

M E M O R A N D U M

DATE: February 1, 2012
TO: Honorable Mayor and Councilmembers
FROM: Patricia Allison, City Manager's Office
SUBJECT: QUARTERLY BUDGET UPDATE



Memorandum

Financial Services Department

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager *W*

FROM: Teri Ferro, *T* Director of Financial Services

DATE: January 24, 2012

SUBJECT: Financial Status Report

Attached please find a copy of the Financial Status Report for the second quarter ending December 31, 2011.

General Fund revenues as of December 31st came in at 37% which is typical at this time of year due to cyclical receipts of revenues. Historically revenues for the second quarter are in the 35% - 40% range.

Overall General Fund expenditures are at 46% and with purchase order encumbrances are at 50% of the amended budget. The amended budget includes funding for TriData to evaluate outsourcing options, and a settlement agreement.

The following is a snapshot of General Fund revenues vs. expenditures as of December 31st.

Description	Amended Budget	YTD as of 2 nd Quarter	YTD % of Amended Budget
Revenues	\$112,376,098	\$41,475,375	36.91%
Expenditures	\$113,592,827	\$56,337,843	49.60%
Surplus/(Shortfall)	(\$1,216,729)		

RECOMMENDATION AND OUTLOOK

General Fund revenues are below projections by approximately \$339,304 with a corresponding expenditure reduction as noted on Attachment A.

Adjustments for non-General Fund revenues and expenditures are also noted on Attachment A. A separate Council action will be brought forth at a future date regarding the impact to the Redevelopment Agency Fund.

There is a concern regarding the performance of the following revenues which will be closely monitored over the next three months for anticipated improvements:

Business License Tax	(currently 38%)
Property Mgmt Golf Course Reimbursement	(currently 27%)
Municipal Golf Course	(currently 40%)
Red Light Camera Fines	(currently 40%)
Gas Tax	(currently 40%)

I am available to answer any questions you may have.

cc: City Clerk
City Treasurer
Department Directors



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2011-12
Second Quarter Ending December 31, 2011**

The City has completed the second quarter of the 2011-12 fiscal year. This report summarizes the activities of the operating funds, but is not meant to be inclusive of all finance and accounting transactions. It is intended only to provide Council and the public with an overview of the state of the City's general fiscal condition.

GENERAL FUND BUDGET POSITION

The City Council adopted the FY 11/12 budget on June 1, 2011 with approved General Fund revenues of \$112,339,585 and expenditures of \$112,475,423. Table 1 delineates the year-to-date changes to the General Fund budget as of December 31, 2011.

The amended budget for the First Quarter reflects an increase of \$1,011,312 over the adopted budget. This is comprised of the following components:

- \$1,015,273 continued appropriations from FY 10/11 for incomplete projects and programs in accordance with Administrative Directive 20. This amount has been set aside in the General Fund Balance as Assigned and Committed reserves.
- \$11,266 approved by Council on 8/17/11 for certifying the Referendum

Petition (vacancy decontrol). This amount is funded from Unassigned Fund Balance.

- (\$164,646) reduction approved by Council on 8/17/11 for Police Non-Sworn (OPON) contract.
- \$149,428 approved by Council on 8/31/11 for KOCT Telecommunication Grant. This amount is funded from Committed reserves.

The amended budget for the Second Quarter reflects an increase of \$106,084 over the First Quarter amendments. This is comprised of the following components:

- \$71,084 approved by Council on September 15, 2011 for TriData to evaluate outsourcing options. This amount is funded from Unassigned Fund Balance.
- \$35,000 approved by Council on October 26, 2011 in closed session for a settlement agreement. This amount is funded from a transfer from Risk Management Fund.

**Table 1
CHANGES TO GENERAL FUND BUDGET
Fiscal Year 2010-2011**

	Adopted Budget	Amended Budget	Increase (Decrease)
FIRST QUARTER			
<i>Revenues</i>	112,339,585	112,339,585	-
<i>Expenditures</i>	112,475,422	113,486,743	+1,011,321
SECOND QUARTER			
<i>Revenues</i>	-	112,376,098	+36,513
<i>Expenditures</i>	-	113,592,827	+106,084



GENERAL FUND REVENUES

Fiscal Year 2011-2012 General Fund adopted revenues were adopted to be \$112,339,585 which represents a \$935,326 or 0.82 percent decrease from the prior fiscal year. Included in the revenue projection is the use of one-time transfer from the Fleet Replacement Fund of \$306,483 approved by Council on July 6, 2011 as a budget amendment. The amended revenue budget of \$112,376,098 includes an additional \$36,513 consisting of \$35,000 transfer in from risk management fund, and \$1,513 federal grant.

Revenues received as of December 31, 2011 are approximately 37% of total projections. Historically, revenues for the second quarter are in the 35% - 40% range. Many of the taxes such as property taxes, sales taxes and franchise taxes are received either biannually or annually.

Table 2 below highlights the amount and percentage received in each of the major revenue types. A discussion follows below on any trending or concerns noted.

**Table 2
GENERAL FUND REVENUES
Fiscal Year 2011-2012**

Revenue Type	Adopted Budget	Amended Budget	YTD as of 2 nd Quarter	YTD % of Amended Budget
Property Taxes	45,131,200	45,131,200	13,437,342	29.77%
Sales Taxes	17,307,800	17,307,800	4,860,153	28.08%
All Other Taxes	10,706,600	10,706,600	3,761,519	35.13%
Licenses & Permits	1,534,160	1,534,160	768,390	50.09%
Fines/Forfeitures	4,643,060	4,643,060	1,672,502	36.02%
Use of Money & Property	4,837,754	4,837,754	2,131,047	44.05%
Intergovernmental	1,013,152	1,014,665	317,294	31.27%
Charges for Services	17,230,524	17,230,524	9,400,954	54.56%
Other Revenue & Transfers	9,892,335	9,927,335	5,126,171	51.64%
Use of Reserves	43,000	43,000	n/a	n/a
Total	112,339,585	112,376,098	41,475,372	36.91%

Property Taxes comprise 40% of the total General Fund revenues and are primarily received in the December/January and April/May timeframes. Revenues recognized at the end of the second quarter are at 30%, and consist of the following components:

Current Taxes – according to the County’s tax apportionment schedule, the City can expect to receive 40% of the current “secured” portion by December, along with 95% of the current “unsecured”. The City received 41% of the secured, and 77% of unsecured respectively as of December 31st.

Supplemental Taxes – these taxes are assessed when there is new construction to property or change of ownership. They are distributed monthly based on a county-wide “pooled” formula, and the City has received \$89k or 42% of projections.

In-Lieu of VLF – approximately 29% of the total property tax revenue (\$13.3 million) comes from In-Lieu of VLF which is distributed in January and May.

Prior Year Property Taxes – the City budgeted \$300,000 for collection of prior year taxes (including penalties and interest); 69% has been received as of the second quarter.



Sales Taxes comprise 15% of the total General Fund revenues, and consist of three components. Revenues recognized at the end of the second quarter are at 28%.

Bradley Burns Uniform Sales & Use Tax – this law provides for city/county rate of 1% to support local government general funds. (Effective July 1, 2004, ¼ of the one percent was confiscated by the State to guarantee state deficit bonds approved by Proposition 57 – also known as the Triple Flip.) The City receives a monthly “advance” of this portion from SBOE, with a “true up” each quarter. However, it should be noted that SBOE is several months in arrears in remitting payment to the City. As of December 31st, the City has received July-November payments totaling 35% of projections. HdL Companies, our sales tax consultant, has provided an updated analysis of expected revenues for FY 11/12 which reflects a slight increase of 2.5 percent over original projections, which includes the total Hanson appeal deduction. The sales tax budget will increase approximately \$380,000 for the remainder of the fiscal year.

Prop 172 Safety Funds – the 0.5% Public Safety Tax was approved by voters in 1993 to permanently extend a temporary state tax that had been enacted to offset the state’s fiscal crisis, and can only be used for specified public safety purposes. Remittance comes from the County each month, and as of December 31st, the City has received July-November payments totaling 51% of projections.

Sales Tax Compensation Funds – this constitutes the Triple Flip payment of the ¼ of one percent that is withheld by the State. Payment is remitted in January and May from County property taxes.

All Other Taxes comprise 9.5% of the total General Fund revenues, with second quarter remittance totaling 35% of projections.

Transient Occupancy Tax – the City collects 10% of the room rent charged by a hotel operator to tourists occupying a hotel room

within the City for a period of less than 30 days. TOT receipts as of December 31st is at 50% which represents receipts through November 2011 (hotel operators have 30 days after month or quarter end to remit their tax return and check to the City.) The majority of businesses remit their tax returns on a quarterly basis.

Card Room Tax – this tax is 5% on gross revenues for the Ocean’s 11 card room, with 57% of projected revenues received as of December 31st.

Business License Tax – the business license tax is \$0.50 per \$1,000 gross revenues. The City has received 38% as of December 31st. While this is not an area of concern since many of the licenses are renewed in the beginning of the calendar year, this revenue source is “on watch” for the third quarter.

Franchise Tax – the City receives franchise taxes from Cox Communications on a quarterly basis and from SDG&E on an annual basis in April. The amount received as of December 31st is 16% which includes receipts for one quarter only.

Licenses & Permits comprise less than 1.4% of the total General Fund revenues, and is on target with 50% received during the second quarter.

Fines & Forfeitures comprise 4% of the total General Fund revenues and includes revenue from abandoned vehicle abatements (AVA), impound fees, false alarms, red light photo fines, administrative citations, parking citations and other miscellaneous fines. Approximately 36% of these revenues were received during the second quarter. The largest component of Fines & Forfeitures is parking citations. This revenue source is below projections due to 3 percent fewer citations being written. This revenue will be reduced by \$150,000.

Use of Money and Property comprise 4.3% of the total General Fund revenues and includes interest earnings on the City’s investment portfolio, as well as general rents



and leases, cell towers in right-of way and City property, Municipal Golf Course, Harbor Tidelands, and parking machines collections. Over 44% has been received at December 31st. Revenues received on cell tower leases are short of projections for two reasons: annual revenues were received in FY 10/11 but budgeted in FY 11/12 resulting in an over projection; also there is a cell tower in the planning stage that while budgeted, will not be installed this fiscal year. Cell tower revenue will be reduced \$226,000. Revenues for the Municipal Golf Course is at 40% of projections, and will be reduced by \$30,000 as well as placed "on watch" for the third quarter. Revenues from parking machines and meters are cyclical due to the tourist season, and as of December 31st approximately 45% has been received.

Intergovernmental comprise slightly less than 1% of the total General Fund revenues and includes Motor Vehicle In-Lieu (VLF), Homeowner Property Tax Exemptions, POST reimbursement, and other grants and inter-agency reimbursements. Only 31% has been received as of December 31st. The VLF was eliminated via SB89 in the state budget, and the City has received a prior year "catch up" payment of \$90,600, necessitating this revenue to be eliminated approximately \$260,000 for the remainder of FY 11/12. Several public safety reimbursement revenues are below projections (POST, Anti-Trafficking) for a revenue reduction of \$46,800. The City has received additional revenue of \$76,000 for state mandate reimbursements.

Charges for Services comprise 15% of the total General Fund revenues, with approximately 55% being received as of December 31st. Ambulance billing is a large component of this revenue type, with 82% billed as of December 31st, and approximately \$865,000 in bad debt write-offs, resulting in net revenue as of December 31st of \$1.9 million or 56% of projections. Development related revenues are coming in approximately \$149,000 lower than anticipated for the second quarter, which will be offset by department expenditure reductions and a

transfer from the Inclusionary In-Lieu Fund for housing element and affordable housing initiatives work performed by planning staff.

Other Revenues and Transfers comprise 8.8% of the total General Fund revenues, of which 52% has been received as of December 31st. The Finance Department has established a mechanism to automatically transfer 1/12th of the budgeted transfers each month.

A complete listing of recommended budget adjustments for General Fund revenues (along with corresponding expenditure reductions) are appended to this report.

GENERAL FUND EXPENDITURES

Fiscal Year 2011-2012 General Fund expenditures were adopted to be \$112,475,433 which represents an approximate \$800,000 reduction from the prior fiscal year. The amended budget as of December 31st has been increased to \$113,592,827 as noted in Table 1.

Table 3 highlights the amount and percentage expended by each department. The YTD Actual & PO's column includes outstanding encumbered Purchase Orders in the total, which provides a better representation of monies spent or committed for the first quarter.

As of December 31st, the General Fund has expended or committed 49.6% of the amended budget. All departments are within 50% of budgeted expenditures with the following exceptions noted:

Financial Services: the department has encumbered over \$569,000 in purchase orders. Only 44% of the actual budget has been expended at December 31st.

Non-Departmental: the Humane Society contract has been encumbered in full. Only 46% of the actual budget has been expended at December 31st.



Fire: the department has encumbered over \$351,000 in purchase orders. 51% of the actual budget has been expended at December 31st, which reflects a payment in full for the HIRT membership.

Public Works: the department has encumbered over \$1.6 million in purchase orders. Only 37% of the actual budget has been expended at December 31st.

**Table 3
GENERAL FUND EXPENDITURES
Fiscal Year 2011-2012**

Department	Adopted Budget	Amended Budget	YTD Actual and PO's as of 2 nd Quarter	YTD % of Amended Budget
GENERAL GOVERNMENT				
City Council	891,586	891,586	421,042	47.22%
City Clerk	1,073,842	1,099,908	556,128	50.56%
City Treasurer	309,501	309,501	152,030	49.12%
City Manager	680,619	826,703	359,036	43.43%
City Attorney	1,535,860	1,535,860	705,300	45.92%
Financial Services	4,361,867	4,563,860	2,588,056	56.71%
Human Resources	694,834	694,834	347,095	49.95%
Non-Departmental	5,265,589	5,415,017	2,877,555	53.14%
PUBLIC SAFETY				
Fire	23,512,844	23,491,661	12,269,168	52.23%
Police	47,560,302	47,489,839	22,561,506	47.51%
PUBLIC WORKS				
Public Works	10,035,047	10,681,047	5,617,045	52.59%
COMMUNITY DEVELOPMENT				
Development Services	6,844,115	6,848,595	3,106,737	45.36%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	4,293,502	4,293,502	2,080,867	48.47%
Library	4,381,041	4,416,041	2,183,467	49.44%
Economic Development	1,034,873	1,034,873	512,811	49.55%
Total	112,475,422	113,592,827	56,337,843	49.60%

ENTERPRISE FUNDS

Enterprise funds, also known as business-type activities, are used to account for the acquisition, operation and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprise. Depreciation, while not a cash expense, is now booked to the Enterprise Funds on a quarterly basis and

reflected in the quarterly financial reports as an operating expense.

The financial status of operating funds for Water, Sewer and Solid Waste Disposal are discussed below. Please note that Water and Sewer budgets consist of multiple funds (operating, replacement and developer connection). Debt service is not included. Generally accepted accounting principles (GAAP) call for fiscal analysis of Enterprise Funds to reflect a roll up all funds into one report.



Table 4
WATER COMBINED FUNDS (excluding debt service)
Fiscal Year 2011-2012

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2 nd Quarter	YTD % of Amended Budget
Water Sales	49,601,115	49,601,115	24,445,633	49.28%
Developer Fees	400,000	400,000	1,148,723	287.18%
Grants	2,058,920	2,058,920	209,393	10.17%
Other Revenue	950,544	950,544	603,412	63.48%
Inter-fund Transfers In	20,500	687,529	682,351	99.25%
TOTAL OPERATING REVENUES	53,031,079	53,698,108	27,089,512	50.45%
Use of Reserves	6,406,827	6,406,827	0	n/a
TOTAL FUNDING SOURCES	59,437,906	60,104,935	27,089,512	n/a
EXPENDITURES				
Administration & General	31,325,394	31,415,035	11,988,292	38.16%
Flood Control/Storm Drains	785,666	785,666	393,349	50.07%
Water Distribution	1,503,241	1,503,241	779,499	51.85%
Water Filtration Plant	1,520,451	1,520,451	1,011,073	66.50%
Desalting Plant	2,245,681	2,245,681	1,095,778	48.79%
Water Maintenance	2,078,391	2,078,391	1,041,622	50.12%
Water Meter Service	1,926,718	1,926,718	1,016,552	52.76%
Clean Water Program	1,191,615	1,231,362	626,440	50.87%
Other Water Programs	1,228,829	1,228,829	528,363	43.00%
Inter-fund Transfers Out	900,000	900,000	848,832	94.31%
Replacement Projects (capital)	2,204,882	2,204,882	761,771	34.55%
Connection Projects (capital)	7,325,750	7,325,750	4,724,275	64.49%
TOTAL CASH EXPENSES	54,236,618	54,366,006	24,815,846	45.65%
Depreciation Expense	0	0	2,255,159	n/a
TOTAL OPERATING EXPENSES	54,236,618	54,366,006	27,071,005	n/a
OPERATING INCOME/(LOSS)	5,201,288	5,738,929	18,507	n/a

WATER FUND REVENUES

Overall revenues for the Water Combined Funds are at 50% at the end of the second quarter as noted in Table 4 above.

- Water Sales – this revenue comprise 82% of the total revenues for Water operations, and is used for the purpose of purchasing, treating, transporting and delivering water to customers. These revenues also fund debt service and fixed asset replacement costs.
- Grants – the Water department is eligible for funding from various grants for the following programs/projects: CBI-SLR Bacteria Tracking and 511 Pump Station.

- Other Revenue - includes interest earnings, reimbursement for services, settlements and sale of surplus equipment.

WATER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each water program. The YTD Actual & PO's column includes outstanding encumbered Purchase Orders in the total, which provides a better representation of monies spent or committed for the first quarter. As of December 31st, the Water Combined Funds has expended or committed 45% of the amended budget.



Table 5
SEWER COMBINED FUNDS (excluding debt service)
Fiscal Year 2011-2012

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2 nd Quarter	YTD % of Amended Budget
Sewer Service & Flow Fees	31,971,533	31,971,533	14,837,745	46.41%
Developer Fees	500,000	500,000	1,479,693	295.94%
Other Revenue	1,260,324	1,260,324	77,527	6.15%
TOTAL OPERATING REVENUES	33,731,857	33,731,857	16,394,965	48.60%
Use of Reserves	252,500	252,500	0	n/a
TOTAL FUNDING SOURCES	33,984,357	33,984,357	16,394,965	n/a
EXPENDITURES				
Administration & General	4,377,060	4,377,060	2,124,689	48.54%
Facilities Maintenance	2,078,657	2,078,657	900,645	43.33%
Sewer Collections	3,131,680	3,135,265	1,582,993	50.49%
La Salina Wastewater	3,186,192	3,186,192	1,885,008	59.16%
San Luis Rey Wastewater	6,872,474	7,019,312	4,468,615	63.66%
Sewer Laboratory	902,120	916,492	367,108	40.06%
SCADA Program	322,535	322,535	151,714	47.04%
GIS Program	375,642	375,642	140,180	37.32%
Replacement Projects (capital)	3,246,133	3,246,133	801,970	24.71%
Expansion Projects (capital)	290,000	290,000	120,719	41.63%
TOTAL CASH EXPENSES	24,782,493	24,947,288	12,543,641	50.28%
Depreciation Expense	0	0	3,980,898	n/a
TOTAL OPERATING EXPENSES	24,782,493	24,947,288	16,524,539	n/a
OPERATING INCOME/(LOSS)	9,201,864	9,037,069	(129,574)	n/a

SEWER FUND REVENUES

Overall revenues for the Sewer Combined Funds are at 48% at the end of the second quarter as noted in Table 5 above.

- Sewer Service & Flow Fees – this revenue comprise 95% of the total revenues for Sewer operations, debt service and fixed asset replacement costs.
- Other Revenue - includes interest earnings, reimbursement for services, and Rainbow MWD pass-thru fees.

SEWER FUND EXPENDITURES

Table 5 highlights the amount and percentage expended by each sewer program. The YTD Actual & PO's column includes outstanding encumbered Purchase Orders in the total, which provides a better representation of monies spent or committed for the first quarter. As of December 31st, the Sewer Combined Funds has expended or committed 50% of the amended budget.



**Table 6
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2011-2012**

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2 nd Quarter	YTD % of Amended Budget
REVENUES				
Trash P/U Fees	21,330,061	21,330,061	10,803,438	50.65%
Waste Mgmt Rate Stabilization	1,000,000	850,000	0	0.00%
Other Revenue	0	0	1,734	n/a
TOTAL OPERATING REVENUES	22,330,061	22,180,061	10,805,172	48.72%
Use of Reserves	1,700,000	1,700,000	0	n/a
TOTAL FUNDING SOURCES	24,030,061	23,880,061	10,805,172	n/a
EXPENDITURES				
Personnel	1,669,880	1,669,880	723,457	43.32%
Maintenance & Operations	17,198,358	17,198,358	7,066,123	41.09%
Internal Service Charges	1,940,251	1,940,251	970,128	50.00%
Inter-Fund Transfers Out	2,247,227	2,247,227	1,123,614	50.00%
Rate Stabilization Set-Aside	656,000	656,000	328,000	50.00%
TOTAL CASH EXPENSES	23,711,716	23,711,716	10,211,322	43.07%
Depreciation Expense	0	0	2,368	n/a
TOTAL OPERATING EXPENSES	23,711,716	23,711,716	10,213,690	n/a
INCOME/(LOSS)	318,345	168,345	591,482	n/a

SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are at 49% at the end of the second quarter as noted in Table 6 above.

Trash Pick-Up Fees – these fees are collected to provide all the costs associated with solid waste disposal. Approximately 51% has been received as of December 31st.

Waste Management Rate Stabilization Fee – per the new contract with Waste Management, starting March 2012 they will be remitting \$425,000 to the City on a quarterly basis.

SOLID WASTE DISPOSAL FUND EXPENDITURES

Table 6 highlights the amount and percentage expended by expenditure category. YTD Actual & PO's include outstanding encumbered Purchase Orders in the total, which provides a better representation of monies expended or committed for the first quarter.

As of December 31st, the Solid Waste Disposal Fund has expended or committed 43% of the amended budget. There is a one-month delay in remitting payment to Waste Management, so as of December 31st there are only five monthly payments expended in Maintenance & Operations.



HARBOR FUND REVENUES

Overall revenues for the Harbor Fund are at 52% for the second quarter as noted in Table 7 below.

The Harbor Fund has received approximately 51% in slip rental revenue at December 31st. Leases and other revenue (parking meters) are higher than budget expectations due to the cyclical nature of these harbor activities. Interest earnings are low due to market conditions and projections will be adjusted down.

HARBOR FUND EXPENDITURES

Table 7 highlights the amount and percentage expended by expenditure category. YTD Actual & PO's include outstanding encumbered Purchase Orders in the total, which provides a better representation of monies expended or committed for the first quarter.

As of December 31st the Harbor Fund has transferred 50% of the budget to the General and Risk Management Funds for those services. The Harbor & Aquatic Center capital project is funded from the Harbor Fund "reserves."

Table 7
HARBOR FUND 751
Fiscal Year 2011-2012

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2 nd Quarter	YTD % of Amended Budget
REVENUES				
Slip Rental Revenue	4,403,000	4,403,000	2,233,612	50.73%
Harbor Leases	1,030,000	1,030,000	594,840	57.75%
Interest	100,000	100,000	24,964	24.96%
Other Revenue (parking meters)	430,000	430,000	236,774	55.06%
TOTAL OPERATING REVENUES	5,963,000	5,963,000	3,090,190	51.82%
Use of Reserves	3,225,000	3,225,000	n/a	n/a
TOTAL FUNDING SOURCES	9,188,000	9,188,000	3,090,190	n/a
EXPENSES				
Transfer – Harbor Police	1,809,236	1,809,236	904,618	50.00%
Transfer – Harbor Admin	729,479	729,479	364,740	50.00%
Transfer – Harbor Maint	2,224,849	2,224,849	1,112,424	50.00%
Transfer – Prop Mgmt	38,110	38,110	19,055	50.00%
Transfer – Risk Management	31,500	31,500	15,750	50.00%
Transfer – Harbor Lifeguard	150,868	150,868	75,434	50.00%
Transfer – Tideland Lease	476,170	476,170	204,440	42.93%
Debt Service	411,311	411,311	411,311	100.00%
Capital Projects	2,630,000	2,630,000	2,163,700	82.27%
TOTAL CASH EXPENSES	8,501,523	8,501,523	5,271,472	62.00%
Depreciation Expense	0	0	330,333	n/a
TOTAL OPERATING EXPENSES	8,501,523	8,501,523	5,601,805	n/a
OPERATING INCOME/(LOSS)	686,477	686,477	(2,511,615)	n/a



BUDGET TRANSFERS

In compliance with Section OB-2 of Council Policy 200-13 "Financial Policies", the City Manager has the authority to transfer monies appropriated within the same fund for the same department provided the total amount

within a fund has not changed. Budget transfers in excess of \$25,000 are presented to the City Council on a quarterly basis for notification purposes. Table 8 below highlights the budget transfers.

**Table 8
BUDGET TRANSFERS IN EXCESS OF \$25,000
Fiscal Year 2011-2012**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
CIP - North Avenue Channel Protection	Infrastructure	Professional Services	Contract with Dudek	\$140,000
CIP – San Luis Rey Influent Channel Repair	Professional Services	Construction	Building and treatment plant construction	\$350,000
CIP – 511 Pump Station	Professional Services	Construction	Building and plant construction	\$2,958,000
CIP – Detention Basin @ LAC & ECR	Infrastructure	Professional Services	Contract with Rick Engineering	\$100,000
Building Plan Check & Counter	Regular Employees	Professional Services	Consultant services for Chief Building Official and counter help	\$60,000
Finance Business Services	Professional Services	Postage, Material & Supplies	Project implementation delayed, need for forms & postage	\$25,000
Fire Department	Administration	Training	Move position to appropriate BU	\$109,467
Housing HOME Program	Cal Home Loan	Contingency	De-obligate funds	\$114,258
Housing Program Development - CDC	Materials & Supplies	Professional Services	AHA and Housing Element	\$72,000
RDA Administration-CDC	Taxes, Licenses, Permits	Rents & Leases	Lease of City Mark vacant lots	\$55,000
Workers Comp Administration	Temp Agencies	Regular Employees	Modify plan for long-term adjustor	\$50,000

ATTACHMENT A

CITY OF OCEANSIDE
RECOMMENDED BUDGET ADJUSTMENTS
MID YEAR FOR FY 2011-2012

BUSINESS UNIT	ACCOUNT	DESCRIPTION	REVENUE (INCREASE / (DECREASE)	EXPENDITURE INCREASE / (DECREASE)	REASON
1101	4121.0001	Sales & Use Tax - County	\$ 380,000	\$ -	Revenue projections higher per HdL (fuel, auto, other)
1101	4196.0007	Parking Citation Current	\$ (150,000)	\$ -	3% less citations written this year
1101	4351.0005	R&L Cell Tower ROW	\$ (162,600)	\$ -	Revenue received in FY 10/11 but over-budgeted in FY 11/12
1101	4351.0006	R&L Cell Tower City Prop	\$ (63,400)	\$ -	Cell Tower budgeted but not installed - still in planning stage
1101	4353.0001	R&L - Muni Golf Course	\$ (30,000)	\$ -	Reduce revenue by 10% - on watch pending new fees & spring activity
1101	4368.0001	Motor Vehicle In-Lieu	\$ (259,400)	\$ -	Funds eliminated by State - offset with new LLESA funds
1101	4368.0005	Other Agency - State Mandate	\$ 76,000	\$ -	Revenues not budgeted for state mandate claim reimbursements
1101	4501	Misc Revenue	\$ 30,000	\$ -	Revenues not budgeted for unclaimed funds
		<i>Subtotal General Revenues</i>	\$ (179,400)	\$ -	
150010101	5105	Regular Employee	\$ -	\$ (35,000)	Vacant position - pending new budget cycle
160000101	5105	Regular Employee	\$ -	\$ (5,000)	Vacant position - pending new budget cycle
170180101	5395	Contr-Community Svc/Non Prof	\$ -	\$ (9,000)	Balance not committed to Humane Society Contract
170178101	4501	Misc Revenue	\$ (24,500)	\$ -	PEG receipts lower than projected
170178101	5395.0002	KOCT-PEG	\$ -	\$ (24,500)	Pass-thru to KOCT reduced to match revenues
211010101	5105	Regular Employee	\$ -	\$ (30,000)	Vacant position - pending new budget cycle
212010101	4417	Bus License Admin Fee	\$ (50,000)	\$ -	Fees reduced October 1, 2011
212010101	5320	Repair & Maintenance	\$ -	\$ -	Assume approval of new LicenseTRAK contract
400401101	4161.0001	Permit-Building	\$ (40,000)	\$ -	Reduction in building revenue based on activity
400401101	5105	Regular Employee	\$ -	\$ (40,000)	Vacant position - pending new budget cycle
400406101	4426.0001	PlanCk-Bldg	\$ (20,000)	\$ -	Reduction in building revenue based on activity
400406101	5105	Regular Employee	\$ -	\$ (20,000)	Vacant position - pending new budget cycle
450404101	4411.0017	Conditional Use Permit	\$ (89,000)	\$ -	Reduction in planning revenue based on activity
450404101	6800.0278	Transfer from In-Lieu Fund	\$ 89,000	\$ -	Transfer from In-Lieu Fund for Housing Element/Affordable Housing Initiatives
500010101	5105	Regular Employee	\$ -	\$ (39,000)	Vacant position - pending new budget cycle
500010101	4368.0006	POST Reimbursement	\$ (12,545)	\$ -	Reduce POST revenue based on activity
500010101	5350	Training-Registration/Fees	\$ -	\$ (12,545)	Reduce corresponding POST training budget
500501101	4452	Other Fees & Services	\$ 50,000	\$ -	Revenues for Cardroom Fees and other miscellaneous not budgeted
500503101	4368.0006	POST Reimbursement	\$ (15,259)	\$ -	Reduce POST revenue based on activity
500503101	4368.0009	Other Agency Reimbursement	\$ (19,000)	\$ -	Anti-Trafficking grant reduced
500503101	5120	Overtime	\$ -	\$ (19,000)	Reduce corresponding grant overtime budget
500503101	5350	Training-Registration/Fees	\$ -	\$ (15,259)	Reduce corresponding POST training budget
550552101	4461	Reimb for Services	\$ 150,800	\$ -	Revenue for Mutual Aid - not budgeted
600010101	5105	Regular Employee	\$ -	\$ (30,000)	Vacant position - pending new budget cycle
600612101	5105	Regular Employee	\$ -	\$ (40,000)	Position vacant for several months
		<i>Subtotal Program Revenues/Expenses</i>	\$ 19,496	\$ (339,304)	
		TOTAL GENERAL FUND	\$ (339,304)	\$ (339,304)	

ATTACHMENT A

BUSINESS UNIT	ACCOUNT	DESCRIPTION	REVENUE (INCREASE / DECREASE)	EXPENDITURE INCREASE / (DECREASE)	REASON
1204	4368.0004	Other Agencies-Fortfd Prop Share	\$ (50,000)	\$ -	Revenue budgeted too high
		TOTAL ASSET SEIZURE FUND	<u>\$ (50,000)</u>	<u>\$ -</u>	
904513400215	5325	Infrastructure < \$100k	\$ -	\$ 11,949	Return TransNet funds for completed TDA project
904774900215	5325	Infrastructure < \$100k	\$ -	\$ 60,832	Return TransNet funds for completed TDA project
904779000215	5325	Infrastructure < \$100k	\$ -	\$ 3,322	Return TransNet funds for completed TDA project
904780600215	5325	Infrastructure < \$100k	\$ -	\$ 31,613	Return TransNet funds for completed TDA project
		TOTAL TDA FUND	<u>\$ -</u>	<u>\$ 107,716</u>	
922115700274	4382	Other Federal Grant	\$ (27,948)	\$ -	OCSF Grant revenue reduced - complete
922115700274	5395	Community Service	\$ -	\$ (27,948)	OCSF Grant expenditure reduced - complete
999114900274	4382	Other Federal Grant	\$ (15,949)	\$ -	HPRP Rapid Re-Housing Grant revenue reduced - complete
999114900274	5395.0005	Community Service	\$ -	\$ (15,949)	HPRP Rapid Re-Housing Grant expenditure reduced - complete
		TOTAL FEDERAL GRANT FUND	<u>\$ (43,897)</u>	<u>\$ (43,897)</u>	
278	6900.0101	Transfer to General Fund	\$ -	\$ 89,000	Transfer to Planning for Housing Element/Affordable Housing Initiatives
		TOTAL INCLUSIONARY IN-LIEU FUND	<u>\$ -</u>	<u>\$ 89,000</u>	
915489300503	5105	Regular Employee	\$ -	\$ (19,517)	Provisional position eliminated
915489300503	5206	Workers Comp	\$ -	\$ (150)	Provisional position eliminated
915489300503	5207	Fringe Benefits	\$ -	\$ (5,516)	Provisional position eliminated
915489300503	5212	Pension Debt Charge	\$ -	\$ (237)	Provisional position eliminated
915489300503	5703	Infrastructure	\$ -	\$ 25,420	Capital outlay - online lobbyist reporting project
		TOTAL PUBLIC FACILITY FUND	<u>\$ -</u>	<u>\$ -</u>	
640410508	4461	Reimb for Services	\$ 10,662	\$ -	Revenue for Traffic Control Plans - not budgeted
640410508	5120	Overtime	\$ -	\$ 10,662	Employees charge time to businesses for deposits
		TOTAL TRAFFIC SIGNAL FUND	<u>\$ 10,662</u>	<u>\$ 10,662</u>	
1751	4216.0001	Investment Earnings	\$ (50,000)	\$ -	Low interest earnings for Harbor, projections too high
		TOTAL HARBOR FUND	<u>\$ (50,000)</u>	<u>\$ -</u>	
151010814	4196.0014	Risk Mgmt-Adm Dmg Recovery	\$ 218,000	\$ -	Damage recovery from insurance companies - revenue not budgeted
151010814	5305	Professional Services	\$ -	\$ 12,000	Graffiti Tracker system
		TOTAL RISK MGMT FUND	<u>\$ 218,000</u>	<u>\$ 12,000</u>	