

2014-2015

MID-YEAR
BUDGET
REVIEW

SECTION
III

RECOMMENDED
BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS

**2014-2015
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED BUDGET ADJUSTMENTS

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

General Fund

Urgent Fiscal/Program Needs – These actions recommend additional funding to address a limited number of urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, to address issues that the Administration has deemed can or should not wait until later in the year. Additional detailed information on these adjustments can be found in the following pages of this section.

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 2014-2015 Adopted Budget. Additional detailed information on these adjustments can be found in the following pages of this section.

Grants/Reimbursements/Fees – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate. Additional detailed information on these adjustments can be found in the following pages of this section.

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenue estimates based on actual performance; recognize revenues from fees, grants, and reimbursements; adjust project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; and establish a limited number of new projects and programs.

**2014-2015
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED 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 2014-2015 budget based on a reconciliation to the final audited 2013-2014 Comprehensive Annual Financial Report.

Benefits Program – Various actions are recommended to decrease department budgets to realize these health plan savings (-\$849,000), return the associated portions of these savings to development fee program reserves (\$62,000), and liquidate health and dental program savings in the Salaries and Benefits Reserve (-\$2,100,000). The Salaries and Benefits Reserve allocation was set aside during the development of the 2014-2015 Adopted Budget in anticipation of an increase in the lowest cost health plan rates forecasted at 10% based on national and City trend information received from the City's Human Resources Department benefits consultant. A 2.5% increase to dental rates was forecasted based on actuarial information from the Human Resources Department and an evaluation of funding levels in the Dental Insurance Fund. Actual costs declined year-over-year resulting in a 4.54% reduction in health and no increase to dental rates.

Management Pay for Performance Program – Various actions are recommended to increase Personal Services appropriations for Management Pay for Performance Program costs in departmental budgets that do not anticipate generating sufficient vacancy savings to cover these costs (\$726,000). This action is offset by the liquidation of the Salaries and Benefits Reserve allocation set aside for the Management Pay for Performance Program in the 2014-2015 Adopted Budget (-\$1,272,000).

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, and the redistribution of funding allocations.