



**CITY OF FILLMORE
FILLMORE REDEVELOPMENT AGENCY**

CENTRAL PARK PLAZA
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AGENDA ITEM #

10 A.

March 22, 2011

TO: Honorable Mayor and City Council
Honorable Chair and Board Members

THROUGH: Yvonne Quiring, City Manager *YQ*

FROM: Anita Lawrence, Financial Advisor

SUBJECT: Receive 2010/11 Midyear Budget Review staff report and Adopt Resolution 11-3280 Amending the City of Fillmore 2010/11 Budget and Resolution 11-250 Amending the Fillmore Redevelopment Agency Budget

SUMMARY:

This report updates the City's financial position for the current fiscal year and provides a projection for the upcoming Fiscal Year 2012 budget. The City has a projected FY 2012 General Fund deficit of approximately \$1.9 million. This report also includes the Fillmore Redevelopment Agency, which shows a \$2.2 million balance as of June 30, 2012, however, the RDA Capital Project Fund is showing a deficit of \$2.1 million which will need to be addressed. Due to the Governor's Plan for the abolishment of redevelopment, there is currently a lot of uncertainty with redevelopment. Staff is conducting a more in-depth review of various City funds to see if additional funds can be freed up and whether it will be possible to "earmark" funds for potential RDA projects.

To help keep citizens informed about the City/Agency finances, presentations will be made to service/civic groups and a survey is in the process of being developed for residents to provide feedback about City services.

RECOMMENDED ACTION:

The City Council/Board perform annual joint review of the Midyear Budget Review and provide feedback/direction on the proposed survey.

City Council Action:

1. Adopt resolution 11- 3280 amending the 2010/11 Budget, and
2. Authorize the City Manager or designee to make the recommended Budget Adjustments.

RDA Board Action:

1. Adopt resolution 11-250 amending the 2010/11 Budget, and
2. Authorize the Executive Director or designee to make the recommended Budget Adjustments.

BACKGROUND:

On July 20, 2010, the City Council and the RDA adopted the 2010/11 Budget for the City of Fillmore/Fillmore Redevelopment Agency. The Midyear Review is a financial review of the budget and measures how revenue and expenditures are tracking with 50 percent of the year gone by.

A budget is a dynamic document based on estimates. These estimates will change over the course of a year based on actual revenues and expenditures; changes in the economy; change in direction and/or priorities; unforeseen events; State actions; and, staffing changes. The Midyear Budget Review updates the budget and presents a "snapshot" in time of revenues and expenditures. It represents the best fund balance, revenue and expenditure estimates available at this time and is performed in cooperation with and input from all departments.

Another major evaluation of the 2011 budget will be performed during the 2012 budget development process. At that time, the labor cost estimates will be refined. For the purposes of this review, the most conservative approach (counting all salary and benefit accounts to be fully expended by year end) was used, which includes planned furloughs for employees. As the 2012 budget recommendations are developed, all budget estimates will be further refined, including the salary and benefit accounts. Currently there is an estimated General Fund shortfall of \$1.9 million at June 30, 2012.

The components of the Midyear Budget Review include the Operations portion of the City's Budget and the Capital Improvements and the Budget for the Fillmore Redevelopment Agency.

ANALYSIS:

The 2010/11 Midyear Review consists of the following schedules or articles:

- City Operating Fund Summary
- City Operating Fund Revenue Analysis (includes transfers in)
- City Operating Fund Expenditure Analysis (includes transfers out)

- Capital Improvement Program Summary
- Capital Improvement Program Revenue and Expenditure Analysis
(including transfers)

- RDA Operating Fund Summary
- RDA Fund Revenue and Expenditure Analysis (including transfers)

- City Operating and RDA Fund Estimates Projected Through June 30, 2012

- Living with Proposition 26 of 2010

The article, "Living with Proposition 26 2010", which is included in this report as an attachment, describes the challenges that will need to be met in the future when adjusting many of the fees the City collects. Proposition 26 was passed by the California voters in November 2010 and changes the requirements when cities attempt to adjust certain fees and charges.

The City and RDA Summaries includes a fund-by-fund view of when the budget was adopted in July, as amended by any further adjustments approved by the City Council/Board of Directors through December 31, 2010. The summaries also include actual 2010/11 year-end balances, using the audited June 30, 2010 general ledger balances. The Operating Funds Summary also compares the adopted budget and recommended amendments. The Revenue and Expenditure Analysis includes descriptions of why the adjustments are being recommended.

To calculate the available balances, the current liabilities are subtracted from current assets to come up with working capital. Generally this is the amount available for appropriation, with the exception of restricted fund balance amounts. To provide an example of how the available balance was calculated, the General Fund available balance was calculated as follows:

GENERAL FUND (6/30/10)

Current Assets	
Cash and Investments	\$ 4,153,141
Receivables expected within 60 days	<u>\$ 368,814</u>
Total Current Assets	\$ 4,521,955
Current Liabilities	
Accounts Payable	\$ 1,045,280
Sales Tax Set-Aside	<u>\$ 2,412,923</u>
Total Current Liabilities	<u>\$ 3,458,203</u>
 Current Assets less Current Liabilities	 <u>\$ 1,063,752</u>
	Available Balance

Following is a recap of the available balances projected in the adopted budget compared to the audited working capital balances in the City's operating funds and then applying the midyear recommended adjustments:

	<u>Per Adopted Budget</u>	<u>Audited Beg. Bal.</u>
<u>Operating Funds:</u>		
Beginning Balances 7/1/10	\$ 18,774,292	\$ 17,882,555
Revenue & Transfers In	\$ 21,243,131	\$ 21,438,237
Expend. & Transfers Out	<u>\$ 28,676,640</u>	<u>\$ 27,631,017</u>
Ending Balances 6/30/10	<u>\$ 11,910,779</u>	<u>\$ 11,689,775</u>

A fund by fund discussion follows.

OPERATING FUNDS

General Fund

As currently estimated, the General Fund will have a 6/30/2011 ending balance of \$146,761. However, the General Fund will end the 2011 fiscal year with about \$900,000 less than it started. The primary reason for the reduction in the balance is because the expenditures in the General Fund outstrip the revenue. A number of important measures brought the 2010/11 General Fund Budget in balance, including a \$100,000 transfer from reserves and the implementation of the furlough program. It is important to acknowledge that the General Fund cannot support the services it currently provides. The bottom line is that the services in the General Fund (baseline expenditures and transfers out) equal over \$7.4 million and the revenues coming in equal less than \$4.2 million (excluding transfers in from other funds), resulting in a \$3.2 million gap or "structural deficit". Police and Fire services alone cost about \$4.1 million. Much of the \$4.2 million in General Fund revenue is non-discretionary, in that it consists of revenue for specific purposes, such as Engineering Fees or Park Grant funds. There is not enough discretionary income in the General Fund to support the current level of public safety services. Even if the sales tax issue is resolved in favor of the City, it will result in an approximate \$1.5 million increase in annual revenue, which will not be enough to close the \$3.2 million structural gap. There is also a sunset date on the extra sales tax funds.

There is a safety net in that the cash in the General Fund (101A) includes \$2.4 million reserves to record future sales tax revenue earned but not received as the State Board of Equalization continues to withhold payments to the City. There is also \$1.4 million in the General Reserve Fund that can be used to ease into the solution and, to the degree that the economy picks up, slight growth in future sales and property tax revenues will be helpful.

Looking ahead, however, the City and Agency must first reduce expenditures and reprioritize services to reflect the available resources. To assist in this process a survey is being developed for residents. An online copy and printable version will be available at the City's website. Hard copies will also be available at City Hall.

The next phase of the solution lies in developing a cost plan to determine the true value of services provided to other funds.

There are also a number of other funds that would normally rely on the General Fund that have current deficit balances and structural problems themselves. The funds and their cumulative deficits and structural deficits are:

<u>Fund</u>	<u>6/30/11 est. Cumulative Deficit</u>	<u>Approx Annual Structural Deficit</u>
Towne Theatre Fund	(\$ 382,002)*	(\$ 22,689)
Recreation Fund	(\$ 46,139)	(\$ 19,860)
Swimming Pool Fund	<u>(\$ 189,252)</u>	<u>(\$143,414)</u>
Total	<u>(\$ 617,393)</u>	<u>(\$185,963)</u>

*See the individual fund discussion below.

With a combined cumulative deficit of \$617,393 and an ongoing structural deficit of \$185,963, measures must be taken to reduce the deficits in these funds. A theater, recreation program and pool are positive services to provide to the community, but their value has to be weighed against the value of basic services, such as Police and Fire. The City cannot afford all of the services it is currently providing, even if/when the sales tax issue is resolved in favor of Fillmore.

203 Gas Tax Fund and 204 Local Transportation Fund

While the Gas Tax Fund 203 shows a negative balance, this situation will be resolved after street sweeping is transferred to Harrison in future years to be included in customer refuse bills. This strategy will need to be augmented by very conservative future budgeting to bring this fund eventually into the black. The revenue in the Gas Tax Fund 203 increased by \$174,000 as another section, Section 2103, was added to the Gas Tax Code. These funds replace Proposition 42 monies that were budgeted in the Local Transportation Fund 204 and then transferred into the Gas Tax Fund 203. It is recommended that the Section 2103 revenue be recorded directly into the Gas Tax Fund 203 in 2010/11 and into the future.

301 Sewer Fund

This fund shows a decrease in expenditures/transfers out. This fund budgeted to transfer \$4.6 million into the RDA Fund 902; however, \$3.5 million is needed to pay the retention liabilities in the Wastewater Treatment Plant Capital Projects Fund 463, so the \$4.6 budgeted transfer cannot be made. It is further thought that given the precarious nature of redevelopment, being cautious about transferring money to the Redevelopment Agency may make more sense at this time.

302 Water Fund – no changes

303 Town Theater

This fund shows a slight increase in revenue mainly due to the premier of a movie made in Fillmore and the tickets sales associated with the event. This fund shows a cumulative deficit balance of \$382,002, which is owed to the General Fund. Revenue in this fund continues to be about two-thirds of the annual cost to fund it, resulting in an ongoing structural deficit of almost \$23,000. Below are the historical ending balances in this fund going back to 2002/03.

<u>Fiscal Year</u>	<u>Ending Balance</u>
2002/03	(\$ 175,703)
2003/04	(\$ 188,639)
2004/05	(\$ 199,409)
2005/06	(\$ 217,535)
2006/07	(\$ 244,161)
2007/08	(\$ 288,026)
2008/09	(\$ 272,643)
2009/10	(\$ 359,313)
2010/11	(\$ 382,002)

The Theater is a great asset to the community and one of the difficult decisions will be whether the General Fund can continue to afford to subsidize this operation. The size of the loss this year is expected to be around \$22,689 and there will be a similarly projected loss in 2011/12 without steps to prevent it.

As the City Council deliberated the financial problems associated with the Theater, it voted to reduce the ticket prices to encourage greater attendance and to have one day less service per week. Attendance was tracked from August through January and compared to the prior year as follows:

	2009/10	2010/11
August	301	279
Sept	71	260
Oct	188	169
Nov	242	145
Dec	419	178
Jan	328	202
	1,549	1,233

Overall attendance is less compared to the prior year; in large part because there is one day less of service. The size of the projected deficit is also smaller than in the prior year—again, mostly because there is one less day of costs.

304 Recreation Fund

The Recreation Fund will receive \$3,100 more in revenue than originally budgeted. The basketball program has been more popular and additional events have resulted in extra concession and park rental fees. This fund's structural deficit may be able to be closed with careful planning and another evaluation of fees. Last year, some of the fees were increased, but not enough to completely close the deficit gap. The cumulative deficit in this fund on June 30, 2011 is estimated to be \$46,139, including \$27,000 owed to the General Fund. The ongoing structural deficit is under \$20,000.

305 Swimming Pool

Of the three funds (303, 304 and 305), this one is having the most difficulty in resolving the structural deficit. Even closing the pool for over three months has not been enough to cover the shortfall. It will end the fiscal year with a deficit of nearly \$110,000 and a future annual shortfall of over \$189,000, including \$80,000 owed to the General Fund. Even if the General Fund could afford to support an \$80,000 transfer to this fund, it would not be enough to support this service. The City has tried many things to boost the income and/or reduce the expenses for this activity, but it still remains a financial burden that the City of Fillmore cannot afford. The ongoing structural deficit in this fund is over \$143,000 annually.

402 - 407 Developer Impact Fee Funds

The primary changes in these funds included amended revenue projections based on what has occurred up until December 31, 2010. The increased development activity primarily has resulted in an increase in revenue of over \$170,000. This is some welcome news in the midst of a budget that has many challenges. However, it should be noted that fee revenue collected in one year sometimes has to cover costs over a two-year period. The revenue is taken in year one but not all the work may be finished on the project. No changes in expenditures are recommended.

503 through 508 – Reserve and Replacement Funds – no changes recommended

701 Veteran's Memorial Fund – no changes recommended

702 National Pollutant's DE Fund – no changes recommended

708 Fillmore Senior Center

For the Fillmore Senior Center, the news is all good. Additional income is expected for interest income, a successful 2010 fireworks season, a refund on sales tax based on a corrected sales tax return and a new program, the Treasure Box Program. In total, nearly \$17,000 in additional income is expected with no change in expenditures. With the current fundraising effort levels, this program could be self-sustaining without future contributions from the RDA. As this report shows, the RDA will be unable to continue its contributions in the future.

802 through 811 Debt Service Funds

With the exception of Fund 809, Community Facilities District #5, which anticipates a \$2,000 increase in interest income, there are no changes recommended.

City of Fillmore Operating Funds Summary

Below is an overview of the impacts of the midyear changes in the Operating Funds

6/30/2010 Available Balance	\$ 17,882,555
Recommended Revenue/Transfers In	21,458,237
Recommended Expend./Transfers Out	<u>27,631,017</u>
Estimated 6/30/2011 Available Balance	<u>\$ 11,689,775</u>

CAPITAL PROJECTS

The Capital Improvement Projects for the City are budgeted for in Funds 453 to 490, however we have reviewed funds between 443 and 490 to see if any remaining cash balances are available. Attached to this staff report are schedules similar to the revenue and expenditure analysis along with the fund summary that was provided for the operating funds. There are significant adjustments being recommended; mainly to clarify what will be required for the balance of the fiscal year for these projects. A number of the adjustments in these funds are transfers in or reduced expenditures to resolve negative balances carried over from 2010/11. The June 30, 2011 available balance for each fund is shown on the Capital Improvements Funds Summary. Only those project funds with recommended changes will be discussed below.

Funds 443 Through 450

You can see that there are four funds (443, 445, 447, and 466) that have been addressed in this report that were not included in the adopted 2010/11 Budget. Of those, one fund has a negative cash balance of \$109,127 and the other three have a combined cash balance of about \$95,000. It is recommended that these Funds be brought to zero through a series of transfers as outlined in the worksheets.

Fund 463, Water Recycling Project

This fund originally showed only \$800,000 in transfers in, however; the fund ended the 2009/10 fiscal year with \$5.5 million in retentions due to the developers resulting in a deficit available balance of \$2.4 million. In addition to the retentions, the fund budgeted for \$3.2 million in expenditures. Taking into account the liabilities and encumbrances in this fund, a \$3.5 million transfer from the bond funds held in Fund 301 is necessary with the elimination of any transfers from the RDA. It is recommended that the balance of the appropriation be reduced by \$1,951,800. It was recently discovered that the encumbrances were upsized to accommodate construction contingencies. This resulted in an encumbrance that may not have been needed to pay a particular vendor once the project was complete. Preliminary research has shown that there is over \$800,000 in encumbrances in this fund that can be disencumbered as these monies

will not be spent. Further analysis may result in additional balances that can be disencumbered and returned to the RDA before the end of the fiscal year.

Fund 464, Park Projects

This fund is able to reduce the appropriation by \$278,410 and transfer the balance back to the RDA, Fund 902. This still provides for the one backstop approved by the City Council.

Fund 467, Street Project

This fund budgeted to receive a \$400,000 federal stimulus grant in 2009/10; however, it is anticipated to be received in 2010/11 at the earliest.

Fund 468, Central Storm Drain

This fund has a \$95,266 balance that can be returned to the RDA, Fund 902.

FILLMORE REDEVELOPMENT AGENCY

Included in this packet is the information for the Fillmore Redevelopment Agency.

Fund 901 – RDA Housing Fund

One change recommended in this fund is to redefine the SERAF Payment as an expenditure rather than a negative revenue. Additionally, it was budgeted at \$750,000 based on earlier estimates, however a more up to date amount has been received resulting in \$491,000 to be paid rather than the \$750,000. These payments are considered loans to be repaid to the Housing Fund within five years. There was \$2.4 paid to the State of California which will need to be repaid from the Debt Service Fund to the Housing Fund by May 2015. An additional \$491,000 will need to be repaid by May 2016. This midyear report also changes the way Housing Legal Fees are recorded. Rather than recording them into the General Fund and transferring from the Housing Fund to cover the cost, it is recommended that the charges be recorded directly into the Housing Fund. There is also a \$40,000 increase recommended in the Housing Fund legal appropriation above the original \$20,000 originally budgeted in the General Fund for this purpose. The budget did not assume starting to payback the SEREF funds until FY 2012 or later.

Fund 902 – RDA Capital Fund

This fund has substantial challenges and ends the fiscal year in the red. One of the primary changes is that a budgeted transfer from the Sewer Fund 301 cannot be accomplished. The transfer from the Sewer Fund needs to be made to the Capital Projects Fund 463 instead to finish the project, including paying for the contingencies withheld from the contractors (see discussion above). Because the \$4.6 million fund transfer cannot be accomplished, this fund will end the year with a deficit balance of \$1.6 million. This is especially troublesome because this fund pays the General Fund for services via transfers. A couple of recommendations to ease the burden on this fund include transferring balances in Funds 464 and 468 back to this fund since those projects are either complete or reduced in scope. There is also a recommendation to transfer \$1 million from the Debt Service Fund 905. It is common to transfer excess tax increment into this fund. However, given the uncertainties with Redevelopment, staff will wait to make transfers.

Also, this is a one-time transfer because the Agency needs to continue to make its debt-service payments in the future. The current lack of funds to make the planned \$4.6 million transfer into this fund will also impact the availability of funds to make debt service payments in the future. However, during the budget process, staff will be examining various ways to repay either the General Fund and/or RDA.

Fund 905 – RDA Debt Service Fund – no changes recommended

The future of the RDA is uncertain with the proposals being made in Sacramento. The State is having its own budget challenges and abolishing Redevelopment is one of the proposals being discussed at that level. There are currently enough funds to make the debt-service payment.

Projected Into 2011/12

Projecting into 2011/12 for the General Fund and some other funds experiencing negative balances shows the following:

Fund Number	Fund Name	Balance 6/30/11	11/12 Rev	11/12 Exp	Balance 6/30/12
	General Fund	146,761	5,479,370	7,570,361	(1,944,230)
101					
303	Town Theater	(382,002)	51,480	74,169	(404,691)
304	Recreation	(46,139)	133,300	153,160	(65,999)
305	Swimming Pool	(189,252)	102,720	246,134	(332,666)
	Total	(470,632)	5,766,870	8,043,824	(2,747,586)

The 2011/12 projection for the General Fund includes a \$1,000,000 reduction in income from redevelopment and an increase of 5% in the Ventura County Sheriff's costs. The projection of all other line items remains flat in this projection. The other three funds include no changes.

This is a gloomy picture of the problems associated with these funds. There is a \$2.7 million shortfall in all these funds combined.

The Future of the Redevelopment Agency has many challenges. With the State Legislature looking at eliminating Redevelopment altogether, the future of the Redevelopment operation is uncertain. In 2010, a five-year projection was brought forth to the Redevelopment Board. That five-year projection included certain assumptions, including a \$4.6 million transfer from the Bond funds residing with the Trustee to pay back the RDA for costs it incurred during the construction of the new treatment facility. As the midyear review progressed, including analyzing the amount needed to pay the retention payments to all of the developers, it became clear that the \$4.6 million was not available to pay back the RDA as envisioned. It might be possible to transfer \$1 million, but because of the tentative future of redevelopment in California, even the reduced transfer is not being recommended. To compound the challenge facing the

RDA, two loans made from the RDA Housing Fund to the RDA Capital Fund for SERAF payments to the State will need to be reimbursed to the Housing Fund within five years of the initiation of those loans, which are:

SERAF Loan	Amount	Date of Loan	Repayment Date
2010 Loan	\$ 2,384,857	5/10/2010	5/10/2015
2011 Loan	\$ 491,000	5/10/2011	5/10/2016
Total	\$ 2,875,857		

The loan does not have to be repaid in increments; however, prudent budgeting would dictate that the RDA should begin repaying them now. The main problem is that the RDA Capital Fund is in the red, so the funds are unavailable for repayment without furthering the negative impact on the fund.

SUMMARY

Due to the unresolved State budget funding issues and a slowly-growing economy, staff has been conservative in the estimates contained in the Midyear Budget Review. These estimates will continue to be updated as the 2012 budget process progresses.

FISCAL IMPACT

The net impact of the Midyear Budget Review is as follows:

	Operating Funds	Capital Project Funds	RDA FUNDS	Total
Available Balance 7/1/10	\$ 17,882,555	\$ 1,212,475	\$ 3,049,858	\$ 22,144,888
Revenue/Transfers In	21,438,237	4,759,624	6,655,691	32,853,552
Expend/Transfers Out	<u>27,631,017</u>	<u>5,776,788</u>	<u>7,516,051</u>	<u>40,923,856</u>
Est. Ending Bal. 6/30/11	<u>\$11,689,775</u>	<u>\$ 195,311</u>	<u>\$ 2,189,498</u>	<u>\$14,074,584</u>

Attachments:

- Operating Fund Summary
- Operating Fund Revenue Analysis (including transfers in)
- Operating Fund Expenditure Analysis (including transfers out)
- Capital Improvement Program and Redevelopment Agency Summary
- Capital Improvement Program Revenue & Expenditure Analysis (including transfers)
- Fillmore Redevelopment Agency Revenue & Expenditure Analysis (including transfers)
- City Operating and RDA Fund Estimates Projected Through June 30, 2012
- Living with Proposition 26 of 2010
- City Resolution 11- 3280 Amending the 2010/11 Budget
- RDA Resolution 11- 250 Amending the 2010/11 Budget
- Draft Citizen Survey (in process, will be provided prior to 3/22)

**2010/11 Midyear Review
Summary**

AGENCY/FUNDS	2011 Adopted Budget				Midyear Recommends		Recommended Midyear Budget			
	Avail. Bal. 6/30/2010	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Projected Balance	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Projected Bal. 6/30/11	
CITY OPERATING FUNDS										
101	General Fund	1,063,752	6,365,825	7,300,388	129,189	113,545	95,973	6,479,370	7,396,361	146,761
101A	General Fund Sales Tax Advance	2,412,922	-	570,000	1,842,922	-	70,000	-	640,000	1,772,922
203	Gas Tax Fund	(86,560)	394,828	397,339	(89,071)	43,860	28,241	438,688	425,580	(73,452)
204	Local Transportation	239,421	549,349	645,490	143,280	(155,759)	(130,000)	393,590	515,490	117,521
206	Lighting/Landscape	366,155	452,505	523,925	294,735	-	-	452,505	523,925	294,735
207	Storm Drain Assmt	891,965	234,158	89,323	1,036,800	-	-	234,158	89,323	1,036,800
208	CDBG	21,997	148,026	100,000	70,023	-	-	148,026	100,000	70,023
210	Public Transit	209	392,090	392,090	209	-	-	392,090	392,090	209
211	Bike Path	23,016	1,160	16,957	7,219	-	-	1,160	16,957	7,219
212	Solid Waste	59,897	104,600	123,196	41,301	-	-	104,600	123,196	41,301
301	Sewer	4,517,747	6,852,231	11,298,663	71,315	-	(1,109,837)	6,852,231	10,188,826	1,181,152
302	Water	695,985	2,512,500	2,881,767	326,718	-	-	2,512,500	2,881,767	326,718
303	Town Theater	(359,313)	49,780	74,169	(383,702)	1,700	-	51,480	74,169	(382,002)
304	Recreation	(26,279)	130,200	153,160	(49,239)	3,100	-	133,300	153,160	(46,139)
305	Swimming Pool	(45,838)	103,700	246,134	(188,272)	(980)	-	102,720	246,134	(189,252)
402	DIF - Public Facilities	40,447	12,720	-	53,167	48,800	-	61,520	-	101,967
403	DIF - Transportation	(8,971)	-	-	(8,971)	14,100	-	14,100	-	5,129
404	DIF - Parkland	140,236	400	46,400	94,236	57,160	-	57,560	46,400	151,396
405	DIF - Water	(691,543)	6,813	42,000	(726,730)	15,750	-	22,563	42,000	(710,980)
406	DIF - Sewer	397,446	30,430	117,248	310,628	-	-	30,430	117,248	310,628
407	DIF - Storm Drain	115,000	1,325	15,000	101,325	35,000	-	36,325	15,000	136,325
503	Replacement - Sewer	6,183	-	-	6,183	-	-	-	-	6,183
504	Replacement - Water	240,500	55,180	55,500	240,180	-	-	55,180	55,500	240,180
506	Reserve - General Purpose	1,543,997	-	100,000	1,443,997	-	-	-	100,000	1,443,997
507	Replacement - Vehicle	(19,615)	105,500	85,885	-	-	-	105,500	85,885	-
508	Rate Stabilization	4,969,152	32,000	1,000,000	4,001,152	-	-	32,000	1,000,000	4,001,152
701	Veterans Memorial	201,362	163,842	142,120	223,084	-	-	163,842	142,120	223,084
702	Nat'l Pollutants DE	33,396	24,812	35,819	22,389	-	-	24,812	35,819	22,389
708	Fillmore Senior Center	32,635	105,050	109,507	28,178	16,830	-	121,880	109,507	45,008
802	Public Finance Authority (PFA)	8,582	1,407,030	1,403,934	11,678	-	-	1,407,030	1,403,934	11,678
803	Community Facilities Dist. #1	91,408	190,060	198,043	83,425	-	-	190,060	198,043	83,425
804	Community Facilities Dist. #2	70,386	76,315	79,410	67,291	-	-	76,315	79,410	67,291
805	State WWTP Loan	-	93,945	93,945	-	-	-	93,945	93,945	-
806	Community Facilities Dist. #3	274,687	171,200	172,824	273,063	-	-	171,200	172,824	273,063
808	Osh Kosh Capital Lease	9	145,957	145,966	-	-	-	145,957	145,966	-
809	Community Facilities Dist. #5	406,428	160,600	10,355	556,673	2,000	-	162,600	10,355	558,673
811	Community Facilities Dist. #6	255,754	169,000	10,083	414,671	-	-	169,000	10,083	414,671
		17,882,555	21,243,131	28,676,640	10,449,046	195,106	(1,045,623)	21,438,237	27,631,017	11,689,775

**CITY OF FILLMORE
2010/11 MIDYEAR BUDGET REVIEW
REVENUE ANALYSIS**

Fiscal Year 2010/2011

Account Number	Description	Current Budget	Year to date 12/31/2010	Recommended		Explanation
				Adjust.	Budget	
101 General Fund						
101-0000-0301-001	Property Tax, Secured	1,750,000	270,964	(100,000)	1,650,000	This is where the Triple-Flip is Budgeted. We received notice that no triple flip for sales tax would be forthcoming because of overpayment in prior years related to jet fuel/sales tax sharing. Further reconciliation with SBOE is needed.
101-0000-0302-010	Sales & Use Tax	570,000	165,539	70,000	640,000	First quarter collections nearly \$20,000 more than 1st qtr 2009/10. 2009/10 Totalled \$561,603.
101-0000-0302-011	Transient Lodging Tax	55,000	18,926	10,000	65,000	1st & 2nd quarter collections indicate increase in this revenue source, likely an indication of economic improvements. \$18,926 for 1st quarter only. \$16,058 rec'd 2nd quarter posted Jan 2011.
101-0000-0302-013	Business License Fee	112,000	92,058	(15,000)	97,000	Year to date collections indicates reduction for the year.
101-0000-0304-033	Encroachment Permits	3,000	19,360	20,000	23,000	Encroachment permits granted to Gas Co. to 2/15/11 = \$19,000
101-0000-0309-078	Other Fire Fees	-	-	5,400	5,400	Through 2/2011, \$5,400 recorded in this acct for fire strike teams
101-0000-0309-086	Bldg/Plan Check Fees	51,000	66,267	29,000	80,000	Increased revenue due to Development activity.
101-0000-0309-087	Engineering Fees	18,500	36,500	26,500	45,000	Increased revenue due to Development activity.
101-0000-0309-095	Filming Fees	30,600	48,920	46,400	77,000	Increased Filming activity has occurred. (\$69k thru 3/1).
101-0000-0311-130	Insurance Dividends	-	38,158	38,200	38,200	Unanticipated insurance dividend.
101-0000-0400-301	Insurance Reimburse.	-	3,045	3,045	3,045	Unanticipated insurance reimbursement.
101-0000-0400-901	Transfer From Housing Fd	20,000	10,000	(20,000)	-	Charge directly to Hsg Fund instead of Gen Fund, elim. Transfer
Fund 101	All Other Accounts	3,755,725	5,596,088	-	3,755,725	
	Total Fund 101	6,365,825	2,185,459	113,545	6,479,370	
203 Gas Tax						
203-0000-0306-050	Interest Earnings	140	-	(140)	-	No interest earnings.
203-0000-0307-064	Section 2103	-	41,540	174,000	174,000	Replaces Prop 42 funds after 2009/10. See Fund 204
203-0000-0400-204	Transfer In	130,000	-	(130,000)	-	Prop 42 funds eliminated 09/10 replaced with 2103 Funds.
Fund 203	All Other Accounts	264,688	217,839	-	264,688	
	Total Fund 203	394,828	259,379	43,860	438,688	
204 Local Transportation						
204-0000-0313-163	Prop 42 \$\$	155,759	-	(155,759)	-	Replaced with Section 2103 - See Fund 203
Fund 204	All Other Accounts	393,590	-	-	393,590	
	Total Fund 204	549,349	-	(155,759)	393,590	
206 Light/L'scape AD	All Accounts	452,505	166,616	-	452,505	
207 Storm Dr. Assess	All Accounts	234,158	105,903	-	234,158	
208 CDBG Fund	All Accounts	148,026	24,013	-	148,026	
210 Public Transit	Transfer In	392,090	-	-	392,090	Move to Fund 204. Close Fund 210.
211 Bike Path	All Accounts	1,160	31	-	1,160	
212 Solid Waste/SRF	All Accounts	104,600	42,567	-	104,600	
301 Sewer Fund	All Accounts	6,852,231	2,940,955	-	6,852,231	
302 Water Fund	All Accounts	2,512,500	1,265,768	-	2,512,500	

**CITY OF FILLMORE
2010/11 MIDYEAR BUDGET REVIEW
REVENUE ANALYSIS**

Fiscal Year 2010/2011

Account Number	Description	Current Budget	Year to date 12/31/2010	Recommended		Explanation
				Adjust.	Budget	
303 Town Theater						
303-0000-0309-103	Theatre Rental	3,000	375	(2,000)	1,000	Reduction in rent of theatre.
303-0000-0309-107	Special Events	3,000	5,520	3,700	6,700	Increase in special events, incl. premier of movie made in Fillmore.
Fund 303	All other Accounts	43,780	2,918	-	43,780	
	Total Fund 303	49,780	8,813	1,700	51,480	
304 Recreation Fund						
304-0000-0310-401	Basketball Program	700	1,073	600	1,300	Successful Program
304-0000-0310-410	Concession - Bar	1,500	1,057	500	2,000	More activity than expected
304-0000-0310-414	Park Rental Fees	23,000	13,135	2,000	25,000	Rental activity of parks has been greater than expected.
Fund 304	All other Accounts	105,000	50,409	-	105,000	
	Total Fund 304	130,200	65,674	3,100	133,300	
305 Swimming Pool						
305-0000-0303-224	Water Exercise	2,000	270	(1,730)	270	This activity is no longer being offered
305-0000-0303-240	Runners Club	750	100	250	1,000	This activity was not budgeted for originally.
305-0000-0311-125	Misc. Revenue	-	354	500	500	Expect a small amount of misc. revenue
Fund 305	All other Accounts	100,950	44,510	-	100,950	
	Total Fund 305	103,700	45,234	(980)	102,720	
402 DIF Public Facilities						
402-0000-0303-192	DIF - City	5,750	25,411	22,000	27,750	Increase in development activity.
402-0000-0303-193	DIF - Fire	2,875	12,674	11,000	13,875	Increase in development activity.
402-0000-0303-194	DIF - Police	1,406	5,510	4,800	6,206	Increase in development activity.
402-0000-0303-195	DIF - Library	2,469	12,238	11,000	13,469	Increase in development activity.
402-0000-0306-050	Interest Earnings	220	172	-	220	
	Total Fund 402	12,720	56,005	48,800	61,520	
403 DIF Transport.						
	Interest Earnings	-	54	100	100	Record interest earned by this fund.
	Develop Impact Fee	-	13,971	14,000	14,000	Increase in development activity.
	Total Fund 403	-	14,025	14,100	14,100	
404 DIF Parkland						
	Develop Impact Fee	-	57,160	57,160	57,160	Increase in development activity.
	Interest Earnings	400	199	-	400	
	Total Fund 404	400	57,359	57,160	57,560	
405 DIF Water						
405-0000-0303-197	DIF Water	4,413	16,993	17,650	22,063	Increase in development activity.
405-0000-0306-050	Interest Earnings	2,400	218	(1,900)	500	Less cash reduces interest earnings.
	Total Fund 405	6,813	17,211	15,750	22,563	
406 DIF Sewer						
	All Accounts	30,430	20,140	-	30,430	
407 DIF Storm Drain						
407-0000-0303-199	DIF Storm Drain	925	35,052	35,000	35,925	Increase in development activity.
407-0000-0306-050	Interest Earnings	400	162	-	400	
	Total Fund 407	1,325	35,214	35,000	36,325	

CITY OF FILLMORE
2010/11 MIDYEAR BUDGET REVIEW
REVENUE ANALYSIS

Fiscal Year 2010/2011

Account Number	Description	Current Budget	Year to date 12/31/2010	Recommended		Explanation
				Adjust.	Budget	
504 Water Replace.	All accounts	55,180	27,550	-	55,180	
507 Vehicle Replace.	Transfers In	105,500	52,750	-	105,500	
508 Sewer Rate Stabl.	Interest Income	32,000	16,158	-	32,000	
701 Veterans MD	All accounts	163,842	29,423	-	163,842	
702 Storm Wtr NPDES	All Accounts	24,812	3,796	-	24,812	
708 Sr. Center, Inc.						
708-0000-0306-050	Interest Income	50	143	230	280	Interest income exceeding expectations.
708-0000-0378-125	Other Misc. Revenue	100	1,075	1,000	1,100	Refund of sales tax - amended return
708-0000-0378-226	Fireworks	30,000	40,298	15,000	45,000	Successful Fireworks season
708-0000-0378-231	Treasure Box	-	308	600	600	New Revenue Program
Fund 701	All other Accounts	74,900	32,840	-	74,900	
	Total Fund 701	105,050	68,824	16,830	121,880	
802 Public Finance Authority	All Accounts	1,407,030	1,008,883	-	1,407,030	
803 CFD # 1						
803-0000-0303-230	Special Taxes	189,360	177,353	-	189,360	
803-0000-0306-050	Interest Earnings	700	337	-	700	
	Total Fund 803	190,060	177,690	-	190,060	
804 CFD # 2	All accounts	76,315	39,698	-	76,315	
805 WWTP Loan Pmt	Transfers In	93,945	46,973	-	93,945	
806 CFD # 3						
806-0000-0303-230	Special Taxes	170,000	94,773	-	170,000	
806-0000-0306-050	Interest Earnings	1,200	785	-	1,200	
	Total Fund 806	171,200	95,558	-	171,200	
808 LaSalle Lease	Transfers In	145,957	72,978	-	145,957	
809 CFD # 5						
809-0000-0303-230	Special Taxes	160,000	97,513	-	160,000	
809-0000-0306-050	Interest Earnings	600	1,387	2,000	2,600	Increased cash increases interest revenue.
	Total Fund 809	160,600	98,900	2,000	162,600	
811 CFD # 6	Special Taxes	169,000	106,459	-	169,000	Estimate based on actual assessment..
Total All City Operating Funds Revenue/Transfers In		21,243,131	9,156,006	195,106	21,438,237	

**CITY OF FILLMORE
2010/11 MIDYEAR BUDGET REVIEW
EXPENDITURE ANALYSIS**

Fiscal Year 2010/2011

Fund Number/ Fund Name	Account/Division	Description	Current Budget	Year to date 12/31/2010	Recommended		Explanation
					Adjustment	New Budget	
101 General Fund							
	4101 City Council	All Accounts	24,600	5,851	-	24,600	
	4102 City Attorney	All Accounts	380,000	192,321	-	380,000	
	4103 City Clerk	0031-322 Vision 2020	-	152	300	300	Currently no budget; Vision 2020 members seek reimbursement for misc costs (Angela)
	4103	All Other Accounts	66,489	28,031	-	66,489	
	4207 Administration	0031-304 Meetings/Travel	2,620	2,685	1,000	3,620	Costs associated with candidates - DCM & Finance
	4207	All Other Accounts	146,260	82,972	-	146,260	
	4208 Central Support	0021-269 Computer Maintenance	10,000	27,712	24,500	34,500	Springbrook's annual maintenance contract is approximately \$22,000, the City was given a credit in FY09 for the Development Permitting system. The information used for the FY2011 budget was understated by \$18,799. Also, needed to increase the number of licenses for email accounts.
	4208	All Other Accounts	303,858	157,518	-	303,858	
	4209 Government Bldgs	All Accounts	307,703	106,907	-	307,703	
	4210 Risk Management	All Accounts	430,668	363,826	-	430,668	
	4313 Police Services	0021-212 School Resource Officer	153,767	52,325	2,772	156,539	
		0021-213 County Sheriff, Basic	3,126,078	1,292,380	39,611	3,165,689	Increase due to county board rate increase 2.18% mid year adjusted
		0021-218 Sheriff Special Events	30,800	33,096	34,200	65,000	Increase is due to filming costs and major crime investigations.
	4313	All Other Accounts	111,820	32,456	-	111,820	
	4314 Fire Protection	0031-307 Office Supplies	300	500	200	500	Over budget at this time by \$200.
		0031-303 Dues & Subscriptions	-	-	1,500	1,500	This is an annual reporting charge Jan. thru Dec. 2011. Did not add this to last years budget. Mandated Reporting
		0031-318 Training Expense	5,000	2,026	3,400	8,400	Sending Captain and Engineer to Truck Operation Training. This training will be a two week training and both of them will come back and train the other 65 members. This will also include 4 days of officer training that Captain will be attending in San Diego.
	4314	All Other Accounts	781,803	364,054	-	781,803	
	4315 Animal Regulation	All Accounts	57,500	16,108	-	57,500	
	4316 Regulation/Enforce.	All Accounts	65,922	31,158	-	65,922	
	4425 Central Garage	All Accounts	145,645	80,940	-	145,645	
	4528 Planning	0021-294 General Plan	-	-	3,000	3,000	To Amend General Plan per Instructions from Counsel.
	4528	All Other Accounts	82,520	39,748	-	82,520	
	4532 Cable TV/Com. Pro.	All Accounts	25,768	5,137	-	25,768	
	4533 Economic Devel.	All Accounts	200,370	45,100	-	200,370	
	4534 Engineering	All Accounts	111,505	38,227	-	111,505	
	4535 Building & Safety	0031-303 Dues & Subscriptions	-	-	400	400	New Building Code Book
		0031-304 Meetings & Travel	300	275	200	500	Misc. educational luncheons
		0031-318 Certification Expense	1,500	1,390	(110)	1,390	Done for the fiscal year.
	4535	All Other Accounts	138,574	53,864	-	138,574	
	4743 Parks	0021-263 Two Rivers Park Maint.	25,000	58	(15,000)		Delay in opening park reduced maintenance costs.
	4743	All Other Accounts	476,846	137,382	-	476,846	
	8500 Transfers out	4744-304 Transfer Out	87,172	43,586	-	87,172	
		Total Fund 101	7,300,388	3,237,785	95,973	7,396,361	
101A General Fund Sales Tax Advance			570,000	-	70,000	640,000	

**CITY OF FILLMORE
2010/11 MIDYEAR BUDGET REVIEW
EXPENDITURE ANALYSIS**

Fiscal Year 2010/2011

Fund Number/ Account/Division	Description	Current Budget	12/31/2010 Year to date	Recommended		Explanation
				Adjustment	New Budget	
203 Gas Tax Fund	4421 Street & Drains	25,058	32,400	28,241	53,299	Additional funds pending transfer of street sweeping function.
	All Other Accounts	372,281	179,518	-	372,281	
	Total Fund 203	397,339	211,918	28,241	425,580	
204 Local Transportation Fund	4421-203 Transfer Out	130,000	-	(130,000)	-	Pop 42 Funds ended 09/10, new gas tax 2103 in Fund 203.
	All Other Accounts	61,700	61,700	-	515,490	
	Total Fund 204	645,490	61,700	(130,000)	515,490	
206 Lighting/Landscape	All Accounts	523,925	113,793	-	523,925	
207 Storm Drain Assmt.	All Accounts	89,323	19,006	-	89,323	
208 CDBG Fund	All Accounts	100,000	-	-	100,000	
210 Public Transit	All Accounts	392,090	-	-	392,090	
211 Bike Path Maint.	All Accounts	16,957	4,830	-	16,957	
212 Solid Waste Fund	All Accounts	123,196	33,545	-	123,196	
301 Sewer Fund	Transfer to RDA Capital	4,600,000	2,300,000	(4,600,000)	-	Eliminate Transfer to RDA Capital
	Transfer to WWTP Project	-	-	3,490,163	3,490,163	Transfer bond proceeds to project fund
	All Other Accounts	6,698,663	2,743,696	-	6,698,663	
	Total Fund 301	11,298,663	5,043,696	(1,109,837)	10,188,826	
302 Water Fund	All Accounts	2,881,767	1,087,521	-	2,881,767	
303 Town Theater Fund	All Accounts	74,169	35,361	-	74,169	
304 Recreation Fund	All Accounts	153,160	66,225	-	153,160	
305 Swimming Pool Maint.	All Accounts	246,134	88,108	-	246,134	
402 DIF Public Facilities	All Accounts	-	-	-	-	
404 DIF Parkland	Transfer Out	46,400	23,200	-	46,400	
405 DIF Water	Transfer Out	42,000	3,500	-	42,000	
406 DIF Sewer	Transfer Out	117,248	56,124	-	117,248	
407 DIF Storm Drain	Transfer Out	15,000	6,000	-	15,000	
504 Water Replacement	Transfers Out	55,500	27,750	-	55,500	
506 General Purpose Reserve	All Accounts	100,000	50,000	-	100,000	
507 Vehicle Replacement	Transfers Out	85,885	42,943	-	85,885	
508 Sewer Rate Stabilization	Transfer Out	1,000,000	500,000	-	1,000,000	
701 Veterans Memorial Dist.	All Accounts	142,120	59,950	-	142,120	
702 Storm Drain NPDES Fund	All Accounts	35,819	8,452	-	35,819	
708 Senior Center Fund	All Accounts	109,507	57,950	-	109,507	
802 Public Finance Authority	All Accounts	1,403,934	534,698	-	1,403,934	
803 Community Facilities District #1	All Accounts	198,043	130,754	-	198,043	
804 Community Facilities District #2	All Accounts	79,410	59,807	-	79,410	
805 Wastewater Treatment Plant Loan	All Accounts	93,945	93,945	-	93,945	
806 Community Facilities District #3	All Accounts	172,824	89,762	-	172,824	
808 LaSalle Capital Lease	All Accounts	145,966	49,102	-	145,966	
809 Community Facilities District #5	All Accounts	10,355	5,175	-	10,355	
811 Community Facilities District #6	All Accounts	10,083	2,109	-	10,083	
	Total City Operating Funds Expenditures/Transfers Out	28,676,640	11,804,709	(1,045,623)	27,631,017	

**2010/11 Midyear Review
Summary**

AGENCY/FUNDS	2011 Adopted Budget				Midyear Recommends		Recommended Midyear Budget			
	Avail. Bal. 6/30/2010	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Projected Balance	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Projected Bal. 6/30/11	
CAPITAL IMPROVEMENTS										
443	Intermodal Transportation Ctr	28,628	-	-	28,628	-	28,628	-	28,628	-
445	Heritage Valley Tourism	21,370	-	-	21,370	-	21,370	-	21,370	-
447	Sespe Creek Bike Path	45,127	-	-	45,127	-	45,127	-	45,127	-
450	Signals	(109,127)	-	-	(109,127)	109,127	-	109,127	-	-
453	Well #9	687,000	-	687,000	-	-	-	-	687,000	-
460	Parking Lot Project	195,433	-	195,433	-	-	-	-	195,433	-
463	Waste Water Recycling Project	(2,419,737)	800,000	3,255,800	(4,875,537)	2,923,737	(1,951,800)	3,723,737	1,304,000	-
464	Park Project Development	705,908	102,200	478,410	329,698	13,060	342,758	115,260	821,168	-
467	Street Project (B Street)	(3,777)	-	395,165	(398,942)	400,000	-	400,000	395,165	1,058
468	Central Ave Storm Drain	95,266	-	-	95,266	-	95,266	-	95,266	-
470	Pool Underground and Design	153	-	-	153	-	-	-	-	153
471	Storm Drain Weir River	206,000	-	20,000	186,000	-	-	-	20,000	186,000
472	Pole Creek Bike Path	-	65,000	65,000	-	-	-	65,000	65,000	-
473	Mountain View RR X-ing	-	-	-	-	-	-	-	-	-
474	BTA Bike Path	1,485	346,500	342,085	5,900	-	-	346,500	342,085	5,900
475	Business Park Infrastructure	1,000,000	-	1,000,000	-	-	-	-	1,000,000	-
479	Sidewalk Repair	147,806	-	145,606	2,200	-	-	-	145,606	2,200
480	"A" St. Waterline Replace.	94,400	-	94,400	-	-	-	-	94,400	-
490	Corporation & Fire Stations	516,540	-	516,540	-	-	-	-	516,540	-
		1,212,475	1,313,700	7,195,439	(4,669,264)	3,445,924	(1,418,651)	4,759,624	5,776,788	195,311
REDEVELOPMENT AGENCY										
901	RDA - Low/Mod Housing	2,548,223	489,600	925,762	2,112,061	750,000	531,000	1,239,600	1,456,762	2,331,061
902	RDA - Central City	(1,640,572)	4,668,250	2,333,272	694,406	(2,897,659)	(650,000)	1,770,591	1,683,272	(1,553,253)
905	RDA - Debt	2,142,207	3,645,500	3,376,017	2,411,690	-	1,000,000	3,645,500	4,376,017	1,411,690
		3,049,858	8,803,350	6,635,051	5,218,157	(2,147,659)	881,000	6,655,691	7,516,051	2,189,498

CITY OF FILLMORE
2010-2011 MIDYEAR BUDGET REVIEW
CAPITAL IMPROVEMENT PROGRAM REVENUE/EXPENDITURE ANALYSIS

Fund/Account Number	Description	Fiscal Year 2010-2011					Explanation	
		Current Budget	Carryover Balance	Amended Budget	Yr to date 12/31/2010	Recommended		
						Adjustment		Budget
REVENUE/TRANSFERS IN								
450 - Signals	Transfers In	-	-	-	-	109,127	109,127	\$28,628 from Fd 443; \$80,499 from Fd 468
463 WWTP	Transfer In (Sewer Bond)	150,000	-	150,000	75,000	3,490,163	3,640,163	Bond Funds not drawn down in 2009/10
	Developer Contributions	-	-	-	83,574	83,574	83,574	KDF Reimbursement for share of project
	Transfer In (RDA Capital)	650,000	-	650,000	325,000	(650,000)	-	Transfer from RDA not needed.
464 Park Projects	Total Revenue/Tsfers In	102,200	-	102,200	1,100	13,060	115,260	Grant budgeted at \$100k, will be \$113,060.
467 Street Projects	Total Revenue/Tsfers In	-	-	-	-	400,000	400,000	Federal Stimulus Funds not rec'd in 2009/10.
470 Pool U'ground/Design	Transfers In	-	-	-	-	-	-	
472 Pole Creek BikeP	CMAQ Grant/Transfer In	65,000	-	65,000	-	-	65,000	
474 BTA Bike Path	BTA Grant/Transfer In	346,500	-	346,500	15,750	-	346,500	
	Total CIP Revenue/Transfers In	1,163,700	-	1,163,700	341,850	3,336,797	4,759,624	
EXPENDITURES/TRANSFERS OUT								
443 Intermodal Trans. System		-	-	-	-	28,628	28,628	Tsfr to cover Signal Project Fund 450
445 - Heritage Valley Tourism		-	-	-	-	21,370	21,370	Transfer back to 902 where it came from.
447 Sespe Creek Bike Path		-	-	-	-	45,127	45,127	Transfer back to 902 where it came from.
453 Well # 9 Capital Improve		687,000	-	687,000	533,532	-	687,000	
460 CIP - Parking Lot Project		210,000	(14,567)	195,433	5,000	-	195,433	
463 WW Recycling Treat Plant		3,255,800	-	3,255,800	999,323	(1,951,800)	1,304,000	Reduce approp. - project nearly complete
464 Park Project	Ballfield Backstops	450,000	28,410	478,410	2,225	(278,410)	200,000	Reduce approp. - only 1 ballfield approved.
	Transfer to RDA Fund 902	-	-	-	-	621,168	621,168	Transfer Balance back to RDA
467 Street Projects								
467-6914-0044-401	B St Cape Seal	10,000	19,600	29,600	20,032	-	29,600	
467-6914-0044-721	Mt. View/A St. Overlay	350,000	15,565	365,565	363,833	-	365,565	
468 Central Storm Drain	Transfers Out	-	-	-	-	95,266	95,266	Transfer \$80,499 to Fd 450; \$14,767 to Fd 902.
471 Storm Drain	Weir River	20,000	-	20,000	-	-	20,000	
472 Bike Path	Pole Creek	65,000	-	65,000	-	-	65,000	
474 BTA Bike Path	BTA Bike Path	340,600	1,485	342,085	3,190	-	342,085	
475 Business Park	Infrastructure	1,000,000	-	1,000,000	924,073	-	1,000,000	
479 Sidewalk Repair	Sidewalk Repair	147,800	(2,194)	145,606	-	-	145,606	
480 Waterline Replace.	"A" Street	-	94,400	94,400	45,302	-	94,400	
490 Corp Yard & Fire Station		504,480	12,060	516,540	-	-	516,540	
	Total CIP Expend/Transfers Out	7,040,680	154,759	7,195,439	2,896,510	(1,418,651)	5,776,788	

**FILLMORE REDEVELOPMENT AGENCY
2010-2011 MIDYEAR BUDGET REVIEW
REVENUE AND EXPENDITURE ANALYSIS**

Fiscal Year 2010-2011

Account Number	Description	Current Budget	Year to date 12/31/2010	Recommended		Explanation
				Adjustment	Budget	
REVENUE/TRANSFERS IN						
901 RDA Housing	0391-902 SERAF	(750,000)	-	750,000	-	SERAF amount to be paid should be an expense rather than a revenue per the auditors.
	All Other Accounts	1,239,600	644,655	-	1,239,600	
902 RDA Central City	Transfer In Fund 301	4,600,000	2,300,000	(4,600,000)	-	Eliminate transfer from Sewer Fund
	Transfer In Fund 445	-	-	21,370	21,370	Return funds from Fund 445
	Transfer In Fund 447	-	-	45,127	45,127	Return funds from Fund 447
	Transfer In Fund 464	-	-	621,168	621,168	Transfer Excess back to RDA
	Transfer In Fund 468	-	-	14,676	14,676	Transfer Excess back to RDA
	Transfer from Fund 905	-	-	1,000,000	1,000,000	
			-			Transfer Excess Tax Increment from Fund 905
	All Other Accounts	68,250	108,410	-	68,250	
905 RDA Debt Service	All accounts	3,645,500	2,591,638	-	3,645,500	
	Total RDA Rev/Tsfrs In	8,803,350	5,644,703	(2,147,659)	6,655,691	
EXPENDITURES/TRANSFERS OUT						
901 RDA Housing	SERAF Payment	-	-	491,000	491,000	To record the reduced SERAF Payment as an exp.
	Housing Legal	-	-	60,000	60,000	Record housing legal here rather than Gen Fund
	Transfer to Fd 101 Legal	20,000	10,000	(20,000)	-	Remove transfer to directly charge to Hsg Fund
	All Other Accounts	905,762	303,907	-	905,762	
902 RDA Central City	All Accounts	2,333,272	1,070,018	(650,000)	1,683,272	Transfer to WWTP Project Fund not needed.
905 RDA Debt Service	Transfer to Fd 902			1,000,000	1,000,000	Transfer Excess Tax Increment to Fund 902
	All Accounts	3,376,017	1,829,892	-	3,376,017	
	Total RDA Exp/Tsfrs Out	6,635,051	3,213,817	881,000	7,516,051	

**CITY OF FILLMORE AND FILLMORE REDEVELOPMENT AGENCY
PROJECTED THROUGH JUNE 30, 2012**

FUNDS		Projected	Revenue/	Expend./	Projected	NOTES
		Bal. 6/30/11	Trsfrs In	Trsfrs Out	Bal. 6/30/12	
CITY OPERATING FUNDS						
101	General Fund	146,761	5,479,370	7,570,361	(1,944,230)	Elim. \$1M tsfrs from 902; incl 5% sheriff increase
203	Gas Tax Fund	(73,452)	438,688	372,455	(7,219)	Reduces expenditure for street sweeping \$75k.
204	Local Transportation	117,521	393,590	515,490	(4,379)	
206	Lighting/Landscape	294,735	452,505	523,925	223,315	
207	Storm Drain Assmt	1,036,800	234,158	89,323	1,181,635	
208	CDBG	70,023	100,000	100,000	70,023	
210	Public Transit	209	392,090	-	392,299	
211	Bike Path	7,219	1,160	16,957	(8,578)	
212	Solid Waste	41,301	104,600	123,196	22,705	
301	Sewer	1,181,152	6,852,231	6,762,826	1,270,557	Incl \$1M from rate stabilization;elim. 3.4m tsfr out.
302	Water	326,718	2,814,000	2,814,767	325,951	Incr. Total rev. by 12%; Elim. \$67k in 1-time charges
303	Town Theater	(382,002)	51,480	74,169	(404,691)	
304	Recreation	(46,139)	133,300	153,160	(65,999)	
305	Swimming Pool	(189,252)	102,720	246,134	(332,666)	
402	DIF - Public Facilities	101,967	31,520	-	133,487	Reduce income by \$30K.
403	DIF - Transportation	5,129	9,100	-	14,229	Reduce income by \$5K.
404	DIF - Parkland	151,396	27,560	46,400	132,556	Reduce income by \$30K.
405	DIF - Water	(710,980)	12,563	42,000	(740,417)	Reduce income by \$10K.
406	DIF - Sewer	310,628	15,430	-	326,058	Reduce income by \$15K
407	DIF - Storm Drain	136,325	18,325	15,000	139,650	Reduce income by \$18k
502	Replacement - General	-	-	-	-	
503	Replacement - Sewer	6,183	-	-	6,183	
504	Replacement - Water	240,180	55,180	55,500	239,860	
506	Reserve - General Purpose	1,443,997	-	100,000	1,343,997	
507	Replacement - Vehicle	-	105,500	85,885	19,615	
508	Rate Stabilization	4,001,152	32,000	1,000,000	3,033,152	
701	Veterans Memorial	223,084	163,842	142,120	244,806	
702	Nat'l Pollutants DE	22,389	24,812	35,819	11,382	
708	Fillmore Senior Center	45,008	121,880	109,507	57,381	
802	Public Finance Authority (PFA)	11,678	1,407,030	1,403,934	14,774	
803	Community Facilities Dist. #1	83,425	190,060	198,043	75,442	
804	Community Facilities Dist. #2	67,291	76,315	79,410	64,196	
805	State WWTP Loan	-	93,945	93,945	-	
806	Community Facilities Dist. #3	273,063	171,200	172,824	271,439	
808	Osh Kosh Capital Lease	-	145,966	145,966	-	
809	Community Facilities Dist. #5	558,673	162,600	10,355	710,918	
811	Community Facilities Dist. #6	414,671	169,000	10,083	573,588	
Total City Operating		9,916,853	20,583,720	23,109,554	7,391,019	

**CITY OF FILLMORE AND FILLMORE REDEVELOPMENT AGENCY
PROJECTED THROUGH JUNE 30, 2012**

FUNDS	Projected Bal. 6/30/11	Revenue/ Trsfrs In	Expend./ Trsfrs Out	Projected Bal. 6/30/12	NOTES	
						CAPITAL IMPROVEMENTS
467	Street Project (B Street)	1,058	-	-	1,058	
470	Pool Underground and Design	153	-	-	153	
471	Storm Drain Weir River	186,000	-	186,000	-	
474	BTA Bike Path	5,900	-	-	5,900	
479	Sidewalk Repair	2,200	-	-	2,200	
	Total CIP	195,311	-	186,000	9,311	
REDEVELOPMENT AGENCY						
901	RDA - Low/Mod Housing	2,331,061	1,839,600	935,762	3,234,899	Eliminates \$491k exp. for state take away; reduces legal by \$40k; includes \$600k SERAF
902	RDA - Central City	(1,553,253)	68,250	603,272	(2,088,275)	Elim. \$1M tsfr to GF; elim. \$80k one time exp
905	RDA - Debt	1,411,690	3,645,500	3,976,017	1,081,173	Includes repayment of \$600K SERAF
	Total RDA	2,189,498	5,553,350	5,515,051	2,227,797	



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Living With Proposition 26 of 2010 ***Many Local Fees Will Fit Within Seven Categories of Exemptions***

On Nov. 2, 2010, California voters approved Proposition 26, the "Stop Hidden Taxes Initiative," by 52.5 percent. In some limited instances, Prop. 26 may require new fees, or existing fees that are extended or increased, to be classified as special taxes requiring approval by two-thirds vote of local voters. Local governments must understand, however, that the Prop. 26 provisions applicable to local government contain seven categories of exceptions to this voter-approval requirement. The vast majority of fees that cities would seek to adopt will most likely fall into one or more of these exemptions. Further, the local provisions of Prop. 26 only apply to fees imposed, extended or increased after Nov. 3, 2010. Fees in place prior to this date will not be subject to voter approval.

Prop. 26 is aimed at a particular class of fees imposed by state and local governments commonly referred to as "regulatory fees." These fees are placed on a particular class of persons or businesses from which the revenues are used to provide a benefit to the public as well as the fee payor. These regulatory fees are typically intended to mitigate the societal and environmental impacts of a business' or person's activities.¹

Background

State and local governments impose regulatory fees on businesses and individuals to pay for the cost of public programs or projects necessary to regulate activity of the business or person. Well known regulatory fees in local government include fees for the issuance of a license or permit, the conduct of an investigation or inspection, and the administration and maintenance of a system of supervision and enforcement of regulated activity to protect the public health and safety. They also include parking permits, alarm permits, pet licenses, concealed weapons permits; bicycle licenses; alcohol/drug-related emergency response; permits for regulated commercial activities (e.g., dance hall, bingo, card room, check cashing, taxicab, peddlers, catering trucks, massage parlor, firearm dealers, etc.).

However, regulatory fees also have been imposed to mitigate past, present and future adverse impacts of of business' operations. The California Supreme Court in 1997 ruled in *Sinclair Paint Co. v State Board of Equalization* that those charged a fee need not benefit from the fee's proceeds as long as the fee bears a reasonable relationship to the negative impact imposed on society from the activities of those charged the fee. The *Sinclair* fee upheld by the Court was a state-imposed fee on companies that use lead in the manufacture of paint and other products. The proceeds of the fee were used to fund programs to screen and treat children for lead poisoning, and to otherwise mitigate the societal and environmental consequences of lead contamination.

Subsequent to this decision, the state and some cities adopted or considered new types of fees. For example, a few cities imposed fees on owners of establishments that sell alcoholic beverages to mitigate the documented consequences and effects of those businesses, beyond just supplemental law enforcement at those businesses. Some local governments and the state have considered fees on sweetened beverages to fund anti-obesity and other public health programs.

Taxes and Regulatory Fees Under Prop. 26

¹ This article addresses the local government implications of Proposition 26. There are additional and somewhat different implications for the state, including a change in the two-thirds legislative approval requirement for taxes and different effective dates.

Living with Proposition 26

Prop. 26 adds a new definition of "tax" into the California Constitution providing that any government-imposed charge, levy or exaction of any kind is a tax unless it falls into one of a seven express exemptions.

Local Government Taxes under Prop. 26. The measure adds the following language (identified by italics) to Article XIII C of the California Constitution (a portion of Prop. 218 governing taxes):

SECTION 1 (e) As used in this article, "tax" means any levy, charge or exaction of any kind imposed by a local government, except the following:

- (1) *A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.*
Specific Benefit Exemption. Examples: planning permits, police permits, street closure permits, parking permits in restricted zones, some franchises — to the extent the privilege is not provided to those not charged, and the fee does not exceed the local government's reasonable costs of service to the fee payer.
- (2) *A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.*
Specific Government Service or Product Exemption. Examples: user fees including for utilities (most retail water, sewer, trash and stormwater fees are exempt under exemption #7, discussed below), public records copying fees, DUI emergency response fees, emergency medical and ambulance transport service fees, recreation classes, weed abatement to the extent that the service or product privilege is not provided to those not charged, and the fee does not exceed the reasonable costs of service to the local government.
- (3) *A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.*
Permits and Inspections Exemption. Examples: permits for regulated commercial activities (e.g., dance hall, bingo, card room, check cashing, taxicab, peddlers, catering trucks, massage parlor, firearm dealers, etc.); fire, health, environmental, safety permits; police background checks; pet licenses; bicycle licenses; (where the costs do not exceed the reasonable regulatory costs to the local government for issuing the license or permit.)
- (4) *A charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property.*
Local Government Property Exemption. Examples: facility rental fees, room rental fees, equipment rental fees, on and off-street parking, tolls, franchise, park entrance, museum admission, zoo admission, tipping fees, golf green fees, etc.
- (5) *A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.*
Penalty for Illegal Activity Exemption. Examples: parking fines, code enforcement fees and penalties, late payment fees, interest charges and other charges for violation of the law.
- (6) *A charge imposed as a condition of property development.*
Property Development Exemption. Examples: planning, CEQA, and building permit fees, construction permits, development impact fees, fees imposed to remedy the effects of the fee payor's operation that are imposed as a condition of property development (including CEQA mitigation measures requiring the payment of money).
- (7) *Assessments and property related fees imposed in accordance with the provisions of Article XIII D. (Proposition 218).*
Prop. 218 Exemption. Examples: assessments on real property for special benefit conferred, fees imposed upon a parcel or a person as an incident of property ownership, and fees for a property related service such as many retail water and sewer fees.

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A fee or charge that is not "imposed by a local government" is not covered by Prop. 26. Consequently, payments that are made pursuant to a voluntary contract or other agreement, and that are not otherwise "imposed" by a government's power to coerce as a government monopoly, are not taxes. This occurs when there is a market in which public and private entities provide the same service or product.

Effective Dates

With regard to the local government provisions of Prop. 26, the measure applies to any levy, charge or exaction imposed, increased, or extended by local government on or after Nov. 3, 2010. Thus, fees adopted prior to that date are not subject to the measure until they are increased or extended, and it is determined that none of the exemptions applies.

Frequently Asked Questions

Q: How does Prop. 26 affect fees or charges adopted prior to Nov. 3, 2010?

A: Nov. 3, 2010 was the effective date of Prop. 26 for local governments. The law applies to levies, charges or exactions of any kind imposed on or after that date. Therefore, Prop. 26 does not apply unless a fee is proposed to be extended or increased.

Q: My city intends to seek voter approval for a utility users tax (UUT) or hotel tax (TOT) increase next year. How does Prop. 26 affect this?

A: Prop. 26 does not alter the rules for taxes. A tax increase or extension continues to be subject to voter approval requirements for general and special taxes.

Q: We have a fee — approved by the city council prior to Nov. 3, 2010 — that includes an automatic CPI escalator. Will those adjustments now be subject to the Prop. 26 rules including voter approval?

A: Probably not. Language in Prop. 218 and the laws implementing it suggest that those cost of living adjustments were imposed prior to the effective date of Prop. 26. An automatic inflationary adjustment is not a new imposition of a levy, charge or exaction because a fee is "imposed" when the governing body approves it, not when the fee takes effect. An inflationary adjustment to a levy, charge or exaction including a fee is merely a fee category set to begin at a certain future effective date. The fee is not "increased" when it is adjusted for inflation (see Government Code Section 53750(h)(2)(A)). As was the case under pre-Prop. 26 law, a fee for providing a service, product, privilege, or regulatory action — including the cost escalator — is limited to the reasonable costs to the city of carrying out the activity.

Q: Most of our fees are for utility services (water, sewer, garbage). Are future increases of these subject to Prop. 26?

A: Property-related fees imposed in accordance with Prop. 218 (California Constitution Article XIID) must continue to follow those rules. Fees that are subject to Prop. 218 are exempt from Prop. 26. For utility fees not subject to Prop. 218 (gas and electricity, for example,) the exemptions for a charge for a "specific benefit conferred or privilege granted" [Section 1(e)(1)], a charge for a "specific government service or product provided" [Section 1(e)(2)], or a "charge imposed as a condition of property development" [Section 1(e)(1)] may apply. Prop. 218 allows utility fees to be adjusted for inflation and to pass through wholesale water costs without property owner approval or a protest hearing under some circumstances.

Q: My city provides discounted rates for certain fees including: (1) a senior citizen rate for museum admission; (2) a low income rate for sewer service; and (3) free copies of the annual budget to elected and appointed officials (we charge others a fee to cover costs). For fees imposed after Nov. 3, 2010, does Prop. 26 affect these?

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A1: A charge for entrance to or use of government property is exempt from the definition of tax in Prop. 26 and is not subject to cost-of-service rules that may make discounts or fee waivers problematic.

A2: Fees for government-provided sewer services are property related fees under Prop. 218 (California Constitution Article XIII D, section 6). Discounts (low income, senior, etc.) may be valid as long as the costs of the service are not funded by higher rates charged to ratepayers ineligible for the discount, but are instead funded from other sources, such as a general fund transfer or donations from other customers.

A3: Prop. 26 is not completely clear as to the providing of free products or services to some where others are charged for the same product or service. Regardless, the costs of products or services provided to some at no cost may not be recovered from fees imposed on others for the same product or service.

Q: Each year my city adopts a comprehensive "fee schedule" by resolution. If a fee included in the schedule is not changed from the prior year, does it have to comply with Prop. 26?

A: No. A resolution adopting a "fee schedule" typically does not "impose" the fee. Rather it is a listing of all fees for the benefit of the public. If, however, a particular fee "sunset" and then appears on the annual fee schedule, the fee is being "imposed" and the impact of Prop. 26 needs to be evaluated. However, a court recently ruled that restating a fee in a master fee schedule adopted by city council action opened a new statute of limitations to challenge that fee. Accordingly, many city attorneys now recommend that master fee schedules be maintained administratively and that the council approve only fee amounts that change.

Q: Will the fees that the county imposes on our city, such as Property Tax Administration Fees and Booking Fees have to comply with Prop. 26?

A: Fees in place prior to Nov. 3, 2010 are not affected by Prop. 26. Fees extended or increased after that date would have to comply with Section 1(e)(2) "for a specific service...provided directly to the payor that is not provided to those not charged." As under prior law, the fees would be limited to the reasonable costs to the county for providing the service. The fees could only be applied if the services are not provided to those not charged. Prop. 26 language is broad and unequivocal and will not support an argument that inter-governmental fees are not included within its reach. Indeed, if one government could over-charge another, the ultimate impact would be on the tax- and rate-payers of the government that is overcharged.

Q: What about our Franchise Fees (cable/video, telephone and electricity, oil and gas pipeline, solid waste)? Are future increases now taxes under Prop. 26?

A: The Digital Infrastructure and Video Competition Act (DIVCA) of 2008 provides for franchise payments to local governments. These are state-imposed fees that are characterized as "rent or toll" for the use of local government property, and therefore they are not taxes under the exemption in Section 1(e)(4). Other franchises, including those for telephone, electricity, oil and gas and solid waste may be granted by cities and counties subject to negotiation and, in other cases, subject to limitations imposed by state law. The payments under these negotiated agreements or authorized by state law are not "imposed" by the local government, and nevertheless are "for entrance to or use of local government property." They are therefore not taxes within the meaning of Prop. 26. However, the word "franchise" is sometimes used for agreements that do not involve use of government property (and payments under such agreements may be voluntary rather than "imposed" by government), so it will be important to consult with your city attorney about such fees.

Q: Do we now have to cost-justify increases in our parking fines? Facility rental fees? Other fines and penalties? Development impact fees?

A: No. Parking fines are exempt as a fine or penalty (Section 1(e)(5)) or as "a charge imposed for the entrance to or use of local government property" [Section 1(e)(4)], as are facility rental fees. Charges

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imposed as a condition of property development [Section 1(e)(6)] are similarly exempt from Prop. 26. However, limitations on development impact fees are found in Government Code Section 66000 (Fee Mitigation Act) and in other law.

Q: We want to increase our fees for nuisance abatement to clean up properties that are out of compliance with local codes (weed abatement, abandoned vehicles, etc.). Would this increase be a tax under Prop. 26?

A: Section 1(e)(5) stipulates that a charge imposed as a result of a violation of the law is not a tax. A nuisance abatement fee may also be a "service provided directly to the payor," if it "is not provided to those not charged," and "does not exceed the reasonable costs...of providing the service..." [Section 1(e)(2)]

Q: We are considering a new Business Improvement District Assessment under the 1989 Parking and Business Improvement District Act. The assessment would be on persons, not property (so it's not a Prop. 218 assessment). How will Prop. 26 affect this?

A: Given that a 1989 Act assessment is not property-related, it does not fall under the Prop. 218 exemption, and may not readily fall under any other exemption. But it is important to review the exact services funded by the assessment to determine whether the services provide a direct benefit to the business or person paying the assessment. For those assessments that may not qualify for an exemption, the following possible alternatives may be available:

- A two-thirds voter-approved special tax, with the use of the proceeds specified in the ordinance.
- A property-related assessment imposed under the Property and Business Improvement District Law of 1994 in accordance with the provisions of Prop. 218 (Cal Const Article XIID).
- An assessment or fee imposed for specific benefits, privileges, services and/or products provided to the payors, which is (a) not provided to those not charged; and (b) does not exceed the reasonable costs of what is provided.

Conclusion

There are many uncertainties about Prop. 26. The debate has now begun as to its meaning and its implications. State legislation and litigation will clarify some provisions in time. In the meantime, local agency officials are advised to:

- Familiarize yourself with the text of the measure.
- In consultation with your legal counsel, identify any fees or charges which might, if increased or extended after Nov. 3, 2010, be considered taxes under Prop. 26.
- Adopt no new or increased fees (including adjustments to existing fees), without consulting your legal counsel as to whether that action is subject to Props. 218 or 26.
- Consider segregating revenues of a fee amended after the effect date of Prop. 26 from those collected earlier if Prop. 26 will require a narrower use of those proceeds for the amended fee as compared to the earlier proceeds, which are governed by the earlier, more generous standards of the *Sinclair Paint* case.
- Be alert for further changes and clarifications of this area of the law.



1 (c) That none of the funds are to be used for the purposes of paying for
2 employee or contractual services for the City of Fillmore or any other local
3 government agency except for such services which are directly related to
4 redevelopment activities as defined in California Health & safety Code
5 Section 33020 and 33021 and the powers established in Community
6 Redevelopment Law; and

7 (d) That all of the planning and administrative expenditures and
8 appropriations pursuant to the budget to be paid from the Low and
9 Moderate Housing Fund for each Redevelopment Project are consistent
10 with California Health & Safety Code Section 33334.3 in that they are
11 necessary for the production, improvement, or preservation of low and
12 moderate income housing and are not disproportionate to the amounts
13 budgeted for the costs of production, improvement, or preservation of that
14 housing.

15 SECTION 4. That the Agency Secretary shall certify to the passage and adoption of the
16 Resolution and the same shall thereupon take effect and be in force.

17 **ADOPTED AND APPROVED THIS 22nd day of March, 2011.**

18 _____
19 GAYLE WASHBURN, Chairman
20

21 ATTEST:
22

23 _____
24 CLAY WESTLING, Secretary
25
26
27