

2011-2012

ANNUAL

REPORT

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

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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

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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.