

# Mid-Year Budget Changes

Fiscal Year 2009-2010

*February 16, 2010*

# January 30, 2010

## City Council Workshop

- ◆ Provided Financial Review of the General Fund structural deficit and forecasts through 2014
- ◆ Provided one time funding options for FY 09/10
- ◆ Provided Financial Review of Tax Increment Revenue and forecasts through 2014

# Overview of FY 09/10 General Fund Structural Deficit

Description	Adopted Budget	Est Thru 6/30/10	Change	%
Revenue	38,690,378	34,148,553	(4,541,825)	(12%)
Expenditures	38,931,653	37,407,495 *	1,574,158	4%
Surplus/(Deficit)	(241,295)	(3,258,942)	(2,967,667)	(8%)




# General Fund Subsidies or Repayments

## Subsidies or Repayments

Description	Amount
Nutrition Center	52,000
Tax Increment Fund (Nutrition debt)*	1,538,338
Personnel Comp Fund	926,478
Facilities Fund	1,326,860
Other State Grants	454,319
Total	4,297,995

\* Repayment for Nutrition Center Operations



# General Fund Contingency Reserve

# Contingency Reserve

General Fund Policy: ... range between 25% and 50% of a single year's General Fund operating expenditures

Description	Inc/(Dec)
Audited Financial Statements, 6/30/09	7,500,000
Amount needed to bring to min reserve	1,851,874
Contingency balance, 25% goal *	9,351,874

\* 25% x \$ 37,407,495

# General Fund Obligations



# Summary of Obligations

Description	Amount
FY 09/10 General Fund Shortfall	3,258,942
Funds Requiring Subsidies	4,297,995
Estimated PERS increase (FY11/12) *	1,032,416 *
Contingency Reserve **	1,851,874 **
<b>Total Obligations</b>	<b>10,441,227</b>

\* Council directed staff to remove funding obligation

\*\* Contingency reserve used to balance current structural deficit

# Potential One Time Funding Sources

Description	Amount
Undesignated, Unreserved Fund Balance	7,951,084
Civic Center Refurbishing *	1,276,000*
Cultural Arts Fund	85,812
Landscape Reserve	398,144
Capital Projects Reserve	85,341
Productivity Improvement Reserve	75,000
Park Security/Gate Lease Reserve	28,000
Employee Computer Purchase Fund	50,000
Potential One Time Funds	9,949,381

\*\* Council directed staff to remove from funding option

# Council Recommendations

- ◆ Remove the Civic Center Refurbishing Fund from the one time funding options
- ◆ Remove the FY 11/12 estimated amount for the PERS spike
- ◆ Balance the current structural deficit with contingency reserve this year
- ◆ All other mid year staff recommendations were approved

## Summary of One Time Funds vs General Fund Obligations

Description	Amount
Total One Time Funds	8,673,381
Total Obligations	(9,408,811)
Available Funds/(Shortage of funds)*	(735,430)*

\* Contingency reserve balance will be \$8,616,444 which is 23% of operating expenditures.



# **Tax Increment Revenue Mid Year Review**

## State Takeaways

### FY 09/10 and FY 10/11

- ◆ Supplemental ERAF payment due to the State for FY 09/10 and FY 10/11

FY 09-10	FY 10-11
\$5,158,424	\$1,062,028

- ◆ SERAF was not budgeted and payment will create a shortfall in the Tax Increment Budget
- ◆ Letter of intent notifying the County of San Diego of City's intent to fund the SERAF payment (due March 1, 2010)

# Summary of Tax Increment Changes

- ◆ Established appropriations for SERAF payment totaling \$ 5,158,484
- ◆ Reduced operating budgets by approximately 627,000
- ◆ Delayed capital budgets by approximately \$2.7 million
- ◆ Tax Increment fund balance will cover remaining expenditures

# FY 2010 – 2011 Budget

- ◆ Staff will begin FY 2010-2011 budget cycle
- ◆ Proposed key dates:
  - May 18, 2010      Adjourn to budget workshop
  - May 25, 2010      Budget workshop (Council Chambers)
  - June 2 or 15      Budget review/Public Hearing and Adoption of budget





# Projections

# General Fund Projections

- ◆ Staff estimated the General Fund's operational budget for FY 11 through FY 14
- ◆ Revenues are flat – very little growth
- ◆ Expenditures are increasing – personnel, PERS, inflation
- ◆ Each year is estimated to have a structural deficit averaging \$ 5.4 million

# Tax Increment Revenue Projections

- ◆ FY 11/12 budget includes the 2<sup>nd</sup> SERAF payment of \$1 million
- ◆ Each year through FY 13/14 is estimated to have at least \$1.2 million available for capital projects

**QUESTIONS?**