ITEM NO. 28

Memorandum

Financial Services Department

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager

FROM: Teri Ferro, Director of Financial Services

DATE: January 17, 2013

SUBJECT: Financial Status Report

Attached please find a copy of the Financial Status Report for the second quarter ending December 31, 2012.

General Fund revenues as of December 31st came in at 38% which is typical at this time of year due to cyclical receipts of revenues. Overall General Fund expenditures and purchase orders are at 49% of the amended budget. The amended budget for the second quarter includes regional economic development collaboration effort, financial system upgrade, and harbor rescue boat overhaul.

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

Description	Amended Budget	YTD as of 2nd Quarter	YTD % of Amended Budget
Revenues	$117,355,678	$44,283,791	37.73%
Expenditures	$116,829,186	$57,685,518	49.38%
Surplus/(Shortfall)	$526,492	($10,532,412)	

RECOMMENDATION AND OUTLOOK

It is recommended to increase the General Fund revenue by $2,238,322 and increase expenditures by $12,000 as noted on Attachment A. Adjustments to other City funds are also noted on Attachment A.

The General Fund revenue increase consists of:

One-time Residual Property Tax (RPTTF)	+$1,448,493
One-time County refund for admin fees	+$ 803,540
Miscellaneous reductions	- $ 620,100
Miscellaneous increases	+$ 606,389
Total Adjustments	$2,238,322

In accordance with City Council Policy 200-13 Financial Policies Section RE-5 "one-time revenues will be used for one-time expenditures, debt reduction or reserve enhancement"; Section OB-6 "on-going projected revenues for the General Fund ... will be budgeted 50% to enhance unassigned fund balances and 50% to reduce long-term unfunded liabilities."

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

Parking Citations	(currently 39%)
Center City Golf Course Reimbursement	(currently < 1%)
Intergovernmental	(currently 21%)
Ambulance Billings	(currently 22%)

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 2012-13
First Quarter Ending December 31, 2012

The City has completed the second quarter of the 2012-13 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 12/13 budget on June 6, 2012 with approved General Fund revenues of $116,347,225 and expenditures of $116,278,746. Table 1 delineates the year-to-date changes to the General Fund budget as of September 30, 2012.

The amended budget for the First Quarter reflects an increase of $250,250 over the adopted budget. This is comprised of the following components:

- $16,650 revenue increase for CFD administrative costs in Treasurer budget, approved by Council 6/27/12
- $23,830 expenditure increase for Parks & Recreation for chairs at El Corazon Senior Center and termite extermination and repairs at Heritage Park. Funding approved by Council 7/5/12 from Assigned P&R reserves.
- $206,420 continued appropriations from FY 11/12 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.
- $20,000 expenditure increase for City Manager Office for Council Goal Setting and Budget Prioritization facilitator. Funding approved by Council 9/16/12 from Unassigned reserves.

The amended budget for the Second Quarter reflects an increase of $300,190 over the First Quarter. This is comprised of the following components:

- $35,000 for regional economic development collaboration effort. Funding approved by Council 10/3/12 from Economic Stabilization Reserves.
- $420,000 for Oracle financial system phase 6 upgrade. Funding approved by Council 10/3/12 from Information Services Software Reserves and I/S Unassigned Reserves.
- $30,544 for overhaul and re-powering of rescue boat approved by Council 10/17/12. Funding transferred from Harbor Unrestricted Fund Balance.
- ($185,354) expenditure reduction based on September Financial Update presented to Council on 10/23/12 (reflects rounding).
- $991,803 revenue increase based on September Financial Update presented to Council on 10/23/12. $697,321 identified as one-time revenue.

Table 1
CHANGES TO GENERAL FUND BUDGET
Fiscal Year 2012-2013

	Adopted Budget	Amended Budget	Increase (Decrease)
FIRST QUARTER			
Revenues	$116,347,225	$116,363,875	+$16,650
Expenditures	$116,278,746	$116,528,996	+$250,250
SECOND QUARTER			
Revenues	-	$117,355,678	+$991,803
Expenditures	-	$116,829,186	+$300,190
THIRD QUARTER			
Revenues	-	-	-
Expenditures	-	-	-
FOURTH QUARTER			
Revenues	-	-	-
Expenditures	-	-	-

GENERAL FUND REVENUES

Fiscal Year 2012-2013 General Fund adopted revenues are projected to be $116,347,225 which represents a $4,007,640 or 3.57% increase from the prior fiscal year, primarily due to the street sweeping and housing grant program services now included in the General Fund. The amended revenue as of December 31st has been increased to $117,355,678 as noted in Table 1. Revenues received as of December 31, 2012 are approximately 38% 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 2012-2013

Revenue Type	Adopted Budget	Amended Budget	YTD as of 2nd Quarter	YTD % of Amended Budget
Property Taxes	45,629,700	45,926,231	14,869,764	32.38%
Sales Taxes	18,822,800	19,053,523	7,369,900	38.68%
All Other Taxes	11,215,000	11,215,000	3,678,076	32.80%
Licenses & Permits	1,590,560	1,590,560	1,077,840	67.76%
Fines/Forfeitures	3,992,060	3,992,060	1,647,158	41.26%
Use of Money & Property	4,298,990	4,494,990	2,552,918	56.79%
Intergovernmental	607,379	607,379	127,540	21.00%
Charges for Services	18,927,111	18,936,601	6,935,812	36.63%
Other Revenue & Transfers	11,038,000	11,539,334	6,024,783	52.21%
Use of Reserves	225,625	0	0	0%
Total	**116,347,225**	**117,355,678**	**44,283,791**	**37.73%**

Property Taxes comprise 39% 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 32% 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" and 95% of the current "unsecured" portion in December. The City no longer tracks these payments separately; however overall current taxes are at 41% of the amount projected, so this portion appears to be on target.

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 $159,900 or 76% of projections. No adjustments are recommended at this time since the City could experience "negative" supplemental taxes in future months.

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 (which includes penalties and interest); 72% has been received as of the second quarter.

Sales Taxes comprise 16% of the total General Fund revenues, and consist of three components. Revenues recognized at the end of the second quarter are at 39%.

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 payment through October. Our consultants, HdL Companies, has advised that sales taxes are trending slightly higher than projected.

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 five months payments.

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 9.6% of the total General Fund revenues, with second quarter remittance totaling 33% 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 are at 49% (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 42% of projected revenues received as of December 31st. While the tax increases to 6% as of January 1, 2013, revenues are falling short of projections, requiring an adjustment.

Business License Tax – the business license tax is $0.50 per $1,000 gross revenues. The City has received 30% as of December 31st. The number of licenses has dropped off, predominantly from home-based and out-of-town businesses that are not renewing. In

addition, businesses are reporting lower gross revenues, resulting in less revenue to the City. An adjustment is proposed to bring this revenue in line with projections.

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 City has received the first quarter payment from COX and ATT as of December 31st.

Licenses & Permits comprise less 1.4% of the total General Fund revenues, and is above target with 68% received during the second quarter. Building permits have exceeded 65% for the two quarters.

Fines & Forfeitures comprise 3.4% 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 41% of these revenues were received during the second quarter. The largest component of Fines & Forfeitures is parking citations. Parking citation revenue is "on watch" for a possible third quarter adjustment.

Use of Money and Property comprise 3.7% 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. 57% has been received at December 31st. Revenues received on cell towers and other rents/leases are on target. The exception is the Municipal Golf Course which has only received 6% of projections, necessitating a reduction in revenue. As for the Center City Golf Course, reimbursement of water is falling short of projections. The City's Property Management Division Manager will discuss this in additional detail at the Council meeting and will propose how to offset the costs for this venue. Revenues from parking machines and meters, while cyclical due to the tourist season, have come in higher than projections requiring an adjustment for December 31st.

Intergovernmental comprise slightly over 0.5% of the total General Fund revenues and includes Homeowner Property Tax Exemptions, POST reimbursement, and other grants and inter-agency reimbursements. Only 21% has been received as of December 31st. This category is "on watch" for the third quarter.

Charges for Services comprise 16% of the total General Fund revenues, with approximately 37% being received as of December 31st. Ambulance billing is a large component of this revenue type. On 10/17/12 Council approved outsourcing the ambulance billing services with Wittman Enterprise, who was responsible for billing backlogged services from June-November 2012. As of January 12th, all backlogged service calls were billed, and it is expected that those receipts will be coming in before the third quarter in the amount of $1.6 million. This revenue remains "on watch".

Other Revenues and Transfers comprise 9.5% 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.

GENERAL FUND EXPENDITURES

Fiscal Year 2012-2013 General Fund expenditures are budgeted to be $116,278,746 which represents an increase of approximately $3.8 million from the prior fiscal year. The amended budget as of December 31st has been increased to $116,829,186 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 second quarter.

As of December 31st, the General Fund has expended or committed 49% of the amended budget. All departments are within 50% of budgeted expenditures with the following exceptions noted:

City Clerk: personnel expenditures in this department include vacation cash outs for outgoing elected official. The department has encumbered $10,300 for equipment which has not been expended yet.

Financial Services: the department has encumbered almost $862,000 in annual and Oracle project purchase orders. Only 44% of the actual budget has been expended at December 31st.

Non-Departmental: the annual Humane Society contract has been encumbered in full. Only 43% of the actual budget has been expended at December 31st.

Fire: the department has encumbered over $526,000 in purchase orders, while just 50% of the actual budget has been expended at December 31st. Overtime for Fire services (excluding lifeguard) is at 98% as of December 31st. Approximately $257,000 is for reimbursable Mutual Aid calls. The Fire Chief will be presenting options regarding the department's overtime for the remainder of the year.

Public Works: the department has encumbered over $988,400 in purchase orders. Only 43% of the actual budget has been expended at December 31st.

Table 3
GENERAL FUND EXPENDITURES
Fiscal Year 2012-2013

Department	Adopted Budget	Amended Budget	YTD Actual and PO's as of 2nd Quarter	YTD % of Amended Budget
GENERAL GOVERNMENT				
City Council	894,446	894,446	400,548	44.78%
City Clerk	1,218,200	1,261,793	672.338	53.28%
City Treasurer	314,318	314,318	155,569	49.49%
City Manager	1,659,634	1,714,634	752,448	43.88%
City Attorney	1,493,115	1,493,115	734,679	49.20%
Financial Services	4,297,270	4,808,404	2,989,689	62.18%
Human Resources	660,527	660,527	313,670	47.49%
Non-Departmental	4,767,730	4,593,730	2,364,256	51.47%
PUBLIC SAFETY				
Fire	23,978,258	23,966,899	12,614,304	52.63%
Police	48,627,470	48,658,015	22,927,350	47.12%
PUBLIC WORKS				
Public Works	11,701,610	11,739,050	6,039,657	51.45%
COMMUNITY DEVELOPMENT				
Development Services	6,885,602	6,899,858	3,023,803	43.82%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	5,429,333	5,473,164	2,596,345	47.44%
Library	4,351,233	4,351,233	2,100,862	48.28%
Total	**116,278,746**	**116,829,186**	**57,685,518**	**49.38%**

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. 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

WATER FUND REVENUES

Overall revenues for the Water Combined Funds are at 53% at the end of the second quarter as noted in Table 4 below.

- Water Sales – this revenue comprise 96% 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.
- Developer Fees – Development activity has shown an increase, resulting in an adjustment for these fees.
- Grants – the Water department is eligible for funding from various federal and state grants for the following programs/projects: 511 Pump Station, North San Diego County Water Reclamation, and the Ocean Desalination Feasibility Study.
- Other Revenue - includes interest earnings, reimbursement for services, 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 second quarter. As of December 31st, the Water Combined Funds has expended or committed 45% of the amended budget.

Table 4
WATER COMBINED FUNDS (excluding debt service)
Fiscal Year 2012-2013

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2nd Quarter	YTD % of Amended Budget
Water Sales	49,899,857	49,899,857	26,771,476	53.65%
Developer Fees	400,000	400,000	478,085	119.52%
Grants	490,000	1,029,000	348,004	33.82%
Other Revenue	1,271,789	1,271,789	498,605	39.21%
Inter-fund Transfers In	20,500	20,500	21,709	105.90%
TOTAL OPERATING REVENUES	**52,082,146**	**52,621,146**	**28,117,879**	**53.44%**
Use of Reserves	3,755,700	3,755,700	0	n/a
TOTAL FUNDING SOURCES	**55,837,846**	**55,837,846**	**28,117,879**	**n/a**
EXPENDITURES				
Administration & General	30,619,746	30,623,516	13,871,530	45.30%
Flood Control/Storm Drains	785,666	785,666	392,832	50.00%
Water Distribution	1,406,267	1,406,267	610,140	43.39%
Water Filtration Plant	1,484,800	1,484,800	1,180,848	79.53%
Desalting Plant	2,158,721	2,158,721	1,080,411	50.05%
Water Maintenance	2,236,023	2,236,023	1,068,957	47.81%
Water Meter Service	2,054,465	2,054,465	1,024,949	49.89%
Clean Water Program	1,173,457	1,217,819	622,384	51.11%
Other Water Programs	1,419,071	1,419,071	612,222	43.14%
Inter-fund Transfers Out	900,000	900,000	468,913	52.10%
Replacement Projects (capital)	2,992,050	3,209,170	1,671,307	26.09%
Connection Projects (capital)	4,681,250	11,731,432	3,985,395	31.30%
TOTAL CASH EXPENSES	**51,911,516**	**59,226,950**	**26,589,888**	**44.89%**
Depreciation/GASB 31 Expense	0	0	2,542,342	n/a
TOTAL OPERATING EXPENSES	**51,911,516**	**59,226,950**	**29,132,230**	**n/a**
OPERATING INCOME/(LOSS)	**3,926,330**	**(3,389,104)**	**(1,014,351)**	**n/a**

Table 5
SEWER COMBINED FUNDS (excluding debt service)
Fiscal Year 2012-2013

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2nd Quarter	YTD % of Amended Budget
Sewer Service & Flow Fees	28,926,633	30,426,633	14,133,968	46.45%
Developer Fees	500,000	500,000	530,282	106.06%
Other Revenue	431,248	1,206,398	234,358	19.43%
TOTAL OPERATING REVENUES	**29,857,881**	**32,133,031**	**14,898,608**	**46.37%**
Use of Reserves	0	0	0	n/a
TOTAL FUNDING SOURCES	**29,857,881**	**32,133,031**	**14,898,608**	**%**
EXPENDITURES				
Administration & General	5,283,805	6,783,805	2,612,016	38.50%
Facilities Maintenance	1,888,596	1,921,988	994,001	51.72%
Sewer Collections	3,196,531	3,196,531	1,485,880	46.48%
La Salina Wastewater	3,160,123	3,160,123	1,914,546	60.58%
San Luis Rey Wastewater	6,874,892	6,881,838	4,622,028	67.16%
Sewer Laboratory	778,980	778,980	328,906	42.22%
SCADA Program	267,433	267,433	120,111	44.91%
GIS Program	319,010	319,010	130,652	40.96%
Replacement Projects (capital)	2,611,750	4,387,091	1,181,121	26.92%
Expansion Projects (capital)	582,750	689,713	256,284	37.16%
TOTAL CASH EXPENSES	**24,963,870**	**28,386,512**	**13,645,545**	**48.07%**
Depreciation/GASB 31 Expense	0	0	4,123,323	n/a
TOTAL OPERATING EXPENSES	**24,963,870**	**28,386,512**	**17,768,868**	**%**
OPERATING INCOME/(LOSS)	**4,894,011**	**3,746,519**	**(2,870,260)**	**n/a**

SEWER FUND REVENUES

Overall revenues for the Sewer Combined Funds are at 46% at the end of the second quarter as noted in Table 5 above.

- Sewer Service & Flow Fees – this revenue comprise 97% of the total revenues for Sewer operations, debt service and fixed asset replacement costs. Council approved a new Environmental Mitigation Surcharge to fund a pending fine with the Regional Water Quality Control Board for the discharge of raw sewage from the Haymar Sewer Interceptor during the December 2010 storms. The $1.5 million surcharge will offset the $1.5 million expense in Administration. The surcharge will be eliminated once enough is collected to pay the fine.
- 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 second quarter. As of December 31st, the Sewer Combined Funds has expended or committed 48% of the amended budget.

Table 6
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2012-2013

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2nd Quarter	YTD % of Amended Budget
REVENUES				
Trash P/U Fees	22,149,416	22,149,416	11,329,264	51.15%
Waste Mgmt Collector Payment	1,700,000	1,771,393	496,393	28.02%
Other Revenue	0	0	1,942	n/a
TOTAL OPERATING REVENUES	**23,849,416**	**23,920,809**	**11,827,599**	**49.45%**
Use of Reserves	0	0	0	n/a
TOTAL FUNDING SOURCES	**23,849,416**	**23,920,809**	**11,827,599**	**49.45%**
EXPENDITURES				
Personnel	777,187	777,187	317,287	40.83%
Maintenance & Operations	17,700,050	17,708,000	4,267,918	24.10%
Internal Service Charges	1,367,375	1,367,375	683,694	50.00%
Inter-Fund Transfers Out	3,767,147	3,767,147	1,883,574	50.00%
TOTAL CASH EXPENSES	**23,611,759**	**23,619,709**	**7,152,473**	**30.29%**
Depreciation/GASB 31 Expense	0	0	2,368	n/a
TOTAL OPERATING EXPENSES	**23,611,759**	**23,619,709**	**7,154,841**	**30.29%**
OPERATING INCOME/(LOSS)	**237,657**	**301,100**	**4,672,758**	

SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are approximately 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. Over 51% has been received as of December 31st.

Waste Management Collector Payment – per the November 2010 contract with Waste Management, effective September 2012 the collector payment remitted is the greater of nine percent of gross receipts for the prior year or $1.7 million.

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 30% of the amended budget. There is a one-month delay in remitting payment to Waste Management, so as of December 31st there are 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 54% in slip rental revenue at December 31st. Leases and other revenue (parking meters) are of a cyclical nature.

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 second 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 Storage Facility and Force Main Lift Station capital projects are funded from the Harbor Fund "reserves."

Table 7
HARBOR FUND 751
Fiscal Year 2012-2013

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 2nd Quarter	YTD % of Amended Budget
REVENUES				
Slip Rental Revenue	4,730,000	4,730,000	2,548,559	53.88%
Harbor Leases	950,000	950,000	411,586	43.32%
Interest	34,941	34,941	13,107	37.51%
Other Revenue (parking meters)	733,699	605,000	314,476	51.98%
TOTAL OPERATING REVENUES	**6,448,640**	**6,319,941**	**3,287,728**	**52.02%**
EXPENSES				
Transfer – Harbor Police	1,938,026	1,938,026	969,012	50.00%
Transfer – Harbor Admin	729,184	729,184	364,590	50.00%
Transfer – Harbor Maint	2,207,524	2,207,524	1,103,760	50.00%
Transfer – Prop Mgmt	38,110	38,110	19,056	50.00%
Transfer – Risk Management	35,930	35,930	17,964	50.00%
Transfer – Harbor Lifeguard	154,227	154,227	77,112	50.00%
Transfer – Tideland Lease	508,830	508,830	254,414	50.00%
Debt Service	411,342	411,342	411,311	99.99%
Capital Projects	1,485,000	1,485,000	861,961	58.04%
TOTAL CASH EXPENSES	**7,508,173**	**7,508,173**	**4,079,180**	**54.33%**
Depreciation/GASB 31 Expense	0	0	313,434	n/a
TOTAL OPERATING EXPENSES	**7,508,173**	**7,508,173**	**4,392,614**	**58.51%**
OPERATING INCOME/(LOSS)	**(1,059,533)**	**(1,188,232)**	**(1,104,886)**	**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 2012-2013
October-December Activity Only

Description of Business Unit or Project	From Account	To Account	Reason	Amount
Parks & Recreation	Professional Services	Temporary Agencies	Temporary individual	$46,200
Desalter Facility	Treatment Plant	Professional Services	M&O expense, not capital	$35,000
Miscellaneous Water Projects	Infrastructure	Infrastructure < $10k	M&O expense, not capital	$50,000
SHSGP 10 Grant	Machinery & Equipment	Materials & Supplies	M&O expense, not capital	$57,000
Miscellaneous Sewer Projects	Infrastructure	Repair & Maintenance	M&O expense, not capital	$225,000
Morro Hills Road Improvement	Repair & Maintenance	Infrastructure > $100k	Ramona Paving & Contracting	$300,000
Harbor Maintenance	Infrastructure < $10k, Water	Auto Equipment	Replace vehicle	$40,000
San Luis Rey Wastewater	Repairs, Electricity, Gas	Chemicals	Additional funding for chemicals	$45,000

ATTACHMENT A

General Fund
Budget Change Recommendations
FY12/13 - 2nd Quarter

REVENUES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
1101.4101.0007	Prop Taxes- PY Secured	$60,000	Midyear adjustment due to high percentage of budget received; estimate at $10,000 per month for next six months
1101.4103	Prop Tax-Residual RPTTF	$1,448,493	1st Quarter adj not large enough; Midyear budget increase of $749,533 plus Jan payment of $689,960 ONE-TIME
1101.4106.0001	Tax Increment-Pass Thru	$110,700	Pass thru reinstated with confirmation of additional debt; mid year budget increase for Jan payment of $110,700
1101.4121.0001	Sales&Use Tax - County	$94,280	HdL estimate on 1/7/13 is $13,369,724 Budget increase of $94,280
1101.4126.0001	Card Room Taxes - Table Fees	($25,100)	Budgeted at $80,000 per month, not meeting this target; Mid-year budget reduction for five months of not hitting the $80,000 = $25,100
1101.4156.0001	Business Licenses - %	($325,000)	Continues to be below target; Mid-year budget reduction needed; at least $325,000 based on last year and current pace; probably need a third quarter negative adjustment as well
1101.4156.0002	Business Licenses - Penalty	$31,000	Mid-year increase of $18,000; currently over budget plus conservative estimate of $3,000 per month for next 6 months for a total adjustment of $31,000
1101.4182	Parking Machine Collections	$100,000	Cyclical - high in summer and spring - 1Q12 budget increase of $90,000 for rate increase; mid-year budget increase of $100,000; anticipate another increase with third quarter
1101.4186	PrkgPrmt-Annual	$32,500	Cyclical - most sales June and July when passes expire; Midyear budget increase of $32,500 ($2,000 in Jan, $1,600 Feb-May, $24,000 June) non-resident fee increase not budgeted
1101.4216.0005	Investment Earnings-Pool Prem	($60,000)	FY11/12 actuals were $7,795; FY10/11 actuals were $12,785; Reduce budget by $60,000 (payments historically received in Jan, Feb and May)
1101.4353.0001	R&L-Muni Golf Course	($170,000)	Budgeted $250,000 but only $15,000 to date; expected revenue is $80,000
1101.4393	Contrib fr NonGovt Src	$3,810	Add budget for one-time revenue of 249 Stage Coach transfer fee ONE-TIME
1101.4501	Other Misc. Revenue	$803,540	Mid-Year adjustment of $803,540; $790,537 one-time revenue for property tax admin fees refunded from the County due to court ruling ONE TIME
320000101.4461	Reimb for Services	($40,000)	Golf course water reimbursement revenue; only $800 of the budgeted $120,000 has been received
400401101.4161.0001	Prmt-Building	$110,000	Recommend mid-year budget increase; current plus estimated $110,000 for next six months
600612101.4501.0001	Misc Revenue-Settlement	$20,000	Midyear budget increase of $20,000; revenue transferred from 501.2075.0089
600625101.4352.0001	Recreation Rentals-Permit Reve	$1,968	Revenue was not budgeted; Midyear budget increase to match revenue
640621101.6800.0814	Trns-f Risk Mgmt	$18,131	Midyear budget increase to match revenue received
933900101.4196.0013	FF&P - Admin Citation - CdEnfr	$24,000	Mid-year budget increase of $24,000 ($4,000 per month X6 months)
	Total Revenue Adjustment	$2,238,322	

EXPENDITURES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
933900101.5305	Code Enforcement	$12,000	Graffiti Tracker program
	Total Expenditure Adjustment	$12,000	

ATTACHMENT A

All Other Funds
Budget Change Recommendations
FY12/13 - 2nd Quarter

REVENUES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
917653600276.4401 Misc Literacy Grants	Private Foundations	$1,246	Unanticipated revenue from San Diego Council on Literacy
1278.4454 Inclusionary In Lieu Fund	Inclusionary Hsng Admin Fee	$9,100	Per Department, should be increased to $14,100
1278.4427 Inclusionary In Lieu Fund	Developer Fees	$351,667	Per Department, should be increased to $546,667
1281.4255.0002 Low & Mod Income Housing Fund	HsngLnRePay-Lil Jackson	$7,700	Per Department, include with mid-year adj, refund of the deposit for Building $7,700
1281.4255.0005 Low & Mod Income Housing Fund	HsngLnRePay-ShadowWay	$68,275	Per Department, include with mid-year adj, Shadow Way will be making annual payments $68,275
912880500501.4501 Silica Reclamation	Misc Income	$100,000	Object code 4501 - $100,000 escrow deposit received but was not budgeted (possibly an additional $100,000 by FY end, will watch for an additional budget increase in 3Q)
1503.4427 Public Facilities Fund	Developer Fees	$115,000	Exceeding expectations - positive adj. $115,000
1521.4427 Loma Alta Creek DD-2/Z2 Fund	Developer Fees	$2,426	Unexpected revenue
1598.4427 Park Fees Fund	Developer Fees	$144,910	Developer fees exceeding expectations - per Department budget should be adjusted to $250,000 for developer fees
1711.4501 Water Operating Fund	Other Misc. Revenue	($10,000)	Per Department, should be reduced by $10,000
1711.4461 Water Operating Fund	Reimb for Svcs-Water Testing	$2,100	New water lines - positive adj. $2100
1711.6800.0814 Water Operating Fund	Trns-f Risk Mgmt	$11,461	Risk recoveries are not budgeted - positive mid-year adj.
1715.4427.0001 Water Connection Fee Fund	Dev Fees - Expansion	$78,085	Actuals above 100%; increase budget to match actuals as of 12/31/12
1721.4501.0002 Sewer Operating Fund	Misc Inc - Sale Surplus Equip	$1,700	Irregular revenues not budgeted
1721.4501 Sewer Operating Fund	Other Misc. Revenue	$16,000	Reimb for dup pymnts ($10,200) & deposits are exceeding expectations - mid-year positive adj.
1726.4427.0001 Sewer Expansion/Improvement Fund	Dev Fees - Expansion	$30,300	Actuals above 100%; increase budget to match actuals as of 12/31/12
700702731.4501 Solid Waste-City Services	Misc Income	$1,737	Scrap - inconsistent and not budgeted
151010814.4501.0001 Risk Management Administration	Misc Revenue-Settlement	$1,200	Unpredictable - not budgeted

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151010814.4196.0014 Risk Management Administration	FF&P - Risk Mgmt-Adm Dmg Recov	$81,896	Unpredictable - not budgeted

Total Revenue Adjustments **$1,014,803**

EXPENDITURES			
Account Number	**Account Description**	**Recommended Budget Adjustments**	**Explanation**
900010278.5335 Weitzel Property-Purchase	Rents & Leases	($100,000)	Budget not needed
630603851.5320 City Building Maintenance	Generator Project	$63,867	Continued project from FY 11/12
750763711.5330 Water GIS Program	8 Dell Tablets	$11,643	Continued project from FY 11/12
800808721.5330 Sewer GIS Program	8 Dell Tablets	$11,643	Continued project from FY 11/12
908824000712.5305.10100 Miscellaneous Water Projects	SLR, Weese, Mission Basin Needs Assessment	$15,000	Continued project from FY 11/12
909978000722.5305.10100 Miscellaneous Sewer Projects	SLR, Weese, Mission Basin Needs Assessment	$15,000	Continued project from FY 11/12
909951000722.5703.10600 SLR Plant Improvements	SLRWWTP Coating of Tanks	$51,947	Continued project from FY 11/12
909951000722.10600 SLR Plant Improvements	La Salina Monyo Progressive	$39,402	Continued project from FY 11/12
908754500712.5703.10600 Pump Station Upgrades	Vertical Turbine Pump & Motor	$24,925	Continued project from FY 11/12

Total Expenditure Adjustments **$133,427**