

2010-2011 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

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

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

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

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

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

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

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

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

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

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

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

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

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