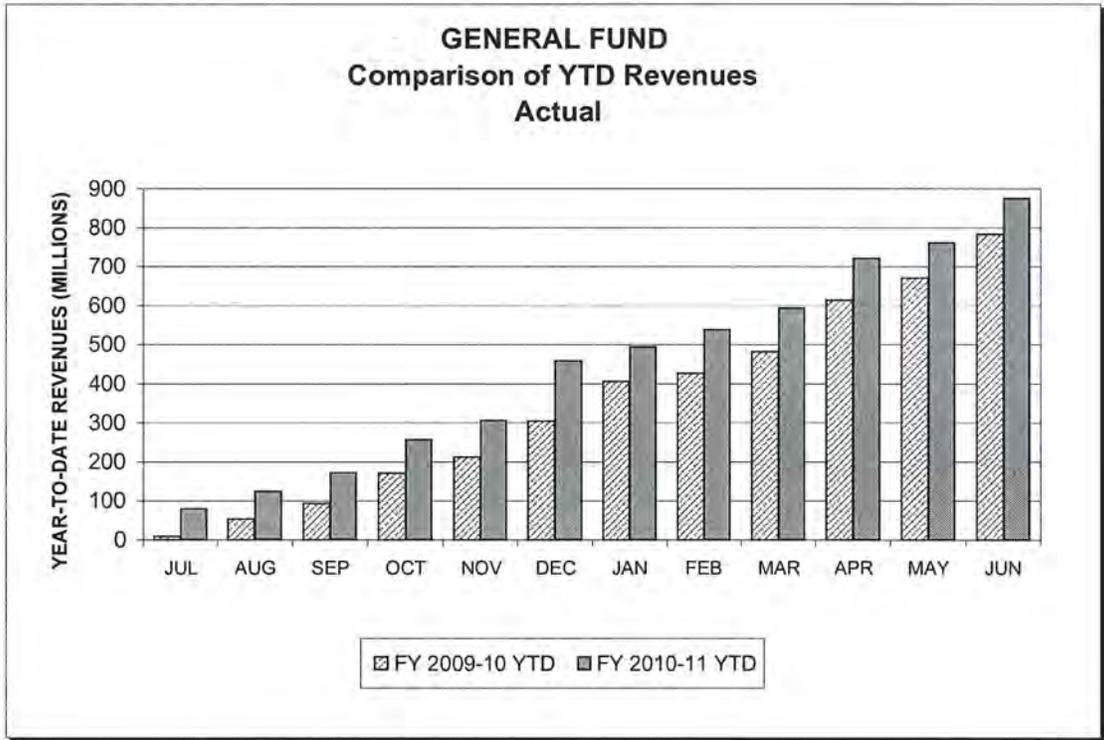
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08
JULY (1)	\$ 52,614,304	\$ 63,344,537	\$ 194,527,843	\$ 228,551,607
AUGUST (1)	45,992,983	47,689,216	74,677,718	186,835,010
SEPTEMBER	30,525,385	35,662,298	102,811,355	173,043,887
OCTOBER	70,246,706	38,946,966	101,433,688	176,617,539
NOVEMBER	62,333,059	27,736,074	90,892,525	180,164,388
DECEMBER (2)	152,493,162	41,491,217	114,535,815	159,164,830
JANUARY (3)	62,749,463	88,749,418	164,539,700	251,792,153
FEBRUARY	62,572,017	61,606,869	143,802,507	205,882,438
MARCH	64,768,564	66,979,823	125,900,953	200,763,696
APRIL	148,465,097	145,213,763	154,701,704	225,008,853
MAY	143,186,930	149,064,276	199,321,150	244,545,422
JUNE	159,719,466	161,013,785	204,474,123	230,556,706

Note: (1) The General Fund cash balance decrease in July 2010 (also in August 2008 and July 2009) was mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the timing of the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue. In addition, these revenues were posted in January in the prior three fiscal years.

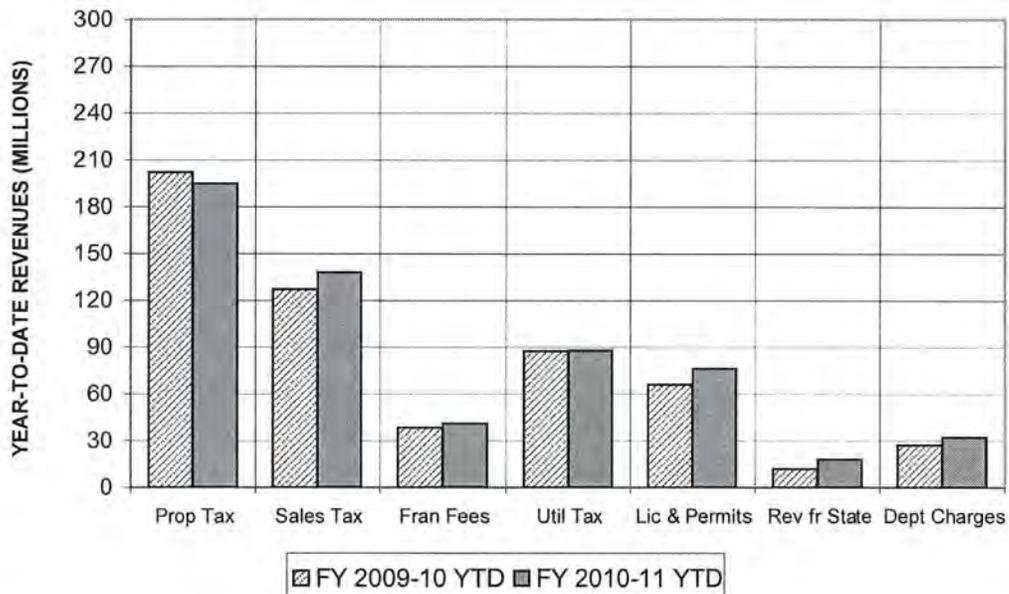
Note: (3) The General Fund cash balance decrease in January 2011 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million.



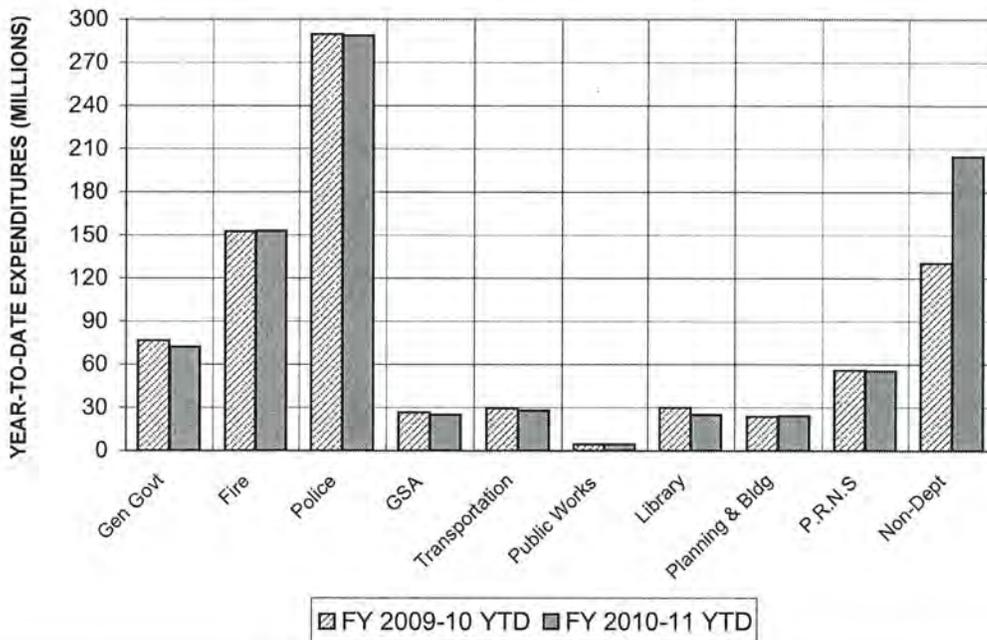
General Fund Revenue includes issuance of Tax and Revenue Anticipation Notes (TRANs) in the amount of \$75 million (\$40 million in July 2010 and \$35 million in October 2010) for cash flow borrowing.

General Fund Expenditures includes repayment of TRANs in the amount of \$75 million in January 2011.

GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the 12 Months Ended June 30, 2011



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the 12 Months Ended June 30, 2011



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	\$ -	-	15,717	15,717	15,717	100.00%	22,422	100.00%	22,422	(6,705)	-29.90%
Liquidation of c/o Encumbrance	-	-	-	-	4,918	-	-	-	-	4,918	100.00%
Available Balance	134,807	6,591	-	141,398	141,484	100.06%	173,213	100.00%	173,213	(31,729)	-18.32%
Total Fund Balance	134,807	6,591	15,717	157,115	162,119	103.18%	195,635	100.00%	195,635	(33,516)	-17.13%
General Revenues											
Property Tax	199,052	(4,143)	-	194,909	194,814	99.95%	202,186	100.00%	202,186	(7,372)	-3.65%
Sales Tax (Note 1)	127,232	11,524	-	138,756	137,970	99.43%	127,238	100.00%	127,238	10,732	8.43%
Telephone Line Tax	20,525	200	-	20,725	20,643	99.60%	20,500	100.00%	20,500	143	0.70%
Transient Occupancy Tax	6,684	-	-	6,684	7,222	108.05%	6,900	100.00%	6,900	322	4.67%
Franchise Fees	43,121	(1,565)	-	41,556	41,273	99.32%	38,410	100.00%	38,410	2,863	7.45%
Utility Tax	92,932	(5,100)	-	87,832	87,885	100.06%	87,651	100.00%	87,651	234	0.27%
Licenses and Permits	71,727	3,799	-	75,526	76,694	101.55%	65,985	100.00%	65,985	10,709	16.23%
Fines, Forfeits and Penalties	17,130	(20)	-	17,110	17,926	104.77%	15,998	100.00%	15,998	1,928	12.05%
Use of Money and Property	3,050	492	-	3,542	3,635	102.63%	3,191	100.00%	3,191	444	13.91%
Revenue from Local Agencies	45,613	159	-	45,772	44,075	96.29%	48,067	100.00%	48,067	(3,992)	-8.31%
Revenue from State of Cal.	18,777	(308)	-	18,469	17,926	97.06%	11,749	100.00%	11,749	6,177	52.57%
Revenue from Federal Government	15,851	5,225	-	21,076	9,332	44.28%	5,493	100.00%	5,493	3,839	69.89%
Departmental Charges (Note 2)	29,581	1,875	-	31,456	32,150	102.21%	27,282	100.00%	27,282	4,868	17.84%
Other Revenues (Note 3)	13,420	79,269	-	92,689	92,566	99.87%	27,023	100.00%	27,023	65,543	242.55%
Total General Revenues	704,695	91,407	-	796,102	784,111	98.49%	687,673	100.00%	687,673	96,438	14.02%
Transfers & Reimbursements											
Overhead Reimbursements	33,868	435	-	34,303	34,480	100.52%	40,530	100.00%	40,530	(6,050)	-14.93%
Transfers from Other Funds	37,553	3,842	-	41,395	41,451	100.14%	37,504	100.00%	37,504	3,947	10.52%
Reimbursements for Services	17,348	(994)	-	16,354	16,125	98.60%	16,916	100.00%	16,916	(791)	-4.68%
Total Transfers & Reimburse	88,769	3,283	-	92,052	92,056	100.00%	94,950	100.00%	94,950	(2,894)	-3.05%
Total Sources	\$ 928,271	101,281	15,717	1,045,269	1,038,286	99.33%	978,258	100.00%	978,258	60,028	6.14%

Note 1 - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues.

The 2010-2011 impact through June 2011 is approximately \$1.9 million.

Note 2 - See Supplemental Schedule on Page 7.

Note 3 - Includes issuance of Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million (\$40 million in July 2010 and \$35 million in October 2010) for cash flow borrowing.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE
					ACTUAL	ENCUMBR			OF PRIOR YEAR-END ACTUAL	BUDGETARY BASIS ACTUAL		LESS PRIOR YTD LESS PRIOR YTD ACTUAL
General Government												
Mayor and Council	\$ 10,222	(74)	104	10,252	7,559	43	73.73%	7,749	100.00%	7,749	(190)	-2.45%
City Attorney	11,545	24	296	11,865	11,413	235	96.19%	13,083	100.00%	13,083	(1,670)	-12.76%
City Auditor	1,961	(55)	4	1,910	1,775	7	92.93%	2,116	100.00%	2,116	(341)	-16.12%
City Clerk (2)	4,750	(743)	10	4,017	3,880	69	96.59%	2,062	100.00%	2,062	1,818	88.17%
City Manager	10,391	128	488	11,007	10,291	502	93.50%	10,785	100.00%	10,785	(494)	-4.58%
Finance	11,435	(84)	182	11,533	10,965	293	95.08%	11,255	100.00%	11,255	(290)	-2.58%
Information Technology	15,301	64	670	16,035	14,155	611	88.28%	15,496	100.00%	15,496	(1,341)	-8.65%
Human Resources	7,335	(114)	40	7,261	6,918	150	95.28%	7,699	100.00%	7,699	(781)	-10.14%
Redevelopment Agency	1,707	(157)	-	1,550	1,284	-	82.84%	1,896	100.00%	1,896	(612)	-32.28%
Independent Police Auditor	831	40	-	871	823	3	94.49%	694	100.00%	694	129	18.59%
Office of Economic Development	2,968	(47)	144	3,065	2,821	163	92.04%	3,645	100.00%	3,645	(824)	-22.61%
Total General Government	78,446	(1,018)	1,938	79,366	71,884	2,076	90.57%	76,480	100.00%	76,480	(4,596)	-6.01%
Public Safety												
Fire	153,332	1,697	116	155,145	152,743	368	98.45%	152,579	100.00%	152,579	164	0.11%
Police	297,499	(679)	1,008	297,828	288,599	1,798	96.90%	289,709	100.00%	289,709	(1,110)	-0.38%
Total Public Safety	450,831	1,018	1,124	452,973	441,342	2,166	97.43%	442,288	100.00%	442,288	(946)	-0.21%
Capital Maintenance												
General Services	25,596	47	348	25,991	25,191	375	96.92%	26,593	100.00%	26,593	(1,402)	-5.27%
Transportation	28,227	53	648	28,928	28,057	834	96.99%	29,418	100.00%	29,418	(1,361)	-4.63%
Public Works	5,091	135	-	5,226	4,514	4	86.38%	4,768	100.00%	4,768	(254)	-5.33%
Total Capital Maintenance	58,914	235	996	60,145	57,762	1,213	96.04%	60,779	100.00%	60,779	(3,017)	-4.96%

(1) Does not include encumbrance balance.

(2) Mainly due to \$1.93 million in Elections expenditures for for the cost of the June 8, 2010 and November 2, 2010 elections.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2010-11 BUDGET	BUDGET AMENDMENTS		FY 2010-11 BUDGET	ACTUAL	ENCUMBR	ACTUAL % OF BUDGET	YTD ACTUAL(1)	OF PRIOR YEAR-END ACTUAL	BUDGETARY BASIS ACTUAL	PRIOR YTD ACTUAL(1)	CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Community Service												
Library	25,258	(992)	92	25,358	24,868	165	98.07%	29,851	100.00%	29,851	(4,983)	-16.69%
Planning, Bldg & Code Enf.	25,476	(26)	160	25,610	23,985	219	93.65%	23,575	100.00%	23,575	410	1.74%
Park, Rec & Neigh Svcs	57,735	(675)	327	57,387	55,354	759	96.46%	55,749	100.00%	55,749	(395)	-0.71%
Environmental Services	610	67	40	717	510	50	71.13%	604	100.00%	604	(94)	-15.56%
Total Community Services	110,079	(1,626)	619	109,072	104,717	1,193	96.01%	109,779	100.00%	109,779	(5,062)	-4.61%
Total Dept. Expenditures	\$ 698,270	(1,391)	4,677	701,556	675,705	6,648	96.32%	889,326	100.00%	689,326	(13,621)	-1.98%
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 24,914	1,351	1,343	27,608	23,448	1,761	84.93%	24,966	100.00%	24,966	(1,518)	-6.08%
Environmental & Utility Services	11,588	1,517	-	13,105	4,067	-	31.03%	1,470	100.00%	1,470	2,597	176.67%
Public Safety	21,731	5,519	659	27,909	20,902	1,236	74.89%	18,248	100.00%	18,248	2,654	14.54%
Recreation & Cultural Services	13,910	1,011	870	15,791	14,272	865	90.38%	11,670	100.00%	11,670	2,602	22.30%
Transportation Services	4,512	385	329	5,226	4,295	653	82.19%	4,018	100.00%	4,018	277	6.89%
Strategic Support (2)	42,250	79,053	1,975	123,278	104,129	5,611	84.47%	31,915	100.00%	31,915	72,214	226.27%
Total City-wide Expenditures	118,905	88,836	5,176	212,917	171,113	10,126	80.37%	92,287	100.00%	92,287	78,826	85.41%
Capital Contributions	8,935	(659)	5,864	14,140	4,733	4,106	33.47%	12,588	100.00%	12,588	(7,855)	-62.40%
Transfers to Other Funds	29,039	(500)	-	28,539	28,534	-	99.98%	25,425	100.00%	25,425	3,109	12.23%
Total Non-Dept Expenditures	156,879	87,677	11,040	255,596	204,380	14,232	79.86%	130,300	100.00%	130,300	74,080	56.85%
Reserves												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	43,813	14,995	-	58,808	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	73,122	14,995	-	88,117	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	\$ 928,271	101,281	15,717	1,045,269	880,085	20,880	84.20%	819,626	100.00%	819,626	60,459	7.38%

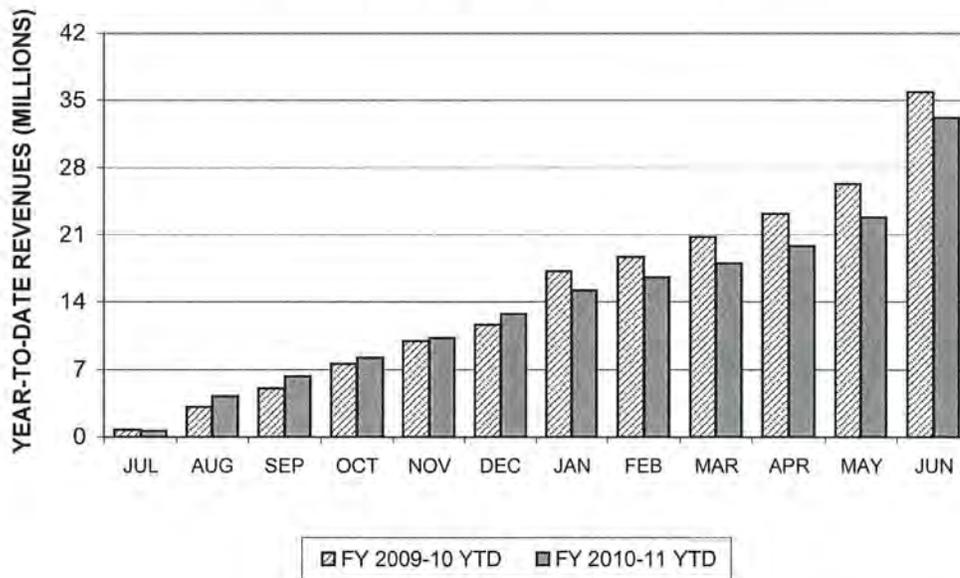
(1) Does not include encumbrance balance.

(2) Includes repayment of Tax and Revenue Anticipation Notes (TRANs) in the amount of \$75 million in January 2011.

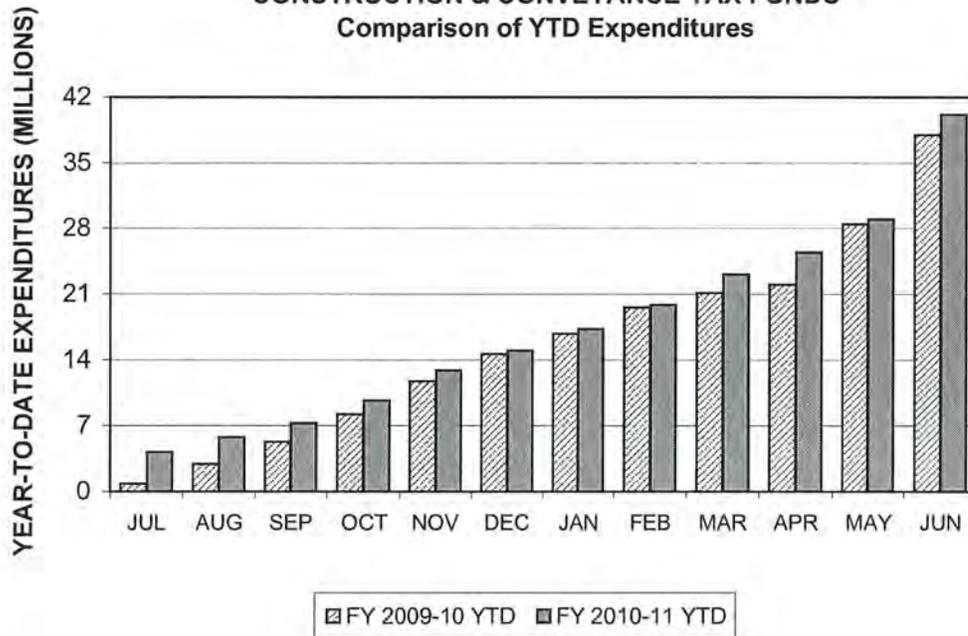
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

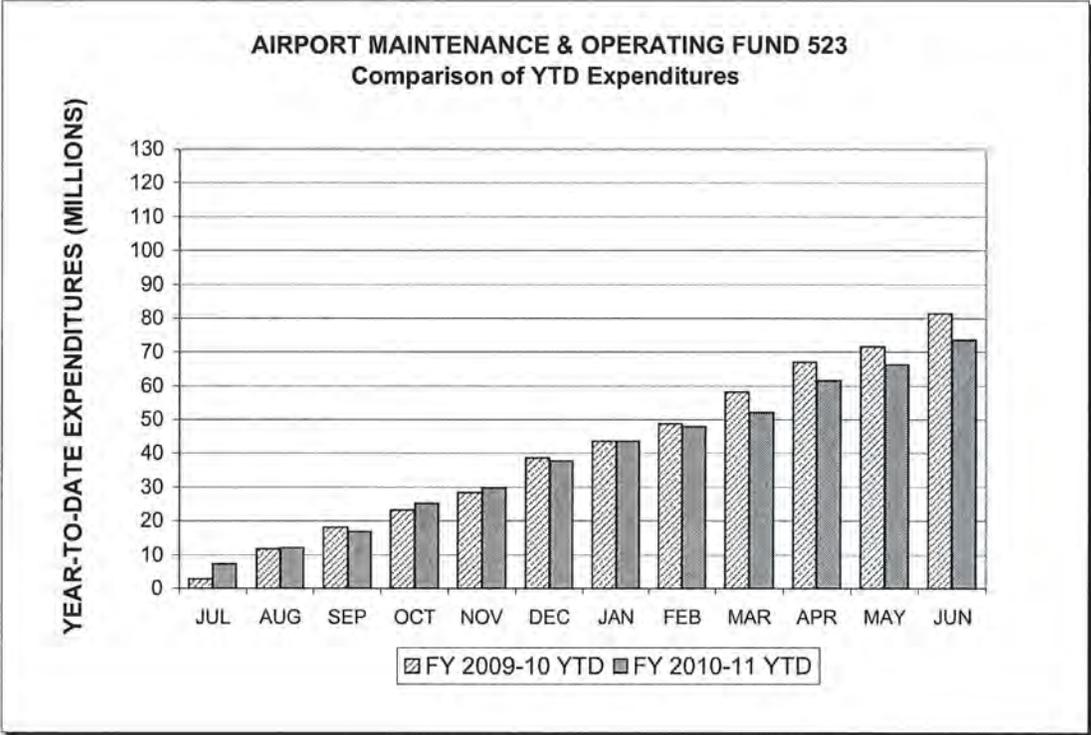
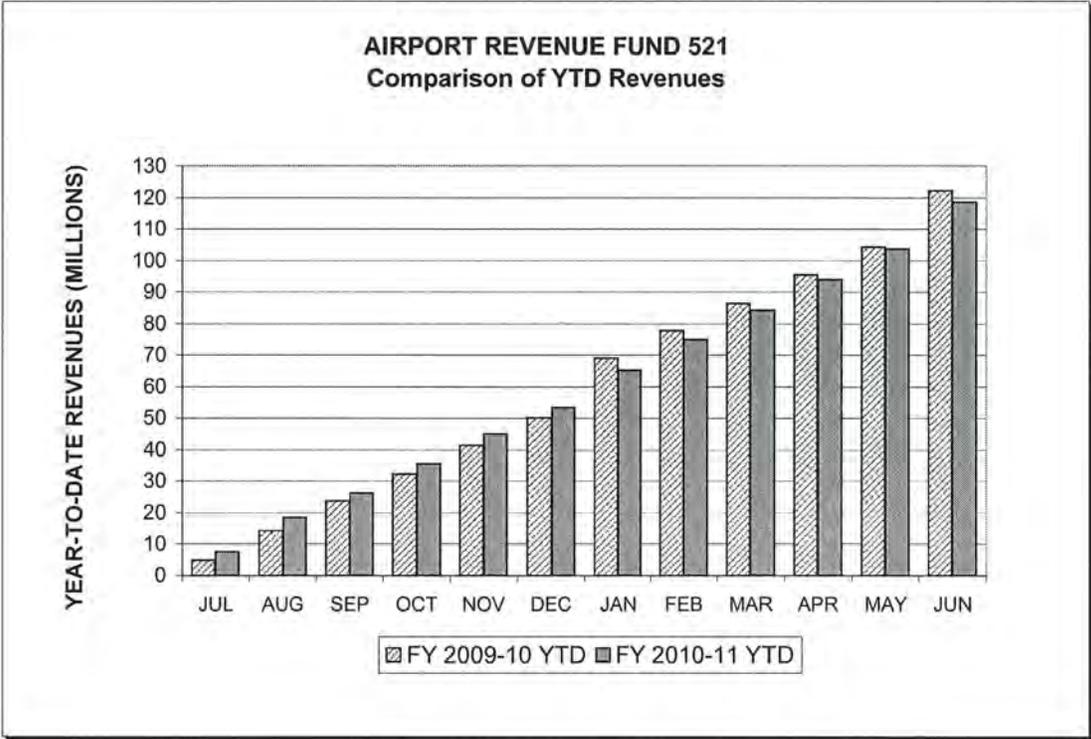
	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 1,921	-	-	1,921	1,745	90.84%	1,943	100.00%	1,943	(198)	-10.19%
Public Works	4,325	800	-	5,125	5,692	111.06%	4,225	100.00%	4,225	1,467	34.72%
Transportation	759	20	-	779	1,096	140.69%	991	100.00%	991	105	10.60%
Library	1,916	-	-	1,916	1,395	72.81%	1,613	100.00%	1,613	(218)	-13.52%
Planning, Bldg & Code Enf	2,500	46	-	2,546	2,649	104.05%	2,718	100.00%	2,718	(69)	-2.54%
Parks Rec & Neigh Svcs	12,685	1,161	-	13,846	13,712	99.03%	11,039	100.00%	11,039	2,673	24.21%
Miscellaneous Dept Charges	5,475	(152)	-	5,323	5,861	110.11%	4,753	100.00%	4,753	1,108	23.31%
Total Departmental Revenues	\$ 29,581	1,875	-	31,456	32,150	102.21%	27,282	100.00%	27,282	4,868	17.84%

**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues**



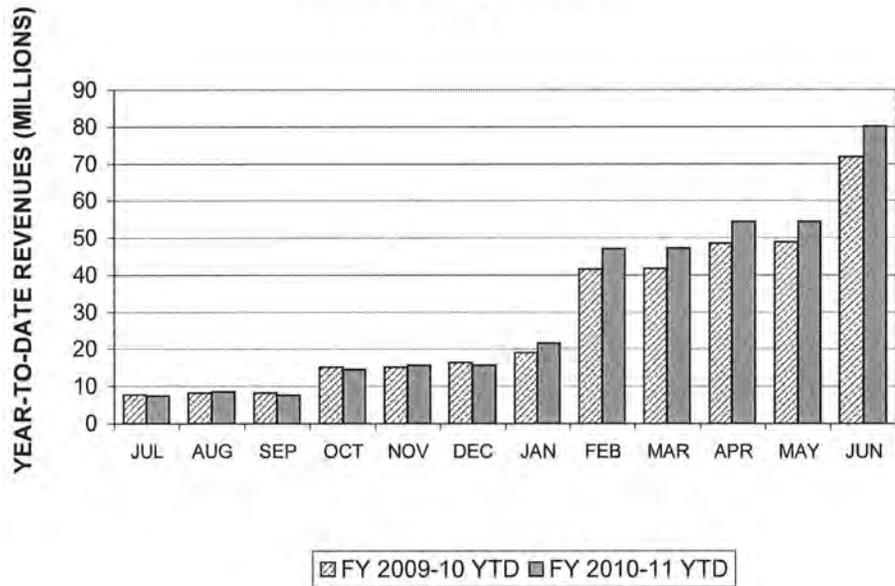
**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures**



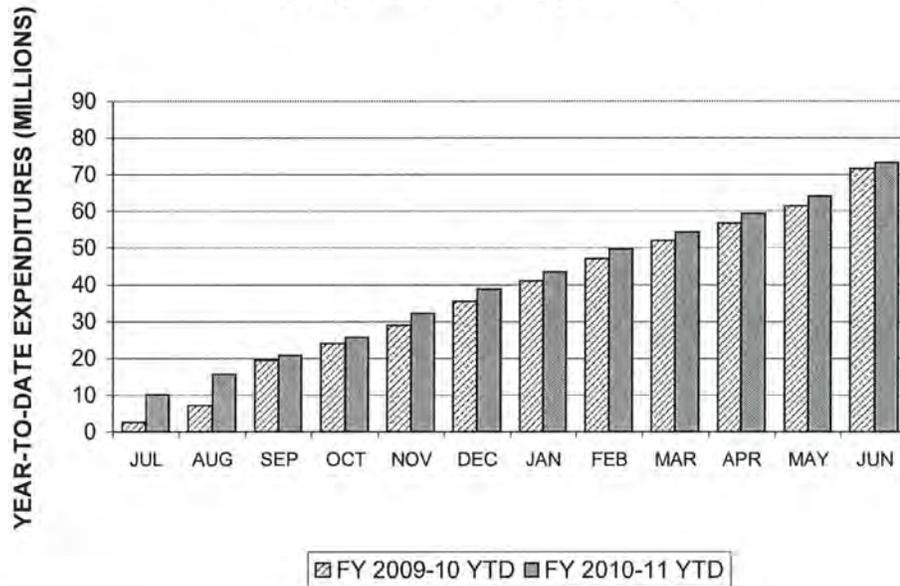


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

**WPCP OPERATING FUND 513
Comparison of YTD Revenues**

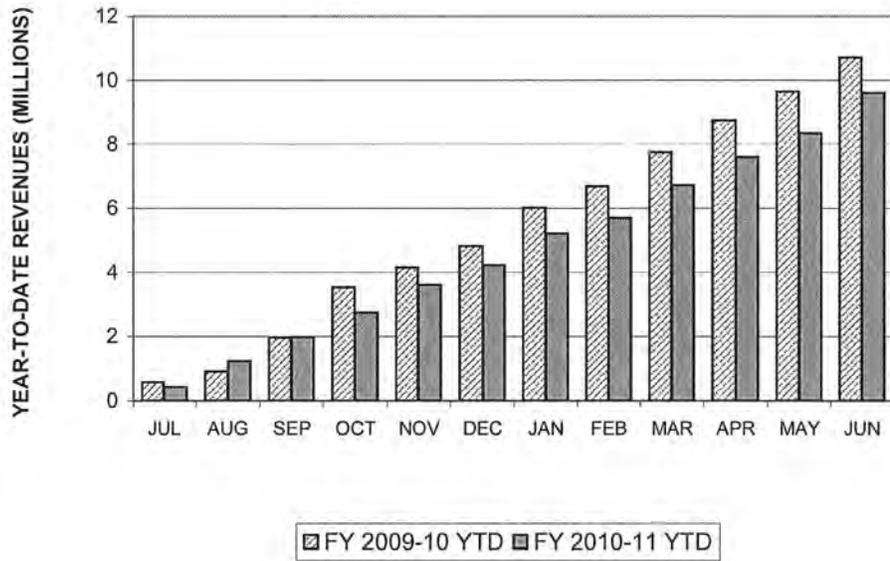


**WPCP OPERATING FUND 513
Comparison of YTD Expenditures**

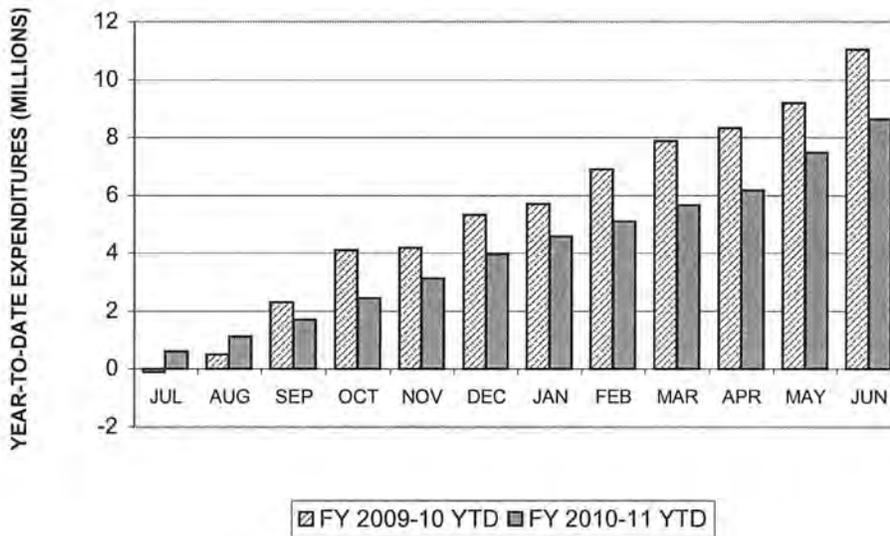


Note: Graphs above are only for WPCP operating fund (513).

**PARKING OPERATING FUND 533
Comparison of YTD Revenues**



**PARKING OPERATING FUND 533
Comparison of YTD Expenditures**



**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Construction/Conveyance Tax							
Prior Year Encumbrance	\$ -	-	7,862	7,862	7,862	N/A	7,524
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	62,292	14,574	-	76,866	76,866	N/A	80,147
Revenues	31,261	819	-	32,080	33,209	N/A	35,919
Total Sources	93,553	15,393	7,862	116,808	117,937	N/A	123,590
Total Uses	93,553	15,393	7,862	116,808	40,152	7,992	38,000
Airport							
Prior Year Encumbrance	\$ -	-	75,966	75,966	75,966	N/A	325,154
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	403,901	66,778	-	470,679	470,679	N/A	485,127
Revenues	341,905	16,754	-	358,659	352,475	N/A	431,093
Total Sources	745,806	83,532	75,966	905,304	899,120	N/A	1,241,374
Total Uses	745,806	83,532	75,966	905,304	396,074	13,309	599,428
(Note 1)							
Waste Water Treatment							
Prior Year Encumbrance	-	-	43,782	43,782	43,782	N/A	42,930
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	193,589	24,070	-	217,659	217,659	N/A	206,538
Revenues	274,221	(1,783)	-	272,438	274,000	N/A	280,182
Total Sources	467,810	22,287	43,782	533,879	535,441	N/A	529,650
Total Uses	467,810	22,287	43,782	533,879	251,439	46,773	248,908
(Note 2)							
Parking							
Prior Year Encumbrance	-	-	693	693	693	N/A	1,493
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,391	1,730	-	13,121	13,121	N/A	14,220
Revenues	8,658	(90)	-	8,568	9,611	N/A	10,719
Total Sources	20,049	1,640	693	22,382	23,425	N/A	26,432
Total Uses	\$ 20,049	1,640	693	22,382	8,649	1,005	11,039

Note 1 - All Airport Funds, including operating, revenue, capital and debt service.

Note 2 - All Waste Water Funds, including operating, revenue, capital and debt service.

(1) Does not include encumbrance balance.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Municipal Water							
Prior Year Encumbrance	-	-	724	724	724	N/A	892
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,265	2,032	-	13,297	13,297	N/A	11,066
Revenues	30,793	317	-	31,110	29,573	N/A	27,808
Total Sources	42,058	2,349	724	45,131	43,594	N/A	39,766
Total Uses	42,058	2,349	724	45,131	26,196	1,705	25,425
Gas Tax							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	16,626	-	-	16,626	15,669	N/A	16,321
Total Sources	16,626	-	-	16,626	15,669	N/A	16,321
Total Uses	16,626	-	-	16,626	15,669	0	16,321
Building and Structures							
Prior Year Encumbrance	-	-	4,998	4,998	4,998	N/A	3,662
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,385	4,125	-	10,510	10,510	N/A	15,589
Revenues	22,997	2,520	-	25,517	18,920	N/A	19,553
Total Sources	29,382	6,645	4,998	41,025	34,428	N/A	38,804
Total Uses	29,382	6,645	4,998	41,025	17,251	3,780	23,472
Residential Construction							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	311	648	-	959	959	N/A	1,310
Revenues	65	135	-	200	191	N/A	43
Total Sources	376	783	-	1,159	1,150	N/A	1,353
Total Uses	\$ 376	783	-	1,159	42	0	394

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Transient Occupancy Tax							
Prior Year Encumbrance	\$ -	-	196	196	196	N/A	314
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,737	629	-	3,366	3,366	N/A	1,417
Revenues	10,034	(4)	-	10,030	10,914	N/A	10,378
Total Sources	12,771	625	196	13,592	14,476	N/A	12,109
Total Uses	12,771	625	196	13,592	10,463	176	8,546
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	510	510	510	N/A	345
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,130	197	-	6,327	6,327	N/A	9,891
Revenues	19,195	4,141	-	23,336	24,190	N/A	20,163
Total Sources	25,325	4,338	510	30,173	31,027	N/A	30,399
Total Uses	25,325	4,338	510	30,173	22,109	495	2,309
Golf							
Prior Year Encumbrance	-	-	7	7	7	N/A	7
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	817	257	-	1,074	1,074	N/A	1,188
Revenues	1,940	(302)	-	1,638	1,565	N/A	1,924
Total Sources	2,757	(45)	7	2,719	2,646	N/A	3,119
Total Uses	2,757	(45)	7	2,719	2,338	7	2,039
Other Funds							
Prior Year Encumbrance	-	-	56,779	56,779	56,779	N/A	50,210
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	187,195	25,845	-	213,040	213,040	N/A	223,128
Revenues	444,011	7,513	-	451,524	410,992	N/A	524,528
Total Sources	631,206	33,358	56,779	721,343	680,811	N/A	797,866
Total Uses	\$ 631,206	33,358	56,779	721,343	436,754	48,082	495,573

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Construction Excise							
Prior Year Encumbrance	\$ -	-	7,239	7,239	7,239	N/A	5,472
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	10,949	7,850	-	18,799	18,799	N/A	20,238
Revenues	36,754	11,740	-	48,494	46,119	N/A	25,295
Total Sources	47,703	19,590	7,239	74,532	72,157	N/A	51,005
Total Uses	47,703	19,590	7,239	74,532	36,086	8,262	31,685
Redevelopment Projects							
Prior Year Encumbrance	-	-	2,719	2,719	2,719	N/A	4,428
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,172	1,090	-	3,262	3,262	N/A	9,601
Revenues	88	75	-	163	250	N/A	1,504
Total Sources	2,260	1,165	2,719	6,144	6,231	N/A	15,533
Total Uses	2,260	1,165	2,719	6,144	4,753	214	1,231
Other Funds							
Prior Year Encumbrance	-	-	21,189	21,189	21,189	N/A	60,174
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	65,312	2,549	-	67,861	67,861	N/A	106,617
Revenues	14,787	(3,405)	-	11,382	2,431	N/A	4,059
Total Sources	80,099	(856)	21,189	100,432	91,481	N/A	170,850
Total Uses	\$ 80,099	(856)	21,189	100,432	27,969	5,612	80,261

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE 12 MONTHS ENDED JUNE 30, 2011
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Trust and Agency							
Prior Year Encumbrance	\$ -	-	15	15	15	N/A	3
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,257	154	-	2,411	2,411	N/A	2,301
Revenues	114	982	-	1,096	1,965	N/A	857
Total Sources	<u>2,371</u>	<u>1,136</u>	<u>15</u>	<u>3,522</u>	<u>4,391</u>	<u>N/A</u>	<u>3,161</u>
Total Uses	\$ <u>2,371</u>	<u>1,136</u>	<u>15</u>	<u>3,522</u>	<u>873</u>	<u>1</u>	<u>705</u>