

Memorandum

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE
FROM: Jennifer A. Maguire
SUBJECT: BI-MONTHLY FINANCIAL REPORT FOR MARCH/APRIL 2013
DATE: June 13, 2013

Approved

Date

6-13-2013

The Bi-Monthly Financial Report for March/April 2013 was jointly prepared by the City Manager's Budget Office and the Finance Department and is presented for the Public Safety, Finance and Strategic Support Committee and City Council's review. The City Manager's Budget Office has analyzed actual expenditures as compared to the 2012-2013 Modified Budget and the Finance Department has prepared a report that reflects the financial results ending April 2013.

OVERVIEW

Revenues and expenditures are generally tracking within the budgeted estimates in all City funds and in certain instances, revenues are tracking to exceed estimates while, overall, expenditure savings are expected. The Administration continues to closely monitor economic conditions and the performance in all funds, and recommended budget adjustments are included in the 2012-2013 Year-End Budget Adjustments memorandum, to be considered by the City Council on June 18, 2013 as referenced throughout this report. Following are key highlights in this report:

- Overall, General Fund revenues are tracking to exceed estimated levels. General Fund expenditures are tracking below estimated levels through April with some savings anticipated by year-end. As a result of this tracking, in addition to the \$12.0 million 2012-2013 Ending Fund Balance Reserve that was set aside as part of the 2012-2013 Mid-Year Budget Review, an additional \$17.0 million is recommended to be set aside for a total reserve of \$29.0 million as part of the 2012-2013 Year-End Budget Adjustments memorandum. The entire \$17.0 million increase is comprised of additional revenues, including reimbursement from the Successor Agency to the Redevelopment Agency of the City of San José for cash flow purposes, additional Tobacco Settlement Funds, and higher than estimated Property Taxes. This increase is consistent with the assumptions used in the development of the approved 2013-2014 Operating Budget.

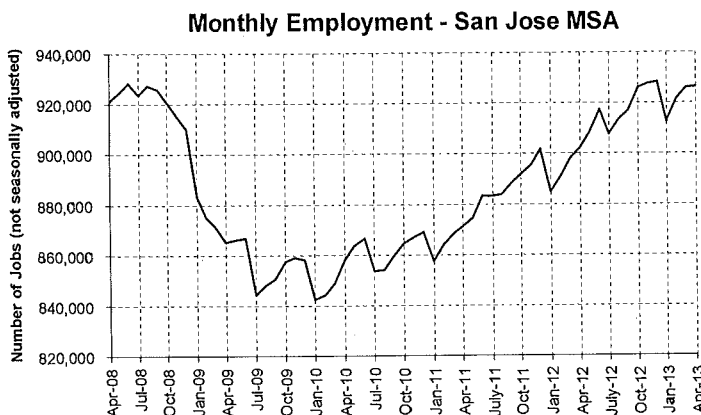
OVERVIEW (CONT'D.)

- The Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 6.9 million passengers through April, an increase of 1.8% from the figures reported through April of the prior year and above the flat passenger activity forecast for 2012-2013. In calendar year 2013, passenger growth has increased 3.3%, and year-over-year growth for the month of April was 5.4%.
- Development-related revenues in the General Fund as well as the development-related taxes are continuing the strong performance that was experienced in 2011-2012 are tracking to exceed revised budgeted estimates while associated expenditures are expected to end the year with savings. A number of adjustments to recognize the additional revenue and estimated savings and allocate these funds to the various Development Fee Program reserves are recommended in the year-end clean-up memorandum. Construction and Conveyance Taxes also continue to experience solid growth and revenue estimates were revised upward as part of the 2012-2013 Mid-Year Budget Review to reflect this increased activity. Current revenues are projected to meet or slightly exceed the revised estimated level.

Economic Environment

The majority of economic indicators reviewed as part of this report continue to show significant improvement from the same period a year ago. Employment indicators, residential, and industrial permit activity, median single-family home prices and days on market have all improved. Consumer Confidence, which had declined in March, experienced increases in both April and May.

According to Lynn Franco, Director of Economic Indicators at the Consumer Conference Board: “Consumer confidence posted another gain this month [May] and is now at a five-year high (Feb. 2008, Index 76.4). Consumers’ assessment of current business and labor-market conditions was more positive and they were considerably more upbeat about future economic and job prospects. Back-to-back monthly gains suggest that consumer confidence is on the mend and may be regaining the traction it lost due to the fiscal cliff, payroll-tax hike, and sequester.”



The preliminary April 2013 employment level in the San José, Sunnyvale, Santa Clara Metropolitan Statistical Area (San José MSA) of 926,300 was 2.6% above the April 2012 level of 902,400, reflecting continued growth in this area.

OVERVIEW (CONT'D.)

Unemployment Rate (Unadjusted)

	Apr. 2012	Mar. 2013	Apr. 2013**
San José Metropolitan Statistical Area*	8.4%	7.4%	6.6%
State of California	10.3%	9.4%	8.5%
United States	7.7%	7.6%	7.1%

* San Benito and Santa Clara Counties

**Apr. 2013 estimates are preliminary and may be updated

Source: California Employment Development Department

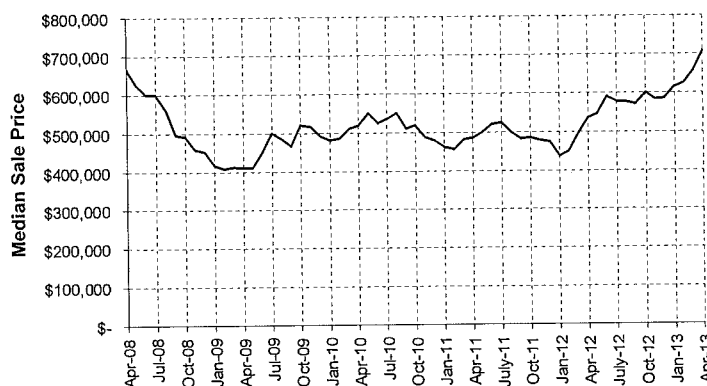
The unemployment rates at the local, State, and national levels continue to show significant improvement. The unemployment rate for the San José Metropolitan Statistical Area dipped to 6.6% in preliminary April 2013 estimates. This rate represents a significant drop from April 2012, when the rate was 8.4% and to levels not seen since 2008. In this region, the April 2013 unemployment rate is significantly less than the unadjusted unemployment

rate for the State (8.5%) and also remains below the nation (7.1%).

In April 2013, residential permit activity slowed with 11 units, however, through 2012-2013, total permits of 2,254 units compared to the prior year level of 1,726 exceeded forecasted estimates of 2,250. Commercial activity through April continues at a moderate pace, with permit valuation of \$170.2 million compared to \$199.5 million through the same period last year. Industrial permit activity continues strong activity with valuation of \$170.9 million through April, compared to \$113.7 million collected through the same period last year, primarily due to alterations (77.4% of valuation) rather than new construction permits (22.6% of valuation).

The median single-family home price in April 2013 of \$705,000 is up almost 32% from the April 2012 price of \$535,000. This April 2013 figure represents the highest median single-family home price since November 2007. Further, the amount of time it is taking to sell these houses is dropping significantly. The average days-on-market for single-family and multi-family dwellings in April 2013 was 25 days, which is a decrease of almost 58% from the 60 days experienced in April 2012. However, the April 2013 number of property transfers totaled 738, which represents a slight decrease (less than 1%) when compared to April 2012 number of sales.

Median Price - Single Family Homes



As suggested by the solid performance in a number of economic indicators, the local economy continues to experience growth. The positive economic performance has been factored into the assessment of the City's performance in 2012-2013 as well as the 2013-2014 budget process.

GENERAL FUND

REVENUES

General Fund revenues through April 2013 totaled \$762.2 million which represents an increase of \$27.8 million (3.8% above) the April 2012 level of \$734.4 million. Both totals include borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANS) issued for cash flow purposes (\$100 million annually in both fiscal years).

Revenues are higher than prior year levels primarily due to \$7.2 million in higher Property Tax receipts (primarily Secured Property Tax \$5.7 million), a \$6.9 million payment from the County of Santa Clara for the recalculation of prior year property tax administration fees, \$6.6 million in higher Sales Tax receipts, an additional \$5.0 million due to the sale of property, an additional \$4.7 million in Tobacco Settlement Funds. Several other categories continue to track above the prior year level, including Transient Occupancy Tax, Business Tax, Licenses and Permits, Fines, Forfeitures and Penalties, Use of Money and Property, Revenue from Local Agencies, Revenue from the State, Departmental Charges, and Other Revenue, due to growth in these line items as well as the timing of payments. These higher levels of revenue are offset by categories with lower collection levels including: Telephone Tax, Utility Tax, Franchise Fees, Revenue from the Federal Government, and Transfers and Reimbursements. The lower collection level is primarily the result of differences in the timing of payments or one-time payments and grants that occurred in 2011-2012, rather than declines attributed to actual activity levels.

Overall, General Fund revenues are tracking to exceed budgeted estimates. Year-end adjustments will be brought forward to align the budget with current projections and to set aside \$17.0 million of excess revenue in the 2012-2013 Ending Fund Balance Reserve as assumed in the development of the 2013-2014 Adopted Budget.

The following discussion highlights General Fund revenue activities through April 2013.

KEY GENERAL FUND REVENUES

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Property Tax	\$ 202,925,000	\$ 188,539,936	\$ 181,336,420

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), and Homeowners Property Tax Relief. Through April, \$188.5 million has been received, reflecting 92.9% of the budget for this category. The increase in collections (4.0%) compared to the prior year is primarily the result of higher Secured and Unsecured Property Tax, partially offset by lower Airplane In-Lieu Tax collections. Overall, Property Tax receipts are expected to exceed budgeted levels by approximately \$2.9 million by year end. A year-end adjustment of a \$2.9 million increase in this category is included the 2012-2013 Year-End

GENERAL FUND (CONT'D.)

Budget Adjustments memorandum for City Council consideration to align budgeted estimates with projected receipts.

Secured Property Tax receipts account for \$171.2 million of the \$188.5 million received through April 2013. The 2012-2013 Adopted Budget estimate of \$185.36 million requires growth of 0.7% from the 2011-2012 actual collections. The 2012-2013 collections are based on the value of property assessed on January 1, 2012, with any tax roll corrections. The County of Santa Clara has provided an updated estimate for 2012-2013 Secured Property Tax of \$186.5 million, which continues to be slightly above (0.6%) the 2012-2013 Adopted Budget estimate. In developing this most recent estimate, the County has made a projection on the value of downward adjustments that will be made during the year of approximately \$40 million county-wide (excluding former redevelopment agency areas), consistent with prior years. Because tax roll adjustments are still occurring and will continue to take place until the end of May 2013, the Budget Office will continue to work with the County to monitor actual performance and estimate year-end collections. Based on the latest estimate, collections in this category are expected to exceed budgeted levels by \$1.1 million.

In the Unsecured Property Tax category, collections through April totaled \$12.6 million, \$1.4 above the prior year level of \$11.2 million. Historically, all of the payments in this category are received by April. It is expected that this revenue collection trend will continue, therefore, receipts in this category are anticipated to exceed the budgeted estimate of \$11.5 million by \$1.1 million.

For the SB 813 Property Tax category, collections totaled \$2.2 million through April, which is up 7.4% from the \$2.0 million received last year at this time. Collections in this category fell significantly two years ago, due, in part, to a substantial number of refunds that were due to property owners as a result of declining home values during the recession. However, in 2011-2012, receipts of \$3.3 million reflected strong growth and were 194.8% above the 2010-2011 actuals of \$1.1 million. The most recent 2012-2013 estimate from the County of \$3.6 million reflects a 10.0% increase from 2011-2012 actual collections. Based on this revised estimate, revenues are anticipated to exceed the budgeted estimate of \$2.9 million by approximately \$700,000. It should be noted that collection levels in recent years remain well below the high of \$10.1 million received 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).

Aircraft Property Tax receipts of \$2.1 million through April have slightly exceeded the budgeted estimate by \$19,000. Similar to Unsecured Property Tax, receipts through April typically account for all the annual revenue for this category.

Homeowners Property Tax Relief revenue totaled \$519,000 through April. Based on the latest estimate from the County, the Homeowners Property Tax Relief revenue is projected to total \$1.04 million in 2012-2013, which is slightly below the \$1.07 million currently budgeted for this category.

GENERAL FUND (CONT'D.)

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Sales Tax	\$ 161,270,000	\$ 118,611,027	\$ 111,964,290

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, revenues continue to track above budgeted estimates and adjustments in both the 2011-2012 Annual Report and the 2012-2013 Mid-Year Budget Review were approved totaling an increase of \$8.6 million. An increase of \$600,000 to this category is included in the 2012-2013 Year-End Budget Adjustments memorandum to be considered by the City Council on June 18, 2013 in order to align budgeted estimates with actual second quarter collections. Additional detail on these two sales tax categories is provided below.

The 2012-2013 modified budget estimate for General Sales Tax of \$156.2 million reflects growth of 5% from prior year collections of \$149.4 million. This reflects actual performance for the first quarter (up 6.4%), one-time prior year adjustments and true-up payments, and the assumed growth of 3% for the remaining three quarters. While not reflected in the budgeted figures, General Sales Tax receipts through April of \$114.7 million are tracking 5.7% above the prior year collection level of \$108.5 million and reflect the second quarter actual receipts. The year-over-year increase in cash receipts of 4.9% in the second quarter exceeded the 3.0% growth assumed in the 2012-2013 Modified Budget and represents sales activity from the October – December 2012 period. Based on this higher collection level, receipts are anticipated to exceed the modified budget by approximately \$600,000. This higher than budgeted revenue was factored into the development of the 2013-2014 Operating Budget.

The City's Sales Tax consultant, MuniServices Company, recently provided the City with economic performance data, which is considered to be a more accurate measure of the actual sales tax activity in San José for a particular period. This growth analysis measures sales tax receipts, excluding State and county pools and adjusts for anomalies, payments for prior period, and late payments. On an economic basis, sales tax receipts increased approximately 4.3% in the second quarter of 2012-2013 (October through December). This increase was the result of growth in every economic sector.

**Sales Tax Economic Performance
 October 2012-December 2012**

ECONOMIC CATEGORY	% of Total Revenue	% Change from 2 nd Q 2011-2012 to 2 nd Q 2012-2013
TRANSPORTATION	23.1%	5.8%
GENERAL RETAIL	31.2%	4.6%
BUSINESS TO BUSINESS	20.9%	1.0%
FOOD PRODUCTS	15.2%	3.4%
CONSTRUCTION	9.1%	9.1%
MISCELLANEOUS	0.6%	4.7%
TOTALS	100.0%	4.3%

GENERAL FUND (CONT'D.)

Through April, the Proposition 172 Sales Tax receipts of \$3.9 million are tracking 12.0% above the 2011-2012 collection level of \$3.5 million through the same period. This growth exceeds the 8.8% year-over-year increase assumed as part of the 2012-2013 modified budget estimate of \$5.1 million. Based on current collection trends, it is anticipated that revenues will meet or exceed the budgeted estimate by year-end.

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Transient Occupancy Tax	\$ 10,100,000	\$ 7,218,317	\$ 6,300,310

Through April 2013, receipts recorded in the General Fund of \$7.2 million are 14.6% above the prior year collection level for the same period. Based on activity through December, the budget estimate for this category was increased from \$9.1 million to \$10.1 million as part of the 2012-2013 Mid-Year Budget Review, requiring growth of 12.4% from 2011-2012 actual collections. Receipts are tracking close to the budgeted estimate and will be closely monitored through the remainder of the year.

Through April, the average hotel occupancy rate at the 14 major hotels was 65.35%, an improvement from the 59.79% occupancy rate for the same period in 2011-2012. For the same 14 hotels, the average daily room rate through April was \$137.33, up from the \$127.24 room rate for the same period in 2011-2012. The year-to-date average revenue-per-available room (RevPAR) metric of \$89.92 represents an increase of 17.8% from the prior year level and is attributable to the combined effect of increased room rates and occupancy levels.

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Utility Tax	\$ 90,973,000	\$ 66,014,589	\$ 69,295,931

Collections through April of \$66.0 million are tracking 4.7% below prior year levels of \$69.3 million. This is primarily due to a \$1.6 million one-time settlement agreement payment received from Pacific Gas and Electric in 2011-2012. Excluding this one-time payment and adjusting for differences in the timing of payments, receipts through April are tracking approximately 1% above prior year levels. Based on current collection trends, overall, Utility Tax receipts are tracking to end the year at budgeted estimates, however a number of net zero adjustments are included in the 2012-2013 Year-End Budget Adjustments memorandum to align the budget with current year end projections.

In the Electric Utility Tax category, collections of \$27.5 million were tracking 13.1% below the prior year level of \$31.6 million through April. The majority of this decline is due to the one-time settlement agreement payment received from Pacific Gas and Electric in 2011-2012. After adjusting for this one-time payment as well as payment timing differences, Electric Utility Tax receipts are tracking approximately 1.5% below the prior year. Excluding the one-time

GENERAL FUND (CONT'D.)

payments, growth of 2.6%, however, is needed to meet the 2012-2013 budgeted estimate of \$40.1 million. Based on the continued low collection levels, it is anticipated that revenues will fall below this estimate and an adjustment to reduce this revenue estimate by \$900,000, to \$39.2 million, has been recommended in the 2012-2013 Year-End Budget Adjustment memorandum.

In the Gas Utility Tax category, receipts of \$5.9 million were tracking 15.9% below the prior year level of \$7.0 million through April due primarily to payment timing differences. Once adjusted for this, collections were tracking 1.4% below the prior year through April. The 2012-2013 budgeted estimate of \$8.0 million reflects a decline of 9.0% from 2011-2012 actual collections of \$8.8 million based on the projected decline in gas prices. However, based on current collection levels and prior year activity levels, revenues are estimated to reach \$8.5 million, exceeding budgeted estimates by approximately \$500,000 and dropping 3.3% from the 2011-2012 collection levels. Gas Utility Taxes are subject to significant fluctuations from the impact of weather conditions and/or rate changes, as such, revenues will continue to be monitored closely.

Collections of \$8.1 million in the Water Utility Tax category are tracking 19.1% above the prior year level of \$6.8 million due primarily to payment timing differences. Once adjusted for this, collections were tracking 8.6% above the prior year through April. The 2012-2013 estimate of \$11.0 million requires growth of 15.4% over 2011-2012 receipts. Based on current collections, revenues are estimated to fall slightly below the budgeted estimate by \$300,000. However, it should be noted that this category is always subject to fluctuations related to the amount of precipitation received, particularly in the spring.

Collections in the Telephone Utility Tax category of \$24.6 million were tracking 2.8% above the prior year collection level of \$23.9 million. The 2012-2013 budget estimate of \$31.9 million assumed a 1.5% increase from the 2011-2012 actual collection level of \$31.4 million. Therefore, given the recent collection trends, it is estimated that revenues in this category will exceed the current budget estimate by \$700,000, primarily due to increased landline and VOIP receipts.

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Business Taxes	\$ 42,400,000	\$ 35,445,859	\$ 32,626,962

This category consists of the following: Business Tax, Cardroom Tax, Marijuana Business Tax, and Disposal Facility Tax. Through April, overall collections of \$35.4 million are tracking above the prior year collection level by 8.6% and are anticipated to exceed budgeted amounts by year end, primarily due to increased General Business Tax receipts generated through the current Business Tax Amnesty Program. A net increase of \$950,000 to this category is included in the 2012-2013 Year-End Budget Adjustments memorandum to align the budget with current projections.

GENERAL FUND (CONT'D.)

Cardroom Tax receipts of \$12.2 million through April continue to track above the prior year level of \$11.2 million by 8.8%. This increase from the prior year primarily reflects general economic growth and a spike in activity resulting from the opening of Casino M8trix in August 2012. Growth of 7.1% over the 2011-2012 actual collection level is needed to meet the 2012-2013 budgeted estimate of \$16.0 million. Therefore, as a result of the continued strong growth, revenues are estimated to meet or slightly exceed the budgeted estimate.

Marijuana Business Tax receipts of \$3.2 million are tracking above the \$2.8 million collected during the same period last year. Based on current collection trends and actual receipts of \$3.7 million in 2011-2012, Marijuana Business Tax revenue is currently tracking to exceed the 2012-2013 budgeted estimate of \$3.7 million by up \$400,000 to \$500,000. There continues to be uncertainty regarding this program and the potential impacts from any federal actions, therefore, staff will continue to closely monitor this revenue category.

Business Tax receipts of \$12.0 million are 13.2% above the prior year level of \$10.6 million and exceed the 2012-2013 budgeted estimate and prior year actual collection level of \$11.3 million. The positive collection trend in this category primarily reflects efforts by the Finance Department to maximize the receipt of this tax as well as the gradual economic recovery. On October 23, 2012, the City Council approved a Business Tax Amnesty Program, which has been the main contributor to the increased receipts in this category. Based on current collection trends, revenues are anticipated to exceed the 2012-2013 budgeted estimate by \$1.0 million. These additional revenues have been included as part of the development of the 2013-2014 Operating Budget. It should be noted that a recommendation for a second extension of the Amnesty Program was approved by the City Council on June 11, 2013. Additional Amnesty Program revenues resulting from the extension will be incorporated in the 2013-2014 budget as appropriate upon the conclusion of this program.

Disposal Facility Tax revenue of \$8.0 million through April is tracking 0.5% above the prior year level of \$7.98 million. The 2012-2013 budgeted estimate of \$11.4 million requires growth of 2.1% from the 2011-2012 actual receipts of \$11.2 million. Disposal Facility Taxes (DFT) are business taxes based on the tons of solid waste disposed at landfills within the City. This revenue stream varies due to factors that affect the amount of waste generated and how it is disposed including: economic activity, weather, diversion programs, and price sensitivity to disposal rates. In recent years, revenues in this category have declined due, in large part, to increased waste diversion and the overall slowdown in the economy. In 2012-2013, receipts have been tracking to meet or slightly exceed the prior year collection level. However, improvements made in 2013 in the processing of waste for the commercial program have reduced DFT collections. The commercial program represents approximately 10-15% of total DFT associated waste. To account for the potential impact of this change as well as the historical downward trend in this category, actual collections are anticipated to fall below the budgeted estimate of \$11.4 million by year end by approximately \$700,000. This aligns revenue estimates back to 2012-2013 Adopted Budget levels of \$10.7 million.

GENERAL FUND (CONT'D.)

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Licenses and Permits	\$ 39,093,779	\$ 39,239,913	\$ 36,687,403

This category includes Building Permits, Fire Permits, and Other Licenses and Permits. Through April, Licenses and Permits revenue of \$39.2 million are tracking 7.0% above the prior year level of \$36.7 million. The 2012-2013 budget estimate, however, allows for a decline of 10.8% from the actual 2011-2012 collection level. Development-related activity experienced very strong growth in 2011-2012 and continues its solid performance in 2012-2013.

Following is a discussion of the major components of this category.

Building Permit revenue of \$21.4 million through April is tracking 9.4% above the 2011-2012 collection level of \$19.5 million for the same period as well as above the 2012-2013 year-to-date estimate of \$16.6 million. The 2012-2013 budgeted revenue estimate allows for a drop of 17.0% in this category; however, this has not been the case as revenues in building plan check, building permits, plumbing permits, mechanical permits, electrical permits, and permit processing categories are tracking well above estimated levels. Strong revenue receipts are being driven by an increase in residential and industrial permits, offset by moderate commercial activity. Actual Building Permit revenue collections have exceeded the modified budget estimate of \$20.7 million as a result of increased development activity. This additional activity has necessitated additional staffing resources to meet the plan check and inspection service demands. Separate actions to increase revenues and staffing resources were brought forward for City Council approval on January 29, 2013. These actions include the addition of ten positions and non-personal/equipment funding for the Building Development Fee Program, offset by additional revenues of \$915,000, in order to keep pace with the increased demand. Further information on the approved actions can be found at <https://ca-sanjose.civicplus.com/DocumentCenter/View/11261>. With collections exceeding the Modified Budget, additional year-end budget adjustments are recommended as part of the 2012-2013 Year-End Budget Adjustments memorandum to recognize higher than budgeted revenues (\$4.5 million) and anticipated expenditure savings (\$1.8 million) and allocate these funds to the Building Development Fee Program Reserve.

Through April, Fire Permit collections of \$9.0 million were tracking above estimated levels and 7.7% above the prior year receipts of \$8.3 million. The budgeted estimate of \$9.5 million is consistent with prior year collection level. The development-related revenues, which totaled \$5.1 million through April, are currently tracking to exceed the budgeted estimate of \$5.4 million by approximately \$800,000. This increased activity has resulted in the need for additional resources to meet the plan check and inspection service demands. Separate actions to increase revenues, staffing and other resources were brought forward and approved by the City Council on January 29, 2013. At this time, the Fire Department projects that the Non-Development program revenues, which totaled \$3.9 million through April, will end the year slightly below budgeted revenue levels of \$4.1 million.

GENERAL FUND (CONT'D.)

Budget adjustments to increase the development-related revenue estimate by \$800,000, recognize \$200,000 in Personal Services savings related to vacancies in development fee positions, and allocate the additional \$1.0 million to the Fire Development Fee Program Earmarked Reserve are recommended in the 2012-2013 Year-End Budget Adjustments memorandum.

The Other Licenses and Permits collections of \$8.9 million are tracking slightly above the 2011-2012 collection level of \$8.8 million and are tracking above estimated levels. The 2012-2013 budgeted estimate of \$9.0 million allows for a decline of 4.8% from the prior year, primarily reflecting a drop in the estimated cardroom regulation fee revenue due to changes in the delivery of the regulatory program, and a lower estimate for the vacant/dangerous buildings permits. The vacant/dangerous buildings permit revenue and off-sale alcohol enforcement, however, continue to track above estimated levels and the cardroom permit revenue is also exceeding the budgeted estimate.

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Revenue from the State of California	\$ 12,640,779	\$ 15,464,585	\$ 12,177,111

Through April, Revenue from the State of California of \$15.5 million is tracking 27% (\$3.3 million) above the 2011-2012 collection level of \$12.2 million. This revenue category is primarily comprised of Tobacco Settlement payments and various State grants and reimbursements which fluctuate from year to year. Overall, a net increase of \$3.5 million (net of grant and reimbursement adjustments) is recommended in the 2012-2013 Year-End Budget Adjustments memorandum.

Tobacco Settlement Payments typically reflect the majority of revenues in this category with approximately \$9.0 million received on an annual basis in April of a given year. In April, the City received notification of 2012-2013 Tobacco Settlement payments totaling \$13.9 million, reflecting a significant increase from the \$9.2 million received in 2011-2012. This increase primarily reflects a one-time settlement (collectively \$186.8 million for all California counties and eligible cities) of a multi-year dispute related to the Non-Participating Manufacturers Adjustment (a provision in the Tobacco Master Settlement Agreement) for claims of sales between 2003 and 2012. The City of San José's portion of this settlement was \$4.7 million; therefore, without this one-time adjustment, receipts of approximately \$9.2 million would have been received, which is consistent with 2011-2012 receipts. A portion of this one-time revenue (\$1.0 million) was recognized by the City Council on May 11, 2013 in order to provide funding for additional expenditures associated with fiscal reform implementation costs and the remaining \$3.7 million was factored into the development of the 2013-2014 Operating Budget.

The additional Tobacco Settlement revenue received is partially offset by lower than budgeted collections in miscellaneous reimbursements such as Abandoned Vehicle payments from the State and Auto Theft reimbursements.

GENERAL FUND (CONT'D.)

Revenue	2012-2013 Estimate	YTD Actual	Prior YTD Collections
Departmental Charges	\$ 32,934,892	\$ 30,785,407	\$ 27,226,036

Through April, Departmental Charges revenues of \$30.8 million are tracking 13.1% above the 2011-2012 collection level of \$27.2 million. The 2012-2013 budget estimate, however, allows for a decline of 3.9% from the prior year actual receipts. The increase from the prior year reflects growth in several departmental charges categories including: Public Works; Planning; Parks, Recreation, and Neighborhood Services; Transportation; and Miscellaneous Departmental Charges. These higher receipts were partially offset by lower collections in the Police and Library Departmental Charges categories.

Development-related revenues are currently tracking ahead of the prior year collection levels and are expected to exceed the budgeted estimates. Through April, Planning Fee revenue of \$3.0 million is 36.5% above the prior year collection level of \$2.2 million. The 2012-2013 budgeted revenue estimate allows for a drop of 9.2% from the prior year actuals; however, year-to-date actual collections have exceeded the \$2.6 million 2012-2013 Adopted Budget revenue estimate. Year-end budget adjustments recognize higher than budgeted revenues (\$800,000) and anticipated expenditure savings (\$550,000) and allocate these funds toward the Planning Development Fee Program Reserve.

Public Works revenues through April of \$6.3 million are well above the prior year level of \$5.3 million. Revenues in most residential categories are tracking above estimated levels due to several single-family and multi-family residential projects that were received in 2012-2013. Non-residential revenues are also performing above anticipated levels. Collections are projected to exceed the budgeted revenue estimate of \$6.0 million by approximately \$1.7 million. Budget adjustments to increase the Departmental Charges revenue estimate by \$1.7 million and allocate these funds to the Public Works Development Fee Program Earmarked Reserve will be brought forward to the City Council on June 18, 2013.

Adjustments to align current collections levels in the Transportation; Parks, Recreation, and Neighborhood Services; Police; and Library Departmental Charges categories are also included in the 2012-2013 Year-End Budget Adjustments memorandum to be considered by the City Council June 18, 2013.

EXPENDITURES

Through April, General Fund expenditures (without encumbrances) of \$713.3 million tracked 2.2% above the prior year level of \$697.7 million. This increase from the prior year is primarily due to higher City-Wide Expenses (\$16.1 million) and capital expenditures (\$1.6 million), partially offset by lower departmental expenditures (down \$1.3 million). The increase in City-

GENERAL FUND (CONT'D.)

Wide Expenses compared to 2011-2012 is due to the timing of a Convention Center lease payment of \$12.3 million, which took place earlier in 2012-2013. The lower departmental expenditures are primarily a result of lower Personal Services (\$7.4 million) expenditures, particularly in the Police (\$8.5 million) and Fire (\$2.8 million) Departments, partially offset by higher overall Non-Personal/Equipment expenditures (\$6.6 million).

Encumbrances of \$26.7 million were at the prior year level. Expenditures and encumbrances (\$740.0 million) through April constitute 66.6% of the total 2012-2013 revised budgeted uses of funds (\$1.1 billion, including reserves; or 75.3% of budgeted uses of funds of \$982.7 million, excluding reserves). Overall, expenditures are tracking within estimated levels and are expected to end the year slightly below the modified budget.

Through April, some departments are tracking to exceed the budgeted estimate in personal services expenditures, including: Public Works; Economic Development; Transportation; and Parks, Recreation, and Neighborhood Services. As part of the 2012-2013 Year-End Budget Adjustments memorandum, all of these higher expenditures are recommended to be adjusted in order to ensure expenditures remain within appropriated levels, including reallocation of funding adjustments from Non-Personal/Equipment savings to Personal Services. It should be noted that in order to assist in establishing the 2012-2013 Ending Fund Balance as part of the 2012-2013 Mid-Year Budget Review, \$2.3 million in reductions to department Personal Services appropriations were approved as a result of vacancy savings.

In the City-Wide Expenses category, the majority of expenditures are tracking within estimated levels through April, with the exception of Workers' Compensation expenditures. Despite a \$1.0 million adjustment made in the 2012-2013 Mid-Year Budget Review to increase the Workers' Compensation-Fire expenditures, expenditures continue to track to exceed budgeted levels. Adjustments to increase the Workers' Compensation – Fire budget by another net \$950,000 are included in the 2012-2013 Year-End Budget Adjustments memorandum.

KEY GENERAL FUND EXPENDITURES

Department	2012-2013 Budget	YTD Actual	Prior YTD Actual
Police	\$ 292,677,022	\$ 220,170,317	\$ 226,515,548

On an overall basis, Police Department expenditures are tracking slightly below estimated levels. Personal Services expenditures of \$205.8 million tracked under anticipated levels (77.0% compared to the par of 78.8%), and overtime expenditures of \$13.8 million through April tracked slightly under anticipated levels with 78.3% expended. Overtime has primarily been used 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

GENERAL FUND (CONT'D.)

overtime basis until a contract was signed in early 2013. Several actions approved in the Annual Report increased the Department's overtime funding by \$3.9 million (from \$13.3 million to \$17.2 million) to ensure the Department has sufficient overtime resources in 2012-2013. An action in the Mid-Year Budget Review reallocated additional salary savings of \$500,000 to overtime to allow the Department to continue targeted investigations such as seeking out persons who are prohibited from carrying guns but are known to have them in their possession as well as account for any increased need for targeted enforcement through the remainder of 2012-2013. As part of the 2012-2013 Year-End Budget Adjustments memorandum, an additional reallocation of \$300,000 from personal services vacancy savings to overtime is recommended to expand gang suppression cars and/or address other critical issues, including a recent spike in homicide cases. With these adjustments, the total overtime budget for 2012-2013 would increase to \$18.0 million.

Overtime consists of overtime expenditures and compensatory time. The compensatory time balance at the end of April 2013 was 169,707 hours for sworn personnel. This represents an increase of 8,592 hours (5.3%) from February 2013 balance of 161,115 as reported in the Bi-Monthly Financial Report for January/February 2013, and a 5,409 hour increase (3.3%) compared to the April 2012 balance of 164,298.

As of April, the Department had 1,109 authorized sworn staff, of which there were 19 sworn vacancies (1.7%) and 117 positions that were not filled with street ready personnel (10.6%). In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department conducted two Police Officer Recruit Academies in 2012-2013, one in September 2012 and another one in April 2013. The Department had 48 Officers in the Field Training Officer (FTO) program from the September 2012 academy, and they are anticipated to complete FTO program and be street-ready in June 2013. The April 2013 Academy had 49 Recruits which are anticipated to be finished with the FTO program and be street ready by December 2013.

As brought forward in Manager's Budget Addendum #18 and as referenced in the City Council approved Mayor's June Budget Message for Fiscal Year 2013-2014, \$3.0 million in Police Department personal services savings was rebudgeted to 2013-2014 to establish a 2014-2015 Police Sworn Hire Ahead Reserve. Based on current projections, the Department should be close to filling its authorized sworn positions with street ready personnel by the end of 2013-2014. This funding will be used to implement a hire ahead program in 2014-2015 in order to overstaff the Department with sworn recruits and fill vacant sworn positions with street ready officers soon after the positions become vacant.

Of the 441 authorized non-sworn positions, the Department had 62.5 vacancies (14.2%) as of April. Within the non-sworn positions, the Department has 161 positions in the Communications Unit (9-1-1 Emergency Dispatch Center) and as of April, 28.5 (17.7%) positions were vacant. The Police Department and the Human Resources Department are closely working together to develop a strategy to fill the Communications vacancies as quickly as possible as well as other critical non-sworn vacancies within the Police Department. The Department is conducting three

GENERAL FUND (CONT'D.)

Basic Dispatcher Academies in 2013, in February, July, and November, as opposed to the usual two academies. The February Academy had 12 recruit dispatchers and call-takers, another 50 applicants are moving forward to the background phase for the July Academy, and the Department currently has approximately 1,600 applicants to screen for the November Academy.

A total of \$17.0 million (66.7%) of the Department's Non-Personal/Equipment budget was expended or encumbered through April. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$2.8 million, or 22.0% of the non-centrally-determined appropriation available for the remainder of the fiscal year.

As part of Manager's Budget Addendum #38, the rebudget of approximately \$1.7 million in savings from 2012-2013 to 2013-2014 was approved for projects that will not be finished in 2012-2013. The \$1.7 million is for the following projects: Automated Fingerprint Identification System (AFIS) Phase I Upgrade (\$808,000), Computer Aided Dispatch (CAD) Network Upgrades (\$405,291), CAD Software Upgrade (\$300,000), Bulletproof Vests (\$180,000), and the Children's Interview Center (CIC) (\$60,000).

Department	2012-2013 Budget	YTD Actual	Prior YTD Actual
Fire	\$ 154,996,371	\$ 119,279,708	\$ 121,414,947

Overall, expenditures for the Fire Department were tracking slightly lower than budgeted estimates through April, with 77.6% expended or encumbered. Personal Services expenditures through April tracked lower than budgeted levels with \$113.8 million expended (77.5% compared to the par of 78.8%). The Fire Department's Non-Personal/Equipment budget of \$8.2 million was 78.5% expended or encumbered through April. Both appropriations are expected to end the year within their respective budgeted allocations.

Although overall Personal Services expenditure levels are tracking slightly below budgeted estimates primarily due to the time needed to hire the SAFER 2011 Firefighters, overtime expenditures of \$5.6 million are tracking above estimated levels (96.1% compared to the par of 78.8%). The daily deployment of Engine 29 has contributed to the increased overtime usage. Engine 29 is activated daily to mitigate the impact of the temporary relocation of Fire Station 5 personnel to Fire Station 34. Fire Station 5 has been temporarily closed while urgent repairs are completed. Expected completion of the repairs at Fire Station 5 is scheduled for June 2013. The Fire Department will continue to implement overtime control measures specifically as it relates to activities not related to filling minimum staffing requirements. The Department continues to manage daily staffing deployments, balancing service needs with available resources, while ensuring that total Personal Services expenditures will remain within budgeted levels by year-end. As part of the 2012-2013 Year-End Budget Adjustments memorandum, recommendations are included to allocate \$1.1 million in salary savings to overtime and to reduce the Personal Services budget by \$200,000, offset by an increase to the Fire Development Fee Program

GENERAL FUND (CONT'D.)

Reserve, to allocate projected development related position savings to the reserve. As part of the Manager's Budget Addendum #38, rebudgets of \$200,000 in Personal Services savings to 2013-2014 for the Leadership Training Program (\$190,000) and Fire Engineer Evaluations (\$10,000), were approved as these projects will not be completed in 2012-2013.

Through April, the Fire Department was staffed with 176 filled Firefighter Paramedic positions (164 front-line Firefighter Paramedics, 5 Supervisor Paramedics, and 7 Support Paramedics) compared to the 139 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department projects that it will have no issues maintaining the target staffing level of 139 front-line Firefighter Paramedics.

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 through April was 27 (the authorized number of sworn administrative staff for 2012-2013 is 33). Of the six vacancies in administrative positions in April, three were filled in May 2013, and the remaining three vacancies are expected to be filled in June 2013

Non-Personal/Equipment expenditures are tracking below budgeted levels with \$6.4 million (78.3%) expended or encumbered through April. As part of the Manager's Budget Addendum #38, rebudgets of \$160,000 in Non-Personal/Equipment savings to 2013-2014 were approved for the Leadership Training Program (\$110,000) and the Performance Data Improvement Project (\$50,000) in order to be able to complete the initiatives next year.

Department	2012-2013 Budget	YTD Actual	Prior YTD Actual
City-Wide Expenses	\$ 239,931,368	\$ 167,756,907	\$ 151,700,940

The City-Wide Expenses category includes funding related to multiple departments including one-time funds for specific projects or grants. Through April, expenditures in this category totaled \$167.8 million, or 70% of the modified budget, excluding encumbrances. Overall, City-Wide Expenses are tracking within estimated levels. However, Workers' Compensation Claims costs are currently tracking above estimated levels and may exceed the budget by approximately \$1.0 million, primarily due to higher Fire Department claims.

The City currently self-insures and self-administers the Workers' Compensation Program. Through April, workers' compensation expenditures of \$14.9 million were tracking 18.3% above the prior year level of \$12.6 million. The 2012-2013 budget of \$18.3 million, however, allows for growth of only 11.7% from the actual 2011-2012 expenditure level of \$16.3 million. Based on the data in the workers' compensation claims tracking system, the number of claims through April is relatively flat when compared to the same period of the prior fiscal year, while the indemnity and medical expenses for new and existing are claims were up. While this data captures different information than is reflected in the city-wide workers' compensation appropriations (for instance, it includes workers' compensation costs that are charged to the

GENERAL FUND (CONT'D.)

departmental appropriations as well as the City-Wide appropriations), it provides a good understanding of the overall workers' compensation trends. It is important to note that there can be significant expenditure variances from month to month.

In the Fire Department, claims expenditures through April of \$5.8 million were up 31.7% from the prior year level of \$4.4 million. The total number of claims is flat from last year; however, the indemnity and medical expenses for new and existing claims were higher than last year by 32% through April 2013. In addition, the City is expecting to pay out approximately \$500,000 in settlements before June 30, 2013. To address this higher expenditure level and ensure sufficient funding is available, an upward adjustment of \$1,050,000 (from \$6,700,000 to \$7,750,000) is included in the 2012-2013 Year End Budget Adjustments memorandum that will be considered by the City Council on June 18, 2013. A portion of these increased costs (\$100,000) is recommended to be offset by a reallocation from the other Workers' Compensation Program appropriations. The Fire Safety Committee is prioritizing the review of injury trends, safety prevention, and overall injury reduction.

Adjustments to other City-Wide Expenditures are also recommended to align the budget with year-end projections. For instance, increases to the Parking Citations/Jail Courthouse Fees and Labor/Employee Relations Consultant Funding appropriations. Additional funding is recommended for Parking Citations/Jail Courthouse Fees (\$75,000 from \$2,080,000 to \$2,155,000) due to increased Court fees incurred to process parking citations. While this appropriation was initially reduced by \$400,000 as part of the 2012-2013 Mid-Year Budget Review to correspond with a drop in parking citation revenue, the expenditures related to parking citation processing have not dropped as much as originally anticipated. Additional funding of \$400,000 for the Labor/Employee Relations Consultant Funding (from \$666,000 to \$1,066,000) is also included due to ongoing assistance with implementation of the City's Fiscal Reform Plan, specifically related to retirement reform, and negotiations for successor memorandums of agreement with the bargaining units. A rebudget of these funds was included in the Manager's Budget Addendum #38 and the Mayor's June Budget Message for Fiscal Year 2013-2014 to allocate these funds to 2013-2014. Downward adjustments to a number of City-Wide Expenditures are also recommended in the 2012-2013 Year-End Budget Adjustments memorandum to reflect lower projected expenditures. There include reductions to the Property Tax Administration Fee, the FMC Debt Service Payments (offset by a reduction in Transfers and Reimbursements), the TRANS Debt Service, and Insurance Premiums appropriations.

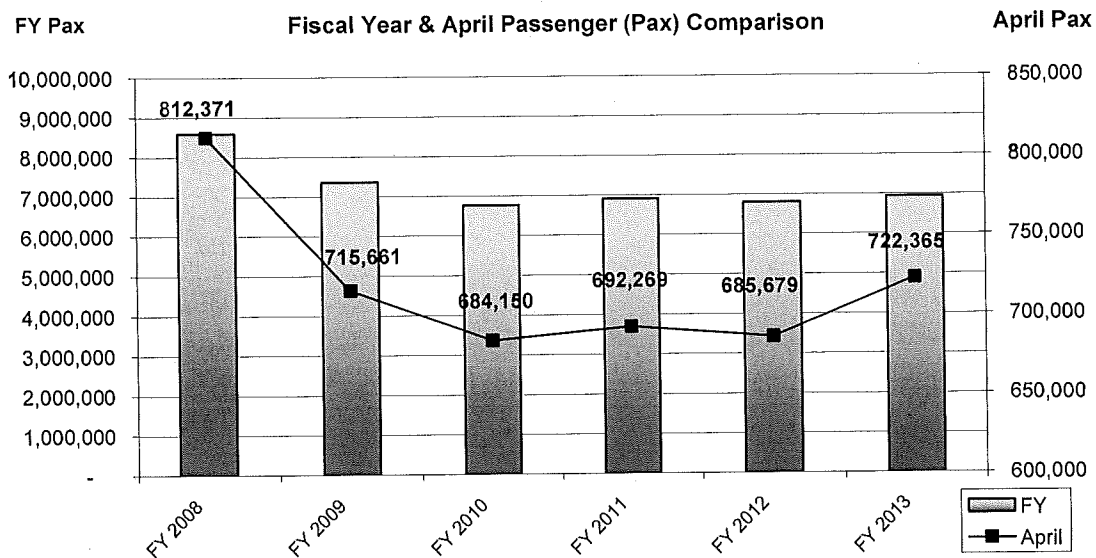
CONTINGENCY RESERVE

The General Fund Contingency Reserve remains at \$29.3 million through April, with no revisions recommended.

OTHER FUNDS

Airport Funds

On a fiscal year-to-date basis, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 6.9 million passengers, an increase of 1.8% from the figures reported through April of the prior year. Year over year passenger growth in the month of April grew 5.4%.



Traffic Operations (landings and takeoffs) exceed the prior year by 0.5% and Landed Weights were up by 0.1%. Taxicab operations exceed last fiscal year by 1.4%, parking exits by 3.2%, and gallons of aviation fuel sold by 3.8%. Passenger Facility Charge (PFC) revenues were also up 1.0% from the same period of the prior year. Fiscal year-to-date mail, freight and cargo totaled 71.5 million pounds, which represents a 2.2% increase over the amount recorded through April of 2011-2012.

Through April, overall revenue performance at the Airport tracked 3.6% above budgeted levels. Airline rates and charges, primarily landing fees and terminal rentals, tracked slightly above budgeted levels while terminal concessions and miscellaneous rents were tracking on budget. Public parking tracked 8% higher than estimated while rental car concession fees maintained at 3% greater than the prorated budget as reported last period. Airfield and general and non-aviation categories performed above budget due to increased in-flight kitchen revenues and fuel flowage fees effective in November. Overall, departmental expenditures in the Airport Maintenance and Operation Fund are tracking to end the year with \$3.0 million in savings, as assumed in the development of the 2013-2014 Operating Budget.

Through April, revenue in the Airport Customer Facility and Transportation Fee Fund tracked above budgeted levels, due to increased rental car contracts and the associated customer facility charge (CFC) revenue. The Non-Personal/Equipment expenditures in this fund remain below budgeted levels at 65.2% expended compared to a straight-line benchmark of 83.3%. Current

OTHER FUNDS (CONT'D.)

encumbrances of \$500,000 brought total Non-Personal/Equipment commitments to \$2.2 million or 85.3% of the budget. The Administration will continue to closely monitor and report activity, revenue, and expenditure status.

Construction and Conveyance Tax Funds

Continuing the trend experienced since mid 2011-2012, Construction and Conveyance (C&C) Tax revenues are experiencing strong growth compared to receipts from the prior fiscal year. Collections through April 2012 totaled \$25.3 million, which is 84.3% of the 2012-2013 modified estimate of \$30.0 million. This collection level is up almost 47.1% from the \$17.2 million received through April 2012. Furthermore, the City has also received May Conveyance Tax receipts of \$3.2 million, a 45.5% increase from the \$2.2 million received in May 2012. It is anticipated that the modified estimate will be met or slightly exceeded by year-end.

Nearly 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). As discussed in the Overview/Economic Environment section of this report, the strong performance in the housing market supports the higher collections in the C&C Tax receipts.

Other Construction-Related Revenues

Through April, revenues associated with construction activity (primarily Construction Excise Tax and Building and Structure Construction Tax) are up from 2011-2012 levels through the same period. Residential construction activity is significantly higher than prior year levels, and is primarily driven by new construction (2,254 new dwelling units in 2012-2013 vs. 1,726 in 2011-2012). While valuation for new residential construction is significantly higher than the prior year (\$351.2 million in 2012-2013 vs. \$284.1 million in 2011-2012), valuation for alteration activity is nearly identical (\$67.0 million in 2012-2013 vs. \$67.6 million in 2011-2012). Overall industrial construction valuation is also higher than the April 2012 level (\$170.9 million in 2012-2013 vs. \$113.7 million in 2011-2012), led by strong alteration activity. Overall commercial valuation is down from the April 2012 level (\$170.2 million in 2012-2013 vs. \$199.5 million in 2011-2012). With new commercial construction is essentially on par with last year (\$54.5 million in 2012-2013 vs. \$56.7 million in 2011-2012), this reduction is primarily led by a decrease in alterations (\$115.7 million in 2012-2013 vs. \$142.9 million for 2011-2012). These permit activities drive revenue collection in several categories, including the Construction Excise Tax and the Building and Structure Construction Tax, and are an indicator of future activity for several other categories, such as storm and sanitary sewer system fees.

- *Building and Structure Construction Tax* – Receipts through April totaled \$10.6 million. This collection level is up by 14.3% (\$1.3 million) from prior year collections through April, and the category is on pace to reach an estimated \$13.0 million by year-end, exceeding the 2012-2013 Modified Budget of \$10.0 million by \$3.0 million. This projection also exceeded

OTHER FUNDS (CONT'D.)

the 2012-2013 estimate of \$11.0 million used in the development of the 2013-2014 Proposed Capital Budget. An increase of \$2.0 million to the 2013-2014 Beginning Fund Balance estimate was brought forward in Manager's Budget Addendum #18 and the Mayor's June Budget Message for Fiscal Year 2013-2014, consistent with 2012-2013 year-end expectations.

- *Construction Excise Tax* – Receipts through April totaled \$14.0 million, already exceeding the budgeted revenue estimate of \$13.0 million. This collection level is up by 6.6% (\$861,000) from prior year collections through April, and the category is on pace to collect an estimated \$17.0 million by year-end. This projection also exceeded the 2012-2013 estimate of \$14.0 million used in the development of the 2013-2014 Proposed Capital Budget. An increase of \$3.0 million to the 2013-2014 Beginning Fund Balance estimate was brought forward in Manager's Budget Addendum #18 and the Mayor's June Budget Message for Fiscal Year 2013-2014, consistent with 2012-2013 year-end expectations.

Convention and Cultural Affairs Fund

The Convention and Cultural Affairs Fund accounts for Team San José's (TSJ) operation of the City's Convention and Cultural Facilities. Through April, operating revenues and expenses are tracking higher than TSJ's original projections due to greater than anticipated use of the cultural facilities, thereby increasing revenues and costs related to food and beverage and contract labor. This increased activity necessitated an increase to operating revenues and expenses as part of the 2012-2013 Mid-Year Budget Review and through actions recommended in the 2012-2013 Year-End Budget Adjustments memorandum for City Council consideration on June 18, 2013.

To date, the original 2012-2013 revenue estimate has been increased from \$11.5 million to \$21.5 million, and the operating expenditures budget has been increased from \$16.4 million to \$25.2 million. A final increase to the operating revenues and expenses, \$686,000 and \$562,000 respectively, is included in the recommendation of various budget actions for 2012-2013 that will be presented for City Council consideration at its meeting on June 18, 2013.

The Ending Fund Balance in this fund is necessary to sustain operations through the expansion and renovation to the Convention Center, which was anticipated to have a negative impact to revenue collections during the construction period, as well as offset any prolonged periods of reduced activity. Renovation impacts have been more limited than originally anticipated; and while the Ending Fund Balance was reduced by \$117,071 on May 21, 2013 to partially offset the cost of providing temporary kitchen services during the renovation, by year-end the Ending Fund Balance is expected to be approximately \$2.5 million. The City Council-approved goal of retaining an Ending Fund Balance of \$1.5 million at the end of the expansion/renovation project, now scheduled to complete in the fall of 2013, is expected to be met.

OTHER FUNDS (CONT'D.)

Integrated Waste Management Fund

The Integrated Waste Management Fund receives revenues from various sources including residential solid waste generators under the Recycle Plus Collection Charges, New Market Tax Credit Reimbursements (NMTC), Lien-Related Charges, AB939 fees, Construction and Demolition Deposit Program, SB 332 Beverage Container Recycling payments, and various grants.

Through April, revenues totaled \$105.9 million, or 77.7% of budget. Although the majority of revenue sources in this fund are tracking to end the year at or above budgeted estimates, overall revenues are expected to the end the year approximately \$7.0 million below budgeted levels primarily due to lower than expected NMTC proceeds scheduled to be received during the current fiscal year. As of April, reimbursements of only \$2.3 million of the \$10.9 million budgeted NMTC proceeds have been received, and it is estimated that only \$4.8 million will be received by year-end due to hazardous material abatement issues and construction delays of the Environmental Innovation Center (EIC) project. Upon project completion, the City will be fully reimbursed for eligible project expenses, which is anticipated in 2013-2014.

Expenditures and encumbrances through April totaled \$122.2 million, or 86.6% of budget. There are projected savings at the end of 2012-2013 in various appropriations of approximately \$4.9 million. The majority of the savings is estimated to be in the Household Hazardous Waste Las Plumas Facility appropriation (\$2.4 million); Single-Family Recycle Plus, Multi-Family Recycle Plus and Yard Trimmings/Street Sweeping appropriations (\$1.2 million); ESD Non-Personal/Equipment (\$578,000); ESD Personal Services (\$450,000) and California Energy Commission grant (\$400,000). The Administration has also liquidated several encumbrances totaling approximately \$1.2 million. These savings are not sufficient to offset the anticipated reduction in NMTC reimbursements that are projected to be received by year end. Upon completion of this project, which is anticipated in the fall 2013, remaining NMTC reimbursements will be received.

To reflect the lower projected revenues and the majority of expenditure savings, adjustments are included in the 2012-2013 Year-End Budget Adjustments memorandum that result in a net reduction of \$2.6 million to the Operations and Maintenance Reserve (from \$4.3 million to 1.7 million). These adjustments do not include encumbrances that have been liquidated (\$1.2 million). The liquidation of carryover encumbrances will be reflected at the close of the fiscal year during the Annual Report process in Fall 2013 and will address a portion of the funding gap in 2012-2013 (\$1.3 million). In the development of the 2013-2014 Budget, it was assumed that the 2012-2013 revenues would fall below the budgeted estimate due primarily to the timing of the NMTC proceeds and that expenditure savings would not be sufficient to offset the lower revenues, resulting in a projected impact to the Operations and Maintenance Reserve. This Reserve, however, was increased in the 2013-2014 Proposed Budget as the NMTC revenues are expected to be received in that year and would be available to replenish the Reserve.

OTHER FUNDS (CONT'D.)

Transient Occupancy Tax Fund

Through April 2013, receipts recorded in the TOT Fund of \$10.8 million are 14.7% above the prior year collection level for the same period. Revenues are on pace to meet the revised budget estimate of \$15.2 million which requires annual growth of 12.4%.

The 2012-2013 allocations to the three recipient organizations (Convention and Cultural Affairs Fund, Convention and Visitors Bureau, Cultural Grants/Programs and Services) are anticipated to be fully expended by the end of the year. Through April, the average hotel occupancy rate at the 14 major hotels was 65.35%, an improvement from the 59.79% occupancy rate for the same period in 2011-2012. For the same 14 hotels, the average daily room rate through April was \$137.33, up from the \$127.24 room rate for the same period in 2011-2012. The year-to-date average revenue-per-available room (RevPAR) metric of \$89.92 represents an increase of 17.8% from the prior year level and is attributable to the combined effect of increased room rates and occupancy levels.

Public Works Program Support Fund

Revenue through April is tracking lower than anticipated levels, and it is projected to end the year \$1.5 million below the estimate of \$15.4 million. The Public Works Program Support Fund is comprised of two major components, Program Support Costs and Compensated Absences. The Public Works Program Support Cost estimates are collected based on rates allocated through the Public Works Cost Allocation Plan (PWCAP) to collect an amount for the estimated Public Works support cost to each capital program. It is anticipated that the year end collection for the Public Works Program Support Costs will fall short of the \$7.1 million estimate by \$1.1 million. This shortfall is primarily due to lower than anticipated capital expenditures. The second major component of the Public Works Program Support Fund is Compensated Absences. The Compensated Absences estimates are collected based on rates that are developed using estimated absence costs and direct labor costs. Absence costs can fluctuate depending on when staff uses paid time off, which can result in substantial over or under collections. It is anticipated that the year end collection for the Compensated Absences will fall short of the \$7.2 million estimate by \$400,000.

Expenditures through April are tracking lower than anticipated due to savings in Personal Services as a result of vacancies in the Public Works Department and savings in Non-Personal/Equipment as a result of less employees requiring training and supplies due to vacancies in the Department. Overall, Public Works expenditure savings in these two categories of \$300,000 are projected by year-end. In addition, savings in the Compensated Time Off and Overhead appropriations of approximately \$450,000 are also anticipated.

The net shortfall for the Public Works Program Support Fund in the amount of \$800,000 will be reflected in a decrease of the Ending Fund Balance in this fund (from 1.4 million to \$579,000). Recommendations are included in the 2012-2013 Year-End Budget Adjustments memorandum

June 13, 2013

Subject: Bi-Monthly Financial Report for March/April 2013

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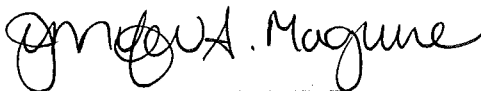
OTHER FUNDS (CONT'D.)

in order to right-size this fund for both Public Works Program Support Costs and Compensated Absences.

CONCLUSION

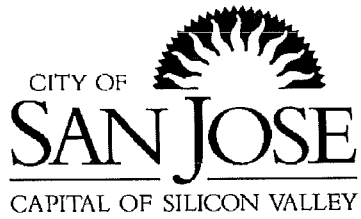
As the 2012-2013 year-end approaches, overall, the City's funds are generally performing within budgeted expectations. In the General Fund, revenues are tracking to exceed budgeted estimates and expenditures are tracking to realize modest savings by year end. As discussed in this report, the excess revenue and expenditure savings projected in 2012-2013 was assumed as a funding source in the 2013-2014 Operating Budget. A total of \$37.0 million is expected to be generated from excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances. Of this amount, \$12.0 million was set aside from excess revenues and expenditure savings as part of the 2012-2013 Mid-Year Budget Review actions and an additional \$17.0 million from excess revenues is recommended to be set aside in the 2012-2013 Year End Budget Adjustments memorandum, bringing the 2012-2013 Ending Fund Balance Reserve to \$29.0 million. The remaining 2012-2013 Ending Fund Balance is expected to be generated from expenditure savings (\$4.0 million) and the liquidation of carryover encumbrances (\$4.0 million). In addition, the 2012-2013 year-end clean-up memorandum includes recommended adjustments in the General Fund and various special and capital funds to align the budget with actual performance and assumptions used in the development of the 2013-2014 Capital and Operating Budgets, to avoid any overages in individual appropriations, and to recognize new revenues and associated expenditures.

The final outcome of the 2012-2013 budget performance will be reported through the 2012-2013 Annual Report, scheduled to be released on September 30, 2013, and reviewed by the City Council in mid-October.



JENNIFER A. MAGUIRE

Budget Director



FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the 10 Months Ended April 30, 2013
Fiscal Year 2012-2013
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the 10 Months Ended April 30, 2013
Fiscal Year 2012-2013
(UNAUDITED)

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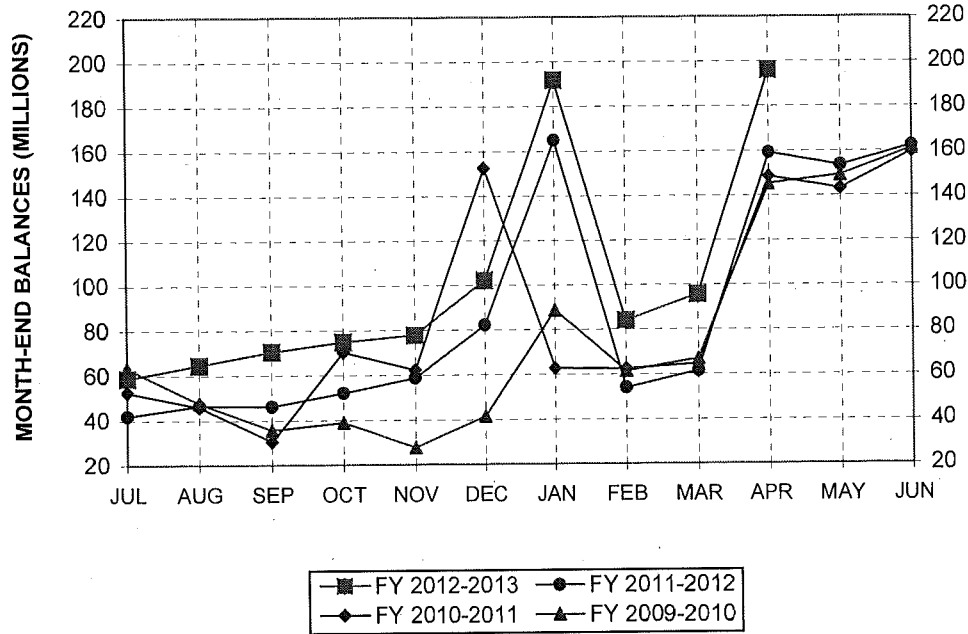
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Submitted by:



JULIA H. COOPER
Director, Finance Department

**GENERAL FUND
Comparison of Cash Balances**



GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2012-2013	FY 2011-2012	FY 2010-2011	FY 2009-2010
JULY (1)	\$ 58,791,632	\$ 41,946,493	\$ 52,614,304	\$ 63,344,537
AUGUST	64,647,700	46,502,235	45,992,983	47,689,216
SEPTEMBER	70,484,194	46,218,737	30,525,385	35,662,298
OCTOBER	74,756,262	52,097,481	70,246,706	38,946,966
NOVEMBER	77,861,880	58,833,627	62,333,059	27,736,074
DECEMBER (2)	102,312,730	82,304,186	152,493,162	41,491,217
JANUARY (3)	191,822,297	164,958,541	62,749,463	88,749,418
FEBRUARY (3)	84,006,185	54,118,810	62,572,017	61,606,869
MARCH	95,600,850	61,586,562	64,768,564	66,979,823
APRIL (4)	196,073,222	159,137,277	148,465,097	145,213,763
MAY		153,526,766	143,186,930	149,064,276
JUNE		162,325,519	159,719,466	161,013,785

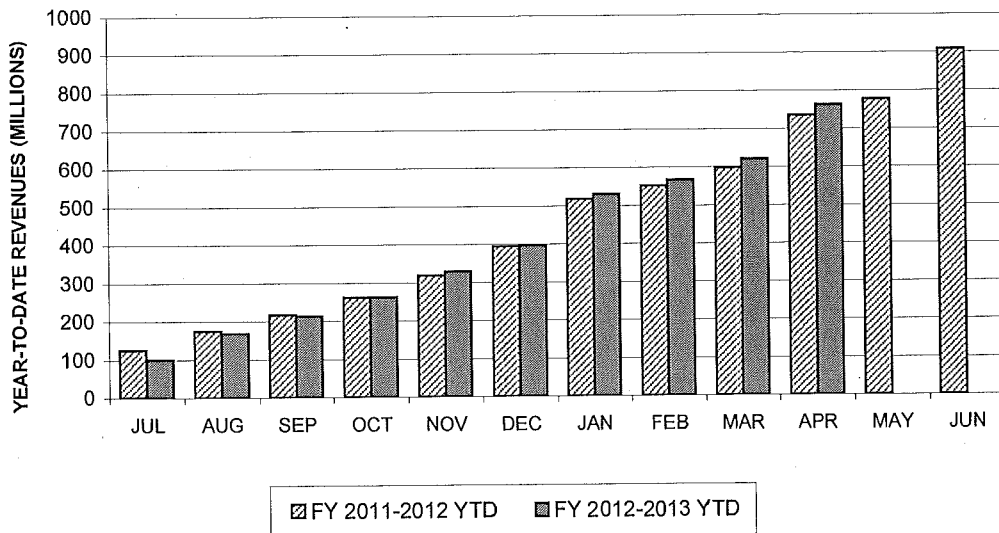
Note: (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

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.

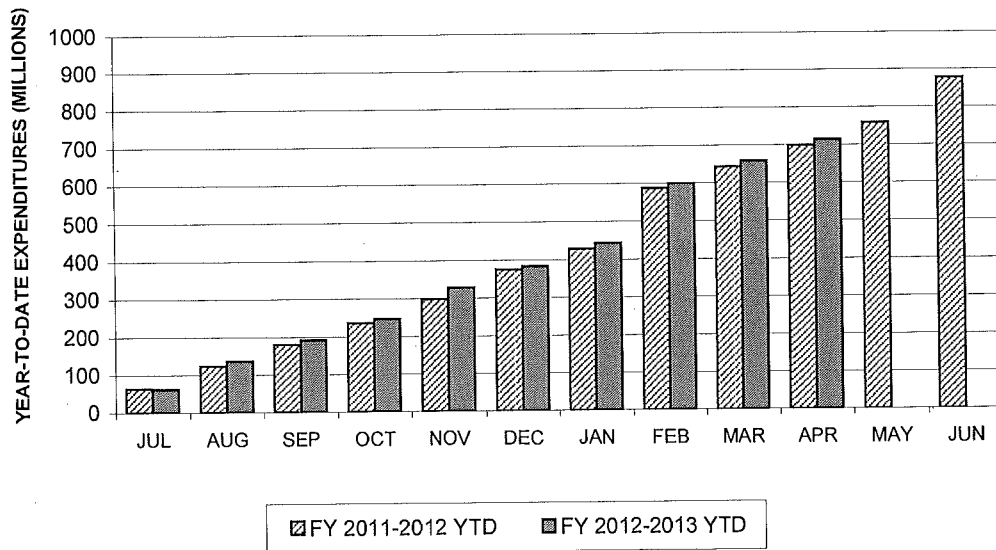
Note: (3) The General Fund cash balance decreases in January 2011, February 2012 and February 2013 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANs) of amounts between \$75 million and \$100 million.

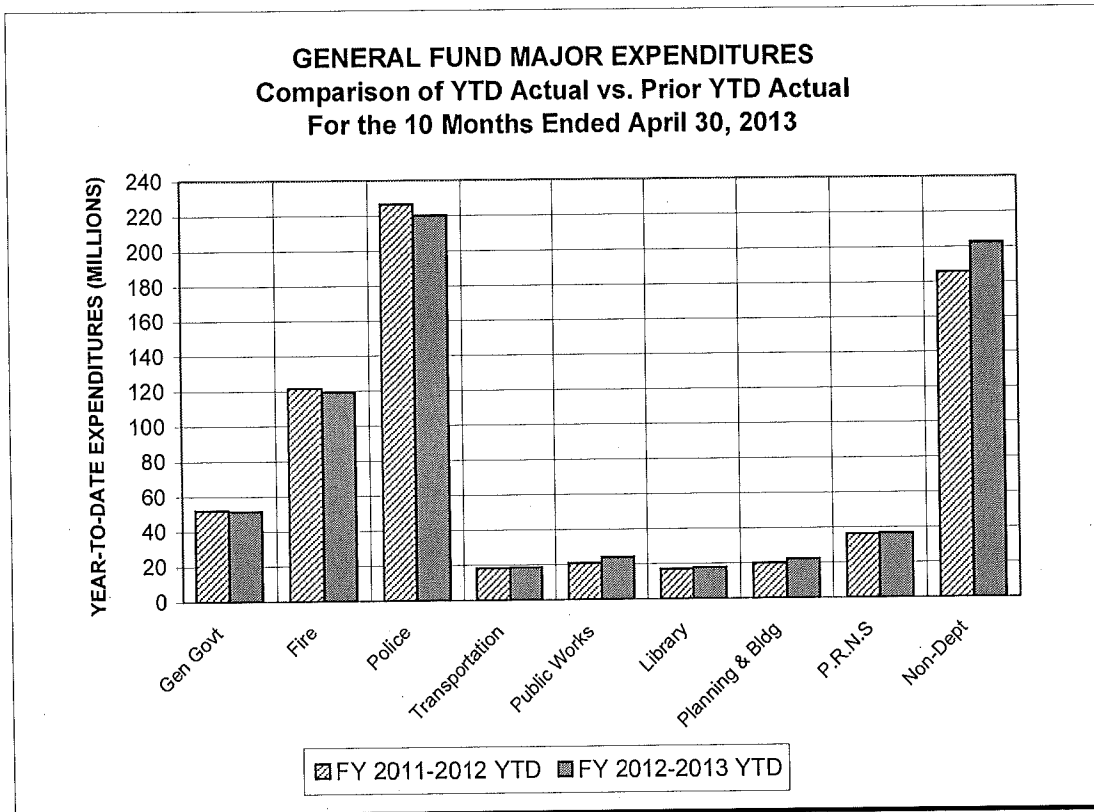
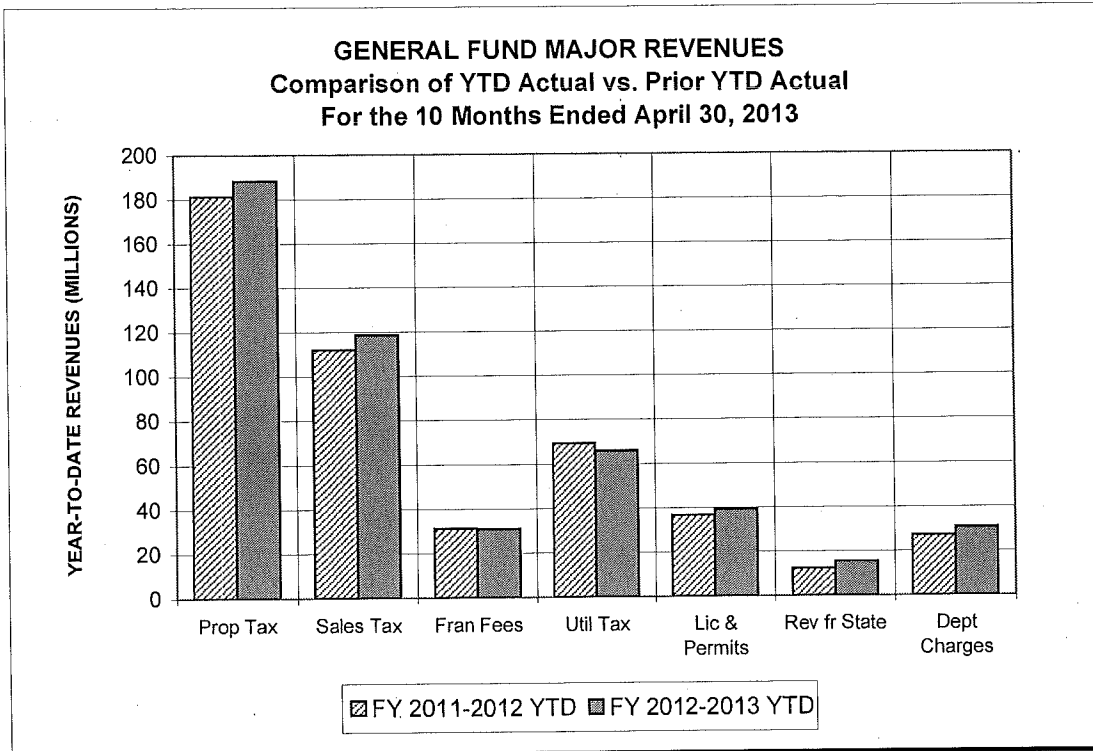
Note: (4) The General Fund cash balance increases each April mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

**GENERAL FUND
Comparison of YTD Revenues
Actual**



**GENERAL FUND
Comparison of YTD Expenditures
Actual**





(1) Non-Departmental year-over-year variance is mainly due to the City's payment to the Successor Agency of the Redevelopment Agency (SARA) for the principal and first interest installment of the 2001F bond payment. This Convention Center Lease expenditure was not reflected in FY 2011-2012 until June 2012.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	16,927	16,927	16,927	100.00%	19,267	109.12%	17,656	(2,340)	-12.15%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	155,467	12,833	-	168,300	168,300	100.00%	137,537	100.00%	137,537	30,763	22.37%
Total Fund Balance	155,467	12,833	16,927	185,227	185,227	100.00%	156,804	101.04%	155,193	28,423	18.13%
General Revenues											
Property Tax	202,925	(1)	-	202,924	188,540	92.91%	181,336	89.90%	201,712	7,204	3.97%
Sales Tax (1)	152,680	8,590	-	161,270	118,611	73.55%	111,964	72.69%	154,027	6,647	5.94%
Telephone Line Tax	20,525	-	-	20,525	15,125	73.69%	15,380	74.92%	20,529	(255)	-1.66%
Transient Occupancy Tax	8,715	1,385	-	10,100	7,218	71.47%	6,300	70.12%	8,984	918	14.57%
Franchise Fees	43,625	-	-	43,625	30,998	71.06%	31,294	75.03%	41,709	(296)	-0.95%
Utility Tax	91,855	(882)	-	90,973	66,015	72.57%	69,296	76.67%	90,383	(3,281)	-4.73%
Business Taxes	40,550	1,850	-	42,400	35,446	83.60%	32,627	79.32%	41,134	2,819	8.64%
Licenses and Permits	37,813	1,281	-	39,094	39,240	100.37%	36,688	83.69%	43,838	2,552	6.96%
Fines, Forfeits and Penalties	16,708	(1,250)	-	15,458	11,675	75.53%	14,295	77.87%	18,358	(2,620)	-18.33%
Use of Money and Property	2,911	-	-	2,911	2,706	92.96%	2,529	82.70%	3,058	177	7.00%
Revenue from Local Agencies	29,250	8,817	-	38,067	14,285	37.53%	8,839	29.45%	30,017	5,446	61.61%
Revenue from State of Cal.	10,747	1,903	-	12,650	15,480	122.37%	12,382	85.87%	14,419	3,098	25.02%
Revenue from Federal Government	16,611	6,575	-	23,186	12,339	53.22%	13,327	67.65%	19,700	(988)	-7.41%
Departmental Charges (2)	32,126	809	-	32,935	30,785	93.47%	27,226	79.43%	34,276	3,559	13.07%
Other Revenues	16,270	105,502	-	121,772	119,756	98.34%	112,867	97.11%	116,221	6,889	6.10%
Total General Revenues	723,311	134,579	-	857,890	708,219	82.55%	676,350	80.67%	838,365	31,869	4.71%
Transfers & Reimbursements											
Overhead Reimbursements	32,349	-	-	32,349	28,223	87.25%	30,102	92.79%	32,441	(1,879)	-6.24%
Transfers from Other Funds	18,998	1,120	-	20,118	14,506	72.10%	17,572	80.95%	21,706	(3,066)	-17.45%
Reimbursements for Services	15,685	(500)	-	15,185	11,309	74.47%	10,412	67.35%	15,459	897	8.62%
Total Transfers & Reimburse	67,032	620	-	67,652	54,038	79.88%	58,088	83.45%	69,606	(4,048)	-6.97%
Total Sources	945,810	148,032	16,927	1,110,769	947,484	85.30%	891,240	83.83%	1,063,164	56,244	6.31%

(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 2012-2013 positive cumulative impact through April 2013 is approximately \$13.9 million.

(2) - See Supplemental Schedule on Page 7.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 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						
General Government												
Mayor and Council	\$ 11,022	(241)	16	10,797	6,543	36	60.60%	6,749	79.75%	8,463	(206)	-3.05%
City Attorney	12,114	(9)	124	12,229	8,548	146	69.90%	8,766	80.93%	10,832	(218)	-2.49%
City Auditor	2,011	(13)	6	2,004	1,532	13	76.45%	1,436	80.63%	1,781	96	6.89%
City Clerk	2,069	(1)	-	2,068	1,416	83	68.47%	1,423	85.62%	1,662	(7)	-0.49%
City Manager	10,759	(532)	498	10,725	7,482	597	69.76%	7,466	77.00%	9,696	16	0.21%
Finance	12,276	412	198	12,886	9,274	553	71.97%	8,504	77.83%	10,927	770	9.05%
Information Technology	13,362	(478)	2,066	14,950	7,643	2,223	51.12%	9,034	75.58%	11,953	(1,391)	-15.40%
Human Resources	5,982	10	11	6,003	4,221	401	70.31%	4,101	76.44%	5,365	120	2.93%
Independent Police Auditor	1,066	(1)	1	1,066	770	1	72.23%	732	78.37%	934	38	5.19%
Office of Economic Development	5,255	5	295	5,555	4,016	285	72.30%	3,805	85.24%	4,464	211	5.55%
Total General Government	75,916	(848)	3,215	78,283	51,445	4,338	65.72%	52,016	78.72%	66,077	(571)	-1.10%
Public Safety												
Fire	151,324	3,202	470	154,996	119,280	979	76.96%	121,415	78.95%	153,790	(2,135)	-1.76%
Police	294,753	(2,870)	794	292,677	220,170	2,609	75.23%	226,516	78.47%	288,670	(6,346)	-2.80%
Total Public Safety	446,077	332	1,264	447,673	339,450	3,588	75.83%	347,931	78.64%	442,460	(8,481)	-2.44%
Capital Maintenance												
Transportation	25,906	(15)	717	26,608	18,505	888	69.55%	18,009	74.36%	24,218	496	2.75%
Public Works	30,600	155	277	31,032	24,119	1,856	77.72%	20,718	78.11%	26,523	3,401	16.42%
Total Capital Maintenance	56,506	140	994	57,640	42,624	2,744	73.95%	38,727	76.32%	50,741	3,897	10.06%
Community Service												
Housing	254	-	-	254	171	-	67.32%	(1)	0.00%	-	172	100.00%
Library	24,031	(74)	133	24,090	17,824	336	73.99%	16,668	76.95%	21,920	956	5.67%
Planning, Bldg & Code Enf.	33,927	594	195	34,716	22,262	1,104	64.13%	20,070	77.91%	25,759	2,192	10.92%
Park, Rec & Neigh Svcs	49,381	467	(130)	49,718	36,704	2,880	73.82%	36,112	76.83%	47,003	592	1.64%
Environmental Services	428	124	24	576	296	22	51.39%	383	98.46%	389	(87)	-22.72%
Total Community Services	108,021	1,111	222	109,354	77,257	4,342	70.65%	73,432	77.24%	95,071	3,825	5.21%
Total Dept. Expenditures	\$ 686,520	735	5,695	692,950	510,776	15,012	73.71%	512,106	78.26%	654,349	(1,330)	-0.26%

(1) Does not include encumbrance balance.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)

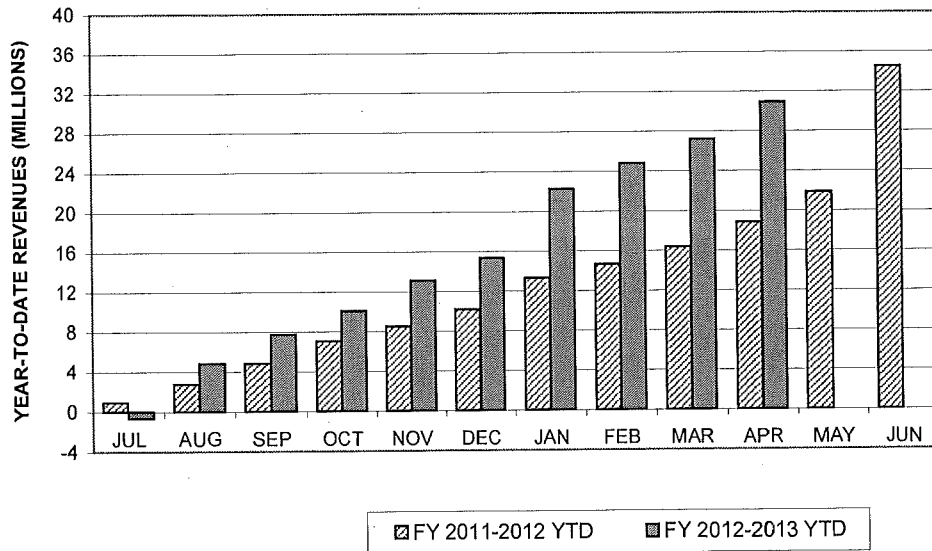
	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)	PRIOR YEAR-END		CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR			BUDGETARY BASIS ACTUAL	OF PRIOR YEAR-END ACTUAL		
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 21,744	575	258	22,577	16,794	139	74.39%	5,867	23,126	10,927	186.25%	
Environmental & Utility Services	5,951	539	63	6,553	3,318	586	50.63%	4,364	5,398	(1,046)	-23.97%	
Public Safety	19,815	3,684	774	24,273	16,944	612	69.81%	18,334	22,390	(1,390)	-7.58%	
Recreation & Cultural Services	7,592	2,612	207	10,411	5,630	2,178	54.08%	5,829	7,975	(199)	-3.41%	
Transportation Services	7,776	(350)	409	7,835	3,467	708	44.25%	3,463	4,612	4	0.12%	
Strategic Support	46,985	115,592	5,424	168,001	121,540	6,291	72.34%	113,844	123,744	7,696	6.76%	
Total City-wide Expenditures	108,863	122,652	7,135	239,650	167,693	10,514	69.97%	151,701	187,245	15,992	10.54%	
Other Non-Dept Expenditures:												
Capital Improvements	15,640	919	4,097	20,656	5,751	1,213	27.84%	4,196	5,571	1,555	37.06%	
Transfers to Other Funds	39,387	(10,312)	-	29,075	29,002	-	99.75%	29,814	30,222	(812)	-2.72%	
Other Operating Expenditures	-	282	-	282	64	2	22.70%	-	-	64	100.00%	
Total Non-Dept Expenditures	164,890	113,541	11,232	289,663	202,510	11,729	69.91%	185,711	223,038	16,799	9.05%	
Reserves												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	-	-	0.00%	
Earmarked Reserves	65,091	33,756	-	98,847	-	-	0.00%	-	-	-	0.00%	
Total Reserves	94,400	33,756	-	128,156	-	-	0.00%	-	-	-	0.00%	
Total Uses	\$ 945,810	148,032	16,927	1,110,769	713,286	26,741	64.22%	697,817	877,387	15,469	2.22%	

(1) Does not include encumbrance balance.

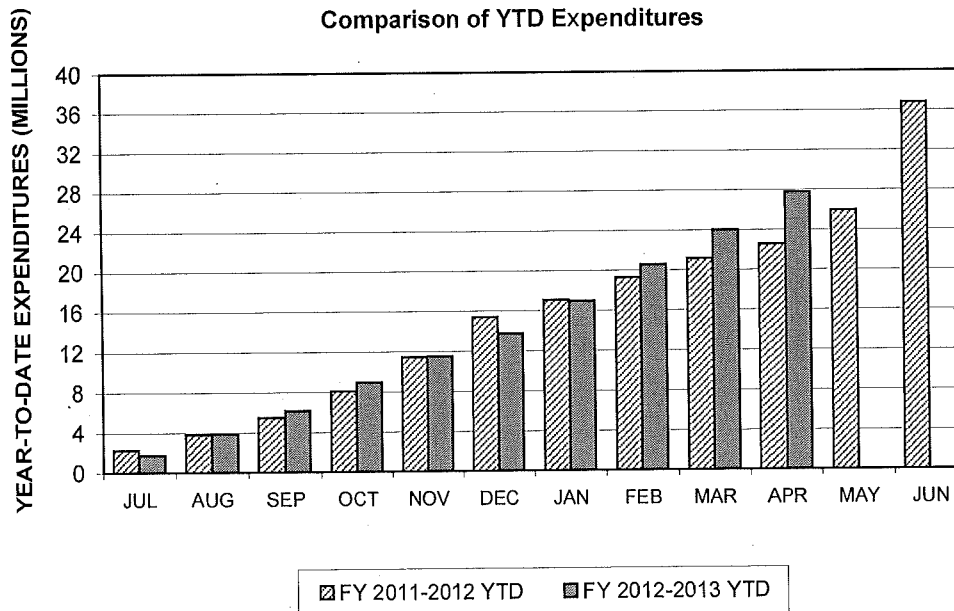
CITY OF SAN JOSE
 GENERAL FUND SOURCE AND USE OF FUNDS
 FOR THE 10 MONTHS ENDED APRIL 30, 2013
 SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
 (UNAUDITED)
 (\$,000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS		CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
									ACTUAL	BUDGET		
Police	1,436	-	-	1,436	970	67.55%	1,114	73.48%	1,516	(144)	-12.93%	
Public Works	5,650	385	-	6,035	6,304	104.46%	5,315	73.20%	7,261	989	18.61%	
Transportation	1,135	-	-	1,135	1,212	106.78%	1,000	77.22%	1,295	212	21.20%	
Library	1,305	-	-	1,305	727	55.71%	880	75.02%	1,173	(153)	-17.39%	
Planning, Bldg & Code Enf	2,600	-	-	2,600	3,071	118.12%	2,229	77.26%	2,885	842	37.77%	
Parks Rec & Neigh Svcs	14,460	424	-	14,884	13,133	88.24%	12,241	83.54%	14,652	892	7.29%	
Miscellaneous Dept Charges	5,540	-	-	5,540	5,368	96.90%	4,447	80.94%	5,494	921	20.71%	
Total Departmental Revenues \$	32,126	809	-	32,935	30,785	93.47%	27,226	79.43%	34,276	3,559	13.07%	

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

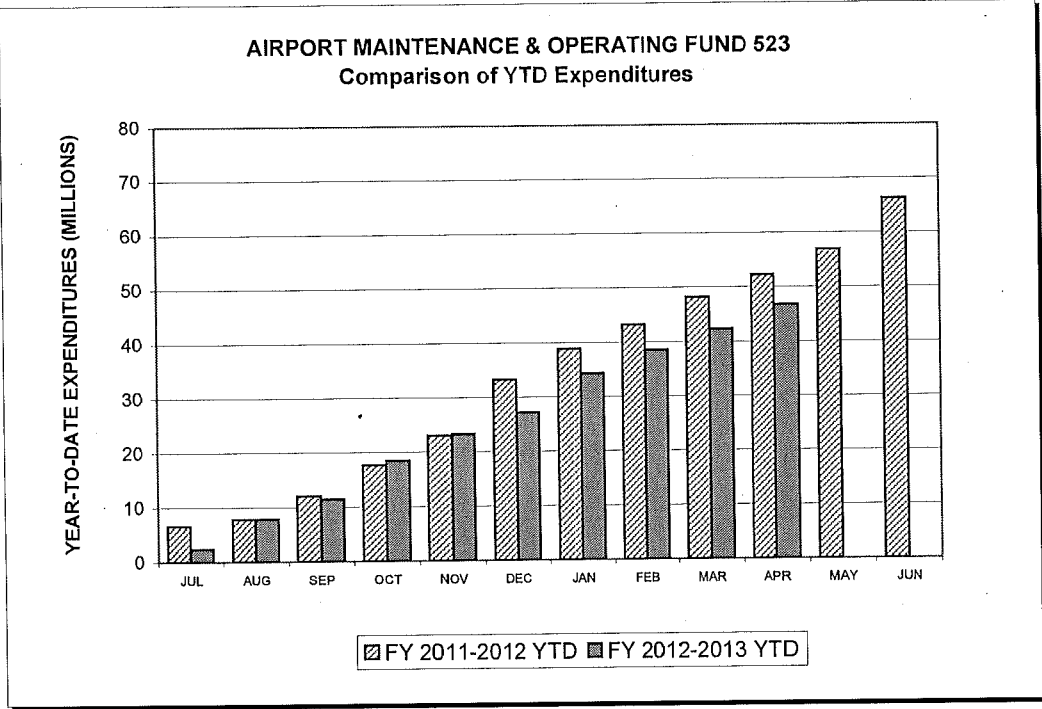
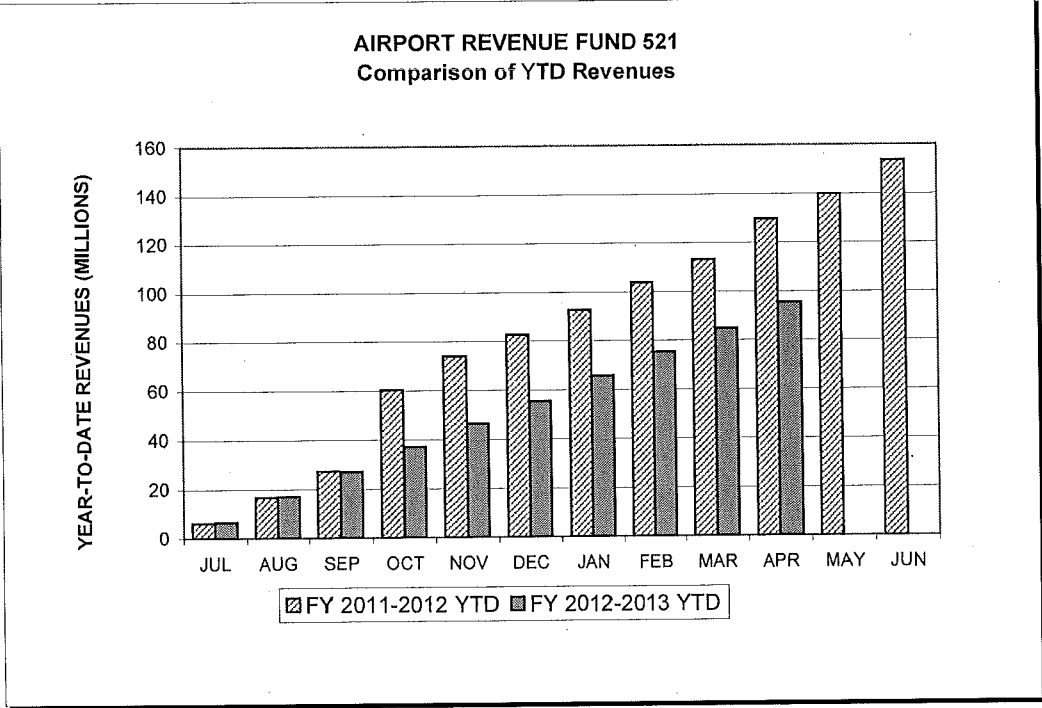


**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures**



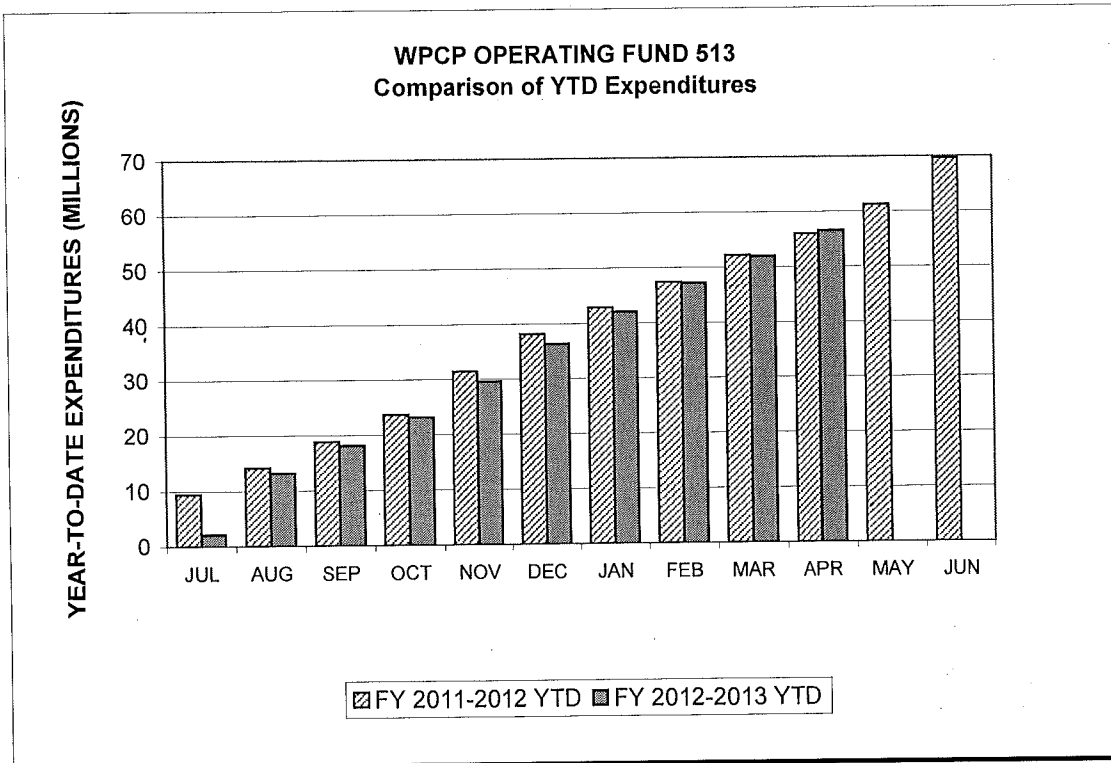
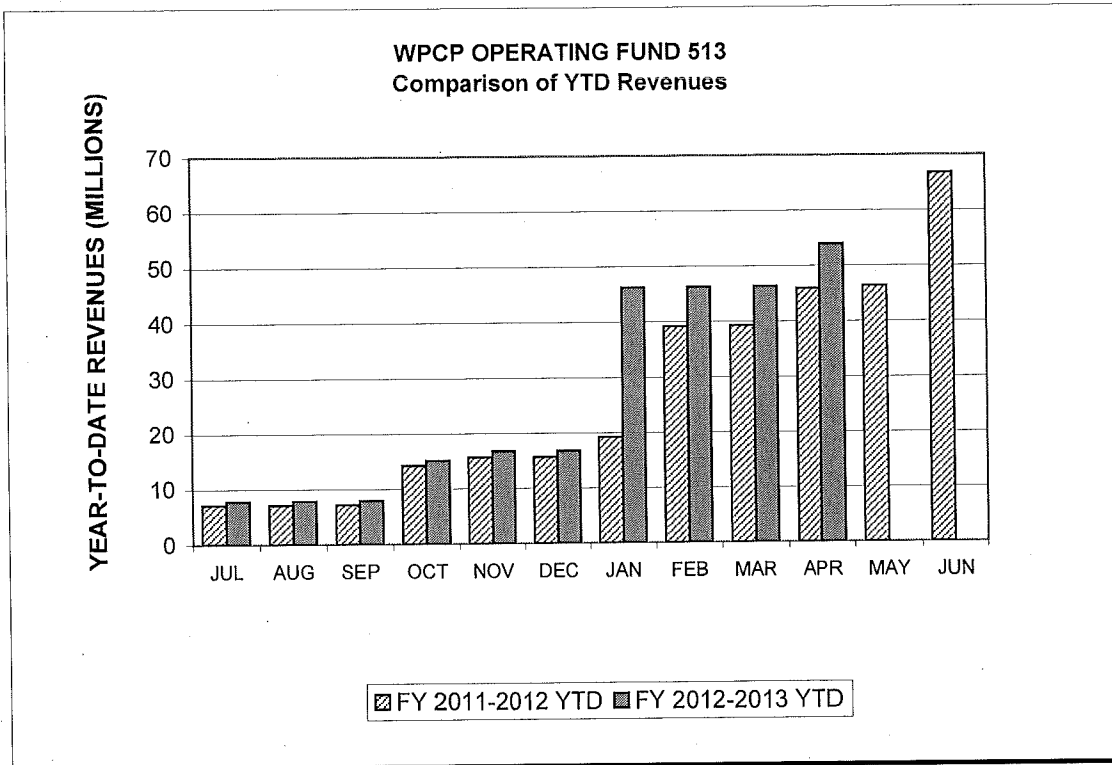
Negative Revenues in July 2012 were caused by the reversal of FY 2011-2012 year-end accrued revenues that exceeded the amount of actual year-end revenues.

Increase in Revenues year over year is mainly due to a \$8 million increase in Construction and Conveyance Tax Collections and \$3 million increase in transfers from other funds.



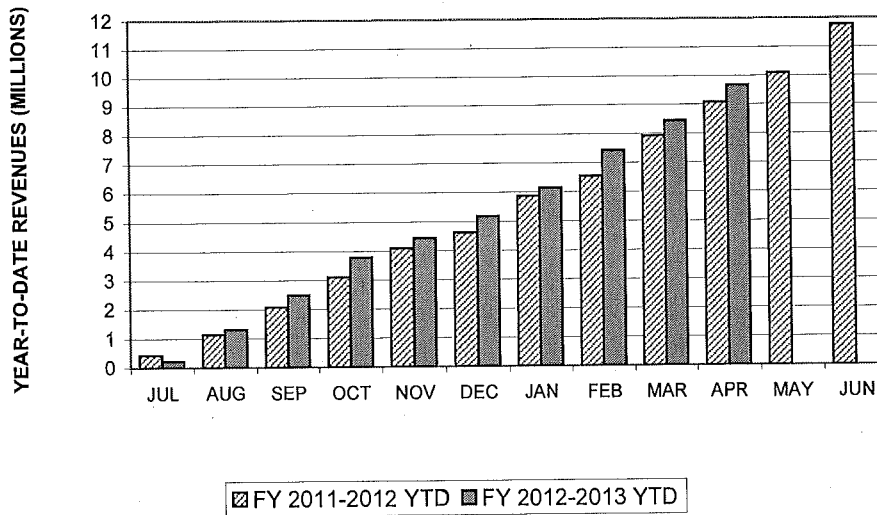
Airport Revenues include the reimbursement of \$22.2 million in October 2011 for previously paid expenditures from the proceeds of the City's Airport Revenue Bonds, Series 2007A (AMT), pursuant to the Proceeds Allocation Certificate executed on September 30, 2011.

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

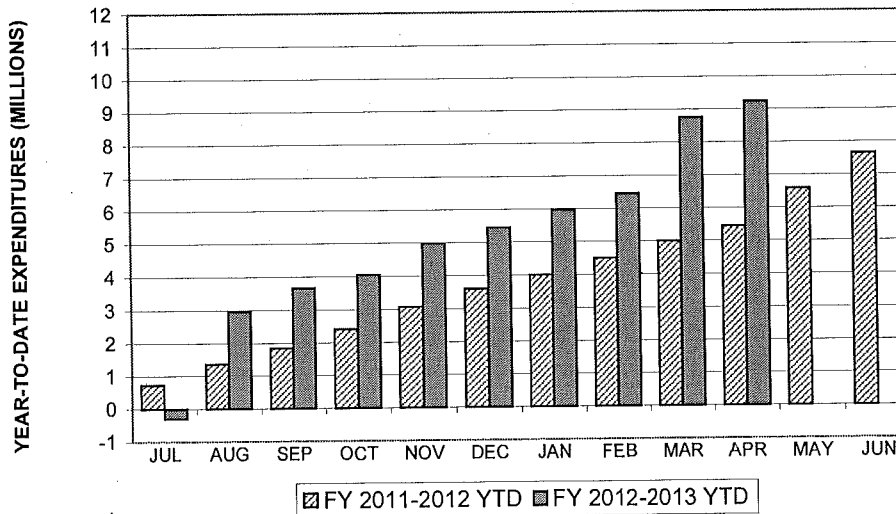


Note: The graphs above are only for the WPCP operating fund (513).

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



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



Negative Expenditures in July 2012 were caused by the reversal of FY 2011-2012 year-end accrued expenditures that exceeded the amount of actual year-end expenditures.

The increase in Parking Expenditures in August 2012 and March 2013 were due to payments totaling \$3.4 million to the Successor Agency of the Redevelopment Agency that was used to pay the debt service on the Series 2001A bond.

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

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$'000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013 BUDGET	BUDGET AMENDMENTS		FY 2012-2013 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	\$ -	-	3,691	3,691	3,691	N/A	7,328
Beginning Fund Balance	52,553	22,034	-	74,587	74,587	N/A	70,785
Revenues	27,346	23,082	-	50,428	30,922	N/A	18,845
Total Sources	79,899	45,116	3,691	128,706	109,200	N/A	96,958
Total Uses	79,899	45,116	3,691	128,706	27,790	5,386	22,562
Airport (1)							
Prior Year Encumbrance	-	-	7,340	7,340	7,340	N/A	12,123
Beginning Fund Balance	370,663	(32,092)	-	338,571	338,571	N/A	423,647
Revenues	340,377	(2,949)	-	337,428	289,614	N/A	325,137
Total Sources	711,040	(35,041)	7,340	683,339	635,525	N/A	760,907
Total Uses	711,040	(35,041)	7,340	683,339	273,648	14,288	331,822
Waste Water Treatment (2)							
Prior Year Encumbrance	-	-	29,126	29,126	29,126	N/A	42,600
Beginning Fund Balance	246,362	32,958	-	279,320	279,320	N/A	243,067
Revenues	275,183	74	-	275,257	230,735	N/A	225,273
Total Sources	521,545	33,032	29,126	583,703	539,181	N/A	510,940
Total Uses	521,545	33,032	29,126	583,703	170,163	38,560	167,188
Parking							
Prior Year Encumbrance	-	-	630	630	630	N/A	974
Beginning Fund Balance	11,524	1,783	-	13,307	13,307	N/A	10,712
Revenues	10,456	669	-	11,125	9,662	N/A	9,077
Total Sources	21,980	2,452	630	25,062	23,599	N/A	20,763
Total Uses	\$ 21,980	2,452	630	25,062	9,224	1,475	5,446
Municipal Water							
Prior Year Encumbrance	\$ -	-	876	876	876	N/A	1,551
Beginning Fund Balance	13,545	2,340	-	15,885	15,885	N/A	15,206
Revenues	31,803	-	-	31,803	29,149	N/A	27,649
Total Sources	45,348	2,340	876	48,564	45,910	N/A	44,406
Total Uses	45,348	2,340	876	48,564	24,030	1,430	23,733

(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 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Gas Tax							
Revenues	15,000	-	-	15,000	10,949	N/A	9,905
Total Sources	15,000	-	-	15,000	10,949	N/A	9,905
Total Uses	15,000	-	-	15,000	10,963	0	9,905
Building and Structures							
Prior Year Encumbrance	-	-	3,312	3,312	3,312	N/A	3,638
Beginning Fund Balance	11,597	2,790	-	14,387	14,387	N/A	13,869
Revenues	20,073	1,061	-	21,134	13,218	N/A	13,595
Total Sources	31,670	3,851	3,312	38,833	30,917	N/A	31,102
Total Uses	31,670	3,851	3,312	38,833	8,150	4,140	15,343
Residential Construction							
Beginning Fund Balance	1,074	184	-	1,258	1,258	N/A	1,108
Revenues	102	-	-	102	249	N/A	177
Total Sources	1,176	184	-	1,360	1,507	N/A	1,285
Total Uses	\$ 1,176	184	-	1,360	38	0	30
Transient Occupancy Tax							
Prior Year Encumbrance	\$ -	-	116	116	116	N/A	176
Beginning Fund Balance	2,206	2,093	-	4,299	4,299	N/A	3,840
Revenues	13,081	2,076	-	15,157	10,860	N/A	9,593
Total Sources	15,287	4,169	116	19,572	15,275	N/A	13,609
Total Uses	15,287	4,169	116	19,572	9,950	491	10,134
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	368	368	368	N/A	495
Beginning Fund Balance	7,654	872	-	8,526	8,526	N/A	8,422
Revenues	27,826	8,398	-	36,224	18,289	N/A	17,985
Total Sources	35,480	9,270	368	45,118	27,183	N/A	26,902
Total Uses	35,480	9,270	368	45,118	24,391	546	19,272

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013 BUDGET	BUDGET AMENDMENTS		FY 2012-2013 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Golf							
Prior Year Encumbrance	-	-	-	-	-	N/A	5
Beginning Fund Balance	328	47	-	375	375	N/A	301
Revenues	2,375	-	-	2,375	2,315	N/A	2,330
Total Sources	2,703	47	-	2,750	2,690	N/A	2,636
Total Uses	2,703	47	-	2,750	2,238	0	2,183
Other Funds							
Prior Year Encumbrance	-	-	29,349	29,349	29,349	N/A	31,880
Beginning Fund Balance	186,132	16,989	-	203,121	203,121	N/A	200,263
Revenues	399,756	14,051	-	413,807	329,124	N/A	352,430
Total Sources	585,888	31,040	29,349	646,277	561,594	N/A	584,573
Total Uses	\$ 585,888	31,040	29,349	646,277	265,362	65,566	338,350

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013 BUDGET	BUDGET AMENDMENTS		FY 2012-2013 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	\$ -	-	2,200	2,200	2,200	N/A	8,109
Beginning Fund Balance	35,268	11,208	-	46,476	46,476	N/A	27,924
Revenues	42,294	14,424	-	56,718	47,181	N/A	31,443
Total Sources	77,562	25,632	2,200	105,394	95,857	N/A	67,476
Total Uses	77,562	25,632	2,200	105,394	28,802	7,542	25,098
Redevelopment Projects							
Prior Year Encumbrance	-	-	37	37	37	N/A	213
Beginning Fund Balance	-	2	-	2	2	N/A	1,297
Revenues	-	-	-	-	-	N/A	153
Total Sources	-	2	37	39	39	N/A	1,663
Total Uses	-	2	37	39	27	10	553
Other							
Prior Year Encumbrance	-	-	1,245	1,245	1,245	N/A	5,165
Beginning Fund Balance	53,165	(152)	-	53,013	53,013	N/A	58,745
Revenues	14,233	950	-	15,183	4,494	N/A	2,789
Total Sources	67,398	798	1,245	69,441	58,752	N/A	66,699
Total Uses	\$ 67,398	798	1,245	69,441	7,435	13,970	7,766

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE 10 MONTHS ENDED APRIL 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D
					ACTUAL	ENCUMBR	ACTUAL
Trust and Agency							
Prior Year Encumbrance	\$ -	-	2	2	2	N/A	-
Beginning Fund Balance	4,106	(295)	-	3,811	3,811	N/A	2,397
Revenues	80	371	-	451	688	N/A	1,190
Total Sources	<u>4,186</u>	<u>76</u>	<u>2</u>	<u>4,264</u>	<u>4,501</u>	<u>N/A</u>	<u>3,587</u>
Total Uses	<u>\$ 4,186</u>	<u>76</u>	<u>2</u>	<u>4,264</u>	<u>526</u>	<u>87</u>	<u>329</u>