CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2009-10
Second Quarter Ending December 31, 2009

The City has completed the second quarter of the 2009-10 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 FINANCIAL POSITION

The City Council adopted the second year of its two year budget on June 10, 2009 with approved General Fund operating revenues of $122,837,261 and operating expenditures of $124,042,267. On July 1st, the City implemented a new Chart of Accounts, which consolidated Funds 108 and 287 into the General Fund, and also reclassified "transfers in" as a revenue funding source. Consequently, the budget amounts appear to differ from the adopted Council Resolution. A full reconciliation was conducted this quarter, and the tables in this report supersede the ones in the First Quarter Report.

Table 1
Changes to Operating Budget

Expenditures	Adopted Budget	Amended Budget	Increase (Decrease)
	124,042,267		
First Quarter		132,884,729	8,842,462
Second Quarter		133,933,206	1,048,477
Third Quarter			
Fourth Quarter			

Table 1 delineates the year-to-date changes to the operating budget as of December 31, 2009.

The first quarter increase of approximately $8.8 million represents $6.8 million of prior year carry forwards for both operating and infrastructure in compliance with Administrative Directive 20; appropriation of $1.5 million for Fire Station 8; and appropriation of $0.5 million for a special election.

The second quarter increase of $1 million represents $1.2 million increase in due to the consolidation of harbor police in the General Fund; appropriation of $0.3 million for the Humane Society; offset by a $0.5 million reduction per the Budget Reduction Plan adopted by Council in October 2009.

GENERAL FUND REVENUES

Oceanside's top ten revenues account for approximately 88% of total General Fund revenues earned. Table 2 on the following page delineates the top ten revenues.

Economic conditions led to revenue reductions in October 2009 totaling $5.2 million, predominantly in property and sales taxes. Transfers In increased $1.2 million representing funding from the Harbor Fund for the consolidation of harbor police in the General Fund. The net reduction to General Fund revenues in the second quarter is $4 million.

Property Tax Revenues recognized at the end of the second quarter are 28.16% or $13.2 million. Total property tax revenues are comprised of the following:

Current Taxes – second quarter property tax receipts distributed by the County is $12,367,815 which represents 40% of projections. This amount is consistent with County estimates and the City's revised revenue projections.

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 county-wide decline in home sales and values, for the second quarter the City has received $62,729 or 12% of projections.

In-Lieu of VLF – approximately 29% of the total property tax revenue comes from in-lieu of VLF which is distributed in January and June. The City has been notified by the County regarding the January distribution, which is on target with projections.

Table 2
Oceanside's Top 10 General Fund Revenues

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Property Tax	51,611,000	46,963,500	13,224,745	28.16%
Sales Tax	18,936,600	18,605,650	4,637,862	24.93%
Gen'l Admin	14,914,400	14,914,400	7,050,585	47.27%
Fine/Forfeiture	4,217,000	4,217,000	1,817,097	43.09%
Franchise Fee	4,009,500	4,009,500	629,375	15.70%
TOT	3,503,500	3,503,500	1,319,532	37.66%
Safety Services	3,075,000	3,075,000	1,423,302	46.29%
Rents/ Leases	2,804,600	2,804,600	1,566,414	55.85%
Reimb Service	2,847,400	2,847,400	1,764,296	61.96%
Business Lic's	2,813,700	2,813,700	1,132,789	40.26%
Subtotal	108,732,700	103,754,250	34,565,997	33.32%
All Other	8,986,600	8,786,600	4,316,027	49.12%
Transfers In	5,117,961	6,396,931	2,262,229	35.36%
Total	122,837,261	118,937,781	41,144,253	34.59%

Prior Year Property Taxes – the City budgeted $943,000 for collection of prior year taxes (which includes penalties and interest). Over 65% has been received as of December 31st which is partially attributed to financial institutions paying back taxes on foreclosed homes.

Sales Taxes earned $4,637,862 or 24.93% of total projected revenues. There are three components of these revenues: true sales taxes known as the Bradley-Burns Sales Taxes which come from the State Board of Equalization each month; safety sales taxes known as Prop 172 Safety Funds which come from the County each month; and the sales tax compensation funds which come from the County twice a year. Second quarter Bradley-Burns sales taxes received total 32% of projections; Prop 172 sales taxes received total 35% of projections; and the City has been notified by the County regarding the full distribution of the sales tax compensation fund, which will be about 11% less than projections. Revised estimates of these revenues anticipate a total shortfall of $1.8 million ($1 million Bradley Burns, $0.5 million compensation, $0.3 million Prop 172).

General Admin/In Lieu represents roughly 12% of the overall General Fund revenues. The City budgets this as a percentage of salaries which is charged to all departments to cover administrative costs. Second quarter actual is 47.27%.

Fines & Forfeitures earned 43.09% of projected revenues. The revenues earned on parking citations are at 46% of projections. The remaining fees represent false alarm fees, impound fees, red light photo fees, and miscellaneous fines and fees.

Franchise Fees as of December 31st came in at less than 16%. Revenues from Cox Communications are collected on a

quarterly basis with a one-month delay in receipt. Payment from SDG&E is received on an annual basis in April.

Transient Occupancy Taxes (TOT) earned $1.3 million through December 31st, or 37.66%. Oceanside's Municipal Code Section 34.15 authorizes the City to collect 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 are down significantly which is indicative of the decline in leisure and business travel.

Public Safety Services consist primarily of ambulance billings. Revenues for EMS services came in at 50% as of December 31st; while other revenues in this category brought the total category down to 46%.

Rents and Leases are slightly higher than expected at 55.85%. This category is comprised of general rents and leases, cell towers in right-of way and City property, Municipal Golf Course and Harbor Tidelands.

Reimbursement for Services for the second quarter is exceeding expectations at 61.96%. The revenues earned are primarily due to billing for Fire, Harbor and Utility services.

Business License revenue earned is reported at 40.26% this quarter. These revenues trend higher in January through March which is when many businesses renew their licenses. The City continues to be proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Other Revenues consists of miscellaneous revenues such as card room taxes and fees, investment earnings, plan check and inspection fees, parking meters, etc. Second quarter revenues in this category are within projections at 49.12%.

GENERAL FUND EXPENDITURES

Table 3
General Fund Expenditures

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
City Council	963,231	951,466	432,021	45.41%
City Clerk	1,118,760	1,638,468	953,344	58.19%
City Treasurer	318,639	318,639	156,316	49.06%
City Manager	945,928	942,580	375,230	39.81%
City Attorney	1,720,962	1,720,962	838,140	48.70%
Financial Svc	4,920,416	5,544,608	2,452,348	44.23%
Human Resources	1,008,071	1,006,071	467,292	46.45%
Econ Dvlpment	1,612,051	1,724,682	691,755	40.11%
Library	5,467,260	5,832,719	2,752,876	47.20%
Development Svc	8,641,594	9,166,636	3,820,412	41.68%
Police	49,820,481	52,499,203	25,381,855	48.35%
Fire	24,920,500	25,083,374	12,766,023	50.89%
Public Works	7,404,683	7,516,087	2,990,044	39.78%
Harbor-Beaches	2,966,583	3,076,544	1,582,181	51.43%
Neighborhood Svc	6,167,743	6,410,552	2,716,466	42.37%
Subtotal	117,996,902	123,432,591	58,376,304	47.29%
Non Departmental	2,572,063	3,628,758	1,143,773	31.52%
Transfers Out	3,473,302	6,871,857	1,283,699	18.68%
Total	124,042,267	133,933,206	60,803,776	45.40%

Variations in the expenditure ratios are discussed as follows:

City Clerk – the City Clerk's office held a special election in December at an estimated cost of $500,000. This, along with FY 2008-09 carry forward, is attributable to the 58.19% expenditure of budget.

Harbor-Beaches – personnel expenses for this department tend to run high during summer months for lifeguard services. Since these services are seasonal in nature, expenditures are not out of the ordinary this quarter.

ENTERPRISE FUNDS

The following tables summarize the operating revenues and expenditures for the major enterprise funds. These include Water, Sewer, Solid Waste, Airport and Harbor. Any surplus/shortfall between revenues and expenditures will be applied towards the appropriate Fund Balance. Deviations or concerns are summarized in the narrative below each table.

Table 4
Water Fund 711

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	45,656,021	45,656,021	20,620,983	45.17%
Expenditures	40,920,955	42,291,682	16,807,777	39.74%
Surplus/Shortfall	4,735,066	3,364,339	3,813,206	

The Water Division of the Utilities Department operates two water treatment plants and maintains 450 miles of waterline and 12 reservoirs to provide potable water to all Oceanside residents. Revenues and expenditures are within projections and there are no concerns at this time.

Table 5
Sewer Fund 721

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	26,936,001	26,936,001	13,108,265	48.66%
Expenditures	25,118,485	25,374,170	9,719,489	38.30%
Surplus/Shortfall	1,817,516	1,561,831	3,388,766	

The Sewer Division of the Utilities Department collects, treats and disposes of wastewater. Revenues and expenditures are within projections and there are no concerns at this time.

Table 6
Solid Waste Fund 731

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	22,534,339	22,534,339	11,176,885	49.60%
Expenditures	22,769,664	22,833,920	7,785,723	34.10%
Surplus/Shortfall	(235,325)	(299,581)	3,391,162	

The Solid Waste Fund includes the contract with Waste Management. Revenues and expenditures are within projections and there are no concerns at this time.

Table 7
Airport Fund 741

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	574,515	574,515	90,269	15.71%
Expenditures	606,645	606,645	174,519	28.77%
Surplus/Shortfall	(32,130)	(32,130)	(84,250)	

This fund accounts for the operation of the Oceanside General Aviation Airport. Revenues consist of rents/leases, fuel sales and miscellaneous income. At December 31st, revenues received amount to less than 16%, while expenses exceed 28%. This is attributed to the change in management services which occurred in September 2009, yet a corresponding budget adjustment was not adopted. Staff is reviewing this and will bring forth recommendations to modify the budget as needed.

Table 8
Harbor Fund 751

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	6,175,300	6,175,300	3,008,748	48.72%
Expenditures	6,145,493	8,452,004	2,841,351	33.62%
Surplus/Shortfall	29,807	(2,276,704)	167,397	

This fund accounts for the operation and maintenance of the Oceanside Small Craft Harbor. Funding for operations is provided by user charges. Revenues and expenditures are within projections and there are no concerns at this time. The increases to the budget is for various capital projects including restroom renovations, lift station, Marina Inn renovation, and the Harbor & Aquatics Center, and are funded by Fund Balances.

INTERNAL SERVICE FUNDS

The following tables summarize operating revenues and expenditures for the Internal Service Funds which includes Risk Management, Employee Benefits, Workers Compensation, Fleet Management, Information Services and City Building Services. Any surplus/shortfall between revenues and expenditures will be applied towards the appropriate Fund Balance. Deviations or concerns are summarized in the narrative below each table.

Table 9
Risk Management Fund 814

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	2,938,692	4,188,692	3,149,176	75.18%
Expenditures	3,000,695	4,311,251	3,952,027	91.67%
Surplus/Shortfall	(62,003)	(122,559)	(802,851)	

This fund accounts for all claim management, settlements, liability and property insurance for the entire City. Revenues are made up of service charges to all City departments at the fund level per Administrative Directive 18. The Water Department transferred additional revenue for the Tingzon settlement. Insurance premiums are paid in the first quarter which tends to distort first quarter expenditures.

Table 10
Employee Benefits Fund 817

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	30,967,160	30,967,160	15,660,060	50.57%
Expenditures	27,605,992	27,610,754	15,473,636	56.04%
Surplus/Shortfall	3,361,168	3,356,406	186,424	

This fund is designed to function on a cost reimbursement basis, and is used to recover the full cost of providing all employee benefits. Costs are distributed at a business level. Expenses are a little higher than projections for this quarter due to the advanced payment of various benefits (i.e. health insurance).

Table 11
Workers Compensation Fund 818

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	3,319,962	3,319,962	1,622,972	48.89%
Expenditures	3,118,067	3,143,312	1,271,099	40.44%
Surplus/Shortfall	201,895	176,650	351,873	

This fund accounts for all claims management and settlements for workers compensation and safety services for the entire City. Revenues are made up of service charges to all City departments. Revenues and expenses are within projections, and there are no concerns in this area at this time.

Table 12
Fleet Management Fund 831

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	7,825,894	7,825,894	3,877,339	49.54%
Expenditures	7,705,233	7,823,647	1,997,520	25.53%
Surplus/Shortfall	120,361	2,247	1,879,819	

This fund accounts for all fleet management and replacement for the entire City. Revenues are made up of service charges to affected City departments. Revenues are within projections at this time. Expenses are at 25% as of December 31st, which reflects only 3% of the fleet replacement budget expended, while fleet management operations are at 43% of budget.

Table 13
Information Services Fund 841

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	5,822,554	5,822,554	2,941,481	50.52%
Expenditures	5,156,601	5,156,601	2,908,686	56.41%
Surplus/Shortfall	665,953	665,953	32,795	

This fund is designed to function on a cost reimbursement basis, and is used to recover the cost of providing information services to all departments. Revenues are within projections, and expenses are a little higher due to the up-front payments of annual maintenance agreements. There are no concerns in this area at this time.

Table 14
City Building Services Fund 851

Description	Adopted Budget	Amended Budget	YTD As of 2nd Qtr	% of Amended Budget
Revenues	6,460,121	6,460,121	3,231,771	50.03%
Expenditures	6,554,736	6,875,721	3,659,900	53.23%
Surplus/Shortfall	(94,615)	(415,600)	(428,129)	

This fund is designed to function on a cost reimbursement basis, and is used to recover the cost of providing city building services to all departments. Revenues are within projections as of December 31st. Expenses include FY 08/09 carry forward for the craft and maintenance business units, and there are no concerns in this area at this time.