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

GENERAL FUND

General Fund – Revenues totaled $907.6 million, which fell below the 2011-2012 Modified Budget level by $6.0 million, or 0.7%. This negative variance was due to various grants and reimbursements that were not received in 2011-2012 and were rebudgeted to 2012-2013 in the 2012-2013 Adopted Budget ($8.8 million). After adjusting for grant and reimbursement related revenues not received in 2011-2012, as well as the Development Fee Programs ($2.5 million) and recommended rebudget and clean-up adjustments included in this document ($112,000), the net revenue surplus drops to only $131,000 (0.02%) for 2011-2012.

Expenditures and encumbrances of $897.8 million were $51.1 million below (5.4%) the modified budget of $949.0 million. A majority of these savings were anticipated and assumed as savings or rebudget adjustments in the 2012-2013 Adopted Budget ($42.4 million). After adjusting for rebudget and clean-up adjustments approved in the 2012-2013 Adopted Budget (including net-zero rebudgets of $8.8 million), or as recommended in this document ($2.9 million), the total General Fund expenditure savings total $5.8 million, or 0.6% of the modified budget. Detailed information on the General Fund revenues and expenditures can be found in Section II. General Fund Performance.

SPECIAL REVENUE FUNDS

Affordable Housing Investment Fund *(Low and Moderate Income Housing Asset Fund)* – A positive revenue variance of $8.5 million (26%) is primarily due to higher than budgeted loan repayments. Total expenditure savings of $9.4 million (36.8%) is primarily due to savings in Housing Loans and Grants ($8.8 million), the Housing Department's Non-Personal/Equipment ($158,000), Workers' Comp Claims ($128,000), and the Housing Department's Personal Services ($124,000). Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Airport Maintenance and Operation Fund – Total revenues in the Airport Maintenance and Operation Fund were below the budgeted estimate by $10.7 million (12.8%) due to a lower than anticipated transfer from the Airport Revenue Fund. Total expenditures ended the year $7.2 million (9.4%) below the modified budget as a result of cost containment measures in the Non-Personal/Equipment category as well as position vacancies due to retirements. The decreased staffing levels also resulted in lower workers' compensation costs and reduced compensated absence liability. Additional detail on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Airport Revenue Fund – Expenses in the Airport Revenue Fund consist entirely of transfers to other Airport funds. The expenditure variance of $12.1 million (8.6%) was primarily due to a lower than anticipated transfer to the Airport Maintenance and Operation Fund. Additional details on the Airport Revenue Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Benefit Funds – The expenditure variance of $5.3 million (7.4%) is primarily due to lower than anticipated costs for health plan payments ($3.6 million), dental insurance claims ($667,000), and FICA Medicare payments ($540,000) as a result of lower enrollment rates and a $1.0 million reimbursement of premiums from Blue Shield of California for exceeding their profit pledge.

Business Improvement District Fund - The revenue variance of $114,000 (3.7%) is primarily due to the result of lower than estimated collections in Downtown ($128,000) and Willow Glen Community Benefit District ($15,000) assessments. The expenditure variance of $735,000 (20.5%) reflects the methodology of quarterly payments of total cash balance as well as unexpended funds from previous collections. As a result, the payments for receipts to the Business Improvement Districts during the 4th Quarter of 2011-2012 will be disbursed in the 1st Quarter of 2011-2012.

Cash Reserve Fund – Revenues of $15 ended the year $3 above the budgeted estimate due to higher than estimated interest earnings.

Community Development Block Grant Fund – Total expenditure savings of $2.8 million (16.6%) is primarily the result of lower than budgeted expenditures in Code Enforcement Operations ($806,000), Housing Rehabilitation Loans and Grants ($576,000), Housing Program Development and Monitoring ($407,000), Section 108 Debt Service ($284,000), and Housing Emergency and Minor Repair Program ($134,000). A portion of these savings ($545,361) was anticipated in the development of the 2012-2013 Adopted Operating Budget and programmed into the 2012-2013 Beginning Fund Balance or rebudgeted.

Community Facilities Revenue Fund – Expenditures of $9.5 million ended the year $1.5 million (14.0%) below the budgeted estimate due primarily to a lower than expected Hayes Center Phase III Debt Service payment ($810,000) resulting from lower than estimated interest rates for variable rate debt, and a lower than expected Hayes Center Debt/Operating subsidy ($450,000) due to higher profitability of the Hayes Center operations.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Convention and Cultural Affairs Fund – The expenditure variance of $1.3 million is primarily due to lower than budgeted expenditures in the Center for Performing Arts Improvements ($610,000), Miscellaneous Improvements ($308,000), Workers' Compensation Claims Payments ($124,000), Convention Center Kitchen Remodel ($100,000), and Personal Services ($56,000) appropriations. Additional detail on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

Economic Development Administration Loan Fund – Total revenues of $11,627 were lower than budgeted revenue by $1,873 (-13.9%). This negative variance is primarily the result of lower than anticipated revenues from principal and interest loan repayments ($1,657). Total expenditure savings of $60,595 (50%) is due to lower activity in awarding small business loans in 2011-2012. The savings were anticipated in the development of the 2012-2013 Adopted Operating Budget and were programmed into the 2012-2013 Beginning Fund Balance.

Economic Development Enhancement Fund – The positive revenue variance of $2,000 is a result of higher than budgeted interest earnings. Total expenditure savings of $650,000 (76.5%) reflects unexpended project funds for the economic development incentive program. These savings were anticipated in the development of the 2012-2013 Adopted Operating Budget and were programmed into the 2012-2013 Beginning Fund Balance.

Edward Byrne Memorial Justice Assistance Grant Trust Fund – The expenditure variance of $66,000 (10.8%) reflects unexpended grant funding. During the development of the 2012-2013 Adopted Budget, savings of $87,000 were anticipated in the JAG 2011 Grant ($67,000) and JAG 2010 Grant ($20,000) and rebudgeted to 2012-2013. In order to correct for the over rebudget of grant funding, rebudget true-up adjustments of $21,000 in the JAG 2011 Grant ($18,000) and JAG 2010 Grant ($3,000) are recommended as part of this document.

Emergency Reserve Fund – A negative revenue variance of $9,000 (-48.8%) is due to lower than anticipated interest earnings. The expenditure variance of $9,000 (48.8%) is due to lower than anticipated transfers to the General Fund for interest earnings.

Federal Drug Forfeiture Fund – The positive revenue variance of $54,000 (29.7%) is the result of higher than budgeted Federal Asset Forfeiture Revenue. The expenditure savings of $63,000 (14.3%) are mainly the result of unexpended Police Department Personal Services funding for the Parcel Post Interdiction Program. Rebudgeting $61,000 of these savings for overtime for Police Officers to continue this program is recommended as part of this document.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

General Purpose Parking Fund – The positive revenue variance of $1.2 million (10.9%) is due primarily to higher than budgeted revenues from parking garages and lots. The expenditure variance of $1.6 million (16.1%) primarily reflects savings in the Parking Capital Program ($855,000) and Non-Personal/Equipment ($518,000) appropriations. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Gift Trust Fund – The positive revenue variance of $291,000 (28%) is due to the receipt of unanticipated gifts and the accumulation of unbudgeted interest earnings. The expenditure variance of $3.2 million (88%) reflects unspent gifts. The five largest unspent gifts, with savings of over $100,000 each were the River Oaks Park Maintenance ($664,000), Newhall Park Maintenance ($401,000), Nicolas Prusch Swimming ($351,000), Airport Art and Technology ($101,000), and Albino, Erminia and Alba Joyce Martini Memorial Fund ($101,000) gifts.

SPECIAL REVENUE FUNDS

Home Investment Partnership Program Trust Fund – The negative revenue variance of $4.8 million (-43.3%) is primarily due to lower than anticipated federal grant reimbursements and the total expenditure savings of $5.0 (45.5%) is due to lower than budgeted project expenditures primarily in the Housing Loans and Grants ($3.2 million), Rehabilitation Program ($520,000), and Welcome Home Program ($504,000). Generally, variances in revenues and expenditures are due to delays in capital projects that qualified for federal grants and the timing of receiving reimbursements.

Housing Trust Fund - Total expenditure savings of $558,000 (-27.0%) is primarily the result of lower than budgeted expenditures in the Housing Department's Personal Services ($117,000), Housing and Homeless Projects ($109,000), Emergency Assistance Program ($100,000), Lifeline Transportation Grant Program ($100,000), and Destination: Home Program ($86,000) appropriations.

Integrated Waste Management Fund – The negative revenue variance of approximately $9.3 million (-6.3%) is primarily due the result of lower than anticipated revenues from the New Market Tax Credit (NMTC) Proceeds ($5.9 million), United States Department of Commerce Economic Administration Assistance (EDA) Grant ($2.4 million), and Recycle Plus Collection Charges ($1.5 million). Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Library Parcel Tax Fund – The expenditure variance of $2.2 million (24.4%) is due to lower than budgeted expenditures for non-personal/equipment ($733,000), Library personal services ($606,000), Acquisition of Materials ($580,000), and Automation Projects ($238,000). A portion of these unexpended funds is recommended to be rebudgeted as part of this report to purchase popular and new materials for existing library branch collections ($310,000) and to upgrade the Library's Active Directory infrastructure and complete other technology improvements ($225,000). Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Low and Moderate Income Housing Fund – The negative revenue variance of $14.0 million (-41.2%) is primarily due to a transfer in for the second installment of tax increment revenues that did not occur. Initially, staff anticipated receiving the funds in this fund; however, after further direction from the State following the dissolution of the Redevelopment Agency, the funds were directly transferred to the Successor Agency of Redevelopment Agency (SARA). Total expenditure savings of $7.7 million (11.5%) are primarily due to lower than budgeted expenditures in Housing Loans and Grants ($8.8 million), offset by higher than budgeted expenditures in Tax Allocation Bond (TAB) Debt Service payments ($451,000). The TAB Debt Service payments do not need to be ratified since these payments are made on behalf of SARA after February 1, 2012.

Special Assessment Maintenance District Funds – The combined negative revenue variance of $249,000 (-5.2%) is primarily a result of lower than budget revenue collections in Community Facilities District #14 (Raleigh-Charlotte) of $238,000. The combined expenditure variance of $1.6 million (-23.4%) primarily reflects lower than budgeted expenditures in Maintenance District #15 (Silver Creek Valley) of $652,000, Community Facilities District #2 (Aborn-Murillo) and Community Facilities District #3 (Silverland-Capriana) of $242,000, Community Facilities District #14 (Raleigh-Charlotte) of $205,000, Community Facilities District #8 (Communications Hill) of $190,000, and Maintenance District #1 (Los Paseos) of $115,000. The remaining savings of $217,000 were generated in the other Special Assessment Maintenance District Funds, all with variances below $30,000. Expenditure variances were primarily the result of delays in the planned rehabilitation work due to competing workload demands and contractual award delays.

Multi-Source Housing Fund – The negative revenue variance of $5.5 million (-17.1%) is primarily due to lower than budgeted federal and State grant reimbursements from Grant Revenues ($2.9 million), Recovery Act - Neighborhood Stabilization Program 2 ($1.2 million), and Recovery Act - Homeless Prevention and Rapid Re-housing Program ($854,000). Since grant reimbursements are received in this fund as expenditures are incurred, the total expenditure savings of $5.4 million was realized. The majority of these savings was anticipated in the development of the 2012-2013 Adopted Operating Budget and programmed into the 2012-2013 Beginning Fund Balance.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

San José Diridon Development Authority Fund – The negative revenue variance of $58,000 (-22.1%) is the result of not receiving the budgeted transfers from the San Jose Redevelopment Agency. The expenditure savings of $78,000 (73%) is the result of unexpended operating funds for non-personal/equipment and administration costs.

State Drug Forfeiture Fund – The negative revenue variance of $3,000 (-6.9%) is the result of lower than budgeted State Asset Forfeiture Revenue.

Stores Fund – The negative revenue variance of $461,000 (-32.3%) is due to lower than budgeted transfers from departments for the purchase of supplies, materials, and postage from the City's Central Warehouse. Departments have increased use of the P-card for the purchase of supplies and materials due to the planned closure of the City's Central Warehouse. The expenditure variance of $343,000 (19.0%) is primarily due to a reduction in Inventory Purchases ($213,000) and Postage Inventory ($50,000) given the closure of the City's Central Warehouse, and personal services savings resulting from vacancies ($51,000).

Storm Sewer Operating Fund – The expenditure variance of $2.9 million (8.7%) is primarily due to Environmental Services Department non-personal/equipment savings ($2.6 million), Transportation Department non-personal/equipment savings ($535,000), Environmental Services Department personal services savings ($301,000), and Planning, Building and Code Enforcement personal services savings ($118,000). Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Supplemental Law Enforcement Services Fund – The expenditure variance of $774,000 (27.5%) reflects unexpended grant funding. During the development of the 2012-2013 Adopted Budget, savings of $769,000 were anticipated in the 2011-2013 SLES Grant ($763,000) and 2010-2012 SLES Grant ($6,000) and rebudgeted to 2012-2013. Additional savings in the 2010-2012 SLES Grant ($4,000) are recommended for rebudget as part of this document.

Transient Occupancy Tax Fund – The positive revenue variance of $1.2 million (9.8%) is due to higher than budgeted Transient Occupancy Tax receipts. The expenditure variance of $1.6 million (10.8%) is due to savings in the Cultural Development appropriations. Additional details on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Workforce Investment Act Fund – The negative revenue variance of $6.3 million (-31.1%) and expenditure variance of $4.0 million (22.2%), respectively, primarily reflect the timing difference in expense and revenue recognition for grants from the State of California. Under the current Workforce Investment Act contract with the State, expenses will only be reimbursed when funds are actually spent resulting in the negative variance. The expenditure variance is a result of lower than budgeted expenditures related to Dislocated Workers Program ($1.3 million), Youth Workers Program ($741,000), Public Sector Career Transition Program ($558,000), Recovery Act - OJT NEG Grant ($493,000), National Emergency Grant Dislocated Workers - NUMMI Program ($409,000), Adult Workers Program ($247,000), Minority Small Business Initiative ($200,000), and Administration ($23,000). A full reconciliation of the 2011-2012 formula grant allocations was completed, and budget actions are recommended to allocate remaining funds in this document.

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Airport Capital Funds – Total negative revenue variance of $2.1 million (-6.9%) was due to lower than anticipated passenger levels and grant revenues. Total expenditure variance of $112.4 million (56.9%) was unexpended funds remaining at year-end, including Taxiway W Improvements, Terminal Area Improvement Program, Clean-up of Existing Fuel Farm, and Pavement Maintenance projects. A portion of the unexpended funds was rebudgeted as part of the 2012-2013 Adopted Capital Budget ($27 million) and rebudget true-up adjustments of $319,000 are recommended in this document to align the rebudgeted amounts with actual year-end savings. Additional details on the Airport Capital funds can be found in *Section III. Performance of Selected Special and Capital Funds.*

Branch Libraries Bond Projects Fund – The negative revenue variance of $44,000 (-9.0%) was due to lower than anticipated interest income. The expenditure variance of $6.6 million (51.2%) is the result of unexpended project funds for the Southeast Branch ($2.6 million), Branch Efficiency Projects ($2.6 million), and Educational Park Branch ($758,000). A total of $5.2 million was rebudgeted to 2012-2013 to complete these and other projects, however, additional rebudget true-up adjustments resulting of $1.5 million are recommended in this document.

Building and Structure Construction Tax Fund – The negative revenue variance of $6.8 million (-26.4%) is primarily due to lower than budgeted receipts of federal grants ($7.0 million) and State grants ($1.7 million) as a result of project delays, which were partially offset by higher than budgeted receipts of Building and Structure Construction Tax ($2.1 million). The expenditure variance of $11.5 million (33.9%) is due to savings primarily attributable to minor scope changes, competing workload demands, and unexpected complications in the design/construction process. Additional information on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

Civic Center Construction Fund – The positive revenue variance of $3,000 (30.2%) is a result of interest earnings not assumed in the development of the budget. The expenditure variance of $242,000 (97%) reflects savings from unexpended project funds including City Hall Construction ($177,000) and City Hall Water proofing ($65,000).

Convention Center Facilities District Project Fund – The positive revenue variance of $441,000 is a result of interest earnings ($418,000) not assumed in the development of the budget and higher than anticipated transfers from other funds ($23,000).

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Construction and Conveyance Tax Funds – The positive revenue variance of $6.0 million (19.2%) is mainly attributed to higher than anticipated tax revenue ($4.4 million), transfers ($2.4 million), and miscellaneous contributions ($632,000) partially offset by lower than anticipated grant revenue ($1.5 million). The expenditure variance of $37.7 million (47.7%) reflects unexpended project funds including Allen at Steinbeck School Soccer Field, Branch Libraries Fixtures, Furnishings and Equipment, Materials Handling Technology, Mise Park Sports Field Development, New Branch Opening Day Collections, Roberto Antonio Balermino Park, TRAIL: Lower Guadalupe River (Gold Street to Highway 880), and TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680). Additional information on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

Construction Excise Tax Fund – The positive expenditure variance ($19.0 million or 36.8%) was primarily attributable to the following projects: Pavement Maintenance – Federal ($5.5 million), Gas Tax – Pavement Maintenance ($2.3 million), Montague Expressway Improvements ($1.6 million), ARRA – Street Resurfacing and Rehabilitation ($1.5 million), Prop 1B Pavement Maintenance ($1.2 million), Route 101/Mabury Road Acquisition Project ($1.0 million), ADA Sidewalk Accessibility Program ($823,000), Federal Pavement Maintenance ($591,000), and other projects totaling $4.5 million, all with variances below $500,000. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Emma Prusch Park Fund – The expenditure variance of $51,000 (33.0%) reflects unexpended project funds. Projects with significant variances include the LeFevre House Improvements project ($22,000) and the Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment project ($21,000). Savings in both of these projects were anticipated and rebudgeted as part of the 2012-2013 Adopted Capital Budget.

Ice Center Revenue Fund – The expenditures variance of $739,000 (15.9%) was primarily due to lower than originally anticipated reimbursement requests from HP Pavilion Management for Sharks Ice at San José capital repairs, and a reduced Debt Service payment ($322,000) resulting from lower than budgeted interest rates for variable rate debt.

Lake Cunningham Fund – The positive revenue variance of $107,000 (17.2%) is primarily the result of higher than anticipated parking revenue ($86,000) and lease concessions ($21,000). The expenditure variance of $140,000 (17.1%) reflects unexpended project funds. Projects with significant variances include Lake Water Management Plan ($60,000) and Lake Cunningham Parking Machines ($53,000). A majority of the expenditure savings were rebudgeted as part of the 2012-2013 Adopted Capital Budget ($118,000).

2011-2012 ANNUAL REPORT

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Major Collectors and Arterial Fund – The positive revenue variance of $19,000 is due to higher than budgeted Developer Reimbursements ($17,000) and Interest Earnings ($2,000). The expenditure variance of $215,000 is primarily due to lower than budgeted expenditures in the Miscellaneous Street Improvements ($213,000) project, with the majority of these savings being rebudgeted to 2012-2013 in the Adopted Capital Budget.

Major Facilities Fund – The positive revenue variance of approximately $378,000 is primarily due to the collection of Major Facilities Developer Fees ($368,000), and higher Interest ($7,600). Due to the unpredictability of Major Facilities Fees receipts, these revenues are not budgeted in advance but are recognized as actual fees are booked. The expenditure variance of approximately $136,000 (32.0%) is due to a delay in the Nortech Parkway East Loop Main project ($121,000) and unexpended funds in the Major Facilities Fee Administration appropriation ($15,000). Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Neighborhood Security Bond Fund – The negative revenue variance of $5,000 (-8.4%) is a result of lower than budgeted interest earnings. The expenditure variance of $573,000 (-10.3%) reflects project savings. Additional detail on this Fund can be found in Section III. Performance of Selected Special Capital Funds, General Obligation Bond Funds.

Parks and Recreation Bond Fund – The negative revenue variance of $173,000 (-10.0%) is primarily the result of lower than anticipated grant revenue ($109,000) and interest earnings ($64,000). The 2011-2012 budget assumed the Parks and Recreation Bond Projects Fund would receive grant funding of $109,000, however, this funding was ultimately recognized in the Parks City-wide Construction and Conveyance Tax Fund. The revenue variance of $1.2 million (37.3%) reflects unexpended project funds. Projects with significant variances include Happy Hollow Park and Zoo Renovations and Improvements ($715,000), Public Art - Parks and Recreation Bond Projects ($179,000), and Bascom Community Center - Multi-Service ($159,000). A majority of the expenditure savings were rebudgeted as part of the 2012-2013 Adopted Capital Budget ($962,000).

Residential Construction Tax Contribution Fund – The positive revenue variance of $240,000 reflects higher than budgeted Residential Construction Tax collections for residential development in North San José. The expenditure savings of $750,000 (85%) primarily reflect unexpended project funds. Projects with significant variances include Reimbursements to Developers for Landscaping ($547,000) and Reimbursements to Developers for Center Strip Paving ($192,000). A majority of these unexpended funds were approved to be rebudgeted as part of the 2012-2013 Adopted Budget ($745,000).

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

San José/Santa Clara Treatment Plant Capital Fund – The negative revenue variance of approximately $9.8 million (-18.5%) is primarily due to lower Water Pollution Control Plant (WPCP) projects revenues ($6.9 million) and no revenues from the United Stated Bureau of Reclamation Grant ($2.9 million). The expenditure variance of approximately $52.6 million (51.9%) is primarily due to project delays and lower expenditures in numerous projects. Additional detail on this fund can be found in Section III. Performance of Selected Special and Capital Funds.

Sanitary Sewer Connection Fee Fund – The negative revenue variance of approximately $321,000 (-22.0%) is primarily due to lower joint participation revenues collected ($703,000), offset by higher sewer connection fee revenues collected ($340,000). The expenditure variance of $8.5 million (65.8%) is primarily due to project delays and savings in numerous projects. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Sewer Service and Use Charge Capital Improvement Fund – The expenditure variance of $47.9 million (60.1%) is primarily due to project delays and savings in numerous projects. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Storm Drainage Fee Fund – The positive revenue variance of $83,000 (77.4%) is primarily due to the collection of higher storm drainage fees collected from developers. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Storm Sewer Capital Fund –The expenditure variance of $11.2 million (61.7%) is primarily due to project delays and savings in several projects. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.

Subdivision Park Trust Fund – The positive revenue variance of $9.0 million (261.1%) is mainly attributed to higher than anticipated in-lieu fees ($8.8 million). Due to the uncertainty of when in-lieu fees are paid by the developer, historically these funds are not included in the budget for the Park Trust Fund. The expenditure variance of $27.0 million (57.8%) reflects unexpended project funds. Projects with significant variances include Del Monte Park ($3.5 million), Vista Montana Turnkey Park ($3.0 million), Solari Park Sports Field Conversion ($2.0 million), Commodore Children's Park ($1.6 million), TRAIL: Los Gatos Creek Reach V Design ($1.6 million), Guadalupe River Park and Gardens Improvements ($1.4 million), and Santana Park Development ($1.0 million). A majority of the expenditure savings were rebudgeted as part of the 2012-2013 Adopted Capital Budget ($22.6 million). In addition, this document includes rebudget true-up adjustments for various projects ($3.9 million).

DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Underground Utility Fund – The negative revenue variance of $216,000 (-29.6%) is the result of lower than anticipated Residential Construction Tax Receipts ($196,000) combined with lower than anticipated interest earnings ($10,000), and miscellaneous revenue ($10,000). The expenditure savings of $1.6 million (83%) reflects unexpended project funds including the Underground Utility Program ($1.4 million), Underground Utility Program Administration (20A) (120,000), and Capital Program and Public Works Department Support Service Costs ($31,000). A majority of these unexpended funds were approved to be rebudgeted as part of the 2012-2013 Adopted Budget ($1.3 million).

Water Utility Capital Fund – The expenditure variance of $1.7 million (29.6%) is primarily due to project delays and savings in several projects. Additional detail on this Fund can be found in Section III. Performance of Selected Special and Capital Funds.