



2011-2012

# ANNUAL REPORT

SEPTEMBER 2012

OFFICE OF THE CITY MANAGER

## 2011-2012 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 2011-2012 year-end closing figures as of June 30, 2012.

<b>2011-2012 ANNUAL REPORT</b>
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**LETTER OF TRANSMITTAL**

# Memorandum

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**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** 2011-2012 ANNUAL REPORT

**DATE:** September 28, 2012

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## **RECOMMENDATION**

It is recommended that the City Council:

1. Accept the 2011-2012 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 2011-2012 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up Actions).
3. Approve an amendment to Resolution No. 76128 to change the name of the fund from Affordable Housing Investment Fund to the Low and Moderate Income Housing Asset Fund, pursuant to Health and Safety Code Section 34176(d).
4. Approve the elimination of 1.0 Recreation Specialist position in the Parks, Recreation and Neighborhood Services Department, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up Actions).

## **OUTCOME**

In accordance with Section 701(F) of the San José City Charter, the 2011-2012 Annual Report describes the financial status of the City at the end of the 2011-2012 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 and appropriations 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 2011-2012 Ending Fund Balance for each fund to the estimate used in the development of the 2012-2013 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2011-2012 financial performance. The document also includes actions that are necessary to revise the 2012-2013 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, 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 and programs in special and capital funds. In addition, actions are recommended to change the service delivery model for the Spartan Keyes Center. The elimination of a vacant Recreation Specialist position in the Parks, Recreation and Neighborhood Services (PRNS) Department is recommended and the associated savings is proposed to be shifted to the PRNS Non-Personal/Equipment appropriation to provide funding for a community-based organization to deliver services at this facility.

### EXECUTIVE SUMMARY

The Administration proactively managed the City's over 110 budgeted funds in 2011-2012. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. 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.

While the 2011-2012 budget performance met expectations, the starting point for 2011-2012 was extremely challenging. Representing the tenth consecutive year of shortfalls, the 2011-2012 Adopted Budget addressed a General Fund deficit of \$115 million, resulting in significant service reductions across the organization. While the economic recovery was expected to continue in 2011-2012, the growth in General Fund revenues was not expected to keep pace with the City's increasing costs, necessitating, once again, deep budget cuts. Actual performance was consistent with this assumption as the General Fund ended the year close to estimated levels.

In the General Fund, revenues ended the year close to budgeted expectations and expenditures ended the year with slight savings. At the end of 2011-2012, there was \$12.8 million in additional General Fund 2011-2012 Ending Fund Balance above the level assumed in the development of the 2012-2013 Adopted Budget. These funds, as well as additional resources generated from the proposed budget adjustments, are recommended to be allocated in the 2011-2012 Annual Report as shown below.

#### **Proposed 2012-2013 General Fund Adjustments (\$000s)**

<b>Additional 2011-2012 Ending Fund Balance</b>	<b>\$ 12,833</b>
<b>Clean-Up Actions</b>	
Changes to Development Fee Program Reserves	(3,049)
Rebudgets/Clean-Up Adjustments	(2,541)
<b>Sub-total Clean-Up Actions</b>	<b>\$ (5,590)</b>
<b>Fund Balance Available After Clean-up Actions</b>	<b>\$ 7,243</b>
<b>Recommended Budget Adjustments</b>	
Required Technical/Rebalancing Actions	3,257
Urgent Fiscal/Program Needs	(10,500)
<b>Sub-total Recommended Budget Adjustments</b>	<b>\$ (7,243)</b>
<b>Remaining Balance After Clean-ups/Recommended Adjustments</b>	<b>\$ 0</b>

When bringing forward recommendations for the use of the additional 2011-2012 Ending Fund Balance, clean-up actions associated with the close-out of the 2011-2012 fiscal year are essentially non-discretionary and are the highest priority. These clean-up actions total \$5.6 million and are broken down into two categories: changes to the Development Fee Program reserves to reconcile actual 2011-2012 performance (\$3.05 million); and adjustments to other expenditure line items to reconcile other reimbursement-related expenditures or to adjust rebudget amounts that were carried over to 2012-2013 to complete projects (\$2.54 million). After accounting for those clean-up actions, the additional General Fund 2011-2012 Ending Fund Balance was within \$7.2 million (0.3%) of the 2011-2012 Modified Budget (sources and uses). This additional fund balance was generated from net expenditure savings (\$5.8 million), the liquidation of prior year encumbrances above the estimated level (\$1.2 million), and slightly higher funding sources (\$183,000). The remaining General Fund balance of \$7.2 million, combined with additional net funding generated from various technical and rebalancing actions (\$3.3 million), provide funding to address two recommended urgent fiscal/program needs totaling \$10.5 million: the establishment of a Successor Agency City Legal Obligations Reserve (\$7.5 million), and an increase to the Workers' Compensation/General Liability Catastrophic Reserve (\$3.0 million) per previous City Council direction.

While the recommended General Fund budget actions address urgent current year needs, insufficient ending fund balance remains to allocate resources per the Operating Budget and Capital Improvement Program City Council Policy (1-18). Under this policy, any additional fund balance after the necessary clean-up adjustments are typically to be allocated 50% to unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following year. When reviewing the results of the last five Annual Reports, ending fund balance was available to be distributed to these uses in three of the five years (2006-2007, 2007-2008, and 2010-2011). In the other two years (2008-2009 and 2009-2010), there was no remaining fund balance to distribute after addressing current year needs that were identified after the adoption of the budget, such as re-balancing actions that were required due to revenue shortfalls in the General Fund. While no remaining 2011-2012 fund balance is available for the distribution per the City Council policy, it is important to note that the 2012-2013 Adopted Budget includes a 2013-2014 Future Deficit Reserve of \$22.5 million that addresses the preliminary projected deficit in that year as calculated in the February 2012 Five-Year Forecast.

As we move forward, 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 2011-2012 will also be factored into the development of the 2014-2018 General Fund Five-Year Forecast that will be released in February 2013.

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

- **Transmittal Memorandum** – This section provides an overall summary of the 2011-2012 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2011-2012 budget to actual revenues received and expenditures incurred by fund as well as a discussion of revenue and/or expenditure variances of 5% or greater to the budget. This section also provides a comparison of the year-end actual 2011-2012 Ending Fund Balance by fund to the 2011-2012 Ending Fund Balance/2012-2013 Beginning Fund Balance estimate used in the development of the 2012-2013 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2011-2012 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2011-2012, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2011-2012 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 2011-2012 in the development of the 2012-2013 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 for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2012-2013 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2011-2012; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2012-2013 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2012-2013 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, 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 and programs 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 2011-2012. It should be noted that audited financial results will be released later in the fall as part of the 2012 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2012. Final fund balance reconciliations to the CAFR will be conducted for all funds and, while very few adjustments are typically necessary, any final adjustments will be brought forward for City Council consideration as part of the 2012-2013 Mid-Year Budget Review.

## ANALYSIS

This Analysis section includes the following:

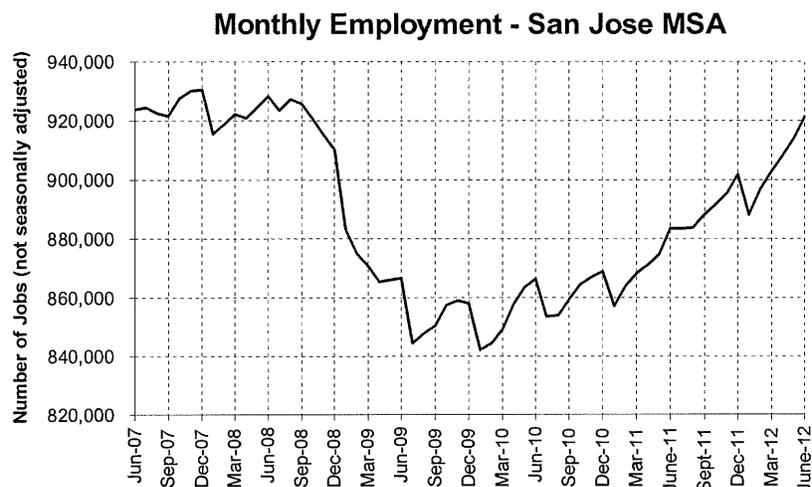
- an overview of the economic environment;
- a discussion of the 2011-2012 financial performance of all City funds;
- a discussion of the 2011-2012 General Fund financial performance;
- a discussion of the components of the 2011-2012 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2012-2013 Adopted Budget; and
- a discussion of the budget performance of selected special and capital funds.

### **Economic Environment**

When the 2011-2012 Adopted Budget was developed, it was assumed that the slow economic recovery would continue in 2011-2012. Economic indicators and actual revenue performance support this general assumption, with continued improvement during 2011-2012. This region continues to experience job growth, construction activity is increasing at a good pace, and the housing market appears to be stabilizing.

Beacon Economics described Silicon Valley as a bright spot in a grey economy. “The South Bay/Silicon Valley continues to be one of the regions leading California’s economic recovery. This is not surprising due to the strong demand for the area’s technology products at the state, national and international levels.”<sup>1</sup> “This region continues to add jobs at one of the fastest rates in California,” and the unemployment rate although high, has been in decline for the past eight months.<sup>2</sup> Construction activity is increasing at a good pace and the housing market appears to have stabilized, though home prices remain sluggish.

The June 2012 employment level in the San Jose – Sunnyvale - Santa Clara Metropolitan Statistical Area (MSA) of 921,300 was 3.7% above the June 2011 level of 888,200. This employment level, however, continues to be below the recent peak of 930,500 experienced in December 2007.



<sup>1</sup> Beacon Economics, The Regional Outlook – South Bay, Quarterly Update – December 2011

<sup>2</sup> Beacon Economics, The Regional Outlook – South Bay, Quarterly Update – Spring 2012

The unemployment rate in the San José metropolitan area continues to remain high, but has remained below the double digit levels that had been experienced in recent years. The June 2012 unemployment rate of 8.8% has increased slightly from the May 2012 level, but is lower than the 10.2% rate experienced a year ago. The June 2012 unemployment rate in this region is less than the unadjusted rate for the State (10.7%), but continues to track above the nation, which has an unadjusted unemployment rate of 8.4%.

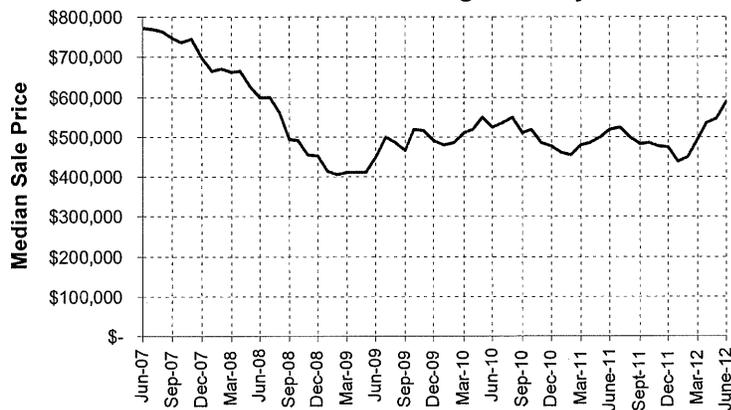
**Unemployment Rate (Unadjusted)**

	<b>June 2011</b>	<b>May 2012</b>	<b>June 2012</b>
SJ Metropolitan Statistical Area*	10.2%	8.4%	8.8%
State of California	12.0%	10.4%	10.7%
United States	9.3%	7.9%	8.4%

\* San Benito and Santa Clara Counties  
 Source: California Employment Development

The level of construction permit activity in 2011-2012 was higher than 2010-2011 levels across all three types of construction and amounted to \$894 million, a five-year high, and a 69% increase compared to the record low experienced two years ago. The total valuation of commercial permits and industrial permits issued through June was also above prior year levels. The total valuation of commercial permits issued of \$242.1 million was 9.6% above the prior year valuation of \$220.9 million. Industrial construction of \$135.9 million remained significantly above (49.7%) the prior year valuation of \$90.8 million. The 2,973 residential permits issued through June exceeded the prior year level of 2,208 by 34.6%, due largely to a high number of permits issued in June 2012 for a development in North San José. Overall, 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.

**Median Price - Single Family Homes**



The housing market also appears to be stable with some improvement noted. The number of property transfers (sales) for all types of residences totaled 783 in June 2012, representing a decline of approximately 5.3% from the 827 sales that occurred in June 2011. In addition, the June 2012 median single family home price of \$588,444 is up 8.0% from the May 2011 price of \$545,000. This marks the 5<sup>th</sup> consecutive month in

which the median single-family home price has risen compared to the same month in the previous year.

The outlook for Silicon Valley is positive in the near term. Due to the unique nature of the Silicon Valley, this region's economy is heavily influenced by the technology sector. The strength in this sector in particular, as well as improvement in other areas, is anticipated to drive the growth of the economy through 2013.

### **2011-2012 Budget Performance (All Funds)**

As shown in Section I of this document, City revenues (excluding Beginning Fund Balance) totaled \$3.0 billion in 2011-2012, which was 2.0% (\$61.9 million) below the budgeted estimate of \$3.1 billion. In several funds, grants and expenditure-related reimbursements were not received in 2011-2012 and are now expected to be received in 2012-2013.

In 2011-2012, expenditures (excluding Reserves and Ending Fund Balance) totaled \$3.2 billion, which was \$459.2 million (12.5%) below the modified budget of \$3.7 billion. Almost 72.6% of the expenditure variance (\$333.4 million) was in the capital funds, which expended \$410.6 million of the \$744.0 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2012-2013 in the 2012-2013 Adopted Budget and additional funds are recommended to be rebudgeted in this document.

At the end of 2011-2012, the Earmarked and Contingency Reserves for all City funds totaled \$559.8 million, which represented 12.1% of the total modified budget for the City of \$4.6 billion (includes Contributions, Loans and Transfers). In the General Fund, Reserves totaled \$119.9 million. All of these General Fund Reserves were rebudgeted to 2012-2013 or assumed as savings in the development of the 2012-2013 Adopted Budget.

The financial performance in 2011-2012 is used as the starting point for 2012-2013. The collective 2011-2012 Ending Fund Balances for all City funds totaled \$1.3 billion, which was \$74.3 million above the 2011-2012 Ending Fund Balance estimates of \$1.2 billion used in the development of the 2012-2013 Adopted Budget. After adjusting for additional rebudgets of \$30.9 million recommended in this document, the adjusted 2011-2012 Ending Fund Balance variance for all funds drops to \$43.4 million. The General Fund had an adjusted fund balance variance of \$7.2 million. The additional fund balance in the special funds totaled \$15.6 million. The capital funds had the largest adjusted fund balance variance of \$20.6 million.

### **2011-2012 General Fund Budget Performance**

The City's General Fund ended the 2011-2012 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$168.3 million was \$12.8 million above the fund balance estimate assumed when the 2012-2013 Adopted Budget was developed, primarily as a result of expenditure savings. The following table summarizes the General Fund performance in 2011-2012, comparing the actual results to the modified budget and the estimates used to develop the 2012-2013 Adopted Budget.

**Table 1**  
**General Fund Year-End Status**  
**For the Year Ended June 30, 2012**  
(\$000s)

<b>Sources</b>	<b>2011-2012 Revised Budget</b>	<b>2011-2012 Year-end Estimate</b>	<b>2011-2012 Budgetary Basis Actual</b>	<b>Actual to Budget Variance</b>	<b>Actual to Estimate Variance</b>
<i>Beginning Fund Balance*</i>	137,537	137,537	137,537	-	-
<i>Carryover Encumbrances</i>	17,656	17,656	17,708	52	52
<i>Liquidation of Carry- over Encumbrances</i>	-	2,000	3,225	3,225	1,225
<i>Revenue*</i>	<u>913,647</u>	<u>913,647</u>	<u>907,640</u>	<u>(6,007)</u>	<u>(6,007)</u>
<i>Totals</i>	<u><u>1,068,840</u></u>	<u><u>1,070,840</u></u>	<u><u>1,066,110</u></u>	<u><u>(2,730)</u></u>	<u><u>(4,730)</u></u>
<b>Uses</b>					
<i>Expenditures*</i>	918,733	885,150	867,589	(51,144)	(17,561)
<i>Transfers</i>	30,223	30,223	30,222	(1)	(1)
<i>Reserves</i>	<u>119,884</u>	-	-	<u>(119,884)</u>	-
<i>Totals</i>	<u><u>1,068,840</u></u>	<u><u>915,373</u></u>	<u><u>897,811</u></u>	<u><u>(171,029)</u></u>	<u><u>(17,562)</u></u>
<i>Ending Fund Balance</i>	<u><u>-</u></u>	<u><u>155,467</u></u>	<u><u>168,299</u></u>	<u><u>168,299</u></u>	<u><u>12,832</u></u>

\* The General Fund incorporates the Special Services Assessment Revolving Fund.

In 2011-2012, General Fund revenues of \$907.6 million ended the year \$6.0 million (0.7%) below both the modified budget and the estimate used to develop the 2012-2013 Adopted Budget of \$913.6 million. Other funding sources included the liquidation of prior year carryover encumbrances totaling \$3.2 million, which exceeded the estimate of \$2.0 million used to develop the 2012-2013 Adopted Budget, and a small amount of additional 2011-2012 Beginning Fund Balance of \$52,000. General Fund expenditures and transfers of \$897.8 million were \$51.1 million below the modified budget and \$17.6 million below the estimate used to develop the 2012-2013 Adopted Budget. In addition, reserves of \$119.9 million remained unexpended at year-end.

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2012-2013 Adopted Budget, the majority of these variances are related to various grants and reimbursements that were not received in 2011-2012 but are expected to be received in 2012-2013. A total of \$8.8 million of grant and reimbursement revenues and expenditures were rebudgeted to 2012-2013. This resulted in lower actual revenues and expenditures in 2011-2012, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance to the estimate was a surplus of \$2.8 million (0.3%) and the expenditures variance totaled \$8.8 million (0.8%).

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$12.8 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 2011-2012. Net clean-up adjustments of \$5.6 million are recommended in this document to reconcile the Development Fee Programs for 2011-2012 (\$3.05 million) and to adjust various rebudget amounts (\$2.54 million). After accounting for these clean-up adjustments, the remaining unallocated fund balance in the General Fund is \$7.2 million, representing only 0.3% of the total 2011-2012 Modified Budget (sources and uses). This additional fund balance was generated from net expenditure savings (\$5.8 million), the liquidation of prior year encumbrances above the estimated level (\$1.2 million), and slightly higher funding sources (\$183,000).

The additional fund balance of \$7.2 million combined with additional net resources generated from other recommended 2011-2012 budget adjustments (\$3.3 million) described later in this memorandum will generate \$10.5 million that is proposed to address two urgent fiscal/program needs: the establishment of a Successor Agency City Legal Obligations Reserve (\$7.5 million), and an increase to the Workers' Compensation/General Liability Catastrophic Reserve (\$3.0 million) per previous City Council direction. Based on these two actions, no excess fund balance would remain for distribution. Typically, per Council Policy I-18, the any 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.

To identify revenue and expenditure trends, the actual 2011-2012 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2011-2012 with the financial performance of the prior year.

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

	2010-2011 Actuals	2011-2012 Actuals	Change	% Change
<b>Source of Funds</b>				
Beginning Fund Balance	162,119	158,470	(3,649)	-2.3%
Revenues	876,382	907,640	31,258	3.6%
<b>Total Source of Funds</b>	<b>1,038,501</b>	<b>1,066,110</b>	<b>27,609</b>	<b>2.7%</b>
<b>Use of Funds</b>				
Personal Services	591,413	572,695	(18,718)	-3.2%
Non-Personal/Equipment/Other	90,939	89,908	(1,031)	-1.1%
City-Wide Expenses	181,240	195,197	13,957	7.7%
Capital Projects	8,839	9,789	950	10.7%
Transfers	28,534	30,222	1,688	5.9%
Reserves	-	-	-	N/A
<b>Total Use of Funds</b>	<b>900,965</b>	<b>897,811</b>	<b>(3,154)</b>	<b>-0.4%</b>

As shown in Table 2, 2011-2012 General Fund revenues of \$907.6 million represent an increase of 3.6% from the 2010-2011 collection level. The majority of this increase was due to the issuance of Tax Revenue Anticipation Notes (TRANS) of \$100 million for cash flow purposes in

2011-2012 as compared to the \$75 million issued in 2010-2011. Excluding this transaction, revenues were slightly above the 2010-2011 levels by a net \$6.3 million (0.8%). The categories that experienced the largest increases included: Sales Tax, Other Revenue, Revenue from the Federal Government, Property Tax, Licenses and Permits, Business Taxes, and Utility Tax categories. The largest declines from the prior year were experienced in the Transfers and Reimbursements 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 \$897.8 million in 2011-2012 were down 0.4% (\$3.2 million) when compared to the prior year expenditure level of \$901.0 million. This decline from the prior year reflects lower expenditure levels in the Personal Services and Non-Personal/Equipment/Other categories, partially offset by increases in the City-Wide Expenses, Capital Projects, and Transfers categories. The increase in the City-Wide Expenses category, however, was due entirely to the repayment of TRANs of \$100.4 million, which was above the \$75.4 million figure in 2010-2011. Excluding this transaction, the City-Wide Expenses in 2011-2012 would have ended \$11.0 million below the 2010-2011 expenditure level. The reduction in expenditures from the prior year reflects the implementation of significant budget reductions, including compensation reductions, that were necessary in 2011-2012 to address a projected General Fund shortfall of \$115 million.

<b>2011-2012 General Fund Ending Fund Balance</b>
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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 the portion which is undesignated and available as a general funding source in the coming year. In the 2012-2013 Adopted Budget, a total fund balance estimate of \$155.5 million was included as a funding source. The 2011-2012 General Fund Ending Fund Balance of \$168.3 million was \$12.8 million above this estimate.

The components of the 2011-2012 General Fund Ending Fund Balance include funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2011-2012 General Fund  
Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Funding Sources	(\$ 2,730)
Expenditure/Transfer Savings	51,145
Unexpended Reserves	119,884
<b>TOTAL</b>	<b>\$ 168,299</b>

The total Sources of Funds ended the year \$2.8 million below the revised budget as a result of lower revenues (-\$6.0 million) that were partially offset by the liquidation of carryover encumbrances (\$3.2 million) and a restated 2011-2012 Beginning Fund Balance (\$52,000). As discussed above, the negative revenue variance can be attributed to various grants and reimbursements (and associated expenditures for a net-zero impact on the General Fund) totaling \$8.8 million that were not expected to be received in 2011-2012 and the revenues and associated expenditures were rebudgeted to 2012-2013 as part of the Adopted Budget. Additional rebudget and clean-up actions are also recommended in the Annual Report, resulting in an adjusted revenue surplus of \$131,000 (0.02%) of the revised budget.

For the Uses of Funds, expenditure and transfer savings totaled \$51.1 million while unexpended reserves totaled \$119.9 million; this represented the largest component of the 2011-2012 Ending Fund Balance. Of the \$51.1 million in expenditure/transfer savings, over 80% of these savings (\$42.4 million) was assumed as savings in the development of the 2012-2013 budget or rebudgeted to 2012-2013 to complete projects. Based on actual 2011-2012 expenditures, additional rebudget and clean-up adjustments totaling \$2.9 million are recommended in this document. After accounting for these adjustments, net expenditure/transfer savings totaled \$5.8 million at year-end, or 0.6% of the revised budget for these expenditures.

General Fund Reserves, totaling \$119.9 million at the end of 2011-2012, include three categories: Earmarked Reserves (\$65.4 million) established to address specific needs per City Council direction; the Ending Fund Balance Reserve (\$25.2 million) established during 2011-2012 from excess revenues and expenditure savings that are programmed for use in the 2012-2013 Adopted Budget, and the Contingency Reserve (\$29.3 million) set at a minimum of 3% of expenditures per City Council policy. The entire \$119.9 million in Reserves was approved for rebudget or assumed as a source of funding in the development of the 2012-2013 Adopted Budget. Following is additional information regarding the three reserve categories.

- ***Earmarked Reserves (\$45.9 million)*** – At the end of 2011-2012, the most significant reserves included the following: 2012-2013 Future Deficit Reserve (\$21.9 million); Workers' Compensation/General Liability Reserve (\$10.0 million); Fee Supported Reserve – Building (\$15.2 million); Salaries and Benefits Reserve (\$5.0 million); Fee Supported Reserve – Fire (\$4.1 million); and Fee Supported Reserve – Public Works (\$3.5 million). All of the Earmarked Reserves were approved for rebudget or were assumed as a funding source in the 2012-2013 Adopted Budget.
- ***Ending Fund Balance Reserve (\$25.2 million)*** – Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure the 2011-2012 ending fund balance estimate of \$25.2 million was available for use as assumed in the development of the 2012-2013 Adopted Budget, funding was proactively set aside in this reserve as part of the 2011-2012 Mid-Year Budget Review (\$12.0 million) and as part of the 2011-2012 year-end clean-up actions (\$13.2 million). The reserve for 2011-2012 was

generated by additional revenue of \$12.5 million combined with expenditure/reserve savings of \$12.7 million.

- **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 2011-2012, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2012-2013 Adopted Budget, the entire Contingency Reserve was rebudgeted to 2012-2013. 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. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San Jose.

#### Impacts on the 2012-2013 General Fund Budget

As discussed above, it was assumed that \$155.5 million would remain at the end of 2011-2012 and would be carried over to 2012-2013 as Beginning Fund Balance as part of the adoption of the 2012-2013 General Fund Operating Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2012-2013, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2012-2013 Adopted Budget. As previously discussed, the actual General Fund Ending Fund Balance was above the estimate used in the 2012-2013 Adopted Budget by \$12.8 million, primarily due to additional expenditure savings.

The following chart details the recommended uses of the \$12.8 million additional fund balance as well as other budget adjustments that are recommended as part of this report. A portion of the available fund balance (\$5.6 million) is proposed to be allocated to address rebudgets and clean-up adjustments to close out the 2011-2012 fiscal year. After factoring out these adjustments, a total of \$7.2 million in available fund balance remains to address urgent current year fiscal needs.

While the urgent current year needs of the General Fund are addressed with these recommended actions, insufficient funds remain to allocate resources to the 2013-2014 Future Deficit Reserve or the unmet/deferred infrastructure maintenance needs per City Council Policy I-18 as has been the practice in several of the past years.

**PROPOSED 2012-2013 GENERAL FUND ADJUSTMENTS (\$000s)**

<b>Additional 2011-2012 Ending Fund Balance</b>	<b>\$ 12,833</b>
<b>Clean-Up Actions</b>	
Changes to Fee Reserves	(3,049)
Rebudgets/Clean-Up Adjustments	(2,541)
<b>Sub-total Clean-Up Actions</b>	<b>(5,590)</b>
<b>Fund Balance Available After Clean-up Actions</b>	<b>\$ 7,243</b>
<b>Recommended Budget Adjustments</b>	
<b>Required Technical/Rebalancing Actions</b>	
- Sales Tax Adjustment	3,140
- Retirement Contributions Reconciliation	904
- Transient Occupancy Tax Adjustment	385
- Stores Fund Close-Out	82
- Gas Tax Adjustment	(500)
- Grace Community Center MediCal Reimbursements	(400)
- Workforce Investment Act (WIA) Fund Rent Reimbursement	(234)
- Fuel Tank Monitoring (Fire Station #16)	(50)
- Police Retirees' Health and Dental Fees	(50)
- Transfer to District 10 Construction & Conveyance Tax Fund (Leland Sports Field)	(20)
- Sale of a Portion of Airport West Property/Loan Repayment (\$4.97 million)	0
- Police Department Overtime (\$3.9 million)	0
- General Fund/Neighborhood Security Bond Fund Expenditure Alignment (\$374,000)	0
- Spartan Keys Center Service Delivery Model Change (\$86,000)	0
- Almaden Lake Park Swim Program Reallocation to Park Rangers (\$19,000)	0
<b>Sub-total Required/Technical Adjustments</b>	<b>\$ 3,257</b>
<b>Grants/Reimbursements/Fee Activities (\$2.5 million in net-zero adjustments)</b>	<b>\$ 0</b>
<b>Urgent Fiscal/Program Needs</b>	
- Successor Agency to the Redevelopment Agency City Legal Obligations Reserve	(7,500)
- Workers' Compensation/General Liability Catastrophic Reserve	(3,000)
<b>Sub-total Urgent/Fiscal Program Needs</b>	<b>\$ (10,500)</b>
<b>Total Recommended Adjustments</b>	<b>\$ (7,243)</b>
<b>Remaining Balance After Recommended Adjustments</b>	<b>\$ 0</b>

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

**Clean-Up Actions (-\$5.59 Million)**

- **Changes to Fee Reserves (\$-3.05 million)** – Consistent with the budget policy 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 above actual costs are placed in Development Fee Program Reserves. Based on the 2011-2012 results, \$3,049,000 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.

- **Rebudgets/Clean-Up Adjustments (-\$2.54 million)** – A series of adjustments are recommended to complete existing projects in 2012-2013 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 rebudgets were approved actually occurred in 2011-2012, therefore, the funds are not available for rebudget to 2012-2013. Other adjustments include the allocation of interest earnings and additional revenue received for the Public, Education and Government Access activities and the reallocation of energy savings to the Energy Efficiency Fund which, by Council Policy, are to be deposited in this revolving fund.

#### **Recommended Budget Adjustments (-\$7.24 million)**

A number of General Fund budget additions are recommended to address current year funding needs that have emerged since the 2012-2013 budget was approved. These adjustments total \$7.24 million and can be classified under three categories: 1) Required Technical/Rebalancing Actions that generate an additional \$3.3 million in net General Fund resources; 2) Grants/Reimbursement/Fee Activities that include a series of net-zero adjustments totaling \$2.5 million; and 3) Urgent Fiscal/Program Needs with a net cost of \$10.5 million.

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (-\$3.26 million)**
  - Increases the General *Sales Tax* estimate by \$3.1 million (from \$148.2 million to \$151.3 million) to recognize one-time additional Sales Tax revenue generated in the fourth quarter 2011-2012 (\$1.7 million) and to recognize the 2011-2012 “Triple Flip” true-up payment from the State, scheduled to be received in January 2013 (\$1.4 million). Ongoing impacts of higher than estimated receipts will continue to be monitored closely and adjustments brought forward as appropriate. (\$3.14 million)
  - Due to change in methodology for paying the City’s annual required contribution to a minimum amount or the amount generated by a rate, a *Retirement Contributions Reconciliation* was completed for both the Federated System and the Police and Fire Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2012-2013. This reconciliation is consistent with City Council direction as part of the approval of the 2012-2013 Mayor’s June Budget Message. Based on the final City contribution amounts as determined by the two retirement boards in April and May of 2012 and budget actions approved after the release of the Proposed Budget, the retirement contribution reconciliation results in net savings of \$904,000 in the General

Fund (\$1.1 million in all funds) that are recommended to be distributed in this document. (\$904,000)

- Increases the budgeted estimate for 2012-2013 *Transient Occupancy Tax* receipts by \$385,000, from \$8.7 million to \$9.1 million. The 2012-2013 Adopted Budget assumed growth of 5% from 2011-2012 estimated collections. As a result of higher than anticipated 2011-2012 collections, growth of only 0.6% is needed to meet the 2012-2013 Adopted Budget estimate. With no indications of reduced activity, this action increases the budgeted estimate to allow for growth of 5% from 2011-2012 actual receipts, which is consistent with the level assumed in the 2012-2013 Adopted Budget. (\$385,000)
- Increases the estimate for Transfers and Reimbursements by \$82,000 to reflect the transfer of excess funds generated from the *Stores Fund Close-Out*. As part of the 2012-2013 Adopted Budget, the City Council approved the transition to a vendor-direct purchasing model, eliminating the City's Central Warehouse functions. This action transfers the remaining fund balance in the Stores Fund after the reconciliation of activity through the end of 2011-2012. A final transfer from the Stores Fund to the General Fund is anticipated later this year after the sale of remaining inventory is finalized and the close-out of the Stores Fund is complete. (\$82,000)
- Decreases the estimate for Transfers and Reimbursements to reflect lower than anticipated *Gas Tax* receipts based on actual 2011-2012 collections. The 2012-2013 Gas Tax estimate was based on the assumption that receipts would drop 1% from the estimated 2011-2012 collection level. However, because 2011-2012 Gas Tax receipts were lower than anticipated when the 2012-2013 budget was developed, a \$500,000 downward adjustment to the 2012-2013 estimate (from \$15.0 million to \$14.5 million) is recommended to remain consistent with the approximate 1% decline assumed in the 2012-2013 Adopted Budget. (-\$500,000)
- Decreases the estimate for Revenue from Local Agencies by \$400,000 from \$450,000 to \$50,000 due to fewer adults attending Grace Community Center Day Rehabilitation Program. As a result of a State Department of Mental Health audit, a program redesign/recertification of the Day Rehabilitation Program was necessary to bring the program into compliance with State regulations. This new model, however, resulted in a significant drop in attendance, which significantly reduces the *Grace Community Center Eligible MediCal Reimbursement* and increases the General Fund ongoing cost for this program. With projected attendance levels July through November 2012, reimbursement for eligible costs are estimated at \$50,000. The Parks, Recreation and Neighborhood Services Department will continue to evaluate this program to identify next steps to ensure the program is as cost-effective as possible. Any recommended changes to the service delivery model will be brought forward later in the year. (-\$400,000)
- Decreases the estimate for Transfers and Reimbursements by \$234,000 to reflect a lower *Rent Reimbursement from the Workforce Investment Act Fund* (bringing the total estimate to approximately \$400,000) for the rental of former community centers by the work2future program to align reimbursements with eligible costs in accordance with federal grant requirements. (-\$234,000)

- Increases the ***Fuel Tank Monitoring*** Capital Projects appropriation by \$50,000, from \$50,000 to \$100,000, to complete the soil and groundwater remediation at Fire Station #16. During the last two decades, Underground Storage Tanks (USTs) for fuel at various City facilities were removed. Some of these USTs have been found to have fuel leakage issues and require soil and/or groundwater remediation and Fire Station #16 is one of those facilities. The ongoing funding for this work is insufficient to complete the remediation efforts needed in the current year. (-\$50,000)
- Increases the ***Police Retirees' Health and Dental Fees*** appropriation by \$50,000 (from \$40,000 to \$90,000) based on projected costs as a result of changes to the Police Retirees' lowest cost health plan option. Per the Memorandum of Agreement with the San José Police Officers' Association, the City must set aside a portion of eligible Police retiree members' sick leave payments upon retirement to offset their healthcare plan deductions. Retirees with a certain amount of service with the City qualify for lifetime medical insurance upon retirement whereby the retirement funds pay 100% of the premium costs of the City's lowest cost health plan. In June 2012, the City Council approved a new lowest cost health plan. Effective January 1, 2013, if retirees choose not to elect the new low cost plan and remain with their current plan, retirees will have to pay a portion of the monthly health and dental fees. It is estimated that Police retirees eligible for this health and dental fee offset will elect to remain in their current plan and incur the higher cost starting with the next calendar year. Therefore, it is expected that retirees will increase usage of the set aside funding to cover the cost of their portion of the annual health and dental fees. (-\$50,000)
- Per direction from the City Council, establishes a ***Transfer to the Council District 10 Construction and Conveyance Tax Fund*** in the amount of \$20,000 to fund a portion of the total repayment of \$350,000 that originally supported the addition of an enhanced concession/storage/bathroom facility at the Leland High School Sports Field. This allocation reflects the balance of fees collected once the cost of operations and maintenance were paid in 2011-2012. After this repayment, the remaining balance to be repaid to the Council District 10 Construction and Conveyance Tax Fund totals \$210,000. (-\$20,000)
- Increases the estimate for Other Revenue in the amount of \$4.97 million to recognize a ***Payment Associated with the Sale of 14.5 Acres of Airport West Property to the Earthquakes, LLC*** and establishes a City-Wide HUD Section 108 Loan Repayment appropriation in the amount of \$4.97 million to pay off a portion of the HUD 108 loan associated with this property. As part of a Purchase and Sale Agreement with Earthquakes Soccer LLC, the developer purchased a portion of the Airport West property for the development of the future Earthquakes Soccer Stadium. The payment will be used to pay off a portion of the HUD 108 loan, reducing the principal of the loan from \$20,803,000 to \$15,830,200. The use of the payment to pay off a portion of the HUD Loan was assumed in the most recent financing plan that was approved by the City Council in June 2012 to accommodate the community soccer facility. (\$0)

- Increases the ***Police Department's Overtime*** funding in 2012-2013 by \$3.9 million (from \$13.3 million to \$17.2 million) to continue to backfill for vacant patrol positions, expand targeted enforcement of high crime activity related to gangs through suppression cars, and provide funding to continue backgrounding efforts on an overtime basis until a contract is in place. Anticipated savings related to sworn vacancies in 2012-2013 of \$2.4 million are recommended to be reallocated from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation to ensure the Department has sufficient overtime resources based on recent increases in crime activity and discussions that occurred as part of the City Council Study Session on Public Safety on September 18, 2012. In addition, funding of \$1.25 million is recommended to be rebudgeted for overtime expenditures from 2011-2012 savings, as well as a recommended reallocation of \$250,000 in non-personal/equipment funding for contracted backgrounding services to the personal services overtime line item due to a delay in contract implementation. (\$0)
- Technical adjustments are included to ***Realign General Fund and Neighborhood Security Bond Fund (Bond Fund) Expenditures*** through an increase to the revenue estimate for Transfers and Reimbursements and the establishment of a Transfer to the Neighborhood Security Bond Fund in the amount of \$374,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the General Fund for costs associated with several Public Safety Capital projects; and 2) transfer funding to the Bond Fund to allocate General Fund Funding to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds. (\$0)
- Eliminates a Recreation Specialist position and reallocates funding in the amount of \$86,000 in the Parks, Recreation and Neighborhood Services (PRNS) Department from Personal Services to Non-Personal/Equipment to support a change in the recommended ***Service Delivery Model at the Spartan Keyes Center***. A Recreation Specialist position was added on a one-time basis as part of the 2012-2013 Adopted Budget to continue operations at Spartan Keyes. However, it has been determined that it would be more effective to have Catholic Charities, a community-based organization, rather than in-house PRNS staff perform these duties, keeping in line with direction approved in the Mayor's 2012-2013 June Budget Message to explore opportunities for partnerships with non-profits to provide support and minimize costs. (\$0)
- Increases the Parks, Recreation and Neighborhood Services Department (PRNS) Personal Services appropriation by \$18,510 to fund ***Park Rangers at Almaden Lake Park***. Councilmember Pyle had previously raised funds to support the swim program at Almaden Lake Park. However, the open water swim program at Almaden Lake was eliminated due to bacteria and algae bloom issues. The Mayor's 2012-2013 June Budget Message, as approved by the City Council, directed the Administration to work with Council District 10 and the Parks Foundation to reallocate the funds to PRNS for other District 10 parks and trail programs as early in the fiscal year as possible. Based on discussions with the Council Office and the Parks Foundation, it is recommended to allocate the funds for additional part-time unbenefitted Park Ranger hours to District 10

parks and trails with a focus on Almaden Lake. Also included elsewhere in this report are Gift Trust Fund appropriation actions to reallocate donated funds originally intended to support the Almaden Lake Swim Program to Park Rangers (\$28,622) bringing the total amount to \$47,132 which will fund approximately 1,900 part-time unbenefitted Park Ranger hours. A corresponding elimination of the Almaden Lake Swim Program Earmarked Reserve of \$18,510 is also included in this report. (\$0)

- **Grants/Reimbursements/Fee Activities (\$0)**

- A series of net-zero adjustments totaling \$2.5 million are recommended to reflect new or updated revenues and expenditures for *Grants, Reimbursements and/or Fee Activities* for police traffic safety, police gaming unit, neighborhood and literacy services, and other miscellaneous grants and reimbursements. They include: Parks, Recreation and Neighborhood Services Department senior nutrition programming (\$945,000), after school education and safety (\$608,000), Police Department traffic safety and gaming unit reimbursements (\$449,000), San José BEST (\$295,000), Safe Summer Initiative (\$147,000), and other miscellaneous grants (\$46,000).

- **Urgent Fiscal/Program Needs (-\$10.50 million)**

- Establishes a *Successor Agency to the Redevelopment Agency City Legal Obligations Reserve* of \$7.5 million to provide for the payment of the obligations described below in the event that the County continues to withhold certain redevelopment tax revenues. The 2012-2013 Adopted Budget included funding of \$16.3 million in several funds (\$11 million in the General Fund) to ensure payment of Successor Agency obligations which the City would be contractually obligated to pay (Convention Center Debt Service, 4<sup>th</sup> Street Parking Garage Debt Service, HUD 108 Loan payments, and ERAF Loan Payments) as well as administrative costs due to the forecasted insufficiency in redevelopment tax increment revenues to pay for all obligations. However, since the adoption of the budget, it has become apparent that received and forecasted revenues may fall below prior estimates used to develop the 2012-2013 Adopted Budget reflecting an additional potential shortfall of \$7.5 million that would necessitate additional General Fund support. This is because, inconsistent with past practice, the County of Santa Clara is withholding a percentage of former tax increment to fund the County employee's retirement plan (the PERS levy), as well as two other tax overrides related to Water District projects. The annual impact is projected to be approximately \$7.5 million in lost revenue.

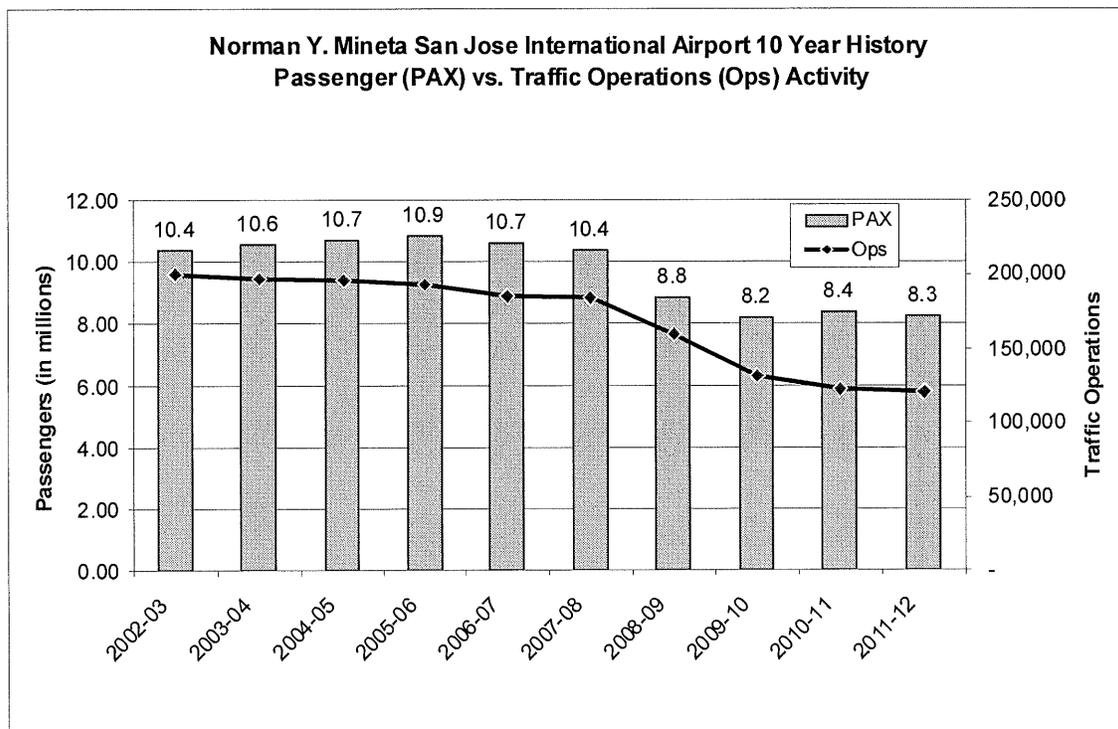
The City, in its capacity as the Successor Agency, has commenced a lawsuit challenging the County's actions of withholding funds required to meet the Successor Agency's enforceable obligations. This recommendation to establish a reserve is being made because the timing and outcome of the litigation are uncertain. If the matter is resolved such that the \$7.5 million reserve is not needed, the Administration intends to recommend that the City Council distribute these funds as part of the 2013-2014 budget process. (\$-7.5 million)

- Increases the *Workers' Compensation/General Liability Catastrophic Earmarked Reserve* by \$3.0 million (from \$10.0 million to \$13.0 million) as directed in the Mayor's 2012-2013 June Budget Message, as approved by the City Council. This increase provides sufficient funding to cover 50% of a \$6 million verdict that was recently rendered against the City for a case currently in post trial motions. The remaining portion of the verdict would be funded by the General Liability Claims appropriation. This appropriation has funding of \$10.0 million in 2012-2013; however, only \$2.0 million is ongoing funding, so it is prudent to set aside additional funds for potential claim awards and litigation settlements. As documented in the 2012-2013 Adopted Budget, after a review of cases requiring substantial legal attention, ten cases alone amounted to claims by the plaintiffs in excess of \$48 million, which does not take into account any potential workers' compensation litigation. Despite this level of potential liability, the City has historically paid considerably less for claims and litigation settlements than other large cities; therefore, the Administration believes that the recommended level of funding for these potential expenditures is sufficient at this time. (-\$3.0 million)

**2011-2012 Selected Special/Capital Funds Budget Performance**

**Airport Operating Funds**

The Airport served 8.25 million passengers in 2011-2012, which was an overall decrease of 1.6% in year over year passenger activity. Airport activity categories demonstrated slight declines as compared to last year in parking exits, pounds of mail/freight/cargo, traffic operations, gallons of aviation fuel sold, and landed weights. Taxicab operations exceeded last year's activity.



Overall, revenue performance was slightly below the budgeted estimate by \$2.1 million (1.4%), including reimbursement of eligible Terminal Area Improvement Program expenditures from bond proceeds which are being held in reserve to address future budget issues. Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, excluding transfers, ended the year at \$118.7 million which was \$1.0 million (0.9%) below the budgeted estimates of \$119.8 million. Terminal rental revenue exceeded budgeted estimates by \$1.7 million (4.4%) reflecting greater than anticipated rental of common use ticket counters and gates, while airfield and landing fee revenues were \$861,000 (5.7%) less than expectations due to reduced flights. Parking and Roadways revenue fell below the budgeted estimate by \$2.9 million (6.7%). Rental Car Privilege Fees approximately met budgeted estimates; however, shuttle bus revenue of \$3.4 million that was generated from the lease of 14 shuttle buses was erroneously booked as a credit against expenditures causing the revenue shortfall. It should be noted that this error, that will be corrected as part of an upcoming audit adjustment to the applicable 2011-2012 fund financial statements, will not have any effect on the financial position of the Airport.

The Airport's two operating funds, Airport Customer Facility and Transportation Fee Fund (Fund 519) and the Airport Maintenance and Operation Fund (Fund 523) had a combined year-end expenditure savings of \$7.8 million (8.3%) as compared to the budgeted levels of \$93.9 million most of which were contemplated and incorporated into the development of the 2012-2013 budget and airline rates and charges. The approximate \$3.4 million in savings beyond targeted levels are the result of vacancies experienced during the year due to retirements, reduced compensated absence liability costs associated with significantly reduced staffing levels and non-personal/equipment savings. The non-personal/equipment savings result from adhering to strict cost controls, prioritizing needs, deferring purchases, use of alternate products or sources, as well as conservative budgeting for operation and utilities of terminal facilities and the rental car garage. As mentioned above the revenue from the City Council approved sale of 14 shuttle buses in the amount of \$3.4 million was erroneously booked as a credit against expenditures causing a \$3.4 million understatement of expenditures. This error will be corrected as part of an upcoming audit adjustment to the applicable 2011-2012 fund financial statements.

These savings resulted in a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operation Fund and incrementally higher year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will contribute towards managing the 2012-2013 Adopted Budget and development of the 2013-2014 budget. While Airport activity levels early in 2012-2013 have shown very slight increases in the number of passengers, passenger growth for 2012-2013 is projected to remain in-line with 2011-2012 levels.

### **Convention and Cultural Affairs Fund**

The Convention and Cultural Affairs Fund accounts for Team San José's (TSJ) operation of the City's Convention Facilities. In 2011-2012, Convention Facilities activities generated revenues \$430,000 above the modified estimate due primarily to increased building rental, food and beverage, and contract labor revenue. Expenditures ended the year below budgeted levels by \$1.3 million due primarily to savings in the Center for Performing Arts Improvements, Workers'

Compensation Claims Payments, and Convention Center Kitchen Remodel Design appropriations. This combination of higher revenues and lower expenditures resulted in an ending fund balance that was approximately \$870,000 higher than what was assumed in the 2012-2013 Adopted Budget.

The Annual Report includes a recommended increase of \$898,000 to the Transfer from the Transient Occupancy Tax Fund based on higher than anticipated 2011-2012 collections and a recommended increase to the 2012-2013 budgeted revenue estimate. The additional fund balance of \$870,000 combined with the TOT transfer of \$898,000 (total of \$1.7 million) is recommended for use in 2012-2013 as part of the Annual Report, partially offsetting the recommended increase of \$2.2 million for Furniture, Fixtures and Equipment (FF&E). The Convention Center project has an unfunded need of \$2.2 million for FF&E due to the overall age/condition of the existing FF&E and the addition of new convention space as part of the Convention Center Expansion/Renovation project. By allocating resources for FF&E now, these purchases can be packaged to achieve cost savings, while ensuring delivery and installation in advance of the project's anticipated September 2013 completion. Also offsetting this cost increase are decreases to the Convention Center Kitchen Remodel Design (\$200,000) and Convention and Visitor's Bureau (CVB) Marketing Services (\$449,000) allocations. The decrease to the Convention Center Kitchen Remodel Design project will have no impact, as these costs were incurred in the Expansion/Renovation project budget. The decrease to the CVB Marketing Services appropriation will have no impact, as an offsetting increase is recommended in the TOT Fund as a result of higher than anticipated 2011-2012 TOT receipts and a recommended increase to the estimated 2012-2013 TOT collection level. The fund remains on track to achieve the City Council-approved goal of retaining at least \$1.5 million in fund balance at the end of the expansion/renovation project.

#### **Affordable Housing Investment Fund (Low and Moderate Income Housing Asset Fund)**

Effective February 1, 2012, redevelopment agencies throughout the State were dissolved and as a result, the Affordable Housing Investment Fund was established as the fund where low and moderate income fund assets are deposited. However, due to the recent passage of AB 1484, the fund name must be changed from the Affordable Housing Investment Fund to the Low and Moderate Income Housing Asset Fund. In 2011-2012, the actual ending fund balance in the Affordable Housing Investment Fund was \$5.4 million above the estimate used to develop the 2012-2013 Adopted Budget. This was a result of revenues exceeding the estimate by \$18.0 million primarily due to higher than anticipated loan repayments and a higher than estimated transfer in from the Low and Moderate Income Housing Fund from direction received from the State's Department of Finance. However, these higher collections are mostly offset by a higher than estimated encumbrance balance of \$10.7 million due to a transfer of these liabilities from the close out of the Low and Moderate Income Housing Fund. A total of \$5.2 million of the \$5.4 million additional fund balance is recommended to be allocated to fund the Housing Loans and Grants (\$4.6 million), Hazard Mitigation Grant Match (\$450,000), and the Auto Repair Assistance Program (\$100,000).

### Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) revenues of \$13.7 million exceeded the 2011-2012 Budget by \$1.2 million (8.7%). Actual revenues ended the year 25.6% above the 2010-2011 actual level, and 9.8% above the 2011-2012 estimate used in the development of the 2012-2013 Adopted Budget. Of the \$13.7 million in TOT revenues received in 2011-2012, \$13.0 million was generated from 2011-2012 activity, with the remaining \$700,000 comprised of taxes that should have been paid in prior years and associated penalties resulting from a biennial TOT compliance audit.

The strong performance in 2011-2012 reflects increases in both hotel occupancy and room rates. For the 14 largest hotels, the average room rate increased from \$118 to \$129, while the occupancy rate increased from 58.5% to 61.6%. With actual collection levels above final estimated levels, and after adjusting the 2012-2013 revenue estimate based on the higher base activity, additional allocations to the recipient organizations are included in this report: Convention and Cultural Affairs Fund (\$898,000); the Convention and Visitors' Bureau (\$449,000); and Cultural Development (\$449,000).

### Capital Budget 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, 2011-2012 collections in nearly all major capital revenue categories were expected to exceed budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues and a discussion regarding the three largest revenue sources follows.

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

	2011-2012 Estimate*	2011-2012 Actual	% Variance
Construction and Conveyance Tax	\$21,000	\$25,383	20.1%
Building and Structure Construction Tax	\$10,500	\$12,593	19.9%
Construction Excise Tax	\$15,000	\$18,029	20.2%
Municipal Water System Fees	180	173	(3.8%)
Residential Construction Tax	100	280	55.5%
Sanitary Sewer Connection Fee	675	863	27.9%
Storm Drainage Connection Fee	140	182	30.0%

\*Revenue estimate used in the development of the 2012-2013 Adopted Capital Budget.

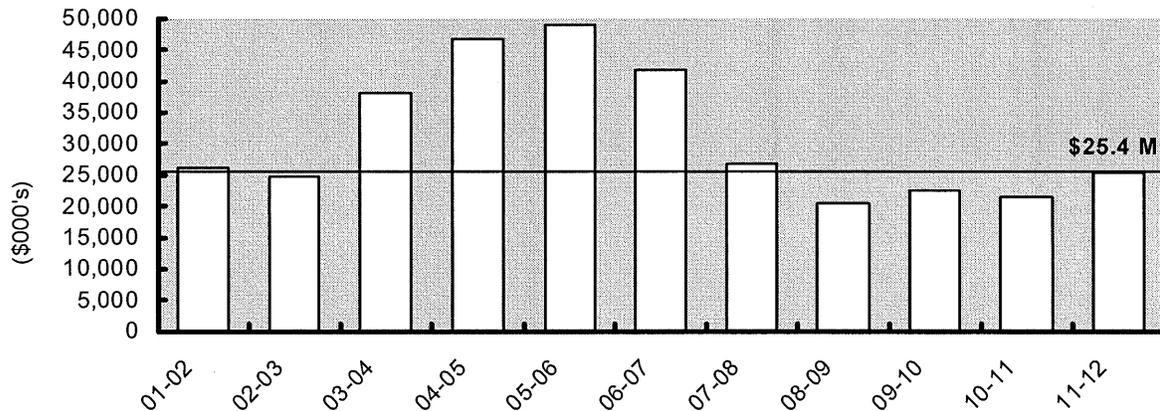
- **Construction and Conveyance Tax**

Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately

99% of C&C Tax is derived from a transfer tax imposed upon each transfer of real property, with the remaining 1% generated from a construction tax levied on most types of construction. C&C 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 \$25.4 million in 2011-2012. This collection level was 21% (\$4.4 million) above the budget estimate of \$21.0 million, and represents a 19% (\$4.0 million) increase from 2010-2011 collections of \$21.4 million.

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

**Construction and Conveyance Tax Revenues**



After experiencing sharp declines since the peak collection of \$49 million in 2005-2006, it appears as though the real estate market has stabilized and is now experiencing modest growth, resulting in the 2011-2012 C&C Tax revenues reaching the highest collection level since 2007-2008. This increase is consistent with the 2.0% increase in property transfers for all types of residences between 2010-2011 and 2011-2012. This difference in revenue collection is also reflected in the median home price for single family homes within the City between June 2011 and June 2012. The median home price for a single family home during this period rose from \$520,000 to \$588,444, an increase of 13.2%. In addition, the amount of time it takes to sell a home (both single family and multi-family dwelling units) has dropped in the past year from 76 days in June 2011 to 52 days in June 2012.

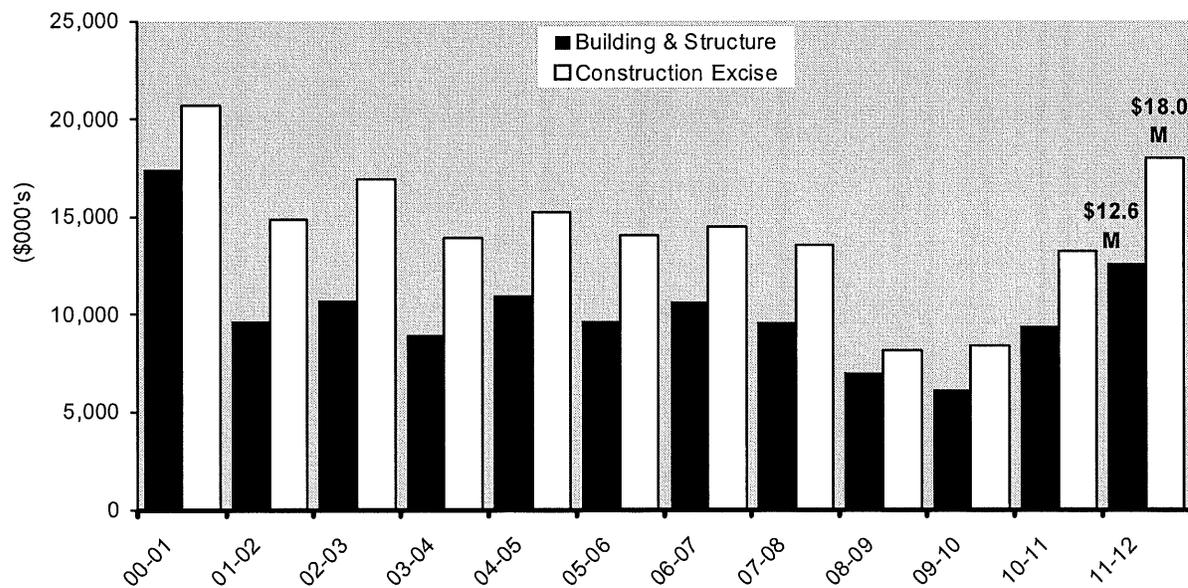
Based on the stronger than anticipated revenue collections in 2011-2012, the 2012-2013 Adopted Budget C&C Tax revenue estimate of \$21.0 million now allows for a 21% decrease from actual 2011-2012 collections. Revenue receipts will be carefully monitored over the coming months to determine if this higher collection level is sustainable and to identify any necessary budget adjustments to this revenue category.

- **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 \$12.6 million in 2011-2012. This collection level was 20% (\$2.1 million) above the budget estimate of \$10.5 million, and represents a 34% (\$3.2 million) increase from 2010-2011 collections of \$9.4 million. In similar fashion, the Construction Excise Tax receipts for 2011-2012 totaled \$18.0 million, up 20% (\$3.0 million) over the budget estimate of \$15 million, and up 36% (\$4.8 million) from 2010-2011 collections of \$13.2 million.

The graph below displays the collection history of both the Building and Structure and Construction Excise Tax receipts. Over the last two years, these revenue sources have recovered from their 2009-2010 low, yet still remain below the 2000-2001 high. The improved collections in both Building and Structure Construction Tax and Construction Excise Tax revenue is primarily attributable to increased issuances of residential permits, as well as increased commercial and industrial alteration activity.

**Construction Tax Revenues**



Due to the stronger than anticipated revenue collections in 2011-2012, the 2012-2013 Adopted Budget estimate for the Building and Structure Tax allows for a 21% decrease from actual 2011-2012 collections, and the estimate for the Construction Excise Tax now allows for a 28% decrease. Given the volatile nature of these taxes, and that multi-family residential construction activity was especially strong toward the end of 2011-2012, the sustainability of the 2011-2012 collection level will be monitored as the year progresses to determine if any upward adjustments are warranted.

## **Airport Capital Funds**

In 2011-2012, the Airport Capital Program incurred expenditures and encumbrances of \$85.0 million. While much of this is attributed to transfers to other funds for debt service (\$21.8 million) and reimbursement from bond proceeds that were transferred to the Operating Fund and held in reserve (\$26.6 million), major capital project spending included Taxiway W Improvements (\$9.9 million); Terminal Area Development, Phase I (\$8.2 million); Public Parking Improvements (\$2.5 million); Pavement Maintenance (\$1.1 million); and Advanced Planning (\$1.1 million).

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

A substantial portion of the \$599 million voter-approved bond measure funding dedicated to the City's libraries, parks, community centers, and public safety facilities has been expended. As General Fund and other operating revenues begin to moderately recover from the recent economic downturn, 2012-2013 will see the opening of several recently completed library and public safety facilities. In 2011-2012, a total of \$13.3 million was expended or encumbered in the Library (\$6.3 million), Parks and Community Facilities (\$2.0 million), and Public Safety (\$5.0 million) General Obligation Bond Funds.

In the Library Program, the projects with the largest expenditures and encumbrances in 2011-2012 included the following: Calabazas Branch Library (\$1.7 million); Branch Efficiency Projects (\$1.5 million); and Land Acquisition (\$1.0 million) for the purchase of the site for the new Southeast Branch Library. The Southeast Branch, the last remaining branch library to enter into a construction contract, is scheduled for construction in 2013-2014.

In the Parks and Community Facilities Program, there was only one project with significant 2011-2012 expenditure and encumbrances—Happy Hollow Park and Zoo Renovations and Improvements (\$1.1 million). 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 South San José Police Substation (\$995,000) and Fire Station 24 (\$2.8 million). The last remaining fire stations to enter into a construction contract are Fire Station 21 – White Road and Fire Station 37 – Willow Glen.

## **Traffic Capital Funds**

In 2011-2012, a total of \$55.1 million was spent or encumbered for traffic capital projects. The projects with the largest expenditures and encumbrances included Gas Tax – Pavement Maintenance activities (\$11.3 million); Traffic Signal Communications and Synchronization (\$6.3 million); Route 101/Tully Road Interchange Upgrade (\$4.2 million); Prop 1B - Pavement Maintenance activities (\$2.9 million); and San Carlos Street Multimodal Streetscape Improvements Phase I (\$1.5 million). Due to the strength of 2011-2012 Construction Excise Tax collections and expenditure savings across the fund, a recommendation is included in this report

to establish a Reserve for Pavement Maintenance (\$6.5 million). A significant portion of the City's roads will no longer be proactively maintained due to funding shortfalls, including 400 miles of major streets and all 1,600 miles of local/neighborhood streets. This reserve, while not sufficient to address all of these needs (approximately \$80 million annually), can later be used for the highest needs in these areas.

### **San José/Santa Clara Treatment Plant, Sanitary Sewer, Storm Sewer and Water Utility Capital Funds**

Taken together, projects within the Environmental and Utility Services funds comprised a significant portion of the City's 2011-2012 capital-related expenditures and encumbrances at \$90.8 million: \$48.8 million related to the Treatment Plant, \$30.6 million related to the Sanitary Sewer System, \$7.0 million related to the Storm Sewer System, and \$4.4 million related to the Water Utility System. The projects with the largest expenditures and encumbrances were within the Treatment Plant and the Sanitary Sewer System, and included the projects for Treatment Plant Electrical Reliability and Infrastructure Improvements (\$11.1 million); the revised South Bay Action Plan (SBAP) - South Bay Water Recycling (SBWR) extension (\$9.5 million); SBWR reservoir facility (\$3.0 million); Sanitary Sewer Miscellaneous Projects (\$5.3 million) and Miscellaneous Rehabilitation Projects (\$4.1 million); and the Sanitary Sewer Condition Assessment Phase II (\$4.0 million).

### **Special and Capital Funds Budget Adjustments**

Several budget adjustments for both special and capital funds are included in this document, including recognition of grants, net-zero transfers/reallocations, and new allocations for a small number of high priority projects and programs. In addition to the recommended establishment of a Reserve for Pavement Maintenance (\$6.5 million) discussed above, another notable new project is the Fire Station 5 Remediation project. Due to recently-identified mold issues that render the station uninhabitable, the station crew has been transferred to Fire Station 34 until another temporary location can be identified. Total funding of \$1.2 million is recommended for mold abatement at Fire Station 5—\$1.1 million from the Fire Construction and Conveyance (C&C) Tax Fund, which includes \$232,000 of unanticipated/critical facility repair funding transferred from the General Fund to the Fire C&C Tax Fund, and \$89,000 from the Neighborhood Security Bond Fund. Another recommended project is the Lake Cunningham Bike Park that establishes \$100,000 for the design of a bike park in Lake Cunningham Regional Park and places another \$300,000 in a reserve for the future construction of the facility. Lastly, the rebudget of unexpended funds for projects and programs extending into 2012-2013 is recommended in this document. Details of these adjustments can be found in Section IV of this document.

### **NEXT STEPS**

The results of the 2011-2012 Annual Report will provide an updated starting point for monitoring 2012-2013 financial 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 2012-2013 will be provided in Bi-Monthly Financial Reports and the 2012-2013 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 2011-2012 Annual Report results will also be factored into the 2013-2014 budget development process. As a reminder, in an effort to better position the City for the 2013-2014 budget process, a two-year General Fund budget strategy was incorporated into the 2012-2013 Adopted Budget, resulting in funding of \$22.5 million being set aside in a 2013-2014 Future Deficit Reserve to address the preliminary projected deficit in that year as calculated in the February 2012 Five-Year Forecast. This reserve will provide a strong starting point for the 2013-2014 budget process to help avoid organizational and service disruptions to our community as we move forward.

In order to update the General Fund budget projections for 2013-2014, initial work is underway as departments and the Budget Office have begun to analyze expected revenues and expenditures for the upcoming year. Typically, the early results of this analysis are presented in a preliminary one-year forecast that is released in the late fall timeframe. However, due to later timing in obtaining information on key cost factors, the Administration is not planning to release an early forecast this year. These major cost factors include the City contributions to the retirement plans for pension and Other Post-Employment Benefits (OPEB) for 2013-2014 as well as General Fund contributions to the Successor Agency to the Redevelopment Agency. Although cost estimates for both of these expenditures were included in the February 2012 Five-Year Forecast, the costs may change significantly based on updated information. In addition, any considerations for performance-based compensation changes will need to be determined and factored into the Five-Year Forecast. With more updated information that will be available for inclusion in the February 2013 Forecast, the Administration will be in a better position to inform the City Council regarding the status of the City's budget for the upcoming year. Following is a discussion of these major cost elements.

- **City Contributions to the Retirement Plans**

Retirement costs represent one of the largest cost components and can fluctuate significantly from year-to-year. The City Administration continues to work with the Retirement Boards to obtain information for inclusion in the February 2013 Forecast.

In early September 2012, the Administration sent a request to the Board of the Federated City Employees Retirement System (Federated) and the Board of the Police and Fire Department Retirement Plan requesting that the June 30, 2012 actuarial valuation be completed and approved by the Boards by January 2013. As part of the approval of the actuarial valuation, the City will be informed about the 2013-2014 minimum Annual Required Contribution (ARC) and contribution rates for pension and OPEB. This information is crucial for 2013-2014 budget planning. At the September 2012 Federated Board Meeting, the Board approved the timeline for the June 30, 2012 actuarial valuations for pension and OPEB, including the final approval of the valuations by January 2013. The Administration is appreciative of the

Federated Board's support to receive the ARC and contribution rates by January 2013 and hopes that the Police and Fire Retirement Plan Board can also accommodate the City's request at their October meeting.

- **General Fund Contributions to the Successor Agency to the Redevelopment Agency**

The City assumed responsibility as the Successor Agency to the former Redevelopment Agency with the dissolution of the San Jose Redevelopment Agency in 2012 and has been playing an active role working with Successor Agency staff to facilitate the complex winding down of former redevelopment activities. Currently, forecasted property tax increments are anticipated to fall short of enforceable obligations of the Successor Agency. For some of the Successor Agency obligations, the City is required to make the payments in the event that the Successor Agency does not have sufficient funding for the obligation. Therefore, it has been necessary for both the General Fund as well as other City funds to fund a portion of the Successor Agency obligations in 2012-2013 and it is forecasted that City funds will be required to do so again in 2013-2014. A number of variables continue to remain outstanding that are critical to determine the financial position of the former Redevelopment Agency and any potential necessary support from City funds. Significant variables include legal actions brought forth by the City challenging the County's actions of withholding funds required to meet the Successor Agency enforceable obligations as discussed in this report (one-time funding of \$7.5 million is recommended to be reserved pending the outcome of this issue); property tax increment growth is unknown and can experience significant fluctuations; and the status of various asset and financial audits as required in the most recent legislation (AB 1484) are ongoing and any potential audit findings are unknown. The Administration, in close coordination with Successor Agency staff, continues to monitor these and other variables and are beginning a detailed financial analysis to provide the most current data on the long-term financial outlook of the Successor Agency.

- **Performance-Based Compensation Changes**

It is important for the City to retain and attract a high quality workforce and reward high performing employees who are committed to San José. In the 2013-2017 Five-Year Forecast issued in February 2012, no general salary increases were incorporated into the cost projections for any year of the Forecast given the budgetary outlook at the time and the fiscal reforms underway. Consistent with the City Council's approval of the Mayor's 2012-2013 June Budget Message, the Administration will be working with our bargaining units in developing a performance-based system which will require additional funding to implement. It is anticipated that discussions with the City Council related to labor negotiations will be underway in the next several months and that the labor negotiations process will provide a forum for discussing this new system.

The General Fund Five-Year Forecast is scheduled to be released in late February 2013. The 2013-2014 Proposed Capital and Operating Budgets are scheduled to be released in late April 2013 and May 2, 2013, 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 16, 2012 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 and City Council appointees, as applicable, 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 the estimated levels and expenditures were below the budgeted allocations. When the 2011-2012 Adopted Budget was developed, it was assumed that the slow economic recovery would continue in 2011-2012. Economic indicators and actual revenue performance support this general assumption, with continued improvement during 2011-2012. A number of revenue categories, such as Sales Tax, Transient Occupancy Tax, and the development-related fees and taxes, have experienced solid growth from the low collection levels experienced in recent years. Other revenue categories, such as Property Tax, have shown only modest improvement and are expected to experience slow growth moving forward.

In the General Fund, the additional fund balance at the end of 2011-2012 after considering clean-up adjustments totaled \$7.2 million. This funding, combined with additional net funding from various technical and rebalancing actions (\$3.3 million), provide funding to address two urgent fiscal/program needs totaling \$10.5 million: the establishment of a Successor Agency City Legal Obligations Reserve (\$7.5 million), and an increase to the Workers' Compensation/General Liability Catastrophic Reserve (\$3.0 million).

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 2011-2012 as well as the actual performance in 2012-2013 will be factored into the development of the 2013-2014 budget. As indicated in this report, there will be no preliminary one-year forecast issued later this fall due to the timing of obtaining information on key cost factors that could significantly impact our projections for 2013-2014. However, the 2014-2018

factors that could significantly impact our projections for 2013-2014. However, the 2014-2018 General Fund Five-Year Forecast will be released in February 2013 for budget planning purposes.

A handwritten signature in black ink, appearing to read 'Debra Figone', with a long horizontal flourish extending to the right.

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 2012-2013 monies in excess of those heretofore appropriated therefrom:

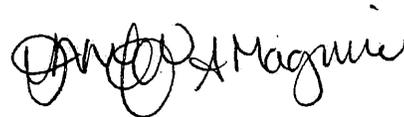
General Fund	\$ 22,896,702
Airport Customer Facility and Transportation Fee	818,535
Airport Maintenance and Operation	1,727,968
Airport Renewal & Replacement	588,823
Airport Revenue	3,437,257
Airport Surplus Revenue	56
Benefit	1,836,244
Building & Structures Construction Tax	3,640,873
Business Improvement District	1,428,083
City Hall Debt Service	875,281
Civic Center Construction	789,303
Community Development Block Grant	868,932
Community Facilities Revenue	565,819
Community Facilities District Fund #1	70,116
Community Facilities District Fund #2 and #3	244,364
Community Facilities District Fund #8	193,285
Community Facilities District Fund #11	23,401
Community Facilities District Fund #12	76,210
Construction & Conveyance Tax – Central Fund	1,531,382
Construction & Conveyance Tax – Communications	236,670
Construction & Conveyance Tax – Fire	1,228,122
Construction & Conveyance Tax – Library	1,883,634
Construction & Conveyance Tax – Council District 2	780,340
Construction & Conveyance Tax – Council District 3	584,892
Construction & Conveyance Tax – Council District 4	4,024,365
Construction & Conveyance Tax – Council District 5	2,194,232
Construction & Conveyance Tax – Council District 6	1,254,550
Construction & Conveyance Tax – Council District 7	672,241
Construction & Conveyance Tax – Council District 8	672,860
Construction & Conveyance Tax – Council District 9	360,410
Construction & Conveyance Tax – Council District 10	902,034
Construction & Conveyance Tax – City-Wide	1,592,659
Construction & Conveyance Tax – Parks Yards	661,888
Construction & Conveyance Tax – Service Yards	586,537
Construction Excise Tax	17,960,180
Convention and Cultural Affairs	1,770,524
Convention Center Facilities District Project	1,153,881
Convention Center Facilities District Revenue	30,878

**CERTIFICATION OF FUNDS**

Dental Insurance	39,715
Economic Development Administration Loan	4,782
Economic Development Enhancement	2,216
Emma Prusch Memorial Park	8,130
Federal Drug Forfeiture	117,462
Fiber Optics Development	6
General Purpose Parking	2,433,161
Housing Trust	585,080
Ice Centre Revenue	512,694
Lake Cunningham	68,021
Library Parcel Tax	1,078,617
Life Insurance	39,099
Low and Moderate Income Housing Asset	5,379,517
Maintenance Assessment District Fund #1	144,087
Maintenance Assessment District Fund #2	6,693
Maintenance Assessment District Fund #5	17,186
Maintenance Assessment District Fund #8	13,970
Maintenance Assessment District Fund #9	20,811
Maintenance Assessment District Fund #11	29,324
Maintenance Assessment District Fund #13	11,172
Maintenance Assessment District Fund #15	659,731
Maintenance Assessment District Fund #19	18,435
Maintenance Assessment District Fund #20	13,914
Maintenance Assessment District Fund #21	8,597
Maintenance Assessment District Fund #22	29,458
Major Collectors and Arterials	15,430
Multi-Source Housing	674,550
Muni Water Major Facilities Fee	506,128
Municipal Golf Course	47,500
Neighborhood Security Bond	669,328
Parking Capital Development	18,604
Residential Construction Tax	184,179
San Jose Diridon Development Authority	17,391
Sanitary Sewer Connection Fee	5,088,113
Services for Redevelopment Capital Projects	2,424
Sewer Service & Use Charge	654,162
Sewer Service & Use Charge Capital	12,531,943
SJ-SC Treatment Plant Capital	9,706,946
SJ-SC Treatment Plant Operating	5,046,377
SJ-SC Treatment Plant Income	26
Stores	82,150
Storm Drainage Fee	42,505
Storm Sewer Capital	2,851,067
Storm Sewer Operating	1,394,263

**CERTIFICATION OF FUNDS**

Subdivision Park Trust	1,040,376
Supplemental Law Enforcement Services	747,559
Transient Occupancy Tax	2,669,226
Underground Utility	133,757
Unemployment Insurance	112,999
Water Utility Capital	347,355
Water Utility	1,182,452
Workforce Investment Act	3,839,610



Jennifer A. Maguire  
Budget Director

**2011-2012**

**ANNUAL  
REPORT**

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**D**EFINITIONS/

**G**LOSSARY OF **T**ERMS/

**F**UND **D**ESCRPTIONS

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## DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2011-2012 actual revenues/expenditures and either the 2011-2012 Modified Budget or 2011-2012 estimates.
  - "Actuals" represent unaudited year-end close figures as of June 30, 2012.
  - "Budget" reflects the original 2011-2012 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, 2012. These estimates were used in projecting the year-end fund balance, and consequently, the 2012-2013 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, rehabilitate, 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 José, 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

## **Affordable Housing Investment Fund** (Low and Moderate Income Asset Fund)

Accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund was established in February 1, 2012 with the dissolution of the former Redevelopment Agency through recognition of loan repayments and other sources to provide funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future.

## **Airport Capital Funds**

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

## **Airport Operating Funds**

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

## **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, 2012, this fund will be closed and future proceeds from the settlement will be deposited into the General Fund.

## **Benefit Funds**

Account for the provision and financing of benefits to City employees, retirees, and their dependents. It 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 the acquisition of property and the 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.

# FUND DESCRIPTIONS

## **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.

## **Civic Center Construction Fund**

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

## **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**

Account 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 McEnergy Convention Center, Center for the Performing Arts (CPA), California Theatre, 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 McEnergy Convention Center.

## **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.

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## FUND DESCRIPTIONS

### **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 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.

### **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.

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## FUND DESCRIPTIONS

### **Gas Tax Maintenance and Construction Funds**

Account 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 related to gifts, donations, and bequests to the City.

### **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.

### **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. As of June 30, 2012, this fund has been closed out. Grant funds of this type are now collected and expensed in the Edward Byrne Memorial Justice Assistance Grant Trust Fund.

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## FUND DESCRIPTIONS

### **Low and Moderate Income Housing Fund**

Accounts for the former San Jose Redevelopment Agency tax increment funds received to provide affordable housing rehabilitation and new housing programs. Funds were available for eligible administrative expenses, loans and grants. Beginning February 1, 2012, this fund was designated as a Successor Agency Fund per AB1X 26 to be used to pay for enforceable obligations.

### **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.

### **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.

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## FUND DESCRIPTIONS

### **Police and Fire Retirement Fund**

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

### **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.

### **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 Diridon Development Authority Fund**

This Special Revenue Fund accounts for revenues and expenditures associated with the San José Diridon Development Authority and certain properties in the area.

### **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. It contains the City's share of revenue from activities such as 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.

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# FUND DESCRIPTIONS

## **Sanitary Sewer Connection Fee Fund**

Accounts for connection fees charged to developers for access to the City's sanitary sewer system. Funds are restricted to the construction and reconstruction of the sewer 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. As of June 30, 2012, this fund has been closed due to the passage of ABIX 26 which resulted in the dissolution of the Redevelopment 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.

## **Sewer Service and Use Charge Fund**

Accounts for sewer service and use charge fees collected from San José property owners to be 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 expansion or capacity improvements 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 Operating 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.

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## FUND DESCRIPTIONS

### **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.

### **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 operation of 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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**I. BUDGET**

**PERFORMANCE**

**SUMMARY (ALL FUNDS)**

# 2011-2012 ANNUAL REPORT

## I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2011-2012 financial performance in the General Fund, Special 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 Funds, and Capital Funds, displays the 2011-2012 Budgeted and Actual revenues as well as the 2011-2012 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, actual 2011-2012 revenues across all funds totaled \$3.0 billion, which was 2.0% (\$61.9 million) below the budgeted estimate of \$3.1 billion. In 2011-2012, expenditures totaled \$3.2 billion, which was 12.5% (\$459.2 million) below the modified budget of \$3.7 billion. Approximately 72.6% of the expenditure variance (\$333.4 million) was in the capital funds, which expended \$410.6 million of a \$744.0 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2012-2013 as part of the 2012-2013 Adopted Budget and additional funds are recommended to be rebudgeted in this document. The **Discussion of Significant Variances by Fund** section that follows includes a description of revenue or expenditure variances to the modified budget of 5% or greater by fund.

**Comparison of Estimated to Actual 2011-2012 Ending Fund Balance** – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2011-2012 Modified Budget for each fund, followed by the estimated 2011-2012 Ending Fund Balance that was used in the development of the 2012-2013 Adopted Budget, the Actual 2011-2012 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 2011-2012 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 transfers, loans, and contributions between funds, and therefore overstates the total funding that was available between the combined funds.

The financial performance in 2011-2012 is used as the starting point for 2012-2013. The collective 2011-2012 Ending Fund Balances for all City funds totaled \$1.3 billion, which was \$74.3 million above the 2011-2012 Ending Fund Balance estimates of \$1.2 billion used in the development of the 2012-2013 Adopted Budget. After adjusting for additional rebudgets of \$30.9 million recommended in this document, the adjusted 2011-2012 Ending Fund Balance variance for all funds drops to \$43.4 million of the 2011-2012 Modified Budget. The General Fund had an adjusted fund balance variance of \$7.2 million of the 2011-2012 Modified Budget. The adjusted fund balance in the special funds totaled \$15.6 million of the modified budget for

# 2011-2012 ANNUAL REPORT

## I. BUDGET PERFORMANCE SUMMARY

those funds. The capital funds had the largest adjusted fund balance variance of \$20.6 million of the modified budget.

For most funds, the Actual 2011-2012 Ending Fund Balance was above the estimate used in the development of the 2012-2013 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2011-2012 Annual Report actions. For the few funds where the 2011-2012 actual Ending Fund Balance was below the estimate used in the development of the 2012-2013 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 2011-2012 Year-End Reserves by Fund** – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2011-2012 Earmarked and Contingency Reserves balances for each fund.

At the end of 2011-2012, the Contingency and Earmarked Reserves for all City funds totaled \$559.8 million, which represented 12.1% of the total 2011-2012 Modified Budget of \$4.6 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$119.9 million. All of these General Fund Reserves were rebudgeted or assumed as savings in the development of the 2012-2013 Adopted Budget.

## 2011-2012 ANNUAL REPORT

### COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2011-2012 Budget Revenues	2011-2012 Actual Revenues	Revenue Variance	% Variance	2011-2012 Budget Expenditures	2011-2012 Actual Expenditures	Expenditure Variance	% Variance
<b>General Fund</b>	913,647,374	907,640,424	(6,006,950)	-0.7%	948,956,089	897,810,901	(51,145,188)	-5.4%
<b>Special Funds</b>								
Affordable Housing Investment Fund (Low and Moderate Income Housing Asset Fund)	32,719,629	41,213,582	8,493,953	26.0%	25,411,068	16,047,344	(9,363,724)	-36.8%
Airport Customer Facility and Transportation Fee Fund	19,831,623	20,091,334	259,711	1.3%	17,149,563	16,590,739	(558,824)	-3.3%
Airport Fiscal Agent Fund	587,727,688	585,568,193	(2,159,495)	-0.4%	537,814,448	548,115,816	10,301,368	1.9%
Airport Maintenance and Operation Fund	83,907,189	73,178,964	(10,728,225)	-12.8%	76,791,864	69,556,780	(7,235,084)	-9.4%
Airport Revenue Fund	155,513,393	153,376,551	(2,136,842)	-1.4%	141,648,769	129,530,692	(12,118,077)	-8.6%
Airport Surplus Revenue Fund	366,614,268	366,612,987	(1,281)	0.0%	366,611,696	366,610,742	(954)	0.0%
Benefit Funds	74,531,700	72,973,007	(1,558,693)	-2.1%	72,128,913	66,786,360	(5,342,553)	-7.4%
Business Improvement District Fund	3,086,568	2,972,883	(113,685)	-3.7%	3,582,948	2,847,702	(735,246)	-20.5%
Cash Reserve Fund	12	15	3	25.0%	0	0	0	N/A
City Hall Debt Service Fund	21,195,935	21,194,382	(1,553)	0.0%	20,487,583	20,132,749	(354,834)	-1.7%
Community Development Block Grant Fund	10,160,854	9,719,055	(441,799)	-4.3%	16,840,257	14,049,941	(2,790,316)	-16.6%
Community Facilities Revenue Fund	10,745,469	10,295,507	(449,962)	-4.2%	11,022,547	9,479,788	(1,542,759)	-14.0%
Convention and Cultural Affairs Fund	25,393,759	25,825,750	431,991	1.7%	27,483,928	26,216,435	(1,267,493)	-4.6%
Convention Center Facilities District Revenue Fund	8,400,000	8,429,378	29,378	0.3%	7,034,869	7,033,368	(1,501)	N/A
Downtown Property and Business Improvement District Fund	2,356,900	2,285,103	(71,797)	-3.0%	2,386,713	2,382,247	(4,466)	-0.2%
Economic Development Administrative Loan Fund	13,500	11,627	(1,873)	-13.9%	120,000	60,595	(59,405)	-49.5%
Economic Development Enhancement Fund	0	2,216	2,216	N/A	850,394	200,000	(650,394)	-76.5%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	263,737	263,556	(181)	-0.1%	612,792	546,744	(66,048)	-10.8%
Emergency Reserve Fund	18,000	9,213	(8,787)	-48.8%	18,000	9,213	(8,787)	-48.8%
Federal Drug Forfeiture Fund	182,000	235,979	53,979	29.7%	443,653	380,169	(63,484)	-14.3%
Fiber Optics Development Fund	50,063	50,116	53	0.1%	50,000	50,000	0	0.0%
Gas Tax Maintenance and Construction Funds	15,308,000	14,693,301	(614,699)	-4.0%	15,308,000	14,693,301	(614,699)	-4.0%
General Purpose Parking Fund	10,611,202	11,771,403	1,160,201	10.9%	9,952,136	8,346,020	(1,606,116)	-16.1%
Gift Trust Fund	1,035,849	1,326,576	290,727	28.1%	3,643,279	449,674	(3,193,605)	-87.7%

## 2011-2012 ANNUAL REPORT

### COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2011-2012	2011-2012	Revenue		2011-2012	2011-2012	Expenditure	
	Budget Revenues	Actual Revenues	Variance	% Variance	Budget Expenditures	Actual Expenditures	Variance	% Variance
Home Investment Partnership Program Fund	11,103,659	6,297,270	(4,806,389)	-43.3%	10,972,055	5,981,903	(4,990,152)	-45.5%
Housing Trust Fund	1,045,000	1,010,547	(34,453)	-3.3%	2,071,266	1,512,963	(558,303)	-27.0%
Ice Center Revenue Fund	2,815,004	2,818,640	3,636	0.1%	4,652,504	3,913,447	(739,057)	-15.9%
Integrated Waste Management Fund	147,012,159	137,739,593	(9,272,566)	-6.3%	160,270,580	154,407,216	(5,863,364)	-3.7%
Library Parcel Tax Fund	7,251,000	7,476,451	225,451	3.1%	8,918,129	6,746,498	(2,171,631)	-24.4%
Local Law Enforcement Block Grant Fund	0	0	0	N/A	91	91	0	0.0%
Low and Moderate Income Housing Fund	34,090,796	20,053,602	(14,037,194)	-41.2%	67,407,040	59,665,219	(7,741,821)	-11.5%
Multi-Source Housing Fund	32,295,927	26,775,602	(5,520,325)	-17.1%	36,844,133	31,407,497	(5,436,636)	-14.8%
Municipal Golf Course Fund	2,366,500	2,377,936	11,436	0.5%	2,357,603	2,310,685	(46,918)	-2.0%
Public Works Program Support Fund	9,732,500	9,749,868	17,368	0.2%	13,431,183	12,798,973	(632,210)	-4.7%
San Jose Arena Enhancement Fund	1,078,116	1,080,194	2,078	0.2%	1,078,116	1,078,038	(78)	0.0%
San Jose Diridon Development Authority Fund	260,000	202,441	(57,559)	-22.1%	107,600	29,250	(78,350)	-72.8%
San Jose Municipal Stadium Capital Fund	28,578	28,578	0	0.0%	28,578	28,578	0	0.0%
San Jose/Santa Clara Treatment Plant Operating Funds	195,976,627	197,362,173	1,385,546	0.7%	209,693,713	203,170,220	(6,523,493)	-3.1%
Special Assessment Maintenance District Funds	4,767,271	4,518,537	(248,734)	-5.2%	6,921,748	5,300,896	(1,620,852)	-23.4%
State Drug Forfeiture Funds	44,000	40,962	(3,038)	-6.9%	0	0	0	N/A
Stores Fund	1,426,000	965,059	(460,941)	-32.3%	1,802,791	1,460,242	(342,549)	-19.0%
Storm Sewer Operating Fund	31,826,631	32,094,991	268,360	0.8%	32,990,598	30,121,121	(2,869,477)	-8.7%
Supplemental Law Enforcement Services Fund	1,564,809	1,565,281	472	0.0%	2,813,124	2,039,050	(774,074)	-27.5%
Transient Occupancy Tax	12,455,000	13,679,497	1,224,497	9.8%	15,017,431	13,395,957	(1,621,474)	-10.8%
Vehicle Maintenance and Operations Fund	18,994,337	18,376,026	(618,311)	-3.3%	19,829,577	19,374,999	(454,578)	-2.3%
Workforce Investment Act Fund	20,147,123	13,875,081	(6,272,042)	-31.1%	18,072,293	14,052,336	(4,019,957)	-22.2%
Water Utility Fund	27,261,000	28,019,075	758,075	2.8%	28,766,377	28,558,825	(207,552)	-0.7%
<b>Sub-Total Special Funds</b>	<b>1,960,489,746</b>	<b>1,906,994,499</b>	<b>(53,495,247)</b>	<b>-2.7%</b>	<b>1,976,028,882</b>	<b>1,901,423,079</b>	<b>(74,605,803)</b>	<b>-3.8%</b>

## 2011-2012 ANNUAL REPORT

### COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2011-2012	2011-2012			2011-2012	2011-2012		
	Budget Revenues	Actual Revenues	Revenue Variance	% Variance	Budget Expenditures	Actual Expenditures	Expenditure Variance	% Variance
<b>Capital Funds</b>								
Airport Capital Funds	30,511,000	28,392,224	(2,118,776)	-6.9%	197,471,230	85,024,649	(112,446,581)	-56.9%
Branch Library Bond Projects Fund	488,000	443,846	(44,154)	-9.0%	12,824,561	6,260,770	(6,563,791)	-51.2%
Building and Structure Construction Tax Fund	25,905,000	19,067,439	(6,837,561)	-26.4%	33,747,119	22,295,091	(11,452,028)	-33.9%
Civic Center Construction Fund	9,918	12,913	2,995	30.2%	249,962	8,272	(241,690)	-96.7%
Civic Center Improvement Fund	188	188	0	0.0%	0	0	0	N/A
Construction and Conveyance Tax Fund	31,081,138	37,037,934	5,956,796	19.2%	79,037,294	41,308,266	(37,729,028)	-47.7%
Construction Excise Tax Fund	42,244,636	43,061,770	817,134	1.9%	51,774,595	32,739,123	(19,035,472)	-36.8%
Convention Center Facilities District Project Fund	0	441,086	441,086	N/A	101,469,322	100,663,205	(806,117)	-0.8%
Emma Prusch Park Fund	93,766	94,563	797	0.8%	154,766	103,667	(51,099)	-33.0%
Lake Cunningham Fund	624,000	731,485	107,485	17.2%	821,554	681,464	(140,090)	-17.1%
Major Collectors and Arterials Fund	500	19,780	19,280	3856.0%	319,342	104,664	(214,678)	-67.2%
Major Facilities Fund	2,000	378,076	376,076	18803.8%	424,632	288,948	(135,684)	-32.0%
Neighborhood Security Act Bond Fund	58,000	53,152	(4,848)	-8.4%	5,562,915	4,989,824	(573,091)	-10.3%
Parking Capital Development Fund	0	0	0	N/A	1,853,102	1,834,498	(18,604)	-1.0%
Parks and Recreation Bond Projects Fund	1,730,000	1,556,575	(173,425)	-10.0%	3,184,535	1,998,061	(1,186,474)	-37.3%
Residential Construction Tax Contribution Fund	43,500	283,338	239,838	551.4%	882,917	133,159	(749,758)	-84.9%
SJ/SC Treatment Plant Capital Fund	52,991,955	43,177,855	(9,814,100)	-18.5%	101,378,276	48,783,336	(52,594,940)	-51.9%
Sanitary Sewer Connection Fee Fund	1,455,000	1,134,445	(320,555)	-22.0%	12,919,604	4,417,333	(8,502,271)	-65.8%
Services for Redevelopment Capital Projects Fund	155,000	153,201	(1,799)	-1.2%	1,662,017	1,661,236	(781)	0.0%
Sewer Service and Use Charge Capital Improvement Fund	31,598,000	31,601,843	3,843	0.0%	65,607,992	26,161,900	(39,446,092)	-60.1%
Storm Drainage Fee Fund	107,000	189,767	82,767	77.4%	64,412	61,262	(3,150)	-4.9%
Storm Sewer Capital Fund	6,004,000	6,037,556	33,556	0.6%	18,168,723	6,953,490	(11,215,233)	-61.7%
Subdivision Park Trust Fund	3,447,000	12,446,125	8,999,125	261.1%	46,682,960	19,694,749	(26,988,211)	-57.8%
Underground Utility Fund	730,000	514,038	(215,962)	-29.6%	1,954,758	341,280	(1,613,478)	-82.5%
Water Utility Capital Fund	3,454,330	3,521,270	66,940	1.9%	5,815,566	4,096,915	(1,718,651)	-29.6%
<b>Sub-Total Capital Funds</b>	<b>232,733,931</b>	<b>230,350,469</b>	<b>(2,383,462)</b>	<b>-1.0%</b>	<b>744,032,154</b>	<b>410,605,162</b>	<b>(333,426,992)</b>	<b>-44.8%</b>
<b>TOTAL ALL FUNDS</b>	<b>3,106,871,051</b>	<b>3,044,985,392</b>	<b>(61,885,659)</b>	<b>-2.0%</b>	<b>3,669,017,125</b>	<b>3,209,839,142</b>	<b>(459,177,983)</b>	<b>-12.5%</b>

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# 2011-2012 ANNUAL REPORT

## 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.

# 2011-2012 ANNUAL REPORT

## 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 4<sup>th</sup> Quarter of 2011-2012 will be disbursed in the 1<sup>st</sup> 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.

# 2011-2012 ANNUAL REPORT

## 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.

# 2011-2012 ANNUAL REPORT

## 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.

# 2011-2012 ANNUAL REPORT

## 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.

# 2011-2012 ANNUAL REPORT

## 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.

**2011-2012  
ANNUAL REPORT**

**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.

# 2011-2012 ANNUAL REPORT

## 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).

# 2011-2012 ANNUAL REPORT

## 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).

# 2011-2012 ANNUAL REPORT

## 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 States 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).

# 2011-2012 ANNUAL REPORT

## 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.

## 2011-2012 ANNUAL REPORT

### COMPARISON OF ESTIMATED TO ACTUAL 2011-2012 ENDING FUND BALANCE

Fund	2011-2012 Modified Budget	2011-2012 Est. Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>General Fund</i>	1,068,839,786	155,467,037	168,299,570	12,832,533	(5,588,121)	7,244,412	0.7%
<i>Special Funds</i>							
Affordable Housing Investment Fund (Low and Moderate Income Housing Asset Fund)	45,144,767	19,786,719	25,166,236	5,379,517	0	5,379,517	11.9%
Airport Customer Facility and Transportation Fee Fund	22,225,946	5,076,383	5,894,918	818,535	0	818,535	3.7%
Airport Fiscal Agent Fund	640,634,635	103,640,741	90,359,323	(13,281,418)	0	(13,281,418)	-2.1%
Airport Maintenance and Operation Fund	104,917,087	23,567,697	25,260,367	1,692,670	0	1,692,670	1.6%
Airport Revenue Fund	190,324,600	55,219,809	58,657,066	3,437,257	0	3,437,257	1.8%
Airport Surplus Revenue Fund	370,716,442	4,104,746	4,104,802	56	0	56	0.0%
Benefit Funds	82,399,588	13,302,657	15,330,714	2,028,057	0	2,028,057	2.5%
Business Improvement District Fund	3,910,499	327,551	949,114	621,563	0	621,563	15.9%
Cash Reserve Fund	5,546	5,549	5,549	0	0	0	0.0%
City Hall Debt Service Fund	22,078,592	569,694	922,975	353,281	0	353,281	1.6%
Community Development Block Grant Fund	19,917,386	4,640,694	5,509,626	868,932	(163,546)	705,386	3.5%
Community Facilities Revenue Fund	11,914,090	1,418,521	1,984,340	565,819	0	565,819	4.7%
Convention and Cultural Affairs Fund	34,310,574	7,653,697	8,526,129	872,432	(295,899)	576,533	1.7%
Convention Center Facilities District Revenue Fund	26,488,083	19,453,214	19,484,092	30,878	0	30,878	0.1%
Downtown Property and Business Improvement District Fund	3,409,956	976,157	955,912	(20,245)	0	(20,245)	-0.6%
Economic Development Administration Loan Fund	133,795	66,545	71,327	4,782	0	4,782	3.6%
Economic Development Enhancement Fund	850,737	650,737	652,953	2,216	0	2,216	0.3%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	613,474	87,233	66,548	(20,685)	20,573	(112)	0.0%
Emergency Reserve Fund	3,399,532	3,381,532	3,381,532	0	0	0	0.0%
Federal Drug Forfeiture Fund	2,860,633	2,416,980	2,534,442	117,462	(61,000)	56,462	2.0%
Fiber Optics Development Fund	78,940	28,987	28,993	6	0	6	0.0%
Gas Tax Maintenance and Construction Funds	0	0	0	0	0	0	N/A
General Purpose Parking Fund	20,443,729	11,524,293	13,288,851	1,764,558	(173,000)	1,591,558	7.8%
Gift Trust Fund	3,643,279	3,784,285	3,480,837	(303,448)	295,306	(8,142)	-0.2%
Home Investment Partnership Program Fund	11,492,197	564,951	703,905	138,954	0	138,954	1.2%
Housing Trust Fund	3,210,647	1,113,151	1,663,231	550,080	(35,000)	515,080	16.0%
Ice Center Revenue Fund	7,586,806	3,164,302	3,676,996	512,694	0	512,694	6.8%
Integrated Waste Management Fund	167,173,486	7,295,200	4,483,967	(2,811,233)	(199,964)	(3,011,197)	-1.8%
Library Parcel Tax Fund	13,445,603	5,896,259	6,974,876	1,078,617	(535,000)	543,617	4.0%

## 2011-2012 ANNUAL REPORT

### COMPARISON OF ESTIMATED TO ACTUAL 2011-2012 ENDING FUND BALANCE

Fund	2011-2012 Modified Budget	2011-2012 Est. Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
Local Law Enforcement Block Grant Fund	91	0	0	0	0	0	0.0%
Low and Moderate Income Housing Fund	67,407,040	0	0	0	0	0	0.0%
Multi-Source Housing Fund	38,003,820	638,873	2,703,601	2,064,728	0	2,064,728	5.4%
Municipal Golf Course Fund	2,672,585	327,982	375,482	47,500	0	47,500	1.8%
Public Works Program Support Fund	13,829,537	1,581,255	1,091,716	(489,539)	0	(489,539)	-3.5%
San José Arena Enhancement Fund	1,078,545	2,828	2,585	(243)	0	(243)	0.0%
San José Diridon Development Authority Fund	260,000	155,800	173,191	17,391	0	17,391	6.7%
San José Municipal Stadium Capital Fund	28,578	0	0	0	0	0	0.0%
San José/Santa Clara Treatment Plant Operating Funds	272,419,329	66,592,325	72,251,240	5,658,915	0	5,658,915	2.1%
Special Assessment Maintenance District Funds	20,854,734	13,856,743	15,401,448	1,544,705	(105,000)	1,439,705	6.9%
State Drug Forfeiture Funds	1,574,749	1,574,749	1,571,711	(3,038)	0	(3,038)	-0.2%
Stores Fund	2,194,494	200,000	277,676	77,676	0	77,676	3.5%
Storm Sewer Operating Fund	48,103,910	17,328,372	18,722,634	1,394,262	0	1,394,262	2.9%
Supplemental Law Enforcement Services Fund	2,814,016	769,798	775,436	5,638	(4,267)	1,371	0.0%
Transient Occupancy Tax	16,470,362	2,205,931	4,298,903	2,092,972	(871,475)	1,221,497	7.4%
Vehicle Maintenance and Operations Fund	20,609,559	906,612	619,600	(287,012)	0	(287,012)	-1.4%
Water Utility Fund	34,821,531	5,770,154	7,256,861	1,486,707	0	1,486,707	4.3%
Workforce Investment Act Fund	21,333,408	1,306,894	1,009,146	(297,748)	(5,000)	(302,748)	-1.4%
<b>Sub-Total Special Funds</b>	<b>2,377,806,937</b>	<b>412,936,600</b>	<b>430,650,851</b>	<b>17,714,251</b>	<b>(2,133,272)</b>	<b>15,580,979</b>	<b>0.7%</b>

## 2011-2012 ANNUAL REPORT

### COMPARISON OF ESTIMATED TO ACTUAL 2011-2012 ENDING FUND BALANCE

Fund	2011-2012 Modified Budget	2011-2012 Est. Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Capital Funds</i>							
Airport Capital Funds	349,702,526	179,053,170	154,294,529	(24,758,641)	319,000	(24,439,641)	-7.0%
Branch Library Bond Projects Fund	16,953,586	11,550,671	10,705,746	(844,925)	1,478,000	633,075	3.7%
Building and Structure Construction Tax Fund	43,310,734	11,596,895	14,386,768	2,789,873	(670,000)	2,119,873	4.9%
Civic Center Construction Fund	265,786	5,697	284,535	278,838	0	278,838	104.9%
Construction and Conveyance Tax Fund	109,059,738	52,552,936	74,496,966	21,944,030	(9,527,000)	12,417,030	11.4%
Construction Excise Tax Fund	66,978,598	50,472,324	61,679,961	11,207,637	(19,825)	11,187,812	16.7%
Convention Center Facilities District Project Fund	116,039,154	14,663,154	15,817,035	1,153,881	(733,000)	420,881	0.4%
Emma Prusch Park Fund	432,596	321,596	329,726	8,130	0	8,130	1.9%
Major Collectors and Arterials Fund	1,111,315	1,010,500	1,025,930	15,430	0	15,430	1.4%
Major Facilities Fund	3,365,315	2,946,315	3,452,443	506,128	0	506,128	15.0%
Neighborhood Security Act Bond Fund	12,607,590	7,080,184	7,624,512	544,328	(53,000)	491,328	3.9%
Parking Capital Development Fund	1,853,102	0	18,604	18,604	0	18,604	1.0%
Parks and Recreation Bond Projects Fund	36,315,779	34,343,765	34,196,279	(147,486)	31,000	(116,486)	-0.3%
Residential Construction Tax Contribution Fund	1,151,265	1,073,765	1,257,944	184,179	3,000	187,179	16.3%
San José/Santa Clara Treatment Plant Capital Fund	171,758,150	104,635,097	114,314,043	9,678,946	415,459	10,094,405	5.9%
Sanitary Sewer Connection Fee Fund	17,947,430	8,121,982	13,210,095	5,088,113	(1,584,000)	3,504,113	19.5%
Services for Redevelopment Capital Projects Fund	1,662,017	0	2,424	2,424	0	2,424	0.1%
Sewer Service and Use Charge Capital Improvement Fund	104,908,252	67,012,471	79,544,414	12,531,943	(6,889,000)	5,642,943	5.4%
Storm Drainage Fee Fund	333,227	312,227	354,732	42,505	0	42,505	12.8%
Storm Sewer Capital Fund	18,798,184	9,092,624	11,943,691	2,851,067	(2,064,000)	787,067	4.2%
Subdivision Park Trust Fund	78,811,590	67,996,205	68,191,581	195,376	(3,854,000)	(3,658,624)	-4.6%
Underground Utility Fund	2,904,446	2,213,446	2,347,203	133,757	0	133,757	4.6%
Water Utility Capital Fund	8,997,273	4,828,575	5,175,930	347,355	0	347,355	3.9%
<b>Sub-Total Capital Funds</b>	<b>1,165,267,653</b>	<b>630,883,599</b>	<b>674,655,091</b>	<b>43,771,492</b>	<b>(23,147,366)</b>	<b>20,624,126</b>	<b>3.8%</b>
<b>TOTAL ALL FUNDS</b>	<b>4,611,914,376</b>	<b>1,199,287,236</b>	<b>1,273,605,512</b>	<b>74,318,276</b>	<b>(30,868,759)</b>	<b>43,449,517</b>	<b>1.6%</b>

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**SUMMARY OF 2011-2012 YEAR-END RESERVES BY FUND**

Fund	2011-2012 Contingency and Earmarked Reserves Balance
<b>General Fund</b>	<b>\$119,883,697</b>
<b>Special Funds</b>	
Affordable Housing Investment Fund (Low and Moderate Income Housing Asset Fund)	5,558,220
Airport Customer Facility and Transportation Fee Fund	5,076,383
Airport Fiscal Agent Fund	102,820,187
Airport Maintenance and Operation Fund	24,345,675
Airport Revenue Fund	48,675,831
Airport Surplus Revenue Fund	4,104,746
Benefit Funds	9,512,034
City Hall Debt Service Fund	1,021,315
Community Development Block Grant Fund	1,898,483
Convention and Cultural Affairs Fund	1,712,112
Convention Center Facilities District Revenue Fund	19,453,214
General Purpose Parking Fund	10,266,695
Home Investment Partnership Program Fund	141,220
Integrated Waste Management Fund	6,778,394
Library Parcel Tax Fund	963,507
Multi-Source Housing Fund	125,896
Public Works Program Support Fund	26,020
San Jose/Santa Clara Treatment Plant Operating Funds	37,242,588
Special Assessment Maintenance District Funds	3,863
State Drug Forfeiture Funds	314,000
Stores Fund	4,474
Storm Sewer Operating Fund	9,362,545
Vehicle Maintenance and Operations Fund	46,653
Water Utility Fund	5,703,204
Workforce Investment Act Fund	2,127,391
<b>Sub-Total Special Funds</b>	<b>\$297,284,650</b>
<b>Capital Funds</b>	
Branch Library Bond Projects Fund	2,960,229
Building and Structure Construction Tax Fund	3,754,000
Construction and Conveyance Tax Funds	6,187,000
Construction Excise Tax Fund	15,204,003
Lake Cunningham Fund	234,000
Major Facilities Fund	2,940,683
Neighborhood Security Act Bond Fund	5,545,000
Parks and Recreation Bond Projects Fund	32,857,244
San Jose/Santa Clara Treatment Plant Capital Fund	35,200,000
Sewer Service and Use Charge Capital Improvement Fund	3,500,000
Storm Sewer Capital Fund	300,000
Subdivision Park Trust Fund	32,128,630
Water Utility Capital Fund	1,792,000
<b>Sub-Total Capital Funds</b>	<b>\$142,602,789</b>
<b>TOTAL ALL FUNDS</b>	<b>\$559,771,136</b>

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**II. GENERAL FUND**

**BUDGET**

**PERFORMANCE**

# 2011-2012 ANNUAL REPORT

## 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 2011-2012. It includes a chart that compares the General Fund modified budget and actuals for revenues, expenditures and fund balance as well as a chart that compares the General Fund revenue, expenditure and fund balance actuals to the estimates used in developing the 2012-2013 Adopted Budget.

***General Fund Revenue Performance*** – This section provides detail on the actual 2011-2012 General Fund revenue collections. This section includes a chart that compares the 2011-2012 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 2010-2011 collections to indicate collection trends and to provide a historical perspective.

***General Fund Expenditure Performance*** – This section provides detail on the actual 2011-2012 General Fund expenditures. This section includes charts that compare the 2011-2012 modified budget to actuals as well as the 2011-2012 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance also includes a chart that provides additional detail on the 2011-2012 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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<b>2011-2012 ANNUAL REPORT</b>
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**GENERAL FUND YEAR-END PERFORMANCE**

The General Fund ended the year with a final available ending fund balance (unaudited) of \$168.3 million, as reflected in the following table:

**GENERAL FUND  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2012  
(\$000s)**

<b>Sources</b>	<b>Modified Budget</b>	<b>Budgetary Basis Actual</b>	<b>Variance</b>
Beginning Fund Balance	137,537	137,537	-
Carryover Encumbrances Liquidated <sup>1</sup>	17,656	17,708	52
Carryover Encumbrances		3,225	3,225
<i>Subtotal</i>	<i>155,193</i>	<i>158,470</i>	<i>3,277</i>
Revenues	913,647	907,640	(6,007)
<b>Total Sources</b>	<b>1,068,840</b>	<b>1,066,110</b>	<b>(2,730)</b>
<b>Uses</b>			
Personal Services	579,220	572,695	(6,525)
Non-Personal/Equipment/Other	99,359	89,908	(9,451)
City-Wide Expenses	224,906	195,197	(29,709)
Capital Contributions	15,248	9,789	(5,459)
Transfers	30,223	30,222	(1)
Reserves	119,884	-	(119,884)
<b>Total Uses</b>	<b>1,068,840</b>	<b>897,811</b>	<b>(171,029)</b>
<b>Available Ending Fund Balance</b>		<b>168,299</b>	<b>(168,299)</b>

<sup>1</sup> The Actual Carryover Encumbrances figure incorporates the Special Services Assessment Revolving Loan Fund, which was previously an unbudgeted fund.

**Note:** In the chart above, the General Fund includes the Special Services Assessment Revolving Loan Fund and excludes the Emergency Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2011-2012 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

<b>2011-2012 ANNUAL REPORT</b>
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### GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$168.3 million slightly exceeded the estimated ending fund balance level used in the development of the 2012-2013 Adopted Budget by \$12.8 million. Once adjusted for clean-up actions recommended in this report associated with the close-out of 2011-2012, a 2011-2012 true ending fund balance of \$7.2 million (0.3%) of the 2011-2012 Modified Budget (total sources and uses) is available for allocation. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

#### 2011-2012 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

	Estimate	Budgetary Basis Actual	Variance
<b>Sources</b>			
Beginning Fund Balance	137,537	137,537	-
Carryover Encumbrances Liquidated <sup>1</sup>	17,656	17,708	52
Carryover Encumbrances	2,000	3,225	1,225
<i>Subtotal</i>	<i>157,193</i>	<i>158,470</i>	<i>1,277</i>
Revenues	913,647	907,640	(6,007) <sup>2</sup>
<b>Total Sources</b>	<b>1,070,840</b>	<b>1,066,110</b>	<b>(4,730)</b>
<b>Uses</b>			
Expenditures	885,150	867,589	17,561 <sup>2</sup>
Transfers	30,223	30,222	1
Reserves	-	-	-
<b>Total Uses</b>	<b>915,373</b>	<b>897,811</b>	<b>17,562</b>
<b>Available Ending Fund Balance</b>	<b>155,467</b>	<b>168,299</b>	<b>12,832</b>

<sup>1</sup> The Actual Carryover Encumbrances figure incorporates the Special Services Assessment Revolving Loan Fund, which was previously an unbudgeted fund.

<sup>2</sup> In 2011-2012, \$8.8 million of grant and reimbursement revenues and expenditures were not expected to be received in 2011-2012 and were rebudgeted to 2012-2013. This resulted in lower actual revenues and expenditures in 2011-2012, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance actually resulted in a surplus of \$2.8 million (0.3%) and the expenditures variance actually totaled \$8.8 million (0.8%) compared to the 2011-2012 Modified Budget.

**Note:** In the chart above, the General Fund includes the Special Services Assessment Revolving Loan Fund and excludes the Emergency Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2011-2012 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

# 2011-2012 ANNUAL REPORT

## 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 2011-2012 liquidation of carryover encumbrance amount was \$3.2 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2010-2011 financial statements and the end of the 2011-2012 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 \$1.2 million represents carryover encumbrance liquidations that occurred above the level originally anticipated when the fund balance was estimated.

As noted earlier, after adjusting for \$8.8 million of grants and reimbursements that were not received or expended, the fund balance represents a positive variance of \$12.8 million, which includes \$8.8 million of expenditure savings, \$2.8 million of additional revenue, and \$1.2 million from the liquidation of carryover encumbrances. After accounting 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 of \$5.6 million, \$7.2 million in additional ending fund balance is available. The \$7.2 million positive fund balance variance is comprised of net expenditure savings of \$5.8 million and the liquidation of prior year encumbrances above the estimated level of \$1.2 million and slightly higher funding sources of \$183,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.

# 2011-2012 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2011-2012 General Fund revenue collections as compared with the modified budget estimates:

**TABLE A**  
**2011-2012 GENERAL FUND REVENUE SUMMARY**  
**COMPARISON OF BUDGET TO ACTUAL**  
**(\$000s)**

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 200,275	\$ 201,712	\$ 1,437	0.7%
Sales Tax	155,390	154,027	(1,363)	-0.9%
Telephone Tax	20,525	20,529	4	0.0%
Transient Occupancy Tax	8,300	8,984	684	8.2%
Franchise Fees	41,800	41,709	(91)	-0.2%
Utility Tax	90,995	90,383	(612)	-0.7%
Licenses and Permits	42,124	43,838	1,714	4.1%
Business Taxes	40,974	41,132	158	0.4%
Fines, Forfeitures, and Penalties	17,621	18,358	737	4.2%
Use of Money and Property	2,974	3,328	354	11.9%
Revenue from Local Agencies	33,363	30,069	(3,294)	-9.9%
Revenue from the State of California	14,255	14,055	(200)	-1.4%
Rev. from State Govt. - Recovery Act	380	364	(16)	-4.2%
Revenue from Federal Government	18,736	15,217	(3,519)	-18.8%
Rev. from Fed. Govt. - Recovery Act	8,177	4,484	(3,693)	-45.2%
Departmental Charges	32,649	34,277	1,628	5.0%
Other Revenue	116,516	116,170	(346)	-0.3%
Subtotal	845,054	838,636	(6,418)	-0.8%
Overhead Reimbursements	31,837	32,374	537	1.7%
Transfers	20,743	21,172	429	2.1%
Reimbursements for Services	16,013	15,458	(555)	-3.5%
Subtotal	68,593	69,004	411	0.6%
<b>TOTALS<sup>1</sup></b>	<b>\$ 913,647</b>	<b>\$ 907,640</b>	<b>\$ (6,007)<sup>2</sup></b>	<b>-0.7%</b>

<sup>1</sup> Excludes Beginning Fund Balance.

<sup>2</sup> After adjusting for \$8.8 million of grant and reimbursement related revenues not received in 2011-2012 but rebudgeted to 2012-2013 as part of the 2012-2013 Adopted Budget, the revenue variance actually resulted in a surplus of \$2.8 million (0.3%). For these grant revenues, corresponding General Fund expenditure savings were also realized in 2011-2012, with a net zero impact on the General Fund Ending Fund Balance.

# 2011-2012 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE

The General Fund revenue performance for 2011-2012 is discussed in detail in this section. The 2011-2012 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 2011-2012 was \$907.6 million. This collection level fell below the 2011-2012 Modified Budget level by \$6.0 million, (0.7%). This negative variance, however, was due to lower collections from 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 but rebudgeted to 2012-2013, revenues actually ended the year \$2.8 million (0.3%) above the budgeted estimates for the over 450 revenue accounts monitored and budgeted annually. The Development Fee Programs generated \$2.5 million of the \$2.8 million surplus and these funds are recommended to be allocated to the Development Fee Program Reserves. Once adjusted for the Development Fee Programs and recommended rebudget and clean-up adjustments, the net surplus drops to a positive variance of \$183,000 (0.02%) for 2011-2012.

The 2011-2012 collection level of \$907.6 million was up \$31.3 million (3.6%) from the actual 2010-2011 collections (\$876.4 million). The majority of this increase was due to the issuance of Tax Revenue Anticipation Notes (TRANS) of \$100 million for cash flow purposes in 2011-2012 as compared to the \$75 million issued in 2010-2011. Excluding this transaction, revenues were slightly above the 2010-2011 levels by a net \$6.3 million (0.8%). The categories that experienced the largest increases included: Sales Tax, Other Revenue, Revenue from the Federal Government, Property Tax, Licenses and Permits, Business Taxes, and Utility Tax categories. The largest declines from the prior year were experienced in the Transfers and Reimbursements, 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 2011-2012 fiscal year totaled \$201.7 million. This collection level was \$1.4 million above the budgeted estimate of \$200.3 million, and represented an increase of 2.3% from 2010-2011 actuals of \$197.2 million. This marks the first increase in this category after two years of declines. Collections, however, remain well below the most recent peak of \$215.7 million in

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## GENERAL FUND REVENUE PERFORMANCE

### Property Tax

- **Secured Property Tax** – Receipts in this category of \$184.0 million were less than 1% (\$1.1 million) above the 2011-2012 Modified Budget estimate of \$182.9 million. Collections reflected the first positive performance (1.3% growth) after two years of declines in this category (2.2% decline in 2010-2011 and a 3.4% decline in 2009-2010). Growth of 1.3% was slightly above the growth rate assumed as part of the 2011-2012 Adopted Budget of 1.0%. Receipts in 2011-2012 were based on the property tax roll as of January 1, 2011, with tax roll corrections incorporated into final collection totals. During 2011-2012, tax roll corrections resulted in a net reduction to the tax levy of approximately \$60 million county-wide, of which approximately 5% is attributed to the City of San José. Under Proposition 13, which was approved by the voters in 1978, assessed values of all real property adjust with the California Consumer Price Index (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 2011-2012 tax roll increased 0.753%.

In the 2012-2013 Adopted Budget, Secured Property Tax receipts are estimated at \$185.4 million, based on the assumption that collections would increase 1.3% from the 2011-2012 projected collection level. This projected increase was anticipated as the net result of two factors: the change in the CCPI and the net change in residential and commercial valuation. The CCPI adjustment for the 2011-2012 tax roll is an increase of 2.0%. However, due to additional reassessments resulting from the drop in property values (Proposition 8 adjustments) as well as the elimination of the 2.0% CCPI adjustment to the parcels that are under Proposition 8 review, projected growth is expected to fall below the 2.0% CCPI figure. Because collections in 2011-2012 slightly exceeded expectations, growth of 0.7% is needed to meet the 2012-2013 budgeted estimate. The very preliminary estimate from the County of Santa Clara, however, reflects a slight decrease of 0.2% from 2011-2012 collection levels. This slight drop is due to the assumption that there will be a higher amount of net downward adjustments to the tax levy during the year (\$80 million county-wide versus the actual of \$60 million county-wide in 2011-2012). This figure will be adjusted during the year based on actual experience. If necessary, any adjustment to the Secured Property tax estimate will be brought forward in 2012-2013.

- **SB 813 Property Tax** – The SB 813 Property Tax component represents the retroactive taxes on reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. Over the past two years, collections in this category had fallen significantly, due, in part, to a substantial number of returns that were due to property owners as a result of declining home values. Collections in 2011-2012, however, experienced strong growth with receipts of \$3.3 million, which were 12.9%, above the modified budget of \$2.9 million and 194.8% above the 2010-2011 actuals of \$1.1 million. This reflects collections returning to normal levels and the complete resolution of the backlog of refunds relatively. In 2012-2013, collections in this category are projected to

## 2011-2012 ANNUAL REPORT

### GENERAL FUND REVENUE PERFORMANCE

#### Property Tax

normalize and remain flat at the estimated \$2.9 million levels. However, normal level of collections remain well below the high of \$10.1 million in 2005-2006 and below levels seen just a few years ago (e.g., \$8.0 million in 2006-2007 and \$7.9 million in 2007-2008).

- **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 \$11.2 million in 2011-2012 were consistent with the 2011-2012 Modified Budget, and \$267,000 (2.4%) above collection levels in 2010-2011 (\$10.9 million). However, collections remain below 2009-2010 peak collection levels of \$12.3 million, and continue to approximately remain at 2007-2008 collection levels of \$11.1 million. Revenues in this category have proven to be continually volatile over the last decade with annual growth or declines reaching double-digit levels. Growth in this category is dependant primarily on increases in the value of personal property and based primarily on the strength of the local business sector. In the 2012-2013 Adopted Budget, the revenue estimate was set at \$11.5 million based on a 3% growth factor applied to the estimated 2011-2012 collection level. The most recent estimate from the County of Santa Clara for 2012-2013 is slightly above this amount at \$11.9 million. If Unsecured Tax receipts are received at that higher level, an upward adjustment to the revenue estimate will be brought forward during 2012-2013.
- **Aircraft Property Tax** – Receipts in 2011-2012 of \$2.2 million are consistent with the budgeted estimate, but are 8.1% below the 2010-2011 receipts of \$2.4 million. In 2012-2013, the budgeted estimate of \$2.1 million reflects an additional decline of approximately 5%. According to the County of Santa Clara Assessor's Office, the 5% decline anticipated in 2012-2013 can be attributed to the rebasing of aircraft to airfields outside of the City's jurisdiction as well as aging property with decreased valuations.
- **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 2010-2011 actual collections; in addition, it remains consistent with the most current estimates provided from the County of Santa Clara.

The City's Property Tax performance will be closely monitored in 2012-2013 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.

# 2011-2012 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE

### Sales Tax

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, Sales Tax collections for 2011-2012 of \$154.0 million were 0.9% (\$1.4 million) below the 2011-2012 Modified Budget, but represent an 11.6% increase from collections in 2010-2011 (\$138.0 million). Following is a discussion of the two Sales Tax components:

- **General Sales Tax** – In the General Sales Tax category, collections of \$149.4 million were 11.6% above the 2010-2011 collection level of \$133.9 million. This marks the second year of growth in this category, with receipts now very close to the pre-recession level of \$149.5 million that was collected in 2007-2008. Receipts in 2011-2012, however, fell below the modified budget estimate of \$150.8 million by \$1.4 million (0.9%) due to the timing of the true-up payment from the State of California associated with the 2011-2012 Triple Flip<sup>1</sup>, which will be recorded in 2012-2013 rather than 2011-2012. This true-up payment was included in the 2011-2012 Modified Budget estimate as it is attributed to sales that occurred during the 2011-2012 fiscal year. However, because the actual true-up payment will not be received until January 2013, which is outside the time period to accrue the payment to 2011-2012, these revenues will be recognized in 2012-2013.

The 2011-2012 actual General Sales Tax figure of \$149.4 million reflects performance for the first three quarters of 2011-2012, during which growth of 8.4% (1<sup>st</sup> quarter), 6.2% (2<sup>nd</sup> quarter) and 14.2% (3<sup>rd</sup> quarter) was experienced, as well as estimated growth of 3.5% for the last quarter combined with prior year true-up adjustments. 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 2012-2013 based on a 3.5% growth projection. Since the accrual was processed, preliminary Sales Tax data for the fourth quarter have become available and shows an actual increase of 9.9%. While details by economic sector for the last quarter's performance are not yet available, this higher growth rate generated an additional \$1.7 million in revenue.

The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2012, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. During this period, economic growth of 6.0% was realized.

<sup>1</sup> Starting in 2004-2005, the City was impacted by a State action known as the "Triple Flip", which affects the timing of actual sales tax receipts. As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), 25% of the City's one percent Bradley Burns sales tax has been temporarily suspended and replaced dollar-for-dollar with property tax revenue. This action will remain in effect until the State's bond obligations have been satisfied. However, the City will continue to record the replacement property tax revenues as sales tax because the growth formula for these receipts is tied to sales tax and this action is considered a temporary property tax in lieu of sales tax.

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## GENERAL FUND REVENUE PERFORMANCE

### Sales Tax

#### Sales Tax Revenue Economic Performance April 2011 – March 2012

Economic Sector	% of Total Revenue	% Change from April 2011 – March 2012
General Retail	27.3%	4.3%
Transportation	24.3%	17.6%
Business-to-Business	22.4%	-2.6%
Food Products	15.6%	5.9%
Construction	9.7%	7.4%
Miscellaneous	0.7%	-1.2%
<b>Total</b>	<b>100.0%</b>	<b>6.0%</b>

To reflect actual 2011-2012 activity, an increase to the 2012-2013 General Sales Tax budget estimate of \$3.1 million is recommended as part of the 2011-2012 Annual Report actions. The \$3.1 million increase is comprised of additional revenue generated from actual fourth quarter 2011-2012 receipts (\$1.7 million) which reflected growth of 9.9% compared to the budgeted estimate of 3.5%, and the recognition of the 2011-2012 “Triple Flip” true-up payment from the State, anticipated to be received in January 2013 (\$1.4 million). Underlying growth assumed in the 2012-2013 Adopted Budget of 3.0% remains unadjusted despite the higher base from which to measure growth, as the data behind the fourth quarter receipts is unknown at this time and the data behind the third quarter revealed economic growth of only 2%. With the recommended adjustments to true-up both the “Triple Flip” payment as well as actual fourth quarter 2011-2012 receipts, the 2012-2013 General Sales Tax estimate will be \$151.3 million, which is 1.3% above the 2011-2012 year-end figure of \$149.4 million. Additional adjustments may be brought forward during 2012-2013 based on actual performance. Data for the first quarter of 2012-2013 (July – September activity) will not be available until December 2012.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$4.7 million exceeded the 2011-2012 budgeted estimate of \$4.6 million by 1.5% and were up 14.3% when compared to the 2010-2011 collection level of \$4.1 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 2011-2012, Telephone Line Tax collections of \$20.5 million were consistent with the budgeted estimate and close to the 2010-2011 collection level (\$20.6 million).

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## GENERAL FUND REVENUE PERFORMANCE

### Transient Occupancy Tax

In 2011-2012, receipts of \$9.0 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) exceeded the 2011-2012 Modified Budget estimate of \$8.3 million by 8.2% and increased 24.4% from the 2010-2011 collection level of \$7.2 million. The higher than budgeted 2011-2012 revenue is attributable to increased hotel occupancy and room rate levels, as well as a biennial TOT compliance audit. Of the \$9.0 million in TOT receipts, \$8.7 million was generated through normal collections, while \$317,000 was realized from the biennial TOT compliance audit, which sought to collect taxes from hotels that should have been remitted in prior years. As the revenues resulting from the compliance audit are attributable to prior year activity, they are not necessarily indicative of the current health of the local hotel market. Excluding the activity from prior years, TOT revenues of \$8.7 million increased by a strong 20% from 2010-2011 levels. In 2011-2012, the average occupancy rate for the City's 14 largest hotels climbed from 58.5% to 61.6%, and the average room rate for these same hotels increased by \$11 (from \$118 to \$129).

The 2012-2013 Adopted Budget assumed approximately 5.0% growth from the 2011-2012 estimate at the time the budget was developed. Because the actual 2011-2012 receipts were above this estimate, growth of only 0.6% is needed to meet the 2012-2013 Adopted Budget estimate of \$8.7 million (after excluding revenue generated from the compliance audit). With no indications of slowing activity, a recommendation is included in this report to increase the budgeted revenue estimate by \$385,000 to \$9.1 million, which would restore the projected 2012-2013 growth to 5%, consistent with the adopted budget levels.

### Franchise Fees

Franchise Fee collections of \$41.7 million were slightly below (-0.2%) the 2011-2012 Modified Budget level of \$41.8 million, but were 1.1% above the 2010-2011 collection level of \$41.3 million. Following is a discussion of the major Franchise Fee components:

- ***Electric and Gas Franchise Fees*** – For 2011-2012, collections were based on activity that occurred during calendar year 2011. Electric Franchise Fee collections of \$18.2 million were \$464,000 (2.6%) above the 2011-2012 Modified Budget level of \$17.7 million and 2.8% above the 2010-2011 collection level of \$17.7 million. Gas Franchise Fees of \$4.4 million ended the year below the budgeted estimate of \$4.9 million by \$466,000 (9.5%); and 1.1% below the 2010-2011 collection level of \$4.5 million. Due to a booking error between the Gas and Electric Franchise Fees categories, the year-end budget adjustments set the budget too high for the Gas category and too low for the Electric category. Combined the Gas and Electric franchise fees collections of \$22.6 million were at the budgeted estimate of \$22.6 million.

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## GENERAL FUND REVENUE PERFORMANCE

### Franchise Fees

- **Commercial Solid Waste Franchise Fee (CSW)** – Collections of \$9.6 million were 1.1% below the 2011-2012 Modified Budget estimate of \$9.7 million and 1.0% above the prior year collection level of \$9.5 million. This marks the first growth in this category after four years of declines from a high of \$12.5 million in 2006-2007. In recent years, collections in this category have been impacted by an increase in recycling as well as the impacts from the steep economic downturn. In 2012-2013, 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. The new fee will be set at \$5 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. This new fee will be subject to an annual consumer price index adjustment. In 2012-2013, collections in this category are expected to increase 14.6% to \$11.0 million based on this new methodology.
- **Cable Television Franchise Fees** – Actual 2011-2012 collections ended the year at the budgeted estimate of \$8.5 million and were 1.1% above the 2010-2011 collection level of \$8.4 million.
- **City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees** – Receipts in these categories were relatively consistent with the budgeted estimates but varied from 2010-2011 collection levels. City-Generated Tow Franchise Fee receipts of \$770,000 slightly exceeded the budget estimate of \$740,000 by 4.0% (\$30,000), but were 21.4% below the prior year collection level of \$979,000. This significant decline reflects the change in Police Department procedures, which reduced the number of tows and impounds for persons with violations that are not related to serious driving offenses. Water Franchise Fee collections of \$227,000 were 4.5% above the budget estimate of \$217,000, and 8.5% above the prior year collection level of \$209,000. Nitrogen Gas Pipeline Franchise Fee receipts of \$57,000 were above the budgeted estimate of \$55,000 and the 2010-2011 collection level of \$55,000.

### Utility Tax

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$90.4 million were 0.7% below the 2011-2012 Modified Budget level of \$91.0 million and 2.8% (\$2.5 million) above the 2010-2011 actual level of \$87.9 million.

- **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 0.1% below the 2010-2011 level of \$39.1 million. Gas Utility Tax collections of \$8.8 million were slightly below (2.4%) the 2011-2012 Modified Budget estimate of \$9.0 million but 1.6% (\$138,000) above the 2010-2011 collection level of \$8.7 million. This category also includes a one-time payment of \$1.56 million from Pacific Gas and Electric (PG&E) that was

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## GENERAL FUND REVENUE PERFORMANCE

### Utility Tax

received as budgeted. This payment was the result of a final settlement agreement between the City and PG&E of the funding necessary to correct for underpayments and related penalties and interest of Gas and Electric franchise fees, surcharges and utility user taxes from January 1, 2007 through December 31, 2010 that were not coded as San José properties in PG&E's billing system.

- **Water Utility Tax** – Receipts in this category of \$9.5 million were 1.4% above the modified budget level of \$9.4 million and 10.9% above the 2010-2011 collection level of \$8.6 million primarily due to approved rate increases.
- **Telephone Utility Tax** – Collections of \$31.4 million in this category were 1.3% below the 2011-2012 Modified Budget level of \$31.8 million and 0.2% below the prior year collection level of \$31.5 million. In 2012-2013, the budgeted estimate of \$32.3 million was based on assumed growth of approximately 1% over the 2011-2012 projected collection level of \$31.9 million. However, because actual collections in 2011-2012 fell below this estimate, growth of 2.6% is needed in 2012-2013 to meet the budgeted estimate. Given actual collection trends, this growth may not be realized in 2012-2013. Collection levels will continue to be monitored and adjustments will be brought forward as necessary during the year.

### Business Taxes

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, Business Tax collections of \$41.1 million were 0.4% above the 2011-2012 Modified Budget estimate of \$41.0 million and 8.4% above (\$3.2 million) the 2010-2011 collection level of \$38.0 million. The significant increase over the prior year is a result of the annualization of the Marijuana Business Tax of which only four months were reflected in 2010-2011. Following is a discussion of the major Business Tax components:

- **Cardroom Tax** – Collections in this category reflect the gross receipts tax collected from the two cardrooms located in San José. Receipts of \$14.9 million ended the year 1.1% below the modified budget estimate of \$15.1 million, but 1.2% (\$177,000) above the prior year actual level of \$14.8 million. The increase from the prior year reflects, in part, the impact of the Cardroom Tax ballot measure that was approved by the voters in June 2010. The ballot measure increased the tax rate from 13% to 15% and increased the maximum number of card tables from 80 to 98. The new rates went into effect on August 13, 2010; therefore the increase was not reflected in the first two months of the prior fiscal year.
- **Business Tax** – Collections of \$11.3 million in this category are \$13,000 above the modified budget estimate and 3.1% above the 2010-2011 collection level of \$10.9 million. The growth in Business Tax receipts for 2011-2012 reflects the gradual economic recovery as

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## GENERAL FUND REVENUE PERFORMANCE

### Business Taxes

well as efforts by the Finance Department to maximize the receipt of this tax. The Finance Department conducted an employee count verification project as well as a multiple housing verification process.

- **Disposal Facility Tax** – Collections of \$11.2 million ended the year 1.5% above the budgeted estimate of \$11.0 million and 0.6% above the 2010-2011 collection level of \$11.1 million. Similar to the Commercial Solid Waste Franchise fees, collections in this category experienced slight growth in 2011-2012 after four years of declines from a \$14.7 million collection level in 2006-2007. Revenue from the Disposal Facility Tax is impacted by the economy, waste exports, and waste diversion. In 2012-2013, the budgeted estimate of \$10.7 million was based on the assumption that collections would decline approximately 1% from an estimated 2011-2012 collection level of \$11.8 million. Because 2011-2012 collections exceeded the estimate used to develop the 2012-2013 budget, receipts can drop by approximately 4% in 2012-2013 to meet the budgeted estimate. A budget adjustment may be brought forward in 2012-2013 based on actual performance.
- **Marijuana Business Tax** – On November 2, 2010, San José voters approved Measure U, which permits the City to impose a gross receipts business tax of 7% on all marijuana businesses in the City. Collections of \$3.7 million were slightly above the 2011-2012 Modified Budget level of \$3.6 million (3.8%) and significantly above the 2010-2011 receipts of \$1.2 million. The significant variance from prior year collections is due to only a partial year being reflected in 2010-2011 as the effective date of the tax was March 1, 2011.

### Licenses and Permits

Revenues in this category include the Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$43.8 million were 4.1% (\$1.7 million) above the modified budget level of \$42.1 million and 13.2% above (\$5.1 million) the 2010-2011 collection level of \$38.7 million. The significant increase over the prior year is a result of substantial growth in the Fire Permits and Building Permits categories. Following is a discussion of the major Licenses and Permits components:

- **Fire Permits** – Fire Fee receipts of \$9.5 million at year-end were 3.1% above the estimate of \$9.2 million, and 17.9% above the prior year level of \$8.1 million. The 2011-2012 Adopted Budget estimate of \$7.8 million was built assuming a slight increase of activity levels from the previous year. However, an upward adjustment of \$1.4 million to the Development revenue estimate was approved during 2011-2012 to address an increase in development activity, which is anticipated to continue in 2012-2013.

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## GENERAL FUND REVENUE PERFORMANCE

### Licenses and Permits

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and Miscellaneous revenues ended the year at \$5.6 million, above the 2011-2012 Modified Budget estimate of \$5.4 million. Because year-end collections exceeded the modified budget estimate, an increase to the Fire Fee Reserve of \$255,000 is recommended as part of this document. When combined with the Fire Department Fee Program expenditure savings and interest earnings of \$329,000, the Fire Fee Program Reserve is recommended to be increased by a total of \$584,000. This action will increase the Reserve from \$3.7 million to \$4.2 million. In addition, adjustments to the estimated retirement rates for 2012-2013, as directed in the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2012-2013, generated additional savings to the Fire Fee program of \$6,000. A recommendation to transfer these savings to the Fire Fee Program Reserve is recommended to reflect these additional savings.

Non-Development revenue of \$3.9 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other Miscellaneous activities were consistent with estimated levels of \$3.9 million. Annual renewable permits revenue of \$3.4 million was \$137,000 (3.9%) lower than estimated but \$482,000 (16.6%) higher than the collections in the prior year. Combined revenues of \$449,000 from non-renewable 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 \$121,000 (36.8%) higher than budgeted levels and \$78,000 (14.8%) lower than prior year's year-end revenue of \$527,000.

- **Building Permits** – Receipts of \$24.9 million ended the year 5.6% (\$1.3 million) above the modified budget estimate of \$23.6 million, and 11.1% above the prior year level of \$22.4 million. As identified in Bi-Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenue throughout 2011-2012 tracked well above anticipated levels primarily as a result of increased development activity. This additional activity necessitated additional staffing resources to meet the plan check and inspection service demands. In order to keep pace with the increased demand, on January 31, 2012, City Council approved the addition of 16 positions for the Building Fee Program, offset by additional revenues of \$1.9 million. Further information on the approved actions can be found at [http://www.sanjoseca.gov/clerk/Agenda/20120131/20120131\\_0403.pdf](http://www.sanjoseca.gov/clerk/Agenda/20120131/20120131_0403.pdf). In recognition of increased permit revenues, the budget estimate was increased by an additional \$5.1 million at the end of 2011-2012. Even with adjustments to the budget estimate, actual collections ended the year \$1.4 million over the revised estimate as a result of permits that were issued at the end of the year.

# 2011-2012 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE

### Licenses and Permits

The total valuation of projects submitted in 2011-2012 was \$893.8 million, 32.4% above the revised estimate of \$675.0 million and 28.0% above the \$698.5 million valuation of projects that were received in 2010-2011. Total construction valuation in the three land use categories ended the year above the estimates used in the development of the budget. A total of 2,973 residential units received permits in 2011-2012 compared to an estimate of 2,000 units, with a valuation of \$515.7 million in 2011-2012 compared to \$386.9 million in 2010-2011. Commercial activity was 7.6% above forecasted levels at approximately \$242.1 million and was 9.6% above last year's level (\$220.9 million). Activity in the industrial sector also tracked above estimates at \$135.9 million and above the prior year level (\$90.8 million). The number of projects requiring plan check was 8,000 in 2011-2012, an increase of 41.5% from 5,654 in the prior year. The total number of building inspections conducted in 2011-2012 was 134,041, increasing 32.6% from 101,074 inspections during the previous year.

A recommendation to increase the Building Development Fee Program Reserve by a net \$1.5 million from \$13.5 million to \$15.0 million is included as part of this document. This funding was derived from a combination of a revenue surplus of \$1.3 million in 2011-2012 combined with the expenditure savings of \$309,000 and interest earnings attributed to the program of \$7,000. In addition, adjustments to the estimated retirement rates for 2012-2013, as directed in the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2012-2013, generated additional savings to the Building Fee Program of \$13,000. A recommendation to transfer these savings to the Building Fee Program Reserve is recommended to reflect these additional savings. These increases to the Reserve were partially offset by staffing costs for a Senior Executive Analyst position in the Office of Economic Development that staffs the second Special Tenant Improvement/Industrial Tool Installation (STI/ITI) line of \$158,000 which was inadvertently omitted as part of the development of the 2012-2013 Adopted Budget.

- *Miscellaneous Other Licenses and Permits* – Collection of \$9.4 million were 1.1% (\$102,000) above the 2011-2012 Modified Budget and \$1.2 million (14.0%) about prior year collections of \$8.3 million. The variance from 2010-2011 collection levels is primarily due to increases in vacant/dangerous building revenues, multiple housing permits, and cardroom permits due to increased activity.

### 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 \$18.4 million in this category were 4.2% above the modified budget estimate of \$17.6 million and up 2.4% from the prior year collection level of \$17.9 million.

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## GENERAL FUND REVENUE PERFORMANCE

### Fines, Forfeitures and Penalties

Parking fines, the largest component of this revenue category, ended the year at \$12.1 million. This collection level slightly exceeded the modified estimate of \$11.8 million (2.9%) and increased 3.4% from the 2010-2011 collection level of \$11.7 million. The positive variance from 2010-2011 is primarily attributable to increases in the collection rate (from 82.7% to 84.4%) and fines associated with citations.

Vehicle Code and Municipal Code Fines ended the year at \$3.5 million, which was 4.4% above the modified budget estimate of \$3.3 million, but was 12.6% below the 2010-2011 collections of \$4.0 million. The City also received \$1.0 million from Business Tax Penalties which was consistent with the modified budget estimate of \$1.0 million, but 5.5% below the prior year collections of \$1.1 million. False Alarm fines totaled \$68,000, significantly below both the modified budget estimate of \$440,000 and the prior year collection level of \$462,000. This low collection level reflects the combined impacts of the Police Department verified response model as well as a backlog in billings.

### 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 \$3.3 million ended the year slightly above the modified budget level of \$3.0 million, but 9.4% below the prior year collection level of \$3.7 million. Use of Property revenues, including rental income (\$2.1 million) was slightly below the budgeted estimate of \$2.2 million and below prior year collections of \$2.3 million. Subrogation revenues of \$450,000 were above the budgeted estimate of \$395,000, however, they were below the prior year collection levels by 58% due to a significant one-time settlement of a workers' compensation claim in 2010-2011. Interest income of \$490,000 was above prior year (\$290,000) and budgeted levels (\$383,000). The positive variances from both the prior year and the modified budget were primarily due to higher Property Tax Interest earnings. The City's pre-payment of the City's contribution to its two retirement plans in July 2011, and lower levels of earmarked reserves result in a low cash balance and consequently low investment earnings. The net investment yield in the General Fund was 0.27% in 2011-2012, down from 0.46% in 2010-2011 and continues to fall significantly below the most recent high of 3.8% in 2007-2008. This lower net investment yield is reflected in the interest earned on the General Fund cash balance which fell \$52,000 in 2011-2012 consistent with the budgeted estimate from 2010-2011 level of \$215,000. This category also includes revenue of \$250,000 from a senior staff home loan repayment.

### 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 from the former San Jose

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## GENERAL FUND REVENUE PERFORMANCE

### Revenue from Local Agencies

Redevelopment Agency (SJRA) for payment of the Convention Center debt service, 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 \$30.1 million in the Local Agencies category ended the year below the budgeted estimate of \$33.4 million, with a negative variance of 9.5%. This collection level was also 31.8% below the \$44.2 million collected in 2010-2011. Reimbursements of \$16.0 million from the former SJRA included the Convention Center debt service payment reimbursement of \$15.4 million and reimbursements for City support services of \$600,000. This reimbursement level fell below the budgeted estimate by \$200,000 due to insufficient funding in the Successor Agency to complete reimbursements for three months of City Support costs (April-June). Reimbursements also fell \$13.5 million (45.9%) below the 2010-2011 level due primarily to budget re-balancing actions brought forward as part of the 2011-2012 Adopted Budget that eliminated support for City services and programs to help to address the financial difficulties faced by the former SJRA.

In 2011-2012, the Central Fire District payment of \$4.6 million was at the modified budget estimate, however, fell 10.9% below the prior year collection level of \$5.2 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 is due to annexations of County pockets into the City as well as the change in Property Tax valuation in those areas. In 2012-2013, receipts are expected to increase 1.3% consistent with the projected increase in Property Taxes, assuming no further annexations occur. The payment of \$2.2 million from the County of Santa Clara for the City's Paramedic Program was slightly below the budgeted estimate of \$2.3 million, however, significantly above prior year collection level of \$1.7 million. Lastly the CAL-ID program and Automated Finger Information System reimbursements of \$2.8 million fell \$2.6 million below the budget estimate of \$5.3 million. The majority of this variance was anticipated and revenues and associated expenditure budgets were rebudgeted as part of the 2012-2013 Adopted Budget. Additional rebudget actions to adjust revenues and expenditure budgets for various grants based on actual performance are recommended, as described in Section IV of this report. A recommended reduction to the 2012-2013 Adopted Budget estimate for revenues by \$400,000 (from \$450,000) is included to reflect a reduction in participation in the Grace Community Center Day Rehabilitation Program; additional details on this action are described in Section IV of this report

### Revenue from the State of California

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$14.1 million ended the year 1.4% below the modified budget estimate of \$14.3 million, and 21.0% below the prior year actual level of \$17.8 million. The

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**Revenue from the State of California**

variance from the modified budget estimate was due primarily to lower than estimated revenues from various grants, partially offset by higher than estimated vehicle license collections.

The Tobacco Settlement revenues of \$9.2 million were 2.2% above the 2011-2012 Modified Budget estimate of \$9.0 million and 2.0% or \$178,000 above prior year collections. This is the first growth this category has seen after declines in both 2009-2010 and 2010-2011. The 2012-2013 Adopted Budget includes an estimate for \$9.0 million.

State grants and reimbursements totaled \$2.2 million, which was 28.3% below the modified budget estimate of \$3.1 million. This was the result of many grants and reimbursements (and their associated expenditures) falling below the budgeted estimates; major variances include: no reimbursement for the CAD Network Upgrade (\$423,000); lower 2011-2012 Driving Under the Influence Enforcement and Awareness Grant revenues of \$228,000 compared to a budgeted estimate of \$375,000; and no reimbursement for the Bay Area Electric Vehicle Corridor Project (\$121,000) due to a delay in billing for reimbursement. Included in the 2012-2013 Adopted Budget were the rebudget of these and other revenues and associated expenditures for various State grants in the amount of \$414,000 to account for the anticipated receipt, in 2012-2013, of revenues that were not received in 2011-2012. Also included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in Section IV of this report.

Motor Vehicle In-Lieu payments totaled \$2.1 million in 2011-2012, which tracked at the modified budget level, but were 16.0% below the prior year collection level of \$2.5 million. The State approved bill (SB 89), eliminated these payments beginning in 2011-2012 as a State Budget balancing action, however, a one-time Motor Vehicle In-Lieu true-up payment was received in 2011-2012 that accounted for underpayments in prior years (2006-2007 through 2009-2010). Additional revenue from excess vehicle licensing fees of \$490,000 was also received in 2011-2012, which had not been anticipated.

**Revenue from the State of California – 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 State grants and reimbursements. In 2011-2012, ARRA Revenue from the State of California of \$364,000 was only \$16,000 below the modified budget estimate of \$380,000. Included in the 2012-2013 Adopted Budget were the rebudget of revenues for various State grants in the amount of \$61,000 to account for the anticipated receipt in 2012-2013 of revenues that were not received in 2011-2012. This rebudget amount, however,

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## GENERAL FUND REVENUE PERFORMANCE

### Revenue from the State of California – American Recovery and Reinvestment Act (ARRA)

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 various grants based on actual performance, as described in Section IV of this report.

### Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2011-2012, Revenue from the Federal Government of \$15.2 million was 18.8% below the modified budget estimate of \$18.7 million but 160.4% above the 2010-2011 collection level of \$5.8 million. The significant variance to 2010-2011 collections is primarily due to the receipt of the Community Oriented Policing Services (COPS) Grant (\$2.1 million), the 2008 Assistance to Fire Fighters Grant Self Contained Breathing Apparatus Grant (\$1.7 million); and the 2009 Urban Areas Security Initiative reimbursement for Fire (\$1.8 million, a positive variance of \$1.3 million from the prior year). A portion of these grants (\$2.0 million) was rebudgeted to 2012-2013 as part of 2012-2013 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 IV 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 2011-2012, ARRA Revenue from the Federal Government of \$4.5 million was \$3.7 million below the modified budget estimate of \$8.2 million. However, \$3.3 million of these grants was rebudgeted to 2012-2013 as part of the 2012-2013 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 IV 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 per City Council approved cost-recovery levels. Collections of \$34.3 million for Departmental Charges were 5.0% above the modified budget estimate of \$32.6 million and were above the 2010-2011 collection level of \$32.1 million (6.6%).

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### Departmental Charges

A brief description of the performance in each of the departmental fee categories is provided below.

- **Library Departmental Fees** – Collections of \$1.2 million ended the year 5.6% above the modified budget estimate of \$1.1 million, but 15.9% below the 2010-2011 receipts of \$1.4 million. Fine revenues accounted for \$1.0 million of the \$1.2 million in receipts in 2011-2012 and were down from \$1.2 million in the prior year. The lower collections in 2011-2012 are directly related to a sharp decline in circulation as a result of the reduction in branch library hours from 39 hours per week to 33-34 hours per week, a 14% reduction from 2010-2011 levels, and programming and service reductions at the Martin Luther King, Jr. Library.
- **Parks, Recreation, and Neighborhood Services (PRNS) Departmental Fees** – Collections of \$14.6 million ended the year 2.4% above the modified budget estimate of \$14.3 million. This collection level was 6.9% above the prior year level of \$13.7 million. Fiscal Year 2011-2012 reflected the second full year of operation of Happy Hollow Park and Zoo (HHPZ) after its major renovation project was completed in March 2010 which contributed to the higher fee revenues starting in 2010-2011. In 2011-2012, there were several PRNS fee categories that exceeded the budgeted estimates, including Rentals and Reservations (facility rentals and picnic and sports field reservations), Fee Activities, and HHPZ revenue. The higher receipts in these categories were partially offset by lower than estimated collections in a number of categories, including HHPZ food and beverage, Family Camp, Aquatics, and Parking.
- **Planning Departmental Fees** – Collections of \$2.9 million ended the year 5.0% above the modified budget estimate of \$2.7 million and 8.2% above the prior year level of \$2.6 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenue throughout 2011-2012 was slightly above anticipated levels. In recognition of increased revenues, budget estimates were slightly increased at year-end. Even with the adjustments to the revised budget estimate, actual collections were above the revised budget estimate as a result of permits that were issued at the end of the year. Higher than anticipated revenues were primarily a result of higher actual collections in the following fee categories: Non-Residential Conditional Use Permits, Non-Residential and Residential Private Development Permits, Residential Conventional Rezoning/Rezoning Permits, Public Information Services, and Non-Residential Site Development Permits.

This document includes a recommendation to increase the Planning Development Fee Program Reserve by \$95,000 (from \$424,000 to \$519,000). This increase to the reserve reflects the reconciliation of the 2011-2012 revenues and expenditures as well as 2012-2013 retirement savings. The 2011-2012 revenue surplus of \$135,000, was partially offset by higher than anticipated expenditures of \$42,000. The expenditure costs resulted from a rebudget that occurred at year-end but actual savings came in lower than originally estimated.

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## GENERAL FUND REVENUE PERFORMANCE

### Departmental Charges

In addition, adjustments to the estimated retirement rates for 2012-2013, as directed in the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2012-2013, generated additional savings to the Planning Fee Program of \$2,000. A recommendation to transfer these savings to the Planning Fee Program Reserve is recommended to reflect these additional savings.

- **Police Departmental Fees** – Collections of \$1.52 million at year-end were 15.1% (\$269,000) below the modified budget estimate of \$1.79 million and 13.1% (\$228,000) below actual collections of \$1.74 million in 2010-2011. The variance to the budgeted estimate is primarily due to lower collections of Vehicle Impound Release fees (\$335,000), Towing Service Dispatch fees (\$35,000), and Police Officer Standards Training (POST) reimbursement (\$15,000). The lower collections are partially offset by higher collections in Bureau of Technical Services (\$55,000), Miscellaneous Police Revenue (\$29,000), and State Reimbursements for Police Extraditions (\$26,000). For Impounded Vehicle Releases and Tow Services Dispatch, activity levels are down due to a January 2011 change in the tow policy that reduced the number of vehicles being towed and impounded. As a result, there is a reduction in the number of dispatched tow trucks as well as release fees being collected for impounded vehicles. In regards to the POST revenue, there has been a change in the State reimbursement process which has delayed collections.
- **Public Works Departmental Fees** – Collections of \$7.3 million ended the year 11.3% above the modified budget estimate of \$6.5 million and 27.6% above the \$5.7 million collected in 2010-2011. The 2011-2012 collections are comprised of \$7.1 million from the Development and Utility Fee Programs and \$197,000 for special assessment collections. With increased demand for residential development in the region and improving economic conditions, development activity experienced strong growth this year. Previously entitled mixed use projects in the North San José area contributed significantly to this upward trend. This positive development trend is anticipated to continue in 2012-2013.

Revenues in utility excavations, residential engineering, residential underground service alert locating, utilities, erosion and sediment control, residential and non-residential streetlight and signal design and inspection, private streets engineering, and grading permits categories all performed at higher than estimated levels. However, this performance was partially offset by lower than anticipated collections for non-residential engineering, geological control application fees, non-residential signal and streetlight inspection, planned development rezonings, traffic reports, site development permits development review, and conditional use permits development review categories. The revenue surplus of \$743,000 in 2011-2012 in the Public Works Fee Program combined with the expenditure savings of \$138,000 and interest earnings attributed to the program of \$12,000 results in a recommendation in this report to increase Public Works Fee Program Earmarked Reserve by \$893,000. In addition, adjustments to the estimated retirement rates for 2012-2013, as directed in the City Council's

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## GENERAL FUND REVENUE PERFORMANCE

### Departmental Charges

approval of the Mayor's June Budget Message for Fiscal Year 2012-2013, generated additional savings to the Public Work Fee Program of \$3,000. A recommendation to transfer these savings to the Public Works Fee Program Reserve is also recommended to reflect these additional savings. With these recommended adjustments, the Public Works Fee Program Reserve would increase from \$3.0 million to \$3.9 million.

- **Transportation Departmental Fees** – Collections of \$1.3 million ended the year \$446,000 or 52.5% above the modified budget estimate of \$849,000 and 18.2% (\$199,000) above the \$1.1 million collected in 2010-2011. Collections exceeded the modified level due primarily to higher than budgeted collection of development fees (\$145,000), sidewalk repair fees (\$110,000), miscellaneous traffic repairs (\$66,000), special event fees (\$37,000) and residential permit parking fees (\$25,000). Other categories ended the year with slight positive or negative variances.
- **Miscellaneous Departmental Fees and Charges** – Collections of \$5.5 million ended the year 3.1% above the modified budget estimate of \$5.4 million, but was 5.8% below the prior year actual level of \$5.9 million. The Solid Waste Enforcement fee, which is the largest component of this category, ended the year at \$3.7 million, which was 4.0% above the modified budget estimate (\$3.5 million) and 4.4% above the prior year collection level of \$3.5 million. This category also includes Animal Care and Services collections of \$628,000 that ended the year 3.1% below the modified budget estimate of \$648,000 and 6.2% below prior year collections of \$669,000. (In 2011-2012, combined collections for Animal Care and Services fees, which are reflected in the Licenses and Permits, Revenue from Local Agencies, and Departmental Fees and Charges revenue categories, totaled \$2.89 million, which is consistent with the prior year collection level and 0.9% above the modified budget estimate of \$2.87 million.)

### Other Revenue

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue receipts of \$116.1 million were 0.4% (\$455,000) below the budgeted estimate of \$116.5 million, but 25.4% (\$23.5 million) above the 2010-2011 collection level of \$92.6 million. The significant increase from 2010-2011 is due primarily to the issuance of \$100.0 million in borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANs) for cash flow purposes in 2011-2012 as compared to the \$75 million that was issued in 2010-2011. Excluding the issuance of a TRANs, revenues of \$16.1 million were slightly below the 2010-2011 levels by a net \$1.5 million (9.3%).

A \$5.0 million increase in the estimate for Other Revenue is recommended to recognize the proceeds from the sale of 14.5 acres to the Earthquakes, LLC with a corresponding increase in

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**GENERAL FUND REVENUE PERFORMANCE**

**Other Revenue**

expenditures to pay off a portion of the HUD 108 loan associated with this property. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance. Details on these actions are described in Section IV of this report.

**Transfers and Reimbursements**

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$69.0 million ended the year 0.6%, or \$412,000, above the 2011-2012 budgeted estimate of \$68.6 million. The positive variance is due to higher than expected transfers \$429,000, and overhead reimbursements \$537,000, partially offset by lower than expected reimbursements (\$555,000). The 2011-2012 collection level of \$69.0 million was \$23.0 million below the prior year due primarily to lower budgeted transfers from other funds (down \$20.3 million).

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$32.4 million ended the year \$537,000 (1.7%) above the modified budget estimate of \$31.8 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 primarily by higher than anticipated collections from various capital funds, including the Building & Structure Construction Tax Fund and the Construction Excise Tax Fund based on actual activity levels, as well as higher than anticipated collections from the Workforce Investment Act Fund.
- **Transfers** – Revenue from the Transfers category of \$21.2 million ended the year \$429,000 (2.1%) above the modified budget level of \$20.7 million. The transfer from the Construction and Conveyance Tax Fund to the General Fund of \$2.5 million was \$428,000 higher than estimated based on slightly higher Construction and Conveyance (C&C) Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts to support parks maintenance activities. In addition, there were a number of smaller positive and negative variances in this category. A net decrease of \$152,000 is recommended in this document to reflect a decrease in reimbursement from the Workforce Investment Act Fund for the rental of former community centers by the work2future program (\$234,000) to align reimbursements with eligible costs in accordance with federal grant requirements partially offset by an increase of \$82,000 to reflect additional excess funds generated from the close-out of the Stores Fund. Additional details on these actions are described in Section IV of this document.
- **Reimbursement for Services** – Collections of \$15.5 million in the Reimbursements for Services category were 3.5% below the modified budget level of \$16.0 million. The negative

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## GENERAL FUND REVENUE PERFORMANCE

### Transfers and Reimbursements

variance of \$555,000 was due to lower than budgeted reimbursements for the Gas Tax (\$474,000), the Deferred Compensation Program (\$73,000) offset by corresponding expenditure savings in the Human Resources Department, and the Maintenance Assessment District Funds (\$9,000). As a result of the 2011-2012 reduced level of reimbursements for Gas Tax, the 2012-2013 budgeted estimate is recommended to be reduced by \$500,000, from \$15.0 million to \$14.5 million, to remain consistent with the approximate 1% decline assumed in the 2012-2013 Adopted Budget from actual 2011-2012 receipts.

### Summary

In 2011-2012, total revenues received by the General Fund of \$907.6 million were lower than the modified budget level by \$6.0 million (0.7%). After adjusting for \$8.8 million of grant and reimbursement related revenues not received in 2011-2012, but rebudgeted to 2012-2013 as part of the 2012-2013 Adopted Budget, revenues actually ended the year \$2.8 million (0.3%) above the budgeted estimate. This is an extremely small variance given the diversity of the over 450 City revenues and the overall size of the General Fund. The Development Fee Programs generated \$2.5 million of the \$2.8 million surplus and these funds are recommended to be allocated to the Development Fee Program Reserves. After adjusting for the Development Fee Programs (\$2.5 million) and other recommended rebudget and clean-up adjustments (\$112,000), the net surplus drops to a positive variance of only \$203,000 (0.02%) for 2011-2012.

The 2011-2012 revenues of \$907.6 million were up \$31.3 million (3.6%) from the actual 2010-2011 collections (\$876.4 million). As described in this section, the primary reason for this increase is the \$100 million in borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANs) issued for cash flow purposes in 2011 as compared to the \$75 million issuance in 2010-2011. Adjusting for the variance in TRANs issuance between 2010-2011 and 2011-2012, General Fund revenues in 2011-2012 reflect only a \$6.3 million increase (0.8%) from the 2010-2011 levels.

The 2011-2012 revenue estimates were built on the assumption that the slow economic recovery would continue in 2011-2012. Actual performance in 2011-2012 was consistent with this general assumption with some areas of improvement. A number of revenue categories, such as Sales Tax, Transient Occupancy Tax, and the development-related fees and taxes, have experienced solid growth from the low collection levels experienced in recent years. Other revenue categories, such as Property Tax, have shown only modest improvement and are expected to experience slow growth moving forward.

Modest economic growth was factored into the 2012-2013 revenue estimates. The Administration will actively monitor economic indicators and revenues in 2012-2013 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions as necessary.

# 2011-2012 ANNUAL REPORT

## GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2011-2012 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 2011-2012 General Fund expenditures as compared with the modified budget estimates:

**TABLE B**  
**2011-2012 GENERAL FUND EXPENDITURE SUMMARY**  
**COMPARISON OF BUDGET TO ACTUAL**  
**(In \$000s)**

Category	Modified Budget*	Actual**	Variance	% Variance
Personal Services	\$ 579,220	\$ 572,695	\$ (6,525)	(1.1%)
Non-Personal/Equipment/Other	99,359	89,908	(9,451)	(9.5%)
City-Wide Expenses	224,906	195,197	(29,709)	(13.2%)
Capital Contributions	15,248	9,789	(5,459)	(35.8%)
Transfers	30,223	30,222	(1)	(0.0%)
Reserves	119,884	-	(119,884)	(100.0%)
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,068,840</b>	<b>\$ 897,811</b>	<b>\$ (171,029)</b>	<b>(16.0%)</b>

\* 2011-2012 appropriations as modified by Council through June 30, 2012, plus 2010-2011 carryover encumbrances

\*\* Actual 2011-2012 expenses plus encumbrances

General Fund expenditures and encumbrances through June 30, 2012 of \$897.8 million were \$171.0 million below (16.0%) the modified budget total of \$1.1 billion. Approximately 70% of this savings was generated from unspent reserves (\$119.9 million), with the remaining savings generated from expenditure appropriations. Total 2011-2012 expenditures and encumbrances were \$3.2 million, or less than 1%, below the June 2010 level of \$901.0 million.

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 2011-2012 Ending Fund Balance estimate for the 2012-2013 Adopted Budget. This comparison is used to determine if any adjustments to the 2012-2013 Adopted Budget are necessary and to identify any additional fund balance for use in 2012-2013.

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**GENERAL FUND EXPENDITURE PERFORMANCE**

**Overview**

As shown in Table C, the actual General Fund expenditures, transfers, and reserves of \$897.8 million were approximately \$17.6 million below (1.9%) the estimate used in the development of the 2012-2013 Adopted Budget. A portion of these savings (\$8.8 million) was carried over to 2012-2013 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up expenditure adjustments of \$2.9 million are recommended in this document to reconcile the Development Fee Programs for 2011-2012 (\$562,000) and to adjust various rebudget amounts and clean up appropriations (\$2.4 million), including a reconciliation of City-wide programs. After accounting for these technical adjustments, the remaining General Fund expenditures, transfers, and reserves savings figure totaled \$5.8 million, or 0.5% of the modified budget. 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 ending fund balance that is available for allocation. Specifically, as discussed earlier, in 2012-2013, a total of \$7.2 million in additional fund balance is available from net expenditure savings (\$5.8 million), the liquidation of prior year encumbrances above the estimated level (\$1.2 million), and higher net funding sources (\$183,000). Recommendations on the allocation of these additional funds are provided elsewhere in this document.

**TABLE C  
2011-2012 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES  
(In \$000s)**

Category	Estimate	Actual	Variance	% Variance
Expenditures	\$ 885,150	\$ 867,589	\$ (17,561)	(2.0%)
Transfers	30,223	30,222	\$ (1)	(0.0%)
Reserves	-	-	-	100.0%
<b>TOTAL</b>	<b>\$ 915,373</b>	<b>\$ 897,811</b>	<b>\$ (17,562)</b>	<b>(1.9%)</b>

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 2012-2013 budget.

Personal Services expenditures of \$572.7 million ended the year \$6.5 million (1.1%) below the budgeted level and \$18.7 million (3.2%) below 2010-2011 expenditure levels. The drop from 2010-2011 reflects the net impact of 10% compensation reductions as well as a reduction in budgeted positions due to service reductions and elimination of positions to close a \$115 million projected 2011-2012 General Fund shortfall, partially offset by increases in retirement and other 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. The personal services savings were higher than the level assumed when the 2011-2012 year-end

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### Overview

clean-up adjustments were developed. This small variance is primarily the result of vacancies throughout the organization as well as savings from various grants, namely the Staffing for Adequate Fire and Emergency Response (SAFER) grant in the Fire Department.

The majority of personal services savings were generated by the following departments: Police (\$2.3 million); Fire (\$1.7 million); and Planning, Building and Code Enforcement (\$773,000). The remaining Personal Services savings of \$1.7 million in various other departments were primarily generated from vacant positions. Of the \$6.5 million in personal services savings, \$1.1 million was rebudgeted to 2012-2013 as part of the Adopted Budget (including rebudgeted funds offset by revenue), leaving a balance of \$5.4 million in savings.

General Fund Non-Personal/Equipment/Other<sup>1</sup> expenditures and encumbrances ended the year at \$89.9 million, generating savings from the budgeted level of approximately \$9.5 million (9.5%). The majority of savings in this category was generated by the following departments: Police (\$3.6 million); Mayor and City Council (\$1.7 million); Planning, Building and Code Enforcement (\$1.1 million); Parks, Recreation and Neighborhood Services (\$729,000); and Information Technology (\$505,000). Of the \$9.5 million in savings, \$7.9 million was assumed as savings in the development of the 2012-2013 budget or rebudgeted to 2012-2013 in the Adopted Budget, leaving a balance of \$1.5 million in savings.

After adjusting for 2012-2013 rebudget and clean-ups included in the 2012-2013 Adopted Budget, personal service (\$5.4 million) and non-personal equipment (\$1.5 million) savings result in combined savings of \$6.9 million. Rebudget and cleanup actions of \$1.9 million are recommended in this report (including \$562,000 of Development Fee Program savings) and result in net savings of \$5.1 million in these categories (0.8%).

In the City-Wide Expenses category, expenditures and encumbrances of \$195.2 million ended the year \$29.7 million below the budgeted level of \$224.9 million. Of this amount, \$29.1 million was assumed as savings in 2011-2012 and rebudgeted to 2012-2013 in the Adopted Budget, including \$6.7 million that was offset by revenue sources. Of the remaining balance of \$574,000, rebudget and clean-up adjustments totaling \$100,000 are recommended in this document, and would result in net savings of \$474,000 in this category, a 0.2% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$9.8 million ended the year \$5.5 million below the budgeted level of \$15.2 million. Of this amount, \$4.3 million was assumed as savings in 2011-2012 and rebudgeted to 2012-2013 in the Adopted Budget. An additional \$944,000 is recommended to be rebudgeted in this document. With these rebudgets, the adjusted General

<sup>1</sup> 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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### Overview

Fund Capital savings totaled \$260,000 (1.7%) at year-end. The Transfers category expenditures of \$30.2 million fell below budgeted amounts by \$1,000 at year end.

The largest single category of remaining funding available in 2012-2013, as planned, is the Reserves category (\$119.9 million). The 2012-2013 Adopted Budget assumed the entire \$119.9 million balance was carried over to 2012-2013. Of this amount, \$65.4 million represented Earmarked Reserves, the largest of which were the 2012-2013 Future Deficit Reserve (\$21.9 million); Development Fee Program reserves (\$24.2 million); Workers' Compensation/General Liability Catastrophic Reserve (\$10.0 million); Salaries and Benefits Reserve (\$5.0 million); Fiscal Reform Plan Implementation Reserve (\$1.6 million); and Retiree Pre-Payment Reserve (\$1.0 million). The remainder of the Reserves category is comprised of the Contingency Reserve (\$29.3 million) and the 2011-2012 Ending Fund Balance Reserve (\$25.2 million).

### 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 (\$662.6 million) represented 73.8% of total 2011-2012 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 97.6% of their budgets, generating overall savings of 2.4%, or \$16.0 million.

Of the eighteen City departments/offices, eleven had expenditure savings of less than 5%. These eleven departments, which included the Police and Fire Departments, generated \$10.7 million (66.7%) of the departmental savings. Three departments had expenditure savings between 5% – 10% and generated \$3.1 million (19.2%) of the savings. The remaining four departments had expenditure savings over 10% and generated \$2.3 million (14.1%) of the savings.

In 2011-2012, the following four departments/offices had expenditure savings in excess of \$1 million: Police; Fire; Planning, Building and Code Enforcement; and Mayor and City Council. Of the \$11.5 million in savings generated from these departments/offices, \$6.8 million was previously rebudgeted or recognized as savings as part of the Adopted Budget, and an additional \$1.3 million is 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. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

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### Review of General Fund Expenditure Performance

Non-departmental expenditures totaled \$235.2 million, or 26.2% of the total 2011-2012 General Fund expenditures. In this category, 87.0% of the amount budgeted (excluding reserves) was expended. Reserves of \$119.9 million represent the largest portion of the unexpended funds and were carried over or used in 2012-2013 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 2012-2013 for their originally intended uses.

**TABLE D  
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2011-2012 Modified Budget	2011-2012 Expenditures	Variance	%
				Variance
City Attorney	\$ 11,118,521	\$ 11,020,477	\$ (98,044)	(0.9%)
City Auditor	1,989,353	1,786,314	(203,039)	(10.2%)
City Clerk	1,884,012	1,668,979	(215,033)	(11.4%)
City Manager	10,391,165	10,234,046	(157,119)	(1.5%)
Economic Development	5,184,157	4,775,272	(408,885)	(7.9%)
Environmental Services	602,012	418,175	(183,837)	(30.5%)
Finance	11,605,773	11,330,020	(275,753)	(2.4%)
Fire	156,472,444	154,367,858	(2,104,586)	(1.3%)
Human Resources	5,714,258	5,441,707	(272,551)	(4.8%)
Independent Police Auditor	958,741	935,279	(23,462)	(2.4%)
Information Technology	14,787,305	14,018,799	(768,506)	(5.2%)
Library	22,271,161	22,173,416	(97,745)	(0.4%)
Mayor and City Council	10,146,518	8,495,914	(1,650,604)	(16.3%)
Parks, Recreation & Neighborhood Services	48,334,720	47,407,890	(926,830)	(1.9%)
Planning, Building & Code Enforcement	27,871,026	25,985,839	(1,885,187)	(6.8%)
Police	296,259,011	290,379,542	(5,879,469)	(2.0%)
Public Works	27,663,137	27,049,940	(613,197)	(2.2%)
Transportation	25,325,620	25,113,575	(212,045)	(0.8%)
<b>Subtotal</b>	<b>678,578,934</b>	<b>662,603,042</b>	<b>(15,975,892)</b>	<b>(2.4%)</b>
<hr/>				
<b>Non-Departmental</b>				
City-Wide Expenses	224,906,188	195,197,125	(29,709,063)	(13.2%)
Capital Contributions	15,247,717	9,788,715	(5,459,002)	(35.8%)
Transfers	30,223,250	30,222,019	(1,231)	(0.0%)
Earmarked Reserves	65,374,697	-	(65,374,697)	(100.0%)
Contingency Reserve	29,309,000	-	(29,309,000)	(100.0%)
Ending Fund Balance Reserve	25,200,000	-	(25,200,000)	(100.0%)
<b>Subtotal</b>	<b>390,260,852</b>	<b>235,207,859</b>	<b>(155,052,993)</b>	<b>(39.7%)</b>
<b>TOTALS</b>	<b>\$ 1,068,839,786</b>	<b>\$ 897,810,901</b>	<b>\$ (171,028,885)</b>	<b>(16.0%)</b>

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### 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*

With 2011-2012 expenditures of \$1.8 million, the Office of the City Auditor expended 89.8% of its \$2.0 million General Fund budget, with resulting savings of \$203,000. The majority of this variance is related to personal services expenditures, which were 9.0% below (\$172,000) the modified budget as a result of two vacancies, and salary savings due to employee leave and reduced work week scheduling. Non-personal/equipment expenditures ended the year 40.5% below (\$31,000) budgeted levels due to prudent monitoring of expenditures resulting in lower than estimated expenditures in various areas such as computer and data processing, professional and consultant services, and supplies.

- *City Clerk*

With 2011-2012 expenditures of \$1.7 million, the Office of the City Clerk expended 88.6% of its \$1.9 million General Fund budget, with resulting savings of \$215,000. The majority of this variance is related to personal services expenditures, which were 7.8% below (\$122,000) the modified budget as a result of vacant positions in the department at various points throughout the year. Non-personal/equipment expenditures ended the year 28.8% below (\$93,000) budgeted levels of \$322,000. The majority of these savings was realized in professional and consultant services.

- *Office of Economic Development*

The Office of Economic Development expended \$4.8 million (92.1%) of its 2011-2012 General Fund budget of \$5.2 million, resulting in savings of \$409,000. The majority of this variance is related to lower personal services expenditures, which were 9.1% below (\$225,000) the modified budget as a result of approximately 9.5% of budgeted positions being vacant for approximately half of 2011-2012. Non-personal/equipment expenditures ended the year 6.8% below (\$184,000) budgeted levels. The majority of these savings was realized in contractual services, as the Department delayed some projects to ensure savings were available in the event that Real Estate Services revenues fell short of the budgeted revenue estimate.

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### Discussion of Significant Departmental Variances and Other Issues

- *Environmental Services*

With expenditures of \$418,000, the Environmental Services Department expended 69.5% of its modified budget of \$602,000, with resulting savings of \$184,000. Personal services expenditures were 21.0% below (\$61,000) budgeted levels. Of this balance, \$50,000 was rebudgeted as part of the 2012-2013 Adopted Budget 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. An additional rebudget of \$2,000 for Silicon Valley Energy Watch activities is recommended as part of this document. After these adjustments, the net personal services savings totals approximately \$9,000 (1.5%). Non-personal/equipment expenditures ended the year 39.5% (\$123,000) below the 2011-2012 Modified Budget of \$310,000. Of this balance, \$53,000 was rebudgeted in the 2012-2013 Adopted Budget to pay for Silicon Valley Energy Watch activities. An additional rebudget of approximately \$9,000 for Silicon Valley Energy Watch activities is recommended as part of this document. After these adjustments, the net non-personal/equipment savings totaled approximately \$61,000 (19.7%).

- *Fire*

Overall, the Fire Department expended or encumbered 98.7% of its total 2011-2012 Modified Budget of \$156.5 million, resulting in savings of \$2.1 million. Of these savings, \$724,000 was either rebudgeted to 2012-2013 (\$409,000) or is recommended to be reallocated to the Fire Fee Reserve (\$315,000), leaving \$1.4 million in net savings, primarily reflecting savings from the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

The Personal Services appropriation of \$149.0 million was 98.8% expended, with savings of \$1.7 million, primarily due to the delay of the third SAFER Academy and resulting vacancies (\$939,000). The remaining savings of approximately \$797,000 are due to vacancies in dispatcher positions, civilian support positions, the Development Fee Program, and lower than budgeted overtime costs (\$311,000). In reconciling the Development Fee Program budget with year-end personal services expenditures, savings in the program of approximately \$315,000, including \$295,000 in personal services savings and \$20,000 in overhead savings, are recommended to be transferred to the Fire Fee Reserve. Combined with higher than estimated revenue collections of \$255,000, the total recommended increase to the Fire Fee Reserve based on the 2011-2012 reconciliation is \$570,000. Reallocating this amount to the Fire Fee Reserve will increase the Reserve from \$3.7 million to \$4.2 million.

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**Discussion of Significant Departmental Variances and Other Issues**

Fire's overtime expenditures of \$4.7 million ended the year slightly below the modified budget level of \$5.0 million. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. The Fire Department managed and monitored daily absences and staffing to minimize the impact of brownouts to the community, while minimizing overtime expenditures. The Department is expected to bring its 2011-2012 annual overtime report to the Public Safety, Finance, and Strategic Support Council Committee by February 2013. The overtime report will include an analysis of the balance between relief personnel and the overtime allocation for minimum staffing.

The Fire Department ended 2011-2012 with a total of 167 filled paramedics (154 front-line, 5 Supervisors, and 8 support) compared to the 134 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department does not anticipate any issues in maintaining the target staffing level of 134 front-line Firefighter Paramedics in 2012-2013. As part of the City Council's approval of Department Absence and Vacancy Rates (March 2010), it should be noted that the number of sworn administrative staff in the Department at the end of 2011-2012 was 30, which is within the authorized number of 32.

The Department's non-personal/equipment budget was 95.0% expended or encumbered, with year-end savings of \$369,000. Funding of \$401,000 was estimated to be available for targeted projects and was approved for rebudget in the 2012-2013 Adopted Budget for the performance data improvement project, air monitors for truck companies, technical/workforce development training, and paramedic training for 3<sup>rd</sup> SAFER academy Firefighters. However, a portion of the \$300,000 technical/workforce development rebudget approved as part of the 2012-2013 Adopted Budget is recommended to be reallocated from non-personal/equipment to personal services. Reallocation of \$190,000 is needed to address the overtime component of the technical/workforce development training and there were sufficient personal services savings at the end of 2011-2012 to support this rebudget.

- *Information Technology*

With expenditures of \$14.0 million, the Information Technology Department (ITD) expended 94.8% of its \$14.8 million General Fund modified budget with year-end savings of \$769,000. Personal Services expenditures were 2.9% (or \$264,000) below modified budget levels resulting primarily from vacancy savings due to employee retirements and separations.

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### Discussion of Significant Departmental Variances and Other Issues

Non-personal/equipment expenditures were 8.9% or \$505,000 below budgeted levels, resulting primarily from project savings or project delays. Of the remaining balance, \$350,000 was rebudgeted in the 2012-2013 Adopted Budget for the Data Storage project and \$50,000 was rebudgeted for the Converged Network (VoIP) Expansion project. This document recommends an additional rebudget of \$82,000 to upgrade the City's downtown WiFi to the nation's fastest WiFi network. After these adjustments, the net non-personal/equipment savings total \$23,000, or 0.4% of the 2011-2012 Modified Budget.

- *Mayor and City Council*

With total expenditures of \$8.5 million, the Mayor's Office, the City Council Offices, and Council General expended 83.7% of their total modified budget of \$10.1 million, with savings of \$1.7 million at year-end. Of this amount, \$494,000 of the savings was in the Mayor's Office, \$684,000 was in the City Council Offices, and \$473,000 million was in Council General as outlined below:

### 2011-2012 Actual Expenditure Performance

	2011-2012 Modified Budget	2011-2012 Actuals	Variance
Council District 1	\$ 249,307	\$ 233,052	\$ 16,255
Council District 2	337,234	280,788	56,446
Council District 3	298,307	264,011	34,296
Council District 4	325,702	297,263	28,439
Council District 5	345,197	241,928	103,269
Council District 6	326,681	256,066	70,615
Council District 7	358,314	261,868	96,446
Council District 8	321,139	252,887	68,252
Council District 9	339,945	225,240	114,705
Council District 10	348,594	253,652	94,942
Mayor's Office	1,785,199	1,291,505	493,694
Council General	5,110,900	4,637,654	473,246
<b>Total</b>	<b>\$ 10,146,519</b>	<b>\$ 8,495,914</b>	<b>\$ 1,650,605</b>

In the 2012-2013 Adopted Budget, anticipated 2011-2012 savings of \$1.6 million (\$902,000 in the City Council Offices, \$481,000 in the Mayor's Office, and \$262,000 in Council General) was rebudgeted and an additional \$875,000 was committed for other uses. Actual

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### Discussion of Significant Departmental Variances and Other Issues

year-end savings, however, fell below these estimates. As a result, a net reduction to the rebudget amount of \$213,000 is recommended in this document in order to align the City Council Offices' year-end balances taking into account total prior rebudgeted funds as approved by the City Council as part of the Mayor's June Budget Message for Fiscal Year 2012-2013. Below is a chart outlining the revised 2012-2013 budgets by office as recommended in this document:

#### 2012-2013 Adopted Budget Modifications

	2012-2013 Adopted Budget	2011-2012 Constituent Outreach (Reconciliation)	2011-2012 Rebudget (Reconciliation)	2012-2013 Modified Budget
Council District 1	\$ 251,228	\$ 4,336	\$ 0	\$ 255,564
Council District 2	329,976	0	(26,302)	303,674
Council District 3	308,149	(5,041)	(21,584)	281,524
Council District 4	317,826	0	(42,159)	275,667
Council District 5	372,657	(5,658)	(16,502)	350,497
Council District 6	340,258	0	(22,415)	317,843
Council District 7	380,131	(13,783)	(22,674)	343,674
Council District 8	337,512	835	(22,867)	315,480
Council District 9	373,527	(381)	(11,213)	361,933
Council District 10	362,559	(5,258)	(15,131)	342,170
Mayor's Office	1,834,619	22,790	(10,182)	1,847,227
Council General	5,813,917	0	0	5,813,917
<b>Total</b>	<b>\$11,022,359</b>	<b>\$ (2,160)</b>	<b>\$ (211,029)</b>	<b>\$10,809,170</b>

- *Planning, Building and Code Enforcement*

The Planning, Building and Code Enforcement Department (PBCE) expended \$26.0 million (93.2%) of its \$27.9 million General Fund budget, with resulting savings of \$1.9 million. Personal services expenditures were 3.1% (\$773,000) below budgeted levels and non-personal/equipment expenditures were 39.8% (\$1.1 million) below budgeted levels.

The majority of the personal services savings occurred in Community Code Enforcement and Planning Services (Non-Development Fee Programs), which ended the year with \$460,000 of savings, and the Building and Planning Fee Programs (Development Fee Programs), which ended the year with \$313,000 of savings. The savings were due to a large number of vacant positions. As part of the 2012-2013 Adopted Budget, personal services savings of \$193,500

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were anticipated and, therefore, rebudgeted for staff support for the development of the Alameda Urban Village Master Plan and Zoning revisions, implementation of the Alum Rock Main Street District Rezoning, and work on the revised scope of work with the Bay Area Air Quality Management District.

The \$1.1 million of non-personal/equipment expenditure savings is comprised of Development Fee Program savings of \$742,000 and other departmental savings of \$370,000. As part of the 2012-2013 Adopted Budget, Development Fee Program non-personal/equipment expenditure savings of \$828,000 were anticipated and rebudgeted for consulting services to recommend and implement a solution for development services document storage needs, contractual services for peak staffing agreements, consulting services to research and plan the implementation of wireless technology to process building inspection results from the field, offsite training classes for newly hired inspectors and engineers, and consulting services and associated software for a user-friendly noticing system. However, as noted above, only \$742,000 was available at the conclusion of the fiscal year and a downward adjustment to the Planning Development Fee Program is included as part of the 2011-2012 fee program reconciliation. Other non-personal/equipment savings achieved (\$370,000) were non-fee related and rebudgeted as part of the 2012-2013 Adopted Budget to accelerate the implementation of the Envision San José 2040 General Plan, to begin the migration of the Code Enforcement permit system into the Development Services program permitting system, and to support the implementation of the Alum Rock Main Street District Rezoning.

Overall, the Development Fee Programs had total savings of \$1.1 million and the Non-Development Fee Programs had total savings of \$831,000. After adjusting for anticipated savings which was rebudgeted to 2012-2013 as part of the 2012-2013 Adopted Budget, savings of \$487,000 remained (\$227,000 development; \$260,000 non-development). When expenditure savings are combined with higher than estimated revenues and increase in the Building Development Fee program and Planning Development Fee Program of \$1.5 million and \$95,000 respectively, are recommended in this document. These recommended adjustments bring the Building Development Fee Program Reserve to \$15.0 million and the Planning Development Fee Program Reserve to \$519,000 in 2012-2013.

- *Police*

Overall, the Police Department expenditures totaled \$290.4 million, or 98.0% of the modified budget of \$296.3 million, with savings of \$5.9 million at year-end. Approximately \$2.3 million of the savings was in the Personal Services category with \$2.9 million in total salary and benefit savings, partially offset by a higher overtime expenditures of \$600,000.

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Overtime expenditures of \$11.2 million were 6.0% above the modified budget line item of \$10.6 million. The increased overtime was primarily used to backfill for vacant patrol positions and expand targeted enforcement of high crime activity, specifically related to gang enforcement, through suppression cars. Of the \$2.3 million in Personal Services savings, \$750,000 was rebudgeted in the 2012-2013 Adopted Operating Budget to provide for the training of sworn staff on the new Automated Field Reporting/Records Management System that was implemented in early 2012-2013. Several actions are recommended in this document to increase the Department's overtime funding in 2012-2013 by \$3.9 million (from \$13.3 million to \$17.2 million) to continue to backfill for vacant patrol positions, expand targeted enforcement of high crime activity related to gangs through suppression cars, and provide funding to continue backgrounding efforts on an overtime basis until a contract is in place. Anticipated savings related to sworn vacancies in 2012-2013 of \$2.4 million are recommended to be reallocated from the salary and benefits line items to the overtime line item to ensure the Department has sufficient overtime resources in 2012-2013, based on recent increases in crime activity and discussions that occurred as part of the City Council Study Session on Public Safety on September 18, 2012. In addition, \$1.25 million is recommended to be rebudgeted for overtime expenditures from 2011-2012 savings, as well as \$250,000 is recommended to be reallocated from non-personal/equipment funding for contracted backgrounding services to the personal services overtime line item due to a delay in contract implementation.

It should be noted that, as of June 2012, the Department had 1,099 authorized sworn staff of which 27 were vacant (2.5%); however, as of July 2012, 16 sworn positions that were unfunded on a one-time basis in 2011-2012 were restored, leaving the Department with 47 vacancies out of an authorized staff of 1,107 (4.3%). The 47 vacancies were offset by three temporary sworn positions, a Police Lieutenant a Police Sergeant, and a Police Officer, funded through various grants awarded to the Department, leaving a net of 44 sworn vacancies in the Department (4.0%). In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department is budgeted to conduct two Police Officer Recruit Academies beginning in September 2012 and March 2013. At this time, the Department is anticipating 46 recruits in the September 2012 academy and 50 to 60 recruits in the March 2013 academy. With current attrition projections, by the time the recruits from the March 2013 academy become street ready in October 2013, the Department would be close to achieving full sworn staffing. Further analysis will be done as part of the 2013-2014 Operating Budget process to determine recruit academy resource needs beyond 2012-2013 based on attrition and funding availability.

The compensatory time balance at the end of 2011-2012, for sworn personnel, was 164,538 hours. This balance represents a 13.8% decrease compared to the 2010-2011 total sworn

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compensatory time balance of 190,846 hours. Two factors attributed to the overall reduction in compensatory time balance: 1) the retirement or separation of sworn employees that have been with the City for a long time and have accrued large compensatory time balances, which are paid out at the time of separation and 2) adherence to overtime controls implemented by the Police Department in 2009-2010 that limits the use of overtime and compensatory time for critical needs. 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. However, while the overall compensatory time balance was reduced by 13.8%, the compensatory time balance in excess of the 240-hour threshold increased to 23,969 hours spread among 244 sworn staff, up from 15,516 hours spread among 138 sworn staff in June 2011. Sworn staff continue to work overtime hours due to workload demands partially as a result of the higher than normal vacancy rate cited above, making it difficult for staff to further reduce the compensatory time balances below the 240 hour threshold. Active management of the overtime budget and earned compensatory time is necessary to ensure overall personal services expenditures remain within budgeted levels.

The Department's non-personal/equipment budget was 84.6% expended and encumbered, with savings of \$3.6 million. Police data processing services savings of \$2.5 million and contractual services savings of \$1.1 million 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) Phase I (\$808,000) and Phase II (\$896,000), upgrades to the Computer Aided Dispatch (CAD) System (\$305,000), and Mobile Identification System enhancements (\$75,000) which were scheduled in 2011-2012, but not completed. This funding was already rebudgeted in the 2012-2013 Adopted Operating Budget. The savings in contractual services is primarily the result of funding for background services (\$700,000) and sworn recruitment (\$250,000). This funding was already rebudgeted in the 2012-2013 Adopted Operating Budget to provide for expenses related to the two academies scheduled in 2012-2013. As mentioned previously, \$250,000 of this funding is recommended to be reallocated to the personal services overtime line item due to a delay in contract implementation. In addition, a portion of the non-personal/equipment savings (\$200,000 for Police Administration Building security upgrades and \$60,000 for the Child Interview Center) was also rebudgeted in the 2012-2013 Adopted Operating Budget. An additional \$280,000 in savings is recommended for rebudget in this document: \$180,000 for additional project scope for Police Administration Building security upgrades, and \$100,000 for CAD System software maintenance.

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## GENERAL FUND EXPENDITURE PERFORMANCE

### 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**  
**2011-2012**  
**NON-DEPARTMENTAL GENERAL FUND EXPENDITURES**  
**(In \$000s)**

Category	Modified Budget	Actual	Variance	% Variance
City-Wide Expenses	\$ 224,906	\$ 195,197	\$ (29,709)	-13.2%
Capital Contributions	15,248	9,789	(5,459)	-35.8%
Transfers	30,223	30,222	(1)	0.0%
Earmarked Reserves	65,375	-	(65,375)	-100.0%
Contingency Reserve	29,309	-	(29,309)	-100.0%
Ending Fund Balance Reserve	25,200	-	(25,200)	-100.0%
<b>TOTAL</b>	<b>\$ 390,261</b>	<b>\$ 235,208</b>	<b>\$ (155,053)</b>	<b>-39.7%</b>

- *City-Wide Expenses*

Included in City-Wide Expenses category is funding related to more than one department or that is not directly associated with ongoing departmental operations. Expenditures in this category total \$195.2 million, or 86.8% of the modified budget, resulting in a significant savings level of \$29.7 million. Of this amount, \$29.1 million was rebudgeted to 2012-2013 in the Adopted Budget, leaving a net balance of \$574,000.

The major 2011-2012 expenditures in this category included:

- TRAns Debt Service payment of \$100.4 million was completed to repay a short-term note that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$16.3 million which were \$639,000 below the 2011-2012 Modified Budget (\$17.0 million). Total expenditures were \$660,000 or 3.9% lower than 2010-2011 actuals (\$17.0 million).
- Convention Center Lease Payments of \$15.4 million ended the year at 2011-2012 budgeted levels. In 2011-2012, this annual payment was fully reimbursed by the Successor Agency (former San Jose Redevelopment Agency). The Convention Center debt service payments were originally anticipated to be partially funded by the

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## GENERAL FUND EXPENDITURE PERFORMANCE

### Highlights of Non-Departmental Expenditures and Variances

- City (\$10.0 million) with the remainder (\$5.4 million) funded by the Successor Agency. However, as a result of higher than estimated tax increment revenue in 2011-2012, the Successor Agency was able to assume the entire debt service payment in 2011-2012. In 2012-2013, it is anticipated that the Successor Agency will not receive sufficient tax increment revenue to ensure payment of all debts. Therefore, as recommended in the 2012-2013 Adopted Budget, the City anticipates providing funding to subsidize City contractually obligated Successor Agency obligations, the largest of which is the Convention Center Lease Payment.
- General Liability Claims of \$6.0 million were \$7.5 million below the 2011-2012 Modified Budget (\$13.5 million) and \$417,000 or 7.4% higher than 2010-2011 actuals (\$5.6 million). Savings from this appropriation were rebudgeted to provide funding for large pending claims, including a \$6 million verdict that was recently rendered against the City for a case currently in post trial motions. An additional \$3.0 million increase in the Workers Compensation/General Liability Catastrophic Earmarked Reserve is also recommended to ensure sufficient funding is available for this claim as well as other pending claims.
  - Sick Leave Payments Upon Retirement expenditures of \$5.8 million ended the year \$2.7 million below the budgeted level (\$8.5 million) and \$8.3 million below 2010-2011 actual payments of \$14.1 million.

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 IV of this document. After accounting for actions already approved in the 2012-2013 Adopted Budget and rebudgets recommended in this document, there are \$690,000 in 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 2011-2012 included: Convention Center Lease Payments (\$15.4 million); Tech Museum of Innovation (\$1.1 million); Economic Development/Incentive Fund (\$1.0 million); and History San José (\$784,000).

In 2011-2012, expenditures in this category totaled \$23.4 million and were \$1.4 million below the modified budget. Approved in the 2012-2013 Adopted Budget were \$1.5 million in rebudgets from 2011-2012 planned project savings of which the largest included: Historic

# 2011-2012 ANNUAL REPORT

## GENERAL FUND EXPENDITURE PERFORMANCE

### Highlights of Non-Departmental Expenditures and Variances

Preservation (\$598,000); 4th Street Garage Banquet Facility Maintenance and Operations (\$300,000); Public Art in Private Development (\$157,000); Donna Bradford Improvement Project (\$125,000); and Economic Development Pre-Development Activities (\$110,000).

Additional budget adjustments resulting in a net reduction of \$67,000 are recommended in this document based on actual 2011-2012 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 2012-2013 Adopted Budget. After accounting for all adjustments, this program category ended the year below budgeted levels with net savings totaling \$25,000.

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 2011-2012 included: The Recovery Act Energy Efficiency and Conservation Block Grant (\$3.3 million); Recovery Act – Solar Market Transformation (\$545,000); and Recovery Act – Retrofit California Program (\$413,000).

Expenditures in this program in 2011-2012 totaled \$5.5 million and were \$5.3 million below the modified budget. The 2012-2013 Adopted Budget incorporated rebudgets totaling \$4.9 million, including but not limited to: Recovery Act – Energy Efficiency and Conservation Block Grant (\$2.8 million), City-Building Energy Projects Program (\$1.3 million), Silicon Valley Energy Watch (SVEW) Innovator Pilots (\$404,000), and Recovery Act – Retrofit California Program (\$150,000).

Additional net adjustments are recommended as part of this report totaling \$200,000 and include, but are not limited to, additional unspent funds for Clean Creeks Healthy Communities (\$289,000) and the Recovery Act - Energy Efficiency and Conservation Block Grant (\$175,000). Also included are two downward adjustments to account for lower than projected year-end savings required to support rebudgets already approved as part of the 2012-2013 Adopted Budget: Silicon Valley Energy Watch (SVEW) Innovator Pilots (\$299,000) and Recovery Act – Retrofit California Program (\$35,000).

After accounting for all rebudgets, this program category ended the year below budgeted levels with net savings totaling \$196,000. In addition, an augmentation of \$266,000 to the Energy Efficiency Program is recommended in Section IV of this report.

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 2011-2012 included but are not limited to: San José

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## GENERAL FUND EXPENDITURE PERFORMANCE

### Highlights of Non-Departmental Expenditures and Variances

BEST Program (\$3.2 million); Children's Health Initiative (\$2.1 million); Workers' Compensation Claims – PRNS (\$957,000); and After School Education and Safety Programs (\$539,000).

In 2011-2012, expenditures in this program totaled \$8.2 million and were \$583,000 below the modified budget. The 2012-2013 Adopted Budget included rebudgets totaling \$325,000, the largest of which were for Workers' Compensation Claims – PRNS (\$100,000), the Communities Putting Prevention to Work Grant – Obesity Prevention Initiative (\$61,000), the Grace Community Center Electronic Health Records Grant (\$59,000), and the San José BEST Program (\$56,000).

Additional net adjustments are recommended as part of this report totaling \$50,000. Rebudgets detailed in Section IV of this document are recommended for Workers' Compensation Claims – PRNS (\$65,000) and the Enhance Fitness and Matter of Balance Program Grant (\$12,000). Downward adjustments totaling \$27,000 are also recommended where actual year-end savings were lower than projected levels. After accounting for all recommended adjustments, the Neighborhood Services CSA ended the year below budgeted levels with net savings totaling \$208,000.

Recommended augmentations for grants totaling \$1.1 million are included in Section IV of this report: After School Education and Safety Programs (\$608,000), the San José BEST Program for gang intervention and prevention services (\$295,000), Safe Summer Initiative program (\$147,000), the Summer Youth Nutrition Program (\$40,000), the 1st ACT Silicon Valley Digital Media Grant (\$8,000), and the PG&E Summer Cooling Shelter Program Grant (\$7,000).

Public Safety – Included in this program are a number of grants and programs which continue to assist in providing prevention and emergency response services, although program expenditures are primarily comprised of workers' compensation claims for the Fire and Police Departments (\$13.6 million total, 49.7% of the 2011-2012 Modified Budget). Major 2011-2012 expenditures included: Workers' Compensation Claims – Police (\$7.4 million); Workers' Compensation Claims – Fire (\$5.9 million); Fire Self Contained Breathing Apparatus (\$2.2 million); Urban Area Security Initiative Grant - Fire 2009 (\$1.3 million); Urban Area Security Initiative – Police 2010 (\$984,000); and Urban Area Security Initiative – Police 2009 (\$634,000). Expenditures for Workers' Compensation Claims – Fire exceeded budgeted levels by \$184,000 due to four unanticipated awards for past claims totaling more than \$300,000 that were approved and expended in June 2012. A recommendation to ratify this appropriation increase and amend the final 2011-2012

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## GENERAL FUND EXPENDITURE PERFORMANCE

### Highlights of Non-Departmental Expenditures and Variances

Appropriation Ordinance will be included in a separate memo to Council for the October 16, 2012 City Council meeting.

Total expenditures of \$23.2 million were \$4.1 million below the modified budget. Rebudgets totaling \$4.2 million were approved in the 2012-2013 Adopted Budget, including: Cardiac Monitors/Defibrillators (\$1.6 million), Automated Fingerprint Identification System (\$490,000), Workers' Compensation Claims – Police (\$400,000), Recovery Act – 2009 Internet Crimes Against Children Task Force (\$238,000), and Metropolitan Medical Response System Grant 2010 (\$208,000).

Included in Section IV of this document are recommended net downward budget adjustments totaling \$86,000 based on actual 2011-2012 performance. A number of appropriations did not generate as much savings as anticipated and downward adjustments recommended include but are not limited to: the Internet Crimes Against Children Continuation Grant 2011 (\$77,000), the Human Trafficking Prevention Grant 2011 (\$30,000), Recovery Act – Anti-Human Trafficking Task Force 2009 (\$27,000), Urban Area Security Initiative – Police 2010 (\$26,000), DUI Enforcement and Awareness Program Grant 2011-2012 (\$25,000), and Recovery Act – Anti-Drug Abuse Enforcement Team (\$24,000). These downward adjustments are partially offset by additional rebudgets recommended for the Cardiac Monitors/Defibrillators (\$127,000) and Fire Self Contained Breathing Apparatus (\$16,000) projects.

After accounting for all adjustments recommended and approved, this program category ended the year with net savings totaling \$14,000.

Recommended augmentations for new grants and new grant cycles of \$327,000 are outlined in Section IV of this document: the Selective Traffic Enforcement Program 2012-2013 (\$180,000), the Sobriety Checkpoint Grant Program 2012-2013 (\$121,000), and the State Homeland Security Grant Program (\$26,000).

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 2011-2012 expenditures in this category included: Parking Citations/Jail Courthouse Fees (\$2.5 million); Parking Citations Processing (\$938,000); Sidewalk Repairs Program (\$774,000), and Workers' Compensation Claims – Transportation (\$544,000).

In 2011-2012, expenditures in this category totaled \$5.2 million and were \$869,000 below the modified budget. The 2012-2013 Adopted Budget included rebudgets for Sidewalk

# 2011-2012 ANNUAL REPORT

## GENERAL FUND EXPENDITURE PERFORMANCE

### Highlights of Non-Departmental Expenditures and Variances

Repairs Program (\$350,000) and Contractual Street Tree Planting (\$104,000). After accounting for these recommended rebudgets, this category ended the year with adjusted net savings of \$415,000. No additional adjustments are recommended in this report.

Strategic Support – This program includes numerous allocations 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 2011 TRANs debt payment, insurance premiums, general liability claims, sick leave payouts, debt service payments, workers’ compensation claims, and financial payments. In 2011-2012 major expenditures included: the TRANs Debt Service payment (\$100.4 million) as discussed previously in this document; General Liability Claims (\$6.0 million); Sick Leave Payments Upon Retirement (\$5.8 million); Property Tax Administration Fee (\$3.2 million); FMC Debt Service Payments (\$2.0 million); Public, Educational, and Government (PEG) Access Facilities – Capital (\$1.4 million); Elections and Ballot Measures (\$1.4 million); Banking Services (\$1.1 million); Revenue Enhancement Consulting Services (\$1.1 million), and Workers’ Compensation Claims – Other Departments (\$1.0 million).

In 2011-2012 expenditures in this category totaled \$129.7 million and were \$17.4 million below the modified budget. Included in the 2012-2013 Adopted Budget was \$17.8 million in rebudgeted funds from 2011-2012 to 2012-2013. Included in this amount were significant rebudgets such as: General Liability Claims (\$8.0 million), Sick Leave Payments Upon Retirement (\$2.8 million), Human Resources/Payroll System Upgrade (\$1.6 million), Watson Park Settlement (\$1.3 million), and Elections and Ballot Measures (\$1.0 million).

In Section IV of this report, net additional downward budget adjustments totaling \$214,000 are recommended. Rebudgets of additional unspent funds include, but are not limited to: Arena Community Fund (\$64,000), Public, Educational, and Government (PEG) Access Facilities - Capital (\$43,000), Public Works Unfunded Projects (\$43,000), and Banking Services (\$38,000). As appropriate, where actual year-end savings were less than projected, downward adjustments are recommended in this report; major adjustments include: Elections and Ballot Measures (\$163,000), Deferred City Facilities Security and Maintenance (\$92,000), Bay Area Electric Vehicle Corridor Project (\$81,000), and ChargePoint America Electric Vehicle Infrastructure Project (\$64,000).

After accounting for all approved and recommended budget adjustments, there were no net savings in this program category.

Recommended augmentations totaling \$16.0 million are outlined in Section IV of this document, including two new appropriations: the Successor Agency City Legal Obligations

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**GENERAL FUND EXPENDITURE PERFORMANCE**

**Highlights of Non-Departmental Expenditures and Variances**

Subsidy (\$11.0 million) and HUD Section 108 Loan Repayment (\$4.97 million). The establishment of a Successor Agency City Legal Obligations Subsidy line-item (\$11.0 million) reflects a reclassification of this expenditure, which was included in the 2012-2013 Adopted Budget as a Transfer. This technical action more appropriately aligns this expenditure to the City-Wide Expenses category as the Transfers category is used for transfers between City funds, and the Successor Agency is a separate entity from the City. The addition of a HUD Section 108 Loan Repayment appropriation (\$4.97 million) will be used to pay off of a portion of the HUD 108 loan associated with the sale of 14.5 acres of the Airport West Property to the Earthquakes, LLC. An associated increase in the estimate for Other Revenue is recommended to reflect the payment received from the Earthquakes, LLC and will offset this action. Downward adjustments totaling \$81,000 are also recommended. Detailed description about these actions can be found in Section IV of this document.

- *Capital Projects*

In 2011-2012, the General Fund provided funding totaling \$15.2 million for capital projects. Of this amount, approximately \$5.5 million was unexpended at year-end. The projects with the largest unexpended balances included:

<u>Capital Projects</u>	<u>(\$000s)</u>
Fire Apparatus Replacement	\$ 1,815
Police Communications Uninterrupted Power Supply	1,300
South San José Police Substation FF&E	889
Fire Station 37 (Willow Glen)	620
Arena Repairs	429
All Other Projects	406
<b>Total Unexpended Capital Projects</b>	<b>5,459</b>

Rebudgets of \$4.3 million were included as part of the 2012-2013 Adopted Budget, and an additional \$944,000 is recommended for rebudget as part of this report. After adjusting for these changes, the net savings in the General Fund Capital category was \$260,000. All Arena Repairs savings will be carried over to 2012-2013. As a General Fund budget balancing strategy, the annual \$100,000 General Fund allocation for Arena Repairs (maintenance and repair needs at HP Pavilion in San José) was suspended for two years (2011-2012 and 2012-2013) and any remaining funds at year end in 2010-2011 and 2011-2012 were to be rebudgeted. As part of the 2012-2013 Adopted Budget, \$413,000 was assumed as savings and rebudgeted to 2012-2013. This document includes a reduction of

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**GENERAL FUND EXPENDITURE PERFORMANCE**

**Highlights of Non-Departmental Expenditures and Variances**

\$2,000 to align the rebudgeted amount with actual year end savings. It is anticipated that total funding of \$429,000 will be sufficient to cover repairs during 2012-2013.

- *Transfers*

In the Transfers category, expenditures of \$30.2 million fell below budgeted amount by \$1,000 at year end.

A net reduction in Transfers of \$10.4 million reflects the reclassification of a Transfer to the Successor Agency (\$11 million) reclassification to a City-Wide Expenditures as discussed above, which is partially offset by the establishment of a Transfer to the Neighborhood Security Bond Fund (\$374,000). A description of these actions can be found in Section IV of this document.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2012, the total Reserve balance was \$119.9 million.

Of this amount, \$65.4 million represented Earmarked Reserves, the largest of which were the 2012-2013 Future Deficit Reserve (\$21.9 million); Fee Supported – Building Reserve (\$15.2 million); Workers' Compensation/General Liability Reserve (\$10.0 million); Salaries and Benefits Reserve (\$5.0 million); Fee Supported – Fire Reserve (\$4.1 million); Fee Supported – Public Works Reserve (\$3.5 million); Fiscal Reform Plan Implementation Reserve (\$1.6 million); Fee Supported – Planning Reserve (\$1.5 million); and Retiree Pre-Payment Reserve (\$1.0 million). All of the Earmarked Reserves were approved for rebudget or were used as a funding source in the 2012-2013 Adopted Budget.

Funding for the Ending Fund Balance Reserve (\$25.2 million) was set aside as part of the 2011-2012 Mid-Year Budget Review (\$12.0 million) and as part of 2011-2012 year-end clean-up actions (\$13.2 million). Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure the 2011-2012 ending fund balance estimate of \$25.2 million was available for use as assumed in the development of the 2012-2013 Adopted Budget, funding was proactively set aside during 2011-2012.

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**GENERAL FUND EXPENDITURE PERFORMANCE**

**Highlights of Non-Departmental Expenditures and Variances**

- At the end of the year, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2012-2013 Adopted Budget, the full Contingency Reserve was rebudgeted. No additional funding is necessary to be added to the Contingency Reserve in 2012-2013 in order to comply with the Council Policy of maintaining a 3% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José.

Included in this document are recommendations to increase Earmarked Reserves by \$10.5 million to establish a Successor Agency City Legal Obligations Reserve (\$7.5 million) and increase the Workers' Compensation/General Liability Reserve (\$3.0 million, from \$10 million to \$13 million). Detailed descriptions of these actions can be found in Section IV of this document.

**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/Program 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**

# 2011-2012 ANNUAL REPORT

## III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2011-2012 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.

The Revenue and Expenditure Performance chart displays 2011-2012 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2011-2012 Modified Budget, which includes fund balance and reserves. The 2011-2012 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2012-2013 Adopted Budget with the Actual Ending Fund Balance. The Recommended Rebudget Adjustments Impact shows the value of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

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

Expenditure Performance: This discussion identifies the amount of expenditures and major expenditure categories; provides context regarding the variance of year-end expenditure performance from the modified budget; discusses significant capital improvement project variances relative to the size of the capital fund; lists related 2012-2013 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2012-2013 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 2012-2013 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2012-2013 budget related to recommended actions included in this report.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AFFORDABLE HOUSING INVESTMENT FUND  
(LOW AND MODERATE INCOME HOUSING ASSET FUND)**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$32,720	\$41,214	\$8,494	26.0%
Expenditures	\$25,411	\$16,047	(\$9,364)	(36.9%)

Effective February 1, 2012, all redevelopment agencies in California were dissolved pursuant to AB X1 26 approved by the California Legislature in 2011. As a result, the Low and Moderate Income Housing Fund was closed out and the Affordable Housing Investment Fund was established effective February 1, 2012. As allowed under the legislation, the City elected to retain the housing assets and functions of the dissolved Redevelopment Agency by transferring eligible assets and liabilities from the Low and Moderate Income Housing Fund to the Affordable Housing Investment Fund. Due to the recent passage of AB 1484, the fund name is required to be changed from the Affordable Housing Investment Fund to the Low and Moderate Income Housing Asset Fund.

Revenue Performance

In 2011-2012, revenues totaled \$41.2 million and were primarily generated from the following sources: loan repayments (\$21.3 million), transfer in from the Low and Moderate Income Housing Fund (\$19.7 million), miscellaneous revenues (\$187,000), and interest earnings (\$22,000). The 2011-2012 revenues exceeded the budgeted estimate by \$8.5 million, or 26%, primarily due to higher than budgeted loan repayments as a result of an unexpected loan pay-off from the Rosemary Senior Housing Development project (\$7.1 million) and higher than anticipated residual loan repayments from other housing projects.

Expenditure Performance

In 2011-2012, total expenditures of \$16.0 million were \$9.4 million or 36.9% below the modified budget. The expenditures were primarily attributed to the Housing Loans and Grants appropriation (\$12.0 million) and Housing Department Personal Services appropriation (\$2.1 million). As a result of the establishment of this new fund, encumbrances were transferred from the former Low and Moderate Income Housing Fund to this fund. These encumbrances were for the following projects: Belovida at Newbury Park, Brookwood Terrace Senior Apartments, Fourth Street Apartments, Orvieto Family Apartments, and Ford and Monterey Special Needs Housing.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AFFORDABLE HOUSING INVESTMENT FUND  
(LOW AND MODERATE INCOME HOUSING ASSET FUND)**

The variance between budgeted and actual expenditures was caused primarily by the following:

- The Housing Loans and Grants appropriation generated savings of \$8.8 million. As a result of the dissolution of the Redevelopment Agency and the uncertainty of the use of funds, the Department did not start any new housing projects. The savings in this appropriation were anticipated during the development of the 2012-2013 Adopted Budget and were programmed into the 2012-2013 Beginning Fund Balance.
- The Housing Department's Non-Personal/Equipment appropriation generated savings of \$158,000. As a result of the dissolution of the Redevelopment Agency and the uncertainty of the use of funds, the Department was conservative with their expenditure spending in the second half of the fiscal year.
- The Workers' Compensation Claims appropriation generated savings of \$128,000 as a result of the retirement and redeployment of staff members who had made claims in the prior fiscal year.
- The Housing Department's Personal Services appropriation generated savings of \$124,000 as a result of position vacancies.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$45,145	\$19,787	\$25,166	\$5,379	\$0	\$5,379	11.9%

The 2011-2012 Ending Fund Balance of \$25.2 million was \$5.4 million above the estimate used to develop the 2012-2013 Adopted Budget as a result of higher than estimated loan repayments combined with a higher than estimated transfer from the Low and Moderate Income Housing Fund from direction received from the State's Department of Finance. However, these higher collections are offset by higher than estimated Housing Loans and Grants expenditures due to a transfer of liabilities from the close out of the Low and Moderate Income Housing Fund as assumed as part of the development of the 2012-2013 Adopted Budget. As part of this report, a total of \$5.2 million of the \$5.4 million in additional fund balance is recommended to be allocated to increase the Housing Loans and Grants (\$4.6 million) appropriation, establish a Hazard Mitigation Grant Match appropriation (\$450,000), and establish an Auto Repair Assistance Program (\$100,000) appropriation. With these recommended actions, if approved, the 2012-2013 Ending Fund Balance will total \$1.6 million.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT CAPITAL FUNDS**

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

	<b>2011-2012 Budget</b>	<b>2011-2012 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$30,511	\$28,392	(\$2,119)	(6.9%)
Expenditures	\$197,471	\$85,025	(\$112,447)	(56.9%)

Revenue Performance

In 2011-2012, capital revenues totaled \$28.4 million which was \$2.1 million, or 6.9%, below the budgeted estimate. Actual revenues received in 2011-2012 consist of the following: Passenger Facility Charges (PFCs) (\$16.8 million), Grant income (\$7.4 million), Transfers from other Airport funds (\$4.0 million), and interest earnings (\$200,000). PFCs ended the year slightly below the modified budget estimate (2.4%) due to lower than anticipated passenger levels. Grant income also ended the year below the modified budget estimate (15.9%) and reflects the prefunding of the Taxiway W, Phase III construction project in 2011-2012; the deferral of the Airfield Sign Program; and the Title Search and Property Map Development projects to 2012-2013.

Expenditure Performance

In 2011-2012, expenditures were \$112.4 million, or 56.9%, below budgeted levels. This variance is primarily attributed to transfers to other funds for debt service (\$21.8 million) and reimbursement from bond proceeds that were transferred to the Operating Fund and held in reserve (\$26.6 million); Taxiway W Improvements (\$9.9 million); Terminal Area Development, Phase I (\$8.2 million); Public Parking Improvements (\$2.5 million); Pavement Maintenance (\$1.1 million); and Advanced Planning (\$1.1 million). The remaining balance of \$13.8 million primarily reflects the anticipated close out of many of the Terminal Area Improvement Program projects, as well as annual capital programs, including Terminal Building Modifications, Equipment, Operating, and Airfield Paint Removal. A total of \$27.0 million in Airport capital project funding was approved for rebudget as part of the 2012-2013 Adopted Capital Budget, and rebudget true-up adjustments of \$319,000 are recommended as part of this document. After the rebudget adjustments that were included in the 2012-2013 Adopted Capital Budget and the rebudgets as recommended in this report are considered, the expenditure variance will be \$24.4 million or 6.9%.

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## PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

### AIRPORT CAPITAL FUNDS

The expenditure variance (\$112.4 million) was due to lower than budgeted project expenditures and the release of the Terminal Area Improvement Program reserve. The following is a list of the major unexpended projects totaling \$106.9 million:

- The Terminal Area Improvement, Phase I project variance (\$63.5 million) results primarily from the release of project reserves and savings associated with some of the design-build project components that were completed in 2011-2012. Funding of \$20.5 million was rebudgeted as part of the 2012-2013 Adopted Capital Budget to complete ongoing improvements in the northeast area (formerly the rental car fueling and wash site) and in the Terminals, as well as for the Airport's owner-controlled insurance program. The northeast area will provide for a fuel truck maintenance facility, shuttle bus staging and storage, a taxi staging building, and adjacent employee parking. Projects in the Terminals include the construction of a common use lounge, building system upgrades, Terminal A bag system ceiling protection, and replacement of the Federal Inspection Services facility fire system. An additional \$9,000 is recommended for rebudget as part of this report until these ongoing projects are completed.
- The Consolidated Rental Car Facility project variance (\$18.9 million) also reflects the release of project reserves and savings. This project was closed out in 2011-2012.
- The Public Parking Improvements project was entirely funded in its first year with the intent to rebudget funds until the project's completion scheduled for end of 2012. The project variance (\$8.6 million) results from the consolidation of ongoing projects associated with the development of the northeast area in the Terminal Area Development, Phase I appropriation. These projects include a shuttle bus staging area, a taxi staging building, and adjacent employee parking. Funding of \$51,000 was rebudgeted as part of the 2012-2013 Adopted Capital Budget to close out the remaining "Green Island" economy parking lot and the surface lot located south of Terminal B.
- The Clean-Up of Existing Fuel Farm project variance (\$5.3 million) results largely from lower than anticipated project costs. Funding of \$1.9 million was rebudgeted as part of the 2012-2013 Adopted Capital Budget to complete contamination clean-up of soil, pipelines and equipment that remain on the City-owned portion of the old aviation fuel facility.
- The project variance (\$4.8 million) in the Non-Terminal Area Projects results from the consolidation of the ongoing fuel truck maintenance facility project in the Terminal Area Development, Phase I appropriation.
- The North Concourse Building variance (\$3.9 million) reflects the release of project reserves and savings associated with the design-bid-build projects that were closed out in 2011-2012.

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**AIRPORT CAPITAL FUNDS**

- The Taxiway W Improvements project variance (\$1.9 million) reflects the timing of the project phasing. All phases of the project are scheduled to be completed by 2016 contingent on continued Federal Aviation Administration grant funding. A rebudget (\$2.1 million) was included as part of the 2012-2013 Adopted Capital Budget. A reduction of \$241,000 is recommended as part of this report to offset lower than anticipated savings in 2011-2012. In addition, a net adjustment of \$5.5 million reflects a reduction in the cost of the Taxiway W Phase IV (G to J) project based on bids received in May 2012. The Federal Aviation Administration awarded the Airport a grant associated with this project in July 2012, as well as an amendment to Phase I, allowing for an increase to the maximum federal funding.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$349,703	\$179,053	\$154,295	(\$24,759)	\$319	(\$24,440)	(6.9)%

The 2011-2012 combined Ending Fund Balance of \$154.3 million was \$24.8 million below the estimate used to develop the 2012-2013 Adopted Capital Budget. The primary reason for this negative variance is the \$113.0 million reduction in commercial paper capacity offset by lower than budgeted expenditures.

A portion of the unexpended funds was rebudgeted as part of the 2012-2013 Adopted Capital Budget (\$27.0 million) and a net negative rebudget of \$319,000 is recommended in this document to align the rebudgeted amounts with actual year-end savings.

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**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$155,513	\$153,377	(\$2,136)	(1.4%)
Expenditures	\$141,649	\$129,531	(\$12,118)	(8.6%)

Revenue Performance

The overall revenue ended the year at \$153.4 million with a variance of \$2.1 million or 1.4%. The major operating revenue categories include Parking & Roadways (\$40.9 million), Terminal Rental (\$39.9 million), Terminal Building (\$15.8 million), Landing Fees (\$11.4 million), Miscellaneous Revenue (\$6.3 million), and Airfield Area (\$2.7 million). Additionally, \$5.5 million of unspent 2004 bond proceeds and \$26.6 million in reimbursement of eligible Terminal Area Improvement Program (TAIP) expenditures are included. The reimbursement funds are held in reserve and are available to offset general operating expenses and to meet the \$12 cost per enplaned passenger strategy, if needed, as directed by City Council.

The negative revenue variance of \$2.1 million was due to higher than budgeted revenue for Terminal Rental (\$1.7 million) due to higher than anticipated common use ticket counters and gates, and the Miscellaneous Revenue (\$1.0 million) category, offset by lower than budgeted Parking & Roadways (\$2.9 million), Landing Fees (\$660,000), Airfield Area (\$200,000), and Terminal Building (\$160,000) revenues primarily due to reduced passenger activity. Due to erroneously booking \$3.4 million in revenue associated with the sale of 14 shuttle buses, a credit against expenditures was recognized in the Airport Maintenance and Operation Fund which caused the Parking and Roadways revenue to fall short by \$2.9 million. This error, that will be corrected as part of an upcoming audit adjustment to the applicable 2011-2012 fund financial statements, will not have any effect on the financial position of the Airport.

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 2011-2012, the transfer to the Airport Maintenance and Operation Fund was \$11.9 million less than budgeted due to lower than anticipated expenditures as described elsewhere in this report.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$190,325	\$55,220	\$58,657	\$3,437	\$0	\$3,437	1.8%

The 2011-2012 fund balance variance of \$3.4 resulted from expenditure savings due to a reduced transfer to the Airport Maintenance and Operation Fund.

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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)**

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$103,739	\$93,270	(\$10,469)	(10.1%)
Expenditures	\$93,941	\$86,148	(\$7,793)	(8.3%)

Revenue Performance

Airport Operating funds include the Airport Customer Facility and Transportation Fee Fund, which includes the Rental Car Customer Facility Charge Fees and the Rental Car Contributions; and the Airport Maintenance and Operation Fund that provides for all general Airport operating expenses including Police, Fire, and interdepartmental services. Revenues in these two funds ended the year \$10.5 million below budgeted levels, or 10.1%, primarily due to a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operation Fund. The lower transfer (\$11.9 million) was possible primarily due to targeted savings of \$7.5 million in the various Airport operating expenses, partially offset by higher than budgeted Customer Transport Fees (\$212,000) in the Customer Facility and Transportation Fee Fund. Greater fees result from a change to the Customer Transportation Fee model effective December 2011, as well as increased car rental activities.

Expenditure Performance

Consistent with the performance of the Airport operating fund revenues, Airport operating expenses also ended the year below budgeted levels. For 2011-2012, expenditures in these two funds totaled \$86.1 million were \$7.8 million, or 8.3%, below budgeted levels primarily due to savings in non-personal/equipment (\$5.1 million) and personal services (\$2.3 million). Non-personal/equipment savings were realized due to lower than budgeted utility expenditures for the operation of both Terminal B and the Consolidated Rental Car Facility; lower shuttle bus program expenses due to reduced frequency of service and a new compensation model for parking management; and maintenance cost savings associated with the Parking Revenue Control System as testing and acceptance of the new system has not yet occurred. Personal services savings were due to vacancies, efficiencies associated with the consolidation of staff at the Airport, and reduced compensated absence liability and workers' compensation costs associated with decreased Airport staffing levels. Although most of the savings are one-time, \$7.5 million were anticipated as part of the development of the rates and charges for the 2012-2013 Adopted Budget. It should be noted that a portion of these savings was a result of erroneously booking revenue of \$3.4 million generated from the lease of 14 shuttle buses as an offset to expenditures in this fund instead recognizing the revenue in the Airport Revenue Fund. This error, which will be corrected as part of an upcoming audit adjustment to the 2011-2012 fund financial statements of this fund, will not have an effect on the financial position of the Airport.

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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**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$127,143	\$28,644	\$31,155	\$2,511	\$0	\$2,511	2.0%

The 2011-2012 combined Actual Ending Fund Balance of \$31.1 million was \$2.5 million above the budgeted estimate used to develop the 2012-2013 Adopted Budget. This variance was primarily due to greater than anticipated Other Post Employment Benefit costs that are set aside in Fund Balance as well as expenditure savings in the Airport Customer Facility and Transportation Fee Fund.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$25,905	\$19,067	(\$6,838)	(26.4%)
Expenditures	\$33,747	\$22,295	(\$11,452)	(33.9%)

Revenue Performance

In 2011-2012, revenues totaled \$19.1 million and were generated from Building and Structure Construction Tax (\$12.6 million); receipts from State grants (\$5.0 million) for projects including traffic signal communications/synchronization, signal retiming, and couplet conversion; and receipts from federal grants (\$1.4 million) for various Intelligent Transportation Systems (ITS) projects, pedestrian corridor improvement projects, and the Branham Lane/Monterey Highway Rail and East Santa Clara Street Bridge at Coyote Creek projects. The 2011-2012 revenues were below the budget estimate by \$6.8 million 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). Grant related revenues, which were not received in 2011-2012 due to project delays, were anticipated in the development of the 2012-2013 Budget or are recommended to be rebudgeted to 2012-2013 in this report.

The 2011-2012 collection level was \$148,000 higher (0.8%) than the 2010-2011 level of \$18.9 million primarily as a result of increased Building and Structure Construction Tax receipts (\$3.2 million), partially offset by decreased federal and State grant receipts (\$3.0 million) and miscellaneous revenue (\$32,000).

At \$12.6 million, Building and Structure Construction Tax receipts in 2011-2012 were 34% higher than 2010-2011 collections (\$9.4 million); however, far from the 2001-2002 peak level of \$17.5 million. The improved collections in Building and Structure Construction Tax revenue is primarily attributable to increased issuances of residential permits, primarily for multi-family residences, as well as increased commercial and industrial alteration activity. The 2012-2013 Adopted Budget estimate of \$10.0 million allows for a decrease of 20.6%. The sustainability of the 2011-2012 collection level will be monitored as the year progresses, and an upward adjustment to the 2012-2013 budgeted revenue estimate may be brought forward for City Council consideration at a later date.

Expenditure Performance

In 2011-2012, expenditures of \$22.3 million were primarily attributed to the following projects: Traffic Signal Communications and Synchronization (\$6.3 million), Route 101/Tully Road Interchange Upgrade (\$4.2 million), San Carlos Street Multimodal Streetscape Improvements Phase I (\$1.5 million), Julian and St. James Couplet Conversion (\$967,000), The Alameda – A Plan for the Beautiful Way

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**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

(\$691,000), Traffic Flow Management and Signal Retiming (\$537,000), Traffic Signal and Lighting Program (\$469,000), Autumn Street Extension (\$415,000), a transfer to the City Hall Debt Service Fund (\$407,000), ITS Enhancements (\$386,000), San Carlos Street Multimodal Streetscape Improvements Phase II (\$351,000), and Regional Improvements (\$350,000).

The 2011-2012 expenditure level was \$11.5 million (33.9%) below the modified budget. \$9.2 million of this variance was anticipated and rebudgeted as part of the 2012-2013 Adopted Capital Budget, and another \$500,000 of this variance was anticipated and redistributed to other projects as part of the 2012-2013 Adopted Capital Budget. A total of \$1.0 million is recommended for rebudget as part of this report to ensure sufficient funding for projects in 2012-2013. These rebudgets, combined with the rebudgets and redistribution of funds approved as part of the 2012-2013 Adopted Capital Budget, bring the expenditure variance down to \$750,000 (2.8%) below modified budget levels.

The \$11.5 million variance between budgeted and actual expenditures was caused primarily by the following projects: ITS: Transportation Incident Management Center (\$5.2 million), Underground Utilities – City Conversions (\$1.3 million), Route 101/Mabury Road Design (\$1.0 million), Jackson Street: LRT to Japantown Pedestrian Corridor (\$891,000), Julian and St. James Street Couplet Conversion (\$674,000), and several other projects with total savings less than \$500,000. The savings in these projects were primarily attributable to various delays in project delivery, such as minor scope changes, competing workload demands, and unexpected complications in the design/construction process.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$43,311	\$11,597	\$14,387	\$2,790	(\$670)	\$2,120	4.9%

The 2011-2012 Ending Fund Balance of \$14.4 million was \$2.8 million above the estimate used to develop the 2012-2013 Adopted Capital Budget. This variance was due to lower than estimated expenditures (\$2.0 million) and revenue collections which were higher than those assumed (\$742,000) in the development of the 2012-2013 Budget.

It is recommended that a portion of the additional fund balance be allocated for rebudgets for various capital projects (\$1.0 million) to ensure sufficient funding for these projects to continue in 2012-2013. A rebudget in the amount of \$500,000 is also recommended for the Reserve for Transportation Grants to ensure local match resources are available for grant funded projects which may be received in 2012-2013. Recommendations to rebudget \$850,000 in revenues are included in this report to reflect grant

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**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

revenue that was originally anticipated in 2011-2012 but is now anticipated in 2012-2013. Finally, a \$350,000 upward adjustment to the San Carlos Streetscape Multimodal Streetscape Phase I project is recommended in this report. This adjustment will ensure sufficient resources are available for this project as numerous factors, including an evolving scope of work and complications with the undergrounding elements of the project, have contributed to increased costs. After accounting for all recommended rebudgets and adjustments, approximately \$1.8 million will be added to the Ending Fund Balance to be available for future use.

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**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$31,081	\$37,038	\$5,957	19.2%
Expenditures	\$79,037	\$41,308	(\$37,729)	(47.7%)

Revenue Performance

Revenues generated in the Construction and Conveyance Tax Funds in 2011-2012 totaled \$37.0 million and were comprised of Construction and Conveyance tax receipts (\$25.4 million), transfers between funds (\$10.0 million), State and federal grants (\$227,000), interest earnings (\$206,000), and miscellaneous revenues (\$1.2 million). This revenue level is \$6.0 million higher than the budgeted estimate of \$31.1 million. This positive revenue variance is due to higher than anticipated Construction and Conveyance Tax revenue (\$4.4 million), transfers of Construction and Conveyance revenue between funds (\$2.4 million), and miscellaneous revenues (\$632,000), partially offset by lower anticipated grants (\$1.5 million) and interest earnings (\$6,000).

Construction and Conveyance Tax revenue collections in 2011-2012, which were almost entirely generated from property transfers, totaled \$25.4 million, which was \$4.0 million more than the 2010-2011 collection level of \$21.4 million. After experiencing sharp declines over the past five years, it appears as though the real estate market has stabilized and is now experiencing modest growth, resulting in the 2011-2012 Construction and Conveyance Tax revenues reaching the highest collection level since 2007-2008. This increase is consistent with the increase in property transfers for all types of residences between 2010-2011 and 2011-2012. This positive difference in revenue collections is also reflected in the median home price for single family homes within the City between June 2011 and June 2012. The median price for single family homes increased in value, with a median home price in June 2012 of \$588,000, up approximately 13.2% from the June 2011 price of \$520,000. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has dropped in the past year from 76 days in June 2011 to 52 days in June 2012.

When the 2011-2012 budget was developed, it was assumed that receipts would remain consistent with 2010-2011 levels. However, due to stronger than anticipated collections, the revenue exceeded budgeted levels. Therefore, as part of this document, adjustments are recommended in each Construction and Conveyance Tax fund Ending Fund Balance to reflect 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.

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The negative variance for the interest earnings resulted from lower than expected average cash balances. Grant revenue fell below anticipated levels by \$1.5 million 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. All of the grant revenues are expected to be received in 2012-2013 and were already rebudgeted as part of the 2012-2013 Adopted Capital Budget.

The 2011-2012 revenues of \$37.0 million were \$3.8 million above the 2010-2011 level of \$33.2 million primarily due to stronger Construction and Conveyance Tax receipts (\$4.0 million) and higher transfers (\$3.3 million), partially offset by lower grant revenue (\$2.6 million), miscellaneous contributions (\$677,000), and interest earnings (\$178,000).

Expenditure Performance

In 2011-2012, transfers to other funds and capital project expenditures totaled \$41.3 million across the 17 Construction and Conveyance Tax funds (Council Districts 1-10, Parks City-Wide, Parks Central, Park Yards, Fire, Library, Service Yards, and Communications). This expenditure level is \$37.7 million (47.7%) below the budgeted expenditure level of \$79.0 million, and is primarily the result of unexpended capital project funds. A majority of these expenditure savings were anticipated and the funds were rebudgeted as part of the 2012-2013 Adopted Capital Budget or are recommended to be rebudgeted as part of this report to complete the projects. After the rebudget adjustments that were included in the 2012-2013 Adopted Capital Budget and the rebudgets as recommended in this report are considered, the expenditure variance will be \$14.9 million or 18.9%.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

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The following is a list of projects in which unexpended balances in 2011-2012 exceeded \$500,000:

		<u>(\$000s)</u>
Council District 1:	Mise Park Sports Field Development	\$ 1,007
Council District 4:	TRAIL: Lower Guadalupe River (Gold Street to Highway 880)	1,886
	TRAIL: Bay Trail Reach 9 Design	550
	Strategic Capital Replacement and Maintenance Needs	526
Council District 5:	TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)	1,335
Council District 6:	Strategic Capital Replacement and Maintenance Needs	637
	Bascom Community Center – Multi-Service	570
Council District 7:	Roberto Antonio Balermino Park	2,500
	Solari Park Sports Field Conversion	562
Council District 9:	Carolyn Norris Turnkey Park	804
Council District 10:	Allen at Steinbeck School Soccer Field (Phase I)	2,421
	Strategic Capital Replacement and Maintenance Needs	562
City-Wide:	Happy Hollow Park and Zoo Phase II Renovations and Improvements	861
	Coy Park Playground Renovation	600
Communications:	City-Wide Trunking Radio System	900
Library:	Materials Handling Technology	2,600
	Branch Libraries FF&E	2,168
	New Branch Opening Day Collections	1,770
	Acquisition of Materials	<u>517</u>
<b>Total</b>		<b>\$22,776</b>

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 Archbishop Mitty High School. This project is scheduled to be awarded in September 2012 and completed by May 2013.
- The TRAIL: Lower Guadalupe River (Gold Street to Highway 880) project had an expenditure variance due to the project schedule spanning multiple fiscal years. This project is currently anticipated to complete in summer 2013.

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- The TRAIL: Bay Trail Reach 9B Design project had an expenditure variance due to the project schedule spanning multiple fiscal years. This project is currently anticipated to complete in summer 2013.
- The Strategic Capital Replacement and Maintenance Needs allocations for Council Districts 4, 6, and 10 all had a project expenditure variances exceeding \$500,000. The Capital Infrastructure Team had issued work orders for the implementation of numerous infrastructure projects in all the Council Districts; however, vacancies in the Department of Public Works significantly impacted 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 Construction and Conveyance 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 TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680) project had an expenditure variance due to the project schedule spanning multiple fiscal years. This project is currently anticipated to complete in spring 2014.
- The Bascom Community Center Multi-Service project had an expenditure variance due to project schedule delays as a result of negotiations of change orders taking longer than originally anticipated.
- The Roberto Antonio Balermino Park had an expenditure variance due to the project not being established until June 2012. Project design is currently underway and the construction contract is anticipated to be awarded in fall 2013 with the project completing in fall 2014.
- The Solari Park Sports Field Conversion project had an expenditure variance due to a delay in the project start date. Vacancies in the Department of Public Works have 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 Carolyn Norris Turnkey Park project had an expenditure variance due to the project completing with expenditure savings.
- The Allen at Steinbeck School Soccer Field (Phase I) project had an expenditure variance due to a delay in the development of a joint-use agreement with San Jose Unified School District. This project is currently anticipated to begin in December 2012.

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## PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

### CONSTRUCTION AND CONVEYANCE TAX FUNDS

- 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 2012-2013.
- The Coy Park Playground Renovation had expenditure variance due to the design phase for the project being funded from the Park Trust Fund. The project is currently anticipated to be awarded in January 2013, and funds in the Parks City-Wide Construction and Conveyance Tax Fund will be used for the award of the construction contract.
- The City-Wide Trunking Radio System allocation had an expenditure variance due to the delay of the initial purchase of the core Trunking equipment that serves as a controller for the entire City-wide Trunking Radio System. It is anticipated that Phase One of the project will be completed in 2012-2013.
- The Materials Handling Technology project to improve the efficiency of the checkout and check-in process at branch libraries has been delayed due to the Library's leadership transition. It is anticipated this project will resume in 2012-2013.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to outfit the General Obligation Bond-funded libraries. All unexpended funds were carried over to the following year to purchase the necessary furniture, fixtures and equipment for the new and remodeled libraries as four facilities come on-line in 2012-2013.
- 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. This funding was reallocated to the Acquisition of Materials allocation as part of the 2012-2013 Adopted Capital Budget in preparation of four branches opening in 2012-2013.
- The Acquisition of Materials allocation provides funding for new materials at all facilities, including the four newly constructed branch libraries. All unexpended funds were carried over to the following year to adequately provide new and popular materials to meet the demands and needs of the community. Delays in ordering materials were mainly due to procurement staffing vacancies in the Finance Department.

The 2011-2012 expenditure level of \$41.3 million was \$6.8 million below the 2010-2011 expenditure level of \$48.1 million. This variance is the result of several projects having significant expenditures in 2010-2011 including Alum Rock School District Sports Field Partnership, Kelley Park East Picnic Grounds and Restroom Renovation, Nisich Park Development, Vietnamese Cultural Heritage Garden, and Watson Site Clean-up and Restoration.

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**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$109,060	\$52,553	\$74,497	\$21,944	(\$9,527)	\$12,417	11.4%

The 2011-2012 Ending Fund Balance of \$74.5 million was \$21.9 million above the estimate used to develop the 2012-2013 Adopted Capital Budget. This variance was due primarily to lower than anticipated project expenditures (\$14.2 million) and higher than anticipated tax revenues (\$4.4 million), transfers (\$2.5 million), and miscellaneous revenue (\$634,000). The majority of expenditure savings were rebudgeted as part of the 2012-2013 Adopted Capital Budget or are recommended for rebudget as part of this report.

This report also includes recommended adjustments totaling \$1.2 million in several Construction and Conveyance Tax funds to allocate new funding to various projects, such as the Fire Station 5 Remediation project. Due to recently-identified mold issues that render Fire Station 5 uninhabitable, the station crew has been transferred to Fire Station 34 until another temporary location can be identified. Total funding of \$1.2 million is recommended for mold abatement at Fire Station 5—\$1.1 million from the Fire Construction and Conveyance Tax Fund, which includes \$232,000 of unanticipated/critical facility repair funding transferred from the General Fund to the Fire C&C Tax Fund, and \$89,000 from the Neighborhood Security Bond Fund. Other recommended Construction and Conveyance Tax Fund budget actions include the Family Camp Master Plan (Parks City-Wide Construction and Conveyance Tax Fund - \$40,000); Facilities Improvements, (\$155,000), Fire Construction and Conveyance Tax Fund and Neighborhood Security Bond Fund Expenditure Alignment (\$66,000), Hose Replacement (\$40,000), and a reduction in the Fire Station 21 – Relocation (White Road) project (\$159,000) (Fire Construction and Conveyance Tax Fund - \$102,000). In addition, this report includes a recommendation to transfer funding of \$845,000 from the Council District 4 Construction and Conveyance Tax Fund to the Subdivision Park Trust Fund. Funding was received from Pacific Gas and Electric (PG&E) for an expanded easement on City-owned property. However, since this property was donated to the City from a developer in lieu of parkland fees, revenue received from the easement is required to be allocated in the Subdivision Park Trust Fund for future land acquisition costs in the surrounding area. 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 fund’s 2012-2013 Ending Fund Balance and made 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)**

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$42,245	\$43,062	\$817	1.9%
Expenditures	\$51,775	\$32,739	(\$19,036)	(36.8%)

Revenue Performance

In 2011-2012, revenues totaled \$43.1 million and were generated primarily from the following: Construction Excise Tax (\$18.0 million), Revenue from the State (\$13.8 million), Miscellaneous Revenue (including Traffic Impact Fees) (\$7.7 million), Revenue from the Federal Government (\$1.6 million), Valley Transportation Authority (\$1.1 million), and Developer Contributions (\$392,000). The 2011-2012 revenues were higher than the budgeted estimate by \$817,000 primarily due to higher receipts of Miscellaneous Revenue (\$3.9 million), Construction Excise Tax (\$3.0 million), and State grants (\$2.3 million), partially offset by lower than budgeted receipts of federal grants (\$5.7 million), Recovery Act funds (\$1.9 million), and Valley Transportation Authority funds (\$412,000).

While Revenue from the Federal Government came in \$5.7 million lower than budgeted, this variance was largely assumed in the development of the 2012-2013 Adopted Capital Budget. A significant portion of the budget to actual variance (\$5.4 million) was due to an anticipated delay in Federal Transportation Bill funding. As a result, \$5.6 million was rebudgeted to 2012-2013 in the Adopted Budget. A recommendation to decrease the 2012-2013 revenue estimate in this category by \$200,000 is included in this report as a result of higher than estimated 2011-2012 receipts.

Construction Excise Tax collections exceeded the budgeted level by \$3.0 million due to higher than estimated issuances of residential multi-unit permits, as well as commercial valuation. Miscellaneous Revenue came in at higher than budgeted levels (\$3.9 million) primarily due to Evergreen and North San José Traffic Impact Fee collections. These fees, which are only budgeted after they are received and whose use is restricted to the areas for which they are collected, are recommended to be placed into reserves for future use in these areas as part of this report.

At \$18.0 million, 2011-2012 Construction Excise Tax receipts were 36.0% higher than 2010-2011 collections (\$13.3 million). The higher than budgeted collections were a result of increased issuances of residential multi-family permits, and commercial/industrial alteration activity. The 2012-2013 Adopted Budget estimate of \$13.0 million does not assume a continuation of such high collection levels and allows for a decrease of 27.9% from 2011-2012 actual tax receipts. However, the sustainability of the 2011-2012 collection level will be monitored as the year progresses, and an upwards adjustment to the 2012-2013 budgeted revenue estimate may be brought forward for City Council consideration at a later date.

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## PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

### CONSTRUCTION EXCISE TAX FUND

Miscellaneous revenue receipts were \$3.9 million higher than budgeted due to increased traffic impact fees in the North San Jose (\$3.2 million) and Evergreen (\$700,000) areas. State grants exceeded the budgeted revenue estimate (\$2.3 million) due primarily to increased State Gas Tax receipts (\$4.0 million), partially offset by lower than budgeted collections in the Pedestrian/Bicycle Facilities (\$1.1 million) grant. A recommendation is included in this report to rebudget the revenue associated with the Pedestrian/Bicycle Facilities grant.

The 2011-2012 collection level of \$43.1 million in this fund was \$3.0 million (6.6%) lower than the 2010-2011 level of \$46.1 million primarily due to lower American Recovery and Reimbursement Act reimbursements of \$10.4 million, Developer Contributions of \$808,000, and Valley Transportation Authority revenue of \$464,000, partially offset by higher Construction Excise Tax collections of \$4.7 million and State grant funds of \$3.2 million.

#### Expenditure Performance

In 2011-2012, expenditures of \$32.7 million were primarily attributed to Gas Tax – Pavement Maintenance activities (\$11.3 million), transfers to the General Fund for general purpose and pavement maintenance activities (\$4.3 million), Prop 1B - Pavement Maintenance activities (\$2.9 million), and Capitol Expressway- Story and Aborn Road Improvements (\$1.4 million), Bicycle and Pedestrian Facilities (\$1.1 million), Congestion Management Program Dues (\$784,000), Pavement Maintenance – City (777,000), Automated Transit Network (\$734,000), Pavement Maintenance – Federal (\$695,000), and numerous other projects with total expenditures less than \$500,000.

The expenditure level was \$19.0 million, or 36.8%, below the modified budget. The majority of these savings (\$14.3 million) were anticipated and rebudgeted or redistributed as part of the 2012-2013 Adopted Capital Budget. A total of \$3.0 million is recommended for rebudget in this report to ensure sufficient funding for existing projects in 2012-2013. The variance between the budget and the actual expenditure level is 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. The variance in these projects was primarily due to delays in projects with full expenditure expected in 2012-2013, pending rebudget of funds as recommended in this document. The delays resulted from several factors, including issues with granting agencies, competing workload demands, unexpected complications in the design/construction process, and procurement issues. As mentioned previously, the majority of project savings are recommended to be rebudgeted to 2012-2013 to allow for completion of projects.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$66,979	\$35,268	\$46,476	\$11,208	(\$20)	\$11,188	16.7%

The 2011-2012 Ending Fund Balance of \$46.5 million was \$11.2 million above the estimate used to develop the 2012-2013 Adopted Capital Budget. This variance was due to the following: higher than estimated revenues (\$6.0 million) and lower than estimated expenditures (\$5.2 million). It is recommended that a portion of the additional fund balance be allocated to rebudget funds for various capital projects (\$3.0 million) to ensure sufficient funding for project continuation in 2012-2013. Recommendations to rebudget \$3.0 million in revenues are also included in this report to reflect revenue that was anticipated in 2011-2012, but is now expected in 2012-2013.

In addition to the rebudgets, several other budget adjustments are included in this report. Due to the strength of 2011-2012 Construction Excise Tax collections and expenditure savings across the fund, a recommendation is included to establish a Reserve for Pavement Maintenance (\$6.5 million). As detailed in the 2012-2013 Adopted Capital Budget, a significant portion of the City's roads will no longer be proactively maintained due to funding shortfalls, including 400 miles of major streets and all 1,600 miles of local/neighborhood streets. This reserve, while not sufficient to address all of these needs (\$80.0 million projected annual cost), can potentially be used for the highest needs in these areas. The uses of these funds will be examined in the coming months and, if feasible, a recommendation to utilize these funds may be brought forward for City Council consideration for the 2013 paving season.

The establishment of an appropriation (\$230,000) for the Adaptive Bicycle Detection System project is recommended in this document. This multi-year project supported by a federal grant will conduct a study and field analysis of bicycle signal detection technologies and install the technologies on key priority bikeway corridors on the City's Primary Bikeway Network. This project will improve bicycle comfort and safety, making cycling an appealing alternative to short vehicular trips and attractive as a "last mile" solution to reaching public transit. \$120,000 of the 2012-2013 cost of \$230,000 will be reimbursed by federal funds.

An increase to the Pavement Maintenance – State Gas Tax project (\$3.8 million), is recommended based upon a reconciliation of 2011-2012 tax collections and associated expenditures as part of the year-end process. Additionally, a recommendation to increase the 2012-2013 revenue estimate for this project by \$3.6 million, along with the corresponding expenditure appropriation, is included in this document to account for a revision to the anticipated collection level.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

Finally, several technical adjustments to Traffic Impact Fee Reserves are recommended in this report. Increases to the North San José Traffic Impact Fees Reserve (\$1.4 million), Evergreen Traffic Impact Fees Reserve (\$759,525), and Route 101/Oakland/Mabury Traffic Impact Fees Reserve (\$1,424) are recommended in order to preserve traffic impact fees collected in those areas for future use. After accounting for all recommended rebudgets and other adjustments, the Ending Fund Balance will be at approximately \$1.5 million, which is in alignment with the level assumed in the 2012-2013 Budget.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$25,394	\$25,826	\$432	1.7%
Expenditures	\$27,484	\$26,216	(\$1,268)	(4.6%)

Revenue Performance

In 2011-2012, revenues totaling \$25.8 million were generated from operating revenues from the City's convention facilities (\$19.4 million) as managed by Team San José, transfers from the Transient Occupancy Tax (TOT) Fund (\$6.4 million), and interest earnings (\$17,000). The 2011-2012 revenues exceeded the budget estimate by \$432,000 due to higher than budgeted operating revenues associated with building rental, food and beverage, and contractual labor.

The 2011-2012 collection level was also \$1.6 million (6.8%) above the 2010-2011 level of \$24.2 million due to increases in the transfer levels from the TOT Fund (\$1.4 million) and operating revenues from the City's convention facilities (\$742,000), partially offset by the planned elimination of transfers from the General Purpose Parking Fund (\$450,000) and General Fund (\$48,000).

TOT receipts above budgeted levels 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 2011-2012 higher than budgeted levels, according to the Council-approved distribution formula, a recommendation is included in this document to increase the 2012-2013 transfer from the TOT Fund to the Convention and Cultural Affairs Fund by \$610,000. An additional increase to the transfer from the TOT Fund (\$288,000) is included in this report based on a recommendation to increase the 2012-2013 TOT revenue estimate by 5.0% from the 2011-2012 actual collection level to bring the estimate in line with the 2012-2013 Adopted Budget assumed growth levels. For more information on the 2011-2012 performance of the TOT Fund and the 2012-2013 recommended revenue adjustment, please refer to the TOT Fund section of this document.

Expenditure Performance

In 2011-2012, expenditures of \$26.2 million were primarily attributed to non-personal/equipment (\$21.2 million) and personal services (\$1.1 million) costs associated with operating the convention and cultural facilities. This expenditure level was \$1.3 million (4.6%) below the modified budget due primarily to lower than budgeted expenditures in the Center for Performing Arts Improvements (\$610,000), Miscellaneous Improvements (\$308,000), Workers' Compensation Claims (\$124,000), Convention Center Kitchen Remodel (\$100,000), and Personal Services (\$56,000) appropriations. Expenditures in this fund were 16.0% above the 2010-2011 level of \$22.6 million due primarily to higher Non-

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

Personal/Equipment (\$3.1 million), Miscellaneous Improvements (\$589,000), and Executive Management Fees (\$257,000), partially offset by lower Personal Services appropriation costs (\$843,000). A portion of the \$1.3 million in expenditure savings (\$630,000) generated in this fund were anticipated in the development of the 2012-2013 Adopted Budget, with additional rebudgets of \$296,000 recommended in this report, as further discussed in the Ending Fund Balance discussion for this fund.

When the 2011-2012 Budget was developed, it was assumed that revenues and expenditures would be negatively impacted by the Convention Center Expansion/Renovation project. While some impacts were felt, they were largely mitigated by Team San Jose's ability to grow rental and food and beverage revenue, and generate short-term bookings. This additional activity did have some corresponding expenditures; however, the revenues generated from these events exceeded the additional expenses. As construction activity has moved from the outside of the building to the inside, the negative impacts are anticipated to be more apparent in 2012-2013. These impacts have been built into the 2012-2013 budget, and performance will be actively monitored as the year progresses.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustment Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$34,311	\$7,654	\$8,526	\$872	(\$296)	\$576	1.7%

The 2011-2012 Ending Fund Balance of \$8.5 million was \$872,000 above the estimate used to develop the 2012-2013 Adopted Budget. This variance was due to facility revenues that were higher than the estimates used in the development of the 2012-2013 Budget (\$1.4 million), partially offset by higher than anticipated expenditures (\$504,000).

It is recommended that a portion of the additional fund balance be allocated to rebudget a total of \$316,000 in unexpended funds for Miscellaneous Improvements (\$308,000) and Fixtures, Furnishing and Equipment (\$8,000). Additionally, a rebudget true-up adjustment in the Center for Performing Arts Improvements appropriation (-\$20,000) is recommended due to lower than anticipated 2011-2012 savings in this appropriation. The rebudgeted funds for Miscellaneous Improvements will be used for the completion of improvements at the San Jose Civic Auditorium, as originally approved as part of the 2010-2011 Annual Report.

As part of the Convention Center Expansion and Renovation project, an unfunded need of \$2.2 million for furniture, fixtures, and equipment (FF&E) has been identified (out of a total projected FF&E cost of \$4.5 million). The Convention Center Expansion and Renovation project can support \$2.0 million of \$4.5 million FF&E costs, and \$300,000 for this purpose was appropriated as part of the 2012-2013

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

Adopted Budget; therefore, actions are recommended in this report to appropriate the remaining \$2.2 million. The need for new items such as tables and chairs, flatware, garbage cans, and linens has existed for some time, and with the projected completion of the project in September 2013, the purchase of these items is not recommended to be deferred any longer. By moving forward and packaging the purchase of these items together, cost savings can be realized and the items can be delivered or installed in time for the project's completion. The allocation of resources for this project will not jeopardize the health of the fund as the cost will be supported by the following recommendations included in this report: utilizing additional fund balance (\$576,000) available due to 2012-2013 cost savings and additional unbudgeted revenue; utilizing increased TOT resources available due to higher than anticipated 2011-2012 collections (\$610,000) and a recommended increase to the 2012-2013 Adopted Budget revenue estimate (\$288,000); reducing the Convention Center Kitchen Remodel Design appropriation (\$200,000) as these costs were charged against the Convention Center Expansion/Renovation Project; reducing the Convention and Visitor Bureau (CVB) Marketing Services appropriation (\$449,000); and reducing the Ending Fund Balance by \$77,000. The reduction to the CVB Marketing Services appropriation will have no negative effect on the level of marketing services provided by the CVB as an offsetting addition of funds is recommended elsewhere in this report for the CVB in the Transient Occupancy Tax Fund as a result of higher than anticipated 2011-2012 Transient Occupancy Tax receipts.

The establishment of a new appropriation for \$160,000 is recommended in this report for Convention Center Expansion and Renovation Construction Coordination. This funding will allow for contractual assistance with project communication and coordination between the construction team, Team San José work groups, and external stakeholders such as vendors and hotels. After accounting for all recommended rebudgets and other adjustments in this report, the Ending Fund Balance will be reduced by a net \$236,000. The recommended reduction to the Ending Fund Balance would leave approximately \$2.1 million in the Unrestricted Ending Fund Balance and keep the fund on track to achieve the City Council approved goal of retaining \$1.5 million in fund balance at the end of the Convention Center Expansion/Renovation Project.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**GENERAL OBLIGATION BOND FUNDS**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$2,276	\$2,054	(\$222)	(9.8%)
Expenditures	\$21,572	\$13,249	(\$8,323)	(38.6%)

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 2012-2013. In 2011-2012, revenues totaled \$2.1 million and were generated primarily from transfers (\$1.1 million), arbitrage reimbursements (\$643,000), and interest earnings (\$267,000). The negative revenue variance of \$222,000 (9.8%) primarily represents lower than estimated interest earnings (\$112,000) and grant funding (\$109,000). The 2011-2012 Modified 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 instead.

The 2011-2012 revenue of \$2.1 million was \$600,000 above the 2010-2011 total of \$1.5 million. This increase is primarily due to the arbitrage reimbursements received in 2011-2012, partially offset by lower interest earnings.

Expenditure Performance

The expenditure variance of \$8.3 million (38.6%) is primarily the result of unexpended capital project funds. Of the \$8.3 million expenditure variance, \$5.2 million was attributable to the Southeast Branch (\$2.6 million) and Branch Efficiency Projects (\$2.6 million) appropriations. The Southeast Branch project experienced a delay in the purchase of land for this new branch, which extended the timeline for the design phase of the project. The Branch Efficiency Projects appropriation generated savings due to a delay in awarding the contract for the purchase and installation of automated check-in and sorting machines. The majority of the savings in the Bond Funds were anticipated and either rebudgeted to 2012-2013 as part of the adopted capital budget or redistributed to other projects. Additional budget adjustments are recommended in this report to reduce projects as part of rebudget true-up adjustments and to rebudget savings to 2012-2013 to allow for completion of projects. After the rebudget adjustments that were included in the 2012-2013 Adopted Capital Budget and the rebudgets as recommended in this report are considered, the expenditure variance will be \$5.0 million (23.1%).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**GENERAL OBLIGATION BOND FUNDS**

Expenditures in the G.O. Bond Funds in 2011-2012 were \$19.5 million lower than expenditures in 2010-2011. This decrease in expenditures is primarily the result of several projects having significant expenditures in 2010-2011 including Happy Hollow Park and Zoo Renovations and Improvements, Calabazas Branch Library, and Fire Station 24 - Silver Creek/Yerba Buena.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$65,877	\$52,975	\$52,527	(\$448)	\$1,456	\$1,008	1.5%

The 2011-2012 Ending Fund Balance of \$52.5 million was \$448,000 below the estimate used to develop the 2012-2013 Adopted Capital Budget. This variance was primarily due to higher than anticipated project expenditures (\$226,000) and lower than anticipated interest earnings/miscellaneous revenue (\$222,000).

In addition to other budget adjustment actions, this report also recommends establishing a new Fire Station 5 Remediation project totaling \$1.2 million with appropriations in the Fire Construction and Conveyance (C&C) Tax Fund (\$1.1 million) and the Public Safety Bond Fund (\$89,000) to fund urgent facility maintenance needs at Fire Station 5. Due to recently-identified mold issues, Fire Station 5 has become uninhabitable until abatement actions are taken. The station crew has moved out of the station and is being deployed from Fire Station 34 until a temporary site closer to Fire Station 5 can be determined. Savings of \$51,000 in the Fire Station 37 - Willow Glen project is recommended to be transferred to the Reserve: Fire Station 37 (Willow Glen) to consolidate all remaining funds for this project. An allocation of \$36,000 to Fire Station Upgrades is also recommended to complete required upgrades at several fire stations including the completion of upgrades to the generator at Fire Station 17 and repairs to the sound system in the apparatus bay at Fire Station 2. Finally, technical adjustments are recommended to reimburse expenditures, incurred through June 30, 2012, that are ineligible to be charged to the Public Safety Bond Fund. These adjustments will align expenditures with the appropriate funding source by transferring funds in the amount of \$440,000 to and from the General Fund (\$374,000) and the Fire C&C Tax Fund (\$66,000) with the Public Safety Bond Fund.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**GENERAL PURPOSE PARKING FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$10,611	\$11,771	\$1,160	10.9%
Expenditures	\$9,952	\$8,346	(\$1,606)	(16.1%)

Revenue Performance

In 2011-2012, revenues totaled approximately \$11.8 million generated from parking garages and lots (\$9.2 million), parking meters (\$2.3 million), a transfer from the Parking Capital Development Revenue Fund (\$153,000), miscellaneous revenue (\$65,000), and interest earnings (\$33,000). The 2011-2012 revenues exceeded the budget estimate by \$1.2 million (10.9%) primarily due to higher than budgeted revenues from parking garages and lots (\$1.2 million).

The revenue generated from parking activity in 2011-2012 was \$2.2 million (22.5%) above the 2010-2011 revenues of \$9.6 million primarily due to higher revenue from garages and lots. The increase is partially attributable to additional revenue generated at the Convention Center Garage (\$600,000) and nearby surface lots (\$400,000), which were impacted less by the Convention Center Renovation and Expansion project than originally anticipated. Additionally, revenue due to the transfer of the South Hall Surface Lot and Fairmont Garage (\$800,000) from the Redevelopment Agency to the City also contributed to the increase. Finally, revenues increased by \$200,000 as a result of business parking leases and rate increases at the core downtown garages.

Expenditure Performance

In 2011-2012, expenditures of \$8.3 million were primarily attributed to non-personal/equipment (\$4.6 million) and personal services (\$1.7 million) expenditures for the Department of Transportation, transfers to the General Fund (\$506,000), and Parking Capital Program expenditures (\$425,000). Expenditures were \$1.6 million (16.1%) below the modified budget, with the variance primarily due to savings in various capital projects (\$855,000), non-personal/equipment (\$518,000), and personal services (\$119,000). Savings in the Parking Capital Program were due to various timing delays, with any savings rebudgeted to 2012-2013 as part of the 2012-2013 Adopted Capital Budget (\$736,000) or recommended for rebudget (\$173,000) as part of this report. Savings in the Non-Personal/Equipment appropriation were attributable to lower costs for contractual services, electricity, and insurance, and savings in the Personal Services appropriation were generated through lower than budgeted overtime expenses and higher than anticipated vacancy levels.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**GENERAL PURPOSE PARKING FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$20,443	\$11,524	\$13,289	\$1,765	(\$173)	\$1,592	7.8%

The 2011-2012 Ending Fund Balance of \$13.3 million was \$1.8 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance was primarily due to higher than anticipated revenues from parking garages and lots, and savings in various capital, personal services, and non-personal/equipment expenditures.

Included in this document is a recommended increase to the revenue estimate for parking garages and lots of \$650,000. When the budget was developed, it was assumed that parking activity at the Convention Center Garage would decline by approximately 40% due to temporary negative effects from the Convention Center Expansion and Renovation project. Upon further analysis and consultation with Team San José, it is now anticipated that overall parking activity will decline by only 17%, representing an increase of \$650,000 from the revenue estimate included in the 2012-2013 Adopted Budget. Not recommended at this time, as the analysis is still under development, are expenditure adjustments related to costs of operating the garage at the Convention Center. As part of the Team San José performance measures memorandum, approved by the City Council on September 25, 2012, a reference was made to the General Purpose Parking Fund assuming some costs that are being paid in the Convention and Cultural Affairs Fund. These costs, currently estimated at approximately \$270,000, are still being refined. Once these costs can be more accurately estimated, it is anticipated an expenditure adjustment in this fund will be brought forward for City Council consideration. The additional operating revenues from the Convention Center garage operation will support a concurrent increase to the Reserve for Debt Service, necessary for future debt service payments for the Fourth and San Fernando Street Garage.

Also included in this report is a recommendation to rebudget \$173,000 for the Minor Parking Facility Improvements (\$88,000) and Downtown Event Parking Dynamic Message Signs (\$85,000) appropriations, as these projects experienced unforeseen delays in 2011-2012. Finally, a recommendation to transfer \$19,000 into this fund from the Parking Capital Development Fund is included in this report. This transfer will effectively close out the Parking Capital Development Fund, as originally approved by the City Council as part of the 2012-2013 Adopted Budget.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

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

	<b>2011-2012 Budget</b>	<b>2011-2012 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$147,012	\$137,740	(\$9,272)	(6.3%)
Expenditures	\$160,270	\$154,407	(\$5,863)	(3.7%)

Revenue Performance

In 2011-2012, revenues totaled \$137.7 million and were generated from the following: Recycle Plus Collection Charges (\$104.8 million), a one-time payment for the EIC - Ground Lease (\$8.0 million), a one-time payment for the New Market Tax Credit (NMTC) Transaction – One Day Loan (\$8.0 million), Lien-Related Charges (\$6.7 million), a one-time payment for the NMTC Proceeds – First Draw (\$4.7 million), AB939 Fees (\$3.3 million), Construction and Demolition Diversion Deposit (CDDD) Ineligible Refunds (\$1.5 million), and other sources of revenue (\$700,000). The 2011-2012 revenues fell short of the budget by \$9.3 million (6.3%) primarily due to lower NMTC Proceeds – First Draw (\$5.9 million), the United States Department of Commerce Economic Administration Assistance (EDA) Grant (\$2.3 million), and lower than expected Recycle Plus Collection Charges (\$1.2 million). The delay of the Environmental Innovation Center (EIC) project has delayed NMTC proceeds. Due to the delay in the EIC project completion, the photovoltaic project has been deferred to 2012-2013, which will be partially funded by the EDA grant. Therefore, it is anticipated that EDA revenue will be received in 2012-2013. Recycle Plus Charges came in lower primarily due to Multi-Family Dwelling customers reducing cart sizes.

The various one-time New Market Tax Credit transactions, which occurred in November 2011, resulted in an additional \$4.5 million in funding for the Environmental Innovation Center (EIC) located on Las Plumas Avenue. The EIC advances the City's commitment to San José's Green Vision with a 10,000 square foot permanent Household Hazardous Waste drop-off facility, a Clean Technology Demonstration Center, conference space, and a Habitat for Humanity ReStore to sell discounted, new, and surplus construction materials.

This 2011-2012 revenue collection level was \$24.9 million (22.1%) above the 2010-2011 level of \$112.8 million primarily due to an increase in Recycle Plus Collection Charges (\$8.9 million), a one-time payment for the EIC-Ground Lease (\$8.0 million), a one-time payment for the NMTC Transaction – One Day Loan (\$8.0 million), and a one-time payment for the NMTC Proceeds – First Draw (\$4.7 million). After adjusting for the one-time revenues associated with the NMTC transactions, the 2011-2012 revenue variance to 2010-2011 revenue collection levels is only \$4.2 million (3.7%).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

Expenditure Performance

In 2011-2012, expenditures of \$154.4 million were primarily attributed to the Single Family Dwelling Recycle Plus contracts (\$48.4 million), Yard Trimmings/Street Sweeping contract (\$21.9 million), NMTC Transaction Leverage Loan (\$19.6 million), Multi-Family Dwelling Recycle Plus contracts (\$17.2 million), Household Hazardous Waste Las Plumas Facility (\$9.8 million), IDC Disposal Agreement (\$8.4 million), NMTC Transaction One-Day Loan repayment (\$8.0 million), and Environmental Services Department (ESD) Personal Services (\$6.4 million) and Non-Personal/Equipment (\$3.8 million) appropriations.

In 2011-2012, expenditures were \$5.9 million (3.7%) below the modified budget. The most significant savings were in Household Hazardous Waste Las Plumas (\$3.4 million) due to project delays, ESD non-personal/equipment (\$1.1 million), and personal services savings in various departments (\$603,000) due to vacancies. Of the \$3.4 million savings in the Household Hazardous Waste Las Plumas appropriation, \$3.2 million was rebudgeted as part of the 2012-2013 Adopted Operating Budget.

Expenditures in this fund, including transfers, were \$36.1 million (30.5%) above the 2010-2011 level of \$118.4 million due primarily to NMTC Transaction Leverage Loan (\$19.6 million), the NMTC Transaction One-Day Loan repayment (\$8.0 million) and Household Hazardous Waste Las Plumas Facility (\$9.3 million), partially offset by the one-time payment for Land Purchase – Las Plumas (\$2.3 million) in 2010-2011, a one-time payment for the Union Pacific Settlement (\$953,000), and ESD Non-Personal/Equipment appropriation (\$964,000). After adjusting for the one-time expenditures associated with the NMTC transactions, the 2011-2012 expenditure variance to 2010-2011 expenditure levels is only \$8.2 million or 7.2%.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance from Estimate	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$167,173	\$7,295	\$4,484	(\$2,811)	(\$200)	(\$3,011)	(1.8%)

The 2011-2012 Ending Fund Balance of \$4.5 million was \$2.8 million below the estimate used to develop the 2012-2013 Adopted Budget. This variance was due to lower than estimated revenues (\$3.8 million), partially offset by lower than estimated expenditures (\$1.0 million). In 2011-2012, revenues fell short primarily due to reimbursements that were not received from the EDA grant (\$2.4 million), recycle plus collection reimbursements (\$1.2 million), California Energy Commission (CEC) reimbursements (\$272,000), and AB 939 fees (\$256,000). Expenditures in 2011-2012 generated savings primarily in the Yard Trimming/Street Sweeping (\$497,000), Single-Family Dwelling Recycle Plus (\$264,000), CEC Grant: Biomass to Energy Technology Project (\$146,000), and Environmental Compliance and Monitoring (\$43,000) appropriations.

It is recommended that a portion of the additional fund balance be allocated to rebudget savings in the California Energy Commission (CEC) Grant: Biomass to Energy Technology Project (\$145,000), Household Hazardous Waste Las Plumas Facility (\$209,000), and Clean Creeks Healthy Communities (\$9,000) appropriations. The remaining fund balance of \$3.0 million, including the Contingency Reserve of \$1.6 million, is recommended to be allocated to the 2012-2013 Reserve for Operations and Maintenance bringing the reserve to \$4.4 million in 2012-2013. The goal of the Reserve for Operations and Maintenance is one month of expenditures or approximately \$10.5 million in 2012-2013. The Administration will evaluate any future revenue or expenditure adjustments as well as the funding for the Reserve for Operations and Maintenance as part of the 2013-2014 budget process.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes a recommendation to increase the Public Works Department Non-Personal/Equipment appropriation by \$6,300 to align with the Public Works Program Support rate of 6.4%. Inadvertently, as part of the development of the 2012-2013 Adopted Budget, a slightly lower rate was applied in this fund. In addition, this report includes a recommendation to decrease the Reserve for Operations and Maintenance to increase the Delinquent Lien Releases appropriation in the Finance Department by \$26,000 to provide for higher payments to the County of Santa Clara for processing garbage lien releases. The City pays the County a fee for processing the release of each garbage lien. Because of an increase in the number of lien cycles, from four cycles to six cycles per year, more liens are now being placed on properties and thus released.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**LIBRARY PARCEL TAX FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$7,251	\$7,476	\$225	3.1%
Expenditures	\$8,918	\$6,746	(\$2,172)	(24.4%)

Revenue Performance

In 2011-2012, revenues totaled \$7.5 million and were generated primarily from parcel tax revenue (\$7.5 million) and interest earnings (\$13,000). The 2011-2012 revenues exceeded the budget estimate by \$225,000, or 3.1%, due to both higher than budgeted parcel tax revenue (\$223,000) and higher than budgeted interest earnings (\$2,000).

Revenues in 2011-2012 were \$135,000 (1.8%) above the 2010-2011 level of approximately \$7.3 million due to higher Library Parcel Tax collections (\$179,000), partially offset by lower interest earnings (\$20,000) and the loss of one-time miscellaneous revenue (\$24,000). The increase in Library Parcel Tax collections is attributable to the 2011-2012 rate increase of 1.7% based on the Consumer Price Index (CPI) as approved by the City Council in June 2012 for an effective date of July 1, 2012.

Expenditure Performance

In 2011-2012, expenditures of \$6.7 million were primarily generated from Library Department Personal Services (\$4.4 million), Acquisition of Materials (\$1.3 million), Automation Projects (\$678,000), and Non-Personal/Equipment (\$240,000) appropriations. This expenditure level was \$2.2 million or 24.4% below the modified budget primarily due to savings in various appropriations such as the non-personal/equipment expenditures (\$733,000) due to project delays and a lower than anticipated need for supplies and materials, personal services (\$606,000) given a high number of vacancies, acquisition of materials (\$580,000) given staff transitions that delayed the purchase of new materials, and automation projects (\$238,000) due to procurement delays. This document includes a recommendation to rebudget \$310,000 for acquisition of materials to purchase popular and new materials for existing library branch collections, and \$225,000 for automation projects to upgrade the Library's Active Directory infrastructure and complete other technology improvements. These rebudgets bring the expenditure variance to \$1.6 million, or 18.4% in savings.

Expenditures in this fund were 18.3% below the 2010-2011 level of \$8.3 million due primarily to a one-time 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 in 2010-2011 as a budget rebalancing action at mid-year.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**LIBRARY PARCEL TAX FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$13,446	\$5,896	\$6,975	\$1,079	(\$535)	\$544	4.0%

The 2011-2012 Ending Fund Balance of \$7.0 million was \$1.1 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance is primarily 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 Acquisition of Materials (\$310,000) and Automation Projects (\$225,000) appropriations. The remaining fund balance of \$544,000 is recommended to be allocated to the 2012-2013 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**PUBLIC WORKS PROGRAM SUPPORT FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$9,733	\$9,750	\$17	0.2%
Expenditures	\$13,431	\$12,799	(\$632)	(4.7%)

Revenue Performance

In 2011-2012, revenues totaling \$9.7 million were primarily generated through transfers from Capital Projects for Compensated Absences (\$5.6 million), Public Works Program Support (\$2.6 million), and Capital Program Support (\$1.4 million). The 2011-2012 revenues exceeded the budget estimate by \$17,000 due to higher than budgeted transfers for Public Works Program Support (\$159,000), partially offset by lower than anticipated interest earnings (\$59,000), transfers for Capital Program Support (\$47,000), Valley Transportation Authority revenues (\$24,000), and transfers for Compensated Absences (\$11,000).

The 2011-2012 collection level was \$1.7 million (15.2%) below the 2010-2011 level of \$11.5 million due in part to a decrease in the Public Works Program Support rates applied to each capital program (\$1.2 million) and a decrease in the Compensated Absence rates (\$420,000) based on estimated absence and direct labor costs.

Expenditure Performance

In 2011-2012, expenditures of \$12.8 million were primarily due to compensated time off (\$6.4 million), personal services (\$3.9 million), overhead (\$917,000), compensated absences liability (\$700,000), non-personal/equipment (\$427,000), and transfers to other funds (\$299,000). The expenditure savings of \$632,000 (4.7%) were in personal services (\$592,000) mostly due to vacancy savings, non-personal/equipment (\$346,000) due to a decreased need in training, supplies, and software, compensated time off (\$286,000), and overhead reimbursements (\$110,000). These savings were partially offset by unbudgeted expenses for the compensated absences liability (\$700,000) which is discussed below in the Ending Fund Balance Performance section.

The expenditures in this fund were \$1.3 million (11.3%) above the 2010-2011 level of \$11.5 million due primarily to higher overhead charges (\$1.0 million), personal services (\$831,000) and compensated absences liability (\$700,000) costs, partially offset by lower non-personal/equipment (\$732,000) and compensated time off (\$540,000) costs.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**PUBLIC WORKS PROGRAM SUPPORT FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$13,830	\$1,581	\$1,092	(\$489)	\$0	(\$489)	(3.5%)

The 2011-2012 Ending Fund Balance of \$1.1 million was \$489,000 (3.5%) below the estimate of \$1.6 million used to develop the 2012-2013 Adopted Budget. This variance was primarily due to the unbudgeted expense for compensated absences liability (\$700,000), partially offset by expenditure savings in compensated time off (\$286,000). Due to the implementation of GASB 54 as part of the 2011-2012 Comprehensive Annual Financial Report, the Public Works Program Support Fund was reclassified as an Internal Service Fund. For Internal Service Funds, the long-term liability of compensated absences is required to be fully funded; however, the 2011-2012 unrestricted ending fund balance of \$1.1 million was insufficient to fully fund the \$2.8 million in compensated absences liability for this fund. Therefore, it is recommended to fully fund this liability over a four year period, starting in 2011-2012, with \$700,000 expended for the compensated absences liability.

It is recommended in this report that another \$700,000 from the additional 2011-2012 Ending Fund Balance of \$1.1 million be allocated to fund the second phase of the compensated absences liability for 2012-2013. It is estimated that the fund will have a remaining unrestricted fund balance of \$1.4 million by the end of 2012-2013. Therefore, the remaining \$1.4 million of compensated absences liability will be programmed over the next two budget cycles.

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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)**

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$52,992	\$43,178	(\$9,814)	(18.5%)
Expenditures	\$101,378	\$48,783	(\$52,595)	(51.9%)

Revenue Performance

In 2011-2012, revenues totaled \$43.2 million and were generated primarily from Transfers from the Sewer Service and Use Charge Fund (\$27.8 million) and the Sewage Treatment Plant Connection Fee (\$3.1 million), contributions from the tributary agencies for equipment projects and debt service payments (\$9.4 million), federal grants (\$1.1 million), Santa Clara Valley Water District contributions (\$1.0 million), Calpine MEC repayments (\$445,000), and interest earnings (\$337,000). This revenue level was \$9.8 million (18.5%) below the budgeted estimate, mainly due to lower than budgeted contributions from the Tributary Agencies (\$6.8 million) and delays in the receipt of grants from the U.S. Bureau of Reclamation (\$3.0 million). It is anticipated that grant funding of \$2.5 million will be received in fall 2012. 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 2011-2012 collection level was \$6.1 million (12.4%) below the 2010-2011 level of \$49.3 million due primarily to lower contributions from the tributary agencies for equipment projects (\$2.8 million) and a lower transfer from the Sewer Service and Use Charge Fund (\$900,000). In addition, major construction work on Recovery Act Phase 1C projects was completed in 2010-2011 and related grant revenue decreased by \$3.1 million from \$4.2 million in 2010-2011 to \$1.1 million in 2011-2012.

Expenditure Performance

In 2011-2012, expenditures of \$48.8 million were attributed to capital improvement projects (\$37.3 million) and debt service payments (\$11.5 million). This expenditure level was \$52.6 million (51.9%) below budget. The largest projects included South Bay Water Recycling (SBWR) Extension (\$9.5 million), Plant Electrical Reliability (\$7.2 million), Plant Infrastructure Improvements (\$3.9 million), SBWR Reservoir Facility (\$3.0 million), Equipment Replacement (\$2.2 million), Plant Master Plan (\$2.1 million), Urgent and Unscheduled Treatment Plant Rehabilitation (\$1.5 million), Fuel Cell (\$1.1 million), and Treatment Plant Fire Main Replacement (\$1.1 million). Projects with the largest amounts of unused funding at the end of 2011-2012 included the Digester Rehabilitation (\$12.5 million), Plant Infrastructure Improvements (\$7.4 million), Headworks Enhancement (\$4.6 million), SBWR Extension (\$3.8 million), Secondary and Nitrification Clarifier Rehabilitation (\$3.2 million), Iron Salt Feed Station (\$2.3 million), SBWR Master Plan (\$2.3 million), Plant Electrical Reliability (\$2.2 million), SBWR

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND**

Backup Water Supply (\$2.2 million), East Primary Concrete Tank Repair (\$1.7 million), Dissolved Air Flotation Dissolution Improvements (\$1.2 million), Advanced Process Control and Automation (\$1.1 million), and SBWR Custom Connection Program (\$1.0 million) projects. These projects were mainly delayed due to staffing shortages and some procurement issues. Of the \$52.6 million in savings, approximately \$42.6 million was rebudgeted for use in 2012-2013 as part of the 2012-2013 Adopted Capital Budget. It should be noted that SBWR extension projects are on hold until the SBWR Master Plan is completed which is scheduled for June 2013. In addition, the SBWR Customer Connection Program project (\$1 million) has been eliminated. After accounting for the 2012-2013 rebudgets and project eliminations, approximately \$10.0 million in savings remained at the end of 2011-2012. Since several projects did not achieve the 2011-2012 assumed savings, rebudget true-up adjustments totaling \$415,000 are recommended as part of this document, thereby increasing the expenditure variance to \$10.1 million, or 5.9%.

Expenditures in this fund were \$21.6 million or 30.7% lower than the 2010-2011 level of \$70.4 million, primarily due to staffing shortages, procurement issues, and completion of major construction work on the Recovery Act Phase 1C project in the prior year. Further, the delay on the SBWR extensions resulted in lower expenditures in 2011-2012.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$171,758	\$104,635	\$114,314	\$9,679	\$415	\$10,094	5.9%

The 2011-2012 Ending Fund Balance of \$114.3 million was \$9.7 million above the estimate used to develop the 2012-2013 Adopted Budget. Of this Ending Fund Balance, downward adjustments of \$415,000 are recommended since several projects did not achieve the 2011-2012 assumed savings. The revised fund balance of \$10.1 million is recommended to be allocated to the 2012-2013 Ending Fund Balance and 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 increase the SBWR master plan (\$97,000) appropriation to replenish the appropriation for funds spent earlier on preliminary strategic planning prior to the execution of a cost sharing agreement with the Santa Clara Valley Water District. In addition, this report includes a recommendation to increase the ARRA – SBWR recycling phase 1C appropriation (\$9,034) to correct a system error.

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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)**

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$195,977	\$197,362	\$1,385	0.7%
Expenditures	\$209,694	\$203,170	(\$6,524)	(3.1%)

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 2011-2012, gross revenues in these funds totaled \$197.4 million and were generated primarily from sewer service and use charges for residential (\$104.0 million), commercial (\$18.9 million), and industrial (\$4.2 million) users; a transfer from the Sewer Service and Use Charge (SSUC) Fund (\$40.0 million) to the San José/Santa Clara Treatment Plant Operating Fund; contributions from tributary agencies (\$13.9 million); contributions from the City of Santa Clara (\$9.0 million); and Connection Fees (\$2.3 million).

Revenue collections ended the year slightly above budget (0.7%) primarily due to higher Connection Fees (\$782,000) and higher sales of recycled water (\$423,000). The 2011-2012 combined revenue level was also \$9.2 million (4.4%) below the 2010-2011 level of \$206.6 million, primarily due to lower SSUC fund transfers (\$11.0 million) and lower contributions from the tributary agencies (\$2.97 million), partially offset by higher residential revenues (\$4.2 million).

Expenditure Performance

In 2011-2012, gross expenditures of \$203.2 million were primarily attributed to Transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$40.0 million), Sewer Service and Use Charge Capital Fund (\$31.0 million), and Treatment Plant Capital Fund (\$27.8 million), Environmental Services Department (ESD) personal services (\$38.8 million), ESD non-personal/equipment (\$29.5 million), overhead reimbursements (\$9.9 million), and Transportation Department personal services (\$9.8 million) and non-personal/equipment (\$4.7 million).

In 2011-2012, expenditures were \$2.9 million (1.4%) above the 2010-2011 level of \$200.3 million, primarily due to lower transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$11 million), lower transfers to the Integrated Waste Management Fund (\$1.5 million), partially offset by higher ESD personal services (\$1.6 million) and non-personal/equipment (\$1.4 million) expenditures, and higher transfers to the Sewer Service and Use Charge Capital Improvement Fund (\$15.0 million).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$272,419	\$66,592	\$72,251	\$5,659	\$0	\$5,659	2.1%

The 2011-2012 Ending Fund Balance of \$72.3 million was \$5.7 million above the estimate used to develop the 2012-2013 Adopted Budget, primarily due to staff vacancies.

It is recommended as part of this report as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document that a one-time increase in the ESD non-personal/equipment appropriation (\$1.0 million) offset by a reduction in the 2012-2013 Reserve for Operations and Maintenance be included to address deferred maintenance projects. The projects include heat-loop pipe joint repairs, replacement of meter pipe and valves, nitrification hot water heat exchangers, nitrification sump wells, east primary scum section pumps, and procurements of servers, chlorine analyzers, and mechanical blower vane actuators.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SANITARY SEWER CAPITAL PROGRAM**

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

	<b>2011-2012 Budget</b>	<b>2011-2012 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$33,053	\$32,736	(\$317)	(1.0%)
Expenditures	\$78,528	\$30,579	(\$47,949)	(61.1%)

Revenue Performance

The Sanitary Sewer Capital Program includes the Sewer Service and Use Charge Capital Fund and the Sanitary Sewer Connection Fee Fund. In 2011-2012, revenues totalling \$32.7 million were generated primarily due to a Transfer from the Sewer Service and Use Charge Fund (\$31.0 million), Connection Fees (\$865,000), miscellaneous revenue (\$399,000), interest earnings (\$265,000), and Joint Participation revenue (\$207,000).

In total, 2011-2012 revenues ended the year \$317,000 below the budgeted estimate primarily due to lower Joint Participation revenue (\$703,000), partially offset by higher Connection Fees (\$340,000) and interest earnings (\$245,000). 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, however, this revenue shortfall is offset by corresponding project savings.

The 2011-2012 collection level was \$14.9 million above the 2010-2011 level of \$17.9 million due primarily to a higher transfer from the Sewer Service and Use Charge Fund (\$15.4 million), partially offset by lower miscellaneous revenue (\$844,000).

Expenditure Performance

In 2011-2012, expenditures totaled \$30.6 million. The largest projects in this program with over \$1.0 million in expenditures were the Miscellaneous Projects (\$5.3 million), Miscellaneous Rehabilitation Projects (\$4.1 million), Sanitary Sewer Condition Assessment Phase II (\$4.0 million), Condition Assessment Sewer Repairs (\$3.1 million), 60" Brick Interceptor Rehabilitation (\$2.0 million), Morrill Avenue/Sierra Road Sanitary Sewer (\$1.2 million), Flow Monitoring Project (\$1.1 million), and Croyley Avenue Sanitary Sewer Improvement (\$1.0 million) appropriations. The 2011-2012 expenditures ended the year 61.1% (\$47.9 million) below the budgeted level of \$78.5 million. This variance was primarily due to project delays as a result of staff vacancies and procurement processes. Projects with the largest savings include the Spreckles Sanitary Sewer Force Main Supplement (\$4.3 million), 30" Old Bayshore Supplement (\$4.0 million), Coleman Road Sanitary Sewer Supplement (\$3.5 million), Almaden Expressway Sanitary Sewer (\$3.3 million), Husted-Richland Sanitary Sewer Improvements (\$3.2 million), Rehabilitation of Sanitary Sewer Pump Station (\$2.7 million), Miscellaneous Rehabilitation Projects (\$2.7 million), Almaden Road Supplement Sewer Rehabilitation (\$2.2 million), Reinforcement

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SANITARY SEWER CAPITAL PROGRAM**

Concrete Pipe Rehabilitation (\$2.2 million), Fourth Major Interceptor Phase IIB (\$2.0 million), Condition Assessment Sewer Repair (\$1.9 million), Minnesota Avenue Sanitary Sewer Improvements (\$1.8 million), Myrtle Avenue Sanitary Sewer Improvements (\$1.6 million), Miscellaneous Projects (\$1.2 million), Mackey Avenue Sanitary Sewer Replacement (\$1.1 million), and Public Art (\$1.1 million) appropriations. Of the \$47.9 million expenditure variance, \$23.7 million was rebudgeted and \$6.7 million was reprogrammed for other purposes as part of the 2012-2013 Adopted Capital Budget. An additional \$8.5 million is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to \$9.0 million or 11.5%.

Expenditures in this fund were \$3.2 million (11.6%) above the 2010-2011 level of \$27.4 million, primarily due to the Sanitary Sewer Condition Assessment Phase II (\$2.9 million) and Moorpark-Meridian Trunk Sewer Rehabilitation (\$907,000) projects.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$122,856	\$75,134	\$92,755	\$17,621	(\$8,473)	\$9,148	7.4%

The 2011-2012 Ending Fund Balance of \$92.8 million was \$17.6 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance was due to lower than expected expenditures partially offset by lower than expected revenues. This document recommends rebudgets of \$8.5 million for a number of projects, including the Spreckles Sanitary Sewer Force Main Supplement (\$3.4 million), Mackey Avenue Sanitary Sewer Rehabilitation (\$1.1 million), Condition Assessment Sewer Repairs (\$900,000), Reinforced Concrete Pipe Rehabilitation Program (\$700,000), Flow Monitoring Program (\$435,000), Urgent Rehabilitation and Repair (\$350,000) projects, and various other capital projects. The remaining fund balance of \$9.1 million is recommended to be allocated to the 2012-2013 Ending Fund Balance and 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 a recommendation to increase the Public Works Department non-personal/equipment appropriation (\$600,000) to correct an administrative error.

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## PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

### STORM SEWER CAPITAL PROGRAM

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$6,111	\$6,227	\$116	1.9%
Expenditures	\$18,233	\$7,015	(\$11,218)	(61.5%)

#### Revenue Performance

In 2011-2012, revenues total approximately \$6.2 million and were generated primarily from a transfer from the Storm Sewer Operating Fund (\$6.0 million), Storm Drainage Fees (\$183,000), interest earnings (\$40,000), and joint participation revenue (\$4,000). The 2011-2012 revenues came in slightly above the budget estimate of \$6.1 million (1.9%) mainly due to increased revenue in Storm Drainage Fees (\$44,000) and interest earnings (\$8,000).

The 2011-2012 collection level was \$4.3 million (40.9%) below the 2010-2011 level of \$10.5 million primarily due to a lower planned transfer from the Storm Sewer Operating Fund (\$4.3 million) offset by a Storm drainage fee revenue increase of \$46,000 (33.6%) to \$183,000.

#### Expenditure Performance

In 2011-2012, expenditures totaled \$7.0 million. Major projects contributing to this expenditure level were Storm Pump Station Rehabilitation and Replacement (\$2.1 million), Urgent Flood Prevention and Repair Projects (\$933,000), Storm Sewer Master Plan – City-wide (\$928,000), Storm/Sanitary Sewer Separation (\$334,000), Outfall Rehabilitation (\$310,000), and Creek Channel Stabilization (\$303,000).

The expenditure level was \$11.2 million (61.5%) below the modified budget due primarily to unexpended funds associated with the Storm Sewer Improvements – Special Corridors (\$1.5 million), Storm Sewer Master Plan – City-wide (\$1.42 million), Storm Pump Station Rehabilitation and Replacement (\$1.4 million), Alviso Storm Network Infiltration Control (\$1.2 million), and Lower Bird Avenue Storm Sewer Improvements (\$659,000) projects. Expenditures related to these projects were delayed due to staff vacancies and the focus on the selection process and contracting for master planning consultants. Of the \$11.2 million expenditure variance, \$7.6 million was rebudgeted and \$775,000 was reprogrammed for other purposes as part of the 2012-2013 Adopted Capital Budget. An additional \$2.1 million is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to approximately \$725,000 or 4%.

Expenditures in this program were \$725,000 (11.5%) above the 2010-2011 level of \$6.3 million primarily due to higher spending on Urgent Flood Prevention and Repair Projects (\$748,000), Storm Sewer Master Plan City-wide (\$572,000), Storm/Sanitary Sewer Separation (\$324,000), partially offset

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER CAPITAL PROGRAM**

by lower expenditures in the Creek Channel Stabilization (\$235,000), and Minor Neighborhood Storm Sewer Improvements (\$204,000) projects.

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$19,131	\$9,405	\$12,298	\$2,893	(\$2,064)	\$829	4.3%

The 2011-2012 Ending Fund Balance of \$12.3 million was \$2.9 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance was mainly due to the lower than expected expenditures in Storm Sewer Master Plan – City-wide (\$418,000), Gold Street Storm Drainage Improvements (\$359,000), Capital Program and Public Works Department Support Service Costs (\$356,000), and Outfall Rehabilitation (\$343,000).

It is recommended that \$2.1 million of the ending fund balance be allocated to rebudget funds for the continuation of several projects, including the Storm Sewer Master Plan – City-wide (\$418,000), Gold Street Storm Drainage Improvements (\$359,000), Storm Sewer Master Plan – North San José (\$227,000), El Dorado Street Storm Sewer Improvements (\$265,000), and Outfall Rehabilitation (\$250,000). The remaining balance of \$829,000 is recommended to be allocated to the 2012-2013 Ending Fund Balance and available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER OPERATING FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$31,827	\$32,095	\$268	0.8%
Expenditures	\$32,990	\$30,121	(\$2,869)	(8.7%)

Revenue Performance

In 2011-2012, revenues totaled \$32.1 million and were generated primarily by Storm Sewer Service Fee assessments (\$32.0 million), other non-operating revenues (\$46,000), and interest earnings (\$35,000). The slightly favorable variance to budget of \$268,000 or 0.8% was mainly due to higher than expected assessments of Storm Sewer Service Charges (\$215,000) and miscellaneous revenues (\$46,000).

The 2011-2012 revenue level was \$1.2 million (4.0%) above the 2010-2011 level of \$30.9 million primarily due to higher assessments (\$1.3 million), and miscellaneous revenues (\$40,000), partially offset by lower interest earnings (\$43,000).

Expenditure Performance

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System and stormwater pollution reduction. In 2011-2012, expenditures of \$30.1 million consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$6.0 million), Environmental Services Department (ESD) personal services (\$5.6 million), Transportation Department (Transportation) personal services (\$5.3 million), Transportation non-personal/equipment (\$2.6 million), overhead reimbursements (\$2.2 million), and yard trimmings/street sweeping contract (\$1.7 million) costs.

This spending level was \$2.9 million (8.7%) below the modified budget. The most significant savings were in the ESD (\$1.6 million) and Transportation (\$672,000) non-personal/equipment expenditures primarily due to project delays and ESD personal services expenditures (\$301,000) due to vacancy savings. Of the \$2.9 million expenditure variance, savings in the Transportation (\$500,000) and ESD (\$500,000) Non-Personal/Equipment appropriations were rebudgeted as part of the 2012-2013 Adopted Budget.

Expenditures in this fund were \$3.1 million (9.2%) below the 2010-2011 level of \$33.2 million due primarily to a decrease in the Transfer to the Storm Sewer Capital Fund (\$4.4 million), completion of IBS Commercial Paper debt service payments in 2010-2011 (\$1.0 million), partially offset by higher spending in ESD non-personal/equipment (\$1.0 million), ESD personal services (\$531,000), Transportation personal services (\$521,000), and Transportation non-personal/equipment (\$508,000).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER OPERATING FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impacts	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$48,104	\$17,328	\$18,722	\$1,394	\$0	\$1,394	2.9%

The 2011-2012 Ending Fund Balance of \$18.7 million was \$1.4 million above the estimate used to develop the 2012-2013 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 2012-2013 Ending Fund Balance for future use and to offset future rate increases needed to maintain the storm sewer infrastructure.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions of this document, this report includes a recommendation to increase the ESD non-personal/equipment appropriation by \$12,000 to align with the Public Works Program Support rate of 6.38%. Inadvertently, as part of the development of the 2012-2013 Adopted Budget a slightly lower rate was applied in this fund.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**TRANSIENT OCCUPANCY TAX FUND**

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

	2011-2012 Budget	2011-2012 Actuals	Variance	% Variance
Revenues	\$12,455	\$13,679	\$1,224	9.8%
Expenditures	\$15,017	\$13,396	\$1,621	10.8%

Revenue Performance

In 2011-2012, revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$13.7 million. Of this amount, \$13.0 million was for 2011-2012 activity, with the remaining \$700,000 comprising of taxes that should have been paid in prior years (\$500,000) and associated penalties (\$200,000) due to a biennial TOT compliance audit. Actual TOT revenues of \$13.7 million ended the year 25.3% above 2010-2011 revenue collections, and 9.8% above the modified budget. Total 2011-2012 revenues exceeded the modified budget estimate by \$1.2 million due to a combination of additional 2011-2012 tax revenue (\$500,000) and the aforementioned revenue due to the compliance audit (\$700,000). Excluding the revenue from the compliance audit, TOT receipts of \$13.0 million were 19.5% higher than 2010-2011 actual receipts and 4.4% higher than the 2011-2012 estimate used in the development of the 2012-2013 Adopted Budget.

The 2011-2012 Modified Budget assumed an increase of approximately 14.4% from the 2010-2011 level. The higher than budgeted 2011-2012 revenue is primarily due to the average occupancy rate for the City's 14 largest hotels climbing from 58.5% to 61.6% and a \$11 increase in the average room rate for the same set of hotels (from \$118 to \$129).

Expenditure Performance

By ordinance, the TOT Fund tax revenue is distributed 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 includes the Cultural Grants and Cultural Grants Administration appropriations. When compared to the modified budget, savings in the Cultural Development category of approximately \$1.6 million were realized, with approximately half of the savings (\$750,000) rebudgeted to 2012-2013 as part of the adopted budget. At year-end, after accounting for funds previously rebudgeted, additional savings of \$871,000 in the Cultural Development category were realized in the Cultural Grants (\$716,000) and Cultural Grants Administration (\$155,000) appropriations. Savings from these appropriations are recommended to be rebudgeted into the Cultural Grants appropriation as part of this report.

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## PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

### TRANSIENT OCCUPANCY TAX FUND

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$16,470	\$2,206	\$4,299	\$2,093	(\$871)	\$1,222	7.4%

The 2011-2012 Ending Fund Balance of \$4.3 million was \$2.1 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance was primarily due to higher than anticipated TOT receipts (\$1.2 million), and lower than anticipated expenditures (\$871,000) in the Cultural Development category. Recommendations are included elsewhere in this report to rebudget the savings in the Cultural Development category (\$871,000) and distribute the higher than anticipated 2011-2012 TOT receipts (\$1.2 million) among the three categories according to the City Council approved distribution formula as follows: Cultural Development (\$305,000), Convention and Visitor's Bureau (\$305,000), and Transfer to the Convention and Cultural Affairs Fund (\$610,000).

The 2012-2013 Adopted Budget assumed 5.0% growth in TOT from the 2011-2012 estimated level excluding the one-time revenue generated from the compliance audit. Because the actual 2011-2012 receipts were above this estimate, growth of only 0.6% of ongoing revenue is needed to meet the 2012-2013 Adopted Budget estimate. With no indications of activity slowing, a recommendation is included in this document to increase the 2012-2013 TOT estimate by \$576,000, which would restore the projected 2012-2013 growth to 5%, consistent with the adopted budget levels. As a result, corresponding increases to the Cultural Development (\$144,000), Convention and Visitor's Bureau (\$144,000), and Transfer to the Convention and Cultural Affairs Fund (\$288,000) are included in this report. The combined effect of the adjustments to the recipient organizations will result in additional funds for the Convention and Visitor's Bureau (\$449,000), Cultural Development (\$449,000), and Transfer to the Convention and Cultural Affairs Fund (\$898,000).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**WATER UTILITY CAPITAL PROGRAM**

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

	<b>2011-2012 Budget</b>	<b>2011-2012 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$3,456	\$3,899	\$443	12.8%
Expenditures	\$6,240	\$4,386	(\$1,854)	(29.7%)

Revenue Performance

In 2011-2012, revenues totaled \$3.9 million and were generated primarily from a Transfer from the Water Utility Fund (\$3.3 million) and fees paid by developers for direct services (\$542,000). The fees consist of Major Facilities Fees (\$368,000), Meter Installation Fees (\$70,000), Advanced System Design Fees (\$66,000), and Service Connection Fees (\$38,000). The 2011-2012 revenues came in above the budget estimate of \$3.5 million, by \$400,000 or 12.8%, mainly due to higher collections for major facilities fees (\$369,000), advanced system design fees (\$16,000), and interest earnings (\$5,000).

The developer fee revenues ended the year \$57,000 (9.5%) below the 2010-2011 levels. Major Facilities fees were \$59,000 below the 2010-2011 level, and Service Connection Fees were \$22,000 below the 2010-2011 level. However, the Advanced System Design Fees were \$13,000 (24.5%) above the 2010-2011 level and the Meter Installation Fees were \$11,000 (18.3%) above the 2010-2011 level.

Expenditure Performance

In 2011-2012, expenditures totaled \$4.4 million. Major projects in this program included the Infrastructure Improvements (\$793,000), System Maintenance/Repairs (\$612,000), Service Installations (\$587,000), Castelton Drive Main Replacement (\$454,000), and Nortech Parkway East Loop Main (\$434,000). Also contributing to this expenditure level was the repayment of a loan to the Sewage Treatment Plant Connection Fee Fund (\$1.0 million).

Expenditures were \$1.9 million (29.7%) below budget due primarily to savings or delays in the following projects: Bon Bon Drive Main Replacement (\$957,000), Nortech Parkway East Loop Main (\$240,000), North Coyote Valley Water System (\$168,000), and Service Installation (\$124,000). Expenditures for 2011-2012 in this fund were \$654,000 or 17.5% above the 2010-2011 level of \$3.7 million.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**WATER UTILITY CAPITAL PROGRAM**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$12,363	\$7,775	\$8,628	\$853	\$0	\$853	6.9%

The 2011-2012 Ending Fund Balance of \$8.6 million was \$853,000 above the estimate used to develop the 2012-2013 Adopted Budget primarily due to higher than estimated revenues (\$375,000) and higher than estimated expenditures (\$478,000). The remaining fund balance of \$853,000 is recommended to be allocated to the 2012-2013 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 a recommendation to increase the Infrastructure Improvements project (\$163,000) for the Coyote Well 22 rehabilitation and Edenvale Well 13 rehabilitation projects that began in early June 2012 and continue into 2012-2013. Equipment lead times and scheduling have delayed the completion of these projects to October 2012.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**WATER UTILITY OPERATING FUND**

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

	<b>2011-2012 Budget</b>	<b>2011-2012 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$27,261	\$28,019	\$758	2.8%
Expenditures	\$28,766	\$28,559	(\$207)	(0.7%)

Revenue Performance

In 2011-2012, revenues totaled \$28.0 million and were generated from potable and recycled water sales (\$27.7 million), late fees (\$278,000), and interest earnings (\$19,000). The slight favorable variance to the budget of \$758,000 (2.8%) was mainly due to higher than estimated revenues from potable water sales (\$676,000), late fees (\$53,000), and interest (\$5,000).

Expenditure Performance

In 2011-2012, expenditures of \$28.6 million were primarily for Environmental Services Department (ESD) non-personal/equipment (\$19.9 million), ESD personal services (\$3.5 million), a transfer to the Water Utility Capital Fund (\$3.3 million), and overhead expenses (\$827,000). Expenditures ended the year \$207,000 (0.7%) below budget, due primarily to vacancy savings in the Finance Department Personal Services (\$92,000) and ESD Personal Services (\$56,000) appropriations.

Expenditures in this fund were \$3.6 million above the 2010-2011 level of \$24.9 million due primarily to a higher ESD non-personal/equipment (\$3.5 million) and ESD personal services costs (\$135,000). The higher ESD non-personal/equipment expenditures can be attributed to higher than expected wholesale purchases of potable water and distribution of potable water to customers. The higher ESD personal services costs can be attributed to vacancy savings.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**WATER UTILITY OPERATING FUND**

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

2011-2012 Modified Budget	2011-2012 Estimated Ending Fund Balance	2011-2012 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$34,822	\$5,770	\$7,257	\$1,487	\$0	\$1,487	4.3%

The 2011-2012 Ending Fund Balance of \$7.3 million was approximately \$1.5 million above the estimate used to develop the 2012-2013 Adopted Budget. This variance was largely due to higher than estimated revenues from potable water sales (\$1.3 million) used in the development of the 2012-2013 budget and late fees (\$53,000). No rebudgets are recommended for this fund at this time. The remaining fund balance of \$1.5 million is recommended to be allocated to the 2012-2013 Ending Fund Balance and available for future use.

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

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

**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, totaling a net of \$2.4 million, recommend current year adjustments to align budgeted revenue and expenditures with the most current information, or to correct technical problems in the 2012-2013 Adopted Budget. Additional detailed information on these adjustments can be found in the following pages in this section.

**Grants/Reimbursements/Fees** – These actions, which have a net-zero impact on the General Fund, 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 in this section.

**Urgent Fiscal/Program Needs** – These actions recommend additional funding of \$10.5 million to address two urgent fiscal/program needs. The recommended actions establish the Successor Agency City Legal Obligations Earmarked Reserve in the amount of \$7.5 million and increase the Workers Compensation/General Liability Catastrophic Earmarked Reserve by \$3.0 million. Additional detailed information on these adjustments can be found in the following pages in this section.

**Special/Capital Funds**

**Special/Capital Fund Adjustments** – These actions adjust revenue estimates based on updated collection information; recognize revenues from new or adjusted grants and reimbursements; reflect changes in 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.

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

**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 2012-2013 budget for all funds where the actual (unaudited) 2011-2012 Ending Fund Balance/2012-2013 Beginning Fund Balance differed from the budgeted amount.

**Development 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** – Due to a change in methodology for paying the City's annual required contribution to a minimum amount or the amount generated by a rate, a Retirement Contributions Reconciliation was completed for both the Federated System and the Police and Fire Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2012-2013. This reconciliation is consistent with City Council direction as part of the approval of the 2012-2013 Mayor's June Budget Message. Based on the final City contribution amounts as determined by the two retirement boards in April and May of 2012 and budget actions approved after the release of the Proposed Budget, the retirement contribution reconciliation results in net savings of \$904,000 in the General Fund (\$1.1 million in all funds) that are recommended to be distributed in this document.

**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.

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

**Clean-Up Actions**

**General Fund & Special/Capital Funds**

- **Close-Out of Funds** – These actions include revenue and expenditure appropriation adjustments to reflect the final reconciliations to close out funds that are no longer used based on activity through the end of 2011-2012.
- **Other Adjustments:**
  - **Appropriation Re-title** – This technical adjustment re-titles one appropriation name to more accurately reflect the intent of the project.
  - **Energy Efficiency Program Implementation** – Per previous City Council direction, this technical adjustment allocates energy rebates received in 2011-2012, 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.
  - **Fire Station 5 Remediation** – Due to recently-identified mold issues that render Fire Station 5 uninhabitable, the station crew has been transferred to Fire Station 34 until another temporary location can be identified. To abate the mold at Fire Station 5, total funding of \$1.2 million is recommended in this report—\$1.1 million from the Fire Construction and Conveyance (C&C) Tax Fund, which includes \$232,000 of funding transferred from the General Fund, and \$89,000 from the Neighborhood Security Bond Fund. The following technical adjustments, which are included in the General Fund Clean-Up Actions, reallocate funding of \$232,000 from the General Fund to the Fire C&C Tax Fund: decreases the Public Works Non-Personal/Equipment appropriation (deferred maintenance) by \$107,000, decreases the Public Works Unfunded Projects City-Wide Expenses appropriation by \$50,000, and decreases the Unanticipated/Emergency Maintenance Capital project by \$75,000. Additional detailed information for the remaining funding adjustments can be found in the Special/Capital Funds Recommended Budget Adjustments.
  - **Successor Agency City Legal Obligations Subsidy** – These technical adjustments establish a Successor Agency City Legal Obligations Subsidy line-item (\$11.0 million) to reflect a reclassification of this expenditure, which was included in the 2012-2013 Adopted Budget as a Transfer. These technical adjustments more appropriately align this expenditure to the City-Wide Expenses category as the Transfers category is used for transfers between City funds, and the Successor Agency is a separate entity from the City.

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

**Clean-Up Actions**

**General Fund & Special/Capital Funds**

- **Other Adjustments (Cont'd.):**
  - **Comcast Public, Education, and Government (PEG) Access** – These technical adjustments reflect a reconciliation of revenue received from the City's cable provider and related interest earnings. As a result of lower than budgeted revenues received, these technical adjustments decrease the Public and Education Access – Capital Expenditures appropriation by \$28,104 and Government Access – Capital Expenditures appropriation by \$2,839.

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### REQUIRED TECHNICAL/REBALANCING ACTIONS

#### *Almaden Lake Park Rangers*

PARKS, REC, &  
NEIGH SVCS

\$18,510

Increases the Parks, Recreation and Neighborhood Services Personal Services appropriation by \$18,510 to fund Park Rangers at Almaden Lake. Councilmember Pyle had previously raised funds to support the swim program at Almaden Lake Park. However, the open water swim program at Almaden Lake was eliminated due to bacteria and algae bloom issues. The Mayor's 2012-2013 June Budget Message as approved by the City Council directed the Administration to work with Council District 10 and the Parks Foundation to reallocate the funds to PRNS for other District 10 parks and trail programs as early in the fiscal year as possible. Based on discussions with the Council Office and the Parks Foundation, it is recommended to allocate the funds for additional part-time unbenefitted Park Ranger hours to District 10 parks and trails with a focus on Almaden Lake. Also included elsewhere in this report are Gift Trust Fund appropriation actions to reallocate donated funds originally intended to support the Almaden Lake Swim Program to Park Rangers (\$28,622) bringing the total amount to \$47,132 which will fund approximately 1,900 in part-time unbenefitted Park Ranger hours. A corresponding elimination of the Almaden Lake Swim Program Earmarked Reserve of \$18,510 is also included in this report.

#### *Almaden Lake Swim Program*

EARMARKED  
RESERVES

(\$18,510)

Eliminates the Earmarked Reserve appropriation to fund Park Rangers at Almaden Lake. Councilmember Pyle had previously raised funds to support the swim program at Almaden Lake Park. However, the open water swim program at Almaden Lake was eliminated due to bacteria and algae bloom issues. The Mayor's 2012-2013 June Budget Message as approved by the City Council directed the Administration to work with Council District 10 and the Parks Foundation to reallocate the funds to PRNS for other District 10 parks and trail programs as early in the fiscal year as possible. Based on discussions with the Council Office and the Parks Foundation, it is recommended to allocate the funds for additional part-time unbenefitted Park Ranger hours to District 10 parks and trails with a focus on Almaden Lake. Also included elsewhere in this report are Gift Trust Fund appropriation actions to reallocate donated funds originally intended to support the Almaden Lake Swim Program to Park Rangers (\$28,622) bringing the total amount to \$47,132 which will fund approximately 1,900 in part-time unbenefitted Park Ranger hours. A corresponding increase to the PRNS Personal Services appropriation of \$18,510 is also included in this report.

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Fuel Tank Monitoring</i></b>	CAPITAL PROJECTS		\$50,000	
<p>During the last two decades, Underground Storage Tanks (USTs) for fuel at various City facilities were removed. Some of these USTs have been found to have fuel leakage issues and require soil and/or groundwater remediation. The Fuel Tank Monitoring appropriation has ongoing funding of \$50,000 programmed for certain projects, including collection of groundwater samples and payments for regulatory permit fees. However, the funding is insufficient to complete the soil and groundwork remediation at Fire Station 16, where a leaking UST was removed. This funding will allow for the soil and groundwater remediation at Fire Station 16 prior to the rainy season and ensure compliance with the Santa Clara County Department of Environmental Health.</p>				
<b><i>General Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers and Reimbursements</i></b>	TRANSFERS		\$374,000	\$374,000
<p>These technical adjustments increase the revenue estimate for Transfers and Reimbursements and establish a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$374,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the General Fund for costs associated with several Public Safety Capital projects; and 2) transfer General Fund funding to the Bond Fund to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.</p>				
<b><i>HUD Section 108 Loan Repayment (Airport West)/Other Revenue</i></b>	CITY-WIDE EXPENSES		\$4,973,000	\$4,973,000
<p>Increases the estimate for Other Revenue in the amount of \$4.97 million to recognize a payment associated with the Sale of 14.5 Acres of Airport West property to the Earthquakes, LLC and establishes a City-Wide HUD Section 108 Loan Repayment appropriation in the amount of \$4.97 million to pay off a portion of the HUD 108 loan associated with this property. As part of a Purchase and Sale Agreement with Earthquakes Soccer LLC, the developer purchased a portion of the Airport West property for the development of the future Earthquakes Soccer Stadium. The payment will be used to pay off a portion of the HUD 108 loan, reducing the principal of the loan from \$20,803,000 to \$15,830,200. The use of the payment to pay off a portion of the HUD Loan was assumed in the most recent financing plan that was approved by the City Council in June 2012 to accommodate the community soccer facility.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Leland Sports Field Repayment</i>	TRANSFERS		\$20,000	
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Establishes a Transfer to the Council District 10 Construction and Conveyance Tax Fund in the amount of \$20,000 to fund a portion of 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 the City Council in March 2007, fees collected from use of this sports field will: support ongoing operational and maintenance costs; repay the 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 is in addition to a repayment that was approved as part of the 2010-2011 Annual Report in the amount of \$120,000; therefore, with the approval of this action, a total of \$210,000 remains to be repaid to the Council District 10 Construction and Conveyance Tax Fund.

#### *Police Department Overtime*

POLICE

Increases the Police Department's overtime funding in 2012-2013 by \$3.9 million (from \$13.3 million to \$17.2 million) to continue to backfill for vacant patrol positions, expand targeted enforcement of high crime activity related to gangs through suppression cars, and provide funding to continue backgrounding efforts on an overtime basis until the contract is in place. This action reallocates anticipated savings related to sworn vacancies in 2012-2013 of \$2.4 million from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation to ensure the Department has sufficient overtime resources based on recent increases in crime activity and discussions that occurred as part of the City Council Study Session on Public Safety on September 18, 2012. Several other actions are also recommended elsewhere in this document, including additional funding of \$1.25 million that is recommended to be rebudgeted for overtime expenditures from 2011-2012 savings, as well as a recommended reallocation of \$250,000 in non-personal/equipment funding for contracted backgrounding services to the personal services overtime line item due to a delay in contract implementation.

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Police Retirees' Health/Dental Fees</i></b>			\$50,000	
Increases the Police Retirees' Health and Dental Fees City-Wide Expenses appropriation by \$50,000 from \$40,000 to \$90,000 based on projected costs as a result of changes to the Police Retirees' lowest cost health plan option. Per the Memorandum of Agreement with the San José Police Officers' Association, the City must set aside a portion of eligible Police retiree members' sick leave payments upon retirement to offset their healthcare plan deductions. Retirees with a certain amount of service with the City qualify for lifetime medical insurance upon retirement whereby the retirement funds pay 100% of the premium costs of the City's low cost plan. In June 2012 the City Council approved a new low cost plan. Effective January 1, 2013, if retirees choose not to elect the new low cost plan and remain with their current plan, retirees will have to pay a portion of the annual health and dental fees. It is estimated that Police retirees eligible for this health and dental fee offset will elect to remain in their current plan and incur the higher cost starting the next calendar year. Therefore, it is expected that retirees will increase their usage of the set aside funding to cover the cost of their portion of the annual health and dental fees.	CITY-WIDE EXPENSES			
<b><i>Revenue - Revenue from Local Agencies</i></b>				(\$400,000)
Decreases the estimate for Revenue from Local Agencies by \$400,000 from \$450,000 to \$50,000 due to fewer adults attending Grace Community Center Day Rehabilitation Program. As a result of a State Department of Mental Health audit, a program redesign/recertification of the Day Rehabilitation Program was necessary to bring the program into compliance with State regulations. This new model, however, resulted in a significant drop in attendance, which significantly reduces the eligible reimbursement and increases the General Fund ongoing cost for this program. With projected attendance levels July through November 2012, reimbursement for eligible costs are estimated at \$50,000. The Parks, Recreation and Neighborhood Services Department will continue to evaluate this program to identify next steps to ensure the program is as cost-effective as possible. Any recommended changes to the service delivery model will be brought forward later in the year.	REVENUE ADJUSTMENTS			
<b><i>Revenue - Sales Tax</i></b>				\$3,140,000
Increases the General Sales Tax estimate by \$3.1 million (from \$148.2 million to \$151.3 million) to recognize one-time additional Sales Tax revenue generated in the fourth quarter of 2011-2012 (\$1.7 million) and to recognize the 2011-2012 "Triple Flip" true-up payment from the State, anticipated to be received in January 2013 (\$1.4 million). Ongoing impacts of higher than estimated receipts will continue to be monitored closely and adjustments brought forward as appropriate.	REVENUE ADJUSTMENTS			

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Revenue - Transfers and Reimbursements</i></b>				(\$651,788)
Decreases the estimate for Transfers and Reimbursements by \$652,000 to reflect the net impact of the following adjustments: a decrease to the Gas Tax estimate by \$500,000, from \$15.0 million to \$14.5 million, to remain consistent with the approximate 1% decline assumed in the 2012-2013 Adopted Budget from actual 2011-2012 receipts; a decrease in reimbursement from the Workforce Investment Act Fund for the rental of former community centers by the work2future program by \$233,938 to align reimbursements with eligible costs in accordance with federal grant requirements; and an increase of \$82,150 to reflect additional excess funds generated from the close-out of the Stores Fund. A final transfer from the Stores Fund to the General Fund is anticipated later this year after the sale of remaining inventory is finalized and the close-out of the Stores Fund is complete.	REVENUE ADJUSTMENTS			
<b><i>Revenue - Transient Occupancy Tax</i></b>				\$385,000
Increases the budgeted estimate for 2012-2013 Transient Occupancy Tax receipts by \$385,000 from \$8.7 million to \$9.1 million. The 2012-2013 Adopted Budget assumed growth of 5% from 2011-2012 estimated collections. As a result of higher than anticipated 2011-2012 collections, growth of only 0.6% is needed to meet the 2012-2013 Adopted Budget estimate. With no indications of reduced activity, this action increases the budgeted estimate to allow for growth of 5% from 2011-2012 actual receipts which is consistent with the level assumed in the 2012-2013 Adopted Budget.	REVENUE ADJUSTMENTS			
<b><i>Spartan Keyes Center Service Delivery Model Change</i></b>	PARKS, REC, & NEIGH SVCS	( 1.00)	(\$86,000)	
Eliminates 1.0 Recreation Specialist position and reallocates the funding to Parks, Recreation and Neighborhood Services (PRNS) Department Non-Personal/Equipment appropriation to support a change in the recommended service delivery model at this center. A Recreation Specialist position was added on a one-time basis as part of the 2012-2013 Adopted Budget to continue operations at Spartan Keyes, including coordinating neighborhood programs such as after school homework assistance (12-20 students each day), First Five literacy help for pre-Kindergarten families (30 families each session/2 sessions per week), and Second Harvest Food Bank services (150 families or 200 people per month). However, it has been determined that it would be more effective to have Catholic Charities, a Community Based Organization, rather than in-house PRNS staff perform these duties, keeping in line with direction approved in the Mayor's June Budget Message for 2012-2013 to explore opportunities for partnerships with non-profits to provide support and minimize costs. A corresponding action to increase PRNS Department Non-Personal/Equipment appropriation is recommended as noted below.				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Spartan Keyes Center Service Delivery Model Change</i>	PARKS, REC, & NEIGH SVCS		\$86,000	
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Reallocates funding in the amount of \$86,000 in the Parks, Recreation and Neighborhood Services (PRNS) Department from Personal Services to Non-Personal/Equipment to support a change in the recommended service delivery model at this center. A Recreation Specialist position was added on a one-time basis as part of the 2012-2013 Adopted Budget to continue operations at Spartan Keyes, including coordinating neighborhood programs such as after school homework assistance (12-20 students each day), First Five literacy help for pre-Kindergarten families (30 families each session/2 sessions per week), and Second Harvest Food Bank services (150 families or 200 people per month). However, it has been determined that it would be more effective to have Catholic Charities, a community-based organization, rather than in-house PRNS staff perform these duties, keeping in line with direction approved in the Mayor's June Budget Message for 2012-2013 to explore opportunities for partnerships with non-profits to provide support and minimize costs. A corresponding action to decrease the PRNS Department Personal Services appropriation is recommended as noted above.

### TOTAL REQUIRED

### TECHNICAL/REBALANCING ACTIONS

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( 1.00)      \$5,467,000      \$7,820,212

### GRANTS/REIMBURSEMENTS/FEES

<i>1st ACT Silicon Valley Digital Media Grant/Other Revenue</i>	CITY-WIDE EXPENSES		\$8,000	\$8,000
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Recognizes and appropriates funding from 1st ACT Silicon Valley in the amount of \$8,000 for a digital media grant. This is a region-wide initiative undertaken by 1st ACT Silicon Valley to increase access to and engagement in high quality creative experiences for Silicon Valley youth. This grant supports a 12-week program for teens at Seven Trees Community Center to create digital media, such as documentaries, public service announcements, digital storytelling, poetry videos, animations, and music videos.

<i>After School Education and Safety Programs for 2012-2013/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$607,861	\$607,861
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Recognizes and appropriates grant funding from the school districts to support after school education and safety programs in the Berryessa and Alum Rock Union School Districts for the 2012-2013 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.

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Christmas in the Park Personal Services Reimbursement/Other Revenue</i></b>	PARKS, REC, & NEIGH SVCS		\$11,000	\$11,000
Increases the estimate for Other Revenue and appropriates funding to the Parks, Recreation and Neighborhood Services Department Personal Services appropriation in the amount of \$11,000 to reflect additional reimbursement from the Christmas in the Park Foundation for staff costs (additional part-time Recreation Leader hours) associated with the production and management of the 2012 Christmas in the Park program.				
<b><i>Energy Efficiency Program/Other Revenue</i></b>	CITY-WIDE EXPENSES		\$18,425	\$18,425
Increases the estimate for Other Revenue and appropriates funding from PG&E rebates of \$18,425 received in July and August 2012 to the Energy Efficiency Program. Qualifying energy efficient products, including energy efficient lighting, heating, ventilation, and air conditioning equipment, and thermostats and controls that are installed at City facilities, are eligible for rebates from PG&E.				
<b><i>Gaming Unit Financial Background Consultant/Revenue from Licenses and Permits</i></b>	POLICE		\$122,369	\$122,369
Increases the estimate for Licenses and Permits and appropriates cardroom fee funding to the Police Department's Non-Personal/Equipment appropriation to fund contractual background investigation services related to the opening of the new M8TRIX cardroom. Due to the increased volume of cardroom permit applications and the detailed level of investigation needed on these applications to open the new cardroom, the Department contracted out some of the backgrounding services, and M8TRIX reimbursed the Department for expenses incurred as part of cardroom regulation fees.				
<b><i>Library Grants/Revenue from Federal Government</i></b>	LIBRARY		\$2,500	\$2,500
Recognizes and appropriates federal grant funding from the National Endowment for the Humanities America's Music Grant. This grant will support a six week music program at the Martin Luther King, Jr. Library featuring documentary film screenings and scholar-led discussions of twentieth-century music.				
<b><i>PG&amp;E Summer Cooling Shelter Program Grant/Other Revenue</i></b>	CITY-WIDE EXPENSES		\$7,000	\$7,000
Increases the estimate for Other Revenue and appropriates a grant from PG&E in the amount of \$7,000 for City Cooling Centers. PG&E supports local governments to raise awareness of heat safety measures and to provide shelter for those in need on extremely hot days.				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Safe Summer Initiative Program/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$147,000	\$147,000
<p>Recognizes and appropriates revenue from Santa Clara County's Probation Department (\$97,000) and District Attorney's Office (\$50,000) to the 2012 Safe Summer Initiative Program. The Safe Summer Initiative Program offers grants to non-profit organizations that engage youth between the ages of six and 18 who are, have been, or are at risk of engaging with the juvenile justice system with activities during the summer months, including block parties, sports events, field trips, and summer camps that encourage outdoor activity and build social skills.</p>				
<i>San José BEST Program - California Emergency Management Agency Grant/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$250,000	\$250,000
<p>Recognizes and appropriates grant funding of \$250,000 from the California Emergency Management Agency to the San José BEST appropriation for continued support of gang intervention and prevention efforts. The California Gang Reduction, Intervention and Prevention (CalGRIP) initiative is a collaborative effort that supports gang prevention, intervention, and suppression, as well as education, job training and skills development activities. This allocation will fund collaborations with Catholic Charities, California Youth Outreach, and Work2Future to support re-entry services for juveniles. The target is to reach and serve 100 youth within an 18 month period.</p>				
<i>San José BEST Program - FLY, Tenacious and Ujima Projects/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$45,200	\$45,200
<p>Recognizes and appropriates grant funding of \$45,200 from the County of Santa Clara Probation Department to the San José BEST Program to fund programs that continue the efforts of the Mayor's Gang Prevention Task Force. This funding provides support to the following organizations: Fresh Lifelines for Youth (FLY) (\$21,200), The Tenacious Group (\$8,000), and Ujima Family Services (\$16,000).</p>				
<i>Selective Traffic Enforcement Grant Program 2012-2013/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$180,000	\$180,000
<p>Recognizes and appropriates funds from the State of California Office of Traffic Safety to the Police Department to fund overtime for Police Officers to conduct targeted driving under the influence (DUI) patrols and distracted driving enforcement during the term of the grant (October 1, 2012 through September 30, 2013).</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Senior Nutrition Program/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$904,606	\$904,606
Recognizes and appropriates funding of \$904,606 from the County of Santa Clara Department of Aging and Adult Services to the Parks, Recreation and Neighborhood Services Department Non-Personal/Equipment appropriation for the Senior Nutrition Program. This funding will be used to reimburse the City's vendor for the cost of meals for seniors at all 13 senior nutrition sites for 2012-2013.				
<i>Sobriety Checkpoint Grant Program 2012-2013/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$120,660	\$120,660
Recognizes and appropriates funds from the State of California Office of Traffic Safety to the Police Department to fund overtime for Police Officers to staff driving under the influence (DUI) checkpoints during the term of the grant (October 1, 2012 through September 30, 2013).				
<i>State Homeland Security Grant Program/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$26,105	\$26,105
Recognizes and appropriates federal grant funding to the Police Department through the Santa Clara County Office of Emergency Services to fund training to enhance capabilities in the field of terrorism prevention, mitigation, and deterrance. San José Police Department personnel will attend a suicide bomber counter terrorism class and the Urban Shield 2012 first responder tactical exercise, both in October 2012.				
<i>Summer Youth Nutrition Program/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$40,000	\$40,000
Recognizes and appropriates federal grant funding to the Parks, Recreation and Neighborhood Services Department for the 2012 Summer Food Service Program. This program, administered by the California Department of Education Nutrition Services Division, provides lunches and snacks to youth at the Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers.				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$2,490,726</b>	<b>\$2,490,726</b>

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b><i>Successor Agency City Legal Obligations Reserve</i></b>	EARMARKED RESERVES		\$7,500,000	
<p>Establish a Successor Agency City Legal Obligations Earmarked Reserve of \$7.5 million to provide for the payment of the obligations described below in the event that the County continues to withhold certain redevelopment tax revenues. The 2012-2013 Adopted Budget included funding of \$16.3 million all funds (\$11 million in the General Fund) to ensure payment of Successor Agency obligations which the City would be contractually obligated to pay (Convention Center Debt Service, 4th Street Parking Garage Debt Service, HUD 108 Loan payments, and ERAF Loan Payments) as well as administrative costs due to the forecasted insufficiency in redevelopment tax increment revenues to pay for all obligations. However, since the adoption of the budget, it has become apparent that received and forecasted revenues may fall below prior estimates used to develop the 2012-2013 Adopted Budget reflecting an additional potential shortfall of \$7.5 million that would necessitate additional General Fund support. This is because, inconsistent with past practice, the County of Santa Clara is withholding a percentage of former tax increment to fund the County employee's retirement plan (the PERS levy), as well as two other tax overrides related to Water District projects. The annual impact is projected to be approximately \$7.5 million in lost revenue.</p> <p>The City, in its capacity as the Successor Agency, has commenced a lawsuit challenging the County's actions of withholding funds required to meet the Successor Agency's enforceable obligations. This recommendation to establish a reserve is being made because the timing and outcome of the litigation are uncertain. If the matter is resolved such that the \$7.5 million reserve is not needed, the Administration intends to recommend that the City Council distribute these funds as part of the 2013-2014 budget process.</p>				
<b><i>Workers' Compensation/General Liability Catastrophic Reserve</i></b>	EARMARKED RESERVES		\$3,000,000	
<p>Increases the Workers' Compensation/General Liability Catastrophic Earmarked Reserve by \$3.0 million (from \$10.0 million to \$13.0 million) as directed in the Mayor's 2012-2013 June Budget Message, as approved by the City Council. This increase provides sufficient funding to cover 50% of a \$6 million verdict that was recently rendered against the City for a case currently in post trial motions. The remaining portion of the verdict would be funded by the General Liability Claims appropriation. This appropriation has funding of \$10.0 million in 2012-2013; however, only \$2.0 million is ongoing funding, so it is prudent to set aside additional funds for potential claim awards and litigation settlements. As documented in the 2012-2013 Adopted Budget, after a review of cases requiring substantial legal attention, ten cases alone amounted to claims by the plaintiffs in excess of \$48 million, which does not take into account any potential workers' compensation litigation. Despite this level of potential liability, the City has historically paid considerably less for claims and litigation settlements than other large cities; therefore, the Administration believes that the recommended level of funding for these potential expenditures is sufficient at this time.</p>				

**General Fund Recommended Budget Adjustments Summary  
Annual Report 2011-2012**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b>TOTAL URGENT FISCAL/PROGRAM NEEDS</b>			<b>\$10,500,000</b>	<b>\$0</b>

*General Fund Recommended Budget Adjustments Totals*

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
( 1.00)	\$18,457,726	\$10,310,938

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AFFORDABLE HSG INVEST FD (346)</b>				
<b><i>Auto Repair Assistance Program</i></b>	Housing		\$100,000	
Establishes an Auto Repair Assistance Program appropriation to provide emergency auto repair assistance to qualified low-income families and individuals to either facilitate their job search and job training or to assist them in maintaining their current employment.				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$5,150,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Hazard Mitigation Grant Match</i></b>	Housing		\$450,000	
Establishes a Hazard Mitigation Grant Match appropriation to reflect the remaining portion of the City's local match as part of a grant agreement between the City and California Emergency Management Agency (CalEMA) for the Hazard Mitigation Grant Program. As agreed, CalEMA will provide grant funds to cover 75% of the proposed activity costs (\$3.0 million) and the City will contribute 25% of local match funds (\$1.0 million). This program will provide financial assistance to mobile home owners in designated areas of San José to seismically retrofit their mobile homes.				
<b><i>Housing Loans and Grants</i></b>	Housing		\$4,600,000	
Increases the Housing Loans and Grants appropriation to provide additional funding for housing projects. In the 2012-2013 Adopted Operating Budget, \$12.0 million was programmed for housing projects. However, after further evaluation of the projects, an increase is necessary (from \$12.0 million to \$16.6 million) to reflect actual funding needs. Total funding will provide for the following housing projects: Markham Terrace (\$10.0 million), Leigh and Southwest Expressway (\$5.0 million), and First Community Housing's North San Pedro Project (\$1.6 million).				
<b>TOTAL AFFORDABLE HSG INVEST FD (346)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CAPITAL IMPVPT FUND (520)</b>				
<b><i>Taxiway W Improvements/Earned Revenue</i></b>	Airport Capital Program		(\$5,275,000)	(\$5,275,000)
Decreases the estimate for grant revenue from the Federal Aviation Administration (FAA), with a corresponding decrease to the Taxiway W Improvements appropriation by \$5.275 million. As a result of lower than anticipated bids for construction, a decrease of \$5.307 million will adjust funding for Phase IV of the construction of the Taxiway W Improvements project. This adjustment is partially offset by an increase of \$32,000 to reflect the approved FAA grant amendment for eligible and allowable project costs for Phase I of the project.				
<b>TOTAL AIRPORT CAPITAL IMPVPT FUND (520)</b>			<b>(\$5,275,000)</b>	<b>(\$5,275,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Airport Technology Services</i></b>	Airport Capital Program		\$91,000	
Increases the Airport Technology Services appropriation by \$91,000 for the Telephony Project. This funding will provide for consultant services and the replacement of phones to maintain the reliability of the Airport emergency phone systems.				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$501,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Network Replacement</i></b>	Airport Capital Program		\$70,000	
Increases the Network Replacement appropriation by \$70,000 to provide funding for software upgrades and consultant services to perform the switch configuration. This will stabilize the network while reducing network outages and redundancy issues that impacts the operations of the Airport and the Airlines.				
<b><i>Terminal Building Modifications</i></b>	Airport Capital Program		\$80,000	
Increases the Terminal Building Modifications appropriation by \$80,000 for the installation of fire smoke dampers in the Federal Inspection Services (FIS) facility located in Terminal A. The fire smoke dampers will isolate the location of any heat or smoke issues by closing the affected dampers without shutting down the entire system.				
<b><i>Terminal Elevator Upgrades</i></b>	Airport Capital Program		\$260,000	
Establishes the Terminal Elevator Upgrades appropriation in the amount of \$260,000 for the rehabilitation of four passenger elevators and one freight elevator located in the FIS facility. These are priority upgrades based on an assessment of older elevators and escalators and require immediate attention to reduce emergency repairs. Based on the assessment, it is anticipated that additional funding will need to be allocated as part of the 2013-2014 Capital Budget process to address the condition of the aging equipment.				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		\$192,000	
Increases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Taxiway W Improvements</i></b>	Airport Capital Program		(\$192,000)	
Decreases the Taxiway W Improvements appropriation by \$192,000. As a result of lower than anticipated project costs, a decrease to the local share and construction contingency reserve will reflect the approved funding for phase IV of the construction of the Taxiway W Improvements project.				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$350,000)	
Decreases the Ending Fund Balance to offset the action recommended below.				
<b><i>San Carlos Multimodal Streetscape Phase I</i></b>	Traffic Capital Program		\$350,000	
Increases the San Carlos Multimodal Streetscape Phase I project. This project is in need of additional resources for several reasons, such as utility conflicts, changes to the design, minor scope changes, and the increasing complexity resulting in additional staff charges. An offsetting adjustment to the Ending Fund Balance is also recommended in this report.				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			<b>\$0</b>	<b>\$0</b>
<b>BUSINESS IMPVT DIST FUND (351)</b>				
<b><i>Downtown Business Improvement District/Earned Revenue</i></b>	Economic Development		\$159,435	\$159,435
Increases the estimate for Earned Revenue and the corresponding Downtown Business Improvement District budget by \$159,435 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.				
<b><i>Hotel Business Improvement District/Earned Revenue</i></b>	Economic Development		\$642,525	\$642,525
Increases the estimate for Earned Revenue and the corresponding Hotel Business Improvement District budget by \$642,525 to reflect additional assessments anticipated to be received from property owners in this district. The funding pays for research/re-branding of San José, co-op promotions, new promotional materials, and sponsorship of room-night generating events in the area.				
<b><i>Japantown Business Improvement District/Earned Revenue</i></b>	Economic Development		\$4,560	\$4,560
Increases the estimate for Earned Revenue and the corresponding Japantown Business Improvement District budget by \$4,560 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.				
<b>TOTAL BUSINESS IMPVT DIST FUND (351)</b>			<b>\$806,520</b>	<b>\$806,520</b>
<b>CITY HALL DEBT SERVICE FUND (210)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Finance		\$11,535	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Transfer from the Civic Center Construction Fund</i></b>	Finance			\$522,000
Increases the estimate for Transfers to reflect the receipt of the balance of funds held by the bond trustee in the Civic Center Construction Fund to the City Hall Debt Service Fund, where they will be used to partially offset the 2012-2013 City Hall Debt Service payment. These funds must be transferred out of the bond trustee to allow for future bond refinancing actions that will yield savings to the General Fund.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CITY HALL DEBT SERVICE FUND (210)</b>				
<b><i>Transfer to the Civic Center Construction Fund</i></b>	Finance		\$510,465	
Establishes a Transfer to the Civic Center Construction Fund of unrestricted cash proceeds to pay for previous expenditures that are ineligible for bond funding reimbursement, and to establish a new appropriation to complete all closeout activities related to the construction of the Civic Center.				
<b>TOTAL CITY HALL DEBT SERVICE FUND (210)</b>			<b>\$522,000</b>	<b>\$522,000</b>
<b>CIVIC CENTER CONSTRUCTION FD (425)</b>				
<b><i>City Hall Construction Close-out</i></b>	Muni Improvements Capital Program		\$273,000	
Establishes a new appropriation to encompass all remaining close-out costs related to the construction of the Civic Center, including contractor retention (\$236,000), consultant services for waterproofing work in the underground parking garage (\$24,000), and City staff time (\$13,000). These costs are offset by a transfer of unrestricted funds from the City Hall Debt Service Fund.				
<b><i>City Hall Garage Waterproofing</i></b>	Muni Improvements Capital Program		(\$5,697)	
Eliminates the City Hall Garage Waterproofing appropriation. Waterproofing activity will instead be funded from the new City Hall Construction Close-out appropriation recommended above.				
<b><i>Ending Fund Balance Adjustment</i></b>	Muni Improvements Capital Program		(\$278,838)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Transfer from the City Hall Debt Service Fund</i></b>	Muni Improvements Capital Program			\$510,465
Establishes an estimate for Transfers of unrestricted cash proceeds from the City Hall Debt Service Fund to the Civic Center Construction Fund to pay for previous expenditures that are ineligible for bond funding reimbursement, and to establish a new appropriation to complete all close-out activities related to the construction of the City Hall.				
<b><i>Transfer to the City Hall Debt Service Fund</i></b>	Muni Improvements Capital Program		\$522,000	
Transfers the balance of funds held by the bond trustee in the Civic Center Construction Fund to the City Hall Debt Service Fund, where they will be used to partially offset the 2012-2013 City Hall Debt Service payment. These funds must be transferred out of the bond trustee to allow for future bond refinancing actions that will yield savings to the General Fund.				
<b>TOTAL CIVIC CENTER CONSTRUCTION FD (425)</b>			<b>\$510,465</b>	<b>\$510,465</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Safety Capital Program		(\$900,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Facilities Improvements</i></b>	Public Safety Capital Program		\$155,000	
Increases the Facilities Improvements appropriation by \$155,000 to fund repairs and improvements at various fire stations, including but not limited to exterior painting at Fire Station 22, generator repairs at Fire Station 31, replacement of pipes at Fire Station 15, and air compressor repairs at Fire Station 20.				
<b><i>Fire Construction and Conveyance Tax Fund and Neighborhood Security Bond Fund Expenditures Alignment</i></b>	Public Safety Capital Program		\$66,000	\$66,000
Increases the revenue estimate for Transfers and establishes a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$66,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the Fire C&C Fund for costs associated with several Public Safety Capital projects; and 2) transfer funding to the Bond Fund to allocate Fire C&C Fund funding to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.				
<b><i>Fire Hose Replacement</i></b>	Public Safety Capital Program		\$40,000	
Increases the Hose Replacement appropriation by \$40,000 to address the need to replace more hose than originally anticipated in 2012-2013. In addition, the hose is worn and nearing the end of its useful life.				
<b><i>Fire Station 21 - Relocation (White Road)</i></b>	Public Safety Capital Program		(\$159,000)	
Decreases the Fire Station 21 - Relocation (White Road) appropriation by \$159,000 to provide funding for the Fire Station 5 Remediation project. Fire Station 21 is a relocation project and the estimated project costs are primarily funded from the Public Safety Bond Fund (\$391,000) with a small portion programmed in the Fire C&C Fund. The Fire Station 21 relocation project has not been scheduled, so the exact funding amount needed for the project has not been finalized. The total funding needs for the relocation of Fire Station 21 will be reevaluated closer to the contract award for the project to determine if the \$159,000 recommended for Fire Station 5 is needed to fund the final Fire Station 21 relocation costs.				
<b><i>Fire Station 5 Remediation/Transfers</i></b>	Public Safety Capital Program		\$1,096,000	\$232,000
Establishes a Fire Station 5 Remediation appropriation in the Fire C&C Fund for \$1,096,000. Total project funding of \$1,185,000 is needed for urgent facility maintenance needs at Fire Station 5 with the remainder of funding in the Neighborhood Security Bond Fund (\$89,000). Due to recently-identified mold issues, Fire Station 5 has become uninhabitable until abatement actions are taken. The station crew has moved out of the station and are being deployed from Fire Station 34 until a temporary site closer to Fire Station 5 can be determined. The establishment of an estimate for Transfers (\$232,000) is also recommended to recognize funding from the following General Fund appropriations: Public Works Non-Personal/Equipment (deferred maintenance) (\$107,000), Unanticipated/Emergency Repairs (\$75,000), and Public Works Unfunded Projects (\$50,000).				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>\$298,000</b>	<b>\$298,000</b>

# 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>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$845,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>Transfer to the Subdivision Park Trust Fund</b>	Parks & Comm Fac Dev Capital Program		\$845,000	
Establishes a transfer to the Subdivision Park Trust Fund in the amount of \$845,000. In June 2012, the City Council approved a gas line easement modification with Pacific Gas and Electric (PG&E) expanding the existing easement on Baypointe Parkway. In 2011-2012, the funds were inadvertently deposited in the Council District 4 Construction and Conveyance Tax Fund versus the Subdivision Park Trust Fund. Baypointe Parkway was originally transferred to the City in lieu of a parkland fee, therefore, revenue associated with this easement is required to be deposited in the Subdivision Park Trust Fund for future land acquisition in the North San José area. A corresponding recommendation to increase the funding in the Subdivision Park Trust Fund is recommended elsewhere in this report.				
<b>TOTAL CONST/CONV TAX PK CD 4 FUND (381)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		\$20,000	
Increases the Ending Fund Balance to offset the action recommended below.				
<b>Transfer from General Fund: Leland Sports Field Repayment</b>	Parks & Comm Fac Dev Capital Program			\$20,000
Establishes a Transfer to Council District 10 Construction and Conveyance Tax Fund in the amount of \$20,000 from the General Fund 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 in March 2007, a portion of the fees collected annually from the use of this sports field will be used to repay Council District 10 Construction and Conveyance Tax Fund until full repayment. This repayment is in addition to a repayment that was approved as part of the 2010-2011 Annual Report in the amount of \$120,000. Therefore, a total of \$210,000 remains to be repaid to the Council District 10 Construction and Conveyance Tax Fund.				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>\$20,000</b>	<b>\$20,000</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$40,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Family Camp Master Plan</i></b>	Parks & Comm Fac Dev Capital Program		\$40,000	
Increases the Family Camp Master Plan project by \$40,000 to reflect higher than anticipated permit costs. This funding is needed for costs associated with securing a hydrologist who will gather necessary information to obtain a California Department of Fish and Game Stream Bed Alteration permit and an Army Corp permit for Family Camp.				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$6,610,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Innovative Bicycle Detection System/Earned Revenue</i></b>	Traffic Capital Program		\$230,000	\$120,000
Establishes a \$230,000 appropriation for the Innovative Bicycle Detection System project. This project, which will be partially reimbursed (\$120,000) by a federal grant, will fund a study and field analysis of bicycle signal detection technologies and the installation of technologies on key priority bikeway corridors on the City's Primary Bikeway Network. This project will improve bicycle comfort and safety, making bicycling an appealing alternative to short vehicular trips, and attractive as a "last mile" solution to reaching public transit.				
<b><i>Pavement Maintenance- State Gas Tax/Earned Revenue</i></b>	Traffic Capital Program		\$3,625,000	\$3,625,000
Increases the revenue estimate for State Gas Tax proceeds by \$3,625,000 and increases the associated Pavement Maintenance - State Gas Tax appropriation. State Gas Tax collections in 2011-2012 were higher than anticipated, and the increased collection level is expected to continue in 2012-2013. This action will bring the 2012-2013 budgeted revenue estimate in line with 2011-2012 collections. This funding will be used to seal and resurface streets in the Priority Streets Network in 2012-2013.				
<b><i>Reserve for Pavement Maintenance</i></b>	Traffic Capital Program		\$6,500,000	
Establishes a Reserve for Pavement Maintenance in the amount of \$6.5 million due to the strength of 2011-2012 Construction Excise Tax collections and expenditure savings across the fund. As detailed in the 2012-2013 Adopted Capital Budget, a significant portion of the City's roads will no longer be proactively maintained due to funding shortfalls, including 400 miles of major streets and all 1,600 miles of local/neighborhood streets. This reserve, while not sufficient to address all of these needs (\$80.0 million projected annual cost), can be used for the highest needs in these areas. The uses of these funds will be examined in the coming months and, if feasible, a recommendation to utilize these funds may be brought forward for City Council consideration for the 2013 paving season.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$3,745,000</b>	<b>\$3,745,000</b>

# 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>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Convention Center Expansion/Renovation Construction Coordination</i></b>	Convention Facilities Dept		\$160,000	
Establishes a Convention Center Expansion/Renovation Construction Coordination project. This funding will allow for the funding of a consultant who will facilitate project communication and coordination between the construction team, Team San José work groups, and external stakeholders such as vendors and hotels during the Convention Center expansion/renovation. The Convention Center Expansion/Renovation project is anticipated to be completed in September 2013.				
<b><i>Convention Center Fixtures, Furniture, and Equipment</i></b>	Convention Facilities Dept		\$2,200,000	
Increases the allocation for Fixtures, Furniture, and Equipment (FF&E) by \$2.2 million, from \$300,000 to \$2.5 million to address the unfunded portion of the most urgent FF&E needs. Currently, only \$2.3 million of the \$4.5 million projected FF&E cost is funded (\$2.0 million in the Convention Center Expansion/Renovation project, and \$300,000 in this appropriation). The need for additional FF&E funding has existed for some time, however, with the scheduled September 2013 completion of the Convention Center Expansion/Renovation project, this allocation of resources is not recommended to be deferred any longer. The allocation of resources towards this project will ensure that the FF&E can be ordered, manufactured, and installed in advance of the project's completion. The increase to this appropriation should not jeopardize the City Council-approved strategy of retaining \$1.5 million in fund balance at the end of the construction as offsetting actions, including the usage of additional fund balance generated in 2011-2012, are recommended in this report.				
<b><i>Convention Center Kitchen Remodel</i></b>	Convention Facilities Dept		(\$200,000)	
Eliminates funding allocated towards the Kitchen Center Remodel project. This appropriation, intended for the design of the Convention Center Kitchen Remodel, is no longer required as these costs were charged to the Convention Center Expansion/Renovation construction project. Savings realized from eliminating this project are recommended to be used towards the recommended allocation of resources for FF&E, as described above.				
<b><i>Convention and Visitor's Bureau Marketing Services</i></b>	Convention Facilities Dept		(\$449,000)	
Decreases the allocation for Convention and Visitor's Bureau (CVB) Marketing Services by \$449,000, leaving \$51,000 for this purpose in the Convention and Cultural Affairs Fund. This action will have no impact on the CVB's operations, as an offsetting increase for the CVB is recommended in the Transient Occupancy Tax (TOT) Fund based on stronger 2011-2012 TOT receipts and a resulting increase to the 2012-2013 budgeted TOT revenue estimate as recommended elsewhere in this report. Savings realized from this reduction are recommended to be used towards the recommended allocation of resources for FF&E, as described above.				
<b><i>Ending Fund Balance Adjustment</i></b>	Convention Facilities Dept		(\$812,908)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Transfer from the Transient Occupancy Tax Fund</i></b>	Convention Facilities Dept			\$898,092
<p>Increases the estimate for Transfers from the Transient Occupancy Tax (TOT) Fund in accordance with the TOT distribution formula outlined in the San José Municipal Code. The 2012-2013 Adopted Budget assumed TOT growth of 5% from 2011-2012 estimated collections. As a result of higher than anticipated 2011-2012 collections, the 2012-2013 Adopted Budget estimate allows for an increase of only 0.6%. With no indications of reduced activity, a recommendation is included elsewhere in this report to increase the budgeted estimate to once again allow for growth of 5% from 2011-2012 consistent with adopted budget levels. The increase recommended in this action is due to two factors: higher than anticipated 2011-2012 TOT receipts (\$609,965), and a recommended increase to the 2012-2013 TOT revenue estimate (\$288,127), which results in increased allocations to each of the three TOT recipient organizations.</p>				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			<b>\$898,092</b>	<b>\$898,092</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>				
<b><i>2010 Justice Assistance Grant</i></b>	Police		\$570	
<p>Increases the 2010 Justice Assistance Grant appropriation to reflect interest earnings for the JAG 2010 grant cycle, that were previously unallocated, in order to expend these funds by the spending deadline of September 30, 2012.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$570)	
<p>Decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL EDW BYRNE MEMORIAL JAG FD (474)</b>			<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Convention Center Parking Garage Earned Revenue</i></b>	Transportation			\$650,000
<p>Increases the budgeted revenue estimate for the Convention Center Parking Garage by \$650,000. When the 2012-2013 Adopted Budget was developed, it was assumed that parking activity at the Convention Center Garage would decline by approximately 40% due to temporary negative effects from the Convention Center Expansion and Renovation project. Upon further analysis and consultation with Team San José, it is now anticipated that overall parking activity will decline by only 17%, allowing for an increase of \$650,000 to the revenue estimate (bringing the estimate from \$1.6 million to \$2.25 million) included in the 2012-2013 Adopted Budget.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		\$650,000	
<p>Increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			<b>\$650,000</b>	<b>\$650,000</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Cat Spay/Neuter Program</i></b>				
Eliminates the appropriation to the City Manager's Office for the Cat Spay/Neuter Program in order to move this funding to the Public Works Department. This gift was initially received by the City Manager's Office, however, as the spay/neuter program is administered by the Public Works Department, the funding must be appropriated to that department. A corresponding action in this fund increases the Spay/Neuter Program appropriation to the Public Works Department.	City Manager		(\$2,736)	
<b><i>Ending Fund Balance Adjustment</i></b>				
Increases the Ending Fund Balance to offset actions recommended in this report.	Finance		\$8,142	
<b><i>IPA's Teen Leadership Council/Earned Revenue</i></b>				
Increases the IPA's Teen Leadership Council appropriation and the Earned Revenue estimate to recognize funds from Comerica Bank and appropriate the funding for Teen Leadership Council (TLC) activities. The Independent Police Auditor's (IPA) Office will use monies to fund TLC expenses and activities including travel, background checks for chaperones, outreach, training, stipends for volunteer college intern and TLC participants, TLC retreat, and additional costs that arise for items such as bus tokens, outreach, printing, and refreshments.	Independent Police Auditor		\$5,000	\$5,000
<b><i>Library-General Gifts/Earned Revenue</i></b>				
Increases the Library-General Gifts appropriation and corresponding estimate for Earned Revenue to recognize and appropriate gifts made in support of Smart Start Child Care Training Program (\$237,500) to provide second year training services to program participants as well as gifts totaling \$5,619 for general programming and supplies in support of the Alum Rock, Joyce Ellington, Pearl Avenue, Santa Teresa, Vineland, Willow Glen, and West Valley branch libraries.	Library		\$243,119	\$243,119
<b><i>Almaden Lake Park Rangers</i></b>				
Establishes an Almaden Lake Park Rangers appropriation in the amount of \$28,622 to fund Park Rangers at Almaden Lake. Council District 10 had previously raised funds to support the swim program at Almaden Lake Park; however, the open water swim program at Almaden Lake was eliminated due to bacteria and algae bloom issues. The Mayor's 2012-2013 June Budget Message, as approved by the City Council, directed the Administration to work with Council District 10 and the Parks Foundation to reallocate the funds to PRNS for other District 10 parks and trail programs as early in 2012-2013 as possible. Based on discussions with the Council Office and the Parks Foundation, it is recommended to allocate the funds for additional part-time unbenefitted Park Ranger hours to District 10 parks and trails with a focus on Almaden Lake. Also included elsewhere in this report are General Fund appropriation actions to reallocate donated funds originally intended to support the Almaden Lake Swim Program to Park Rangers (\$18,510) bringing the total amount to \$47,132 which will fund approximately 1,900 part-time unbenefitted Park Ranger hours. A corresponding decrease to the Lake Almaden Summer 2010 appropriation in the Gift Trust Fund of \$28,622 is also included in this report.	Parks, Rec, & Neigh Svcs		\$28,622	

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<b><i>HNVF Stronger Communities</i></b>	Parks, Rec, & Neigh		(\$13,543)	
Eliminates the HNVF Stronger Communities appropriation to correct a technical error. With the elimination of the HNVF Program, the grantor of these funds agreed to rededicate these resources to support the Safe Summer Initiative Program, a program that funds safe outdoor community activities for youth ages six to 18 in an effort to prevent gang activity. The funding was moved to the General Gifts Over \$1,000 appropriation in 2011-2012 and is available in that appropriation for that purpose. When the funding was shifted, the budget in the HNVF Stronger Communities appropriation was inadvertently not adjusted to reflect the fact that the funding was no longer available for that purpose.	Svcs			
<b><i>Lake Almaden Summer 2010</i></b>	Parks, Rec, & Neigh		(\$28,622)	
Decreases the Lake Almaden Summer 2010 Gift Trust Fund appropriation by \$28,622 to fund Park Rangers at Almaden Lake. Council District 10 had previously raised funds to support the swim program at Almaden Lake Park; however, the open water swim program at Almaden Lake was eliminated due to bacteria and algae bloom issues. The Mayor's 2012-2013 June Budget Message, as approved by the City Council, directed the Administration to work with Council District 10 and the Parks Foundation to reallocate the funds to PRNS for other District 10 parks and trail programs as early in 2012-2013 as possible. Based on discussions with the Council Office and the Parks Foundation, it is recommended to allocate the funds for additional part-time unbenefitted Park Ranger hours to District 10 parks and trails with a focus on Almaden Lake. Also included elsewhere in this report are General Fund appropriation actions to reallocate donated funds originally intended to support the Almaden Lake Swim Program to Park Rangers (\$18,510) bringing the total amount to \$47,132 which will fund approximately 1,900 part-time unbenefitted Park Ranger hours. A corresponding action to establish an Almaden Lake Park Rangers appropriation in the amount of \$28,622 is also included in this report.	Svcs			
<b><i>Rose Garden Fountain</i></b>	Parks, Rec, & Neigh		\$5,401	
Reestablishes the Rose Garden Fountain appropriation and increases the corresponding estimate for Earned Revenue in the amount of \$5,402 to fund the monthly maintenance of the Rose Garden fountain for a year.	Svcs			
<b><i>Safe Summer Initiative/Earned Revenue</i></b>	Parks, Rec, & Neigh		\$15,003	\$15,003
Increases the Safe Summer Initiative appropriation and increases the estimate for Earned Revenue by \$15,003 to recognize and appropriate a gift that supports the Safe Summer Initiative Program. The Safe Summer Initiative Program engages youth between the ages of six and 18 through fun and safe community events and activities during the summer months, and is intended to encourage youth to participate in outdoor activities and build social skills.	Svcs			

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Animal Services/Earned Revenue</i></b>	Public Works		\$10,481	\$10,481
Increases the Animal Services appropriation and the estimate for Earned Revenue to recognize gifts received between July 1, 2012 and August 30, 2012 for animal services. The funds will be used to pay for vet surgical services and other services and products needed at the animal shelter.				
<b><i>Spay/Neuter Program</i></b>	Public Works		\$2,736	
Increases the appropriation to the Public Works Department for Spay/Neuter Program to recognize funding that is being shifted over for this purpose from the City Manager's Office. This gift was initially received by the City Manager's Office, however, as the spay/neuter program is administered by the Public Works Department the funding must be appropriated to that department. A corresponding action in this report decreases the Cat Spay/Neuter Program appropriation to the City Manager's Office.				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$273,603</b>	<b>\$273,603</b>
<b>HOME INVEST PART PROG FUND (445)</b>				
<b><i>Housing Loans and Grants/Earned Revenue</i></b>	Housing		(\$865,351)	(\$865,351)
Decreases the Housing Loans and Grants appropriation and the associated revenue estimate from the federal government as a result of project delays. In the development of the 2012-2013 Adopted Budget, staff anticipated granting construction loans to the Japantown and Donna Lofts Housing Projects; however, both projects are experiencing delays in the pre-development loan process and are unlikely to move into the construction phase in 2012-2013.				
<b><i>Rehabilitation Program/Earned Revenue</i></b>	Housing		(\$1,000,000)	(\$1,000,000)
Eliminates the Rehabilitation Program and the corresponding revenue estimate as funding is not needed in this fund for the program. This program has historically been funded in the Community Development Block Grant (CDBG) Fund. Funding for this program, along with a corresponding revenue estimate, was allocated in this fund as part of the 2012-2013 Adopted Budget in anticipation of a reduction in federal funding in the CDBG Fund. However, since the development of the 2012-2013 Adopted Budget, sufficient funding was programmed in CDBG for this program, resulting in the recommended elimination of the program and related funding in the Home Investment Partnership Program Fund.				

# 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>
<b>HOME INVEST PART PROG FUND (445)</b>				
<b><i>Tenant Based Rental Assistance/Earned Revenue</i></b>	Housing		(\$345,184)	(\$345,184)
Decreases the Tenant Based Rental Assistance (TBRA) appropriation and the corresponding revenue estimate to reflect savings due to a change in the program administrators contract and anticipated delays in the program due to a change in the project's focus. The TBRA Program is a rental subsidy program to help households afford housing costs such as rent and security deposits. The program targets the chronically homeless with a focus on two special needs populations: individuals and/or households that are severely mentally ill and/or people with substance abuse/addiction disorders. In 2012-2013, the program will also start to target the individuals and/or households in the homeless encampments. With this new focus, the program has been experiencing some delays and therefore will likely have fewer clients than originally programmed.				
<b>TOTAL HOME INVEST PART PROG FUND (445)</b>			<b>(\$2,210,535)</b>	<b>(\$2,210,535)</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<b><i>Reserve for Operations and Maintenance</i></b>	Environmental Services		(\$32,300)	
Decreases the Reserve for Operations and Maintenance to offset actions recommended in this report.				
<b><i>Delinquent Lien Releases</i></b>	Finance		\$26,000	
Increases the appropriation to the Finance Department from \$195,000 to \$221,000 for Delinquent Lien Releases to provide sufficient funding for higher payments to the County of Santa Clara for processing garbage lien releases. The City pays the County of Santa Clara a fee for processing the release of each garbage lien. Because of an increase in the number of lien cycles, from four cycles to six cycles per year, an increased number of liens are now being placed on properties and thus an increased number of lien releases are being processed by the County.				
<b><i>Non-Personal/Equipment (PWCAP Rate Increases)</i></b>	Public Works		\$6,300	
Increases the Public Works Department Non-Personal/Equipment appropriation by \$6,300 to align with the Public Works Program Support rate of 6.4%. As part of the development of the 2012-2013 Adopted Budget, a slightly lower rate was inadvertently applied in this fund.				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			<b>\$0</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$100,000)	
Decreases the Ending Fund Balance to offset the 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>
<b>LAKE CUNNINGHAM FUND (462)</b>				
<b><i>Lake Cunningham Bike Park Design</i></b>	Parks & Comm Fac Dev Capital Program		\$100,000	
Establishes the Lake Cunningham Bike Park Design project for \$100,000. This allocation will provide funding to develop a detailed site plan and permitting for a bike park at Lake Cunningham Park. If this funding is approved, it is anticipated design work will be completed by December 2012. Once the design is complete, a final budget, schedule, scope of work, and the operating and maintenance impact will be determined. A recommendation to allocate reserve funding for the future construction of the bike park is recommended elsewhere in this report.				
<b><i>Reserve: Lake Cunningham Bike Park</i></b>	Parks & Comm Fac Dev Capital Program		\$300,000	
Establishes a reserve of funds for the future construction of the Lake Cunningham Bike Park. A separate action is recommended elsewhere in this report to allocate funding for the design of this park (\$100,000). Once the design is complete, a final budget, schedule, scope of work, and the operating and maintenance impact will be determined.				
<b><i>Reserve: Lake Cunningham Future Projects</i></b>	Parks & Comm Fac Dev Capital Program		(\$300,000)	
Decreases the Reserve: Lake Cunningham Future Projects allocation to offset the actions recommended in this report.				
<b>TOTAL LAKE CUNNINGHAM FUND (462)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>HOPWA SHAPSS/Earned Revenue</i></b>	Housing		\$31,637	\$31,637
Increases the revenue estimate for Earned Revenue and increases the funding for Housing Opportunities for Persons with AIDS - Share Housing Assistance Placement and Supportive Service (HOPWA SHAPSS). This adjustment will increase the allocation from \$426,459 to \$458,096 to reflect the actual grant awarded from the U.S. Department of Housing and Urban Development.				
<b><i>Municipal Whole House Rehabilitation Pilot Program/Earned Revenue</i></b>	Housing		\$370,000	\$370,000
Establishes the Municipal Whole House Rehabilitation Pilot Program and increases the revenue estimate to recognize grant funding from Pacific Gas and Electric (PG&E). This pilot program will allow the Housing Department to conduct up to 80 performance-based energy efficiency retrofits in homes receiving services from the City's Single Family Housing Rehabilitation Program.				
<b><i>Skills to Succeed/Earned Revenue</i></b>	Housing		\$200,000	\$200,000
Increases the Skills to Succeed appropriation and the corresponding revenue estimate to recognize federal grant funding from the U.S. Department of Justice for a job training and employment preparation program for at-risk women who are incarcerated and/or recently released from jail.				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$601,637</b>	<b>\$601,637</b>

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Safety Capital Program		(\$176,328)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Fire Construction and Conveyance Tax Fund and Neighborhood Security Bond Fund Expenditures Alignment</i></b>	Public Safety Capital Program		\$66,000	\$66,000
These technical adjustments increase the revenue estimate for Transfers and establish a Transfer to the Fire Construction and Conveyance Tax (Fire C&C) Fund in the amount of \$66,000 in order to: 1) recognize the transfer of Fire C&C Fund funding to reimburse the Neighborhood Security Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds; and 2) transfer funding to the Fire C&C to allocate bond proceeds to reimburse that fund for costs associated with several Public Safety Capital projects.				
<b><i>Fire Station 5 Remediation</i></b>	Public Safety Capital Program		\$89,328	
Establishes a Fire Station 5 Remediation appropriation in the Neighborhood Security Bond Fund for \$89,328. Total project funding of \$1,185,000 is needed for urgent facility maintenance needs at Fire Station 5 with the majority of funding in the Fire C&C Fund (\$1,096,000). Due to recently-identified mold issues, Fire Station 5 has become uninhabitable until abatement actions are taken. The station crew has moved out of the station and are being deployed from Fire Station 34 until a temporary site closer to Fire Station 5 can be determined.				
<b><i>Fire Station Upgrades</i></b>	Public Safety Capital Program		\$36,000	
Increases the Fire Station Upgrades appropriation to complete required upgrades at several fire stations including the completion of upgrades to the generator at Fire Station 17 and repairs to the sound system in the apparatus bay at Fire Station 2.				
<b><i>General Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers</i></b>	Public Safety Capital Program		\$374,000	\$374,000
Increases the revenue estimate for Transfers and establishes a Transfer to the General Fund in the amount of \$374,000 in order to: 1) recognize the transfer of General Fund funding to reimburse the Neighborhood Security Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds; and 2) transfer funding to the General Fund to allocate bond proceeds to reimburse that fund for costs associated with several Public Safety Capital projects.				
<b><i>Reserve: Fire Station 37 (Willow Glen)</i></b>	Public Safety Capital Program		\$51,000	
Increases the Reserve: Fire Station 37 (Willow Glen) by \$51,000, the amount of savings remaining in the Fire Station 37 Willow Glen appropriation in 2011-2012, in order to consolidate all remaining Neighborhood Public Safety Bond funding for this project in the Reserve.				
<b>TOTAL NEIGHBHD SECURITY BOND FD (475)</b>			<b>\$440,000</b>	<b>\$440,000</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>				
<b><i>Compensated Absences Liability</i></b>	Public Works		\$700,000	
Due to the implementation of GASB 54 as part of the 2011-2012 Comprehensive Annual Financial Report, the Public Works Program Support Fund had to be reclassified as an Internal Service Fund. For Internal Service Funds, the long-term liability of compensated absences is required to be fully funded; however, the 2011-2012 unrestricted fund balance of \$1.1 million is insufficient to fully fund the \$2.8 million in compensated absences liability for this fund. It is recommended to fully fund the liability over a four year period. With \$700,000 expended for compensated absences liability in 2011-2012, this action will allocate an additional \$700,000 to fund this liability for 2012-2013, from the fund's unrestricted fund balance. The remaining \$1.4 million of compensated absences liability will be programmed into the next two budget cycles.				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$700,000)	
Reduces the Ending Fund Balance to offset the actions recommended in this report.				
<b>TOTAL PUBLIC WKS PRO SUPPORT FD (150)</b>			<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<b><i>ESD Non-Personal/Equipment (Financial Advisor Services Agreement)</i></b>	Environmental Services		\$50,000	
Increases the Environmental Services Department Non-Personal/Equipment appropriation for a financial advisor services agreement for bond and financing scenarios related to the Water Pollution Control Plant.				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$56,300)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Non-Personal/Equipment (PWCAP Rate Increase)</i></b>	Public Works		\$6,300	
Increase the ESD Non-Personal/Equipment appropriation by \$6,300 to align with the Public Works Program Support rate of 6.38%. Inadvertently, as part of the development of the 2012-2013 Adopted Budget a slightly lower rate was applied in this fund.				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<b><i>Capital Program and Public Works Department Support Service Costs</i></b>	Sanitary Sewer Capital Program		\$600,000	
Increases the Capital Program and Public Works Department Support Service Costs appropriation to correct an administrative error that was made as part of the development of the 2012-2013 Adopted Budget.				
<b><i>Ending Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		(\$600,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<b>TOTAL SEWER SVC &amp; USE CHG CAP FD (545)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<b>Ending Fund Balance Adjustment</b>	Water Pollution Control Cap Prgm		(\$107,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>Recovery Act - South Bay Water Recycling Phase IC</b>	Water Pollution Control Cap Prgm		\$10,000	
Increases the Recovery Act - South Bay Water Recycling Phase IC appropriation to restore grant funding for a carryover encumbrance that was liquidated inadvertently.				
<b>SBWR Master Plan</b>	Water Pollution Control Cap Prgm		\$97,000	
The Santa Clara Valley Water District has contributed \$1.2 million to the SBWR Master Plan cost up to \$2.4 million. This increase is needed to replenish the appropriation for funds spent earlier on preliminary strategic planning prior to the execution of a cost sharing agreement with the Santa Clara Valley Water District.				
<b>TOTAL SJ-SC TRMNT PLANT CAP FUND (512)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b>Deferred Maintenance and Repairs</b>	Environmental Services		\$1,000,000	
Increases the Environmental Services Department Non-Personal/Equipment appropriation (\$1.0 million) to provide funding for deferred maintenance projects at the San José-Santa Clara Treatment Plant. The projects include heat-loop pipe joint repairs, replacement of meter pipe and valves, nitrification hot water heat exchangers, nitrification sump wells, east primary scum section pumps, and procurements of servers, chlorine analyzers, and mechanical blower vane actuators.				
<b>Ending Fund Balance Adjustment</b>	Environmental Services		(\$1,000,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>TOTAL SJ-SC TRMNT PLANT OPER FUND (513)</b>			<b>\$0</b>	<b>\$0</b>
<b>STORES FUND (551)</b>				
<b>Ending Fund Balance Adjustment</b>	Finance		(\$82,150)	
Decreases the Ending Fund Balance to offset the action recommended below.				
<b>Transfer to the General Fund</b>	Finance		\$82,150	
Increases the Transfer to the General Fund by \$82,150, which reflects the remaining fund balance in the Stores Fund after the reconciliation of activity through the end of 2011-2012. Central Warehouse items still remain in inventory, therefore, a final transfer to the General Fund is anticipated after the sale of this remaining inventory to complete the close out of the Stores Fund.				
<b>TOTAL STORES FUND (551)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER OPERATING FD (446)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$12,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Non-Personal/Equipment (PWCAP Rate Increase)</i></b>	Public Works		\$12,000	
Increases the ESD Non-Personal/Equipment appropriation by \$12,000 to align with the Public Works Program Support rate of 6.38%. Inadvertently, as part of the development of the 2012-2013 Adopted Budget, a slightly lower rate was applied in this fund.				
<b>TOTAL STORM SEWER OPERATING FD (446)</b>			<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Reserve: North San José Land Acquisition</i></b>	Parks & Comm Fac Dev Capital Program		\$845,000	
Establishes the North San José Land Acquisition appropriation for \$845,000. This funding represents a payment from Pacific Gas and Electric (PG&E) for an expanded easement on the City-owned Baypointe Parkway, which was transferred to the City in lieu of a parkland fee. This action recommends allocating the revenue from PG&E for the future acquisition of land in North San José.				
<b><i>Transfer from Council District 4 Construction and Conveyance Tax Fund</i></b>	Parks & Comm Fac Dev Capital Program			\$845,000
Establishes a transfer from the Council District 4 Construction and Conveyance Tax Fund for \$845,000. In June 2012, the City Council approved a gas line easement modification with Pacific Gas and Electric (PG&E) expanding the existing easement on Baypointe Parkway. In 2011-2012, the funds were inadvertently deposited in the Council District 4 Construction and Conveyance Tax Fund versus the Subdivision Park Trust Fund. Baypointe Parkway was originally transferred to the City in lieu of a parkland fee, therefore, revenue associated with this easement is required to be deposited in the Subdivision Park Trust Fund for future land acquisition in the North San José area. A corresponding recommendation to decrease the funding in the Council District 4 Construction and Conveyance Tax Fund is recommended elsewhere in this report.				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			<b>\$845,000</b>	<b>\$845,000</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$2,263)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>SLES Grant 2009-2011</i></b>	Police		\$2,123	
Increases the SLES Grant 2009-2011 appropriation to reflect interest earnings, which were previously unallocated, in order to spend the unused balance on officer safety equipment in accordance with the spending plan that was revised and approved by the City Council on February 1, 2011.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b><i>SLES Grant 2011-2013/Earned Revenue</i></b>	Police		\$742,061	\$741,921
Recognizes and appropriates two additional payments from the State of California for the SLES Grant 2011-2013 (\$689,112 and \$52,809) as well as appropriates interest income earned on the funding for the 2011-2013 grant cycle (\$140). Funding will be used in accordance with to the spending plan that was approved by the City Council on January 24, 2012. The spending plan allocates funding for hardware, software, technology upgrades, officer safety equipment, and enhancements in investigative abilities.				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			<b>\$741,921</b>	<b>\$741,921</b>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>				
<b><i>Convention and Visitor's Bureau</i></b>	Convention Facilities Dept		\$449,046	
Increases the allocation for the Convention and Visitor's Bureau by \$449,046 in accordance with the distribution formula outlined in the San José Municipal Code. This increase is due to two factors: higher than anticipated 2011-2012 TOT receipts (\$304,983), and a recommended increase to the 2012-2013 TOT revenue estimate (\$144,063), which results in increased allocations to each of the three recipient organizations. It should be noted that the allocation for the CVB in the Convention and Cultural Affairs Fund is recommended to be reduced by \$449,000 as part of this report to fund FF&E needs at the Convention Center. Overall funding for the CVB will be unchanged from the 2012-2013 Adopted Budget level due to the combined effect of this action and the recommended reduction in the Convention and Cultural Affairs Fund.				
<b><i>Ending Fund Balance</i></b>	Convention Facilities Dept		(\$1,219,930)	
Decreases the Ending Fund Balance to offset actions recommended in this report				
<b><i>Transfer to the Convention and Cultural Affairs Fund</i></b>	Convention Facilities Dept		\$898,092	
Increases the transfer to the Convention and Cultural Affairs Fund in accordance with the distribution formula outlined in the San José Municipal Code. This increase is due to two factors: higher than anticipated 2011-2012 TOT receipts (\$609,965) and a recommended increase to the 2012-2013 TOT revenue estimate (\$288,127), which results in increased allocations to each of the three recipient organizations.				
<b><i>Transient Occupancy Tax Collections</i></b>	Convention Facilities Dept			\$576,254
Increases the budgeted estimate for 2012-2013 Transient Occupancy Tax receipts. The 2012-2013 Adopted Budget assumed growth of 5% from 2011-2012 estimated collections. As a result of higher than anticipated 2011-2012 collections, the 2012-2013 Adopted Budget estimate allows for an increase of only 0.6%. With no indications of reduced activity, this action increases the budgeted estimate to once again allow for growth of 5% from 2011-2012.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>				
<b><i>Cultural Grants</i></b>	Economic Development		\$449,046	
Increases the allocation for Cultural Grants by \$449,046 in accordance with the distribution formula outlined in the San José Municipal Code. This increase is due to two factors: higher than anticipated 2011-2012 TOT receipts (\$304,983) and a recommended increase to the 2012-2013 TOT revenue estimate (\$144,063), which results in increased allocations to each of the three recipient organizations.				
<b>TOTAL TRANSIENT OCCUPANCY TX FD (461)</b>			<b>\$576,254</b>	<b>\$576,254</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b><i>Compensated Absences Liability</i></b>	Public Works		\$121,000	
Due to the implementation of GASB 54 as part of the 2011-2012 Comprehensive Annual Financial Report, the Vehicle Maintenance and Operations Fund had to be reclassified as an Internal Service Fund. For Internal Service Funds, the long-term liability of compensated absences is required to be fully funded; however, the 2011-2012 unrestricted fund balance of \$573,000 is insufficient to fully fund the \$484,000 in compensated absences liability for this fund and leave a sufficient fund balance in 2012-2013 to cover unanticipated funding needs. It is recommended to fully fund the liability over a four year period. With \$121,000 expended for compensated absences liability in 2011-2012, this action will allocate an additional \$121,000 to fund this liability for 2012-2013 from the fund's unrestricted fund balance. The remaining \$242,000 of compensated absences liability will be programmed into the next two budget cycles.				
<b><i>Diesel Retrofit Mandate</i></b>	Public Works		\$1,200	
Increases the Diesel Retrofit Mandate appropriation to account for an incorrect sales tax rate that was applied to a purchase order. The purchase was shipped from San Leandro which has a higher sales tax rate of 9% compared to the 8.25% rate charged within San José.				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$122,200)	
Reduces the Ending Fund Balance to offset the actions recommended in this report.				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY CAPITAL FUND (500)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Water Utility Sys Capital Program		(\$163,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Infrastructure Improvements</i></b>	Water Utility Sys Capital Program		\$163,000	
Increases the Infrastructure Improvements appropriation for the Coyote Well 22 Rehabilitation and Edenvale Well 13 Rehabilitation projects. Both projects began early June 2012 and equipment lead times and scheduling have extended the projects until October 2012.				
<b>TOTAL WATER UTILITY CAPITAL FUND (500)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2011-2012

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b><i>Adult Workers Program/Earned Revenue</i></b>	Economic Development		(\$465,692)	(\$465,692)
Decreases the Adult Workers Program appropriation to align with revised allotments issued by the U.S. Department of Labor and to set aside 15% of its allocation for future program needs. A corresponding decrease to the grant funding from the State of California is recommended to offset this action.				
<b><i>Dislocated Workers Program/Earned Revenue</i></b>	Economic Development		(\$568,030)	(\$568,030)
Decreases the Dislocated Workers Program appropriation to align with revised allotments issued by the U.S. Department of Labor and to set aside 15% of its allocation for future program needs. A corresponding decrease to grant funding from the State of California is recommended to offset this action.				
<b><i>National Emergency Grant Dislocated Workers – NUMMI/Earned Revenue</i></b>	Economic Development		\$449,109	\$449,109
Increases the National Emergency Grant Dislocated Workers appropriation and recognizes the corresponding grant funding from the State of California to provide additional services to NUMMI dislocated workers and displaced suppliers.				
<b><i>Rapid Response Grant/Earned Revenue</i></b>	Economic Development		\$226,017	\$226,017
Increases the Rapid Response Grant appropriation and recognizes additional grant funding from the State of California to match employees with potential employers before a massive layoff occurs.				
<b><i>Reserve for Program Allocation/Earned Revenue</i></b>	Economic Development		\$459,524	\$459,524
Increases the Reserve for Program Allocation and recognizes the corresponding grant funding from the State of California for the Adult Workers, Dislocated Workers, and Youth Workers Programs. The increased funding will align with revised allotments issued by the U.S. Department Labor and will be set aside for future program needs.				
<b><i>Youth Workers Program/Earned Revenue</i></b>	Economic Development		(\$497,697)	(\$497,697)
Decreases the Youth Workers Program appropriation to align with revised allotments issued by the U.S. Department of Labor and to set aside 15% of its allocation for future program needs. A corresponding decrease to the grant funding from the State of California is recommended to offset this action.				
<b>TOTAL WORKFORCE INVSTMNT ACT FD (290)</b>			<b>(\$396,769)</b>	<b>(\$396,769)</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
Annual Report 2011-2012**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CAPITAL PROJECTS</b>							
<b>Budget Adjustments</b>							
Fuel Tank Monitoring			\$50,000	\$50,000		\$0	\$50,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Clean-Up Actions</b>							
Rebudget: Arena Repairs			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Rebudget: Fire Apparatus Replacement			\$815,000	\$815,000		\$0	\$815,000
Rebudget: Unanticipated/Emergency Maintenance			\$131,000	\$131,000		\$0	\$131,000
Tech Adjust: Unanticipated/Emergency Maintenance (Fire Station 5 Remediation Reallocation)			(\$75,000)	(\$75,000)		\$0	(\$75,000)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$869,000</b>	<b>\$869,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$869,000</b>
<b>CAPITAL PROJECTS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$919,000</b>	<b>\$919,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$919,000</b>
<b>CITY ATTORNEY</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$8,758)			(\$8,758)		\$0	(\$8,758)
<b>Clean-Up Actions Total</b>	<b>(\$8,758)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,758)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,758)</b>
<b>CITY ATTORNEY TOTAL</b>	<b>(\$8,758)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,758)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,758)</b>
<b>CITY AUDITOR</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$1,412)			(\$1,412)		\$0	(\$1,412)
<b>Clean-Up Actions Total</b>	<b>(\$1,412)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,412)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,412)</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
Annual Report 2011-2012**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY AUDITOR TOTAL</b>	<b>(\$1,412)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,412)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,412)</b>
<b>CITY CLERK</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$1,308)			(\$1,308)		\$0	(\$1,308)
<b>Clean-Up Actions Total</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>
<b>CITY CLERK TOTAL</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>
<b>CITY MANAGER</b>							
<b>Clean-Up Actions</b>							
Rebudget: Bay Area Regional Communication System Legal Fees		\$31,000		\$31,000		\$0	\$31,000
Retirement Contributions Reconciliation	(\$6,801)			(\$6,801)		\$0	(\$6,801)
<b>Clean-Up Actions Total</b>	<b>(\$6,801)</b>	<b>\$31,000</b>	<b>\$0</b>	<b>\$24,199</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,199</b>
<b>CITY MANAGER TOTAL</b>	<b>(\$6,801)</b>	<b>\$31,000</b>	<b>\$0</b>	<b>\$24,199</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,199</b>
<b>CITY-WIDE EXPENSES</b>							
<b>Budget Adjustments</b>							
1st ACT Silicon Valley Digital Media Grant/Other Revenue			\$8,000	\$8,000	\$8,000	\$0	\$0
After School Education and Safety Programs for 2012-2013/Revenue from Local Agencies			\$607,861	\$607,861	\$607,861	\$0	\$0
Energy Efficiency Program/Other Revenue			\$18,425	\$18,425	\$18,425	\$0	\$0
HUD Section 108 Loan Repayment (Airport West)/Other Revenue			\$4,973,000	\$4,973,000	\$4,973,000	\$0	\$0
PG&E Summer Cooling Shelter Program Grant/Other Revenue			\$7,000	\$7,000	\$7,000	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Budget Adjustments</b>							
Police Retirees' Health/Dental Fees			\$50,000	\$50,000		\$0	\$50,000
Safe Summer Initiative Program/Revenue from Local Agencies			\$147,000	\$147,000	\$147,000	\$0	\$0
San José BEST Program - California Emergency Management Agency Grant/Revenue from State of California			\$250,000	\$250,000	\$250,000	\$0	\$0
San José BEST Program - FLY, Tenacious and Ujima Projects/Revenue from Local Agencies			\$45,200	\$45,200	\$45,200	\$0	\$0
Selective Traffic Enforcement Grant Program 2012-2013/Revenue from State of California			\$180,000	\$180,000	\$180,000	\$0	\$0
Sobriety Checkpoint Grant Program 2012-2013/Revenue from State of California			\$120,660	\$120,660	\$120,660	\$0	\$0
State Homeland Security Grant Program/Revenue from Federal Government			\$26,105	\$26,105	\$26,105	\$0	\$0
Summer Youth Nutrition Program/Revenue from Federal Government			\$40,000	\$40,000	\$40,000	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,473,251</b>	<b>\$6,473,251</b>	<b>\$6,423,251</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Clean-Up Actions</b>							
Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations			\$9,073	\$9,073		\$0	\$9,073
Rebudget: Anti-Drug Abuse Grant 2011-2012/Revenue from State of California			\$6,219	\$6,219	\$6,219	\$0	\$0
Rebudget: Arena Community Fund			\$64,000	\$64,000		\$0	\$64,000
Rebudget: Banking Services			\$38,000	\$38,000		\$0	\$38,000

**General Fund  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Clean-Up Actions</b>							
Rebudget: Bay Area Electric Vehicle Corridor Project/Revenue from State of California			(\$80,887)	(\$80,887)	(\$80,887)	\$0	\$0
Rebudget: COPS Technology Program Grant 2010/Revenue from Federal Government			(\$2,924)	(\$2,924)	(\$2,924)	\$0	\$0
Rebudget: Cardiac Monitors/Defibrillators			\$126,538	\$126,538		\$0	\$126,538
Rebudget: ChargePoint America Electric Vehicle Infrastructure Project			(\$63,500)	(\$63,500)		\$0	(\$63,500)
Rebudget: Child Sexual Predator Program Grant 2009/Revenue from Federal Government			(\$8,106)	(\$8,106)	(\$8,106)	\$0	\$0
Rebudget: Cirque du Soleil			(\$16,000)	(\$16,000)		\$0	(\$16,000)
Rebudget: City Outreach and Education Efforts			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Rebudget: City-Building Energy Projects Program			\$17,000	\$17,000		\$0	\$17,000
Rebudget: Clean Creeks Healthy Communities/Revenue from Federal Government			\$289,400	\$289,400	\$289,400	\$0	\$0
Rebudget: Communities Putting Prevention to Work Grant - Obesity Prevention Initiative/Revenue from Local Agencies			(\$23,510)	(\$23,510)	(\$23,510)	\$0	\$0
Rebudget: Comprehensive General Plan Update			(\$61,000)	(\$61,000)		\$0	(\$61,000)
Rebudget: Cultural Affairs Special Project/Other Revenue			\$26,500	\$26,500	\$26,500	\$0	\$0
Rebudget: Cultural Affairs Special Project/Revenue from Federal Government			(\$47,935)	(\$47,935)	(\$47,935)	\$0	\$0
Rebudget: Cultural Affairs Special Project/Revenue from Local Agencies			\$6,167	\$6,167	\$6,167	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Clean-Up Actions</b>							
Rebudget: DUI Enforcement and Awareness Program Grant 2011-2012/Revenue from State of California			(\$25,484)	(\$25,484)	(\$25,484)	\$0	\$0
Rebudget: Deferred City Facilities Security and Maintenance			(\$92,000)	(\$92,000)		\$0	(\$92,000)
Rebudget: Economic Development Pre-Development Activities			\$19,000	\$19,000		\$0	\$19,000
Rebudget: Elections and Ballot Measures			(\$163,000)	(\$163,000)		\$0	(\$163,000)
Rebudget: Emergency Management Performance Grant 2011/Revenue from Federal Government			\$9,014	\$9,014	\$9,014	\$0	\$0
Rebudget: Emergency Response and Preparedness			\$1,143	\$1,143		\$0	\$1,143
Rebudget: Energy Efficiency Program			\$37,000	\$37,000		\$0	\$37,000
Rebudget: Enhance Fitness and Matter of Balance Program Grant/Other Revenue			\$12,207	\$12,207	\$12,207	\$0	\$0
Rebudget: False Claims Act Litigation Settlement			\$700	\$700		\$0	\$700
Rebudget: Fire Self Contained Breathing Apparatus			\$16,459	\$16,459		\$0	\$16,459
Rebudget: Government Access - Capital Expenditures			(\$2,485)	(\$2,485)		\$0	(\$2,485)
Rebudget: Human Trafficking Prevention Grant 2011/Revenue from Federal Government			(\$30,006)	(\$30,006)	(\$30,006)	\$0	\$0
Rebudget: Information Technology Business Applications Support			(\$12,000)	(\$12,000)		\$0	(\$12,000)
Rebudget: Internet Crimes Against Children Continuation Grant 2011/Revenue from Federal Government			(\$76,683)	(\$76,683)	(\$76,683)	\$0	\$0
Rebudget: Labor/Employee Relations Consultant Funding			(\$7,000)	(\$7,000)		\$0	(\$7,000)

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Clean-Up Actions</b>							
Rebudget: Metropolitan Medical Response System 2010/Revenue from Federal Government			(\$1,065)	(\$1,065)	(\$1,065)	\$0	\$0
Rebudget: Mexican Heritage Plaza Capital Maintenance			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Rebudget: Organizational Effectiveness			(\$10,000)	(\$10,000)		\$0	(\$10,000)
Rebudget: Pesticide Management Demonstration/Revenue from State of California			\$2,639	\$2,639	\$2,639	\$0	\$0
Rebudget: Police Retirees' Health/Dental Fees			\$5,000	\$5,000		\$0	\$5,000
Rebudget: Protecting Children from Commercial Sexual Exploitation Grant 2011/Revenue from Federal Government			(\$1,388)	(\$1,388)	(\$1,388)	\$0	\$0
Rebudget: Public Art in Private Development			(\$1,136)	(\$1,136)		\$0	(\$1,136)
Rebudget: Public Works Unfunded Projects			\$43,000	\$43,000		\$0	\$43,000
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			\$43,137	\$43,137		\$0	\$43,137
Rebudget: Recovery Act - Anti Human Trafficking Task Force 2009/Revenue from State of California - Recovery Act			(\$27,350)	(\$27,350)	(\$27,350)	\$0	\$0
Rebudget: Recovery Act - Anti-Drug Abuse Enforcement Team/Revenue from State of California - Recovery Act			(\$24,254)	(\$24,254)	(\$24,254)	\$0	\$0
Rebudget: Recovery Act - Energy Efficiency and Conservation Block Grant/Revenue from Federal Government - Recovery Act			\$175,322	\$175,322	\$175,322	\$0	\$0
Rebudget: Recovery Act - Internet Crimes Against Children Task Force 2009/Revenue from Federal Government - Recovery Act			(\$12,266)	(\$12,266)	(\$12,266)	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Clean-Up Actions</b>							
Rebudget: Recovery Act - Local Energy Assurance Planning (LEAP)/Revenue from Federal Government - Recovery Act			\$13,129	\$13,129	\$13,129	\$0	\$0
Rebudget: Recovery Act - Retrofit California Program/Revenue from Federal Government - Recovery Act			(\$35,132)	(\$35,132)	(\$35,132)	\$0	\$0
Rebudget: Recovery Act Administration			\$5,000	\$5,000		\$0	\$5,000
Rebudget: Retirement Actuarial Studies			\$14,000	\$14,000		\$0	\$14,000
Rebudget: Science Program for Alum Rock Youth Center/Other Revenue			(\$3,431)	(\$3,431)	(\$3,431)	\$0	\$0
Rebudget: Silicon Valley Energy Watch (SVEW) Innovator Pilots/Revenue from Local Agencies			(\$298,924)	(\$298,924)	(\$298,924)	\$0	\$0
Rebudget: State Homeland Security Grant Program/Revenue from Federal Government			(\$10,141)	(\$10,141)	(\$10,141)	\$0	\$0
Rebudget: Urban Area Security Initiative (UASI) 2010 - Police/Revenue from Federal Government			(\$26,459)	(\$26,459)	(\$26,459)	\$0	\$0
Rebudget: Urban Area Security Initiative Grant - Fire 2010/Revenue from Federal Government			\$686	\$686	\$686	\$0	\$0
Rebudget: Watson Park Settlement			\$7,500	\$7,500		\$0	\$7,500
Rebudget: Workers' Compensation Claims - PRNS			\$65,000	\$65,000		\$0	\$65,000
Tech Adjust: Energy Efficiency Fund (1st Year Savings from General Fund Departments)			\$247,300	\$247,300		\$0	\$247,300
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			(\$2,839)	(\$2,839)		\$0	(\$2,839)

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Clean-Up Actions</b>							
Tech Adjust: Public Works Unfunded Projects (Fire Station 5 Remediation Reallocation)			(\$50,000)	(\$50,000)		\$0	(\$50,000)
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			(\$28,104)	(\$28,104)		\$0	(\$28,104)
Tech Adjust: Successor Agency City Legal Obligations Subsidy (reclassify and rename from Transfers)			\$11,000,000	\$11,000,000		\$0	\$11,000,000
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,050,124</b>	<b>\$11,050,124</b>	<b>(\$194,662)</b>	<b>\$0</b>	<b>\$11,244,786</b>
<b>CITY-WIDE EXPENSES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,523,375</b>	<b>\$17,523,375</b>	<b>\$6,228,589</b>	<b>\$0</b>	<b>\$11,294,786</b>
<b>EARMARKED RESERVES</b>							
<b>Budget Adjustments</b>							
Almaden Lake Swim Program			(\$18,510)	(\$18,510)		\$0	(\$18,510)
Successor Agency City Legal Obligations Reserve			\$7,500,000	\$7,500,000		\$0	\$7,500,000
Workers' Compensation/General Liability Catastrophic Reserve			\$3,000,000	\$3,000,000		\$0	\$3,000,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,481,490</b>	<b>\$10,481,490</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,481,490</b>
<b>Clean-Up Actions</b>							
Fee Program Reconciliation - Building Development Fee Program Reserve			\$1,478,055	\$1,478,055		\$0	\$1,478,055
Fee Program Reconciliation - Fire Development Fee Program Reserve			\$584,032	\$584,032		\$0	\$584,032
Fee Program Reconciliation - Planning Development Fee Program Reserve			\$93,698	\$93,698		\$0	\$93,698
Fee Program Reconciliation - Public Works Development Fee Program Reserve			\$892,929	\$892,929		\$0	\$892,929

**General Fund  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>EARMARKED RESERVES</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation - Building Development Fee Program			\$12,744	\$12,744		\$0	\$12,744
Retirement Contributions Reconciliation - Fire Development Fee Program			\$6,104	\$6,104		\$0	\$6,104
Retirement Contributions Reconciliation - Planning Development Fee Program			\$1,755	\$1,755		\$0	\$1,755
Retirement Contributions Reconciliation - Public Works Development Fee Program			\$3,457	\$3,457		\$0	\$3,457
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,072,774</b>	<b>\$3,072,774</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,072,774</b>
<b>EARMARKED RESERVES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,554,264</b>	<b>\$13,554,264</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,554,264</b>
<b>ECONOMIC DEVELOPMENT</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$1,873)			(\$1,873)		\$0	(\$1,873)
<b>Clean-Up Actions Total</b>	<b>(\$1,873)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,873)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,873)</b>
<b>ECONOMIC DEVELOPMENT TOTAL</b>	<b>(\$1,873)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,873)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,873)</b>
<b>ENVIRONMENTAL SERVICES</b>							
<b>Clean-Up Actions</b>							
Rebudget: Silicon Valley Energy Watch Grant/Other Revenue	\$2,141	\$8,609		\$10,750	\$10,750	\$0	\$0
Retirement Contributions Reconciliation	(\$73)			(\$73)		\$0	(\$73)
<b>Clean-Up Actions Total</b>	<b>\$2,068</b>	<b>\$8,609</b>	<b>\$0</b>	<b>\$10,677</b>	<b>\$10,750</b>	<b>\$0</b>	<b>(\$73)</b>

**General Fund  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>ENVIRONMENTAL SERVICES TOTAL</b>	<b>\$2,068</b>	<b>\$8,609</b>	<b>\$0</b>	<b>\$10,677</b>	<b>\$10,750</b>	<b>\$0</b>	<b>(\$73)</b>
<b>FINANCE</b>							
<b>Clean-Up Actions</b>							
Rebudget: Cashiering System Implementation/Maintenance		\$120,000		\$120,000		\$0	\$120,000
Retirement Contributions Reconciliation	(\$8,058)			(\$8,058)		\$0	(\$8,058)
<b>Clean-Up Actions Total</b>	<b>(\$8,058)</b>	<b>\$120,000</b>	<b>\$0</b>	<b>\$111,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$111,942</b>
<b>FINANCE TOTAL</b>	<b>(\$8,058)</b>	<b>\$120,000</b>	<b>\$0</b>	<b>\$111,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$111,942</b>
<b>FIRE</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$421,707)			(\$421,707)		\$0	(\$421,707)
Tech Adjust: Technical/Workforce Development Training Realignment	\$190,000	(\$190,000)		\$0		\$0	\$0
<b>Clean-Up Actions Total</b>	<b>(\$231,707)</b>	<b>(\$190,000)</b>	<b>\$0</b>	<b>(\$421,707)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$421,707)</b>
<b>FIRE TOTAL</b>	<b>(\$231,707)</b>	<b>(\$190,000)</b>	<b>\$0</b>	<b>(\$421,707)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$421,707)</b>
<b>HOUSING</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$185)			(\$185)		\$0	(\$185)
<b>Clean-Up Actions Total</b>	<b>(\$185)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$185)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$185)</b>
<b>HOUSING TOTAL</b>	<b>(\$185)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$185)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$185)</b>

General Fund  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>HUMAN RESOURCES</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$3,521)			(\$3,521)		\$0	(\$3,521)
<b>Clean-Up Actions Total</b>	<b>(\$3,521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,521)</b>
<b>HUMAN RESOURCES TOTAL</b>	<b>(\$3,521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,521)</b>
<b>INDEPENDENT POLICE AUDITOR</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$753)			(\$753)		\$0	(\$753)
<b>Clean-Up Actions Total</b>	<b>(\$753)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$753)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$753)</b>
<b>INDEPENDENT POLICE AUDITOR TOTAL</b>	<b>(\$753)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$753)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$753)</b>
<b>INFORMATION TECHNOLOGY</b>							
<b>Clean-Up Actions</b>							
Rebudget: Downtown WiFi Upgrade		\$82,000		\$82,000		\$0	\$82,000
Retirement Contributions Reconciliation	(\$5,993)			(\$5,993)		\$0	(\$5,993)
<b>Clean-Up Actions Total</b>	<b>(\$5,993)</b>	<b>\$82,000</b>	<b>\$0</b>	<b>\$76,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$76,007</b>
<b>INFORMATION TECHNOLOGY TOTAL</b>	<b>(\$5,993)</b>	<b>\$82,000</b>	<b>\$0</b>	<b>\$76,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$76,007</b>
<b>LIBRARY</b>							
<b>Budget Adjustments</b>							
Library Grants/Revenue from Federal Government			\$2,500	\$2,500	\$2,500	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$0</b>

**General Fund  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>LIBRARY</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$11,537)			(\$11,537)		\$0	(\$11,537)
Tech Adjust: Energy Efficiency Fund (1st Year Savings to City-Wide Expenses)		(\$78,500)		(\$78,500)		\$0	(\$78,500)
Tech Adjust: Seven Trees and Bascom Community Center/Library Joint Facility Utilities (reallocation from Library to PRNS)		(\$83,000)		(\$83,000)		\$0	(\$83,000)
<b>Clean-Up Actions Total</b>	<b>(\$11,537)</b>	<b>(\$161,500)</b>	<b>\$0</b>	<b>(\$173,037)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$173,037)</b>
<b>LIBRARY TOTAL</b>	<b>(\$11,537)</b>	<b>(\$161,500)</b>	<b>\$2,500</b>	<b>(\$170,537)</b>	<b>\$2,500</b>	<b>\$0</b>	<b>(\$173,037)</b>
<b>MAYOR &amp; COUNCIL</b>							
<b>Clean-Up Actions</b>							
Rebudget: Council District #1			\$4,336	\$4,336		\$0	\$4,336
Rebudget: Council District #2			(\$26,302)	(\$26,302)		\$0	(\$26,302)
Rebudget: Council District #3			(\$26,625)	(\$26,625)		\$0	(\$26,625)
Rebudget: Council District #4			(\$42,159)	(\$42,159)		\$0	(\$42,159)
Rebudget: Council District #5			(\$22,160)	(\$22,160)		\$0	(\$22,160)
Rebudget: Council District #6			(\$22,415)	(\$22,415)		\$0	(\$22,415)
Rebudget: Council District #7			(\$36,457)	(\$36,457)		\$0	(\$36,457)
Rebudget: Council District #8			(\$22,032)	(\$22,032)		\$0	(\$22,032)
Rebudget: Council District #9			(\$11,594)	(\$11,594)		\$0	(\$11,594)

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>MAYOR &amp; COUNCIL</b>							
<b>Clean-Up Actions</b>							
Rebudget: Council District #10			(\$20,389)	(\$20,389)		\$0	(\$20,389)
Rebudget: Office of the Mayor			\$12,608	\$12,608		\$0	\$12,608
Retirement Contributions Reconciliation - Council General			(\$5,596)	(\$5,596)		\$0	(\$5,596)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$218,785)</b>	<b>(\$218,785)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$218,785)</b>
<b>MAYOR &amp; COUNCIL TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$218,785)</b>	<b>(\$218,785)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$218,785)</b>
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
<b>Budget Adjustments</b>							
Almaden Lake Park Rangers	\$18,510			\$18,510		\$0	\$18,510
Christmas in the Park Personal Services Reimbursement/Other Revenue	\$11,000			\$11,000	\$11,000	\$0	\$0
Senior Nutrition Program/Revenue from Local Agencies		\$904,606		\$904,606	\$904,606	\$0	\$0
Spartan Keyes Center Service Delivery Model Change		\$86,000		\$86,000		\$0	\$86,000
Spartan Keyes Center Service Delivery Model Change	(\$86,000)			(\$86,000)		\$0	(\$86,000)
<b>Budget Adjustments Total</b>	<b>(\$56,490)</b>	<b>\$990,606</b>	<b>\$0</b>	<b>\$934,116</b>	<b>\$915,606</b>	<b>\$0</b>	<b>\$18,510</b>
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$17,819)			(\$17,819)		\$0	(\$17,819)
Retirement Contributions Reconciliation - Fee Activities			(\$679)	(\$679)		\$0	(\$679)
Tech Adjust: Energy Efficiency Fund (1st Year Savings to City-Wide Expenses)		(\$40,900)		(\$40,900)		\$0	(\$40,900)

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
<b>Clean-Up Actions</b>							
Tech Adjust: Seven Trees and Bascom Community Center/Library Joint Facility Utilities (reallocation from Library to PRNS)		\$83,000		\$83,000		\$0	\$83,000
<b>Clean-Up Actions Total</b>	<b>(\$17,819)</b>	<b>\$42,100</b>	<b>(\$679)</b>	<b>\$23,602</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,602</b>
<b>PARKS, REC, &amp; NEIGH SVCS TOTAL</b>	<b>(\$74,309)</b>	<b>\$1,032,706</b>	<b>(\$679)</b>	<b>\$957,718</b>	<b>\$915,606</b>	<b>\$0</b>	<b>\$42,112</b>
<b>PLANNING, BLDG, &amp; CODE ENF</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$6,197)			(\$6,197)		\$0	(\$6,197)
Retirement Contributions Reconciliation - Building Development Fee Program Personal Services			(\$12,744)	(\$12,744)		\$0	(\$12,744)
Retirement Contributions Reconciliation - Planning Development Fee Program Personal Services			(\$1,755)	(\$1,755)		\$0	(\$1,755)
<b>Clean-Up Actions Total</b>	<b>(\$6,197)</b>	<b>\$0</b>	<b>(\$14,499)</b>	<b>(\$20,696)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,696)</b>
<b>PLANNING, BLDG, &amp; CODE ENF TOTAL</b>	<b>(\$6,197)</b>	<b>\$0</b>	<b>(\$14,499)</b>	<b>(\$20,696)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,696)</b>
<b>POLICE</b>							
<b>Budget Adjustments</b>							
Gaming Unit Financial Background Consultant/Revenue from Licenses and Permits		\$122,369		\$122,369	\$122,369	\$0	\$0
Police Department Overtime				\$0		\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$122,369</b>	<b>\$0</b>	<b>\$122,369</b>	<b>\$122,369</b>	<b>\$0</b>	<b>\$0</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>POLICE</b>							
<b>Clean-Up Actions</b>							
Rebudget: Computer Aided Dispatch Software Maintenance		\$100,000		\$100,000		\$0	\$100,000
Rebudget: Patrol/Backgrounding Overtime	\$1,250,000			\$1,250,000		\$0	\$1,250,000
Rebudget: Police Administration Building Security Upgrades		\$180,000		\$180,000		\$0	\$180,000
Retirement Contributions Reconciliation	(\$450,567)			(\$450,567)		\$0	(\$450,567)
Tech Adjust: Background Contract to Background Overtime (Reallocation Non-Personal/Equipment to Personal Services)	\$250,000	(\$250,000)		\$0		\$0	\$0
Tech Adjust: Energy Efficiency Fund (1st Year Savings to City-Wide Expenses)		(\$8,600)		(\$8,600)		\$0	(\$8,600)
<b>Clean-Up Actions Total</b>	<b>\$1,049,433</b>	<b>\$21,400</b>	<b>\$0</b>	<b>\$1,070,833</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,070,833</b>
<b>POLICE TOTAL</b>	<b>\$1,049,433</b>	<b>\$143,769</b>	<b>\$0</b>	<b>\$1,193,202</b>	<b>\$122,369</b>	<b>\$0</b>	<b>\$1,070,833</b>
<b>PUBLIC WORKS</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$10,111)			(\$10,111)		\$0	(\$10,111)
Retirement Contributions Reconciliation - Development Fee Program Personal Services			(\$3,457)	(\$3,457)		\$0	(\$3,457)
Tech Adjust: Energy Efficiency Fund (1st Year Savings to City-Wide Expenses)		(\$119,300)		(\$119,300)		\$0	(\$119,300)
Tech Adjust: Non-Personal/Equipment (Preventative Maintenance for Fire Station 5 Remediation Reallocation)		(\$107,000)		(\$107,000)		\$0	(\$107,000)
<b>Clean-Up Actions Total</b>	<b>(\$10,111)</b>	<b>(\$226,300)</b>	<b>(\$3,457)</b>	<b>(\$239,868)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$239,868)</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>PUBLIC WORKS TOTAL</b>	<b>(\$10,111)</b>	<b>(\$226,300)</b>	<b>(\$3,457)</b>	<b>(\$239,868)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$239,868)</b>
<b>REVENUE ADJUSTMENTS</b>							
<b>Budget Adjustments</b>							
Revenue - Revenue from Local Agencies				\$0	(\$400,000)	\$0	\$400,000
Revenue - Sales Tax				\$0	\$3,140,000	\$0	(\$3,140,000)
Revenue - Transfers and Reimbursements				\$0	(\$651,788)	\$0	\$651,788
Revenue - Transient Occupancy Tax				\$0	\$385,000	\$0	(\$385,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,473,212</b>	<b>\$0</b>	<b>(\$2,473,212)</b>
<b>Clean-Up Actions</b>							
Fund Balance Reconciliation				\$0		\$12,832,533	(\$12,832,533)
Retirement Contributions Reconciliation - Revenue from Federal Gov't (SAFER Grant - Airport Fire)				\$0	(\$50,975)	\$0	\$50,975
Retirement Contributions Reconciliation - Transfers and Reimbursements (Airport Police)				\$0	(\$7,751)	\$0	\$7,751
Retirement Contributions Reconciliation - Transfers and Reimbursements (Police Cardroom)				\$0	(\$4,131)	\$0	\$4,131
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$62,857)</b>	<b>\$12,832,533</b>	<b>(\$12,769,676)</b>
<b>REVENUE ADJUSTMENTS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,410,355</b>	<b>\$12,832,533</b>	<b>(\$15,242,888)</b>
<b>TRANSFERS</b>							
<b>Budget Adjustments</b>							
General Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers and Reimbursements			\$374,000	\$374,000	\$374,000	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>TRANSFERS</b>							
<b>Budget Adjustments</b>							
Leland Sports Field Repayment			\$20,000	\$20,000		\$0	\$20,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$394,000</b>	<b>\$394,000</b>	<b>\$374,000</b>	<b>\$0</b>	<b>\$20,000</b>
<b>Clean-Up Actions</b>							
Tech Adjust: Transfer to Fire Construction and Conveyance Tax Fund (Fire Station 5 Remediation Reallocation)			\$232,000	\$232,000		\$0	\$232,000
Tech Adjust: Transfer to the Redevelopment Obligation Retirement Fund (reclassify as City-Wide Expenditures)			(\$11,000,000)	(\$11,000,000)		\$0	(\$11,000,000)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,768,000)</b>	<b>(\$10,768,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,768,000)</b>
<b>TRANSFERS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,374,000)</b>	<b>(\$10,374,000)</b>	<b>\$374,000</b>	<b>\$0</b>	<b>(\$10,748,000)</b>
<b>TRANSPORTATION</b>							
<b>Clean-Up Actions</b>							
Retirement Contributions Reconciliation	(\$10,279)			(\$10,279)		\$0	(\$10,279)
<b>Clean-Up Actions Total</b>	<b>(\$10,279)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,279)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,279)</b>
<b>TRANSPORTATION TOTAL</b>	<b>(\$10,279)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,279)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,279)</b>
<b>GENERAL FUND TOTAL</b>	<b>\$668,699</b>	<b>\$840,284</b>	<b>\$21,387,719</b>	<b>\$22,896,702</b>	<b>\$10,064,169</b>	<b>\$12,832,533</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>AFFORDABLE HSG INVEST FD (346)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Auto Repair Assistance Program			\$100,000		\$100,000			\$100,000
Ending Fund Balance Adjustment				(\$5,150,000)	(\$5,150,000)			(\$5,150,000)
Hazard Mitigation Grant Match			\$450,000		\$450,000			\$450,000
Housing Loans and Grants			\$4,600,000		\$4,600,000			\$4,600,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,150,000</b>	<b>(\$5,150,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY MANAGER</b>								
Retirement Contributions Reconciliation	(\$15)			\$15	\$0			\$0
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$386)			\$386	\$0			\$0
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$23)			\$23	\$0			\$0
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$122)			\$122	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$5,379,517	\$5,379,517		\$5,379,517	\$0
Retirement Contributions Reconciliation	(\$2,940)			\$2,940	\$0			\$0
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$94)			\$94	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$3,580)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,383,097</b>	<b>\$5,379,517</b>	<b>\$0</b>	<b>\$5,379,517</b>	<b>\$0</b>
<b>AFFORDABLE HSG INVEST FD (346) TOTAL</b>	<b>(\$3,580)</b>	<b>\$0</b>	<b>\$5,150,000</b>	<b>\$233,097</b>	<b>\$5,379,517</b>	<b>\$0</b>	<b>\$5,379,517</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Taxiway W Improvements/Earned Revenue			(\$5,275,000)		(\$5,275,000)	(\$5,275,000)		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,275,000)</b>	<b>\$0</b>	<b>(\$5,275,000)</b>	<b>(\$5,275,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$2,579,149	\$2,579,149		\$2,579,149	\$0
Rebudget: Taxiway W Improvements			(\$265,000)	\$265,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$265,000)</b>	<b>\$2,844,149</b>	<b>\$2,579,149</b>	<b>\$0</b>	<b>\$2,579,149</b>	<b>\$0</b>
<b>AIRPORT CAPITAL IMPVT FUND (520) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,540,000)</b>	<b>\$2,844,149</b>	<b>(\$2,695,851)</b>	<b>(\$5,275,000)</b>	<b>\$2,579,149</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>								
<b>Clean-Up Actions</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Rate Stabilization Reserve				(\$35,248)	(\$35,248)		(\$682,224)	\$646,976
Fund Balance Reconciliation - Reserve for RAC Agreement				\$853,783	\$853,783		\$1,500,759	(\$646,976)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$818,535</b>	<b>\$818,535</b>	<b>\$0</b>	<b>\$818,535</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$818,535</b>	<b>\$818,535</b>	<b>\$0</b>	<b>\$818,535</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>AIRPORT FISCAL AGENT FUND (525)</b>								
<b>Clean-Up Actions</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Reserve-Debt Service				(\$13,281,418)	(\$13,281,418)		(\$13,281,418)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,281,418)</b>	<b>(\$13,281,418)</b>	<b>\$0</b>	<b>(\$13,281,418)</b>	<b>\$0</b>
<b>AIRPORT FISCAL AGENT FUND (525) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,281,418)</b>	<b>(\$13,281,418)</b>	<b>\$0</b>	<b>(\$13,281,418)</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>Clean-Up Actions</b>								
<b>CITY MANAGER</b>								
Retirement Contributions Reconciliation	(\$110)				(\$110)			(\$110)
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$438)				(\$438)			(\$438)
<b>POLICE</b>								
Retirement Contributions Reconciliation	(\$65)				(\$65)			(\$65)
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$111)				(\$111)			(\$111)
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Retirement Contributions Reconciliation	(\$37)				(\$37)			(\$37)
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Retirement Contributions Reconciliation	(\$33)				(\$33)			(\$33)
<b>AIRPORT</b>								
Contingency Reserve (Offset for Retirement Contributions Reconciliation)				\$25,408	\$25,408			\$25,408
Fund Balance Reconciliation - Reserve-Per Master Trust Agreement				\$1,849,998	\$1,849,998		\$1,814,700	\$35,298
Fund Balance Reconciliation - Transfer from Airport Revenue Fund					\$0	\$35,298		(\$35,298)

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Workers' Compensation Claim Reserve				(\$122,030)	(\$122,030)		(\$122,030)	\$0
Retirement Contributions Reconciliation	(\$16,863)				(\$16,863)			(\$16,863)
Retirement Contributions Reconciliation - Transfer to the General Fund (Police)			(\$7,751)		(\$7,751)			(\$7,751)
<b>Clean-Up Actions Total</b>	<b>(\$17,657)</b>	<b>\$0</b>	<b>(\$7,751)</b>	<b>\$1,753,376</b>	<b>\$1,727,968</b>	<b>\$35,298</b>	<b>\$1,692,670</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523) TOTAL</b>	<b>(\$17,657)</b>	<b>\$0</b>	<b>(\$7,751)</b>	<b>\$1,753,376</b>	<b>\$1,727,968</b>	<b>\$35,298</b>	<b>\$1,692,670</b>	<b>\$0</b>
<b>AIRPORT PASS FACIL CHG FUND (529)</b>								
<b>Clean-Up Actions</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$15,679)	(\$15,679)		(\$15,679)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,679)</b>	<b>(\$15,679)</b>	<b>\$0</b>	<b>(\$15,679)</b>	<b>\$0</b>
<b>AIRPORT PASS FACIL CHG FUND (529) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,679)</b>	<b>(\$15,679)</b>	<b>\$0</b>	<b>(\$15,679)</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Airport Technology Services			\$91,000		\$91,000			\$91,000
Ending Fund Balance Adjustment				(\$501,000)	(\$501,000)			(\$501,000)
Network Replacement			\$70,000		\$70,000			\$70,000
Terminal Building Modifications			\$80,000		\$80,000			\$80,000
Terminal Elevator Upgrades			\$260,000		\$260,000			\$260,000

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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	
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Budget Adjustments Total</b>	\$0	\$0	\$501,000	(\$501,000)	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$588,823	\$588,823		\$588,823	\$0
Rebudget: Advanced Planning				(\$33,000)	\$33,000			\$0
Rebudget: Airfield Improvements				\$91,000	(\$91,000)			\$0
Rebudget: Equipment, Operating				\$41,000	(\$41,000)			\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	\$99,000	\$489,823	\$588,823	\$0	\$588,823	\$0
<b>AIRPORT RENEW &amp; REPL FUND (527) TOTAL</b>	\$0	\$0	\$600,000	(\$11,177)	\$588,823	\$0	\$588,823	\$0
<b>AIRPORT REV BOND IMP FUND (526)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				\$192,000	\$192,000			\$192,000
Taxiway W Improvements				(\$192,000)	(\$192,000)			(\$192,000)
<b>Budget Adjustments Total</b>	\$0	\$0	(\$192,000)	\$192,000	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$27,910,934)	(\$27,910,934)		(\$27,910,934)	\$0
Rebudget: Public Art				(\$186,000)	\$186,000			\$0
Rebudget: Taxiway W Improvements				\$24,000	(\$24,000)			\$0
Rebudget: Terminal Area Improvement, Phase I				\$9,000	(\$9,000)			\$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	
<b>BENEFIT FUND (160)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$322,256	\$322,256		\$322,256	\$0
Fund Balance Reconciliation - Early Retirement Reinsurance Program Reserve			\$1,513,988		\$1,513,988		\$1,513,988	\$0
Retirement Contributions Reconciliation	(\$328)			\$328	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$328)</b>	<b>\$0</b>	<b>\$1,513,988</b>	<b>\$322,584</b>	<b>\$1,836,244</b>	<b>\$0</b>	<b>\$1,836,244</b>	<b>\$0</b>
<b>BENEFIT FUND (160) TOTAL</b>	<b>(\$328)</b>	<b>\$0</b>	<b>\$1,513,988</b>	<b>\$322,584</b>	<b>\$1,836,244</b>	<b>\$0</b>	<b>\$1,836,244</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Budget Adjustments</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$350,000)	(\$350,000)			(\$350,000)
San Carlos Multimodal Streetscape Phase I			\$350,000		\$350,000			\$350,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350,000</b>	<b>(\$350,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$2,789,873	\$2,789,873		\$2,789,873	\$0
Rebudget: Autumn Street Extension			\$85,000	(\$85,000)	\$0			\$0
Rebudget: Bascom Avenue Median Island Landscaping Maintenance			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Blossom Hill Road/Monterey Pedestrian Improvements			\$28,000	(\$28,000)	\$0			\$0
Rebudget: Branham Lane/Monterey Highway Rail Grade Separation			(\$38,000)	\$38,000	\$0			\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Housing Incentive Program Grant - SJSU Japantown Pedestrian Corridor				\$13,000	\$13,000	\$13,000		\$0
Rebudget: ITS- Traffic Incident Management Center				\$26,000	\$26,000	\$26,000		\$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	
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Rebudget: ITS: Transportation Incident Management Center			(\$13,000)	\$13,000	\$0			\$0
Rebudget: Jackson Street: LRT to Japantown Pedestrian Corridor			\$91,000	(\$91,000)	\$0			\$0
Rebudget: Julian Street and St. James Street Couplet Conversion			\$74,000	(\$74,000)	\$0			\$0
Rebudget: Local Streets and County Roads Grant - Julian Street and St. James Street Couplet Conversion				(\$46,000)	(\$46,000)	(\$46,000)		\$0
Rebudget: Metropolitan Transportation Commission (MTC)- San Carlos Street Multimodal Streetscape Improvements				(\$25,000)	(\$25,000)	(\$25,000)		\$0
Rebudget: Public Art			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Reserve for Transportation Grants			\$500,000	(\$500,000)	\$0			\$0
Rebudget: Riparian Mitigation - Bailey Avenue/Route 101			\$2,000	(\$2,000)	\$0			\$0
Rebudget: SJSU to Japantown Pedestrian Corridor			\$158,000	(\$158,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase I			\$48,000	(\$48,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase II			\$44,000	(\$44,000)	\$0			\$0
Rebudget: The Alameda - A Plan for the Beautiful Way			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Traffic Signal Communications and Synchronization			\$69,000	(\$69,000)	\$0			\$0
Rebudget: Traffic Signal Communications and Synchronization				\$793,000	\$793,000	\$793,000		\$0
Rebudget: Transportation Fund for Clean Air - San José City-wide Bicycle Racks Installation				\$15,000	\$15,000	\$15,000		\$0
Rebudget: Transportation Fund for Clean Air - Signal Retiming Phase II				\$104,000	\$104,000	\$104,000		\$0
Rebudget: Transportation, Community and System Preservation Grant - Branham Lane/Monterey Highway Rail Grade Separation				(\$29,000)	(\$29,000)	(\$29,000)		\$0
Rebudget: Underground Utilities - City Conversions			\$414,000	(\$414,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,521,000</b>	<b>\$2,119,873</b>	<b>\$3,640,873</b>	<b>\$851,000</b>	<b>\$2,789,873</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,871,000</b>	<b>\$1,769,873</b>	<b>\$3,640,873</b>	<b>\$851,000</b>	<b>\$2,789,873</b>	<b>\$0</b>

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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	
<b>BRANCH LIB BOND PROJECT FD (472)</b>								
<b>Clean-Up Actions</b>								
<b>LIBRARY CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$844,925)	(\$844,925)		(\$844,925)	\$0
Rebudget: Branch Efficiency Projects			(\$449,000)	\$449,000	\$0			\$0
Rebudget: Calabazas Branch			(\$142,000)	\$142,000	\$0			\$0
Rebudget: Land Acquisition			(\$1,012,000)	\$1,012,000	\$0			\$0
Rebudget: Southeast Branch			\$125,000	(\$125,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,478,000)</b>	<b>\$633,075</b>	<b>(\$844,925)</b>	<b>\$0</b>	<b>(\$844,925)</b>	<b>\$0</b>
<b>BRANCH LIB BOND PROJECT FD (472) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,478,000)</b>	<b>\$633,075</b>	<b>(\$844,925)</b>	<b>\$0</b>	<b>(\$844,925)</b>	<b>\$0</b>
<b>BUSINESS IMPVT DIST FUND (351)</b>								
<b>Budget Adjustments</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Downtown Business Improvement District/Earned Revenue			\$159,435		\$159,435	\$159,435		\$0
Hotel Business Improvement District/Earned Revenue			\$642,525		\$642,525	\$642,525		\$0
Japantown Business Improvement District/Earned Revenue			\$4,560		\$4,560	\$4,560		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$806,520</b>	<b>\$0</b>	<b>\$806,520</b>	<b>\$806,520</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation - Downtown				\$32,165	\$32,165		\$32,165	\$0
Fund Balance Reconciliation - Hotel				\$589,081	\$589,081		\$589,081	\$0
Fund Balance Reconciliation - Japantown				\$3,050	\$3,050		\$3,050	\$0
Fund Balance Reconciliation - Willow Glen CBID				(\$2,733)	(\$2,733)		(\$2,733)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$621,563</b>	<b>\$621,563</b>	<b>\$0</b>	<b>\$621,563</b>	<b>\$0</b>

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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	
<b>BUSINESS IMPVT DIST FUND (351)</b>								
<b>BUSINESS IMPVT DIST FUND (351) TOTAL</b>	\$0	\$0	\$806,520	\$621,563	\$1,428,083	\$806,520	\$621,563	\$0
<b>CFD #1 CAPITAL AUTO MALL FUND (371)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$70,116	\$70,116		\$70,116	\$0
Retirement Contributions Reconciliation	(\$23)			\$23	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$23)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,139</b>	<b>\$70,116</b>	<b>\$0</b>	<b>\$70,116</b>	<b>\$0</b>
<b>CFD #1 CAPITAL AUTO MALL FUND (371) TOTAL</b>	<b>(\$23)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,139</b>	<b>\$70,116</b>	<b>\$0</b>	<b>\$70,116</b>	<b>\$0</b>
<b>CFD #11 ADELINE-MARY HELEN FD (374)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$23,401	\$23,401		\$23,401	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,401</b>	<b>\$23,401</b>	<b>\$0</b>	<b>\$23,401</b>	<b>\$0</b>
<b>CFD #11 ADELINE-MARY HELEN FD (374) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,401</b>	<b>\$23,401</b>	<b>\$0</b>	<b>\$23,401</b>	<b>\$0</b>
<b>CFD #12 BASKING RIDGE FUND (376)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$76,210	\$76,210		\$76,210	\$0
Retirement Contributions Reconciliation	(\$30)			\$30	\$0			\$0



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	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CFD #8 COMM HILL FUND (373)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$193,285	\$193,285		\$193,285	\$0
Retirement Contributions Reconciliation	(\$50)			\$50	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$50)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$193,335</b>	<b>\$193,285</b>	<b>\$0</b>	<b>\$193,285</b>	<b>\$0</b>
<b>CFD #8 COMM HILL FUND (373) TOTAL</b>	<b>(\$50)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$193,335</b>	<b>\$193,285</b>	<b>\$0</b>	<b>\$193,285</b>	<b>\$0</b>
<b>CITY HALL DEBT SERVICE FUND (210)</b>								
<b>Budget Adjustments</b>								
<b>FINANCE</b>								
Ending Fund Balance Adjustment				\$11,535	\$11,535			\$11,535
Transfer from the Civic Center Construction Fund					\$0	\$522,000		(\$522,000)
Transfer to the Civic Center Construction Fund			\$510,465		\$510,465			\$510,465
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$510,465</b>	<b>\$11,535</b>	<b>\$522,000</b>	<b>\$522,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$353,281	\$353,281		\$353,281	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$353,281</b>	<b>\$353,281</b>	<b>\$0</b>	<b>\$353,281</b>	<b>\$0</b>
<b>CITY HALL DEBT SERVICE FUND (210) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$510,465</b>	<b>\$364,816</b>	<b>\$875,281</b>	<b>\$522,000</b>	<b>\$353,281</b>	<b>\$0</b>
<b>CIVIC CENTER CONSTRUCTION FD (425)</b>								

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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	
<b>CIVIC CENTER CONSTRUCTION FD (425)</b>								
<b>Budget Adjustments</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
City Hall Construction Close-out			\$273,000		\$273,000			\$273,000
City Hall Garage Waterproofing			(\$5,697)		(\$5,697)			(\$5,697)
Ending Fund Balance Adjustment				(\$278,838)	(\$278,838)			(\$278,838)
Transfer from the City Hall Debt Service Fund					\$0	\$510,465		(\$510,465)
Transfer to the City Hall Debt Service Fund			\$522,000		\$522,000			\$522,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$789,303</b>	<b>(\$278,838)</b>	<b>\$510,465</b>	<b>\$510,465</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$278,838	\$278,838		\$278,838	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$278,838</b>	<b>\$278,838</b>	<b>\$0</b>	<b>\$278,838</b>	<b>\$0</b>
<b>CIVIC CENTER CONSTRUCTION FD (425) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$789,303</b>	<b>\$0</b>	<b>\$789,303</b>	<b>\$510,465</b>	<b>\$278,838</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FUND (441)</b>								
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation - Legal Services			(\$33)	\$33	\$0			\$0
<b>TRANSPORTATION</b>								
Rebudget: LED Streetlight Conversion			\$36,794	(\$36,794)	\$0			\$0
<b>FIRE</b>								
Rebudget: Fire Engines			\$88,518	(\$88,518)	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$868,932	\$868,932		\$868,932	\$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	
<b>COMM DEV BLOCK GRANT FUND (441)</b>								
<b>HOUSING</b>								
Rebudget: Recovery Act - CDBG			\$38,234	(\$38,234)	\$0			\$0
Retirement Contributions Reconciliation - Housing Program Development and Monitoring			(\$1,001)	\$1,001	\$0			\$0
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Retirement Contributions Reconciliation - Code Enforcement Operations			(\$723)	\$723	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$161,789</b>	<b>\$707,143</b>	<b>\$868,932</b>	<b>\$0</b>	<b>\$868,932</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FUND (441) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$161,789</b>	<b>\$707,143</b>	<b>\$868,932</b>	<b>\$0</b>	<b>\$868,932</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$565,819	\$565,819		\$565,819	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$565,819</b>	<b>\$565,819</b>	<b>\$0</b>	<b>\$565,819</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$565,819</b>	<b>\$565,819</b>	<b>\$0</b>	<b>\$565,819</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$1,531,382	\$1,531,382		\$1,531,382	\$0
Rebudget: Ball Fields Renovation			(\$46,000)	\$46,000	\$0			\$0
Rebudget: Community Center Equipment			\$3,000	(\$3,000)	\$0			\$0

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<b>Department/Proposal</b>	<b>USE</b>			<b>Ending Fund Balance</b>	<b>Total Use</b>	<b>SOURCE</b>		<b>NET COST</b>
	<b>Personal Services</b>	<b>Non-Personal/ Equipment</b>	<b>Other</b>			<b>Revenue</b>	<b>Beg Fund Balance</b>	
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: Major Park Equipment			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Minor Park Equipment			(\$14,000)	\$14,000	\$0			\$0
Rebudget: Park Hardware and Furnishings			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Parks and Community Facilities Master Plan			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Pools and Fountains			(\$25,000)	\$25,000	\$0			\$0
Rebudget: Tree Services			\$83,000	(\$83,000)	\$0			\$0
Rebudget: Unanticipated or Critical Repairs			\$59,000	(\$59,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$138,000</b>	<b>\$1,393,382</b>	<b>\$1,531,382</b>	<b>\$0</b>	<b>\$1,531,382</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$138,000</b>	<b>\$1,393,382</b>	<b>\$1,531,382</b>	<b>\$0</b>	<b>\$1,531,382</b>	<b>\$0</b>
<b>CONST/CONV TAX COMM FUND (397)</b>								
<b>Clean-Up Actions</b>								
<b>COMMUNICATIONS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$236,670	\$236,670		\$236,670	\$0
Rebudget: Communications Equipment Replacement and Upgrade			(\$53,000)	\$53,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$53,000)</b>	<b>\$289,670</b>	<b>\$236,670</b>	<b>\$0</b>	<b>\$236,670</b>	<b>\$0</b>
<b>CONST/CONV TAX COMM FUND (397) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$53,000)</b>	<b>\$289,670</b>	<b>\$236,670</b>	<b>\$0</b>	<b>\$236,670</b>	<b>\$0</b>

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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	
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$900,000)	(\$900,000)			(\$900,000)
Facilities Improvements			\$155,000		\$155,000			\$155,000
Fire Construction and Conveyance Tax Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers			\$66,000		\$66,000	\$66,000		\$0
Fire Hose Replacement			\$40,000		\$40,000			\$40,000
Fire Station 21 - Relocation (White Road)			(\$159,000)		(\$159,000)			(\$159,000)
Fire Station 5 Remediation/Transfers			\$1,096,000		\$1,096,000	\$232,000		\$864,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,198,000</b>	<b>(\$900,000)</b>	<b>\$298,000</b>	<b>\$298,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$729,122	\$729,122		\$729,122	\$0
Rebudget: FF&E and Facility Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Facilities Improvements			(\$155,000)	\$155,000	\$0			\$0
Rebudget: Fire Station 12 - Relocation (Calero)			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Hose Replacement			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Sale of Former Fire Station 28				\$201,000	\$201,000	\$201,000		\$0
Rebudget: Traffic Control Equipment			\$162,000	(\$162,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$900,122</b>	<b>\$930,122</b>	<b>\$201,000</b>	<b>\$729,122</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,228,000</b>	<b>\$122</b>	<b>\$1,228,122</b>	<b>\$499,000</b>	<b>\$729,122</b>	<b>\$0</b>

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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	
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Clean-Up Actions</b>								
<b>LIBRARY CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$1,883,634	\$1,883,634		\$1,883,634	\$0
Rebudget: Acquisition of Materials			\$500,000	(\$500,000)	\$0			\$0
Rebudget: Automation Projects and System Maintenance			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Branch Libraries Fixtures, Furnishings and Equipment			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Deferred Branch Library Bond Projects Costs			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Facilities Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: General Equipment and Furnishings			\$50,000	(\$50,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$769,000</b>	<b>\$1,114,634</b>	<b>\$1,883,634</b>	<b>\$0</b>	<b>\$1,883,634</b>	<b>\$0</b>
<b>CONST/CONV TAX LIBRARY FD (393) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$769,000</b>	<b>\$1,114,634</b>	<b>\$1,883,634</b>	<b>\$0</b>	<b>\$1,883,634</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$230,786)	(\$230,786)		(\$230,786)	\$0
Rebudget: Calabazas Park Playground Improvements			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Council District 1 Public Art			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Minor Park Renovations			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Mise Park Sports Field Development			(\$556,000)	\$556,000	\$0			\$0
Rebudget: Murdock Park Renovation			(\$36,000)	\$36,000	\$0			\$0
Rebudget: TRAIL: Saratoga Creek (Barnhart Avenue to Bollinger Road)			\$89,000	(\$89,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$449,000)</b>	<b>\$218,214</b>	<b>(\$230,786)</b>	<b>\$0</b>	<b>(\$230,786)</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>								
<b>CONST/CONV TAX PK CD 1 FUND (377) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$449,000)</b>	<b>\$218,214</b>	<b>(\$230,786)</b>	<b>\$0</b>	<b>(\$230,786)</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$820,340	\$820,340		\$820,340	\$0
Rebudget: Earned Revenue				(\$40,000)	(\$40,000)	(\$40,000)		\$0
Rebudget: Edenvale Community Center Fixtures, Furnishings and Equipment			\$209,000	(\$209,000)	\$0			\$0
Rebudget: Infrastructure Backlog Study			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Minor Park Renovations			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$337,000	(\$337,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$611,000</b>	<b>\$169,340</b>	<b>\$780,340</b>	<b>(\$40,000)</b>	<b>\$820,340</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 2 FUND (378) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$611,000</b>	<b>\$169,340</b>	<b>\$780,340</b>	<b>(\$40,000)</b>	<b>\$820,340</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$584,892	\$584,892		\$584,892	\$0
Rebudget: Council District 3 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Minor Building Renovations			\$24,000	(\$24,000)	\$0			\$0
Rebudget: O'Donnell's Garden Park			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Pool Repairs			\$64,000	(\$64,000)	\$0			\$0
Rebudget: Roosevelt Community Center Fixtures, Furnishings and Equipment			\$12,000	(\$12,000)	\$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	
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$281,000	(\$281,000)	\$0			\$0
Rebudget: Watson Park Soccer Field Fixtures, Furnishings and Equipment			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Watson Site Clean-up and Restoration (GF/380)			(\$7,000)	\$7,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$371,000</b>	<b>\$213,892</b>	<b>\$584,892</b>	<b>\$0</b>	<b>\$584,892</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 3 FUND (380) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$371,000</b>	<b>\$213,892</b>	<b>\$584,892</b>	<b>\$0</b>	<b>\$584,892</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$845,000)	(\$845,000)			(\$845,000)
Transfer to the Subdivision Park Trust Fund			\$845,000		\$845,000			\$845,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$845,000</b>	<b>(\$845,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$4,024,365	\$4,024,365		\$4,024,365	\$0
Rebudget: Berryessa Community Center Minor Improvements			(\$7,000)	\$7,000	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Minor Park Renovations			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Pool Repairs			\$13,000	(\$13,000)	\$0			\$0
Rebudget: TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino) Design			\$145,000	(\$145,000)	\$0			\$0
Rebudget: TRAIL: Bay Trail Reach 9B Design			\$550,000	(\$550,000)	\$0			\$0
Rebudget: TRAIL: Lower Guadalupe River (Gold St to Highway 880)			\$1,884,000	(\$1,884,000)	\$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	
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			\$300,000	(\$300,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,889,000</b>	<b>\$1,135,365</b>	<b>\$4,024,365</b>	<b>\$0</b>	<b>\$4,024,365</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 4 FUND (381) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,734,000</b>	<b>\$290,365</b>	<b>\$4,024,365</b>	<b>\$0</b>	<b>\$4,024,365</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$2,194,232	\$2,194,232		\$2,194,232	\$0
Rebudget: Infrastructure Backlog Study			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Mayfair Community Center Fixtures, Furnishings and Equipment			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Minor Park Renovations			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Pool Repairs			\$27,000	(\$27,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)			\$1,335,000	(\$1,335,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)			\$281,000	(\$281,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,659,000</b>	<b>\$535,232</b>	<b>\$2,194,232</b>	<b>\$0</b>	<b>\$2,194,232</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 5 FUND (382) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,659,000</b>	<b>\$535,232</b>	<b>\$2,194,232</b>	<b>\$0</b>	<b>\$2,194,232</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$1,254,550	\$1,254,550		\$1,254,550	\$0
Rebudget: Bascom Community Center Fixtures, Furnishings and Equipment			\$370,000	(\$370,000)	\$0			\$0
Rebudget: Bramhall Park Play Lot Renovation			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Council District 6 Public Art			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Minor Park Renovations			\$7,000	(\$7,000)	\$0			\$0
Rebudget: TRAIL: Los Gatos Reach IV Mitigation and Monitoring			\$1,000	(\$1,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks Interim Improvements and Trestle Bridge			\$215,000	(\$215,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks Land Acquisition			\$368,000	(\$368,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$990,000</b>	<b>\$264,550</b>	<b>\$1,254,550</b>	<b>\$0</b>	<b>\$1,254,550</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 6 FUND (384) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$990,000</b>	<b>\$264,550</b>	<b>\$1,254,550</b>	<b>\$0</b>	<b>\$1,254,550</b>	<b>\$0</b>

**CONST/CONV TAX PK CD 7 FUND (385)**

**Clean-Up Actions**

**PARKS & COMM FAC DEV CAPITAL PROGRAM**

Fund Balance Reconciliation				\$672,241	\$672,241		\$672,241	\$0
Rebudget: Council District 7 Public Art			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Fair Swim Center Improvements			(\$21,000)	\$21,000	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Minor Building Renovations			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Seven Trees Community Center Fixtures, Furnishings and Equipment			\$152,000	(\$152,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$288,000	(\$288,000)	\$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	
<b>CONST/CONV TAX PKS CW FUND (391)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: Alum Rock Park Minor Renovations			(\$11,000)	\$11,000	\$0			\$0
Rebudget: City-wide Facilities Infrastructure Renovations			\$141,000	(\$141,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Family Camp Master Plan			(\$25,000)	\$25,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Phase II Renovations			(\$38,000)	\$38,000	\$0			\$0
Rebudget: Infrastructure Backlog Study			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Japanese Friendship Garden Koi Fish Filtration System			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Japanese Friendship Garden Tea House			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Los Paseos Park Improvements			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Parks City-wide Public Art			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Plaza de Cesar Chavez Fountain Repair and Improvements			(\$25,000)	\$25,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$94,000	(\$94,000)	\$0			\$0
Rebudget: TRAIL: Albertson Parkway			\$1,000	(\$1,000)	\$0			\$0
Rebudget: TRAIL: Call Boxes			\$15,000	(\$15,000)	\$0			\$0
Rebudget: TRAIL: Milestone Markers			\$188,000	(\$188,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek Easement			\$92,000	(\$92,000)	\$0			\$0
Rebudget: Vietnamese Cultural Heritage Garden			\$139,000	(\$139,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$618,000</b>	<b>\$974,659</b>	<b>\$1,592,659</b>	<b>\$0</b>	<b>\$1,592,659</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$658,000</b>	<b>\$934,659</b>	<b>\$1,592,659</b>	<b>\$0</b>	<b>\$1,592,659</b>	<b>\$0</b>

**CONST/CONV TAX SRVC YDS FD (395)**

**Clean-Up Actions**

**SERVICE YARDS CAPITAL PROGRAM**

Fund Balance Reconciliation				\$586,537	\$586,537		\$586,537	\$0
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**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Rebudget: CFD #14 Feasibility Study			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Capitol Expressway Light Rail Pedestrian Improvements			\$81,000	(\$81,000)	\$0			\$0
Rebudget: Capitol Expressway Light Rail Pedestrian and Bus Improvements				\$37,000	\$37,000	\$37,000		\$0
Rebudget: Capitol Expressway: Story Road and Aborn Road Improvements			\$293,000	(\$293,000)	\$0			\$0
Rebudget: Copper Wire Replacement			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Coyote Creek Trail			\$500,000	(\$500,000)	\$0			\$0
Rebudget: Highway 237 Bikeway			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Hitachi Maintenance Agreement			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Inactive Lagoons Bio-Solids Removal			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Maintenance Backlog - Traffic Infrastructure Maintenance			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Maintenance District 15 Feasibility Study			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Maintenance District 19 Feasibility Study			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Minidoka Avenue Sidewalk Improvements			\$71,000	(\$71,000)	\$0			\$0
Rebudget: Montague Expressway Improvements			\$37,000	(\$37,000)	\$0			\$0
Rebudget: Office of Traffic Safety Grant - Franklin McKinley Children's Initiative Phase II				\$5,000	\$5,000	\$5,000		\$0
Rebudget: Pavement Maintenance - City			\$248,000	(\$248,000)	\$0			\$0
Rebudget: Pavement Maintenance - Federal			(\$88,000)	\$88,000	\$0			\$0
Rebudget: Pavement Maintenance - Federal Transportation Bill				(\$218,000)	(\$218,000)	(\$218,000)		\$0
Rebudget: Pavement Maintenance - State Gas Tax			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Prop. 1B - Pavement Maintenance			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Recovery Act - MTC Street Resurfacing and Rehabilitation			\$1,536,424	(\$1,536,424)	\$0			\$0
Rebudget: Recovery Act - Metropolitan Transportation Commission (MTC) Street Resurfacing and Rehabilitation				\$1,897,543	\$1,897,543	\$1,897,543		\$0
Rebudget: Reserve - Evergreen Traffic Impact Fees			\$197	(\$197)	\$0			\$0
Rebudget: Reserve - Route 101/Oakland/Mabury Traffic Impact Fees			\$97	(\$97)	\$0			\$0
Rebudget: Rosemary Gardens Neighborhood Improvements			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Safe Access San José			(\$12,000)	\$12,000	\$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	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Rebudget: Safe Route to School Program Grant - Minidoka Avenue Sidewalk Improvements				(\$21,000)	(\$21,000)	(\$21,000)		\$0
Rebudget: San Fernando Street Enhanced Bikeway and Pedestrian Access			\$81,000	(\$81,000)	\$0			\$0
Rebudget: St. John Pedestrian/Bike Improvements			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Transportation Development Act Grant - Bicycle and Pedestrian Facilities				\$1,109,000	\$1,109,000	\$1,109,000		\$0
Rebudget: Vendome Area and 7th Street Traffic Calming			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Walk n Roll San José			(\$35,000)	\$35,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,921,547</b>	<b>\$5,293,633</b>	<b>\$14,215,180</b>	<b>\$3,007,543</b>	<b>\$11,207,637</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,276,547</b>	<b>(\$1,316,367)</b>	<b>\$17,960,180</b>	<b>\$6,752,543</b>	<b>\$11,207,637</b>	<b>\$0</b>
<b>CONV CTR FACIL DIST REV FD (791)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$30,878	\$30,878		\$30,878	\$0
Tech Adjust: Debt Service Reserve (From Unrestricted Ending Fund Balance)			\$30,878		\$30,878			\$30,878
Tech Adjust: Ending Fund Balance (To Debt Service Reserve)				(\$30,878)	(\$30,878)			(\$30,878)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>
<b>CONV CTR FACIL DIST REV FD (791) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>	<b>\$30,878</b>	<b>\$0</b>

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Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>CONV CTR FACILI DIST PROJ FD (691)</b>								
<b>Clean-Up Actions</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$1,153,881	\$1,153,881		\$1,153,881	\$0
Rebudget: Convention Center Expansion and Renovation Project			\$803,000	(\$803,000)	\$0			\$0
Rebudget: Convention Center Expansion and Renovation Project - Public Art			(\$70,000)	\$70,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$733,000</b>	<b>\$420,881</b>	<b>\$1,153,881</b>	<b>\$0</b>	<b>\$1,153,881</b>	<b>\$0</b>
<b>CONV CTR FACILI DIST PROJ FD (691) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$733,000</b>	<b>\$420,881</b>	<b>\$1,153,881</b>	<b>\$0</b>	<b>\$1,153,881</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>Budget Adjustments</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Convention Center Expansion/Renovation Construction Coordination			\$160,000		\$160,000			\$160,000
Convention Center Fixtures, Furniture, and Equipment			\$2,200,000		\$2,200,000			\$2,200,000
Convention Center Kitchen Remodel			(\$200,000)		(\$200,000)			(\$200,000)
Convention and Visitor's Bureau Marketing Services			(\$449,000)		(\$449,000)			(\$449,000)
Ending Fund Balance Adjustment				(\$812,908)	(\$812,908)			(\$812,908)
Transfer from the Transient Occupancy Tax Fund					\$0	\$898,092		(\$898,092)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,711,000</b>	<b>(\$812,908)</b>	<b>\$898,092</b>	<b>\$898,092</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Fund Balance Reconciliation				\$872,432	\$872,432		\$872,432	\$0
Rebudget: Center for Performing Arts Improvements			(\$20,132)	\$20,132	\$0			\$0
Rebudget: Fixtures, Furnishing, and Equipment			\$7,930	(\$7,930)	\$0			\$0
Rebudget: Miscellaneous Improvements			\$308,101	(\$308,101)	\$0			\$0



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>E PRUSCH MEM PK IMPR FUND (131)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$8,130	\$8,130		\$8,130	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,130</b>	<b>\$8,130</b>	<b>\$0</b>	<b>\$8,130</b>	<b>\$0</b>
<b>E PRUSCH MEM PK IMPR FUND (131) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,130</b>	<b>\$8,130</b>	<b>\$0</b>	<b>\$8,130</b>	<b>\$0</b>
<b>ECON DEV ADMIN LOAN FUND (444)</b>								
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				\$4,782	\$4,782		\$4,782	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,782</b>	<b>\$4,782</b>	<b>\$0</b>	<b>\$4,782</b>	<b>\$0</b>
<b>ECON DEV ADMIN LOAN FUND (444) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,782</b>	<b>\$4,782</b>	<b>\$0</b>	<b>\$4,782</b>	<b>\$0</b>
<b>ECON DEV ENHANCEMENT FD (439)</b>								
<b>Clean-Up Actions</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation				\$2,216	\$2,216		\$2,216	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,216</b>	<b>\$2,216</b>	<b>\$0</b>	<b>\$2,216</b>	<b>\$0</b>
<b>ECON DEV ENHANCEMENT FD (439) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,216</b>	<b>\$2,216</b>	<b>\$0</b>	<b>\$2,216</b>	<b>\$0</b>

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	
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
2010 Justice Assistance Grant			\$570		\$570			\$570
Ending Fund Balance Adjustment				(\$570)	(\$570)			(\$570)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$570</b>	<b>(\$570)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				(\$20,685)	(\$20,685)		(\$20,685)	\$0
Rebudget: 2010 Justice Assistance Grant			(\$2,563)	\$2,563	\$0			\$0
Rebudget: 2011 Justice Assistance Grant			(\$18,010)	\$18,010	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,573)</b>	<b>(\$112)</b>	<b>(\$20,685)</b>	<b>\$0</b>	<b>(\$20,685)</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,003)</b>	<b>(\$682)</b>	<b>(\$20,685)</b>	<b>\$0</b>	<b>(\$20,685)</b>	<b>\$0</b>
<b>FEDERAL DRUG FORFEITURE FUND (419)</b>								
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				\$117,462	\$117,462		\$117,462	\$0
Rebudget: Parcel Post Interdiction Program	\$61,000			(\$61,000)	\$0			\$0
Retirement Contributions Reconciliation	(\$869)			\$869	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$60,131</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,331</b>	<b>\$117,462</b>	<b>\$0</b>	<b>\$117,462</b>	<b>\$0</b>
<b>FEDERAL DRUG FORFEITURE FUND (419) TOTAL</b>	<b>\$60,131</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,331</b>	<b>\$117,462</b>	<b>\$0</b>	<b>\$117,462</b>	<b>\$0</b>

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	
<b>FIBER OPTICS DEVELOPMT FD (007)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$6	\$6		\$6	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	<b>\$6</b>	<b>\$0</b>	<b>\$6</b>	<b>\$0</b>
<b>FIBER OPTICS DEVELOPMT FD (007) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	<b>\$6</b>	<b>\$0</b>	<b>\$6</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Convention Center Parking Garage Earned Revenue					\$0	\$650,000		(\$650,000)
Ending Fund Balance Adjustment				\$650,000	\$650,000			\$650,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>INFORMATION TECHNOLOGY</b>								
Retirement Contributions Reconciliation	(\$5)			\$5	\$0			\$0
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$1,764,557	\$1,764,557		\$1,764,557	\$0
Retirement Contributions Reconciliation	(\$1,191)			\$1,191	\$0			\$0
Tech Adjust: Reserve for Debt Service (From Unrestricted Fund Balance)			\$2,261,388		\$2,261,388			\$2,261,388
Tech Adjust: Transfer from Parking Capital Development Fund (completes close-out of fund as approved in 2012-2013 Adopted Budget)				\$18,604	\$18,604	\$18,604		\$0
Tech Adjust: Unrestricted Ending Fund Balance (to Reserve for Debt Service)				(\$2,261,388)	(\$2,261,388)			(\$2,261,388)

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$31)			\$31	\$0			\$0
<b>PARKING CAPITAL PROGRAM</b>								
Rebudget: Downtown Event Parking Dynamic Message Sign Repair and Upgrades			\$85,000	(\$85,000)	\$0			\$0
Rebudget: Minor Parking Facility Improvements			\$88,000	(\$88,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$1,227)</b>	<b>\$0</b>	<b>\$2,434,388</b>	<b>(\$650,000)</b>	<b>\$1,783,161</b>	<b>\$18,604</b>	<b>\$1,764,557</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533) TOTAL</b>	<b>(\$1,227)</b>	<b>\$0</b>	<b>\$2,434,388</b>	<b>\$0</b>	<b>\$2,433,161</b>	<b>\$668,604</b>	<b>\$1,764,557</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>Budget Adjustments</b>								
<b>CITY MANAGER</b>								
Cat Spay/Neuter Program			(\$2,736)		(\$2,736)			(\$2,736)
<b>INDEPENDENT POLICE AUDITOR</b>								
IPA's Teen Leadership Council/Earned Revenue			\$5,000		\$5,000	\$5,000		\$0
<b>FINANCE</b>								
Ending Fund Balance Adjustment				\$8,142	\$8,142			\$8,142
<b>PUBLIC WORKS</b>								
Animal Services/Earned Revenue			\$10,481		\$10,481	\$10,481		\$0
Spay/Neuter Program			\$2,736		\$2,736			\$2,736
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Almaden Lake Park Rangers			\$28,622		\$28,622			\$28,622
HNVF Stronger Communities			(\$13,543)		(\$13,543)			(\$13,543)
Lake Almaden Summer 2010			(\$28,622)		(\$28,622)			(\$28,622)

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>GIFT TRUST FUND (139)</b>								
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Rose Garden Fountain			\$5,401		\$5,401			\$5,401
Safe Summer Initiative/Earned Revenue			\$15,003		\$15,003	\$15,003		\$0
<b>LIBRARY</b>								
Library-General Gifts/Earned Revenue			\$243,119		\$243,119	\$243,119		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$265,461</b>	<b>\$8,142</b>	<b>\$273,603</b>	<b>\$273,603</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY MANAGER</b>								
Rebudget: Berryessa Center Art Project			\$2	(\$2)	\$0			\$0
Rebudget: Cat Spay/Neuter Program			\$2	(\$2)	\$0			\$0
<b>INDEPENDENT POLICE AUDITOR</b>								
Rebudget: IPA's Teen Leadership Council			\$546	(\$546)	\$0			\$0
<b>CITY CLERK</b>								
Rebudget: Annual District I Festival in the Park			\$1	(\$1)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$60	(\$60)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$3	(\$3)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$16	(\$16)	\$0			\$0
<b>FINANCE</b>								
Fund Balance Reconciliation					(\$303,448)	(\$303,448)	(\$303,448)	\$0
<b>POLICE</b>								
Rebudget: Anti-Theft Car Campaign			\$61	(\$61)	\$0			\$0
Rebudget: CADPE - Drug Education			\$2	(\$2)	\$0			\$0
Rebudget: Canine Unit			\$7	(\$7)	\$0			\$0
Rebudget: Child Safety Seats			\$12	(\$12)	\$0			\$0
Rebudget: Children's Interview Center			\$34	(\$34)	\$0			\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
<b>GIFT TRUST FUND (139)</b>							
<b>POLICE</b>							
Rebudget: Communications Facility Fitness Center				\$2	(\$2)	\$0	\$0
Rebudget: Community Services Program				\$2	(\$2)	\$0	\$0
Rebudget: Crime Prevention Committee				\$1	(\$1)	\$0	\$0
Rebudget: Cybercadet Program				\$4	(\$4)	\$0	\$0
Rebudget: Internet Crimes Against Children Gifts				\$9	(\$9)	\$0	\$0
Rebudget: Investigative Enhancement				\$44	(\$44)	\$0	\$0
Rebudget: Major Awards Banquet				\$1	(\$1)	\$0	\$0
Rebudget: Mayor's Safe Families				\$5	(\$5)	\$0	\$0
Rebudget: Police & School Partnership Program				\$8	(\$8)	\$0	\$0
Rebudget: Police Educational Robot				\$2	(\$2)	\$0	\$0
Rebudget: Police Mounted Unit				(\$2,485)	\$2,485	\$0	\$0
Rebudget: Police Reserves Unit				(\$5,850)	\$5,850	\$0	\$0
Rebudget: Robbery Secret Witness Program				\$14	(\$14)	\$0	\$0
Rebudget: S.A.V.E. Program				\$27	(\$27)	\$0	\$0
Rebudget: Scholastic Crime Stoppers				\$4	(\$4)	\$0	\$0
Rebudget: School Safety Gifts				\$3	(\$3)	\$0	\$0
Rebudget: Trauma Kits				\$2	(\$2)	\$0	\$0
Rebudget: Volunteer Program				\$1	(\$1)	\$0	\$0
<b>TRANSPORTATION</b>							
Rebudget: Our City Forest				\$2	(\$2)	\$0	\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway				\$4	(\$4)	\$0	\$0
<b>FIRE</b>							
Rebudget: Hazardous Material Training				\$2	(\$2)	\$0	\$0
Rebudget: Public Education Program				\$20,801	(\$20,801)	\$0	\$0
<b>PUBLIC WORKS</b>							
Rebudget: Animal Services				\$35,914	(\$35,914)	\$0	\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
<b>GIFT TRUST FUND (139)</b>							
<b>PUBLIC WORKS</b>							
Rebudget: Hurricane Katrina Animals			\$1	(\$1)	\$0		\$0
Rebudget: Kinjo Gardens			\$4	(\$4)	\$0		\$0
Rebudget: Spay/Neuter Program			\$20,234	(\$20,234)	\$0		\$0
<b>ECONOMIC DEVELOPMENT</b>							
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund			\$77	(\$77)	\$0		\$0
Rebudget: Art + Technology Program			(\$1,550)	\$1,550	\$0		\$0
Rebudget: Arts and Education Week			\$768	(\$768)	\$0		\$0
Rebudget: Cultural Performance			\$1	(\$1)	\$0		\$0
Rebudget: Incubation Office Project			\$886	(\$886)	\$0		\$0
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
Rebudget: Almaden Lake Park			\$202	(\$202)	\$0		\$0
Rebudget: Almaden Winery Improvement			(\$3)	\$3	\$0		\$0
Rebudget: Alum Rock Park			\$200	(\$200)	\$0		\$0
Rebudget: Alviso Community Center			\$17	(\$17)	\$0		\$0
Rebudget: Alviso Recreation and Teen Program			\$2	(\$2)	\$0		\$0
Rebudget: Animal Adoption			\$624	(\$624)	\$0		\$0
Rebudget: Calabazas BMX Park			\$5	(\$5)	\$0		\$0
Rebudget: Castro School Landscaping			\$5	(\$5)	\$0		\$0
Rebudget: Combined Gifts			\$5	(\$5)	\$0		\$0
Rebudget: Community Cultural Council			\$3	(\$3)	\$0		\$0
Rebudget: Emma Prusch Farm Park			\$4,112	(\$4,112)	\$0		\$0
Rebudget: Friends of Paul Moore Park			(\$187)	\$187	\$0		\$0
Rebudget: Friends of San José Environmental Outreach			\$1	(\$1)	\$0		\$0
Rebudget: Gullo Park Turf Irrigation			\$16	(\$16)	\$0		\$0
Rebudget: Happy Hollow Park & Zoo Improvements			\$1,277	(\$1,277)	\$0		\$0
Rebudget: J. Ward Memorial Scholarship			\$83	(\$83)	\$0		\$0
Rebudget: Japanese Friendship Garden			\$10,329	(\$10,329)	\$0		\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
<b>GIFT TRUST FUND (139)</b>							
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
Rebudget: Lake Almaden Summer 2010			\$653	(\$653)	\$0		\$0
Rebudget: Lake Cunningham Skate Park			\$271	(\$271)	\$0		\$0
Rebudget: Leland High School Tennis			\$1	(\$1)	\$0		\$0
Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program			\$7,057	(\$7,057)	\$0		\$0
Rebudget: Mayor's Youth Conference			\$831	(\$831)	\$0		\$0
Rebudget: McClaren Circles Design of History			\$6	(\$6)	\$0		\$0
Rebudget: Miscellaneous Gifts Under \$1,000			\$6,173	(\$6,173)	\$0		\$0
Rebudget: Mise and Starbird Gift			\$52	(\$52)	\$0		\$0
Rebudget: Newhall Park Maintenance			\$2,368	(\$2,368)	\$0		\$0
Rebudget: Nicolas Prusch Swimming			\$270	(\$270)	\$0		\$0
Rebudget: O'Donnell's Gardens Park			\$8,528	(\$8,528)	\$0		\$0
Rebudget: Old Mill Exhibit			\$1	(\$1)	\$0		\$0
Rebudget: Overfelt Gardens			\$5	(\$5)	\$0		\$0
Rebudget: Packard Foundation			(\$231)	\$231	\$0		\$0
Rebudget: RP & CS General Gifts over \$1,000			\$11,967	(\$11,967)	\$0		\$0
Rebudget: Richard Guarino Memorial Fund			(\$519)	\$519	\$0		\$0
Rebudget: River Oaks Park Maintenance			\$510	(\$510)	\$0		\$0
Rebudget: Southside Community Center			\$498	(\$498)	\$0		\$0
Rebudget: Southside Community Center Gazebo			(\$385,977)	\$385,977	\$0		\$0
Rebudget: St. James Park Landscaping			\$1,755	(\$1,755)	\$0		\$0
Rebudget: Summer Lunch Program			\$443	(\$443)	\$0		\$0
Rebudget: Swings for Special Needs Children			\$10	(\$10)	\$0		\$0
Rebudget: Vista Montana Park Maintenance			\$27	(\$27)	\$0		\$0
Rebudget: Willow Glen Founders Day			\$6	(\$6)	\$0		\$0
Rebudget: Youth Commission			(\$1,122)	\$1,122	\$0		\$0
Rebudget: Youth Sports Fair			\$1	(\$1)	\$0		\$0
Rebudget: Zoo Educator Grant			\$1	(\$1)	\$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	
<b>GIFT TRUST FUND (139)</b>								
<b>LIBRARY</b>								
Rebudget: Books for Little Hands			\$4,342	(\$4,342)	\$0			\$0
Rebudget: Calabazas Branch Library			\$2,823	(\$2,823)	\$0			\$0
Rebudget: Child Care Endowment			(\$9,502)	\$9,502	\$0			\$0
Rebudget: Garbage Stickers			\$695	(\$695)	\$0			\$0
Rebudget: Library Literacy Project			(\$5,697)	\$5,697	\$0			\$0
Rebudget: Library-General Gifts			(\$27,956)	\$27,956	\$0			\$0
<b>AIRPORT</b>								
Rebudget: Art Work			\$7	(\$7)	\$0			\$0
Rebudget: Heliport System Plan Study			\$22	(\$22)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$295,306)</b>	<b>(\$8,142)</b>	<b>(\$303,448)</b>	<b>\$0</b>	<b>(\$303,448)</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$29,845)</b>	<b>\$0</b>	<b>(\$29,845)</b>	<b>\$273,603</b>	<b>(\$303,448)</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Housing Loans and Grants/Earned Revenue			(\$865,351)		(\$865,351)	(\$865,351)		\$0
Rehabilitation Program/Earned Revenue			(\$1,000,000)		(\$1,000,000)	(\$1,000,000)		\$0
Tenant Based Rental Assistance/Earned Revenue			(\$345,184)		(\$345,184)	(\$345,184)		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,210,535)</b>	<b>\$0</b>	<b>(\$2,210,535)</b>	<b>(\$2,210,535)</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$45)			\$45	\$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	
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				\$138,954	\$138,954		\$138,954	\$0
Retirement Contributions Reconciliation	(\$409)			\$409	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$454)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$139,408</b>	<b>\$138,954</b>	<b>\$0</b>	<b>\$138,954</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445) TOTAL</b>	<b>(\$454)</b>	<b>\$0</b>	<b>(\$2,210,535)</b>	<b>\$139,408</b>	<b>(\$2,071,581)</b>	<b>(\$2,210,535)</b>	<b>\$138,954</b>	<b>\$0</b>
<b>HOUSING TRUST FUND (440)</b>								
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$22)			\$22	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$550,080	\$550,080		\$550,080	\$0
Rebudget: Lifeline Transportation Grant Program			\$70,000	(\$35,000)	\$35,000	\$35,000		\$0
Retirement Contributions Reconciliation	(\$108)			\$108	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$130)</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$515,210</b>	<b>\$585,080</b>	<b>\$35,000</b>	<b>\$550,080</b>	<b>\$0</b>
<b>HOUSING TRUST FUND (440) TOTAL</b>	<b>(\$130)</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$515,210</b>	<b>\$585,080</b>	<b>\$35,000</b>	<b>\$550,080</b>	<b>\$0</b>
<b>ICE CENTRE REVENUE FUND (432)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$512,694	\$512,694		\$512,694	\$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	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$862)			\$862	\$0			\$0
<b>TRANSPORTATION</b>								
Retirement Contributions Reconciliation	(\$117)			\$117	\$0			\$0
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$36)			\$36	\$0			\$0
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Retirement Contributions Reconciliation	(\$126)			\$126	\$0			\$0
<b>ECONOMIC DEVELOPMENT</b>								
Retirement Contributions Reconciliation	(\$40)			\$40	\$0			\$0
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Retirement Contributions Reconciliation	(\$34)			\$34	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				(\$504,306)	(\$504,306)		(\$504,306)	\$0
Fund Balance Reconciliation - Reserve for Operations and Maintenance			(\$2,306,626)		(\$2,306,626)		(\$2,306,626)	\$0
Fund Balance Reconciliation - Retirement Pre-Payment Reserve			(\$301)		(\$301)		(\$301)	\$0
Rebudget: CEC Grant: Biomass to Energy Technology Project/Earned Revenue			\$145,492		\$145,492	\$145,492		\$0
Rebudget: Clean Creeks Healthy Communities/Earned Revenue				\$9,036	\$9,036	\$9,036		\$0
Retirement Contributions Reconciliation	(\$4,787)			\$4,787	\$0			\$0
Tech Adjust: Reserve for Operations and Maintenance to Unrestricted (Reallocation)			(\$696,295)	\$696,295	\$0			\$0
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Rebudget: Household Hazardous Waste Las Plumas Facility			\$209,000	(\$209,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$7,975)</b>	<b>\$0</b>	<b>(\$2,648,730)</b>	<b>\$0</b>	<b>(\$2,656,705)</b>	<b>\$154,528</b>	<b>(\$2,811,233)</b>	<b>\$0</b>

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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	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>INTEGRATED WASTE MGT FUND (423) TOTAL</b>	<b>(\$7,975)</b>	<b>\$6,300</b>	<b>(\$2,655,030)</b>	<b>\$0</b>	<b>(\$2,656,705)</b>	<b>\$154,528</b>	<b>(\$2,811,233)</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
Lake Cunningham Bike Park Design			\$100,000		\$100,000			\$100,000
Reserve: Lake Cunningham Bike Park			\$300,000		\$300,000			\$300,000
Reserve: Lake Cunningham Future Projects			(\$300,000)		(\$300,000)			(\$300,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$68,021	\$68,021		\$68,021	\$0
Rebudget: Lake Cunningham Parking Machines			(\$5,000)	\$5,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,000)</b>	<b>\$73,021</b>	<b>\$68,021</b>	<b>\$0</b>	<b>\$68,021</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,000</b>	<b>(\$26,979)</b>	<b>\$68,021</b>	<b>\$0</b>	<b>\$68,021</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$47)			\$47	\$0			\$0
<b>LIBRARY</b>								
Fund Balance Reconciliation				\$1,078,617	\$1,078,617		\$1,078,617	\$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	
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>LIBRARY</b>								
Retirement Contributions Reconciliation	(\$1,811)			\$1,811	\$0			\$0
<b>LIBRARY CAPITAL PROGRAM</b>								
Rebudget: Acquisition of Materials			\$310,000	(\$310,000)	\$0			\$0
Rebudget: Automation Projects and System Maintenance			\$225,000	(\$225,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$1,858)</b>	<b>\$0</b>	<b>\$535,000</b>	<b>\$545,475</b>	<b>\$1,078,617</b>	<b>\$0</b>	<b>\$1,078,617</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418) TOTAL</b>	<b>(\$1,858)</b>	<b>\$0</b>	<b>\$535,000</b>	<b>\$545,475</b>	<b>\$1,078,617</b>	<b>\$0</b>	<b>\$1,078,617</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$39,099	\$39,099		\$39,099	\$0
Retirement Contributions Reconciliation	(\$34)			\$34	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$34)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39,133</b>	<b>\$39,099</b>	<b>\$0</b>	<b>\$39,099</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156) TOTAL</b>	<b>(\$34)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39,133</b>	<b>\$39,099</b>	<b>\$0</b>	<b>\$39,099</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS FUND (352)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$144,087	\$144,087		\$144,087	\$0
Retirement Contributions Reconciliation	(\$77)			\$77	\$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	
<b>M.D. #15 SILVER CREEK FUND (368)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$659,731	\$659,731		\$659,731	\$0
Rebudget: Non-Personal/Equipment		\$105,000		(\$105,000)	\$0			\$0
Retirement Contributions Reconciliation	(\$148)			\$148	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$148)</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$554,879</b>	<b>\$659,731</b>	<b>\$0</b>	<b>\$659,731</b>	<b>\$0</b>
<b>M.D. #15 SILVER CREEK FUND (368) TOTAL</b>	<b>(\$148)</b>	<b>\$105,000</b>	<b>\$0</b>	<b>\$554,879</b>	<b>\$659,731</b>	<b>\$0</b>	<b>\$659,731</b>	<b>\$0</b>
<b>M.D. #18 MEADOWLANDS FUND (372)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				(\$2,881)	(\$2,881)		(\$2,881)	\$0
Retirement Contributions Reconciliation	(\$18)			\$18	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$18)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,863)</b>	<b>(\$2,881)</b>	<b>\$0</b>	<b>(\$2,881)</b>	<b>\$0</b>
<b>M.D. #18 MEADOWLANDS FUND (372) TOTAL</b>	<b>(\$18)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,863)</b>	<b>(\$2,881)</b>	<b>\$0</b>	<b>(\$2,881)</b>	<b>\$0</b>
<b>M.D. #19 RIVER OAKS FUND (359)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$18,435	\$18,435		\$18,435	\$0
Retirement Contributions Reconciliation	(\$10)			\$10	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$10)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,445</b>	<b>\$18,435</b>	<b>\$0</b>	<b>\$18,435</b>	<b>\$0</b>

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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	
<b>M.D. #19 RIVER OAKS FUND (359)</b>								
<b>M.D. #19 RIVER OAKS FUND (359) TOTAL</b>	<b>(\$10)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,445</b>	<b>\$18,435</b>	<b>\$0</b>	<b>\$18,435</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FUND (354)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$6,693	\$6,693		\$6,693	\$0
Retirement Contributions Reconciliation	(\$4)			\$4	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,697</b>	<b>\$6,693</b>	<b>\$0</b>	<b>\$6,693</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FUND (354) TOTAL</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,697</b>	<b>\$6,693</b>	<b>\$0</b>	<b>\$6,693</b>	<b>\$0</b>
<b>M.D. #20 RENAISSANC-N. 1ST FUND (365)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$13,914	\$13,914		\$13,914	\$0
Retirement Contributions Reconciliation	(\$4)			\$4	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,918</b>	<b>\$13,914</b>	<b>\$0</b>	<b>\$13,914</b>	<b>\$0</b>
<b>M.D. #20 RENAISSANC-N. 1ST FUND (365) TOTAL</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,918</b>	<b>\$13,914</b>	<b>\$0</b>	<b>\$13,914</b>	<b>\$0</b>
<b>M.D. #21 GATEWAY FUND (356)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$8,597	\$8,597		\$8,597	\$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	
<b>M.D. #21 GATEWAY FUND (356)</b>								
<b>TRANSPORTATION</b>								
Retirement Contributions Reconciliation	(\$14)			\$14	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$14)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,611</b>	<b>\$8,597</b>	<b>\$0</b>	<b>\$8,597</b>	<b>\$0</b>
<b>M.D. #21 GATEWAY FUND (356) TOTAL</b>	<b>(\$14)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,611</b>	<b>\$8,597</b>	<b>\$0</b>	<b>\$8,597</b>	<b>\$0</b>
<b>M.D. #22 HELLYER-FONT RD FUND (367)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$29,458	\$29,458		\$29,458	\$0
Retirement Contributions Reconciliation	(\$4)			\$4	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,462</b>	<b>\$29,458</b>	<b>\$0</b>	<b>\$29,458</b>	<b>\$0</b>
<b>M.D. #22 HELLYER-FONT RD FUND (367) TOTAL</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,462</b>	<b>\$29,458</b>	<b>\$0</b>	<b>\$29,458</b>	<b>\$0</b>
<b>M.D. #5 ORCH PKY-PLUMRIA FUND (357)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$17,186	\$17,186		\$17,186	\$0
Retirement Contributions Reconciliation	(\$12)			\$12	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$12)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,198</b>	<b>\$17,186</b>	<b>\$0</b>	<b>\$17,186</b>	<b>\$0</b>
<b>M.D. #5 ORCH PKY-PLUMRIA FUND (357) TOTAL</b>	<b>(\$12)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,198</b>	<b>\$17,186</b>	<b>\$0</b>	<b>\$17,186</b>	<b>\$0</b>

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	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #8 ZANKER-MONTAGUE FUND (361)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$13,970	\$13,970		\$13,970	\$0
Retirement Contributions Reconciliation	(\$19)			\$19	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$19)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,989</b>	<b>\$13,970</b>	<b>\$0</b>	<b>\$13,970</b>	<b>\$0</b>
<b>M.D. #8 ZANKER-MONTAGUE FUND (361) TOTAL</b>	<b>(\$19)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,989</b>	<b>\$13,970</b>	<b>\$0</b>	<b>\$13,970</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FUND (362)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$20,811	\$20,811		\$20,811	\$0
Retirement Contributions Reconciliation	(\$22)			\$22	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$22)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,833</b>	<b>\$20,811</b>	<b>\$0</b>	<b>\$20,811</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FUND (362) TOTAL</b>	<b>(\$22)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,833</b>	<b>\$20,811</b>	<b>\$0</b>	<b>\$20,811</b>	<b>\$0</b>
<b>MAJOR COLLECT &amp; ARTRLS FD (421)</b>								
<b>Clean-Up Actions</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$15,430	\$15,430		\$15,430	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,430</b>	<b>\$15,430</b>	<b>\$0</b>	<b>\$15,430</b>	<b>\$0</b>
<b>MAJOR COLLECT &amp; ARTRLS FD (421) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,430</b>	<b>\$15,430</b>	<b>\$0</b>	<b>\$15,430</b>	<b>\$0</b>

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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	
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
HOPWA SHAPSS/Earned Revenue			\$31,637		\$31,637	\$31,637		\$0
Municipal Whole House Rehabilitation Pilot Program/Earned Revenue			\$370,000		\$370,000	\$370,000		\$0
Skills to Succeed/Earned Revenue			\$200,000		\$200,000	\$200,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$601,637</b>	<b>\$0</b>	<b>\$601,637</b>	<b>\$601,637</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$82)			\$82	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$2,064,728	\$2,064,728		\$2,064,728	\$0
Rebudget: Recovery Act - Homeless Prevention and Rapid Re-Housing Program			\$790,507		\$790,507	\$790,507		\$0
Rebudget: Recovery Act - Neighborhood Stabilization Program 2			(\$2,832,322)		(\$2,832,322)	(\$2,832,322)		\$0
Rebudget: Skills to Succeed			\$50,000		\$50,000	\$50,000		\$0
Retirement Contributions Reconciliation	(\$1,242)			\$1,242	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$1,324)</b>	<b>\$0</b>	<b>(\$1,991,815)</b>	<b>\$2,066,052</b>	<b>\$72,913</b>	<b>(\$1,991,815)</b>	<b>\$2,064,728</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448) TOTAL</b>	<b>(\$1,324)</b>	<b>\$0</b>	<b>(\$1,390,178)</b>	<b>\$2,066,052</b>	<b>\$674,550</b>	<b>(\$1,390,178)</b>	<b>\$2,064,728</b>	<b>\$0</b>
<b>MUNI WATER MAJ FAC FEE FUND (502)</b>								
<b>Clean-Up Actions</b>								
<b>WATER UTILITY SYS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$506,128	\$506,128		\$506,128	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$506,128</b>	<b>\$506,128</b>	<b>\$0</b>	<b>\$506,128</b>	<b>\$0</b>

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
<b>MUNI WATER MAJ FAC FEE FUND (502)</b>								
<b>MUNI WATER MAJ FAC FEE FUND (502) TOTAL</b>	\$0	\$0	\$0	\$506,128	\$506,128	\$0	\$506,128	\$0
<b>MUNICIPAL GOLF COURSE FUND (518)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Fund Balance Reconciliation				\$47,500	\$47,500		\$47,500	\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	\$0	\$47,500	\$47,500	\$0	\$47,500	\$0
<b>MUNICIPAL GOLF COURSE FUND (518) TOTAL</b>	\$0	\$0	\$0	\$47,500	\$47,500	\$0	\$47,500	\$0
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$176,328)	(\$176,328)			(\$176,328)
Fire Construction and Conveyance Tax Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers			\$66,000		\$66,000	\$66,000		\$0
Fire Station 5 Remediation			\$89,328		\$89,328			\$89,328
Fire Station Upgrades			\$36,000		\$36,000			\$36,000
General Fund and Neighborhood Security Bond Fund Expenditures Alignment/Transfers			\$374,000		\$374,000	\$374,000		\$0
Reserve: Fire Station 37 (Willow Glen)			\$51,000		\$51,000			\$51,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$616,328	(\$176,328)	\$440,000	\$440,000	\$0	\$0
<b>Clean-Up Actions</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$229,328	\$229,328		\$229,328	\$0
Rebudget: Fire Station 19 - Relocation (Piedmont)			\$5,000	(\$5,000)	\$0			\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Rebudget: Fire Station 21 - Relocation (White Road)			\$48,000	(\$48,000)	\$0			\$0
Rebudget: Fire Station Upgrades			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Public Art - Fire Bond Projects			\$2,000	(\$2,000)	\$0			\$0
Rebudget: South San José Police Substation			(\$10,000)	\$10,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,000</b>	<b>\$176,328</b>	<b>\$229,328</b>	<b>\$0</b>	<b>\$229,328</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$669,328</b>	<b>\$0</b>	<b>\$669,328</b>	<b>\$440,000</b>	<b>\$229,328</b>	<b>\$0</b>
<b>PARKING CAPITAL DEV FUND (556)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$18,604	\$18,604		\$18,604	\$0
Tech Adjust: Transfer to the General Purpose Parking Fund (completes close-out of fund as approved in 2012-2013 Adopted Budget)			\$18,604	(\$18,604)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>
<b>PARKING CAPITAL DEV FUND (556) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>	<b>\$18,604</b>	<b>\$0</b>
<b>PARKS &amp; REC BOND PROJ FD (471)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$147,486)	(\$147,486)		(\$147,486)	\$0
Fund Balance Reconciliation: Reserve: Contingency Reserve - Parks and Recreation Bond Projects			(\$116,486)	\$116,486	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Renovation and Improvements			(\$35,000)	\$35,000	\$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	
<b>PARKS &amp; REC BOND PROJ FD (471)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: Public Art - Parks and Recreation Bond Projects			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Soccer Complex			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Softball Complex			\$5,000	(\$5,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>
<b>PARKS &amp; REC BOND PROJ FD (471) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>	<b>(\$147,486)</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Compensated Absences Liability			\$700,000		\$700,000			\$700,000
Ending Fund Balance Adjustment				(\$700,000)	(\$700,000)			(\$700,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$700,000</b>	<b>(\$700,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$110)			\$110	\$0			\$0
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$35)			\$35	\$0			\$0
<b>PUBLIC WORKS</b>								
Fund Balance Reconciliation				(\$489,539)	(\$489,539)		(\$489,539)	\$0
Retirement Contributions Reconciliation	(\$2,930)			\$2,930	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$3,075)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$486,464)</b>	<b>(\$489,539)</b>	<b>\$0</b>	<b>(\$489,539)</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>								
<b>PUBLIC WKS PRO SUPPORT FD (150) TOTAL</b>	<b>(\$3,075)</b>	<b>\$0</b>	<b>\$700,000</b>	<b>(\$1,186,464)</b>	<b>(\$489,539)</b>	<b>\$0</b>	<b>(\$489,539)</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420)</b>								
<b>Clean-Up Actions</b>								
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$184,179	\$184,179		\$184,179	\$0
Rebudget: Reimbursement to Developers for Center Strip Paving			(\$3,000)	\$3,000	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,000)</b>	<b>\$187,179</b>	<b>\$184,179</b>	<b>\$0</b>	<b>\$184,179</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,000)</b>	<b>\$187,179</b>	<b>\$184,179</b>	<b>\$0</b>	<b>\$184,179</b>	<b>\$0</b>
<b>SAN JOSE DIRIDON DVLPT AUTH FD (482)</b>								
<b>Clean-Up Actions</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation				\$17,391	\$17,391		\$17,391	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,391</b>	<b>\$17,391</b>	<b>\$0</b>	<b>\$17,391</b>	<b>\$0</b>
<b>SAN JOSE DIRIDON DVLPT AUTH FD (482) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,391</b>	<b>\$17,391</b>	<b>\$0</b>	<b>\$17,391</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Clean-Up Actions</b>								
<b>SANITARY SEWER CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$5,088,113	\$5,088,113		\$5,088,113	\$0
Rebudget: Mackey Avenue Sanitary Sewer Rehabilitation			\$1,116,000	(\$1,116,000)	\$0			\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>SANITARY SEWER CAPITAL PROGRAM</b>								
Rebudget: Myrtle Avenue Sanitary Sewer Improvements			(\$134,000)	\$134,000	\$0			\$0
Rebudget: North San José Sanitary Sewer Improvements			\$212,000	(\$212,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Urgent Rehabilitation and Repair Projects			\$350,000	(\$350,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,584,000</b>	<b>\$3,504,113</b>	<b>\$5,088,113</b>	<b>\$0</b>	<b>\$5,088,113</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,584,000</b>	<b>\$3,504,113</b>	<b>\$5,088,113</b>	<b>\$0</b>	<b>\$5,088,113</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Non-Personal/Equipment (PWCAP Rate Increase)		\$6,300			\$6,300			\$6,300
<b>ENVIRONMENTAL SERVICES</b>								
ESD Non-Personal/Equipment (Financial Advisor Services Agreement)		\$50,000			\$50,000			\$50,000
Ending Fund Balance Adjustment				(\$56,300)	(\$56,300)			(\$56,300)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$56,300</b>	<b>\$0</b>	<b>(\$56,300)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY MANAGER</b>								
Retirement Contributions Reconciliation	(\$7)			\$7	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Retirement Contributions Reconciliation	(\$255)			\$255	\$0			\$0
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation	(\$355)			\$355	\$0			\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>CITY AUDITOR</b>								
Retirement Contributions Reconciliation	(\$6)			\$6	\$0			\$0
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$22)			\$22	\$0			\$0
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$331)			\$331	\$0			\$0
<b>TRANSPORTATION</b>								
Retirement Contributions Reconciliation	(\$6,896)			\$6,896	\$0			\$0
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$1,208)			\$1,208	\$0			\$0
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Retirement Contributions Reconciliation	(\$52)			\$52	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$654,162	\$654,162		\$654,162	\$0
Retirement Contributions Reconciliation	(\$637)			\$637	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$9,769)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$663,931</b>	<b>\$654,162</b>	<b>\$0</b>	<b>\$654,162</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541) TOTAL</b>	<b>(\$9,769)</b>	<b>\$56,300</b>	<b>\$0</b>	<b>\$607,631</b>	<b>\$654,162</b>	<b>\$0</b>	<b>\$654,162</b>	<b>\$0</b>

**SEWER SVC & USE CHG CAP FD (545)**

**Budget Adjustments**

**SANITARY SEWER CAPITAL PROGRAM**

Capital Program and Public Works Department Support Service Costs			\$600,000		\$600,000			\$600,000
Ending Fund Balance Adjustment				(\$600,000)	(\$600,000)			(\$600,000)

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>	<b>(\$600,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>SANITARY SEWER CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$12,531,943	\$12,531,943		\$12,531,943	\$0
Rebudget: 30" Old Bayshore Supplement			\$10,000	(\$10,000)	\$0			\$0
Rebudget: 60" Brick Interceptor, Phase VIA and VIB			\$202,000	(\$202,000)	\$0			\$0
Rebudget: Almaden Expressway Sanitary Sewer Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Coleman Road Sanitary Sewer Improvements			\$32,000	(\$32,000)	\$0			\$0
Rebudget: Condition Assessment Sewer Repairs			\$900,000	(\$900,000)	\$0			\$0
Rebudget: East Hills Drive - White Road Sanitary Sewer Improvements			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Flow Monitoring Program (Master Planning)			\$435,000	(\$435,000)	\$0			\$0
Rebudget: Fourth Major Interceptor, Phase IIB/IIIB			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Gold Street Sanitary Sewer Extension			\$150,000	(\$150,000)	\$0			\$0
Rebudget: Infrastructure - Sanitary Sewer Condition Assessment			\$169,000	(\$169,000)	\$0			\$0
Rebudget: Monterey-Riverside Relief Sanitary Sewer			(\$38,000)	\$38,000	\$0			\$0
Rebudget: Monterey-Riverside Sanitary Sewer, Phase V			\$281,000	(\$281,000)	\$0			\$0
Rebudget: Moorpark-Meridian Trunk Sewer Rehabilitation, Phase III			\$250,000	(\$250,000)	\$0			\$0
Rebudget: Naglee Avenue Sanitary Sewer Replacement			\$25,000	(\$25,000)	\$0			\$0
Rebudget: Reinforced Concrete Pipe Rehabilitation Program			\$700,000	(\$700,000)	\$0			\$0
Rebudget: Sanitary Sewer Condition Assessments - Phase II			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement			\$3,419,000	(\$3,419,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,888,000</b>	<b>\$5,643,943</b>	<b>\$12,531,943</b>	<b>\$0</b>	<b>\$12,531,943</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,488,000</b>	<b>\$5,043,943</b>	<b>\$12,531,943</b>	<b>\$0</b>	<b>\$12,531,943</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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		
<b>SJ ARENA ENHANCEMENT FUND (301)</b>									
<b>Clean-Up Actions</b>									
<b>ECONOMIC DEVELOPMENT</b>									
Fund Balance Reconciliation - HP Improvements - Debt Service				(\$243)		(\$243)		(\$243)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ ARENA ENHANCEMENT FUND (301) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>(\$243)</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>									
<b>Budget Adjustments</b>									
<b>WATER POLLUTION CONTROL CAP PRGM</b>									
Ending Fund Balance Adjustment				(\$107,000)		(\$107,000)			(\$107,000)
Recovery Act - South Bay Water Recycling Phase IC				\$10,000		\$10,000			\$10,000
SBWR Master Plan				\$97,000		\$97,000			\$97,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$107,000</b>	<b>(\$107,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>									
<b>WATER POLLUTION CONTROL CAP PRGM</b>									
Fund Balance Reconciliation				\$9,678,946		\$9,678,946		\$9,678,946	\$0
Rebudget: Plant Master Plan				(\$20,000)	\$20,000	\$0			\$0
Rebudget: Public Art				(\$41,000)	\$41,000	\$0			\$0
Rebudget: Recovery Act - South Bay Water Recycling Phase IC				\$14,000	(\$14,000)	\$0			\$0
Rebudget: SBWR Extension				(\$306,000)	\$306,000	\$0			\$0
Rebudget: SBWR Master Plan				(\$1,000)	\$1,000	\$0			\$0
Rebudget: SBWR Reservoir Facility				(\$28,000)	\$28,000	\$0			\$0
Rebudget: Secondary and Nitrification Clarifier Rehabilitation				(\$6,000)	\$6,000	\$0			\$0
Tech Adjust: Plant Backup Water Supply (Retitle from SBWR Backup Water Supply)						\$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	
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$203)			\$203	\$0			\$0
<b>ECONOMIC DEVELOPMENT</b>								
Retirement Contributions Reconciliation	(\$31)			\$31	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$5,046,377	\$5,046,377		\$5,046,377	\$0
Retirement Contributions Reconciliation	(\$30,103)			\$30,103	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$30,986)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,077,363</b>	<b>\$5,046,377</b>	<b>\$0</b>	<b>\$5,046,377</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513) TOTAL</b>	<b>(\$30,986)</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$4,077,363</b>	<b>\$5,046,377</b>	<b>\$0</b>	<b>\$5,046,377</b>	<b>\$0</b>
<b>SJ-SC TRTMNT PLNT INC FUND (514)</b>								
<b>Clean-Up Actions</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$26	\$26		\$26	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26</b>	<b>\$26</b>	<b>\$0</b>	<b>\$26</b>	<b>\$0</b>
<b>SJ-SC TRTMNT PLNT INC FUND (514) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26</b>	<b>\$26</b>	<b>\$0</b>	<b>\$26</b>	<b>\$0</b>
<b>STATE DRUG FORF FUND (417)</b>								
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				(\$189,038)	(\$189,038)		(\$189,038)	\$0
Reserve - Police Substation FF&E Reconciliation				\$186,000	\$186,000		\$186,000	\$0



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Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>STORM DRAINAGE FEE FUND (413)</b>								
<b>STORM DRAINAGE FEE FUND (413) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,505</b>	<b>\$42,505</b>	<b>\$0</b>	<b>\$42,505</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FUND (469)</b>								
<b>Clean-Up Actions</b>								
<b>STORM SEWER CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$2,851,067	\$2,851,067		\$2,851,067	\$0
Rebudget: Alviso Storm Network Infiltration Control			\$99,000	(\$99,000)	\$0			\$0
Rebudget: Alviso Storm Rehabilitation			\$98,000	(\$98,000)	\$0			\$0
Rebudget: Creek Channel Stabilization			\$37,000	(\$37,000)	\$0			\$0
Rebudget: El Dorado Street Storm Sewer Improvements			\$265,000	(\$265,000)	\$0			\$0
Rebudget: Gateway East Storm Sewer Improvements			\$47,000	(\$47,000)	\$0			\$0
Rebudget: Gold Street Storm Drainage Improvements			\$358,000	(\$358,000)	\$0			\$0
Rebudget: Gold Street Storm Pump Station Force Main			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Lower Bird Avenue Storm Sewer Improvements			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Outfall Rehabilitation - Capital			\$250,000	(\$250,000)	\$0			\$0
Rebudget: Permit Review and Inspection for Outside Agencies			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Storm Pump Station Rehabilitation and Replacement			(\$234,000)	\$234,000	\$0			\$0
Rebudget: Storm Sewer Improvements - Special Corridors			\$143,000	(\$143,000)	\$0			\$0
Rebudget: Storm Sewer Master Plan - City-wide			\$418,000	(\$418,000)	\$0			\$0
Rebudget: Storm Sewer Master Plan - North San José			\$277,000	(\$277,000)	\$0			\$0
Rebudget: Storm/Sanitary Sewer Separation			(\$24,000)	\$24,000	\$0			\$0
Rebudget: Tools and Equipment			\$79,000	(\$79,000)	\$0			\$0
Rebudget: Urgent Flood Prevention and Repair Projects			\$139,000	(\$139,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,064,000</b>	<b>\$787,067</b>	<b>\$2,851,067</b>	<b>\$0</b>	<b>\$2,851,067</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FUND (469) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,064,000</b>	<b>\$787,067</b>	<b>\$2,851,067</b>	<b>\$0</b>	<b>\$2,851,067</b>	<b>\$0</b>

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	
<b>STORM SEWER OPERATING FD (446)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Ending Fund Balance Adjustment				(\$12,000)	(\$12,000)			(\$12,000)
Non-Personal/Equipment (PWCAP Rate Increase)		\$12,000			\$12,000			\$12,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$12,000</b>	<b>\$0</b>	<b>(\$12,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>INFORMATION TECHNOLOGY</b>								
Retirement Contributions Reconciliation	(\$160)			\$160	\$0			\$0
<b>CITY AUDITOR</b>								
Retirement Contributions Reconciliation	(\$8)			\$8	\$0			\$0
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$34)			\$34	\$0			\$0
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$33)			\$33	\$0			\$0
<b>TRANSPORTATION</b>								
Retirement Contributions Reconciliation	(\$3,555)			\$3,555	\$0			\$0
<b>PUBLIC WORKS</b>								
Retirement Contributions Reconciliation	(\$444)			\$444	\$0			\$0
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Retirement Contributions Reconciliation	(\$53)			\$53	\$0			\$0
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Retirement Contributions Reconciliation	(\$100)			\$100	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$1,394,263	\$1,394,263		\$1,394,263	\$0
Retirement Contributions Reconciliation	(\$4,285)			\$4,285	\$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	
<b>STORM SEWER OPERATING FD (446)</b>								
<b>Clean-Up Actions Total</b>	<b>(\$8,672)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,402,935</b>	<b>\$1,394,263</b>	<b>\$0</b>	<b>\$1,394,263</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446) TOTAL</b>	<b>(\$8,672)</b>	<b>\$12,000</b>	<b>\$0</b>	<b>\$1,390,935</b>	<b>\$1,394,263</b>	<b>\$0</b>	<b>\$1,394,263</b>	<b>\$0</b>

**SUBDIVISION PARK TRUST FUND (375)**

**Budget Adjustments**

**PARKS & COMM FAC DEV CAPITAL PROGRAM**

Reserve: North San José Land Acquisition			\$845,000		\$845,000			\$845,000
Transfer from Council District 4 Construction and Conveyance Tax Fund					\$0	\$845,000		(\$845,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$845,000</b>	<b>\$0</b>	<b>\$845,000</b>	<b>\$845,000</b>	<b>\$0</b>	<b>\$0</b>

**Clean-Up Actions**

**PARKS & COMM FAC DEV CAPITAL PROGRAM**

Fund Balance Reconciliation				\$195,376	\$195,376		\$195,376	\$0
Fund Balance Reconciliation: Reserve: Future PDO/PIO Projects			\$4,049,376	(\$4,049,376)	\$0			\$0
Rebudget: Allen at Steinbeck School Soccer Field			(\$19,000)	\$19,000	\$0			\$0
Rebudget: Almaden Lake Park Playground Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Alviso Area Minor Improvements			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Backesto Park Improvements			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Basking Ridge Tot Lot Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bernal Park Expansion Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Berryessa Community Center Sidewalk Improvements			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Buena Vista Park Expansion			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Calabazas Park Playground Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Camden Community Center Restroom Renovation and Minor Improvements			\$6,000	(\$6,000)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
<b>SUBDIVISION PARK TRUST FUND (375)</b>							
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>							
Rebudget: Cataldi Park Minor Improvements			\$10,000	(\$10,000)	\$0		\$0
Rebudget: Cimarron Park Minor Improvements			(\$11,000)	\$11,000	\$0		\$0
Rebudget: Columbus Park Restroom and Ball Fields Public Art			\$1,000	(\$1,000)	\$0		\$0
Rebudget: Commodore Children's Park			(\$100,000)	\$100,000	\$0		\$0
Rebudget: Coy Park Playground Renovation			(\$15,000)	\$15,000	\$0		\$0
Rebudget: Cypress Senior Center Minor Improvements			(\$3,000)	\$3,000	\$0		\$0
Rebudget: Evergreen Community Center Expansion Public Art			\$1,000	(\$1,000)	\$0		\$0
Rebudget: Evergreen Park Minor Improvements			(\$2,000)	\$2,000	\$0		\$0
Rebudget: Hillview Park Minor Improvements			(\$2,000)	\$2,000	\$0		\$0
Rebudget: Kirk Community Center Renovation Fixtures, Furnishings and Equipment			\$5,000	(\$5,000)	\$0		\$0
Rebudget: Metcalf Park Perimeter Fencing			\$10,000	(\$10,000)	\$0		\$0
Rebudget: Mise Park Sports Field Development			(\$1,610,000)	\$1,610,000	\$0		\$0
Rebudget: Newhall Neighborhood Park			(\$10,000)	\$10,000	\$0		\$0
Rebudget: Noble Park Minor Improvements			\$3,000	(\$3,000)	\$0		\$0
Rebudget: PDO Valuation Updates			\$8,000	(\$8,000)	\$0		\$0
Rebudget: Penitencia Creek Park Playground Renovation			\$85,000	(\$85,000)	\$0		\$0
Rebudget: Santana Park Development			\$1,000,000	(\$1,000,000)	\$0		\$0
Rebudget: Seven Trees Community Center - Multi-Service			(\$25,000)	\$25,000	\$0		\$0
Rebudget: Southside Community Center Minor Improvements			(\$6,000)	\$6,000	\$0		\$0
Rebudget: TRAIL: Bay Trail Reach 9 (Gold Street to San Tomas Aquino)			\$25,000	(\$25,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman Drive)			\$10,000	(\$10,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 to Story Road)			\$3,000	(\$3,000)	\$0		\$0
Rebudget: TRAIL: Doerr Parkway Design			(\$43,000)	\$43,000	\$0		\$0
Rebudget: TRAIL: Guadalupe River (Branham Lane to Chynoweth Avenue)			\$19,000	(\$19,000)	\$0		\$0
Rebudget: TRAIL: Highway 237 Bikeway			(\$13,000)	\$13,000	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design			\$12,000	(\$12,000)	\$0		\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Rebudget: TRAIL: Lower Guadalupe River (Gold Street to Highway 880)			(\$3,213,000)	\$3,213,000		\$0		\$0
Rebudget: TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)			\$6,000	(\$6,000)		\$0		\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			\$8,000	(\$8,000)		\$0		\$0
Rebudget: TRAIL: Thompson Creek (Aborn Road to Tully Road)			(\$5,000)	\$5,000		\$0		\$0
Rebudget: TRAIL: Three Creeks Interim Improvements and Trestle Bridge			(\$18,000)	\$18,000		\$0		\$0
Rebudget: Wilcox Park Minor Improvements			(\$1,000)	\$1,000		\$0		\$0
Rebudget: Willow Glen Community Center Minor Improvements			(\$10,000)	\$10,000		\$0		\$0
Tech Adjust: TRAIL: Thompson Creek (Aborn Road to Tully Road)			(\$280,000)	\$280,000		\$0		\$0
Tech Adjust: TRAIL: Thompson Creek (Tully Road to Quimby Road)			\$280,000	(\$280,000)		\$0		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$195,376</b>	<b>\$0</b>	<b>\$195,376</b>	<b>\$0</b>	<b>\$195,376</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,040,376</b>	<b>\$0</b>	<b>\$1,040,376</b>	<b>\$845,000</b>	<b>\$195,376</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$2,263)	(\$2,263)			(\$2,263)
SLES Grant 2009-2011			\$2,123		\$2,123			\$2,123
SLES Grant 2011-2013/Earned Revenue			\$742,061		\$742,061	\$741,921		\$140
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$744,184</b>	<b>(\$2,263)</b>	<b>\$741,921</b>	<b>\$741,921</b>	<b>\$0</b>	<b>\$0</b>

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	
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				\$5,638	\$5,638		\$5,638	\$0
Rebudget: SLES Grant 2010-2012			\$4,267	(\$4,267)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,267</b>	<b>\$1,371</b>	<b>\$5,638</b>	<b>\$0</b>	<b>\$5,638</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$748,451</b>	<b>(\$892)</b>	<b>\$747,559</b>	<b>\$741,921</b>	<b>\$5,638</b>	<b>\$0</b>
<b>SVCS FOR REDEV CAPITAL PROJ FD (450)</b>								
<b>Clean-Up Actions</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$2,424	\$2,424		\$2,424	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,424</b>	<b>\$2,424</b>	<b>\$0</b>	<b>\$2,424</b>	<b>\$0</b>
<b>SVCS FOR REDEV CAPITAL PROJ FD (450) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,424</b>	<b>\$2,424</b>	<b>\$0</b>	<b>\$2,424</b>	<b>\$0</b>
<b>SWG TRMNT PLNT CON FEE FD (539)</b>								
<b>Clean-Up Actions</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				(\$41,650)	(\$41,650)		(\$41,650)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$41,650)</b>	<b>(\$41,650)</b>	<b>\$0</b>	<b>(\$41,650)</b>	<b>\$0</b>
<b>SWG TRMNT PLNT CON FEE FD (539) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$41,650)</b>	<b>(\$41,650)</b>	<b>\$0</b>	<b>(\$41,650)</b>	<b>\$0</b>

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Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
<b>Budget Adjustments</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Cultural Grants			\$449,046		\$449,046			\$449,046
<b>CONVENTION FACILITIES DEPT</b>								
Convention and Visitor's Bureau			\$449,046		\$449,046			\$449,046
Ending Fund Balance				(\$1,219,930)	(\$1,219,930)			(\$1,219,930)
Transfer to the Convention and Cultural Affairs Fund			\$898,092		\$898,092			\$898,092
Transient Occupancy Tax Collections					\$0	\$576,254		(\$576,254)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,796,184</b>	<b>(\$1,219,930)</b>	<b>\$576,254</b>	<b>\$576,254</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$2,092,972	\$2,092,972		\$2,092,972	\$0
<b>ECONOMIC DEVELOPMENT</b>								
Cultural Grants (from Retirement Contributions Reconciliation)			\$715		\$715			\$715
Rebudget: Cultural Grants			\$716,838	(\$716,838)	\$0			\$0
Rebudget: Cultural Grants (From Cultural Grants Administration)			\$154,637	(\$154,637)	\$0			\$0
Retirement Contributions Reconciliation - Cultural Grants Administration			(\$715)		(\$715)			(\$715)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$871,475</b>	<b>\$1,221,497</b>	<b>\$2,092,972</b>	<b>\$0</b>	<b>\$2,092,972</b>	<b>\$0</b>
<b>TRANSIENT OCCUPANCY TX FD (461) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,667,659</b>	<b>\$1,567</b>	<b>\$2,669,226</b>	<b>\$576,254</b>	<b>\$2,092,972</b>	<b>\$0</b>

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
<b>UNDERGROUND UTILITY FUND (416)</b>								
<b>Clean-Up Actions</b>								
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$133,757	\$133,757		\$133,757	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$133,757</b>	<b>\$133,757</b>	<b>\$0</b>	<b>\$133,757</b>	<b>\$0</b>
<b>UNDERGROUND UTILITY FUND (416) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$133,757</b>	<b>\$133,757</b>	<b>\$0</b>	<b>\$133,757</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$112,999	\$112,999		\$112,999	\$0
Retirement Contributions Reconciliation	(\$73)			\$73	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$73)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,072</b>	<b>\$112,999</b>	<b>\$0</b>	<b>\$112,999</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157) TOTAL</b>	<b>(\$73)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,072</b>	<b>\$112,999</b>	<b>\$0</b>	<b>\$112,999</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Compensated Absences Liability			\$121,000		\$121,000			\$121,000
Diesel Retrofit Mandate			\$1,200		\$1,200			\$1,200
Ending Fund Balance Adjustment			(\$122,200)		(\$122,200)			(\$122,200)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$122,200</b>	<b>(\$122,200)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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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	
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$49)			\$49	\$0			\$0
<b>PUBLIC WORKS</b>								
Fund Balance Reconciliation				(\$287,012)	(\$287,012)		(\$287,012)	\$0
Retirement Contributions Reconciliation	(\$4,766)			\$4,766	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$4,815)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$282,197)</b>	<b>(\$287,012)</b>	<b>\$0</b>	<b>(\$287,012)</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552) TOTAL</b>	<b>(\$4,815)</b>	<b>\$0</b>	<b>\$122,200</b>	<b>(\$404,397)</b>	<b>(\$287,012)</b>	<b>\$0</b>	<b>(\$287,012)</b>	<b>\$0</b>
<b>WATER UTILITY CAPITAL FUND (500)</b>								
<b>Budget Adjustments</b>								
<b>WATER UTILITY SYS CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$163,000)	(\$163,000)			(\$163,000)
Infrastructure Improvements			\$163,000		\$163,000			\$163,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$163,000</b>	<b>(\$163,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>WATER UTILITY SYS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$347,355	\$347,355		\$347,355	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$347,355</b>	<b>\$347,355</b>	<b>\$0</b>	<b>\$347,355</b>	<b>\$0</b>
<b>WATER UTILITY CAPITAL FUND (500) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$163,000</b>	<b>\$184,355</b>	<b>\$347,355</b>	<b>\$0</b>	<b>\$347,355</b>	<b>\$0</b>

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Recommended Budget Adjustments and Clean-Up/Rebudget 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	
<b>WATER UTILITY FUND (515)</b>								
<b>Clean-Up Actions</b>								
<b>INFORMATION TECHNOLOGY</b>								
Retirement Contributions Reconciliation	(\$174)			\$174	\$0			\$0
<b>CITY AUDITOR</b>								
Retirement Contributions Reconciliation	(\$4)			\$4	\$0			\$0
<b>HUMAN RESOURCES</b>								
Retirement Contributions Reconciliation	(\$9)			\$9	\$0			\$0
<b>FINANCE</b>								
Retirement Contributions Reconciliation	(\$185)			\$185	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$1,182,452	\$1,182,452		\$1,182,452	\$0
Retirement Contributions Reconciliation	(\$2,345)			\$2,345	\$0			\$0
Tech Adjust: Unrestricted to Reserve for Operations and Maintenance (Reallocation)			\$1,185,169	(\$1,185,169)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$2,717)</b>	<b>\$0</b>	<b>\$1,185,169</b>	<b>\$0</b>	<b>\$1,182,452</b>	<b>\$0</b>	<b>\$1,182,452</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515) TOTAL</b>	<b>(\$2,717)</b>	<b>\$0</b>	<b>\$1,185,169</b>	<b>\$0</b>	<b>\$1,182,452</b>	<b>\$0</b>	<b>\$1,182,452</b>	<b>\$0</b>

**WORKFORCE INVSTMNT ACT FD (290)**

**Budget Adjustments**

**ECONOMIC DEVELOPMENT**

Adult Workers Program/Earned Revenue			(\$465,692)		(\$465,692)	(\$465,692)		\$0
Dislocated Workers Program/Earned Revenue			(\$568,030)		(\$568,030)	(\$568,030)		\$0
National Emergency Grant Dislocated Workers – NUMMI/Earned Revenue			\$449,109		\$449,109	\$449,109		\$0
Rapid Response Grant/Earned Revenue			\$226,017		\$226,017	\$226,017		\$0
Reserve for Program Allocation/Earned Revenue				\$459,524	\$459,524	\$459,524		\$0

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
Annual Report 2011-2012**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Youth Workers Program/Earned Revenue			(\$497,697)		(\$497,697)	(\$497,697)		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$856,293)</b>	<b>\$459,524</b>	<b>(\$396,769)</b>	<b>(\$396,769)</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Retirement Contributions Reconciliation			(\$128)	\$128	\$0			\$0
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation				(\$297,748)	(\$297,748)		(\$297,748)	\$0
Rebudget: Administration			\$104,983		\$104,983	\$104,983		\$0
Rebudget: Adult Workers Program			\$945,972		\$945,972	\$945,972		\$0
Rebudget: BusinessOwnerSpace.com Network			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Cisco Systems Layoff Award Grant			\$22,609		\$22,609	\$22,609		\$0
Rebudget: Dislocated Workers Program			\$2,214,704		\$2,214,704	\$2,214,704		\$0
Rebudget: National Emergency Grant Dislocated Workers - NUMMI			(\$23,694)		(\$23,694)	(\$23,694)		\$0
Rebudget: Rapid Response Grant			\$106		\$106	\$106		\$0
Rebudget: Recovery Act - OJT NEG Grant			\$10,000		\$10,000	\$10,000		\$0
Rebudget: Youth Workers Program			\$1,259,447		\$1,259,447	\$1,259,447		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,538,999</b>	<b>(\$302,620)</b>	<b>\$4,236,379</b>	<b>\$4,534,127</b>	<b>(\$297,748)</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,682,706</b>	<b>\$156,904</b>	<b>\$3,839,610</b>	<b>\$4,137,358</b>	<b>(\$297,748)</b>	<b>\$0</b>

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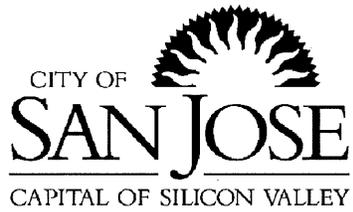
**2011-2012**

**ANNUAL**

**REPORT**

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**V. FINANCIAL  
STATEMENTS**



**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 12 Months Ended June 30, 2012  
Fiscal Year 2011-12  
(*UNAUDITED*)

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 12 Months Ended June 30, 2012**  
**Fiscal Year 2011-12**  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 12 Months Ended June 30, 2012**  
**Fiscal Year 2011-12**  
*(UNAUDITED)*

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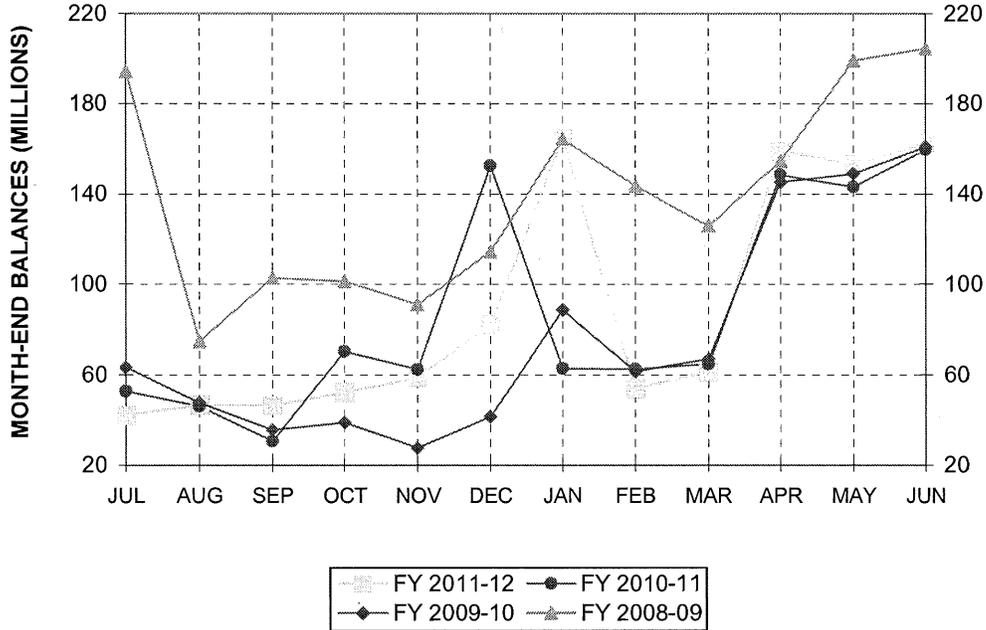
Submitted by:



JULIA H. COOPER  
Acting Director, Finance Department



**GENERAL FUND  
Comparison of Cash Balances**



**GENERAL FUND MONTHLY CASH BALANCES**

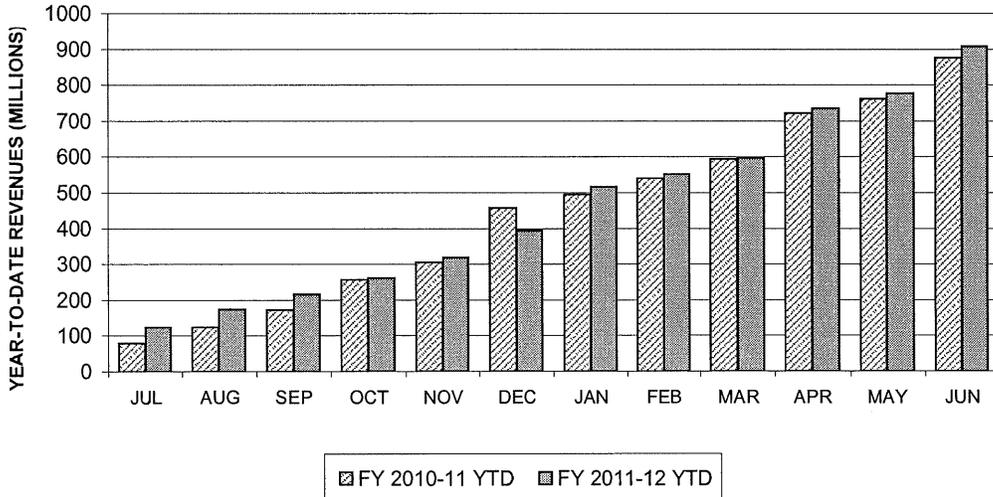
MONTH	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09
JULY (1)	\$ 41,946,493	\$ 52,614,304	\$ 63,344,537	\$ 194,527,843
AUGUST (1)	46,502,235	45,992,983	47,689,216	74,677,718
SEPTEMBER	46,218,737	30,525,385	35,662,298	102,811,355
OCTOBER	52,097,481	70,246,706	38,946,966	101,433,688
NOVEMBER	58,833,627	62,333,059	27,736,074	90,892,525
DECEMBER (2)	82,304,186	152,493,162	41,491,217	114,535,815
JANUARY (3)	164,958,541	62,749,463	88,749,418	164,539,700
FEBRUARY (3)	54,118,810	62,572,017	61,606,869	143,802,507
MARCH	61,586,562	64,768,564	66,979,823	125,900,953
APRIL	159,137,277	148,465,097	145,213,763	154,701,704
MAY	153,526,766	143,186,930	149,064,276	199,321,150
JUNE	162,325,519	159,719,466	161,013,785	204,474,123

Note: (1) The General Fund cash balance decrease in July 2011 (also in August 2008, July 2009 and July 2010) 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.

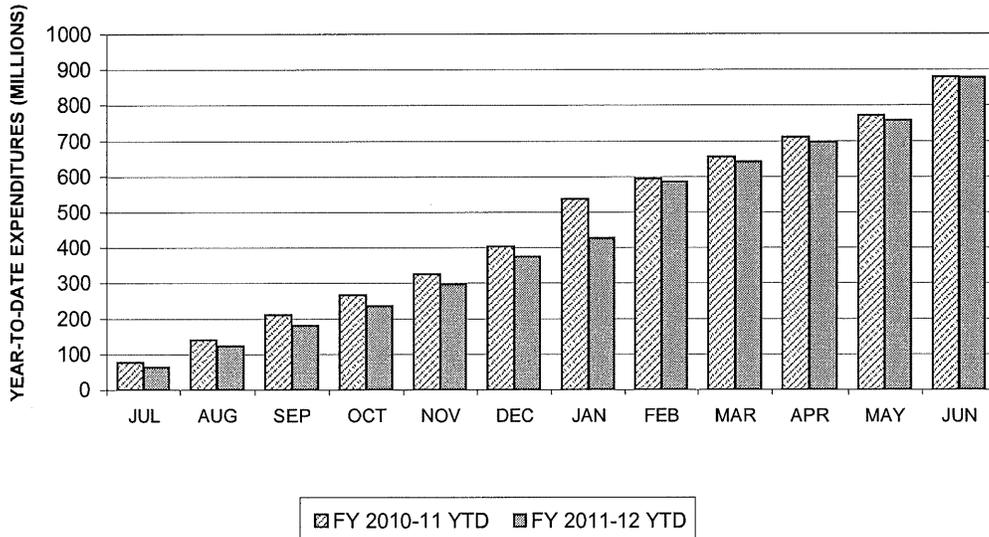
Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the timing of the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue. These revenues are typically posted in January each year.

Note: (3) The General Fund cash balance decrease in January 2011 and February 2012 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANs) in the amount of \$75 million and \$100 million, respectively.

**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



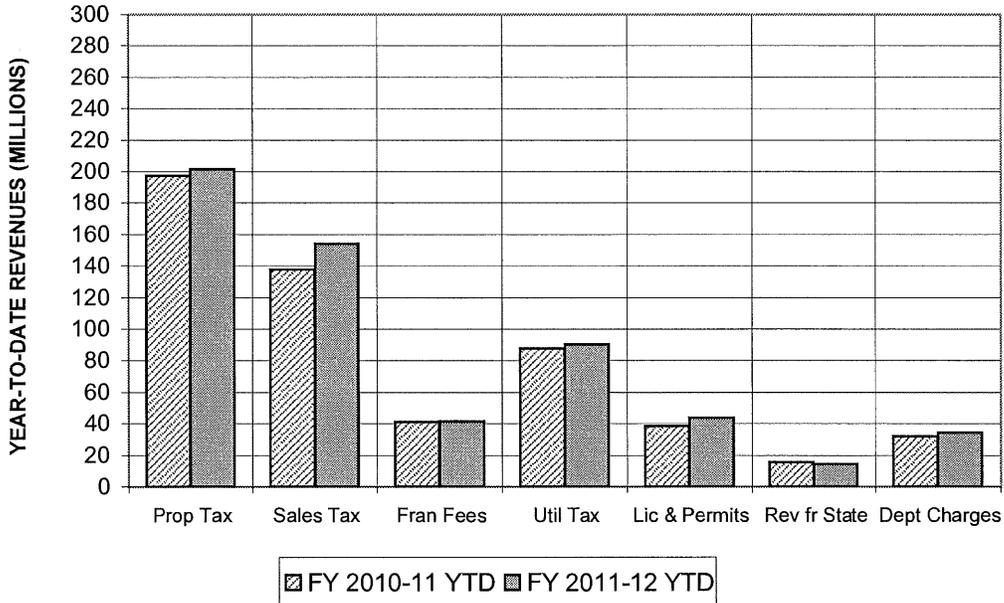
**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**



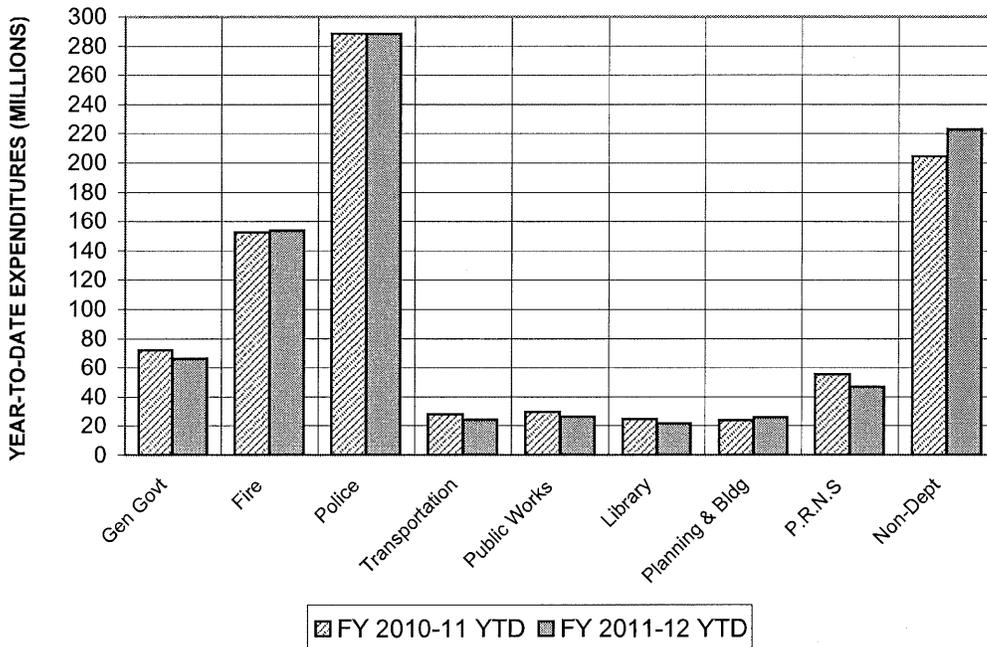
General Fund Revenue includes issuance of Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million (\$40 million in July 2010 and \$35 million in October 2010) and \$100 million in July 2011 for cash flow borrowing.

General Fund Expenditures includes repayment of TRANS in the amount of \$75 million in January 2011 and \$100 million in February 2012.

**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 12 Months Ended June 30, 2012**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 12 Months Ended June 30, 2012**



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2012**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 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
<b>Fund Balance</b>											
Prior Year Encumbrances	\$ -	-	17,656	17,656	17,656	100.00%	15,717	100.00%	15,717	1,939	12.34%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	4,918	100.00%	4,918	(4,918)	(1.00)
Available Balance	121,061	16,476	-	137,537	137,537	100.00%	141,484	100.00%	141,484	(3,947)	-2.79%
<b>Total Fund Balance</b>	<b>121,061</b>	<b>16,476</b>	<b>17,656</b>	<b>155,193</b>	<b>155,193</b>	<b>100.00%</b>	<b>162,119</b>	<b>100.00%</b>	<b>162,119</b>	<b>(6,926)</b>	<b>-4.27%</b>
<b>General Revenues</b>											
Property Tax	201,454	(1,179)	-	200,275	201,712	100.72%	197,177	100.00%	197,177	4,535	2.30%
Sales Tax (Note 1)	140,906	14,484	-	155,390	154,027	99.12%	137,970	100.00%	137,970	16,057	11.64%
Telephone Line Tax	20,525	-	-	20,525	20,529	100.02%	20,643	100.00%	20,643	(114)	-0.55%
Transient Occupancy Tax	7,202	1,098	-	8,300	8,984	108.24%	7,222	100.00%	7,222	1,762	24.40%
Franchise Fees	43,025	(1,225)	-	41,800	41,709	99.78%	41,273	100.00%	41,273	436	1.06%
Utility Tax	88,035	2,960	-	90,995	90,383	99.33%	87,885	100.00%	87,885	2,498	2.84%
Business Taxes	38,795	2,179	-	40,974	41,134	100.39%	37,959	100.00%	37,959	3,175	8.36%
Licenses and Permits	34,567	7,557	-	42,124	43,838	104.07%	38,735	100.00%	38,735	5,103	13.17%
Fines, Forfeits and Penalties	17,471	150	-	17,621	18,358	104.18%	17,926	100.00%	17,926	432	2.41%
Use of Money and Property	2,413	561	-	2,974	3,059	102.86%	3,635	100.00%	3,635	(576)	-15.85%
Revenue from Local Agencies	19,331	14,032	-	33,363	30,178	90.45%	44,075	100.00%	44,075	(13,897)	-31.53%
Revenue from State of Cal.	14,465	170	-	14,635	14,418	98.52%	15,563	100.00%	15,563	(1,145)	-7.36%
Revenue from Federal Government	21,208	5,705	-	26,913	19,701	73.20%	9,332	100.00%	9,332	10,369	111.11%
Departmental Charges (Note 2)	29,577	3,072	-	32,649	34,276	104.98%	32,150	100.00%	32,150	2,126	6.61%
Other Revenues (Note 3)	14,919	101,597	-	116,516	116,060	99.61%	92,566	100.00%	92,566	23,494	25.38%
<b>Total General Revenues</b>	<b>693,893</b>	<b>151,161</b>	<b>-</b>	<b>845,054</b>	<b>838,366</b>	<b>99.21%</b>	<b>784,111</b>	<b>100.00%</b>	<b>784,111</b>	<b>54,255</b>	<b>6.92%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	37,752	(5,915)	-	31,837	32,374	101.69%	34,480	100.00%	34,480	(2,106)	-6.11%
Transfers from Other Funds	16,745	3,998	-	20,743	21,772	104.96%	41,451	100.00%	41,451	(19,679)	-47.48%
Reimbursements for Services	16,372	(359)	-	16,013	15,459	96.54%	16,125	100.00%	16,125	(666)	-4.13%
<b>Total Transfers &amp; Reimburse</b>	<b>70,869</b>	<b>(2,276)</b>	<b>-</b>	<b>68,593</b>	<b>69,605</b>	<b>101.48%</b>	<b>92,056</b>	<b>100.00%</b>	<b>92,056</b>	<b>(22,451)</b>	<b>-24.39%</b>
<b>Total Sources</b>	<b>\$ 885,823</b>	<b>165,361</b>	<b>17,656</b>	<b>1,068,840</b>	<b>1,063,164</b>	<b>99.47%</b>	<b>1,038,286</b>	<b>100.00%</b>	<b>1,038,286</b>	<b>24,878</b>	<b>2.40%</b>

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 2011-2012 impact through June 2012 is approximately \$0.4 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) and \$100 million in July 2011 for cash flow borrowing.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2012**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE	
	FY 2011-12	BUDGET		FY 2011-12	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY		CUR YTD LESS	CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL(1)	YEAR-END	BASIS		PRIOR YTD	LESS PRIOR YTD
<b>General Government</b>													
Mayor and Council	\$ 10,319	(212)	40	10,147	8,463	33	83.40%	7,559	100.00%	7,559	904	11.96%	
City Attorney	10,790	94	235	11,119	10,832	188	97.42%	11,413	100.00%	11,413	(581)	-5.09%	
City Auditor	2,001	(19)	7	1,989	1,781	6	89.54%	1,775	100.00%	1,775	6	0.34%	
City Clerk (2)	2,343	(513)	54	1,884	1,662	7	88.22%	3,880	100.00%	3,880	(2,218)	-57.16%	
City Manager	10,113	(223)	501	10,391	9,696	538	93.31%	11,575	100.00%	11,575	(1,879)	-16.23%	
Finance	12,181	(814)	239	11,606	10,927	404	94.15%	10,965	100.00%	10,965	(38)	-0.35%	
Information Technology	13,974	255	558	14,787	11,953	2,066	80.83%	14,155	100.00%	14,155	(2,202)	-15.56%	
Human Resources	6,024	(364)	54	5,714	5,365	77	93.89%	6,918	100.00%	6,918	(1,553)	-22.45%	
Independent Police Auditor	963	(8)	3	958	934	1	97.49%	823	100.00%	823	111	13.49%	
Office of Economic Development	5,359	(337)	162	5,184	4,464	311	86.11%	2,821	100.00%	2,821	1,643	58.24%	
<b>Total General Government</b>	<b>74,067</b>	<b>(2,141)</b>	<b>1,853</b>	<b>73,779</b>	<b>66,077</b>	<b>3,631</b>	<b>89.56%</b>	<b>71,884</b>	<b>100.00%</b>	<b>71,884</b>	<b>(5,807)</b>	<b>-8.08%</b>	
<b>Public Safety</b>													
Fire	158,624	(2,331)	179	156,472	153,790	578	98.29%	152,743	100.00%	152,743	1,047	0.69%	
Police	298,336	(2,880)	803	296,259	288,670	1,709	97.44%	288,599	100.00%	288,599	71	0.02%	
<b>Total Public Safety</b>	<b>456,960</b>	<b>(5,211)</b>	<b>982</b>	<b>452,731</b>	<b>442,460</b>	<b>2,287</b>	<b>97.73%</b>	<b>441,342</b>	<b>100.00%</b>	<b>441,342</b>	<b>1,118</b>	<b>0.25%</b>	
<b>Capital Maintenance</b>													
Transportation	24,562	211	553	25,326	24,218	896	95.63%	28,057	100.00%	28,057	(3,839)	-13.68%	
Public Works	26,447	958	258	27,663	26,523	527	95.88%	29,705	100.00%	29,705	(3,182)	-10.71%	
<b>Total Capital Maintenance</b>	<b>51,009</b>	<b>1,169</b>	<b>811</b>	<b>52,989</b>	<b>50,741</b>	<b>1,423</b>	<b>95.76%</b>	<b>57,762</b>	<b>100.00%</b>	<b>57,762</b>	<b>(7,021)</b>	<b>-12.16%</b>	

(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, 2012**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR						
<b>Community Service</b>												
Library	\$ 22,642	(440)	69	22,271	21,920	254	98.42%	24,868	100.00%	24,868	(2,948)	-11.85%
Planning, Bldg & Code Enf.	27,322	394	155	27,871	25,759	227	92.42%	23,985	100.00%	23,985	1,774	7.40%
Park, Rec & Neigh Svcs	45,560	2,550	225	48,335	47,003	404	97.24%	55,354	100.00%	55,354	(8,351)	-15.09%
Environmental Services	562	16	24	602	389	29	64.62%	510	100.00%	510	(121)	-23.73%
Total Community Services	96,086	2,520	473	99,079	95,071	914	95.95%	104,717	100.00%	104,717	(9,646)	-9.21%
Total Dept. Expenditures	678,122	(3,663)	4,119	678,578	654,349	8,255	96.43%	675,705	100.00%	675,705	(21,356)	-3.16%
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Econ & Neighborhood Develop.	22,343	1,082	1,403	24,828	23,126	278	93.14%	23,448	100.00%	23,448	(322)	-1.37%
Environmental & Utility Services	10,337	417	(1)	10,753	5,398	63	50.20%	4,067	100.00%	4,067	1,331	32.73%
Public Safety	22,873	3,208	1,236	27,317	22,390	795	81.96%	20,902	100.00%	20,902	1,488	7.12%
Recreation & Cultural Services	6,847	1,125	823	8,795	7,975	236	90.68%	14,272	100.00%	14,272	(6,297)	-44.12%
Transportation Services	4,824	591	653	6,068	4,612	588	76.01%	4,295	100.00%	4,295	317	7.38%
Strategic Support (2)	45,717	96,058	5,371	147,146	123,744	5,992	84.10%	104,129	100.00%	104,129	19,615	18.84%
Total City-wide Expenditures	112,941	102,481	9,485	224,907	187,245	7,952	83.25%	171,113	100.00%	171,113	16,132	9.43%
Capital Contributions	9,695	1,501	4,052	15,248	5,571	4,217	36.54%	4,733	100.00%	4,733	838	17.71%
Transfers to Other Funds	25,094	5,129	-	30,223	30,222	-	100.00%	28,534	100.00%	28,534	1,688	5.92%
Total Non-Dept Expenditures	147,730	109,111	13,537	270,378	223,038	12,169	82.49%	204,380	100.00%	204,380	18,658	9.13%
<b>Reserves</b>												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	30,662	59,913	-	90,575	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	59,971	59,913	-	119,884	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Uses</b>	<b>\$ 885,823</b>	<b>165,361</b>	<b>17,656</b>	<b>1,068,840</b>	<b>877,387</b>	<b>20,424</b>	<b>82.09%</b>	<b>880,085</b>	<b>100.00%</b>	<b>880,085</b>	<b>(2,698)</b>	<b>-0.31%</b>

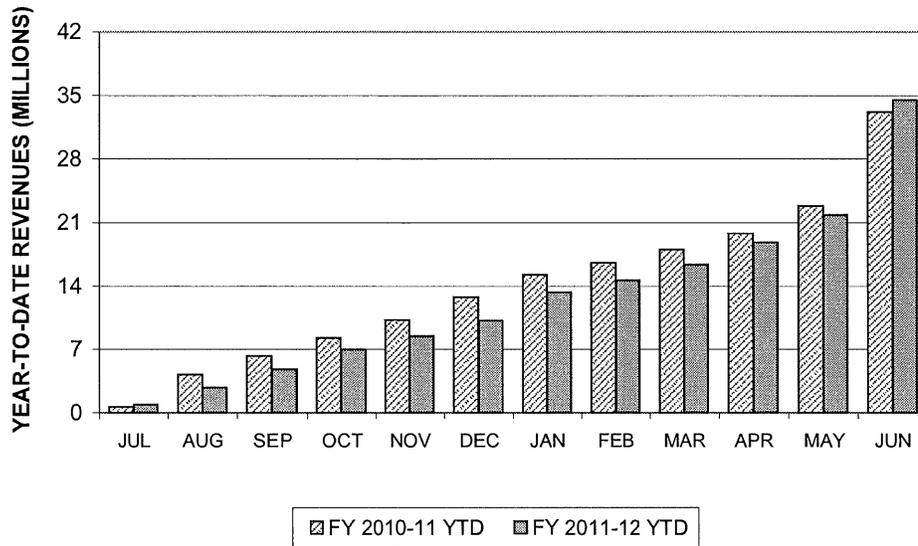
(1) Does not include encumbrance balance.

(2) Includes repayment of Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million in January 2011 and \$100 million in February 2012.

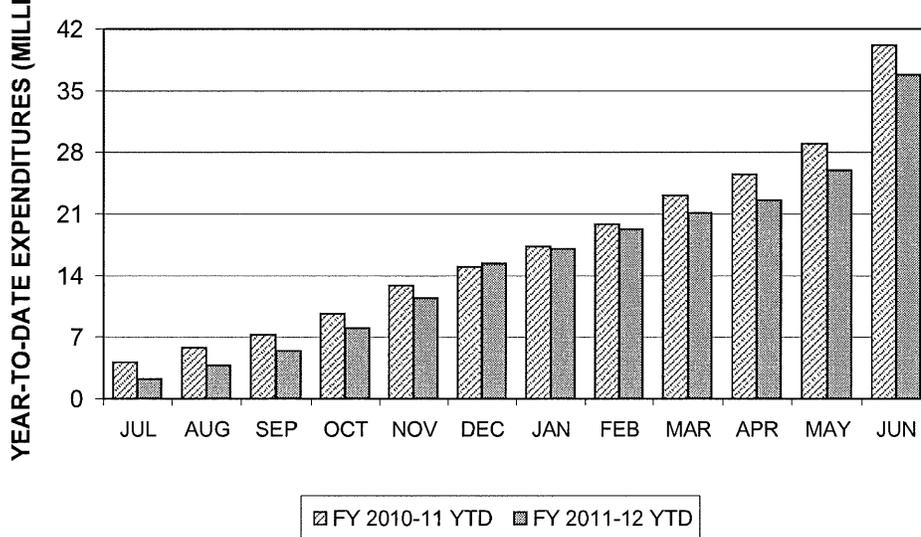
**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2012**  
**SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES**  
**(UNAUDITED)**  
**(\$000's)**

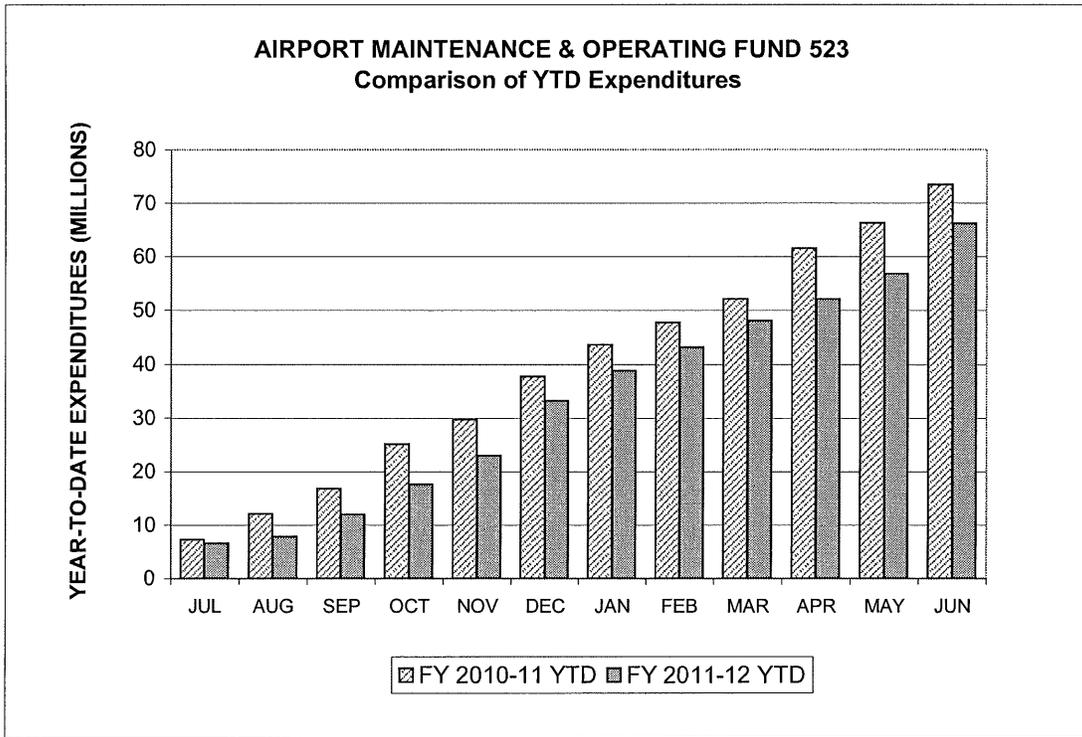
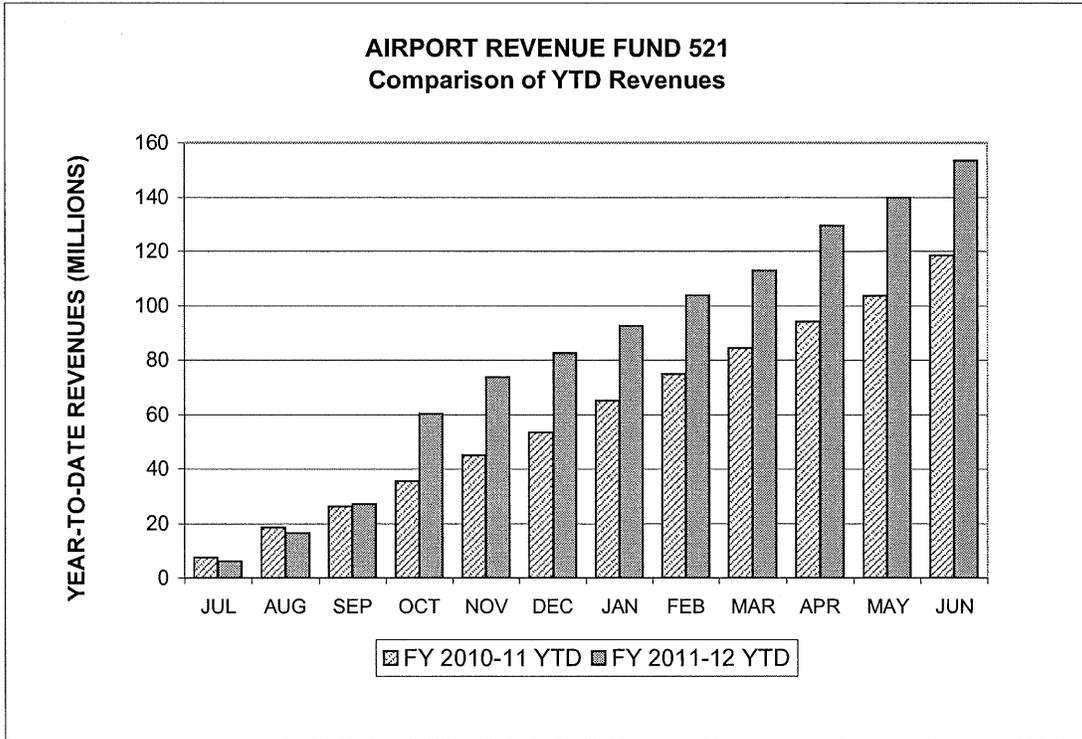
	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 1,785	-	-	1,785	1,516	84.93%	1,745	100.00%	1,745	(229)	-13.12%
Public Works	4,805	1,716	-	6,521	7,261	111.35%	5,692	100.00%	5,692	1,569	27.57%
Transportation	849	-	-	849	1,295	152.53%	1,096	100.00%	1,096	199	18.16%
Library	1,411	(300)	-	1,111	1,173	105.58%	1,395	100.00%	1,395	(222)	-15.91%
Planning, Bldg & Code Enf	2,469	260	-	2,729	2,885	105.72%	2,649	100.00%	2,649	236	8.91%
Parks Rec & Neigh Svcs	12,951	1,351	-	14,302	14,652	102.45%	13,712	100.00%	13,712	940	6.86%
Miscellaneous Dept Charges	5,307	45	-	5,352	5,494	102.65%	5,861	100.00%	5,861	(367)	-6.26%
<b>Total Departmental Revenues \$</b>	<b>29,577</b>	<b>3,072</b>	<b>-</b>	<b>32,649</b>	<b>34,276</b>	<b>104.98%</b>	<b>32,150</b>	<b>100.00%</b>	<b>32,150</b>	<b>2,126</b>	<b>6.61%</b>

**CONSTRUCTION & CONVEYANCE TAX FUNDS  
Comparison of YTD Revenues**



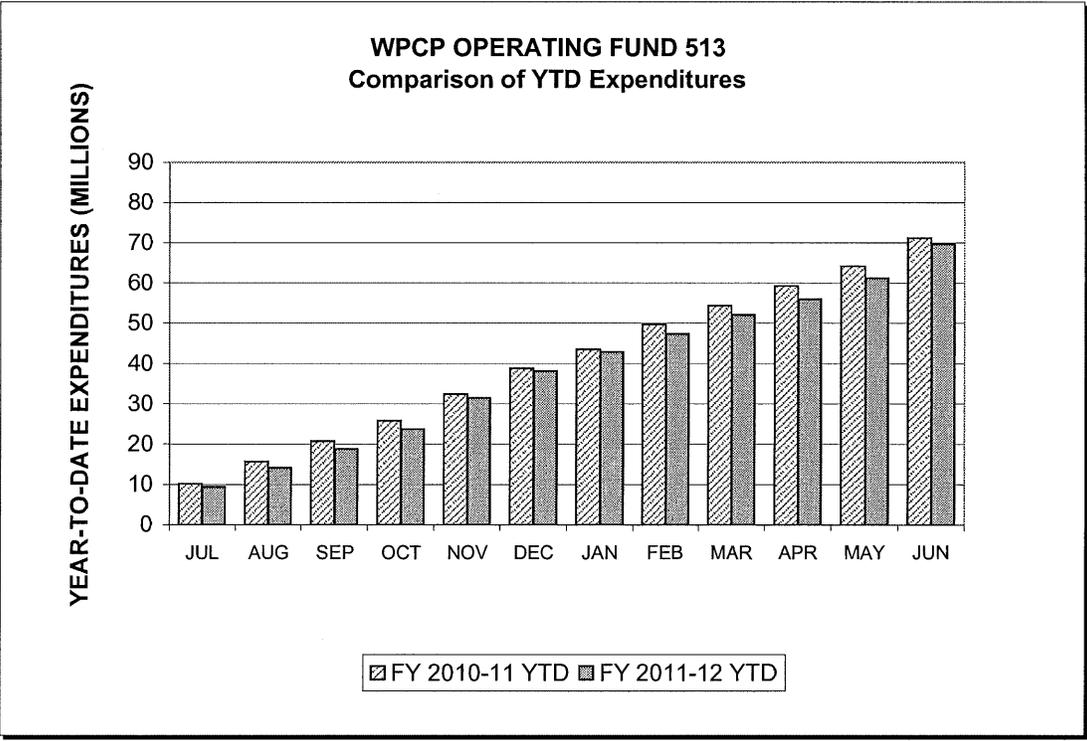
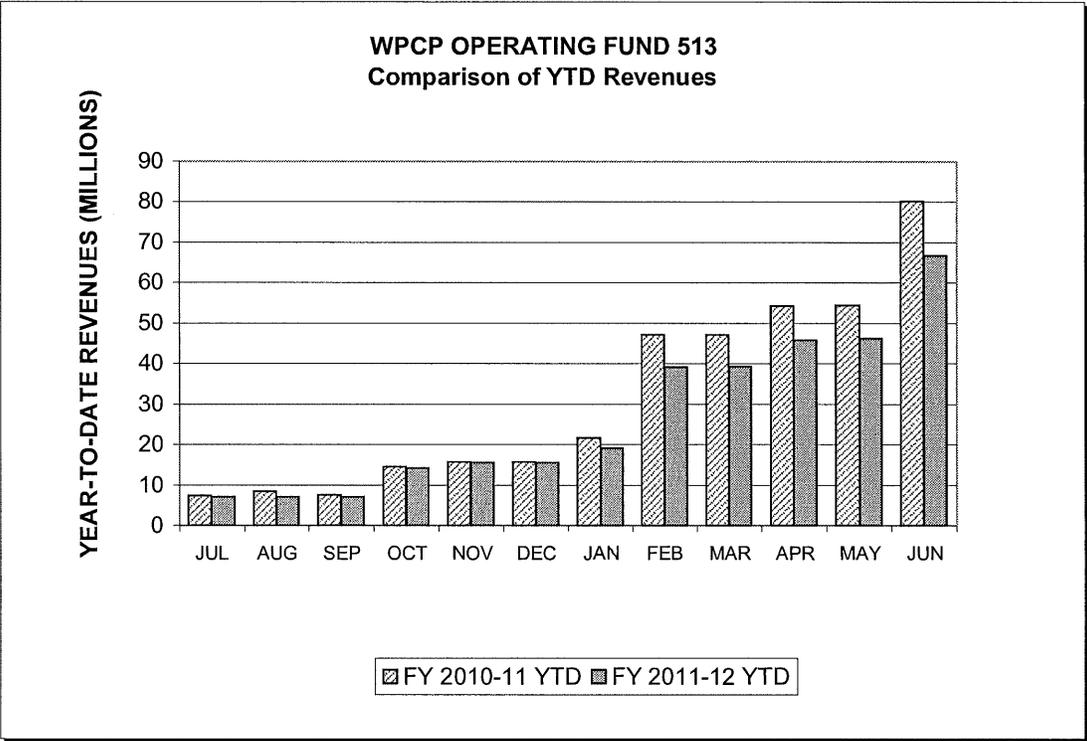
**CONSTRUCTION & CONVEYANCE TAX FUNDS  
Comparison of YTD Expenditures**





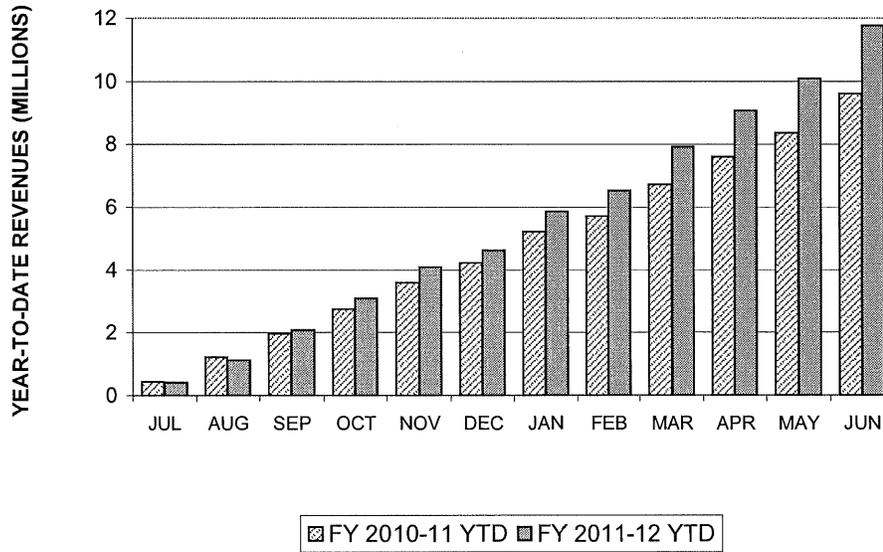
Airport Revenue includes the reimbursement of \$22.2 million in October 2011 for previously paid expenditures from the proceeds of the City's Airport Revenue Bonds, Series 2007A (AMT), pursuant to the Proceeds Allocation Certificate executed on September 30, 2011.

Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

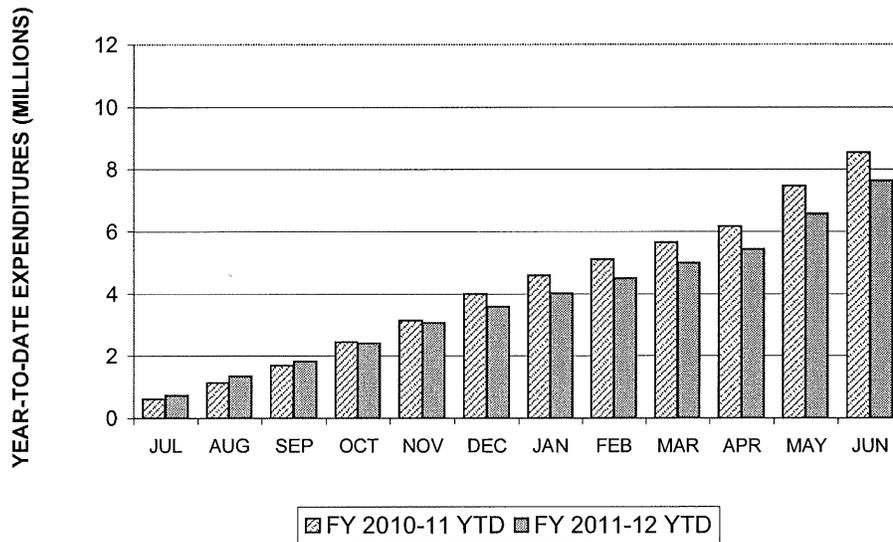


Note: The graphs above are only for WPCP operating fund (513).

**PARKING OPERATING FUND 533  
Comparison of YTD Revenues**



**PARKING OPERATING FUND 533  
Comparison of YTD Expenditures**



Note: The graphs above are only for Parking operating fund (533).

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2012  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	7,194	7,194	7,194	N/A	7,862
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	50,734	20,051	-	70,785	70,785	N/A	76,866
Revenues	29,022	2,059	-	31,081	34,519	N/A	33,209
<b>Total Sources</b>	<b>79,756</b>	<b>22,110</b>	<b>7,194</b>	<b>109,060</b>	<b>112,498</b>	<b>N/A</b>	<b>117,937</b>
<b>Total Uses</b>	<b>79,756</b>	<b>22,110</b>	<b>7,194</b>	<b>109,060</b>	<b>36,793</b>	<b>4,515</b>	<b>40,152</b>
<b>Airport (1)</b>							
Prior Year Encumbrance	-	-	10,769	10,769	10,769	N/A	75,966
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	448,217	(24,570)	-	423,647	423,647	N/A	470,679
Revenues	346,149	897,956	-	1,244,105	733,730	N/A	352,175
<b>Total Sources</b>	<b>794,366</b>	<b>873,386</b>	<b>10,769</b>	<b>1,678,521</b>	<b>1,168,146</b>	<b>N/A</b>	<b>898,820</b>
<b>Total Uses</b>	<b>794,366</b>	<b>873,386</b>	<b>10,769</b>	<b>1,678,521</b>	<b>733,977</b>	<b>9,596</b>	<b>396,074</b>
<b>Waste Water Treatment (2)</b>							
Prior Year Encumbrance	-	-	41,945	41,945	41,945	N/A	43,782
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	217,419	25,648	-	243,067	243,067	N/A	217,659
Revenues	283,802	(1,780)	-	282,022	272,369	N/A	274,000
<b>Total Sources</b>	<b>501,221</b>	<b>23,868</b>	<b>41,945</b>	<b>567,034</b>	<b>557,381</b>	<b>N/A</b>	<b>535,441</b>
<b>Total Uses</b>	<b>501,221</b>	<b>23,868</b>	<b>41,945</b>	<b>567,034</b>	<b>243,552</b>	<b>34,107</b>	<b>251,439</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	974	974	974	N/A	693
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	8,021	2,691	-	10,712	10,712	N/A	13,121
Revenues	10,493	118	-	10,611	11,771	N/A	9,611
<b>Total Sources</b>	<b>18,514</b>	<b>2,809</b>	<b>974</b>	<b>22,297</b>	<b>23,457</b>	<b>N/A</b>	<b>23,425</b>
<b>Total Uses</b>	<b>\$ 18,514</b>	<b>2,809</b>	<b>974</b>	<b>22,297</b>	<b>7,645</b>	<b>854</b>	<b>8,649</b>

(1) All Airport Funds, including operating, revenue, capital and debt service.

(2) All Waste Water Funds, including operating, revenue, capital and debt service.

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2012  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Municipal Water</b>							
Prior Year Encumbrance	\$ -	-	1,260	1,260	1,260	N/A	724
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,831	2,375	-	15,206	15,206	N/A	13,297
Revenues	30,814	(97)	-	30,717	31,918	N/A	29,573
<b>Total Sources</b>	<b>43,645</b>	<b>2,278</b>	<b>1,260</b>	<b>47,183</b>	<b>48,384</b>	<b>N/A</b>	<b>43,594</b>
<b>Total Uses</b>	<b>43,645</b>	<b>2,278</b>	<b>1,260</b>	<b>47,183</b>	<b>30,543</b>	<b>1,404</b>	<b>26,196</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	15,667	(359)	-	15,308	14,693	N/A	15,669
<b>Total Sources</b>	<b>15,667</b>	<b>(359)</b>	<b>-</b>	<b>15,308</b>	<b>14,693</b>	<b>N/A</b>	<b>15,669</b>
<b>Total Uses</b>	<b>15,667</b>	<b>(359)</b>	<b>-</b>	<b>15,308</b>	<b>14,693</b>	<b>0</b>	<b>15,669</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	3,537	3,537	3,537	N/A	4,998
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,195	2,674	-	13,869	13,869	N/A	10,510
Revenues	18,349	7,556	-	25,905	19,067	N/A	18,920
<b>Total Sources</b>	<b>29,544</b>	<b>10,230</b>	<b>3,537</b>	<b>43,311</b>	<b>36,473</b>	<b>N/A</b>	<b>34,428</b>
<b>Total Uses</b>	<b>29,544</b>	<b>10,230</b>	<b>3,537</b>	<b>43,311</b>	<b>18,533</b>	<b>3,762</b>	<b>17,251</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,121	(13)	-	1,108	1,108	N/A	959
Revenues	42	2	-	44	283	N/A	191
<b>Total Sources</b>	<b>1,163</b>	<b>(11)</b>	<b>-</b>	<b>1,152</b>	<b>1,391</b>	<b>N/A</b>	<b>1,150</b>
<b>Total Uses</b>	<b>\$ 1,163</b>	<b>(11)</b>	<b>-</b>	<b>1,152</b>	<b>133</b>	<b>0</b>	<b>42</b>

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2012  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	176	176	176	N/A	196
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	3,375	465	-	3,840	3,840	N/A	3,366
Revenues	10,807	1,648	-	12,455	13,679	N/A	10,914
<b>Total Sources</b>	<b>14,182</b>	<b>2,113</b>	<b>176</b>	<b>16,471</b>	<b>17,695</b>	<b>N/A</b>	<b>14,476</b>
<b>Total Uses</b>	<b>14,182</b>	<b>2,113</b>	<b>176</b>	<b>16,471</b>	<b>13,280</b>	<b>116</b>	<b>10,463</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	495	495	495	N/A	510
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	5,792	2,630	-	8,422	8,422	N/A	6,327
Revenues	17,294	8,100	-	25,394	25,825	N/A	24,190
<b>Total Sources</b>	<b>23,086</b>	<b>10,730</b>	<b>495</b>	<b>34,311</b>	<b>34,742</b>	<b>N/A</b>	<b>31,027</b>
<b>Total Uses</b>	<b>23,086</b>	<b>10,730</b>	<b>495</b>	<b>34,311</b>	<b>25,830</b>	<b>387</b>	<b>22,109</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	5	5	5	N/A	7
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	354	(53)	-	301	301	N/A	1,074
Revenues	2,237	130	-	2,367	2,378	N/A	1,565
<b>Total Sources</b>	<b>2,591</b>	<b>77</b>	<b>5</b>	<b>2,673</b>	<b>2,684</b>	<b>N/A</b>	<b>2,646</b>
<b>Total Uses</b>	<b>2,591</b>	<b>77</b>	<b>5</b>	<b>2,673</b>	<b>2,311</b>	<b>0</b>	<b>2,338</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	31,528	31,528	31,528	N/A	56,779
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	171,970	47,230	-	219,200	219,200	N/A	213,040
Revenues	440,579	50,076	-	490,655	440,528	N/A	410,992
<b>Total Sources</b>	<b>612,549</b>	<b>97,306</b>	<b>31,528</b>	<b>741,383</b>	<b>691,256</b>	<b>N/A</b>	<b>680,811</b>
<b>Total Uses</b>	<b>\$ 612,549</b>	<b>97,306</b>	<b>31,528</b>	<b>741,383</b>	<b>444,086</b>	<b>35,680</b>	<b>436,754</b>

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2012  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2011-12	BUDGET		FY 2011-12	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	8,037	8,037	8,037	N/A	7,239
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	19,959	7,965	-	27,924	27,924	N/A	18,799
Revenues	26,276	15,969	-	42,245	43,228	N/A	46,119
<b>Total Sources</b>	<b>46,235</b>	<b>23,934</b>	<b>8,037</b>	<b>78,206</b>	<b>79,189</b>	<b>N/A</b>	<b>72,157</b>
<b>Total Uses</b>	<b>46,235</b>	<b>23,934</b>	<b>8,037</b>	<b>78,206</b>	<b>29,631</b>	<b>3,108</b>	<b>36,086</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	210	210	210	N/A	2,719
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	466	831	-	1,297	1,297	N/A	3,262
Revenues	3	152	-	155	153	N/A	250
<b>Total Sources</b>	<b>469</b>	<b>983</b>	<b>210</b>	<b>1,662</b>	<b>1,660</b>	<b>N/A</b>	<b>6,231</b>
<b>Total Uses</b>	<b>469</b>	<b>983</b>	<b>210</b>	<b>1,662</b>	<b>1,624</b>	<b>37</b>	<b>4,753</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	5,140	5,140	5,140	N/A	21,189
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	58,017	728	-	58,745	58,745	N/A	67,861
Revenues	12,843	(10,218)	-	2,625	2,848	N/A	2,431
<b>Total Sources</b>	<b>70,860</b>	<b>(9,490)</b>	<b>5,140</b>	<b>66,510</b>	<b>66,733</b>	<b>N/A</b>	<b>91,481</b>
<b>Total Uses</b>	<b>\$ 70,860</b>	<b>(9,490)</b>	<b>5,140</b>	<b>66,510</b>	<b>11,793</b>	<b>1,522</b>	<b>27,969</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2012  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2011-12 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2011-12 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D
					ACTUAL	ENCUMBR	ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	-	-	-	N/A	15
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,316	630	-	2,946	2,946	N/A	2,411
Revenues	77	1,053	-	1,130	1,430	N/A	1,965
<b>Total Sources</b>	<u>2,393</u>	<u>1,683</u>	-	<u>4,076</u>	<u>4,376</u>	<u>N/A</u>	<u>4,391</u>
<b>Total Uses</b>	<u>\$ 2,393</u>	<u>1,682</u>	-	<u>4,075</u>	<u>552</u>	<u>2</u>	<u>873</u>