

2017-2018 Annual Report

2017-2018 Budget: Overall Performance Met Expectations

- Revenues generally performed as expected
- Overall expenditures ended the year within or below budget
- General Fund had a small surplus and most funds ended the year with balances at or above estimated levels
- Recommended actions close out 2017-2018, adjust 2018-2019 as necessary, recognize grants and reimbursements, address needs in special and capital funds, and fund one urgent fiscal/program need in the General Fund

General Fund Ends Year With Small Additional Fund Balance

- General Fund ended the year with a gross fund balance of \$249.3 million; **\$15.7 million** above the estimate used to develop the 2018-2019 Adopted Budget
- Net of required adjustments to close out 2017-2018, the ending fund balance variance was **\$10.4 million**
- Fund balance was generated by expenditure savings and higher liquidation of prior year encumbrances

General Fund: Proposed Allocation of Additional Fund Balance

	<u>(\$ in 000s)</u>
Additional 2017-2018 Ending Fund Balance	\$ 15,655
Clean-Up Actions (Development Fee Program Reconciliations (-\$5.9 M) and Rebudget/Clean-Up Adj (\$562k))	\$ (5,303)
Fund Balance Available After Clean-Up Actions	\$ 10,352
Recommended Budget Adjustments	
• Required Technical/Rebalancing Actions	(4,795)
• Grants/Reimbursements/Fee Activities (Sources = \$1.2M; Uses = \$1.2M)	0
• Urgent Fiscal/Program Needs	<u>(532)</u>
Sub-total Recommended Adjustments	\$ (5,327)
Distribution of Remaining Fund Balance (Council Policy 1-18)	
• Infrastructure Needs (NOC Switch Replacement/Pavement Maint.)	(4,325)
• Budget Stabilization Reserve	<u>(700)</u>
Sub-total Distribution of Remaining Fund Balance	\$ (5,025)

General Fund: Required Technical/Rebalancing Actions

	<u>(\$ in 000s)</u>
Sales Tax (2017-2018 Under-reporting)	\$ 5,000
Police Department Overtime Budget	(4,000)
Transfers and Reimbursements - Overhead Rate Adjust.	(2,094)
City Hall HVAC Control System Replacement	(1,200)
Building Develop. Fee Program Reserve (Staffing Reallocation)	(598)
IT Non-Personal/Equip. (Converged or Hyper-Converged Infrast.)	(504)
Contingency Reserve	(500)
Elections and Ballot Measures	(470)
Local Sales Tax - Transfer to Airport Rev Fund (Jet Fuel Sales)	(273)
BeautifySJ Litter Pilot	(200)
Other Required Technical/Rebalancing Actions	44
Total Required Technical/Rebalancing Actions	\$ (4,795)

General Fund: Grants/Reimbursements/Fee Activities

	<u>(\$ in 000s)</u>
Public Works (net-zero expend adjust \$954,000)	\$0
PRNS (revenues/expend \$502,000)	0
Police (revenues/expend \$398,000)	0
Fire (revenues/expend \$162,000)	0
Mayor and City Council (revenues/expend \$136,000)	0
Library (revenues/expend \$18,000)	0
Total Grants/Reimbursements/Fee Activities	\$0

General Fund: Urgent Fiscal/Program Need & Distribution of Remaining Funds

Urgent Fiscal/Program Needs	<u>(\$ in 000s)</u>
Fire Department Active Shooter Training (Overtime)	\$ (532)
Total Urgent Fiscal/Program Needs	\$ (532)
Distrib. of Remaining Funds (Council Policy 1-18)	<u>(\$ in 000s)</u>
City Hall NOC Electric Switch Replacement	\$ (3,000)
Pavement Maintenance Program	(1,325)
Budget Stabilization Reserve	(700)
Total Distribution of Remaining Funds	\$ (5,025)

Special/Capital Funds

Performance in Selected Funds

Airport Operating Funds

- Passenger activity up 17.2%, to 13.5 million, operating revenues exceeded estimates and expenditure savings realized

Building and Structure Construction Tax and Construction Excise Tax Funds

- Combined receipts totaled \$50.8 million for the Traffic Capital Program, \$2.7 million (5%) below prior year

Construction and Conveyance Tax (C&C) Tax Funds

- C&C Tax totaled \$48.1 million, \$4.8 million (11%) above prior year

Special/Capital Funds Recommended Actions

- **Clean-Up Actions**

- Fund Balance Reconciliations
- Rebudget Adjustments
- Technical Adjustments (e.g., Net-Zero Transfers/Reallocations)

- **Recommended Adjustments**

- Recognize Grants and Reimbursements
- Update Cost/Revenue Estimates and Project Timing
- Priority Projects and Programs

2017-2018 Annual Report