



AGENDA REPORT

City Council

MEETING DATE: November 19, 2014

PREPARED BY: Teri Shoemaker

DEPT. DIRECTOR: Tim Nash

DEPARTMENT: Finance

CITY MANAGER: Gus Vina

SUBJECT:

Report on the Financial Results for Fiscal Year 2013-14

RECOMMENDED ACTION:

Receive and file report.

Approve and adopt the actual ending fund balances for FY2013-14 as beginning fund balances for FY2014-15 (**Attachment 1**, Column 9).

Approve the revised Schedule A for FY2014-15 presented in **Attachment 5**.

Direct staff to include as part of each annual budget process City Council consideration of making a payment towards the City's unfunded pension liability from the prior year budget surplus.

STRATEGIC PLAN:

This item falls within the Organizational Efficiency and Effectiveness focus area of the Strategic Plan.

FISCAL CONSIDERATIONS:

General Fund - Ending fund balance exceeded projections by \$5,221,590 resulting in an unassigned opening fund balance of \$13,786,353 for FY2014-15.

All Other City Funds – Any significant variances in other City funds, such as Infrastructure Funds, Grant Funds, Development Impact Fee Funds and Lighting and Landscape Funds are discussed in **Attachment 4**.

This report provides actual final ending fund balance results for FY2013-14, actual beginning fund balances for FY2014-15, and amends Council's previously adopted budget.

BACKGROUND:

Each year following the close and audit of the City'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 2014-15 which is a separate agenda item on November 19, 2014.

ANALYSIS:

The final actual unassigned fund balance for the General Fund is \$5,221,590 higher than projected. The positive variance is due to strong revenues (\$2.8 million higher than projected) and departmental expenditure savings (\$2.2 million lower than budgeted), and off-cycle transfers into the General Fund that were a net \$245,295 higher than projected. Overall, General Fund revenues were 5% higher than projected and General Fund expenditures were 4% below budget. These variances are discussed in detail in **Attachment 4**.

The final actual unassigned fund balances for all "City Funds" (including Development Impact Fees, Transnet, and Lighting and Landscape Districts) were above projections by \$6,935,179. (**Attachment 1**, page 1, Column 11, "TOTAL CITY FUNDS."). Significant variances from the projected figures are explained in **Attachment 4**.

At the June 11, 2014 City Council meeting Councilmember Shaffer requested that staff draft a policy for an unfunded pension liability reserve within the General Fund. The reserve was proposed to be funded from a percentage of the budget surplus each year, if any. The current General Fund reserve policy of a 20% contingency reserve and a 2% budget stabilization reserve exceeds the Government Finance Officers Association suggested best practice for General Fund reserves of 16.7%.

Staff recommends that in lieu of creating a reserve for unfunded pension liabilities that City Council considers making it part of the annual budget process. City Council could then consider appropriating a payment from the prior fiscal year budget surplus to CalPERS to be applied to the unfunded pension liability. The benefits of making a payment to CalPERS rather than placing the funds in a reserve are that funds sent to CalPERS are applied directly to the unfunded liability and earn the CalPERS rate of investment return rather than the investment return of the City's General Fund. As of the 6/30/2012 actuarial valuations the miscellaneous, fire and lifeguard pension plans had a combined unfunded liability of \$27M on an actuarial value basis and \$39M on a market value basis. The City pays approximately \$1.7M annually towards the unfunded liability.

ENVIRONMENTAL CONSIDERATIONS:

There are no environmental considerations associated with this agenda report.

ATTACHMENTS:

1 - FY2013-14 Final Actual and Available Fund Balance Summary

Presents final actual unassigned fund balances (Column 8). These are compared to previously projected fund balances (Column 10) with the differences shown in Column 11. Significant variances between the projected fund balance and actual fund balance are explained in **Attachment 4**.

2 - FY2013-14 Comparison of Budget vs. Actual: Revenues and Expenditures

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

3 - FY2013-14 Detail of General Fund Revenues, Expenditures and Transfers (Schedule C)

Presents a summary of General Fund Revenues, Expenditures and Transfers for FY2013-14 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 4**.

4 - FY2013-14 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 11 of **Attachment 1**.

5 - FY2014-15 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 1**.

6 - FY2014-15 Detail of General Fund Revenues, Expenditures and Transfers (Schedule C)

Revised Schedule C to reflect adjustments due to placeholders for approved budget items for which account numbers were not available at time of adoption publication. Net affect of adjustments is zero.

FY2013-14: Final Actual and Available Fund Balances Summary

(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
FUND NAME	Fund No	Fund Balance Detail									Explanation of Difference	
		Total	Restricted, Committed or Assigned			Available			Actual	Projected		Difference
		Fund Balance 6/30/2014 (Sum col 3-8)	Capital/Work Projects Reserve	Grants Receivable	Other Reserves	Budget Stabilization Reserve	Contingency Reserve	Unassigned	Available Fund Balance 6/30/2014 (6+7+8)	Available Fund Balance 6/30/2014		Difference (9-10)
GOVERNMENT FUNDS												
General Fund	101	35,906,108	8,136,886		2,209,318	1,158,884	10,614,667	13,786,353	25,559,904	20,338,314	5,221,590	Attachment D
INFRASTRUCTURE FUNDS												
State Gasoline Taxes	201	315,366	84,219					231,147	231,147	223,268	7,879	
State Capital Grants	203	(294,785)	982,744	(1,277,529)					-	-	-	
TransNet Program	211	144,345	5,569,661	(5,569,661)				144,345	144,345	76,613	67,732	Attachment D
Coastal Zone Management Fund	212	1,045,886	394,766					651,120	651,120	568,111	83,009	Attachment D
Federal Capital Grants	223	(136,739)	2,078,821	(2,215,560)					-	-	-	
Federal TDA Grants	224	-	-						-	-	-	
GRANT FUNDS												
State Law Enforcement Grant	202	-	-						-	-	-	
Government Education Access	213	967,317	153,865					813,452	813,452	791,224	22,228	Attachment D
Solid Waste, Recycling & HHW	214	1,212,557	268,778					943,779	943,779	807,855	135,924	Attachment D
Asset Forfeiture	215	103,848	-					103,848	103,848	94,329	9,519	
Senior Nutrition Grant	221	-	-						-	-	-	
Comm Devel Block Grant (CDBG)	222	-	-						-	-	-	
Home Entitlement Program	227	-	-						-	-	-	
Federal Law Enforcement Grant	228	-	-						-	-	-	
Restricted Donations/Contributions	229	161,801	780					161,021	161,021	57,590	103,431	Attachment D
DEVELOPMENT IMPACT FUNDS												
Park Development Fees	231	434,403	57,500					376,903	376,903	317,773	59,130	Discussion of Development Impact Funds on Attachment D
Parkland Acquisition Fees	232	1,109,934	347,629					762,305	762,305	619,779	142,526	
Traffic Mitigation Fees	233	3,313,982	1,022,190					2,291,792	2,291,792	2,349,834	(58,042)	
Regional Traffic Mitigation Fee (RTCIP)	234	683,189	-					683,189	683,189	635,962	47,227	
Open Space Acquisition Fees	235	139,622	80,000					59,622	59,622	49,438	10,184	
Recreational Trails Fees	236	23,965	9,335					14,630	14,630	12,052	2,578	
Community Facilities Fees	237	-	-					-	-	-	-	
Fire Mitigation Fees	238	-	-					-	-	-	-	
Flood Control Mitigation Fees	239	560,094	274,265					285,829	285,829	307,068	(21,239)	
In Lieu Fees Curb Gutter Sidewalks	251	12,491	-					12,491	12,491	12,488	3	
In Lieu Fees Underground Utilities	252	636,992	-					636,992	636,992	507,541	129,451	
In Lieu Fees Affordable Housing	253	1,353,237	-					1,353,237	1,353,237	702,066	651,171	
LIGHTING & LANDSCAPING DISTRICTS												
Villanitas Road M.I.D.	291	258,355	-					258,355	258,355	253,049	5,306	
Cerro Street M.I.D.	292	306,546	-					306,546	306,546	291,091	15,455	
Village Park M.I.D.	293	141,129	-					141,129	141,129	136,727	4,402	
Wiro Park M.I.D.	294	1,866	-					1,866	1,866	(169)	2,035	
Encinitas Lighting Landscape District	295	740,310	108,455					631,855	631,855	532,054	99,801	Attachment D
Encinitas Ranch Lighting Landscape	297	1,278,304	504					1,277,800	1,277,800	1,083,921	193,879	Attachment D
TOTAL CITY FUNDS		50,420,123	19,570,398	(9,062,750)	2,209,318	1,158,884	10,614,667	25,929,606	37,703,157	30,767,978	6,935,179	

FY2013-14: Final Actual and Available Fund Balances Summary
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(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Fund Balance Detail												
FUND NAME	Fund No	Total	Restricted, Committed or Assigned			Available			Actual	Projected	Difference	Explanation of Difference
		Fund Balance 6/30/2014 (Sum col 3-8)	Capital/Work Projects Reserve	Grants Receivable	Other Reserves	Budget Stabilization Reserve	Contingency Reserve	Unassigned	Fund Balance 6/30/2014 (6+7+8)	Fund Balance 6/30/2014		
ENCINITAS PUBLIC FINANCING AUTHORITY												
Debt Service Fund	301	471,391	-		471,391				-	3,846,438	(3,846,438)	
Encinitas Public Finance Authority	302	2,600,158	-		2,600,158				-	(3,732,533)	3,732,533	
TOTAL DEBT SERVICE FUNDS		3,071,549	-	-	3,071,549	-	-		-	113,905	(113,905)	
CARDIFF SANITARY DIVISION FUNDS												
Operations	511	2,541,577	-			800,000	1,744,668	(3,091)	2,541,577	1,621,178	920,399	
Capital Replacement	512	9,220,512	7,612,761					1,607,751	1,607,751	2,500,000	(892,249)	
Capital Expansion	513	630,674	102,434					528,240	528,240	426,756	101,484	
TOTAL CSD FUNDS		12,392,763	7,715,195	-	-	800,000	1,744,668	2,132,900	4,677,568	4,547,934	129,634	Attachment D
ENCINITAS SANITARY DIVISION FUNDS												
Operations	521	1,730,950	-			1,000,000	733,200	(2,250)	1,730,950	1,199,807	531,143	
Capital Replacement	522	5,166,951	3,048,501					2,118,450	2,118,450	2,500,000	(381,550)	
Capital Expansion	523	2,074,105	77,373					1,996,732	1,996,732	2,022,826	(26,094)	
TOTAL ESD FUNDS		8,972,006	3,125,874	-	-	1,000,000	733,200	4,112,932	5,846,132	5,722,633	123,499	Attachment D
OTHER PROPRIETARY FUNDS												
Section 8 Housing- Admin	551	47	-					47	47	(34,163)	34,210	Attachment D
Section 8 Housing- HAP	552	839	-					839	839	9,091	(8,252)	Attachment D
Pacific Pines Affordable Housing	561	388,621	-					388,621	388,621	410,554	(21,933)	Attachment D
Recreation Programs	571	213,501	-					213,501	213,501	178,499	35,002	Attachment D
Jr Lifeguard Program	572	69,680	-					69,680	69,680	55,292	14,388	Attachment D
TOTAL OTHER PROPRIETARY FUNDS		672,688	-	-	-	-	-	672,688	672,688	619,273	53,415	
INTERNAL SERVICE FUNDS												
Self Insurance	601	3,850,245	-		607,546			3,242,699	3,242,699	2,385,504	857,195	Attachment D
Wastewater Support	611	-	-					-	-	-	-	
Fleet Maintenance	621	-	-					-	-	-	-	
Vehicle Replacement	622	477,732	-					477,732	477,732	244,561	233,171	Attachment D
Machinery Equipment Replacement	623	834,586	-					834,586	834,586	641,609	192,977	Attachment D
Fire Apparatus Replacement	624	514,560	-					514,560	514,560	784,319	(269,759)	Attachment D
TOTAL INTERNAL SERVICE FUNDS		5,677,123	-	-	607,546	-	-	5,069,577	5,069,577	4,055,993	1,013,584	
TOTAL ALL FUNDS		81,206,252	30,411,467	(9,062,750)	5,888,413	2,958,884	13,092,535	37,917,703	53,969,122	45,827,718	8,141,406	

FY2013-14 Comparison of Budget vs. Actuals - Operating Revenues and Operating Expenditures, All Funds								
FUND NAME	Fund #	Operating Revenues			Operating Expenditures			
		FY 2013-14 Proposed	FY 2013-14 Actual	Over (Under)	FY 2013-14 Approved	FY 2013-14 Actual	Over (Under)	
		GOVERNMENT FUNDS						
General Fund	101	56,398,756	59,218,383	2,819,627	51,337,949	49,181,281	(2,156,668)	
INFRASTRUCTURE FUNDS								
State Gasoline Taxes	201	1,894,279	2,048,880	154,601			-	
State Capital Grants	203	242,560	346,371	103,811			-	
Transnet Program (Prop A Sales Tax)	211	1,505,630	690,185	(815,445)			-	
Coastal Zone Management Fund	212	243,818	326,017	82,199	286,872	276,162	(10,710)	
Federal Capital Grants	223	902,506	520,205	(382,301)			-	
Federal TDA Grants	224	122	30,517	30,395		32,744	32,744	
GRANT FUNDS								
State Law Enforcement Grant	202	100,000	100,000	-	100,000	100,000	-	
Government Education Access	213	425,895	426,407	512	124,098	102,382	(21,716)	
Solid Waste, Recycling & HHW	214	420,500	465,420	44,920	491,147	400,142	(91,005)	
Asset Forfeiture	215	388	-	(388)	10,000	93	(9,907)	
Sr Nutrition Grant	221	84,000	79,860	(4,140)	126,143	116,973	(9,170)	
Comm Devel Block Grant (CDBG)	222	417,498	217,179	(200,319)	417,498	153,220	(264,278)	
Home Entitlement Program	227	471,940	269,000	(202,940)	471,940	269,000	(202,940)	
Federal Law Enforcement Grant	228	10,000	11,495	1,495	10,000	11,495	1,495	
Restricted Donations & Contributions	229	148,945	141,794	(7,151)	17,560	18,411	851	
DEVELOPMENT IMPACT FUNDS								
Park Development Fees	231	151,460	210,590	59,130			-	
Park Acquisition Fees	232	406,319	548,847	142,528			-	
Traffic Mitigation Fees	233	369,354	604,068	234,714			-	
RTCIP (Regional Arterial System) Fee	234	132,092	178,019	45,927			-	
Open Space Acquisition Fees	235	25,589	35,772	10,183			-	
Recreational Trails Fees	236	6,531	9,110	2,579			-	
Community Facilities Fees	237	34,260	47,944	13,684			-	
Fire Mitigation Fees	238	41,971	98,737	56,766			-	
Flood Control Mitigation Fees	239	148,031	126,792	(21,239)			-	
In Lieu Fees Curb Gutter Sidewalks	251	24	27	3			-	
In Lieu Fees Underground Utilities	252	1,885	131,336	129,451			-	
In Lieu Fees Affordable Housing	253	2,000	653,170	651,170	-	-	-	
MUNICIPAL IMPROVEMENT DISTRICTS								
Villanitas Road M.I.D.	291	21,483	22,089	606	17,546	12,846	(4,700)	
Cerro Street M.I.D.	292	39,060	42,190	3,130	30,702	18,376	(12,326)	
Village Park M.I.D.	293	33,149	32,990	(159)	40,545	35,985	(4,560)	
Wiro Park M.I.D.	294	11,030	11,011	(19)	16,558	14,503	(2,055)	
Encinitas Lighting Landscape District	295	1,186,643	1,266,293	79,650	1,213,729	1,193,578	(20,151)	
Encinitas Ranch Lighting Landscape	297	617,488	625,065	7,577	811,112	624,810	(186,302)	
TOTAL CITY FUNDS		66,495,206	69,535,763	3,040,557	55,523,399	52,562,001	(2,961,398)	

FY2013-14 Comparison of Budget vs. Actuals - Operating Revenues and Operating Expenditures, All Funds								
FUND NAME	Fund #	Operating Revenues			Operating Expenditures			
		FY 2013-14 Proposed	FY 2013-14 Actual	Over (Under)	FY 2013-14 Approved	FY 2013-14 Actual	Over (Under)	
		ENCINITAS PUBLIC FINANCING AUTHORITY						
Debt Service Fund	301	135,000	151	(134,849)	883,577	865,109	(18,468)	
Encinitas Public Finance Authority	302	-	37,248	37,248	3,732,533	3,734,010	1,477	
TOTAL DEBT SERVICE FUNDS		135,000	37,399	(97,601)	4,616,110	4,599,119	(16,991)	
CARDIFF SANITATION DISTRICT FUNDS								
Operations	511	4,859,129	4,489,303	(369,826)	3,561,897	3,402,395	(159,502)	
TOTAL CSD FUNDS		4,859,129	4,489,303	(369,826)	3,561,897	3,402,395	(159,502)	
ENCINITAS SANITARY DIVISION FUNDS								
Operations	521	2,884,110	2,839,526	(44,584)	1,481,059	1,406,377	(74,682)	
TOTAL ESD FUNDS		2,884,110	2,839,526	(44,584)	1,481,059	1,406,377	(74,682)	
OTHER PROPRIETARY FUNDS								
Section 8 Housing- Admin	551	208,509	208,660	151	271,726	255,160	(16,566)	
Section 8 Housing- HAP	552	899,315	903,482	4,167	930,740	956,333	25,593	
Pacific Pines Affordable Housing	561	217,342	195,812	(21,530)	210,551	194,858	(15,693)	
Recreation Programs	571	1,157,000	1,203,972	46,972	1,092,322	1,094,311	1,989	
Jr Lifeguard Program	572	200,320	211,605	11,285	209,349	206,246	(3,103)	
TOTAL OTHER PROPRIETARY FUNDS		2,682,486	2,723,531	41,045	2,714,688	2,706,907	(7,781)	
INTERNAL SERVICE FUNDS								
Self Insurance	601	974,232	1,267,053	292,821	2,055,165	1,931,554	(123,611)	
Wastewater Support	611	1,006,383	831,907	(174,476)	1,006,383	831,796	(174,587)	
Fleet Maintenance	621	553,467	520,677	(32,790)	553,467	520,677	(32,790)	
Vehicle Replacement	622	98,000	103,479	5,479	292,000	64,308	(227,692)	
Mach Equipment Replacement	623	185,000	181,548	(3,452)	320,000	123,570	(196,430)	
Fire Apparatus Replacement	624	678,000	58,241	(619,759)	350,000	-	(350,000)	
TOTAL INTERNAL SERVICE FUNDS		3,495,082	2,962,905	(532,177)	4,577,015	3,471,904	(1,105,111)	
TOTAL ALL FUNDS		80,551,013	82,588,427	2,037,414	72,474,168	68,148,703	(4,325,465)	

Detail of General Fund Revenues, Expenditures, and Transfers - Schedule C
For the Year Ended FY2013-14

Column 1	(2)	(3)	(4)	(5)	(6)	(7)	
Adoption Date	FY13-14 Adopted Budget 6/12/2013	Off Cycle & Prior Approved	FY13-14 Final Budget 6/30/2014	FY13-14 Actual Amounts 6/30/2014	FY13-14 Variance* Over/(Under) 6/30/2014	FY13-14 Variance* % 6/30/2014	
REVENUES							
TAX REVENUE							
1	PROPERTY TAXES - CURRENT SECURED	33,608,897	70,190	33,679,087	35,133,220	1,454,133	4.3%
2	DOCUMENTARY TRANSFER TAXES	400,000		400,000	520,810	120,810	30.2%
3a	SALES TAXES	8,637,343		8,637,343	8,983,814	346,471	4.0%
3b	SALES TAX TRIPLE FLIP	3,151,931	(68,385)	3,083,546	3,083,546	-	0.0%
4	TRANSIENT OCCUPANCY TAX	1,068,045		1,068,045	1,256,842	188,797	17.7%
5	FRANCHISE FEES	2,203,781		2,203,781	2,188,437	(15,344)	-0.7%
6	TAX REVENUE TOTAL	49,069,997	1,805	49,071,802	51,166,669	2,094,867	4.3%
OTHER REVENUE							
7	LICENSES AND PERMITS	191,370		191,370	289,102	97,732	51.1%
8	INTERGOVERNMENTAL REVENUE	471,386	(6,562)	464,824	479,025	14,201	3.1%
9	CHARGES FOR SERVICES	3,936,300	1,122,612	5,058,912	5,479,847	420,935	8.3%
10	FINES AND PENALTIES	690,150		690,150	632,776	(57,374)	-8.3%
11	USE OF MONEY	448,187	8,652	456,839	457,132	293	0.1%
12	OTHER REVENUE	357,359	107,500	464,859	713,832	248,973	53.6%
13	OTHER REVENUE TOTAL	6,094,752	1,232,202	7,326,954	8,051,714	724,760	9.9%
14	REVENUES TOTAL	55,164,749	1,234,007	56,398,756	59,218,383	2,819,627	5.0%
EXPENDITURES							
GENERAL GOVERNMENT							
15	CITY COUNCIL - ADMINISTRATION	386,530		386,530	353,472	(33,058)	-8.6%
16	CITY COUNCIL - COMMUNITY GRANT	75,000		75,000	74,220	(780)	-1.0%
17	CITY COUNCIL - CITY ATTORNEY	308,500		308,500	308,021	(479)	-0.2%
18	CITY MANAGER - ADMINISTRATION	908,826	(47,078)	861,748	715,436	(146,312)	-17.0%
19	CITY MANAGER - ARTS ADMIN	164,208	9,000	173,208	169,902	(3,306)	-1.9%
20	CITY MANAGER - ECONOMIC DEV	185,500		185,500	91,375	(94,125)	-50.7%
21	CITY MANAGER - HUMAN RESOURCES	788,164		788,164	755,946	(32,218)	-4.1%
22	CITY MANAGER-INFORMATION TECH	1,643,403		1,643,403	1,511,896	(131,507)	-8.0%
23	CITY MANAGER - GEOGRAPHIC INFO	627,412		627,412	619,048	(8,364)	-1.3%
24	CITY CLERK - ADMINISTRATION	545,167		545,167	498,889	(46,278)	-8.5%
25	CITY CLERK - ELECTIONS	-		-	-	-	0.0%
26	FINANCE - ADMINISTRATION	1,708,576		1,708,576	1,655,714	(52,862)	-3.1%
27	NON DEPT - CENTRAL PURCHASES	242,876		242,876	162,873	(80,003)	-32.9%
28	NON DEPT - SHARED EXPENSES	1,729,096		1,729,096	1,724,963	(4,133)	-0.2%
29	GENERAL GOVERNMENT TOTAL	9,313,258	(38,078)	9,275,180	8,641,753	(633,427)	-6.8%
PLANNING AND BUILDING							
30	PLAN BLDG - ADMIN CUST SVC	833,211	42,752	875,963	782,564	(93,399)	-10.7%
31	PLAN BLDG - CURRENT PLANNING	780,368		780,368	732,062	(48,306)	-6.2%
32	PLAN BLDG - APPLICANT DEPOSITS	14,000		14,000	4,863	(9,137)	-65.3%
33	PLAN BLDG - ADVANCED PLANNING	633,153	400	633,553	561,003	(72,550)	-11.5%
34	PLAN BLDG - CODE ENFORCEMENT	479,339	1,955	481,294	438,949	(42,345)	-8.8%
35	PLAN BLDG - BUILDING SERVICES	1,067,936	550,000	1,617,936	1,709,248	91,312	5.6%
36	PLANNING AND BUILDING TOTAL	3,808,007	595,107	4,403,114	4,228,688	(174,426)	-4.0%
PUBLIC SAFETY							
37	PLAN BLDG - PARKING CITATION	83,500		83,500	65,406	(18,094)	-21.7%
38	PUBLIC SAFETY-LAW ENFORCEMENT	12,253,700		12,253,700	11,972,880	(280,820)	-2.3%
39	LAW ENFORCEMENT TOTAL	12,337,200	-	12,337,200	12,038,286	(298,914)	-2.4%
40	PUBLIC SAFETY - FIRE ADMIN	567,272	62,339	629,611	613,398	(16,213)	-2.6%
41	PUBLIC SAFETY-FIRE OPERATIONS	10,534,573	(225,161)	10,309,412	9,831,835	(477,577)	-4.6%
42	PUBLIC SAFETY-LOSS PREVENTION	693,088	(34,893)	658,195	565,775	(92,420)	-14.0%
43	PUBLIC SAFETY - DISASTER PREP	158,295	4,352	162,647	156,819	(5,828)	-3.6%
44	PUBLIC SAFETY - MARINE SAFETY	920,485		920,485	906,531	(13,954)	-1.5%
45	FIRE AND MARINE SAFETY TOTAL	12,873,713	(193,363)	12,680,350	12,074,358	(605,992)	-4.8%

Detail of General Fund Revenues, Expenditures, and Transfers - Schedule C
For the Year Ended FY2013-14

Column 1	(2)	(3)	(4)	(5)	(6)	(7)
	FY13-14 Adopted Budget	Off Cycle & Prior Approved	FY13-14 Final Budget	FY13-14 Actual Amounts	FY13-14 Variance* Over/(Under)	FY13-14 Variance* %
Adoption Date	6/12/2013		6/30/2014	6/30/2014	6/30/2014	6/30/2014
PUBLIC WORKS AND ENGINEERING						
46 PUBLIC WORKS - ADMINISTRATION	163,908		163,908	142,859	(21,049)	-12.8%
47 PUBLIC WORKS - ENVIRONMENTAL	94,000	47,078	141,078	147,779	6,701	4.8%
48 PUBLIC WORKS - STREET MAINT	1,634,994	79,787	1,714,781	1,568,922	(145,859)	-8.5%
49 PUBLIC WORKS-FAC MAINT CVC CTR	340,178	5,400	345,578	352,020	6,442	1.9%
50 PUBLIC WORKS-FAC MAINT FIRE ST	196,263	9,360	205,623	200,396	(5,227)	-2.5%
51 PUBLIC WORKS-FAC MAINT PW YRD	210,690	5,050	215,740	213,634	(2,106)	-1.0%
52 PUBLIC WORKS-FAC MAINT LIBRARY	271,838	23,002	294,840	294,938	98	0.0%
53 PUBLIC WORKS-STORM WATER MAINT	682,672	10,400	693,072	681,752	(11,320)	-1.6%
54 PUBLIC WORKS-STORM WATER FLOOD	128,013	53,489	181,502	103,094	(78,408)	-43.2%
55 ENGINEERING - CITY ENGINEERING	2,489,005	84,000	2,573,005	2,515,606	(57,399)	-2.2%
56 ENGINEERING-TRAFFIC ENGINEERING	721,269		721,269	662,997	(58,272)	-8.1%
57 ENGINEERING - STORMWATER PROG	801,871		801,871	770,748	(31,123)	-3.9%
58 PUBLIC WORKS AND ENGINEERING TOTAL	7,734,701	317,566	8,052,267	7,654,746	(397,521)	-4.9%
PARKS AND RECREATION						
59 PARKS REC - ADMINISTRATION	891,288	60,182	951,470	883,932	(67,538)	-7.1%
60 PARKS REC - PARK MAINTENANCE	1,239,490	35,843	1,275,333	1,321,728	46,395	3.6%
61 PARKS REC - BEACH MAINTENANCE	448,743	2,183	450,926	442,824	(8,102)	-1.8%
62 PARKS REC - TRAIL MAINTENANCE	119,533		119,533	107,596	(11,937)	-10.0%
63 PARKS REC-RECREATION PROGRAMS	618,968	(10,000)	608,968	615,137	6,169	1.0%
64 PARKS REC - COMM CENTER OPER	1,183,108	500	1,183,608	1,172,231	(11,377)	-1.0%
65 PARKS AND RECREATION TOTAL	4,501,130	88,708	4,589,838	4,543,449	(46,389)	-1.0%
66 EXPENDITURES TOTAL	50,568,009	769,940	51,337,949	49,181,281	(2,156,668)	-4.2%
67 EXCESS OF REVENUE OVER EXPENDITURES	4,596,740	464,067	5,060,807	10,037,102	4,976,295	
GENERAL FUND TRANSFERS TO/FROM OTHER CITY FUNDS						
68 TRANSFERS OUT OF GENERAL FUND	(804,962)	(10,000)	(814,962)	(835,336)	(20,374)	
69 TRANSFERS INTO GENERAL FUND	1,048,077		1,048,077	1,295,818	247,741	
70 TRANSFERS TO DEBT SERVICE	(4,595,015)		(4,595,015)	(4,577,087)	17,928	
71 TRANSFERS TO CAPITAL PROJECTS	(1,200,160)	(197,840)	(1,398,000)	(1,398,000)	-	
72 TRANSFERS TOTAL	(5,552,060)	(207,840)	(5,759,900)	(5,514,605)	245,295	
73 GRAND TOTAL EXCESS OF REVENUE OVER EXPENDITURES & TRANSFERS:	(955,320)	256,227	(699,093)	4,522,497	5,221,590	

*Significant variances are discussed in **Attachment 4**

Total General Fund (101) Variance Summary:

Revenues (above projections)	2,819,627
Expenditure (savings)	2,156,668
Transfers (net over budget)	245,295
Returned to General Fund Balance:	5,221,590

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

General Fund (101) Variance **\$5,221,590** **Above Estimate**

By Category:

Revenues - above projections	\$ 2,819,627	(Attachment 3, line 14)
Expenditures - savings	2,156,668	(Attachment 3, line 66)
Transfers - below projected amounts	<u>245,295</u>	(Attachment 3, line 72)
	<u>\$ 5,221,590</u>	

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

Property Taxes, Attachment 3, line 1 **\$1,454,133** **Above Est.**

Property Taxes are the City's largest revenue source and represents 60% of the total General Fund revenues. Current secured property taxes exceeded projections by \$979,577. All other property tax came in at or above estimates for a total of \$474,556.

Documentary Transfer Taxes, Attachment 3, line 2 **\$120,810** **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.

Sales Taxes, Attachment 3, line 3a **\$346,471** **Above Est.**

Sales Taxes, the City's second largest revenue source, represent nearly 18% of the City's General Fund revenues. Actual revenue exceeded projections by 4% or \$346,471. 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.

Transient Occupancy Tax, Attachment 3, line 4 **\$188,797** **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.

Franchise Taxes, Attachment 3, line 5 **\$15,344** **Below Est.**

While AT&T revenue exceeded projections by \$196,151 and EDCO revenue was \$21,906 above projections, Cox Communication fell \$52,276 below projections, Time Warner was \$49,180 below estimates and Southern California Gas Company was \$947 lower than anticipated. As in previous years SDG&E revenue continues to decline (\$130,998 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. The revenue assumptions for this category will be updated in the upcoming budget development process to more accurately reflect provider usage within the City.

Licenses and Permits, Attachment 3, line 7 **\$97,732** **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 which were \$20,810 greater than projected and business operation permits which came in \$11,150 above projections. Business registration was \$9,642 over projections and short term vacation rental permits was \$4,500 over projections. Property rental revenue of \$51,630 for Moonlight Beach concessions was inadvertently coded to this category, and should have been coded to the use of money and property category.

Intergovernmental Revenue, Attachment 3, line 8 **\$14,201** **Above Est.**

The City received an unexpected payment from the State of California of \$27,649 for Motor Vehicle License fees, and \$2,588 more than estimated in state mandate reimbursements. An interagency agreement was negotiated with SEJPA in February 2014, and the city received \$13,467 in revenue for the contract. The City of Carlsbad is sharing in the cost of La Costa Avenue Improvements, (CS11C) the FY2013-14 share of \$12,079 was not included in the revenue projections. The Fire Management Service Agreement estimate came in \$41,582 under projections due to various personnel changes and vacancies within the Fire Management Services Agreement in fiscal year 2013-14. This decrease in revenue is offset by a decrease in salary and benefit expenditures in the Fire Operations Division.

Charges for Services, Attachment 3, line 9 **\$420,935** **Above Est.**

At year-end, receipts exceeded overall projections by \$420,935 or approximately 8%. The Arts program exceeded expectations by \$3,667. The internal cost allocation and other admin charges were \$67,965 below projections due to adjustments made to the actual allocation charges. While

Planning and Engineering fees exceeded estimates by \$67,523 and \$173,265 respectively, Building revenues were \$197,658 over expectations. Fire and Recreation fees also came in higher than expected by \$39,623 and \$7,164 respectively. For additional information relating to development activity, see Page 10 of this attachment.

Fines and Penalties, Attachment 3, line 10 **\$57,374** **Below Est.**

Fines and Penalties include vehicle code and red light violations, parking citations and vehicle abatement. With the exception of administrative citations which came in at 115% of projections, revenue for other violations did not meet expectations. This is actually a positive trend since it is an indication that fewer citations and tickets are being issued.

Use of Money and Property, Attachment 3, line 11 **\$293** **Above Est.**

This category includes investment earnings, rental/insurance payments for the use of City property, and contributions and donations. Investment earnings continue to come in lower than projections. Fiscal year 2013-14 revenue was \$79,785 or 36% below projections, yet represents a 14% increase from the prior fiscal year. City property rentals were \$20,433 or 9% lower than projections. However, this unfavorable variance is offset by unanticipated revenue in contributions/donations of \$100,511. The bulk of the overage was \$95,928 received from SANDAG for the Transit Shuttle Study Analysis work project (WC12E), Grant revenue of \$3,177 from SEJPA and \$1,406 in miscellaneous donations.

Other Revenue, Attachment 3, line 12 **\$248,973** **Above Est.**

This category includes interfund revenue, booking fees, cost recovery and other miscellaneous revenue. The majority of the favorable overage is in the interfund revenue category with an overage of \$97,182 due to an overcharge to various funds for bank administration fees related to the interest allocation. Adjustments for the overcharge will be made in FY2014-15 to correct the fund balances. Cost recovery category which exceeded projections by over \$79,324, but it should be noted that there are some offsetting expenses for these revenues. The City also received \$16,387 from proceeds of sales for City assets. The remaining overage of \$56,080 is related to unanticipated miscellaneous revenue received from scrap metal recycling, state and federal reimbursements and credit card incentives for paying the City Cal card invoices promptly.

GENERAL FUND EXPENDITURES
SUMMARY OF VARIANCES FROM APPROVED EXPENDITURE PLANS

	<u>Below Budget</u>	<u>Above Budget</u>	<u>Variance</u>
General Government	\$ 633,427		6.8%
Planning and Building	\$ 174,426		4.0%
Public Safety (Law Enforcement)	\$ 298,914		2.4%
Public Safety (Fire Services)	\$ 605,992		4.8%
Public Works & Engineering	\$ 397,521		4.9%
Parks & Recreation	\$ 46,389		1.0%

TOTAL: **\$2,156,668 Savings**

General Government

City Council Administration, Attachment 3, line 15 **\$33,058** **8.6%** **Below Budget**
This division had savings in contracts and services due to unused reimbursements lower than anticipated cell plan costs, unused training and professional development fees. There was additional savings in the materials and supplies category due to a reduction savings in council funded special events.

Community Grant, Attachment 3, line 16 **\$780** **1%** **Below Budget**
This division includes the City allocation and matching funds provided by the Mizel Family Foundation for community projects. The \$780 variance is because two grant recipients did not claim their full grant amount.

City Attorney Legal Services, Attachment 3, line 17 **\$479** **<1%** **Below Budget**
Expenditures for internal and outside consultant attorney fees came in lower than anticipated with a savings in contracts and services.

City Manager, Attachment 3, line 18 **\$146,312** **17%** **Below Budget**
The most significant savings (\$102,745) were in the personnel category due to a six-month vacancy and unused temporary assistance. In both the contracts/services and materials/supplies category, there were combined savings of \$43,567 associated with the development and implementation of the strategic planning efforts.

Arts Administration, Attachment 3, line 19 **\$3,306** **2%** **Below Budget**
There was an unfavorable variance in the personnel category due to after-hours facility attendant charges which are offset by revenue and an unanticipated vacation buyout. This was offset by a savings in contracts/services category.

Economic Development, Attachment 3, line 20 **\$94,125** **51%** **Below Budget**
Savings due to the elimination of the Highway 101 Coordinator contract services.

Human Resources, Attachment 3, line 21 **\$32,218** **4%** **Below Budget**
The majority of savings (\$15,416) was in the personnel category due to under filling a vacant position. There was a combined savings in the contracts/services and materials/supplies category of \$16,802 due to the deferral of city training to next fiscal year and miscellaneous unexpended supplies.

Information Technology, Attachment 3, line 22 **\$131,507** **8%** **Below Budget**
The Information Technology (IT) division had a savings of \$9,115 in personnel costs. A savings of \$30,669 in contracts/services was realized by negotiating maintenance contract decreases with vendors. Additional savings of \$22,161 in materials/supplies category due to computer purchases that were deferred to the following fiscal year. Machinery and Equipment expenses were \$9,562 less than anticipated due to a new plotter that cost less than expected. Additionally, lease expenses of \$60,000 were leftover because the MFP replacement project was pushed out to FY2014-15.

Geographic Information, Attachment 3, line 23 **\$8,364** **1%** **Below Budget**
There was savings of \$2,780 in personnel due to a late start for a contract employee and no vacation buyouts. Contracts/services had a savings of \$3,373 because fewer hours were billed out to the GIS consultant and the IT division picked up the cost for a project management class. Materials/supplies had a savings of \$2,211 because replacement inks were not needed for the old plotter which was replaced with a new plotter.

City Clerk/Elections, Attachment 3, lines 24/25 **\$46,278** **8%** **Below Budget**
The City Clerk division was under budget \$44,555 in personnel costs due to vacancies that were filled at lower rates; there was a slight savings of \$1,504 in contracts/services for a conference that was not attended and advertising costs were lower than expected. Materials/supplies had a savings of \$219 due to a decrease in office supply purchases. There were no Election division costs for this fiscal year.

Finance, Attachment 3, line 26 **\$52,862** **3%** **Below Budget**
Vacancies offset by temporary help created a savings in the personnel category of \$33,802. A savings of \$17,694 in contracts/services from communications, travel/training and professional services which were not used, and savings of \$1,366 in furniture, fixtures and office supplies that were not purchased.

Central Services, Attachment 3, line 27 **\$80,003** **33%** **Below Budget**
The Central Services division had an overall savings of \$80,003 primarily due to a reduction in repairs and rental of office equipment, printing expenses and training. A savings in the materials/supplies category of \$50,807 was a result of decreased postage costs and frugal spending on citywide office supplies.

Non-Departmental, Attachment 3, line 28 **\$4,133** **<1%** **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 \$1,780. The internal cost allocation was \$2,353 less than budgeted due to savings in operating costs in the Fleet Maintenance program.

Planning and Building, Attachment 3, line 36 **\$174,426** **4%** **Below Budget**
The Planning and Building department had a savings of \$225,821 in personnel costs mostly due to staffing vacancies in the Customer Service, Current Planning, Advanced Planning and Code Enforcement divisions. Contracts/services were over budget \$52,924 due to higher than projected building inspection activity which is offset by building inspection revenue. Materials/supplies came in \$1,529 less than anticipated due to a savings in Code Enforcement's clothing and fuel accounts because of a vacancy. The savings can also be attributed to a small savings in the cost of purchasing the new California Building Code books.

Public Safety-Law Enforcement, Attachment 3, line 39 **\$298,914** **2%** **Below Budget**
The Parking Citations division had a savings of \$18,094 primarily due to a decreased amount of parking citations issued and/or appealed therefore all of the associated costs with the processing of those citations were lower than anticipated. Costs negotiated with the Sherriff's department for the Law Enforcement contract were lower than estimates resulting in a savings of \$280,820.

Public Safety-Fire and Marine Safety, Attachment 3, line 45 **\$605,992** **5%** **Below Budget**
Fire and Marine Safety includes *Fire Administration*, *Fire Operations*, *Fire Prevention*, *Disaster Preparedness* and *Marine Safety* divisions. Overall savings for personnel costs were \$533,352 due to various vacancies, savings in flexible plan spending, holiday and vacation pay buyouts. Contracts/services was \$53,480 under budget due to a savings in dispatch services, radio maintenance contract, San Diego County radio contract and less training due to lower staffing levels from vacancies. Materials/supplies finished the year \$19,160 under budget due to less fuel costs, savings in supplies and safety equipment that was purchased through grant funding.

Public Works & Eng Department, Attachment 3, line 58 **\$397,521** **5%** **Below Budget**
The *Administration and Environmental* divisions of Public Works had a net savings of \$14,348 which was mostly due to savings in the personnel category in Public Works Administration of a vacant part-time intern position and savings in the Environmental division for professional services.

The *Street Maintenance*, *Clean Water/NPDES* and *Storm Water/Flood* divisions had an overall savings of \$235,587. The personnel category had a savings of \$152,129 due to vacancies. Savings of \$83,158 in contracts/services were a result of work for the La Costa Basin that was

not able to be completed before fiscal year end. The work will be completed in fiscal year 2014-15. Materials/supplies were under budget \$300 at year end.

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 \$793 due to a slight savings in personnel of \$1,438 and materials/supplies of \$2,643 which was offset by an increase of \$3,288 in contracts/services for increased electricity costs.

The Engineering divisions of Public Works include the *General Engineering, Traffic Engineering, and Storm Water Compliance*. Overall Engineering was under budget by \$111,102 in personnel costs due to vacancies. Contracts/services had \$31,976 in savings for professional service contracts and the materials/supplies category had a savings of \$3,715 mostly due to lower than anticipated fuel expenses.

Parks and Recreation Department, Attachment 3, line 65 **\$46,389** **1% Below Budget**

The Parks and Recreation Department includes *Administration, Parks, Beaches, Trails, Recreation and Community Center* divisions. The department achieved an overall savings of \$46,389 for the fiscal year. Personnel costs were slightly over budget by \$21,660 because the budget for contract staffing was inadvertently placed in the contracts and services category. There was a savings of \$48,059 in contract/services and the reduced purchase of materials and supplies created a \$19,990 savings.

SUMMARY OF TRANSFERS TO AND FROM THE GENERAL FUND
(Attachment 3, line 72)

	<u>Below Budget</u>	<u>Above Budget</u>
Transfers Out of General Fund		(\$ 20,374)
Transfers In to General Fund		\$ 247,741
Transfers to Debt Service	\$17,928	
 TOTAL:		\$245,295 Above Budget

Transfers Out of the General Fund were \$20,374 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 \$37,113, for a favorable difference of \$9,426. Only the amount of the subsidy needed to run the program was transferred. The budgeted transfer of \$10,000 to the Recreation Fund (571) for Youth Scholarships was not utilized in the fiscal year creating a favorable variance of \$10,000. Finally, to properly segregate revenue received in the General Fund that is not discretionary, but rather to be used for a specific purpose, an operating transfer of \$39,800 was done to move monies into to a newly created Donations/Contributions Fund (229). Because this was a housekeeping entry, there was no budget for the transfer.

Budgeted Transfers In to the General Fund included \$34,260 for the Community Facilities Fees (Fund 237) while the actual transfer amount was \$47,944 resulting in a difference of \$13,684. The HUTA (Gas Tax Fund 201) transfer for operating costs of \$971,846 was actually \$1,149,137 due to an adjustment made by the State creating an overage of \$177,291. The State notified the City that HUTA funding for the Annual Street Overlay project (CS14A) would be \$61,529 less than originally expected. Staff was able to make sure that those funds were not spent on the project therefore avoiding an overage on the CIP budget and reduction of fund balance. The Fire Mitigation Fee (Fund 238) transfer of \$41,971 came in at \$98,737, \$56,766 higher than expected.

The transfer from the General Fund to Debt Service (Fund 301) was estimated at \$4,595,015. The actual transfer was \$4,577,087 or \$17,928 less than budgeted. This difference was due to professional service fees on the bonds that were less than budget.

OTHER CITY GOVERNMENTAL FUNDS
(Refer to Attachment 1)

Above/ Below Estimates

Junior Lifeguard Program Fund 572

\$ 14,388 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. Actual expenditures were \$3,103 less than anticipated due to savings in overtime pay, cell phone costs and printing. Estimated revenue came in \$11,285 higher than projected due to additional student enrollment in the June 2014 summer sessions.

Recreation Programs Fund 571

\$35,002 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. Overall, expenditures increased \$1,970 and revenues increased \$36,972 due to increased program enrollment and facility rentals.

Self- Insurance Fund 601

\$857,195 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 6/30/14 was expected to be \$2,385,504, the actual final balance was \$3,242,699. This resulted in an increase to fund balance of \$857,195. The positive impact is due to greater than anticipated revenue and lower than projected expenditures.

INFRASTRUCTURE FUNDS

Transnet (Prop A Sales Tax) Fund 211 **\$67,732** **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 \$67,732 above the projected estimate.

Coastal Zone Management Fund 212 **\$83,009** **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 \$10,710 lower than anticipated largely due to reduced beach sand activities and purchases. Revenue exceeded projections by \$82,199. Additionally, in late June 2014 there was an off cycle appropriation of \$9,900 to hire a consultant to assist with a Sea Level Rise grant application.

GRANT FUNDS

Government/Educational Access Fund 213 **\$22,228** **Above Est.**

The favorable fund balance for the Governmental/Educational Access Fund was due to revenue which came in \$512 higher than expected and expenditure savings of \$21,716 in contracts and services for video production.

Solid Waste, Recycling & HHW Fund 214 **\$135,924** **Above Est.**

Operating costs in the Solid Waste, Recycling and Household Hazardous Waste Fund were \$91,004 lower than projected primarily due to reduced consulting, street sweeping and HHW disposal costs. Solid waste revenues were \$44,920 higher than projected due to increased recycling revenue and adjustment of a previous year payment originally credited to the General Fund.

Section 8 Housing- Admin Fund 551 **\$34,210** **Above Est.**

There are two main reasons why the Section 8 Administrative fund finished the fiscal year above projections. The main contributing factor to the ending balance is due to the fact that the Housing Administrator position remained budgeted but was unfilled throughout the entire fiscal year. The position responsibilities were distributed to lower staff in an effort to minimize expenses to the fund. The second reason was due to an increase in the administrative fee revenue earned from the Department of Housing and Urban Development (HUD). In January, HUD increased the leased unit rate paid to the City for administration of City Section 8 vouchers from \$96.13 to

\$97.22. HUD also increased the applied pro-ration factor from 69% to 75%, thereby increasing the amount of revenue earned by the City for the administration of all leased Section 8 vouchers.

Section 8 Housing- HAP Fund 552 **\$8,252** **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 is a known factor and planned in order to utilize current HAP reserves.

Pacific Pines Affordable Housing Fund 561 **\$21,933** **Below Est.**

There was a drop in property rental income due to rental rebates being issued for several months to tenants for construction inconveniences experienced at the Pacific Pines condominium units. Also, one unit was vacant for several months. It was determined that it would be best to wait until construction was complete before filling the unit in order to avoid more rental rebate expenses. Reimbursements were also issued to tenants for hotel costs and more rental rebates due to multiple floods as well as related roof leaks in another unit. The City has received a partial insurance adjustment for these expenses, but the management company is still working on attaining the remainder of these adjustments from the insurance company.

DEVELOPMENT IMPACT FUNDS

\$962,989 **Above Est.**

Residential building activity bounced back strongly in FY 2013-14 with permits for 161 new dwelling units issued compared to 63 new dwelling units the year prior. Shea Homes is well under way with construction of the 69-unit "Coral Cove" project on North Vulcan Avenue. Additionally, Shea received approval for the 69-unit Bahlmann property project, now "1 Channel Island", just north of the Leichtag Foundation holdings between Quail Gardens Drive and Saxony Road. Construction of model homes is underway. City Ventures 14-lot subdivision on Lake Drive in Cardiff has begun construction. Lennar is nearing completion of construction of a 28-lot subdivision on Normandy Road at Piraeus Street. Also nearing completion is the CityMark 11-lot subdivision on Olivenhain Road. Construction of stand-alone single-family projects continues at a brisker pace than has been seen in several years. In addition to the anticipated completion of the projects discussed above, there are several new subdivision applications for various residentially zoned properties throughout the City.

Commercial development was relatively slow in FY 2013-14, with most of the formerly vacant retail spaces in the City now occupied. The new, large office building on the north side of Encinitas Boulevard just east of Quail Gardens Drive has been completed and is partially occupied. Buffalo Wild Wings completed improvements to the former El Torito site in the Encinitas Town Center and opened in fall 2013. In-n-Out Burger opened for business on Calle Magdalena in May and the drive-through lane always seems full. An office building project and

a Chase Bank project have received design review approval at the former Unocal/Burger King site on Santa Fe Drive but no construction plans have been submitted.

LIGHTING AND LANDSCAPE FUNDS

Encinitas Lighting and Landscape Fund 295 **\$99,801** **Above Est.**

Revenues (including property taxes, assessments and investment earnings) totaling \$1,266,293 were \$79,650 or 7% higher than projections. The surplus in revenue is attributable to higher than anticipated property rental, property tax revenue and cost recovery efforts. Actual expenditures were \$1,193,578 which was \$20,151 or 2% less than the budget.

Encinitas Ranch District-Zone H Fund 297 **\$193,879** **Above Est.**

Revenues (including assessments and investment earnings) totaling \$625,065 were \$7,577 or 1% higher than projections due to greater than anticipated assessment fee receipts. Actual expenditures were \$624,810 which was \$186,302 or 22% less than the budget.

DEBT SERVICE FUNDS

Debt /Encinitas Public Finance Authority Fund 301/302 **\$113,905** **Above Est.**

Revenue for the Debt Service Fund was over estimated by \$97,600. While expenses for the Encinitas Public Finance Authority were under estimated by \$16,305.

ENTERPRISE FUNDS

Cardiff Sanitary Division Funds 511 through 513 **\$129,634** **Above Est.**

Sewer service charge and connection fee revenues were \$11,580 above projections. Operating expenditures were under primarily due to savings in line maintenance and contracted services.

Encinitas Sanitary Division Funds 521 through 523 **\$123,499** **Above Est.**

Revenue from service charges and connection fees was \$75,493 higher than original projections. Operating expenditures were under budget primarily due to savings in maintenance costs at the Moonlight Beach and Batiquitos pump stations.

INTERNAL SERVICE FUNDS

Vehicle Replacement Fund 622 **\$233,171** **Above Est.**

The appropriated expenditures for FY 2013-14 were \$292,000. The City purchased two Ford F-150 pick-up trucks at a cost of \$64,308, one for the Wastewater division and one for Fleet Maintenance. The combined cost of all vehicle replacements for FY 2013-14 total \$64,308 which created a savings of approximately \$227,692 in the Vehicle Replacement Fund. The actual revenue received for proceeds of disposed vehicles was \$5,479 more than the estimated revenue projection of \$10,000 creating a surplus of \$5,479. The actual fund balance is \$233,171 above projections.

Machinery & Equipment Replacement Fund 623 **\$192,977** **Above Est.**

The appropriated expenditures for FY 2013-14 were \$320,000. The City purchased 2014 SRECCO Rodder for the Wastewater Division, at a net cost of \$123,570 which created an expenditure savings of \$196,430. The actual revenue received for proceeds of disposed equipment was \$11,547 compared to the estimated revenue projection of \$15,000 creating a shortage of \$3,453. Therefore, the actual fund balance is \$192,977 above projections.

Fire Apparatus Replacement Fund 624 **\$269,759** **Below Est.**

The original revenue budget for this fund of \$678,000 was recalculated to offset Fire Lease purchases through the General Fund. The net result of the adjustment was an increase to fund balance of \$58,241. This increase added to the actual fund balance at 6/30/13 of \$456,319 results in an ending fund balance of \$514,560. This adjustment resulted in a reduction of the original projected fund balance of \$784,319 to the actual available fund balance of \$514,560 which is correct.

Schedule A - Revised Budget Summary - FY2014-15 *
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(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
FUND NAME	Fund #	Unassigned Fund Balance	Revenue Projections	Approved Expenditures	Interfund Transfers In	Interfund Transfers Out	Interfund Transfers Debt Service	Interfund Transfers Capital	Current Year Summary (+3-4+(5...8))	Unassigned Projected Fund Balance (+2+9)
GOVERNMENT FUNDS										
General Fund	101	13,786,353	70,944,218	53,073,335	1,026,339	(1,002,899)	(5,289,723)	(14,960,800)	(2,356,200)	11,430,153
INFRASTRUCTURE FUNDS										
State Gasoline Taxes	201	231,147	1,635,028	-	-	(953,748)	-	(728,155)	(46,875)	184,272
State Capital Grants	203	-	-	-	-	-	-	-	-	-
Transnet Program (Prop A Sales Tax)	211	144,345	1,594,630	-	-	-	-	(2,100,000)	(505,370)	(361,025)
Coastal Zone Management Fund	212	651,120	243,818	230,758	-	-	-	(52,000)	(38,940)	612,180
Federal Capital Grants	223	-	-	-	-	-	-	-	-	-
Federal TDA Grants	224	-	-	-	-	-	-	-	-	-
GRANT FUNDS										
State Law Enforcement Grant	202	-	100,000	100,000	-	-	-	-	-	-
Government Education Access	213	813,452	425,895	142,648	-	-	-	(293,500)	(10,253)	803,199
Solid Waste, Recycling and HHW	214	943,779	420,500	496,782	-	-	-	-	(76,282)	867,497
Asset Forfeiture	215	103,848	388	10,000	-	-	-	-	(9,612)	94,236
Senior Nutrition Grant	221	-	84,000	126,143	46,539	-	-	-	4,396	4,396
Comm Devel Block Grant (CDBG)	222	-	286,600	456,266	-	-	-	-	(169,666)	(169,666)
HOME Entitlement Program	227	-	30,000	30,000	-	-	-	-	-	-
Federal Law Enforcement Grant	228	-	10,000	10,000	-	-	-	-	-	-
Donations & Contributions	229	161,021	38,000	95,590	-	-	-	-	(57,590)	103,431
DEVELOPMENT IMPACT FUNDS										
Park Improvement Fees	231	376,903	151,460	-	-	-	-	-	151,460	528,363
Park Acquisition Fees	232	762,305	406,319	-	-	-	-	(100,000)	306,319	1,068,624
Traffic Mitigation Fees	233	2,291,792	2,064,024	-	-	-	-	(3,100,000)	(1,035,976)	1,255,816
RTCIP-(Regional Arterial System) Fee	234	683,189	132,092	-	-	-	-	(768,054)	(635,962)	47,227
Open Space Acquisition Fees	235	59,622	25,589	-	-	-	-	(15,000)	10,589	70,211
Recreational Trails Fees	236	14,630	6,531	-	-	-	-	-	6,531	21,161
Community Facilities Fees	237	-	34,260	-	-	(34,260)	-	-	-	-
Fire Mitigation Fees	238	-	38,331	-	-	(38,331)	-	-	-	-
Flood Control Mitigation Fees	239	285,829	120,731	-	-	-	-	(50,000)	70,731	356,560
In Lieu Fees Curb Gutter Sidewalks	251	12,491	24	-	-	-	-	-	24	12,515
In Lieu Fees Underground Utilities	252	636,992	1,341,885	-	-	-	-	(1,340,000)	1,885	638,877
Affordable Housing	253	1,353,237	4,000	-	-	-	-	-	4,000	1,357,237
MUNICIPAL IMPROVEMENT DISTRICTS										
Villanitas Road M.I.D.	291	258,355	21,483	18,102	-	-	-	-	3,381	261,736
Cerro Street M.I.D.	292	306,546	39,060	31,159	-	-	-	-	7,901	314,447
Village Park M.I.D.	293	141,129	33,149	40,706	-	-	-	-	(7,557)	133,572
Wiro Park M.I.D.	294	1,866	11,030	16,834	6,200	-	-	-	396	2,262
Encinitas Lighting Landscape District	295	631,855	1,210,272	1,268,410	-	-	-	-	(58,138)	573,717
Encinitas Ranch Lighting Landscape	297	1,277,800	617,488	571,167	-	-	-	(40,000)	6,321	1,284,121
TOTAL CITY FUNDS		25,929,606	82,070,805	56,717,900	1,079,078	(2,029,238)	(5,289,723)	(23,547,509)	(4,434,487)	21,495,119

Schedule A - Revised Budget Summary - FY2014-15 *
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(Column 1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
FUND NAME	Fund #	Unassigned Fund Balance	Revenue Projections	Approved Expenditures	Interfund Transfers In	Interfund Transfers Out	Interfund Transfers Debt Service	Interfund Transfers Capital	Current Year Summary (+3-4+(5...8))	Unassigned Projected Fund Balance (+2+9)
ENCINITAS PUBLIC FINANCING AUTHORITY										
Debt Service Fund	301	-	2,315	835,522	-	-	833,207	-	-	-
Encinitas Public Finance Authority	302	-	35,685	4,471,541	-	-	4,456,516	-	20,660	20,660
TOTAL DEBT SERVICE FUNDS		-	38,000	5,307,063	-	-	5,289,723	-	20,660	20,660
CARDIFF SANITARY DIVISION FUNDS										
Operations	511	(3,091)	4,765,804	3,489,336	-	-	-	-	1,276,468	1,273,377
Capital Replacement	512	1,607,751	-	-	-	-	-	(10,000)	(10,000)	1,597,751
Capital Expansion	513	528,240	51,255	-	-	-	-	-	51,255	579,495
TOTAL CSD FUNDS		2,132,900	4,817,059	3,489,336	-	-	-	(10,000)	1,317,723	3,450,623
ENCINITAS SANITARY DIVISION FUNDS										
Operations	521	(2,250)	2,888,372	1,466,401	-	-	-	-	1,421,971	1,419,721
Capital Replacement	522	2,118,450	-	-	-	-	-	(10,000)	(10,000)	2,108,450
Capital Expansion	523	1,996,732	72,360	-	-	-	-	-	72,360	2,069,092
TOTAL ESD FUNDS		4,112,932	2,960,732	1,466,401	-	-	-	(10,000)	1,484,331	5,597,263
OTHER PROPRIETARY FUNDS										
Section 8 Housing- Admin	551	47	211,375	281,266	45,903	-	-	-	(23,988)	(23,941)
Section 8 Housing- HAP	552	839	947,501	971,940	-	-	-	-	(24,439)	(23,600)
Pacific Pines Affordable Housing	561	388,621	214,142	214,130	-	-	-	-	12	388,633
Recreation Programs	571	213,501	1,155,000	1,127,032	10,000	-	-	-	37,968	251,469
Jr Lifeguard Program	572	69,680	170,320	187,340	-	-	-	-	(17,020)	52,660
TOTAL OTHER PROPRIETARY FUNDS		672,688	2,698,338	2,781,708	55,903	-	-	-	(27,467)	645,221
INTERNAL SERVICE FUNDS										
Self-Insurance Fund	601	3,242,699	973,365	1,853,432	894,257	-	-	-	14,190	3,256,889
Wastewater Support	611	-	1,017,980	1,058,591	-	-	-	-	(40,611)	(40,611)
Fleet Maintenance	621	-	561,610	562,944	-	-	-	-	(1,334)	(1,334)
Vehicle Replacement	622	477,732	123,000	211,000	25,000	-	-	-	(63,000)	414,732
Mach Equipment Replacement	623	834,586	185,000	145,000	-	-	-	-	40,000	874,586
Fire Apparatus Replacement	624	514,560	678,000	375,000	-	-	-	-	303,000	817,560
TOTAL INTERNAL SERVICE FUNDS		5,069,577	3,538,955	4,205,967	919,257	-	-	-	252,245	5,321,822
TOTALS ALL FUNDS		37,917,703	96,123,889	73,968,375	2,054,238	(2,029,238)	-	(23,567,509)	(1,386,995)	36,530,708

* Revised 11/19/14 to reflect final audited fund balances and adjustments due to placeholders for approved budget items for which account numbers were not available at time of adoption publication.

FY2014-15 Schedule C
Revised Detail of General Fund Revenues, Expenditures, and Transfers *

Column 1	Column 2	Column 3	Column 4	
	FY2014-15 Original Proposed Budget	FY2014-15 Revised Proposed Budget	\$ incr/decr of FY14-15 Original vs FY14-15 Revised	
Adoption Date	6/12/2013	6/11/2014		
Revenues:				
Taxes:				
1	Property Taxes, Current Secured	34,617,163	34,617,163	-
2a	Sales Tax Triple Flip	3,309,528	3,309,528	-
2b	Sales Taxes	9,069,210	9,069,210	-
3	Transient Occupancy Tax	1,097,656	1,097,656	-
4	Documentary Transfer Taxes	408,000	408,000	-
5	Franchise Fees	2,225,819	2,237,779	11,960
6	Tax Revenue Total	50,727,376	50,739,336	11,960
Other Revenues				
7	Licenses and Permits	195,057	195,057	-
8	Intergovernmental Revenue	478,212	476,978	(1,234)
9	Charges for Services	3,936,585	5,006,577	1,069,992
10	Fines & Penalties	695,558	695,558	-
11	Use of Money	448,187	466,991	18,804
12	Other Revenue	363,721	13,363,721	13,000,000
	Other Revenue Total	6,117,320	20,204,882	14,087,562
13	Revenue Total	56,844,696	70,944,218	14,099,522
Expenditures:				
General Government:				
14	City Council - Administration	392,263	393,915	1,652
15	City Council - Community Grant	75,000	75,000	-
16	City Council - Legal Services	308,500	308,500	-
17	City Manager - Administration	902,595	812,907	(89,688)
18	City Manager - Arts Administration	164,384	165,201	817
19	City Manager - Economic Development	185,500	185,500	-
20	City Manager - Human Resources	803,550	804,244	694
21	City Manager - Information Technology	1,647,132	1,652,513	5,381
22	City Manager - Geographic Information	636,595	639,940	3,345
23	City Clerk - Administration	562,672	562,043	(629)
24	City Clerk - Elections	90,000	90,000	-
25	Finance - Administration	1,735,306	1,743,001	7,695
26	Non Dept - Central Services	240,559	211,045	(29,514)
27	Non-Depart - Shared Expenses	1,741,838	1,521,641	(220,197)
28	General Government Total	9,485,894	9,165,450	(320,444)
Planning and Building:				
29	Plan Bldg - Customer Service/Admin	836,744	928,724	91,980
30	Plan Bldg - Current Planning	782,022	1,108,464	326,442
31	Plan Bldg - Applicant Deposits	14,000	14,000	-
32	Plan Bldg - Advanced Planning	634,341	638,784	4,443
33	Plan Bldg - Code Enforcement	482,268	562,858	80,590
34	Plan Bldg - Building Services	1,072,840	1,623,253	550,413
35	Planning and Building Total	3,822,215	4,876,083	1,053,868

FY2014-15 Schedule C
Revised Detail of General Fund Revenues, Expenditures, and Transfers *

Column 1	Column 2	Column 3	Column 4	
	FY2014-15	FY2014-15	\$ incr/decr of FY14-15 Original vs FY14-15 Revised	
	Original	Revised		
	Proposed	Proposed Budget		
	Budget			
Adoption Date	6/12/2013	6/11/2014		
Public Safety:				
36	Plan Bldg - Parking Enforcement	83,500	83,500	-
37	Public Safety - Law Enforcement	12,761,200	12,461,200	(300,000)
38	Public Safety - Fire Administration	573,431	633,033	59,602
39	Public Safety - Fire Operations & Support	10,872,182	10,580,557	(291,625)
40	Public Safety - Loss Prevention & Planning	695,685	660,344	(35,341)
41	Public Safety - Disaster Preparedness	157,992	164,886	6,894
42	Public Safety - Marine Safety Services	929,427	926,186	(3,241)
43	Public Safety Total	26,073,417	25,509,706	(563,711)
Engineering and Public Works:				
44	Public Works - Administration	171,830	226,806	54,976
45	Public Works - Environmental	94,000	218,551	124,551
46	Public Works - Street Maintenance	1,681,076	1,812,293	131,217
47	Public Works - Facility Maint-CVC CTR	344,474	356,938	12,464
48	Public Works - Facility Maint-Fire Stations	197,847	213,676	15,829
49	Public Works - Facility Maint-PW Yard	213,441	228,498	15,057
50	Public Works - Facility Maint-Library	274,282	300,342	26,060
51	Public Works - Storm Water Maint	697,502	698,842	1,340
52	Public Works - Storm Water Flood	129,709	154,141	24,432
53	Engineering - City Engineering	2,493,646	2,581,763	88,117
54	Engineering - Traffic Engineering	727,698	730,771	3,073
55	Engineering - Storm Water Compliance	803,239	848,177	44,938
56	Engineering and Public Works Total	7,828,744	8,370,798	542,054
Parks and Recreation:				
57	Parks Rec - Administration	896,145	933,509	37,364
58	Parks Rec - Park Services	1,611,437	1,705,960	94,523
59	Parks Rec - Beach Services	454,745	515,621	60,876
60	Parks Rec - Recreational Trails	126,749	126,915	166
61	Parks Rec - Recreation Services	621,990	627,293	5,303
62	Parks Rec - Community & Senior Center	1,185,022	1,217,000	31,978
63	Parks and Recreation Total	4,896,088	5,126,298	230,210
64	EXPENDITURES TOTAL	52,106,358	53,048,335	941,977
Excess of Revenues Over Expenditures		4,738,338	17,895,883	13,157,545
General Fund Transfers To/From Other City Funds				
65	Transfers Out of GF	(874,515)	(1,002,899)	(128,384)
66	Transfers In to GF	1,063,874	1,026,339	(37,535)
67	Transfers Out- Other	-	(25,000)	(25,000)
68	Transfers to Debt Service	(4,556,079)	(5,289,723)	(733,643)
69	Transfers to Capital Projects	-	(14,960,800)	(14,960,800)
70	Transfers Total	(4,366,720)	(20,252,083)	(15,885,362)
GRAND TOTAL EXCESS OF REVENUE OVER EXPENDITURES & TRANSFERS:		371,618	(2,356,200)	(2,727,817)

* Revised 11/19/14 to reflect adjustments due to placeholders for approved budget items for which account numbers were not available at time of adoption publication. Net affect of adjustments is zero.