



**CITY OF ENCINITAS
CITY COUNCIL
AGENDA REPORT
Meeting Date: November 13, 2013**

TO: City Council
VIA: Gus Vina, City Manager *GJVina*
FROM: Tim Nash, Finance Director *TN*
Teri Shoemaker, Finance Manager *TS*
Contributions from all Departments

SUBJECT: Report on the Financial Results for Fiscal Year 2012-13

BACKGROUND:

Each year following the close and audit of the City and District's financial books, the Finance Department reports the final year-end results to the City Council. The following report presents the actual revenues, expenditures and ending fund balances for all funds. It should be noted that Council has taken action on several items in the new fiscal year. Therefore, this report should be read in conjunction with the Quarterly Update on Financial Condition for the First Quarter Fiscal Year 2013-14 which is a separate agenda item on November 13, 2013.

ANALYSIS:

The final actual available fund balance for the General Fund is \$3,758,328 higher than projected. Staff's projected General Fund balance was \$16,486,826 and the actual fund balance is \$20,245,154. The positive variance is due to strong revenues (\$2.8 million higher than projected) and Departmental expenditure savings (\$2.4 million lower than budgeted), and off-cycle transfers in/out of the General Fund that were a net \$1.4 million higher than projected. Overall, General Fund revenues were 5.3% higher than projected and General Fund expenditures were 4.8% below budget. These variances are discussed in detail in Attachment D.

The final actual available fund balances for all "City Funds" (including Development Impact Fees, TransNet, and Lighting and Landscape Districts) were above projections by \$3,662,338. (**Attachment A**, page 1, Column 10, "TOTAL CITY FUNDS. "). Significant variances from the projected figures are explained in **Attachment D**.

Final actual fund balances exceeded projections for the two Sanitary Divisions; CSD \$444,733 and ESD \$232,050 above estimates. (**Attachment A**, page 2). End of year results are discussed in **Attachment D**.

Last printed 10/31/2013 10:21:00 AM

FISCAL AND STAFF IMPACTS:

General Fund - Ending fund balance exceeded projections by \$3,758,328 resulting in an available opening fund balance of \$20,245,154 for FY2013-14.

All Other City Funds – Any significant variances in other City funds, such as Transportation Funds, Grant Funds, Development Impact Fee Funds and Lighting and Landscape Funds are discussed in **Attachment D**.

This report provides actual final ending fund balance results for FY2012-13, actual beginning fund balances for FY2013-14, and amends Council’s previously adopted budget.

RECOMMENDED ACTION:

Receive and file report.

Approve and adopt the actual ending fund balances for FY2012-13 in Attachment A, Column 8.

Approve the revised Schedule A for FY2013-14 presented in Attachment E.

ATTACHMENTS:

Attachment A – FY2012-13 Final Actual and Available Fund Balance Summary

Presents final actual available fund balances (Column 8). These are compared to previously projected fund balances (Column 9) with the differences shown in Column 10. Significant variances between the projected fund balance and actual fund balance are explained in Attachment D.

Attachment B – FY2012-13 Comparison of Budget vs. Actual: Revenues & Expenditures

Presents a summary of budget versus actual for revenues and expenditures of all City and District funds.

Attachment C – FY2012-13 Detail of General Fund Revenues, Expenditures and Transfers

Presents a summary of General Fund Revenues, Expenditures and Transfers for FY2012-13 showing the original budget, final budget (with all off-cycle modifications), and actual amounts by category (revenues) and by department and division (expenditures.) Significant variances are discussed in Attachment D.

Attachment D – FY2012-13 Explanation of Significant Variances between Projected & Actual Fund Balances

Presents explanations of significant variances between projected ending fund balance and actual ending fund balance shown in Column 10 of **Attachment A**.

Attachment E – FY2013-14 Revised Budget Summary (Schedule A)

Presents the adjusted budget summary for the current fiscal year with actual beginning fund balances for all funds from **Attachment A**.

Attachment F – PowerPoint

FY2012-13: Final Actual and Available Fund Balances Summary											
(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
FUND NAME	Fund No	Actual Fund Balance 6/30/2013	Grants Receivable	Adjusted Adopted Reserves	Capital Projects	Work Projects	Debt Service	Actual Available Fund Balance	Projected Fund Balance Approved 6/30/2013	Difference (8-9)	Explanation of Difference
GOVERNMENT FUNDS											
General Fund	101	41,546,780		1,980,075	16,892,005	2,429,546		20,245,154	16,486,826	3,758,328	Attachment D
TRANSPORTATION FUNDS											
State Gasoline Taxes	201	253,838			30,570			223,268	422,510	(199,242)	Attachment D
State Capital Grants	203	(426,949)	1,381,339		435,263	519,127		0	204,633	(204,633)	Attachment D
TransNet Program	211	356,226	4,669,098		5,209,322			(183,997)	(290,494)	106,497	Attachment D
Coastal Zone Management Fund	212	1,069,787				468,522		601,265	378,610	222,655	Attachment D
Federal Capital Grants	223	(356,170)	1,750,038		1,313,118	80,750		(0)	574,536	(574,536)	Attachment D
Federal TDA Grants	224	2,227	30,475		30,475			2,227	2,298	(71)	
GRANT FUNDS											
State Law Enforcement Grant	202	0						0	0	0	
Government Education Access	213	705,736				66,211		639,525	581,454	58,071	Attachment D
Household Hazardous Waste	214	1,429,345			550,843			878,502	814,141	64,361	Attachment D
Asset Forfeiture	215	103,941						103,941	99,168	4,773	
Senior Nutrition Grant	221	0	0					0	4,396	(4,396)	
Comm Devel Block Grant (CDBG)	222	(0)	63,959		63,959			(0)	0	(0)	
Home Entitlement Program	227	(0)						(0)	0	(0)	
Federal Law Enforcement Grant	228	0						0	0	0	
DEVELOPMENT IMPACT FUNDS											
Park Development Fees	231	223,813			0			223,813	169,438	54,375	Discussion of Development Impact Funds on Attachment D
Parkland Acquisition Fees	232	561,088			193,068			368,020	232,910	135,110	
Traffic Mitigation Fees	233	3,275,402			1,163,271			2,112,131	2,148,789	(36,658)	
Regional Traffic Mitigation Fee (RTCIP)	234	505,170		1,300				503,870	511,907	(8,037)	
Open Space Acquisition Fees	235	103,849			80,000			23,849	16,022	7,827	
Recreational Trails Fees	236	14,856			9,335			5,521	3,524	1,997	
Community Facilities Fees	237	0						0	0	0	
Fire Mitigation Fees	238	0						0	0	0	
Flood Control Mitigation Fees	239	444,702			235,665			209,037	99,486	109,551	
In Lieu Fees Curb Gutter Sidewalks	251	12,464						12,464	12,461	3	
In Lieu Fees Underground Utilities	252	505,656						505,656	506,756	(1,100)	
In Lieu Fees Affordable Housing	253	700,066						700,066	697,958	2,108	
LIGHTING & LANDSCAPING DISTRICTS											
Villanitas Road M.I.D.	291	249,112						249,112	245,283	3,829	
Cerro Street M.I.D.	292	282,733						282,733	267,027	15,706	
Village Park M.I.D.	293	144,123						144,123	136,418	7,705	
Wiro Park M.I.D.	294	4,738						4,738	4,907	(169)	
Encinitas Lighting Landscape District	295	672,082				112,942		559,140	321,546	237,594	Attachment D
Encinitas Ranch Lighting Landscape	297	1,278,049				504		1,277,545	1,376,852	(99,307)	Attachment D
TOTAL CITY FUNDS		53,662,661	7,894,909	1,981,375	26,206,893	3,677,601	0	29,691,700	26,029,362	3,662,338	

FY2012-13: Final Actual and Available Fund Balances Summary											
(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
FUND NAME	Fund No	Actual Fund Balance 6/30/2013	Grants Receivable	Adjusted Adopted Reserves	Capital Projects	Work Projects	Debt Service	Actual Available Fund Balance	Projected Fund Balance Approved 6/30/2013	Difference (8-9)	Explanation of Difference
ENCINITAS PUBLIC FINANCING AUTHORITY											
Debt Service Fund	301	456,230					456,230	0	0	0	
Encinitas Public Finance Authority	302	2,599,952					2,599,952	0	0	0	
TOTAL DEBT SERVICE FUNDS		3,056,181	0	0	0	0	3,056,181	0	0	0	
CARDIFF SANITARY DIVISION FUNDS											
Operations	511	2,080,521						2,080,521	2,082,218	(1,697)	
Capital Replacement	512	8,960,928		6,181,105				2,779,823	2,351,237	428,586	
Capital Expansion	513	477,935		102,434				375,501	357,657	17,844	
TOTAL CSD FUNDS		11,519,384	0	6,283,539	0	0	0	5,235,845	4,791,112	444,733	Attachment D
ENCINITAS SANITARY DIVISION FUNDS											
Operations	521	1,251,148						1,251,148	1,233,231	17,917	
Capital Replacement	522	7,573,234		4,855,869				2,717,365	2,360,794	356,571	
Capital Expansion	523	2,104,160		153,694				1,950,466	2,092,904	(142,438)	
TOTAL ESD FUNDS		10,928,542	0	5,009,563	0	0	0	5,918,979	5,686,929	232,050	Attachment D
OTHER PROPRIETARY FUNDS											
Section 8 Housing- Admin	551	(4,491)						(4,491)	9,255	(13,746)	Attachment D
Section 8 Housing- HAP	552	53,690		13,174				40,516	149,015	(108,499)	Attachment D
Pacific Pines Affordable Housing	561	403,763						403,763	425,384	(21,621)	Attachment D
Recreation Programs	571	103,841						103,841	294,509	(190,668)	Attachment D
Jr Lifeguard Program	572	64,321						64,321	60,622	3,699	Attachment D
TOTAL OTHER PROPRIETARY FUNDS		621,124	0	13,174	0	0	0	607,950	938,785	(330,835)	
INTERNAL SERVICE FUNDS											
Self Insurance	601	3,790,489		1,048,309				2,742,180	2,247,824	494,356	Attachment D
Wastewater Support	611	(111)						(111)	0	(111)	
Fleet Maintenance	621	0						0	0	0	
Vehicle Replacement	622	438,561						438,561	304,317	134,244	Attachment D
Machinery Equipment Replacement	623	776,609						776,609	618,419	158,190	Attachment D
Fire Apparatus Replacement	624	456,319						456,319	1,029,319	(573,000)	Attachment D
TOTAL INTERNAL SERVICE FUNDS		5,461,867	0	1,048,309	0	0	0	4,413,558	4,199,879	213,679	
TOTAL ALL FUNDS		85,249,758	7,894,909	14,335,960	26,206,893	3,677,601	3,056,181	45,868,032	41,646,069	4,221,965	

FY2012-13 Comparison of Budget vs. Actuals - Operating Revenues and Operating Expenditures, All Funds
--

FUND NAME	Fund #	Operating Revenues			Operating Expenditures		
		FY 2012-13 Proposed	FY 2012-13 Actual	Over (Under)	FY 2012-13 Approved	FY 2012-13 Actual	Over (Under)
GOVERNMENT FUNDS							
General Fund	101	53,581,504	56,419,343	2,837,839	50,376,971	47,976,338	(2,400,633)
TRANSPORTATION FUNDS							
State Gasoline Taxes	201	1,547,085	1,489,306	(57,779)	990,059	1,057,243	67,184
State Capital Grants	203	1,012,446	2,897,974	1,885,528	0	0	0
Transnet Program (Prop A Sales Tax)	211	1,440,000	1,266,792	(173,208)	0	0	0
Coastal Zone Management Fund	212	243,818	426,333	182,515	269,927	232,341	(37,586)
Federal Capital Grants	223	2,145,626	1,175,716	(969,910)	0	0	0
Federal TDA Grants	224	162	91	(71)	0	0	0
GRANT FUNDS							
State Law Enforcement Grant	202	100,000	100,554	554	100,000	100,554	554
Government Education Access	213	179,392	206,609	27,217	74,718	65,547	(9,171)
Household Hazardous Waste	214	406,000	453,352	47,352	488,027	471,018	(17,009)
Asset Forfeiture	215	517	290	(227)	5,093	93	(5,000)
Sr Nutrition Grant	221	130,539	116,679	(13,860)	126,143	116,679	(9,464)
Comm Devel Block Grant (CDBG)	222	360,637	221,056	(139,581)	264,393	188,771	(75,622)
Home Entitlement Program	227	569,068	224,114	(344,954)	569,068	224,114	(344,954)
Federal Law Enforcement Grant	228	10,000	11,378	1,378	10,000	11,378	1,378
DEVELOPMENT IMPACT FUNDS							
Park Development Fees	231	76,187	127,563	51,376	0	0	0
Park Acquisition Fees	232	203,838	338,792	134,954	921,155	921,000	(155)
Traffic Mitigation Fees	233	224,028	52,833	(171,195)	0	0	0
RTCIP (Regional Arterial System) Fee	234	132,389	124,352	(8,037)	0	0	0
Open Space Acquisition Fees	235	13,815	21,642	7,827	0	0	0
Recreational Trails Fees	236	3,524	5,521	1,997	0	0	0
Community Facilities Fees	237	18,272	28,872	10,600	18,272	28,872	10,600
Fire Mitigation Fees	238	39,584	35,066	(4,518)	39,584	35,066	(4,518)
Flood Control Mitigation Fees	239	48,275	157,826	109,551	0	0	0
In Lieu Fees Curb Gutter Sidewalks	251	32	35	3	0	0	0
In Lieu Fees Underground Utilities	252	2,513	1,412	(1,101)	0	0	0
In Lieu Fees Affordable Housing	253	0	2,108	2,108	0	0	0
MUNICIPAL IMPROVEMENT DISTRICTS							
Villanitas Road M.I.D.	291	21,764	21,832	68	17,162	13,401	(3,761)
Cerro Street M.I.D.	292	39,343	41,085	1,742	29,990	16,026	(13,964)
Village Park M.I.D.	293	33,319	33,104	(215)	35,752	27,831	(7,921)
Wiro Park M.I.D.	294	11,039	11,369	330	16,017	16,516	499
Encinitas Lighting Landscape District	295	1,171,285	1,242,985	71,700	1,249,432	1,083,538	(165,894)
Encinitas Ranch Lighting Landscape	297	671,411	616,776	(54,635)	555,086	599,758	44,672
TOTAL CITY FUNDS		64,437,412	67,872,760	3,435,348	56,156,849	53,186,084	(2,970,765)

FY2012-13 Comparison of Budget vs. Actuals - Operating Revenues and Operating Expenditures, All Funds
--

FUND NAME	Fund #	Operating Revenues			Operating Expenditures		
		FY 2012-13 Proposed	FY 2012-13 Actual	Over (Under)	FY 2012-13 Approved	FY 2012-13 Actual	Over (Under)
ENCINITAS PUBLIC FINANCING AUTHORITY							
Debt Service Fund	301	874,033	699,181	(174,852)	895,946	883,481	(12,465)
Encinitas Public Finance Authority	302	3,240,128	3,218,213	(21,915)	3,218,215	3,218,213	(2)
TOTAL DEBT SERVICE FUNDS		4,114,161	3,917,394	(196,767)	4,114,161	4,101,694	(12,467)
CARDIFF SANITATION DISTRICT FUNDS							
Operations	511	4,610,170	4,794,588	184,418	3,602,171	3,778,805	176,634
TOTAL CSD FUNDS		4,610,170	4,794,588	184,418	3,602,171	3,778,805	176,634
ENCINITAS SANITARY DIVISION FUNDS							
Operations	521	2,858,272	2,965,710	107,438	1,583,304	3,017,329	1,434,025
TOTAL ESD FUNDS		2,858,272	2,965,710	107,438	1,583,304	3,017,329	1,434,025
OTHER PROPRIETARY FUNDS							
Section 8 Housing- Admin	551	237,067	232,658	(4,409)	283,396	292,733	9,337
Section 8 Housing- HAP	552	960,633	871,094	(89,539)	950,000	955,786	5,786
Pacific Pines Affordable Housing	561	233,789	215,200	(18,589)	196,973	199,825	2,852
Recreation Programs	571	1,236,581	900,890	(335,691)	1,144,443	999,421	(145,022)
Jr Lifeguard Program	572	158,877	158,118	(759)	158,877	154,420	(4,457)
TOTAL OTHER PROPRIETARY FUNDS		2,826,947	2,377,960	(448,987)	2,733,689	2,602,185	(131,504)
INTERNAL SERVICE FUNDS							
Self Insurance	601	1,917,486	2,078,541	161,055	1,706,077	1,626,392	(79,685)
Wastewater Support	611	984,957	894,461	(90,496)	984,957	894,572	(90,385)
Fleet Maintenance	621	528,152	477,395	(50,757)	528,152	477,395	(50,757)
Vehicle Replacement	622	73,000	71,880	(1,120)	278,000	142,636	(135,364)
Mach Equipment Replacement	623	185,000	179,355	(5,645)	207,000	43,165	(163,835)
Fire Apparatus Replacement	624	678,000	105,000	(573,000)	0	0	0
TOTAL INTERNAL SERVICE FUNDS		4,366,595	3,806,632	(559,963)	3,704,186	3,184,160	(520,026)
TOTAL ALL FUNDS		83,213,557	85,735,044	2,521,487	71,894,360	69,870,257	(2,024,103)

**Detail of General Fund Revenues, Expenditures, and Transfers
For the Year Ended June 30, 2013**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Adoption Date	FY12-13 Revised Budget 6/20/2012	Off-Cycle Adjustments	FY12-13 Final Budget 6/30/2013	FY12-13 Actual Amounts 6/30/2013	FY12-13 Variance* Over/(Under) 6/30/2013	FY12-13 Variance* % 6/30/2013
Revenues:						
Taxes:						
1 Property Taxes, Current Secured	32,708,370	33,038	32,741,408	33,699,290	957,882	2.9%
2a Sales Tax Triple Flip	2,676,129	224,929	2,901,058	2,901,058	0	0.0%
2b Sales Taxes	7,760,896		7,760,896	8,684,087	923,191	11.9%
3 Transient Occupancy Tax	961,095		961,095	1,194,053	232,958	24.2%
4 Documentary Transfer Taxes	291,312		291,312	544,869	253,557	87.0%
5 Franchise Taxes	2,189,961		2,189,961	2,117,008	(72,953)	-3.3%
6 Total Taxes	46,587,763	257,967	46,845,730	49,140,366	2,294,636	4.9%
Other Revenues						
7 Licenses and Permits	180,755		180,755	219,288	38,533	21.3%
8 Intergovernmental Revenue	575,603	(87,500)	488,103	522,865	34,762	7.1%
9 Charges for Services	3,752,365	469,000	4,221,365	4,450,756	229,391	5.4%
10 Fines & Penalties	689,750		689,750	611,029	(78,721)	-11.4%
11 Use of Money	407,212	72,718	479,930	452,386	(27,544)	-5.7%
12 Other Revenue	284,474	391,397	675,871	1,022,653	346,782	51.3%
13 TOTAL REVENUES	52,477,922	1,103,582	53,581,504	56,419,343	2,837,839	5.3%
Expenditures:						
General Government:						
14 Community Projects	75,000		75,000	75,295	295	0.4%
15 Legislative/City Council	380,751		380,751	357,268	(23,483)	-6.2%
16 City Manager	782,086		782,086	738,520	(43,566)	-5.6%
17 Arts Administration	150,356	14,000	164,356	155,673	(8,683)	-5.3%
18 Economic Development	182,500		182,500	182,500	-	0.0%
19 Human Resources	920,154	(112,287)	807,867	756,146	(51,721)	-6.4%
20 Information Technology	1,455,124		1,455,124	1,381,656	(73,468)	-5.0%
21 Geographic Information	620,385	5,600	625,985	621,782	(4,203)	-0.7%
22 City Clerk	570,495		570,495	468,913	(101,582)	-17.8%
23 Elections	32,100	560,172	592,272	429,911	(162,361)	-27.4%
24 Legal Services	308,500	15,000	323,500	313,157	(10,343)	-3.2%
25 Financial Services	1,556,820	123,288	1,680,108	1,575,445	(104,663)	-6.2%
26 Central Services	241,994		241,994	164,299	(77,695)	-32.1%
27 Non-Departmental	2,231,672		2,231,672	1,811,858	(419,815)	-18.8%
28	9,507,937	605,773	10,113,710	9,032,421	(1,081,289)	-10.7%
Planning and Building:						
29 Customer Service/Admin	842,123		842,123	783,365	(58,758)	-7.0%
30 Current Planning	780,764		780,764	739,659	(41,105)	-5.3%
31 Applicant Deposits	6,000		6,000	5,157	(843)	-14.1%
32 Advanced Planning	609,077		609,077	616,028	6,951	1.1%
33 Code Enforcement	484,150		484,150	437,293	(46,857)	-9.7%
34 Building Services	987,929	350,000	1,337,929	1,188,844	(149,085)	-11.1%
35	3,710,043	350,000	4,060,043	3,770,346	(289,697)	-7.1%
Public Safety:						
36 Law Enforcement	11,969,965	(450,000)	11,519,965	11,376,916	(143,049)	-1.2%
37 Parking Enforcement	83,500		83,500	55,649	(27,851)	-33.4%
38	12,053,465	(450,000)	11,603,465	11,432,565	(170,900)	-1.5%
39 Fire Administration	578,056		578,056	541,521	(36,535)	-6.3%
40 Fire Operations & Support	10,187,215	(61,105)	10,126,110	9,885,442	(240,668)	-2.4%
41 Loss Prevention & Planning	660,902		660,902	659,326	(1,576)	-0.2%
42 Disaster Preparedness	169,467		169,467	152,233	(17,234)	-10.2%
43 Marine Safety Services	933,986		933,986	927,904	(6,082)	-0.7%
44	12,529,626	(61,105)	12,468,521	12,166,425	(302,096)	-2.4%

**Detail of General Fund Revenues, Expenditures, and Transfers
For the Year Ended June 30, 2013**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Adoption Date	FY12-13 Revised Budget 6/20/2012	Off-Cycle Adjustments	FY12-13 Final Budget 6/30/2013	FY12-13 Actual Amounts 6/30/2013	FY12-13 Variance* Over/(Under) 6/30/2013	FY12-13 Variance* % 6/30/2013
Public Works:						
45 Administration	126,855	15,000	141,855	123,312	(18,543)	-13.1%
46 Environmental Services	118,000		118,000	85,797	(32,203)	-27.3%
47 Street Maintenance	1,631,797		1,631,797	1,609,503	(22,294)	-1.4%
48 Facility Maintenance-Civic	361,295	(8,000)	353,295	337,277	(16,018)	-4.5%
49 Facility Maintenance-Fire Stations	191,719	25,217	216,936	220,729	3,793	1.7%
50 Facility Maintenance-PW Yard	211,830		211,830	209,148	(2,682)	-1.3%
51 Facility Maintenance-Library	276,321	(9,000)	267,321	264,234	(3,087)	-1.2%
52 Storm Water Maintenance	670,424		670,424	625,167	(45,257)	-6.8%
53 Storm Water Flood Control	125,975		125,975	122,049	(3,926)	-3.1%
54	3,714,216	23,217	3,737,433	3,597,215	(140,218)	-3.8%
Engineering Services:						
55 City Engineering	2,321,939	25,000	2,346,939	2,296,123	(50,816)	-2.2%
56 Traffic Engineering	716,204		716,204	671,594	(44,610)	-6.2%
57 Storm Water Compliance	779,631		779,631	749,277	(30,354)	-3.9%
58	3,817,774	25,000	3,842,774	3,716,994	(125,780)	-3.3%
Parks and Recreation:						
59 Administration	852,810		852,810	838,393	(14,417)	-1.7%
60 Park Services	1,269,666		1,269,666	1,192,125	(77,541)	-6.1%
61 Beach Services	498,909		498,909	413,879	(85,030)	-17.0%
62 Recreational Trails	125,531		125,531	102,509	(23,022)	-18.3%
63 Recreation Services	620,605		620,605	548,783	(71,822)	-11.6%
64 Community & Senior Center	1,183,505		1,183,505	1,164,679	(18,826)	-1.6%
65	4,551,026	0	4,551,026	4,260,368	(290,658)	-6.4%
66 Subtotal	49,884,087	492,885	50,376,972	47,976,334	(2,400,638)	-4.8%
67 Continuing Appropriations						
68 TOTAL EXPENDITURES	49,884,087	492,885	50,376,972	47,976,334	(2,400,638)	-4.8%
Excess of Revenues						
69 Over Expenditures	2,593,835	610,697	3,204,532	8,443,009	5,238,477	
General Fund Transfers To/From Other City Funds						
70 Transfers Out of GF	4,770,700	(3,879,161)	891,539	1,172,264	(280,725)	-31.5%
71 Transfers In to GF	(1,047,915)	(7,996,400)	(9,044,315)	(9,130,131)	85,816	-0.9%
72 Transfers to Debt Service		3,058,006	3,058,006	2,978,248	79,758	2.6%
73 Transfers to Capital Projects	1,100,746	9,282,672	10,383,418	11,748,417	(1,364,999)	-13.1%
74 Total Transfers	4,823,531	465,117	5,288,648	6,768,797	(1,480,149)	-28.0%

*Significant variances are discussed in Attachment D.

Total General Fund (101) Variance Summary:	
Revenues (above projections)	2,837,839
Expenditure (savings)	2,400,638
Transfers (net over budget)	(1,480,149)
Returned to General Fund Balance:	3,758,328

**Explanation of Significant Variances between
Projected & Actual Fund Balances**

General Fund (101) Variance	<u>\$3,758,328</u>	Above Estimate
<u>By Category:</u>		
Revenues - above projections	\$ 2,837,839	(Attachment C, line 13)
Expenditures - savings	2,400,638	(Attachment C, line 68)
Transfers - above projected amounts	(1,480,149)	(Attachment C, line 74)
	<u>\$ 3,758,328</u>	

**GENERAL FUND REVENUES
SUMMARY OF VARIANCES FROM BUDGET**

Property Taxes, Attachment C, line 1 **\$957,882** **Above Est.**

Property Taxes are the City's largest revenue source and represents over 60% of the total General Fund revenues. Current secured property taxes exceeded projections by \$942,587. All other property tax (except Delinquent) came in at or above estimates for a total of 265,574. Delinquent Secured Taxes finished the year at only 50% or \$250,249 short of projections. When a property owner fails to pay property taxes, a lien is placed on the property. The City is guaranteed to receive all billed property taxes, although the City may not receive the taxes for up to five years after the due date. Property taxes paid after the deadline (i.e., delinquent) are paid with penalties and interest.

Sales Taxes, Attachment C, line 2b **\$923,191** **Above Est.**

Sales Taxes, the City's second largest revenue source, represent nearly 19% of the City's General Fund revenues. Actual revenue exceeded projections by 12% or \$923,191. Strong sales in General Consumer Goods, Restaurants/Hotels and Fuel/Service stations contributed to the increase in this revenue source. The City has a diversified retail sales tax base and is not heavily dependent on any one business or industry.

Attachment D

Page 2 of 14

Transient Occupancy Tax, Attachment C, line 3 **\$232,958** **Above Est.**

Transient Occupancy Tax (TOT) is a tax imposed on persons staying 30 days or less in a hotel, inn or other lodging facility. In fiscal year 2008-09 voters approved a measure to extend TOT to short term vacation rentals (STVR). The TOT rate is 10% of the room charge and is collected by hoteliers and paid to the City. Eighty percent of the taxes collected are deposited to the General Fund (Fund 101) and 20% are deposited to the Coastal Zone Management Fund (Fund 210) for sand replenishment projects. The short term vacation rental revenue continues to exceed revenue projections.

Documentary Transfer Taxes, Attachment C, line 4 **\$253,557** **Above Est.**

Documentary transfer tax is an excise tax imposed on the transfer of interest in real estate. The favorable variance is related to the number of homes sold in the fiscal year and the value those properties were sold for.

Franchise Taxes, Attachment C, line 5 **\$72,953** **Below Est.**

While AT&T revenue exceeded projections by \$175,065, Cox Communication fell \$43,288 below projections, and Time Warner was \$20,800 below estimates. As in previous years SDG&E revenue continues to decline (\$185,228 below projections). The City had an audit of SDG&E fees performed during fiscal year 2010-11 which determined that SDG&E was in fact reporting correctly. Lower than projected revenue in this category is likely due to decrease in consumption.

Licenses and Permits, Attachment C, line 7 **\$38,533** **Above Est.**

All revenues exceeded projections in this category which includes business operation permits, business registration, short term rental permits and other miscellaneous permits. The majority of the favorable projection is due to security alarm permits and business operation permits which came in above projections at \$18,475 and \$12,502 respectively. Business registration was \$5,156 over projections and short term vacation rental permits was \$2,400 over projections.

Intergovernmental Revenue, Attachment C, line 8 **\$34,762** **Above Est.**

Although the City was notified by the State that Motor Vehicle License fee revenue would no longer be provided to cities, an unexpected payment from the State of California of \$33,408 for Motor Vehicle License fees was received in September 2012. The City also received \$2,221 in unexpected Federal grant money for the American Recovery & Reinvestment Act (ARRA) and \$4,513 more than estimated in state mandate reimbursements. The Fire Management service estimate came in \$5,380 under projections.

Charges for Services **\$229,391** **Above Est.**
(Development Processing Fees), Attachment C, line 9

At year-end, receipts exceeded overall projections by \$229,391 or approximately 5%. While Planning and Engineering fees exceeded estimates by \$62,450 and \$246,436 respectively, Building revenues were \$137,403 below expectations. Fire and Recreation fees also came in higher than expected. For additional information relating to development activity, see Page 11 of this attachment.

Fines and Penalties, Attachment C, line 10 **\$78,721** **Below Est.**

Fines and Penalties include vehicle code and red light violations, parking citations and vehicle abatement. With the exception of vehicle code violations which came in at 99% of projections, revenue for other violations did not meet expectations. While this is actually a positive trend since it is an indication that fewer citations and tickets are being issued, staff will be monitoring this revenue to determine if a mid-year adjustment is necessary. Although the San Diego Abandoned Vehicle Abatement Service Authority (SDAVASA) ended the program for collection of Abandoned Vehicle Abatement fees on April 30, 2012, there was approximately \$30,000 of unexpected revenue received for vehicle abatement. This is one-time revenue and no further revenue is anticipated for this program.

Use of Money and Property, Attachment C, line 11 **\$27,544** **Below Est.**

This category includes investment earnings, donations and payments for the use of City property. Investment earnings continue to come in lower than projections. Fiscal year 2012-13 revenue was \$109,179 or 50% below projections, and represents a 4% reduction from the prior fiscal year. However, this unfavorable variance is offset by higher than anticipated revenue in the contribution/donation and income from property revenue. The City received \$39,800 in revenue for the Encinitas Community Park paver program which was not included in revenue projections. The annual Mizel program brought in \$72,718, and the City received \$45,259 more in commissions/leases than anticipated.

Miscellaneous and Other Revenue, Attachment C, line 12 **\$346,782** **Above Est.**

This category of revenue includes reimbursements from the CSA-17 Ambulance District for Emergency Medical Services (EMS) interfund revenue, booking fees, and cost recovery. The majority of the favorable overage is in the cost recovery category which exceeded projections by over \$200,000, but it should be noted that there are offsetting expenses for these revenues. In the cost recovery category, the City received \$88,448 in CSA-17 reimbursements, \$121,835 in reimbursement for Fire related services, such as strike team and special events. The City also received \$9,210 from proceeds of sales for City assets. The remaining overage is related to unanticipated miscellaneous revenue.

GENERAL FUND EXPENDITURES
SUMMARY OF VARIANCES FROM APPROVED EXPENDITURE PLANS

	<u>Below Budget</u>	<u>Above Budget</u>	<u>Variance</u>
General Government	\$1,081,289		10.7%
Planning and Building	\$ 289,697		7.1%
Public Safety (Law Enforcement)	\$ 170,900		1.5%
Public Safety (Fire Services)	\$ 302,096		2.4%
Public Works	\$ 140,218		3.8%
Engineering	\$ 125,780		3.3%
Parks & Recreation	\$ 290,658		6.4%

TOTAL: **\$2,400,638 Savings**

General Government

Community Projects, Attachment C, line 14 **\$295** **<1% Above Budget**
 This division includes the City allocation and matching funds provided by the Mizel Family Foundation for community projects. The \$295 overage is due to a reissued check that was voided in the prior year and reissued in the current year.

City Council/Legislative, Attachment C, line 15 **\$23,483** **6% Below Budget**
 Savings of \$12,623 in travel and training and \$8,869 savings in discretionary council expenditures. There was also a slight savings in materials and supplies.

City Manager, Attachment C, line 16 **\$43,566** **6% Below Budget**
 The most significant savings were in the personnel category. There was a savings of \$33,707 due to a vacant intern position and budget versus actual expenditures on the City Manager's contract. In the contracts and services category, there was a savings of \$8,579 in travel, training and professional development. There was also a savings of \$1,279 in materials and supplies.

Attachment D

Page 5 of 14

Arts Administration, Attachment C, line 17 **\$8,683** **5%** **Below Budget**

There was an unfavorable variance of \$825 in the contracts and services category due to an unanticipated equipment replacement in the library. Personnel costs came in \$86 under budget. In materials and supplies, there was a savings of \$9,422 which Council authorized for the purchase of a stage for the library community room. The purchase will be made in FY14.

Economic Development, Attachment C, line 18 **\$0** **0%** **On Target**

These are contract expenditures. There were no contract changes in FY2012-13.

Human Resources, Attachment C, line 19 **\$51,721** **6%** **Below Budget**

The majority of savings was related to personnel vacancies which were \$42,960 under budget. Along with savings of \$7,981 in contracts and services due mostly to a reduction in usage from training/mileage and printing/binding there was also a savings of \$780 in materials and supplies.

Information Technology, Attachment C, line 20 **\$73,468** **5%** **Below Budget**

The Information Technology (IT) division was over \$15,128 in personnel costs. A savings of \$46,726 in contracts and services was realized by negotiating maintenance contract decreases with vendors. Additional savings of \$41,870 in materials and supplies resulted by keeping the City's existing multi-function printer (MFP) fleet in service for two additional quarters. IT worked with the vendor to replace MFP's falling below contractual service levels at no cost to the city.

Geographic Information, Attachment C, line 21 **\$4,203** **.7%** **Below Budget**

There was savings of \$3,821 in contracts and services largely due to IT's payment of some software maintenance costs budgeted in GIS, \$1,252 savings in materials and supplies due to lower than anticipated plotter supply costs, and a slight overage of \$870 in personnel costs.

City Clerk/Elections, Attachment C, lines 22/23 **\$263,943** **23%** **Below Budget**

The City Clerk division was under budget \$99,385 in personnel costs due to vacancies that were filled at lower rates; there was a slight savings of \$2,108 in contracts and services and \$88 in materials and supplies. The Elections division came in \$162,361 under budget because the County of San Diego's estimate for election costs were less than expected.

City Attorney Legal Services, Attachment C, line 24 **\$10,343** **3%** **Below Budget**

Expenditures for internal and outside consultant attorney fees came in lower than anticipated with a savings of \$10,343 in contracts and services.

Finance, Attachment C, line 25 **\$104,663** **6%** **Below Budget**

The majority of savings is due to personnel vacancies which created a surplus of \$62,016. A savings of \$42,659 in contracts and services from travel/training and professional services which were not used were offset by an overage of \$12 in material and supplies.

Attachment D

Page 6 of 14

Central Services, Attachment C, line 26 **\$77,695** **32%** **Below Budget**
The Central Services division had a savings of \$5,781 in the personnel category and a \$15,761 savings in the contracts and services category mostly due to savings in printing expenses. A savings in the materials and supply category of \$56,152 was a result of decreased postage costs and frugal spending on citywide office supplies.

Non-Departmental, Attachment C, line 27 **\$419,815** **19%** **Below Budget**
This division was created to appropriate funds for those activities beneficial on a citywide basis and not directly chargeable to any one department or division. It includes the General Fund's share of the Internal Cost Allocation. Property Tax administrative fees paid to the County came in lower than projected, creating a savings of \$96,057. The internal cost allocation was \$50,757 less than budgeted due to savings in personnel costs in the Fleet Maintenance program. These savings are shared ratably by the General Fund, Water and Sewer Funds. Fleet replacement charges were \$273,000 under budget due to a change in the method of budgeting leasing costs for fire apparatus. Previously, the \$273,000 was transferred to the fleet replacement fund which paid the debt service to the City's debt service fund. For purposes of efficiency, this year the General Fund paid the debt service fund directly.

Planning and Building, Attachment C, line 35 **\$289,697** **7%** **Below Budget**
The Planning and Building department had a savings of \$101,174 in personnel costs mostly due to vacancies. Contracts and Services was under budget \$187,802 due mainly to an off-cycle budget adjustment request. The adjustment was made to increase the Building Inspections expenditure account in an attempt to more closely match activity levels. There was off-setting revenue that corresponded to this difference. The remaining savings in contracts and services was due to the Current Planning division's professional service contracts account as well as the graffiti and private property cleanup accounts in the Code Enforcement division. Materials and supplies had a slight savings of \$721.

Public Safety-Law Enforcement, Attachment C, line 36 **\$143,049** **1%** **Below Budget**
This variance is due to timing related issues. The budget was prepared prior to receiving cost estimates from the Sheriff which resulted in cost savings due to staff vacancies and towing fee credits.

Public Safety-Parking Enforcement, Attachment C, line 37 **\$27,850** **33%** **Below Budget**
Parking citations issued for the year as well as all of the associated costs with the processing of those citations were lower than anticipated.

Public Safety-Fire Department, Attachment C, line 44 **\$302,096** **2%** **Below Budget**
Fire Administration and Operations divisions had a combined savings of \$277,203. This was largely attributable to personnel cost savings of \$236,394 due to vacancies, lower employer contributions to PERS, reduction in leave buyouts, and savings in uniform costs. Contracts and services had a net savings of \$16,414 due to savings in phone service costs, reduction in equipment maintenance, and savings from the radio maintenance contract. Materials and supplies came in under budget by \$24,395, largely due to the purchase of safety clothing postponed to F2013-14 and savings in the purchase of rescue equipment and fire apparatus.

Attachment D

Page 7 of 14

Loss Prevention & Planning and Disaster Preparedness divisions had a combined savings of \$18,810. Personnel costs were \$1,883 under budget, contracts and services had a savings of \$10,412 due to savings in Hazardous Incident Response Team contract and savings in postage and printing. Materials and supplies were \$6,515 under budget due to savings in CERT kits, uniform purchases and budgeted laptop that was purchased with grant funding.

The Marine Safety Division is under budget \$6,082. The majority of the savings is in personnel costs due to a vacant permanent position for part of the year and some savings in fuel costs.

Public Works Department, Attachment C, line 54 **\$140,218** **4% Below Budget**

The Administration division had savings of \$18,543 which was due mostly to savings from lower than anticipated training and professional services costs. The Environmental Programs division had a savings of \$32,203 due to reduced costs in the contracts and services category. The Streets division had a savings of \$22,293 of which \$21,567 was personnel vacancy, a savings in materials and supplies of \$201 and a savings in contract services of \$525.

The Facilities Maintenance division is responsible for maintaining the Civic Center, all Fire Stations and Lifeguard facilities, the Library and the Public Works yard. The division ended the year under budget by a net total of \$17,994 due to savings in maintenance contracts.

The Storm Water Maintenance division had a savings of \$45,257 of which \$43,392 is due to personnel vacancy, a savings in materials and supplies of \$1,559 and a savings in contract services of \$306.

The Storm Water Flood Control division had savings of \$3,926 mainly due to savings in contract services.

Engineering Services, Attachment C, line 58 **\$125,780** **3% Below Budget**

The Engineering Department includes the *City Engineering, Traffic Engineering, and Storm Water Compliance divisions*. Overall the department was under budget by \$44,889 in personnel costs due to vacancies. Contracts and services had \$70,224 in savings for professional service contracts and the materials and supplies category had a savings of \$10,668 mostly due to lower than anticipated field supply expenses and fuel expenses.

Parks and Recreation Department, Attachment C, line 65 **\$290,658** **6% Below Budget**

The Parks and Recreation Department includes *Park and Beach, and Recreation divisions*. The department achieved an overall savings of \$290,658 for the fiscal year. Personnel costs were under budget \$130,000 due to vacancies, there was a savings of \$104,658 in contracts and services and the reduced purchase of materials and supplies created a \$56,000 savings.

SUMMARY OF TRANSFERS TO AND FROM THE GENERAL FUND
(Attachment C, line 74)

	Below Budget	Above Budget
Transfers Out of General Fund		(\$280,725)
Transfers In to General Fund		\$ 85,816
Transfers to Debt Service	\$79,758	
Transfers to Capital		(\$1,364,999)
 TOTAL:		\$1,480,149 Above Budget

Transfers Out of the General Fund were \$280,725 over budget. This variance was related to several factors. The transfer to the Senior Nutrition Grant (Fund 221) to subsidize the Senior Nutrition Program was approved as \$46,539. The subsidy needed at year end was only \$32,438, for a favorable difference of \$14,101. Only the amount of the subsidy needed to run the program was transferred. The favorable variance is offset by a \$260,806 transfer for cost of issuance for the 2013 Park Bonds and a \$34,020 sand lobbying transfer.

Budgeted Transfers In to the General Fund included \$18,272 for the Community Facilities Fees (Fund 237) while the actual transfer amount was \$28,872 resulting in a difference of \$10,600. The HUTA (Gas Tax Fund 201) transfer of \$990,059 was actually \$1,057,243 due to an adjustment made by the State creating an overage of \$67,184. The Fire Mitigation Fee (Fund 238) transfer of \$39,584 came in at \$35,066, \$4,518 lower than expected. Finally, there was a credit of \$12,550 for cost of issuance on the park funding which resulted in an additional reduction to the transfers.

The Transfer from the General Fund to Debt Service (Fund 301) was estimated at \$3,058,006. The actual transfer was \$2,978,248 or \$79,758 less than budgeted. This is mostly due to overestimating the ABAG funding needed from the General Fund.

Transfers to Capital were \$1,364,999 over budget due largely to the one time Council authorized use of \$1,100,000 in unappropriated General Fund balance for the Encinitas Community Park/Moonlight Beach projects. The remaining variance is related to a combination of off-cycle transfers to capital and work projects, including a return to General Fund of \$90,741 at mid-year for closed projects.

OTHER CITY GOVERNMENTAL FUNDS
(Refer to Attachment A)

Above/ Below Estimates

Junior Lifeguard Program Fund 572

\$ 3,699

Above Est.

The Junior Lifeguard Program Fund tracks revenue and expenditures associated with the Junior Lifeguard Program, a fee-for-use based program. Fees are designed to cover direct program costs such as staff for administration and instruction, services and supplies and other related program expenditures. Although the projected fund balance at 6/30/13 was expected to be \$60,622, the actual expenditures were \$4,457 less than anticipated due to savings from a vacant permanent position for part of the year. Estimated revenue of \$759 was less due to the elimination of one summer session.

Recreation Programs Fund 571

\$190,668

Below Est.

The Recreation Programs Fund provides a variety of recreational, educational enrichment and sports activities to the public on a fee-for-use basis. Fees are designed to cover direct program costs such as contractual staff, services and supplies, and other related program expenditures. Expenditures decreased \$145,022 or 12% primarily due to reduced programming and reduced purchase of materials & supplies for programs. Revenues also decreased \$335,691 or 27% due to fewer programs; surf camp permit revenue coded to the incorrect account; and scholarship funds transfer not completed.

Self- Insurance Fund 601

\$494,356

Above Est.

The Self Insurance Fund provides a tracking of revenue and expenditures associated with claims adjustments, legal defense costs, and safety programs. Although the projected fund balance at 6/30/13 was expected to be \$2,247,824, the actual final balance was \$2,742,180. This resulted in an increase to fund balance of \$494,356. The positive impact is due to greater than anticipated revenue and lower than projected expenditures.

TRANSPORTATION FUNDS

State Gasoline Taxes Fund 201 **\$199,242** **Below Est.**

The State Gasoline Tax (Fund 201) receives both operational and capital monies from the State of California. Total revenue was \$58,000 lower than expectations, while expenses (transfers) were a little over \$100,000 over budget.

Transnet (Prop A Sales Tax) Fund 211 **\$106,497** **Above Est.**

The revenue in this fund is based on actual draw down requests to SANDAG from the City to cover CIP projects. The actual available fund balance at year end was \$106,497 above the projected estimate.

Coastal Zone Management Fund 212 **\$222,655** **Above Est.**

This fund was established following the election held November 3, 1998 increasing the hotel Transient-occupancy tax (TOT) from 8% to 10%. The additional 2% tax is used for the beach sand replenishment and stabilization programs. Operating expenditures were \$37,585 lower than anticipated largely due to reduced beach sand activities and purchases. Revenue exceeded projections by \$182,515. Additionally, there was a return of funds of \$2,554 as reported at mid-year for the Sandag Regional Beach Sand Project II (WB08B).

GRANT FUNDS

State Capital Grants Fund 203 **\$204,633** **Below Est.**

In the State Capital Grants (Fund 203) there were off-cycle appropriations (net) of \$292,000, while actual monies due from the State increased about \$100,000.

Government/Educational Access Fund 213 **\$58,071** **Above Est.**

The favorable fund balance for the Governmental/Educational Access Fund was due to revenue which came in \$27,217 higher than expected and expenditure savings of \$9,172 in contracts and services. A return to fund balance of \$21,682 at mid-year for the Secondary Emergency Operations Center Setup project (CF12C) completed the favorable fund balance total.

Household Hazardous Waste Fund 214 **\$64,361** **Above Est.**

Operating costs in the Solid Waste Fund were \$17,009 lower than projected due to personnel savings associated with re-allocation of the Public Works Director's salary. Solid waste revenues were \$47,352 higher than projected due to advance payments from the California Recycled Used Oil and Beverage Container Recycling programs.

Federal Capital Grants Fund 223 **\$574,536** **Below Est.**

Revenue collected from the program was \$1 million lower than projected which was somewhat offset by expenses which were under budget. In addition, off-cycle appropriations lowered actual expenditures as well.

Section 8 Housing- Admin Fund 551 **\$13,746** **Below Est.**

A policy decision was made by the Planning and Building Director in FY2010-11 to spend down the Section 8 Administrative reserves over a two-year budget cycle spanning FY2011-12 and FY2012-13. This two-year policy has been completed as of year-end FY2012-13. This was a known factor and planned in order to utilize current Administration reserves.

Section 8 Housing- HAP Fund 552 **\$108,499** **Below Est.**

HUD requires housing authorities to spend down their Housing Assistance Payment (HAP) reserves. Therefore, the HUD budgeted funds were reduced by required reserve expenditures. The reduction to fund balance comes as a result of a HUD requirement for all housing authorities to utilize their reserve funds. This was a known factor and planned in order to utilize current HAP reserves.

Pacific Pines Affordable Housing Fund 561 **\$21,621** **Below Est.**

Housing units owned by the Encinitas Housing Authority at Pacific Pines experienced some unexpected maintenance costs which included repair costs due to a flood in one of the units as well as several new paint and carpet replacement expenditures. There was also a reduced amount of projected revenue for two reasons; 1) fewer Pacific Pines units were being occupied by Section 8 tenants than was projected and 2) the Housing Assistance Payment (HAP) amounts were less than projected. These amounts can vary throughout the year. For instance, if a tenant has an increase in income, they will pay more of the rent and the Housing Authority would pay less resulting in a reduced amount of HAP revenue received.

DEVELOPMENT IMPACT FUNDS

\$366,929 Above Est.

After the closing of the Santa Fe Drive Alignment Study (CS08E) at mid-year, it was determined that the appraisals for the project required a Caltrans-approved appraiser which has been obtained to satisfy the Caltrans requirement. Until the design of the Santa Fe Drive Improvement Project is complete additional charges may occur that would be charged to the Alignment Study. We are therefore requesting that the project be re-opened and remain open through project completion.

Residential building activity unexpectedly decreased greatly in FY2012-13 with permits for 63 new dwelling units issued compared to 121 new dwelling units the year prior. Shea Homes submitted plans for building permits for the 69-unit "Coral Cove" project on North Vulcan Avenue late in FY2012-13 but no permits had been issued by the end of the fiscal year. They submitted plans for design review approval for the 69-unit Bahlmann property project just north of the Leichtag Foundation holdings between Quail Gardens Drive and Saxony Road. Grading construction began in spring 2013 and construction of the 138 units in these projects should be complete within 2 to 3 years. Shea also completed the Iris Apartments project, a 20-unit affordable multi-family complex on North Vulcan Avenue. The project incorporates affordable dwelling units associated with the "Coral Cove", Bahlmann, and "Seaside" (formerly Barratt's "Nantucket" project) projects. Warmington Homes completed construction of an 18-lot subdivision at Melba Road and Balour Drive and obtained design review approval for 23 homes on Normandy Road, a project that was later sold to Brookfield. Brookfield has graded the site and began construction of the first units there. City Ventures 14-lot subdivision on Lake Drive in Cardiff has undergone site clearing but construction has not yet begun. However, they did complete construction of all homes in the 19-lot subdivision in Leucadia. City Ventures also received approval of a 28-lot subdivision on Normandy Road at Piraeus Street and submitted applications for building permits. The project has been acquired by Lennar Homes. City Mark is grading an 11-lot subdivision on Olivenhain Road, but construction on some of the lots will be delayed to make revisions necessitated by the implementation of Proposition A.

While major subdivision development cooled somewhat over the fiscal year, the number of custom single-family residential projects currently in the planning review stage increased for the third year in a row, and construction of stand-alone single-family projects continues at a brisker pace than has been seen in several years. With the recent uptick in the housing market, it is anticipated that the City will see an increase in building permit applications for single-family residences in the coming year. In addition to the anticipated completion of the projects discussed above, there has been increased interest in new subdivisions of various residentially zoned properties throughout the City.

Commercial development slowed over FY2012-13 with most of the formerly vacant retail spaces in the City occupied in the previous year. Starbucks completed a small retail project on Leucadia Boulevard at Orpheus Avenue that includes a Subway sandwich shop and a Verizon retail store. On North Coast Highway 101 in Leucadia, "Solterra" restaurant and winery completed construction and opened for business in late spring. The large office complex partially constructed on the north side of Encinitas Boulevard just east of Quail Gardens Drive was purchased and construction has recommenced with completion expected by spring 2014. Buffalo Wild Wings is working on improvements to the former El Torito site in the Encinitas Town Center and further south on El Camino Real, Boudin SF Bakery recently opened in the site formerly occupied by Boston Pizza and Red Robin.

LIGHTING AND LANDSCAPE FUNDS

Encinitas Lighting and Landscape Fund 295 **\$237,594** **Above Est.**

Revenues (including property taxes, assessments and investment earnings) totaling \$1,242,985 were \$71,700 or 4% higher than projections. The surplus in revenue is attributable to higher than anticipated property rental and property tax revenue. Actual expenditures decreased from \$1,249,432 to \$1,083,538. This is a decrease of \$165,894 or 13%. The decrease is primarily due to a percentage of the unfilled Park Supervisor position, reduced utility expenditures reduced purchase of materials and supplies, reductions in maintenance contracts, and incorrect billings related to segments of medians along Leucadia Boulevard.

Encinitas Ranch District-Zone H Fund 297 **\$99,307** **Below Est.**

Revenues (including assessments and investment earnings) totaling \$616,776 were \$54,635 or 8% lower than projections due to lower than anticipated assessment fee receipts. Actual expenditures increased from \$555,086 to \$599,758. This is an increase of \$44,672 or 7%. The increase is primarily due to incorrect billings related to segments of medians along Leucadia Boulevard charged to Fund 295. As a result, billings were corrected and this adjustment will increase Fund 297 appropriately.

ENTERPRISE FUNDS

Cardiff Sanitary Division Funds 511 through 513 **\$444,733** **Above Est.**

Cardiff Sanitary Division's fund balance was \$444,733 (net) above projections. Operating revenues were \$184,418 above original projections primarily due to service charges. Connection fees were \$69,023 above projections. Savings of \$181,299 in operating expenses were primarily due to lower than projected treatment costs.

Encinitas Sanitary Division Funds 521 through 523 **\$232,050** **Above Est.**

Encinitas Sanitary Division's fund balance was \$232,050 (net) above projections. Operating revenues were \$107,440 above projections primarily due to service charges. Capacity fees were \$69,144 under projections. Operating expenses were 89% of budget, resulting in savings of \$174,645.

INTERNAL SERVICE FUNDS

Vehicle Replacement Fund 622 **\$134,244** **Above Est.**

The appropriated expenditures for FY2012-13 were \$278,000. The City purchased two Ford F-250 pick-up trucks at a cost of \$65,500 for the Wastewater division, two Ford F-150 pick-up trucks at a cost of \$56,700 for the Streets division and one Toyota Prius for the Engineering/Public Works Administrative division at a cost of \$19,800. The combined cost of all vehicle replacements for FY2012-13 total \$142,636 which created a savings of approximately \$136,000 in the Vehicle Replacement Fund. The estimated revenue of \$10,000 for proceeds of disposed vehicles was \$1,120 more than actual revenue received. The actual fund balance is \$134,244 above projections.

Machinery & Equipment Replacement Fund 623 **\$158,190** **Above Est.**

The appropriated expenditures for FY2012-13 were \$207,000. The City purchased one Bobcat tractor at a net cost of \$43,165 which created an expenditure savings of \$163,835. The estimated revenue of \$185,000 was \$5,645 less than projected. Therefore, the actual fund balance is \$158,190 above projections.

Fire Apparatus Replacement Fund 624 **\$573,000** **Below Est.**

The original revenue budget for this fund, which was not revised during the fiscal year, was inaccurate. The majority of the original budget (\$573,000 of the original \$678,000) should have been budgeted to the City's General Fund. The actual available fund balance of \$456,319 is correct.

FY2013-14: Revised Budget Summary (Schedule A)

(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
FUND NAME	Adjusted Fund Balance 7/1/2013	Revenue Projections	Approved Expenditures	Interfund Transfers Operating	Interfund Transfers Other	Interfund Transfers Debt Service	Interfund Transfers Capital	Current Year Summary (+3-4+(5...8))	Adjusted Projected Fund Balance (+2+9)	
FUND #										
GOVERNMENT FUNDS										
General Fund	101	20,245,154	55,164,749	50,568,009	243,115	0	(4,595,015)	(1,200,160)	(955,320)	19,289,834
TRANSPORTATION FUNDS										
State Gasoline Taxes	201	223,268	1,894,279	0	(971,846)	0	0	(922,433)	0	223,268
State Capital Grants	203	0	0	0	0	0	0	0	0	0
Transnet Program (Prop A Sales Tax)	211	(183,997)	1,505,630	0	0	0	0	(1,207,406)	298,224	114,227
Coastal Zone Management Fund	212	601,265	243,818	273,350	0	0	0	0	(29,532)	571,733
Federal Capital Grants	223	(0)	0	0	0	0	0	0	0	(0)
Federal TDA Grants	224	2,227	122	0	0	0	0	0	122	2,349
GRANT FUNDS										
State Law Enforcement Grant	202	0	100,000	100,000	0	0	0	0	0	0
Government Education Access	213	639,525	425,895	124,098	0	0	0	(150,098)	151,699	791,224
Household Hazardous Waste	214	878,502	420,500	455,147	0	0	0	0	(34,647)	843,855
Asset Forfeiture	215	103,941	388	10,000	0	0	0	0	(9,612)	94,329
Senior Nutrition Grant	221	0	84,000	126,143	46,539	0	0	0	4,396	4,396
Comm Devel Block Grant (CDBG)	222	(0)	344,448	344,448	0	0	0	0	0	(0)
HOME Entitlement Program	227	(0)	109,146	109,146	0	0	0	0	0	(0)
Federal Law Enforcement Grant	228	0	10,000	10,000	0	0	0	0	0	0
DEVELOPMENT IMPACT FUNDS										
Park Improvement Fees	231	223,813	151,460	0	0	0	0	(57,500)	93,960	317,773
Park Acquisition Fees	232	368,020	406,319	0	0	0	0	(154,560)	251,759	619,779
Traffic Mitigation Fees	233	2,112,131	219,354	0	0	0	0	(131,651)	87,703	2,199,834
RTCIP-(Regional Arterial System) Fee	234	503,870	132,092	0	0	0	0	0	132,092	635,962
Open Space Acquisition Fees	235	23,849	25,589	0	0	0	0	0	25,589	49,438
Recreational Trails Fees	236	5,521	6,531	0	0	0	0	0	6,531	12,052
Community Facilities Fees	237	0	34,260	0	(34,260)	0	0	0	0	0
Fire Mitigation Fees	238	0	41,971	0	(41,971)	0	0	0	0	0
Flood Control Mitigation Fees	239	209,037	48,031	0	0	0	0	(50,000)	(1,969)	207,068
In Lieu Fees Curb Gutter Sidewalks	251	12,464	24	0	0	0	0	0	24	12,488
In Lieu Fees Underground Utilities	252	505,656	1,885	0	0	0	0	0	1,885	507,541
Affordable Housing	253	700,066	2,000	0	0	0	0	0	2,000	702,066
MUNICIPAL IMPROVEMENT DISTRICTS										
Villanitas Road M.I.D.	291	249,112	21,483	17,546	0	0	0	0	3,937	253,049
Cerro Street M.I.D.	292	282,733	39,060	30,702	0	0	0	0	8,358	291,091
Village Park M.I.D.	293	144,123	33,149	40,545	0	0	0	0	(7,396)	136,727
Wiro Park M.I.D.	294	4,738	11,030	16,558	621	0	0	0	(4,907)	(169)
Encinitas Lighting Landscape District	295	559,140	1,170,783	1,244,237	0	0	0	0	(73,454)	485,686
Encinitas Ranch Lighting Landscape	297	1,277,545	670,192	554,657	0	0	0	0	115,535	1,393,080
TOTAL CITY FUNDS		29,691,700	63,318,188	54,024,586	(757,802)	0	(4,595,015)	(3,873,808)	66,977	29,758,677

FY2013-14: Revised Budget Summary (Schedule A)

(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
FUND NAME	Fund #	Adjusted Fund Balance 7/1/2013	Revenue Projections	Approved Expenditures	Interfund Transfers Operating	Interfund Transfers Other	Interfund Transfers Debt Service	Interfund Transfers Capital	Current Year Summary (+3-4+(5...8))	Adjusted Projected Fund Balance (+2+9)
ENCINITAS PUBLIC FINANCING AUTHORITY										
Debt Service Fund	301	0	135,000	883,577	0	0	4,595,015	0	3,846,438	3,846,438
Encinitas Public Finance Authority	302	0	0	3,732,533	0	0	0	0	(3,732,533)	(3,732,533)
TOTAL DEBT SERVICE FUNDS		0	135,000	4,616,110	0	0	4,595,015	0	113,905	113,905
CARDIFF SANITARY DIVISION FUNDS										
Operations	511	2,080,521	4,859,129	3,303,806	0	0	0	(1,756,575)	(201,252)	1,879,269
Capital Replacement	512	2,779,823	0	2,105,742	0	0	0	1,756,575	(349,167)	2,430,656
Capital Expansion	513	375,501	0	0	0	0	0	0	0	375,501
TOTAL CSD FUNDS		5,235,845	4,859,129	5,409,548	0	0	0	0	(550,419)	4,685,426
ENCINITAS SANITARY DIVISION FUNDS										
Operations	521	1,251,148	2,884,110	1,405,719	0	0	0	(1,454,392)	23,999	1,275,147
Capital Replacement	522	2,717,365	0	768,612	0	0	0	1,454,392	685,780	3,403,145
Capital Expansion	523	1,950,466	0	0	0	0	0	0	0	1,950,466
TOTAL ESD FUNDS		5,918,979	2,884,110	2,174,331	0	0	0	0	709,779	6,628,758
OTHER PROPRIETARY FUNDS										
Section 8 Housing- Admin	551	(4,491)	270,575	297,275	33,545				6,845	2,354
Section 8 Housing- HAP	552	40,516	959,461	956,000					3,461	43,977
Pacific Pines Affordable Housing	561	403,763	221,342	210,551					10,791	414,554
Recreation Programs	571	103,841	1,176,561	1,076,742					99,819	203,660
Jr Lifeguard Program	572	64,321	170,320	188,919	0	0	0	0	(18,599)	45,722
TOTAL OTHER PROPRIETARY FUNDS		607,950	2,798,259	2,729,487	33,545	0	0	0	102,317	710,267
INTERNAL SERVICE FUNDS										
Self-Insurance Fund	601	2,742,180	966,732	1,732,665	724,257	0	0	0	(41,676)	2,700,504
Wastewater Support	611	(111)	1,006,383	1,006,383	0	0	0	0	0	(111)
Fleet Maintenance	621	0	553,467	553,467	0	0	0	0	0	0
Vehicle Replacement	622	438,561	98,000	292,000	0	0	0	0	(194,000)	244,561
Mach Equipment Replacement	623	776,609	185,000	320,000	0	0	0	0	(135,000)	641,609
Fire Apparatus Replacement	624	456,319	678,000	350,000	0	0	0	0	328,000	784,319
TOTAL INTERNAL SERVICE FUNDS		4,413,558	3,487,582	4,254,515	724,257	0	0	0	(42,676)	4,370,882
TOTALS ALL FUNDS		45,868,032	77,482,268	73,208,577	0	0	0	(3,873,808)	399,883	46,267,915

City of Encinitas

Report on the Financial Results for Fiscal Year 2012-13

November 13, 2013

General Fund Results

- Results for all City Funds are located in Attachment A and explained in Attachment D
- Tonight's presentation will focus on the General Fund

General Fund Results

- *Projected* Ending Fund Balance: \$16.5 million
- *Actual* Ending Fund Balance: \$20.3 million
- Represents a \$3.8 million favorable variance

General Fund Results

Revenues higher than anticipated \$ 2.8M

Expenditures lower than approved 2.4M

Transfers In/Out variance (1.4M)

Favorable Variance in Ending Fund Balance: \$3.8M

Actual General Fund Reserves as of June 30, 2013

- Contingency Reserve \$10.1 M
(20% of Operating Expenditures)
- Budget Stabilization Reserve 1.1 M
(2% of Operating Revenues)
- Unappropriated Fund Balance \$ 9.1 M

Summary of FY2013-14 Schedule A Attachment E

Beginning Fund Balance	\$16,486,826
Adjusted at Year End (Tonight's report)	3,758,328
Adjusted Beginning Fund Balance	20,245,154
Revenues	55,164,749
Expenditures	(50,568,009)
Transfers	(5,552,060)
Adjusted Ending Fund Balance	\$19,289,834

Staff Recommendation:

- Receive report and approve the revised Budget Summary for FY2013-14 Schedule A (Attachment E)