





Memorandum
Financial Services Department

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager 

FROM: Teri Ferro, Director of Financial Services 

DATE: October 20, 2010

SUBJECT: Financial Status Report

Attached please find a copy of the Financial Status Report for the first quarter ending September 30, 2010. The Finance Department will be providing this quarterly report by the 20th of the following month. The format of the report has been modified to mirror the format presented in the FY 10/11 Operating Budget book, along with internal COGNOS financial reports. Standardizing the format across all financial documents allows for ease of reading and understanding the "financial story."

General Fund revenues as of September 30th came in at 11% which is typical at this time of year due to cyclical receipts of revenues. Overall General Fund expenditures are below 25%. There are no concerns noted at this time.

I am available to answer any questions you may have, and welcome comments on the new format.

cc: City Clerk
City Treasurer
Department Directors



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2010-11
First Quarter Ending September 30, 2010**

The City has completed the first quarter of the 2010-11 fiscal year. This report summarizes the activities of the operating funds, but is not meant to be inclusive of all finance and accounting transactions. It is intended only to provide Council and the public with an overview of the state of the City's general fiscal condition.

GENERAL FUND BUDGET POSITION

The City Council adopted the FY 10/11 budget on June 23, 2010 with approved General Fund revenues of \$113,274,911 and expenditures of \$113,274,957. Table 1 delineates the year-to-date changes to the General Fund budget as of September 30, 2010.

The amended budget for the First Quarter reflects an increase of \$969,488 over the

adopted budget. This is comprised of the following components:

- \$690,814 carry-forward from FY 09/10 for incomplete projects and programs in accordance with Administrative Directive 20. This amount has been set aside in the General Fund Balance as Assigned and Committed reserves.
- \$143,374 for OFA labor agreement approved by City Council on September 22, 2010. This amount will be funded from Unassigned Fund Balance.
- \$135,300 for Fire modular buildings at the training center approved by City Council on September 22, 2010. This amount will be funded from a corresponding increase to the revenues as a transfer from Fund 503.

**Table 1
CHANGES TO GENERAL FUND BUDGET
Fiscal Year 2010-2011**

	Adopted Budget	Amended Budget	Increase (Decrease)
FIRST QUARTER			
<i>Revenues</i>	113,274,911	113,410,211	+135,300
<i>Expenditures</i>	113,274,957	114,244,445	+969,488
SECOND QUARTER			
<i>Revenues</i>	-	-	-
<i>Expenditures</i>	-	-	-
THIRD QUARTER			
<i>Revenues</i>	-	-	-
<i>Expenditures</i>	-	-	-
FOURTH QUARTER			
<i>Revenues</i>	-	-	-
<i>Expenditures</i>	-	-	-



GENERAL FUND REVENUES

Fiscal Year 2010-2011 General Fund revenues are projected to be \$113,274,911 which represents a \$9.6 million or 7.8 percent decrease from the prior fiscal year. Included in the revenue projection is the use of one-time "capital project" reserves in the amount of \$548,437. The amended budget includes an additional \$135,300 "Other Revenue & Transfers" as noted above for Fire module buildings at the training center.

Revenues received as of September 30, 2010 are approximately 11% of total projections. Historically, revenues for the first quarter are in the 11% - 14% range. Many of the taxes such as property taxes, sales taxes and franchise taxes are received either biannually or annually.

Table 2 below highlights the amount and percentage received in each of the major revenue types. A discussion follows below on any trending or concerns noted.

**Table 2
GENERAL FUND REVENUES
Fiscal Year 2010-2011**

Revenue Type	Adopted Budget	Amended Budget	YTD as of 1 st Quarter	YTD % of Amended Budget
Property Taxes	46,377,000	46,377,000	685,548	1.48%
Sales Taxes	17,307,800	17,307,800	1,405,667	8.12%
All Other Taxes	10,960,300	10,960,300	1,295,326	11.82%
Licenses & Permits	838,600	838,600	202,076	24.10%
Fines/Forfeitures	4,670,600	4,670,600	855,100	18.31%
Use of Money & Property	4,635,984	4,635,984	1,219,530	26.31%
Intergovernmental	1,590,000	1,590,000	144,255	9.07%
Charges for Services	16,853,539	16,853,539	4,442,028	26.36%
Other Revenue & Transfers	9,492,651	9,627,951	2,378,207	24.70%
Use of Reserves	548,437	548,437	n/a	n/a
Total	113,274,911	113,410,211	12,627,737	11.13%

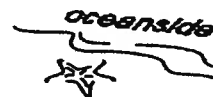
Property Taxes comprise 41% of the total General Fund revenues and are primarily received in the December/January and April/May timeframes. Revenues recognized at the end of the first quarter are at 1.48%, and consist of the following components:

Current Taxes – according to the County’s tax apportionment schedule, the City can expect to receive 45% of the current "unsecured" portion in September. The City received 48% of the amount projected, so this portion appears to be on target. The initial distribution of the "secured" portion of current taxes will be received in December.

Supplemental Taxes – these taxes are assessed when there is new construction to property or change of ownership. They are distributed monthly based on a county-wide "pooled" formula. Due to the continued county-wide decline in home sales and values, for the first quarter the City has received \$23k or 7% of projections.

In-Lieu of VLF – approximately 29% of the total property tax revenue (\$13.4 million) comes from In-Lieu of VLF which is distributed in January and May.

Prior Year Property Taxes – the City budgeted \$1,108,000 for collection of prior



year taxes (which includes penalties and interest); 25% has been received as of the first quarter.

Sales Taxes comprise 15% of the total General Fund revenues, and consist of three components. Revenues recognized at the end of the first quarter are at 8.12%.

Bradley Burns Uniform Sales & Use Tax – this law provides for city/county rate of 1% to support local government general funds. (Effective July 1, 2004, ¼ of the one percent was confiscated by the State to guarantee state deficit bonds approved by Proposition 57 – also known as the Triple Flip.) The City receives a monthly “advance” of this portion from SBOE, with a “true up” each quarter. However, it should be noted that SBOE is several months in arrears in remitting payment to the City. As of September 30th, the City has only received the July 2010 payment.

Prop 172 Safety Funds – the 0.5% Public Safety Tax was approved by voters in 1993 to permanently extend a temporary state tax that had been enacted to offset the state’s fiscal crisis, and can only be used for specified public safety purposes. Remittance comes from the County each month, and as of September 30th, the City has only received one month’s payment.

Sales Tax Compensation Funds – this constitutes the Triple Flip payment of the ¼ of one percent that is withheld by the State. Payment is remitted in January and May from County property taxes.

All Other Taxes comprise 10% of the total General Fund revenues, with first quarter remittance totaling 12% of projections.

Transient Occupancy Tax – the City collects 10% of the room rent charged by a hotel operator to tourists occupying a hotel room within the City for a period of less than 30 days. TOT receipts as of September 30th is at 13% which represents two months of receipts (hotel operators have 30 days after month or

quarter end to remit their tax return and check to the City.) The majority of businesses remit their tax returns on a quarterly basis, which would be reflected in the October report.

Card Room Tax – this tax is 5% on gross revenues for the Ocean’s 11 card room, with 26% of projected revenues received as of September 30th.

Business License Tax – the business license tax is \$0.50 per \$1,000 gross revenues. The City has received 17% as of September 30th, but this is not an area of concern since many of the licenses are renewed in the beginning of the calendar year.

Franchise Tax – the City receives franchise taxes from Cox Communications on a quarterly basis with a one-month delay and from SDG&E on an annual basis in April. The amount received as of September 30th is a residual payment from FY 09/10.

Licenses & Permits comprise less than 1% of the total General Fund revenues, and is on target with approximately 24% received during the first quarter.

Fines & Forfeitures comprise 4% of the total General Fund revenues and includes revenue from abandoned vehicle abatements (AVA), impound fees, false alarms, red light photo fines, administrative citations, parking citations and other miscellaneous fines. Approximately 18% of these revenues were received during the first quarter. The largest component of Fines & Forfeitures is parking citations, of which the City budgeted an additional \$200,000 this year due to a proactive effort by the Revenue Division to collect on outstanding parking citations. This effort will commence in October due to timing of awarding a contract to a new collection agency in September. As of September 30th, this revenue has generated 22% of projections, and will be closely monitored throughout the year.

Use of Money and Property comprise 4% of the total General Fund revenues and includes interest earnings on the City's investment portfolio, as well as general rents and leases, cell towers in right-of way and City property, Municipal Golf Course, Harbor Tidelands, and parking machines collections. Over 26% has been received at September 30th, which does not include interest earnings for September. Revenues received on cell tower ROW exceed 41% of projections; while revenues received for the Municipal Golf Course is less than 7% of projections. Revenues from parking machines and meters are cyclical due to the tourist season, and as of September 30th over 40% have been received.

Intergovernmental comprise 1% of the total General Fund revenues and includes Motor Vehicle In-Lieu (VLF), Homeowner Property Tax Exemptions, POST reimbursement, and other grants and inter-agency reimbursements. Only 9% has been received as of September 30th primarily due to the timing of requesting reimbursements. The VLF revenues received by the State are at 25% of projections.

Charges for Services comprise 15% of the total General Fund revenues, with approximately 26% being received as of September 30th. Ambulance billing is a large component of this revenue type. Finance staff has been proactive in getting billings out within 10 days, and consequently has collected 43% of projections as of September 30th. Development related revenues are coming in higher than anticipated at approximately 40% for the first quarter due to

the submittal of several developer projects. The City is cautious on these submittals, which may need to be refunded if the developer scales back the projects.

Other Revenues and Transfers comprise 8% of the total General Fund revenues, of which 25% has been received as of September 30th. The Finance Department has established a mechanism to automatically transfer 1/12th of the budgeted transfers each month.

GENERAL FUND EXPENDITURES

Fiscal Year 2010-2011 General Fund expenditures are budgeted to be \$113,274,857 which represents an 8.3 percent reduction or \$10.3 million from the prior fiscal year. The amended budget as of September 30th has been increased to \$114,244,445 as noted in Table 1.

Table 3 highlights the amount and percentage expended by each department. Please note that YTD Actual & PO's now include outstanding encumbered Purchase Orders in the total. This provides a better representation of monies expended or committed for the first quarter compared to the amended budget.

As of September 30th, the General Fund has expended or committed 23.5% of the amended budget. All departments are within 25% of budgeted expenditures. There are no concerns at this time.



**Table 3
GENERAL FUND EXPENDITURES
Fiscal Year 2010-2011**

Department	Adopted Budget	Amended Budget	YTD Actual and PO's as of 1st Quarter	YTD % of Amended Budget
GENERAL GOVERNMENT				
City Council	890,314	890,314	191,827	21.55%
City Clerk	1,059,024	1,085,672	236,385	21.77%
City Treasurer	318,847	318,847	69,527	21.81%
City Manager	717,746	717,746	140,526	19.58%
City Attorney	1,522,054	1,522,054	343,736	22.58%
Financial Services	4,405,163	4,866,592	1,070,700	22.00%
Human Resources	811,103	811,103	183,884	22.67%
Non-Departmental	5,208,564	5,208,564	1,261,734	24.22%
PUBLIC SAFETY				
Fire	23,101,544	23,421,218	6,275,766	26.80%
Police	46,315,035	46,328,477	10,669,197	23.03%
PUBLIC WORKS				
Public Works	10,651,214	10,701,789	2,503,468	23.39%
COMMUNITY DEVELOPMENT				
Development Services	7,365,457	7,406,266	1,427,935	19.28%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	4,939,703	4,944,625	1,115,103	22.55%
Library	4,752,663	4,782,198	1,089,968	22.79%
Economic Development	1,216,526	1,238,980	267,381	21.58%
Total	113,274,957	114,244,445	26,847,137	23.50%



ENTERPRISE FUNDS

Enterprise funds, also known as business-type activities, are used to account for the acquisition, operation and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by

user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprise. The financial status of operating funds for Water, Sewer and Solid Waste Disposal are discussed below.

**Table 4
WATER OPERATING FUND 711
Fiscal Year 2010-2011**

	Adopted Budget	Amended Budget	YTD as of 1 st Quarter	YTD % of Amended Budget
REVENUES	46,755,274	46,755,274	12,103,720	25.89%
EXPENDITURES				
Administration & General	4,481,204	4,481,204	970,561	21.66%
Flood Control/Storm Drains	872,962	872,962	219,059	25.09%
Water Source of Supply	25,210,401	25,210,401	2,453,543	9.73%
Water Pumping	110,800	110,800	12,603	11.37%
Water Treatment	1,605,964	1,605,964	352,537	21.95%
Desalting Plant	2,106,228	2,106,228	568,038	26.97%
Transport & Distribution	1,795,048	1,795,048	340,687	18.98%
Meter Service	2,102,803	2,102,803	433,057	20.59%
Clean Water Program	1,202,593	1,202,593	195,066	16.22%
Other Water Programs	1,211,026	1,211,026	272,709	22.50%
Inter-fund Transfers Out	3,999,235	3,999,235	999,807	25.00%
TOTAL EXPENDITURES	44,698,264	44,698,264	6,817,667	15.25%
INCOME/(LOSS)	2,057,010	2,057,010	5,286,083	--

WATER FUND REVENUES

Overall revenues for the Water Operating Fund are at 25.9% at the end of the first quarter as noted in Table 4 above.

Water Sales – this revenue comprise 50% of the total revenues for the Water Operating Fund and is to be used for the purpose of purchasing imported water, and transporting, treating and delivering water to customers.

Meter Charge – this revenue comprise 22% of the total revenues for the Water Operating Fund and is to be used for the purpose of recovering cost of customer account

management (billing services), infrastructure maintenance and replacement, materials and supplies, equipment and associated personnel.

SDCWA Fees – this revenue comprise 23% of the total revenues for the Water Operating Fund and is a surcharge to be used for the purpose of purchasing and transporting water from MWD, infrastructure access charge for recovering the Authority's costs for operating, maintaining and financing the regional water system and MWD readiness-to-serve charge for recovering the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility.



WATER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each water program. Please note that YTD Actual & PO's now include outstanding encumbered Purchase Orders in the total. This provides a better representation of monies expended or committed for the first quarter compared to the amended budget.

As of September 30th, the Water Operating Fund has expended or committed 15.3% of the amended budget.

Water Source of Supply – this program has expended just under 10% of the budget as of September 30th which reflects only the July payment to the Water Authority for purchasing imported water.

All other programs are within 25% of budgeted expenditures. There are no concerns at this time.

**Table 5
SEWER OPERATING FUND 721
Fiscal Year 2010-2011**

	Adopted Budget	Amended Budget	YTD as of 1 st Quarter	YTD % of Amended Budget
REVENUES	30,551,604	30,551,604	5,900,377	19.31%
EXPENDITURES				
Administration & General	4,739,551	4,739,551	1,145,844	24.18%
Transport & Collection	4,732,248	4,732,248	1,047,373	22.13%
La Salina Wastewater	3,078,386	3,078,386	810,591	26.33%
San Luis Rey Wastewater	7,217,234	7,217,234	1,772,789	24.56%
Laboratory	680,247	680,247	99,814	14.67%
SCADA Program	319,208	319,208	57,419	17.99%
GIS Program	315,119	315,119	58,609	18.60%
Inter-fund Transfers Out	6,025,297	6,025,297	1,506,327	25.00%
TOTAL EXPENDITURES	27,107,290	27,107,290	6,498,766	23.97%
INCOME/(LOSS)	3,444,314	3,444,314	(598,389)	--

SEWER FUND REVENUES

Overall revenues for the Sewer Operating Fund are at 19.3% at the end of the first quarter as noted in Table 5 above.

Sewer Service – this revenue comprise 38% of the total revenues for the Sewer Operating Fund and is to be used for the purpose of recovering the cost of customer account management (billing services), infrastructure maintenance and replacement, materials and

supplies, equipment and associated personnel.

Sewer Flow – this revenue comprise 59% of the total revenues for the Sewer Operating Fund and is to be used for the purpose of treating and disposing of wastewater.

Rainbow MWD – this revenue comprise 3% of the total revenues for the Sewer Operating Fund and is to be used for the purpose of the recovering costs associated with Oceanside treating and disposing of Rainbow Municipal



Water District's wastewater. The Rainbow MWD account is reconciled at the end of each fiscal year; consequently there is a timing delay in remitting July and August bills to them.

committed for the first quarter compared to the amended budget.

As of September 30th, the Sewer Operating Fund has expended or committed 24% of the amended budget.

SEWER FUND EXPENDITURES

Table 5 highlights the amount and percentage expended by each sewer program. Please note that YTD Actual & PO's now include outstanding encumbered Purchase Orders in the total. This provides a better representation of monies expended or

All programs are within 25% of budgeted expenditures. There are no concerns at this time.

**Table 6
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2010-2011**

	Adopted Budget	Amended Budget	YTD as of 1 st Quarter	YTD % of Amended Budget
REVENUES				
Trash P/U Fees	21,330,061	21,330,061	4,468,279	20.95%
Miscellaneous Revenues	0	0	858	--
Use of Reserves	292,583	292,583	n/a	n/a
TOTAL REVENUES	21,622,644	21,622,644	4,469,137	20.67%
EXPENDITURES				
Personnel	1,795,524	1,795,524	356,509	19.86%
Maintenance & Operations	16,871,858	16,871,858	2,834,306	16.80%
Internal Service Charges	1,582,589	1,582,589	395,646	25.00%
Inter-Fund Transfers Out	716,673	716,673	179,169	25.00%
Rate Stabilization Set-Aside	656,000	656,000	164,001	25.00%
TOTAL EXPENDITURES	21,622,644	21,622,644	3,929,631	18.17%
INCOME/(LOSS)	0	0	539,505	--

SOLID WASTE DISPOSAL FUND REVENUES

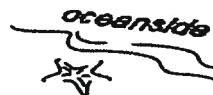
has been received as of September 30th. There are no concerns at this time.

Overall revenues for the Solid Waste Disposal Fund are at 20.9% at the end of the first quarter as noted in Table 6 above.

SOLID WASTE DISPOSAL FUND EXPENDITURES

Trash Pick-Up Fees – these fees are collected to provide all the costs associated with solid waste disposal. Approximately 21%

Table 6 highlights the amount and percentage expended by expenditure category. Please note that YTD Actual & PO's now include



outstanding encumbered Purchase Orders in the total. This provides a better representation of monies expended or committed for the first quarter compared to the amended budget.

As of September 30th, the Solid Waste Disposal Fund has expended or committed 18% of the amended budget.

There is a one-month delay in remitting payment to Waste Management, so as of September 30th there are only two monthly payments expended in Maintenance & Operations.

All programs are within 25% of budgeted expenditures. There are no concerns at this time.