



Memorandum
Financial Services Department

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager *(Signature)*

FROM: Teri Ferro, Director of Financial Services *(Signature)*

DATE: May 7, 2013

SUBJECT: Financial Status Report

Attached please find a copy of the Financial Status Report for the third quarter ending March 31, 2013.

General Fund revenues as of March 31st came in at 65% which is typical at this time of year due to cyclical receipts of revenues. Overall General Fund expenditures and purchase orders are at 73% of the amended budget. The amended budget for the third quarter includes Oracle financial software contingency, mobile home inspection program, prepayment of 2004 street lighting lease, funding towards 2013 Certificates of Participation (flood control and parking projects), fire overtime, and graffiti tracker program.

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

Description	Amended Budget	YTD as of 3 rd Quarter	YTD % of Amended Budget
Revenues	\$119,665,520	\$77,210,715	64.52%
Expenditures	\$119,044,906	\$86,822,083	72.93%
Surplus/(Shortfall)	\$620,614	(\$9,611,368)	

RECOMMENDATION AND OUTLOOK

It is recommended to increase the General Fund revenue by \$6,239,582 and increase expenditures by \$66,789 as noted on Attachment A. Adjustments to other City funds are also noted on Attachment A.

AGENDA

The General Fund revenue increase consists of:

One-time sale of property (Laguna Vista)	+\$4,503,575
One-time Residual Property Tax (RPTTF)	+\$ 626,080
Taxes (TOT, Sales, Property, Franchise)	+\$1,014,900
Miscellaneous increases	+ 964,527
Miscellaneous decreases	<u>-\$ 869,500</u>
Total Adjustments	\$6,239,582

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."

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
Third Quarter Ending March 31, 2013**

The City has completed the third 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 March 31, 2013.

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.

The amended budget for the Third Quarter reflects an increase of \$2,215,720 over the Second Quarter. This is comprised of the following components:

- \$14,220 for Oracle Software contingency. Funding from Information Services Unassigned Reserves approved by Council 10/3/12.
- \$57,000 for mobile home inspection program. Funding offset by revenue increase, approved by Council 3/13/13.
- \$1,500,000 for sale of 2013 Certificates of Participation (flood control and parking projects). Funding from surplus reserves approved by Council 1/30/13.
- \$482,500 for prepayment of 2004 Street Lighting lease. Funding from surplus reserves approved by Council 2/27/13.



- \$150,000 for fire overtime. Funding from surplus reserves, approved by Council 1/30/13.
- \$12,000 for graffiti tracker program. Funding from surplus reserves, approved by Council 1/30/13.

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

	Adopted Budget	Amended Budget	Increase (Decrease)
FIRST QUARTER			
<i>Revenues</i>	\$116,347,225	\$116,363,875	+\$16,650
<i>Expenditures</i>	\$116,278,746	\$116,528,996	+\$250,250
SECOND QUARTER			
<i>Revenues</i>	-	\$117,355,678	+\$991,803
<i>Expenditures</i>	-	\$116,829,186	+\$300,190
THIRD QUARTER			
<i>Revenues</i>	-	\$119,665,520	+\$2,309,842
<i>Expenditures</i>	-	\$119,044,906	+\$2,215,720
FOURTH QUARTER			
<i>Revenues</i>	-	-	-
<i>Expenditures</i>	-	-	-

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 March 31st has been increased to \$119,665,520 as noted in Table 1. Revenues received as of March 31, 2013 are approximately 65% of total projections. Historically, revenues for the third quarter are in the 60%-62% range. Many of the taxes such as property taxes, sales taxes and franchise taxes are received either biannually or annually.

Table 2 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 3 rd Quarter	YTD % of Amended Budget
Property Taxes	45,629,700	47,545,242	28,609,080	60.17%
Sales Taxes	18,822,800	19,147,803	11,603,740	60.60%
All Other Taxes	11,215,000	10,895,900	6,034,582	55.38%
Licenses & Permits	1,590,560	1,790,060	1,654,005	92.40%
Fines/Forfeitures	3,992,060	4,016,060	2,708,765	67.45%
Use of Money & Property	4,298,990	4,366,958	3,410,373	78.09%
Intergovernmental	607,379	607,379	308,900	50.86%
Charges for Services	18,927,111	19,720,441	14,061,411	71.30%
Other Revenue & Transfers	11,038,000	11,575,495	8,819,859	76.19%
Use of Reserves	225,625	0	0	0%
Total	116,347,225	119,665,520	77,210,715	64.52%

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 third quarter are at 60% and consist of the following components:

Current Taxes – according to the County’s tax apportionment schedule, the City can expect to receive 55% 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 60% 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 \$267,450 or 127% of projections for current supplemental taxes. The City has received \$33,198 or 33% of the delinquent supplemental taxes. Thus, the current supplemental taxes will be increased while the delinquent supplemental taxes will be decreased for net increase of \$102,700

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’s amended budget is \$360,000 for collection of prior year taxes (which includes penalties and interest); 76% has been received as of the third quarter. No adjustments are being recommended.

Sales Taxes comprise 16% of the total General Fund revenues, and consist of three components. Revenues recognized at the end of the third quarter are at 60%.

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 March 31st, the City has received payment through January. Our consultants, HdL Companies, has advised that sales taxes are trending slightly



higher than projected. No additional adjustments are being recommended.

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 March 31st the City has received eight months payment and is at almost 93%. The Prop 172 safety fund budget is recommended for an increase of \$403,200 for the remainder of the fiscal year.

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 third quarter remittance totaling 55% 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 March 31st are at 69% (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 so two quarters of payments to the City are still pending. The budget will be increased by \$520,000.

Card Room Tax – this tax increased from 5% to 6% on gross revenues as of January 1, 2013 for the Ocean's 11 card room, with 70% of projected revenues received as of March 31st. No adjustment is being recommended.

Business License Tax – the business license tax is \$0.50 per \$1,000 gross revenues. The City has received 66% as of March 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 not being proposed as revenue through June 30th will be accrued at year end.

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 second quarter payment from COX and ATT as of March 31st. The SDG&E remittance advice shows that the payment will be below budget expectations, thus, a budget reduction of \$71,000 is being proposed.

Licenses & Permits comprise less 1.4% of the total General Fund revenues, and is above target with 92% received during the third quarter. Building permits are 87%, mobile home operator permits are 228% and right of way permits are 178% for the three quarters. Budget increase of \$256,600 is being proposed.

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 67% of these revenues were received during the third quarter. The largest component of Fines & Forfeitures is parking citations. Parking citation revenue is expected to make projections with year end accruals and cyclical trends. Abandoned vehicle abatement budget in the amount of \$114,000 is being recommended to be removed from current year budget and transferred to deferred revenue because the reimbursement process is based on when a depleted San Diego Police Department has time to process. Code enforcement fines are at 89% and a \$16,950 increase is being proposed.

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 March 31st. Revenues received on cell towers and other rents/leases are exceeding expectations and are being recommended for a total increase of \$105,400. The exception is the Municipal Golf Course which has only received 19% of projections, necessitating a reduction in revenue of \$40,000. As for the Center City Golf Course, reimbursement of water is falling short of projections necessitating a \$40,000 reduction in this revenue budget.

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 50% has been received as of March 31st. SB90 claims are expected by year end and the Homeowner Property Tax is received in Jan and May. No adjustments are being recommended.

Charges for Services comprise 16% of the total General Fund revenues, with approximately 71% being received as of March 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 mid-January, all backlogged service calls were billed, and \$1.2 million in revenue was received in the third quarter. The recommendation is to reduce the budget by \$200,000 as some of the backlogged billing will be paid in the following fiscal year.

Other Revenues and Transfers comprise 9.5% of the total General Fund revenues, of which 76% has been received as of March 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 March 31st has been increased to \$119,044,906 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 third quarter.

As of March 31st, the General Fund has expended or committed 73% of the amended budget. All departments are within 75% of budgeted expenditures with the following exceptions noted:

Financial Services: the department has encumbered almost \$528,000 in annual and Oracle project purchase orders. Only 69% of the actual budget has been expended at March 31st.

Fire: the department has encumbered over \$182,000 in purchase orders, while approximately 77% of the actual budget has been expended at March 31st. Overtime for Fire services (excluding lifeguard) is at 104% as of March 31st. This includes the \$150,000 increase that City Council approved in January 2013. The department has the capacity of moving M&O funds to overtime which will keep the overall expenditures in line with the approved budget.

Public Works: the department has encumbered over \$621,600 in purchase orders. Only 71% of the actual budget has been expended at March 31st.



**Table 3
GENERAL FUND EXPENDITURES
Fiscal Year 2012-2013**

Department	Adopted Budget	Amended Budget	YTD Actual and PO's as of 3 rd Quarter	YTD % of Amended Budget
GENERAL GOVERNMENT				
City Council	894,446	894,447	621,818	69.52%
City Clerk	1,218,200	1,261,793	917,588	72.72%
City Treasurer	314,318	314,318	237,833	75.67%
City Manager	1,659,634	1,714,634	1,126,836	65.72%
City Attorney	1,493,115	1,493,115	1,133,902	75.94%
Financial Services	4,297,270	4,822,623	3,876,268	80.38%
Human Resources	660,527	660,527	457,116	69.20%
Non-Departmental	4,767,730	6,576,230	3,254,786	49.49%
PUBLIC SAFETY				
Fire	23,978,258	24,116,897	18,705,044	77.56%
Police	48,627,470	48,658,015	35,605,056	73.17%
PUBLIC WORKS				
Public Works	11,701,610	11,739,050	9,026,833	76.90%
COMMUNITY DEVELOPMENT				
Development Services	6,885,602	6,956,858	4,687,614	67.38%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	5,429,333	5,485,164	3,981,018	72.58%
Library	4,351,233	4,351,233	3,188,371	73.28%
Total	116,278,746	119,044,906	86,822,083	72.93%

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 74% at the end of the third 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.

Actual & PO's column includes outstanding encumbered Purchase Orders in the total, which provides a better representation of monies spent or committed for the third quarter. As of March 31st, the Water Combined Funds has expended or committed 57% of the amended budget.

WATER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each water program. The YTD

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

	Adopted Budget	Amended Budget	YTD Actuals and PO's as of 3 rd Quarter	YTD % of Amended Budget
Water Sales	49,899,857	49,899,857	37,298,057	74.75%
Developer Fees	400,000	478,085	671,157	140.38%
Grants	490,000	1,029,000	348,004	33.82%
Other Revenue	1,271,789	1,263,889	901,247	71.31%
Inter-fund Transfers In	20,500	31,961	29,390	91.96%
TOTAL OPERATING REVENUES	52,082,146	52,702,792	39,247,855	74.47%
Use of Reserves	3,755,700	3,755,700	0	n/a
TOTAL FUNDING SOURCES	55,837,846	56,458,492	39,247,855	n/a
EXPENDITURES				
Administration & General	30,619,746	30,623,516	20,300,502	66.29%
Flood Control/Storm Drains	785,666	785,666	589,248	75.00%
Water Distribution	1,406,267	1,406,267	942,918	67.05%
Water Filtration Plant	1,484,800	1,484,800	1,262,050	85.00%
Desalting Plant	2,158,721	2,158,721	1,484,758	68.78%
Water Maintenance	2,236,023	2,236,023	1,617,306	72.33%
Water Meter Service	2,054,465	2,054,465	1,524,752	74.22%
Clean Water Program	1,173,457	1,217,819	787,095	64.63%
Other Water Programs	1,419,071	1,430,714	949,953	66.40%
Inter-fund Transfers Out	900,000	900,000	675,000	75.00%
Replacement Projects (capital)	2,992,050	5,231,845	1,731,551	33.10%
Connection Projects (capital)	4,681,250	12,731,432	3,998,510	31.41%
TOTAL CASH EXPENSES	51,911,516	62,261,268	35,863,643	57.60%
Depreciation/GASB 31 Expense	0	0	3,815,309	n/a
TOTAL OPERATING EXPENSES	51,911,516	62,261,268	39,678,952	n/a
OPERATING INCOME/(LOSS)	3,926,330	(5,802,776)	(431,097)	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 3 rd Quarter	YTD % of Amended Budget
Sewer Service & Flow Fees	28,926,633	30,426,633	22,450,323	73.79%
Developer Fees	500,000	530,300	707,038	133.33%
Other Revenue	431,248	458,850	287,135	62.58%
TOTAL OPERATING REVENUES	29,857,881	31,415,783	23,444,496	74.63%
Use of Reserves	0	0	0	n/a
TOTAL FUNDING SOURCES	29,857,881	31,415,783	23,444,496	74.63%
EXPENDITURES				
Administration & General	5,283,805	6,783,805	4,260,493	62.80%
Facilities Maintenance	1,888,596	1,921,988	1,426,608	74.23%
Sewer Collections	3,196,531	3,196,531	2,284,093	71.46%
La Salina Wastewater	3,160,123	3,160,123	2,341,100	74.08%
San Luis Rey Wastewater	6,874,892	6,881,838	5,366,362	77.98%
Sewer Laboratory	778,980	778,980	514,955	66.11%
SCADA Program	267,433	267,433	193,538	72.37%
GIS Program	319,010	330,653	190,840	57.72%
Replacement Projects (capital)	2,611,750	4,310,690	1,725,334	40.02%
Expansion Projects (capital)	582,750	689,713	165,368	23.98%
TOTAL CASH EXPENSES	24,963,870	28,386,512	18,468,691	65.06%
Depreciation/GASB 31 Expense	0	0	6,179,807	n/a
TOTAL OPERATING EXPENSES	24,963,870	28,386,512	24,648,498	n/a
OPERATING INCOME/(LOSS)	4,894,011	3,029,271	(1,204,002)	n/a

SEWER FUND REVENUES

Overall revenues for the Sewer Combined Funds are at 75% at the end of the third 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 third quarter. As of March 31st, the Sewer Combined Funds has expended or committed 65% 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 3 rd Quarter	YTD % of Amended Budget
REVENUES				
Trash P/U Fees	22,149,416	22,149,416	16,774,613	75.73%
Waste Mgmt Collector Payment	1,700,000	1,771,393	1,384,526	78.16%
Other Revenue	0	1,737	2,752	158.43%
TOTAL OPERATING REVENUES	23,849,416	23,922,546	18,161,891	75.92%
Use of Reserves	0	0	0	n/a
TOTAL FUNDING SOURCES	23,849,416	23,922,546	18,161,891	%
EXPENDITURES				
Personnel	777,187	777,187	499,923	64.32%
Maintenance & Operations	17,700,050	17,708,000	11,561,749	65.29%
Capital	0	0	575	n/a
Internal Service Charges	1,367,375	1,367,375	1,025,541	75.00%
Inter-Fund Transfers Out	3,767,147	3,767,147	2,825,361	75.00%
TOTAL CASH EXPENSES	23,611,759	23,619,709	15,913,149	67.37%
Depreciation/GASB 31 Expense	0	0	3,551	n/a
TOTAL OPERATING EXPENSES	23,611,759	23,619,709	15,916,700	67.39%
OPERATING INCOME/(LOSS)	237,657	302,837	2,245,191	

SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are approximately 80% at the end of the third 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 75% has been received as of March 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 third quarter.

As of March 31st, the Solid Waste Disposal Fund has expended or committed 67% of the amended budget. There is a one-month delay in remitting payment to Waste Management, so as of March 31st there are eight monthly payments expended in Maintenance & Operations.



HARBOR FUND REVENUES

Overall revenues for the Harbor Fund are at 76% for the third quarter as noted in Table 7 below.

The Harbor Fund has received approximately 80% in slip rental revenue at March 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 third quarter.

As of March 31st the Harbor Fund has transferred 75% 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 3 rd Quarter	YTD % of Amended Budget
REVENUES				
Slip Rental Revenue	4,730,000	4,730,000	3,803,605	80.41%
Harbor Leases	950,000	968,980	609,152	62.87%
Interest	34,941	34,941	18,604	53.24%
Other Revenue (parking meters)	733,699	605,000	385,390	63.70%
TOTAL OPERATING REVENUES	6,448,640	6,338,921	4,816,751	75.99%
EXPENSES				
Transfer – Harbor Police	1,938,026	1,938,026	1,453,519	75.00%
Transfer – Harbor Admin	729,184	729,184	546,888	75.00%
Transfer – Harbor Maint	2,207,524	2,207,524	1,655,643	75.00%
Transfer – Prop Mgmt	38,110	38,110	28,582	75.00%
Transfer – Risk Management	35,930	35,930	26,947	75.00%
Transfer – Harbor Lifeguard	154,227	154,227	115,670	75.00%
Transfer – Tideland Lease	508,830	508,830	381,623	75.00%
Transfer – Finance (Oracle Upgrd)	0	30,544	30,544	100.00%
Debt Service	411,342	411,342	411,311	99.99%
Capital Projects	1,485,000	1,485,000	930,340	62.65%
TOTAL CASH EXPENSES	7,508,173	7,538,717	5,581,067	74.03%
Depreciation/GASB 31 Expense	0	0	470,953	n/a
TOTAL OPERATING EXPENSES	7,508,173	7,538,717	6,052,020	80.28%
OPERATING INCOME/(LOSS)	(1,059,533)	(1,199,796)	(1,235,269)	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
January-March Activity Only

Description of Business Unit or Project	From Account	To Account	Reason	Amount
Harbor Aquatics	Infrastructure	Professional Services	Architect expenses	\$100,000
Fire	Regular Employees; Fringe Benefits; FLSA Overtime	Overtime	Funds for vacant positions moved to Overtime	\$630,322

ATTACHMENT A

General Fund
Budget Change Recommendations
FY12/13 - 3rd Quarter

REVENUES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
1101.4101.0007	Prop Taxes- PY Secured	\$80,000	Midyear adjustment due to high percentage of budget received; estimate at \$10,000 per month for next six months
1101.6800.0731	Transf Genl Fund	\$84,763	Increase transfer in budget from Solid Waste for 50% of excess revenues (\$71,393 + \$16,775 + \$21,368 + \$20,000) / 2. (Non-General Fund adjustments include an offsetting transfer out.)
1101.4101.0001	PropTaxes-Suppl Curr Sec	\$157,500	Budget increase to actuals plus a conservative \$25,000 per month for next four payments. Total increase \$157,500
1101.4101.0005	Prop Taxes-Suppl Delinq Sec	(\$54,800)	Estimate \$3,000 for next four payments for total revenue of \$45,200; Budget reduction of \$54,800
1101.4103	Prop Tax-Residual RPTTF	\$826,080	Distribution from \$12,000,000 turned over to the State due to disallowed retention by the Successor Agency. ONE TIME
1101.4116	Transient Occupancy Tax	\$520,000	The revenue will exceed budget but the amount is unpredictable and based on the amount that will be accrued at year end. Per conservative increase over last fiscal year, estimate \$520,000 over budget
1101.4121.0002	Sales/Use Tax - Prop 172	\$403,200	Estimate four more payments at \$125,000 each will bring revenue to \$1,685,998; Budget increase of \$403,200
1101.4154.0002	Business Licenses - Penalty	\$20,200	Budget increase of \$8,200 for YTD plus conservative \$4,000 per month for final three months of fiscal year. ONE TIME
1101.4166	Franchise Fees	(\$71,000)	SDG&E- \$84,400 deficit; AT&T (sub 100077) trending high - \$83,000 surplus; So Cal Gas low -\$600 deficit; Cox trending low- \$40,000 deficit; anticipate overall \$71,000 below budget;
1101.4182	Parking Machine Collections	\$70,000	3Q budget increase based on actual; conservative increase of \$70,000
1101.4216.0001	Investment Earnings-Pool	(\$44,500)	\$25,000 to get to 75% and another \$20,000 for 4Q
1101.4216.0001	Investment Earnings-Pool	(\$20,000)	Waiting on third quarter posting
1101.4351.0005	PM R&L-Cell Tower ROW	\$27,900	Budget increase of \$18,900 for YTD plus conservative \$3,000 per month for final three months of fiscal year. Total \$27,900
1101.4351.0006	PM R&L-Cell Tower Cty Prop	\$35,000	Based on historical trends typically receive \$33,000 in last quarter; Increase budget by \$35,000
1101.4351.0009	PM R&L-City	\$42,500	5% above budget for 3Q; 5% of \$850,000 is \$42,500; this figure coincides with anticipated rent payments; recommend budget increase
1101.4353.0001	R&L-Muni Golf Course	(\$40,000)	Net-operating revenue; May have payment of \$25,000 accrued at year end; Reduce budget by \$40,000
1101.4452.0001	Ambulance Billing	(\$200,000)	Outsourcing transition; To hit budgeted revenue the last three months of the fiscal year must reach \$487,500 each month; Feb was \$417,500 and March was \$558,380; Vendor reports lowers expected receipts for last three months. Reduce budget by \$200,000
1101.4501	Other Misc. Revenue	\$116,225	In 3Q old FEMA reimbursement for \$55,210; unclaimed funds of \$60,660; bank rec adj \$6,000; cal card refund 2,340; adjust to actuals; Increase is \$116,225; ONE TIME
1101.4501 5100365	Other Misc. Revenue - Sales - Real Property	\$4,503,575	Laguna Vist Sales Proceeds - received in April 2013; ONE TIME
150340101.4411.0011 Downtown Planning	DocuSvcs-Plan Applicatn Fees	(\$20,000)	Estimated reduction based on YTD actuals
200010101.4152.0001 FSD Admin	Taxicab VLP	\$10,725	Budget increase to actual; new annual fee for two authorized taxi companies
200010101.4196.0016 FSD Admin	FF&P - Misc/Other	\$12,000	Budget increase; estimate \$4,000 per month for next three months; ONE TIME
200010101.4417 FSD Admin	Business Lic - Admin Fee	(\$40,000)	Budget decrease due to change in fees and fewer licensed businesses; \$40,000
320000101.4461 Property Management	Reimb for Services	(\$40,000)	Revenue coming in is for the bakery and theatre; no golf course revenue; Reduce by \$40,000 (anticipating that golf will make payments in July, and Aug that will be accrued)

ATTACHMENT A

935948101.5310 Parks & Recreation Program	Temp Agency	(\$4,411)	Decrease budget
9359411001 P&R Brock St Pool	Temp/Part Time	\$40,980	Increase budget, offset by revenue
935948101.5310 Parks & Recreation Program	Temp/Part Time	\$18,485	Increase budget, offset by revenue
935948101.5385 Parks & Recreation Program	Materials & Supplies	\$30,000	Increase budget, offset by revenue
320000101.5103 Property Management	Regular Employees	(\$11,265)	Marquis charged 193 hours to Laguna Vista project
Total Expenditure Adjustment		\$66,789	

ATTACHMENT A

All Other Funds
Budget Change Recommendations
FY12/13 - 3rd Quarter

REVENUES			
Account Number	Account Description	Recommended Budget Adjustment	Explanation
500502204.4388.0004 OPD-Admin	Oth Agencies-Portld Prop Share	\$109,000	Two very large unanticipated deposits received. \$94,000 variance plus \$5,000/month in 4th quarter. \$109,000 increase.
1278.4427 Inclusionary In Lieu	Developer Fees	\$168,000	Revenues continue to exceed expectations. \$81,000 variance plus \$87,000 (conservative estimate) in 4th quarter. \$168,000 increase
1278.4484 Inclusionary Hang Admin Fee	Inclusionary Hang Admin Fee	\$3,300	Revenues continue to exceed expectations.
1281.4255.0005 CHNC-Old Grove Apts-594	HangLnRePay-ShadowWay	\$149,480	Receiving quarterly payments. \$76,895 variance plus one additional payment of \$72,585 expected. \$149,480 increase.
1281.4255.0001 Low & Moderate Income Hang	HangLnRePay-OldGrove P&I	\$47,784	Loan repayments. Revenues moved to fund level.
932477800281.4255.0001 CHNC-Old Grove Apts-594	HangLnRePay-OldGrove P&I	(\$47,784)	Loan repayments. Revenues moved to fund level.
923475200283.4392.0006 Hang Sect8 Vouchers-CDC	FSS-Forfeitures	\$12,695	Unanticipated revenues. Returns from the FSS program. \$12,695 increase.
1503.4427 Public Facility Fees	Developer Fees	\$230,000	Revenues continue to exceed expectations. \$140,000 variance plus \$30,000/month in 4th quarter. \$230,000 increase.
1508.4427 Traffic Signal DIP	Developer Fees	\$17,500	Revenues continue to exceed expectations. \$14,500 variance plus \$1,000/month in 4th quarter. \$17,500 increase.
1561.4427 Major Thoroughfare Fees	Developer Fees	\$107,500	Revenues continue to exceed expectations. \$92,600 variance plus \$5,000/month in 4th quarter. \$107,500 increase.
320431596.4393 OMGC Mgmt Contract	Contrib fr NonGovt Src	\$41,500	Oceanside Municipal Golf Course monthly CIP payments. \$23,494 variance plus \$8,000 in 4th quarter, plus \$10,000 repayment. \$41,500 increase.
1589.4427 Park Fees	Developer Fees	\$166,000	Revenues continue to exceed expectations. \$76,000 variance plus \$10,000/month in 4th quarter. \$166,000 increase.
1711.4471.0002 Water Operating	Water Sales - Admin Fees	\$143,000	Revenue exceeding expectations. Typically 78% in 3rd quarter. \$143,000 increase.
1711.4471.0004 Water Operating	Water Sales - Clin Strmwtr	\$109,000	Revenue exceeding expectations. Typically 70% in 3rd quarter. \$109,000 increase.
1711.4471.0006 Water Operating	Water Sales - Constructn Fee	\$55,000	Revenue exceeding expectations. Averaging \$26,000/quarter. \$55,000 increase.
790010711.4461 Water Admin & General	Reimb for Services	\$48,000	Ruby's water reimbursement. Average \$4,000/month = \$48,000 annually.
1718.4427.0001 Water Connection Fees	Dev Fees - Expansion	\$372,000	Revenue exceeding expectations. Averaging \$220,000/quarter. Increase \$372,000.
1721.4461 Sewer Operating	Reimb for Services	(\$25,500)	Typically receive approximately \$5,000 annually.
1721.4478.0006 Sewer Operating	Sewer Rev EnvrnMtgtnSrchg	(\$730,000)	Environmental penalty assessed by the Regional Board will be \$770,184.
1721.4478.0005 Sewer Operating	Sewer Rev - Ind Waste	\$14,500	Revenue exceeding expectations. Increase budget to \$15,000. \$14,500 increase.
1726.4427.0001 Sewer Expansion/Improv	Dev Fees - Expansion	\$400,000	Revenue exceeding expectations. Averaging \$235,000/quarter. Increase \$400,000.
181010814.4198.0014 Risk Management Admin.	FF&P - Risk Mgmt-Adm Dmg Rcpny	\$20,000	Revenues exceeding expectations.
250253817.4461 Employee Benefits Adm	Reimb for Services	\$19,000	Revenues were not budgeted - unpredictable.
620608831.4801 Fleet Maintenance	Misc Income	\$10,000	Revenues exceeding expectations.
170197961.6800.0426 2011 Pol/Libr COP	Trans-f City DS Pd	\$656,755	Fiscal agent balance transfer from fund 420. Budget not adjusted at time of transfer.
500504260.4196.0011 Traffic Services	FF&P - OPD-Admin Tow Fees	(\$80,000)	Historically Admin Tow Fees revenues are at approximately 72% receipt by third quarter. FY12/13 is averaging \$23,500/month in revenue. \$80,000 decrease.
917113800212.4376 Solutions for Sr.-Shuttle Svc	State & Local Grant	\$11,339.29	True-up of SANDAG grant.
917113800212.4376 Solutions for Sr.-Taxi Script	State & Local Grant	\$7,234.42	True-up of SANDAG grant.
917113700212.4376 Solutions for Sr.-Volunteer Dr	State & Local Grant	\$1,019.13	True-up of SANDAG grant.

ATTACHMENT A

917119000272.4216.0001 Used Oil Payment Program #1	Investment Earnings-Pool	(\$3,252)	Grant was closed in prior fiscal year.
922124600274.4382 Blue Card Training-AFG	Other Federal Grant	\$10,000	New grant
617124700217.4378 COPS 2012	State & Local Grant	(\$45,754)	Notification from Citizen's Option for Public Safety that grant is being reduced.
1278.4216.0001 Inclusionary In Lieu	Investment Earnings-Pool	(\$12,500)	Cash balance is trending lower than expected.
1510.4216.0001 SLRR-Major Water Course	Investment Earnings-Pool	(\$10,800)	Cash balance is trending lower than expected.
1561.4216.0001 Major Thoroughfare Fees	Investment Earnings-Pool	(\$39,900)	Cash balance is trending lower than expected.
1715.4216.0001 Water Connection Fees	Investment Earnings-Pool	(\$28,600)	Cash balance is trending lower than expected.
1721.4216.0001 Sewer Operations	Investment Earnings-Pool	\$34,800	Cash balance is trending higher than expected
1722.4216.0001 Sewer P/A Replacement	Investment Earnings-Pool	\$28,200	Cash balance is trending higher than expected
1731.4216.0001 Harbor	Investment Earnings-Pool	(\$11,700)	Cash balance is trending lower than expected.

Total Revenue Adjustments \$1,978,717

EXPENDITURES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
917119000272.5305 Used Oil Grant	Professional Services	(\$25,000)	Grant closed
917119000272.5305 Used Oil Grant	Matt, Supplies & Services	(\$33,208)	Grant closed
917113500212.5305 Solutions for Seniors-Shuttle	Professional Services	\$11,339	SANDAG grant - true up for grant to be completed this year
917113600212.5305 Solutions for Seniors - Taxi Script	Professional Services	\$7,234	SANDAG grant - true up for grant to be completed this year
917113700212.5345 Solutions for Seniors-Volunteer Driver	Travel & Conferences	\$1,019	SANDAG grant - true up for grant to be completed this year
1731.6906.0101 Solid Waste Disposal	Trans-Act Genl Fund	\$64,763	Increase transfer out budget to the General Fund for 50% of excess revenues (\$71,393 + \$16,775 + \$21,358 + \$20,000) / 2. (General Fund adjustments include an offsetting transfer in.)
902111800212.5305.10100 SR26 Through Lanes @ RDO	Professional Services	(\$50,000)	Project done - move budget to 902764200212
425425212.5320 Misc Sidewalks/ADA	Repair & Maintenance	\$20,000	Increase budget - transfer from 425426212 (Misc Street Project/Slurry Seal)
425426212.5320 Misc Street Project/Slurry Seal	Repair & Maintenance	(\$20,000)	Decrease budget - transfer to 425425212 (Misc sidewalks/ADA)
617124600272.5305 California Aid to Airports	Professional Services	\$10,000	Increase budget - use of reserves from prior year
170189455.5651 CFD Morro Hills (2)	Principal	\$242,050	Increase budget due to prepayments by homeowners
170189455.5651 CFD Morro Hills (ImpArea#1)	Principal	\$97,850	Increase budget due to prepayments by homeowners
170189455.5651 CFD Morro Hills (04)	Principal	\$257,500	Increase budget due to prepayments by homeowners
617124700217.5704 2012 COPS	Machinery & Equipment	(\$19,870)	Reduce budget - funding reduced
617124700217.5330 2012 COPS	Machinery & Equipment < \$10k	(\$19,870)	Reduce budget - funding reduced
Sewer Administration 800010721.5315.0006	Environmental Mitigation Surcharge	(\$730,000)	Fine reduced
922124600274.5380 Blue Card Training-AFG	Training, Registration Fees	\$10,000	New grant
912880500501.5355.10200 Silica Reclamation	Matt, Supplies & Services	\$200,000	Increase budget due to additional revenues
924459400278.5105 Inclusionary In Lieu Admin	Regular Employees	\$11,265	Marquis charged 193 hours to Laguna Vista project
924459400278.5326 Inclusionary In Lieu Admin	Studies & Reports	\$29,500	Funding for Affordable Housing Financing Analysis

Total Expenditure Adjustments \$64,572