



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2008-09
Third Quarter Ending March 31, 2009**

The City has completed the third quarter of the 2008-09 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 first year of its two year budget on June 11, 2008 with approved General Fund operating revenues of \$120,525,610 and operating expenditures of \$120,378,492. Table 1 delineates the year-to-date increases to the operating budget as of March 31, 2009.

**Table 1
Changes to Operating Budget**

Expenditures	Adopted Budget	Amended Budget	Increase (Decrease)
	120,378,492		
First Quarter		129,159,221	8,780,729
Second Quarter		129,384,884	225,663
Third Quarter		129,708,733	323,849

The first quarter increase of \$8.7 million is authorized carry forward funds from FY 2007-08 to the current year in accordance with Administrative Directive AD-20.

Second quarter resulted in a net increase of \$225,663 and are attributed to City Council Salary adjustments, carry forward budget for the City Clerk's office, and an increase to the Development Services budget for the Coast Highway Vision Plan.

Third quarter resulted in a net increase of \$323,849 and are attributed to increased expenditures in the Neighborhood Services and Non-Departmental budgets totaling \$620,388. The increases are offset by internal adjustments to Community Development, Police, and Public Works budgets totaling \$296,499.

GENERAL FUND REVENUES

Oceanside's top ten revenues are highlighted on Table 2 which account for approximately 90% of total General Fund earned revenues. Focusing on these categories gives us a good picture of our overall revenue position.

**Table 2
Oceanside's Top 10 General Fund Revenues**

Top Ten Revenues	Adopted Budget	Amended Budget	YTD As of 3rd Quarter	% of Amended Budget
Property Tax	51,473,500	51,473,500	28,257,491	54.9%
Sales Tax	20,061,700	20,061,700	13,129,733	65.5%
General Admin/In Lieu	14,317,585	14,317,585	10,318,775	72.1%
Plan Check/Review	3,183,200	3,183,200	1,979,704	62.2%
Franchise Fee	4,045,300	4,045,300	1,193,659	29.5%
Fines and Forfeitures	4,645,000	4,645,000	2,975,555	64.1%
Public Safety Services	2,899,700	2,899,700	2,462,590	84.9%
Reimbursement for Services	2,659,381	2,659,381	2,673,935	100.6%
Business Licenses	2,759,600	2,759,600	2,110,130	76.5%
Rents and Leases	2,752,100	2,752,100	1,749,003	63.6%
Sub Total	108,797,066	108,797,066	66,850,575	61.5%
All other Revenue	11,728,544	11,748,044	7,214,605	61.4%
	120,525,610	120,545,110	74,065,180	61.4%

Property Tax Revenues recognized at the end of the third quarter are 54.9% of projections or \$28.3 million. Total property tax revenues are comprised of the following:

Current Taxes – The County distributes 55% of current taxes to the City by March. We are on track with this portion of the property taxes collected.

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, the City has received approximately 26% of this revenue.

In-lieu of VLF – Approximately 30% of the total property tax revenue comes from in-lieu of VLF which is distributed in January and June. Property tax revenue projections for FY 2008-09 are being adjusted as the City receives updated information. The City has met with HdL Companies and included next year’s reassessment in the 5-year forecast.

Sales Taxes earned are at 65.5% of total projected revenues and are slightly lower than collected receipts for this same time last year. 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.

General Admin/In Lieu represents roughly 12% of the overall General Fund budget. The City budgets this percentage of salaries which is charged to all departments to cover administrative costs. The year-to-date actual of 72.1% is in line with projections.

Plan Check/Permit fees earned are in line with projected expectations. However, revenue estimates have been adjusted downward from last fiscal year by approximately \$2.5 million. Third quarter of FY 2008-09 showed 62.2% in revenues received. These revenues will be reduced for next year.

Franchise Fees earned year-to-date are 29.5%. This time last year the City collected 28.1%. 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.

Fines and Forfeitures earned represent 64.1% of projected revenues. The revenues earned on parking citations are on target at 74.5%. False alarm fees are exceeding expectations at 99.4%. The remaining fees collected are at 48.6% and include impound fees, red light photo fees, and miscellaneous fines and fees.

Public Safety Services revenue earned year-to-date is exceeding projections at 84.9%. Of particular interest is the revenue received for DUI Emergency fees which represents 116% earned so far. Ambulance billing is also doing well at 86%. The remaining fees collected are at 66.6% and include fees collected for the School Resource Officer and OPD special services. Revenue projections for next fiscal year will need to be adjusted downward since the Oceanside Unified School District will no longer be providing support for one School Resource Officer.

Reimbursement for Services for the third quarter are exceeding projected expectations at 100.6%. The revenues earned are primarily due to reimbursements for Fire services.

Business License revenue earned is reported at 76.5% year-to-date. This same time last year, revenue collected was at 73.3%. The City continues to be proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Rents and Leases are slightly lower than anticipated and represent almost 63.6% of projected revenues. Considering revenue projections for this fiscal year were adjusted upward by over \$417,000 from last fiscal year, the revenues are in line with current projections.

Other Revenues consists of miscellaneous revenues such as card room taxes and fee, motor vehicle in lieu, investment earnings, and transit occupancy taxes. These revenues account for approximately 10% of the General Fund budget. This quarter \$7,214,605 or 61.4% in revenue has been collected.

GENERAL FUND EXPENDITURES

General Fund expenditures total \$90,014,796 and represents 69.4% of the amended budget. Table 3 highlights the expenditure ratios for all departments. Expenditures below 65% are highlighted and will be discussed separately.

Table 3
General Fund Expenditures

Department	Adopted Budget	Amended Budget	YTD As of 3rd Quarter	% of Amended Budget
City Council	895,360	901,892	607,253	67.3%
City Clerk	1,184,816	1,276,097	753,033	59.0%
City Treasurer	298,971	298,971	211,906	70.9%
City Manager	974,123	974,123	692,753	71.1%
City Attorney	1,663,148	1,663,148	1,198,419	72.1%
Financial Services	4,823,860	6,189,452	3,828,425	61.9%
Human Resources	1,098,501	1,098,501	697,765	63.5%
Econ Development	590,300	655,300	361,906	55.2%
Community Dev	7,342,311	8,125,598	5,091,089	62.7%
Neighborhood Svcs	4,714,484	4,790,784	3,003,038	62.7%
Police	49,824,560	50,214,128	35,704,377	71.1%
Fire	25,197,302	25,177,302	18,182,168	72.2%
Public Works	7,420,455	7,528,141	4,809,492	63.9%
Library Services	5,493,700	5,869,086	3,920,350	66.8%
Harbor-Beaches	2,594,539	2,594,539	1,769,593	68.2%
Sub Total	114,116,430	117,357,062	80,831,567	68.9%
Non-Departmental	6,262,062	12,351,711	9,183,229	74.4%
Total	120,378,492	129,708,773	90,014,796	69.4%

The amended budget of \$129,708,773 represents an increase of \$9.3 million consisting of operating carry forward funds from FY 2007-08 (\$3.3 million), operating transfers for general fund CIPs (\$3.7 million), the settlement agreement for Mission Vista (\$1.7 million) and the net increases from the second quarter of \$225,663 and third quarter of \$323,889, respectively.

The \$3.3 million in operating carry forward funds along with the \$3.7 million in operating transfers are highlighted in the Consolidated Annual Financial Report (CAFR) for fiscal year ending June 30, 2008 in the Notes to Basic Financial Statements. The \$3.3 million is listed under Continuing Appropriations and the \$3.7 million is included in the Capital Project/infrastructure amount. The \$1.7 million for the Mission Vista settlement agreement was approved on July 16, 2008 in closed session.

Department expenditures below 65%

Department operating budgets are comprised of personnel costs, maintenance & operations (M&O), internal service charges, and capital outlay (if applicable). The following departments, supported wholly or in part, by the General Fund are below the 65% expenditure ratio at the end of the third quarter.

City Clerk

The City Clerk's office is at 59%. The Clerks' office is comprised of Legislative Services, Records Management, Elections, and Document Imaging. The Legislative Services division is on track with expenditures at 74.4%. However, the remaining divisions are well below the 65% expenditure threshold at 48%, 47.4%, and 43.3%, respectively. Personnel expenditures for the Elections division (17.5%) and the Document Imaging division (29.7%) are well below what is expected for this timeframe and may be attributed to vacant positions in both divisions. The Records Management division is well below expenditure thresholds in the M&O accounts at 6.7%.

Financial Services

Financial Services divisions include Administration, Accounting, Revenue & Business Activities, and Ambulance Billing. The combined expenditure ratio is approximately 62%. The Accounting division is below the 65% expenditure threshold at 53.7%. This can be attributed to the capital outlay for the Oracle Financial System upgrade, with Phase I fully implemented, and Phase II in process.

Human Resources

The expenditure ratio is approximately 64%. The M&O accounts reflect an expenditure ratio of 50%.

Economic Development

The Economic Development and Community Development department receive General Fund support for the Economic Development program and the Commercial Façade program. Year-to-date expenditures are at 55.2%. M&O for the Economic Development program is at 36.7%. Expenditures for the Commercial Façade program are at 5.1% or \$3,305 which is a reimbursement to Earthquake Pizza for facade improvements.

Community Development ~ Development Services

Two divisions within Development Services are under the 65% expenditure threshold. Engineering Inspection and Advanced Planning expenditures are 16% and 40%, respectively, in the M&O category. Personnel and internal service charges are within acceptable expenditure ratios.

Neighborhood Services

General Fund support within Neighborhood Services includes Code Enforcement and Parks & Recreation. The expenditure ratio of approximately 63% is slightly below the 65% threshold and is mainly due to M&O account expenditure ratios in the 40% to 60% range.

Public Works

Public Works expenditure ratio is approximately 64% which is slightly below the 65% expenditure threshold and is mainly due to M&O account expenditures in the 20% to 30% range.

The recurring theme throughout the expenditure analysis is that certain departments are not expending their M&O funds relative to quarterly expenditure thresholds. This does not cause concern because departments are being cautious in spending their M&O funds and are using them for their intended purpose, on an as-needed basis.

ENTERPRISE FUNDS

The following tables summarize the revenues and expenditures for the major enterprise funds. These include the Water Fund, Sewer Fund, Solid Waste Fund, Airport Fund, and Harbor and Beaches Fund. Deviations are summarized in the narrative below each chart.

Table 4
Water Fund 711

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	47,352,896	48,235,353	33,122,812	66.7%
Expenditures	47,833,509	60,085,338	33,526,285	55.8%

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. Revenue projections are on target at 66.7%. The expenditure budget increased due to additional funding for various CIP projects, such as the Weese Plant Capacity expansion, Mission SLR Waterline, Desalter Facility upgrades Peacock Hills Regulator, Ocean Outfall Analysis, Pacific Street Bridge Water Line, and other miscellaneous water projects. The increase to the amended budget includes FY 2007-08 carry forward funds.

Third quarter expenditures of approximately 56% represents minor spending in capital funds for such projects as Weese Treatment Plant, Mission SLR Waterline, Peacock Hills Regulator, etc. The CIP carry forward funds from FY 2007-08 are 25% expended at the end of the third quarter.

**Table 5
Sewer Fund 721**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	31,297,605	31,733,604	20,000,251	63.0%
Expenditures	30,628,434	44,944,366	27,081,628	60.3%

The Sewer Division of the Utilities Department collects, treats, and disposes of wastewater. Revenues received are 63% of projections. The expenditure budget increased due to additional funding for various CIP projects such as the La Salina Plant Upgrades, Buena Vista Lift Station, Land Outfall, Haymar Interceptor, Mesa/Garrison, and other miscellaneous sewer projects. The increase to the amended budget includes FY 2007-08 carry forward funds.

Third quarter expenditures of approximately 60% represent minor spending in the capital project account for sewer expansion/improvements for such projects as La Salina Plant Upgrades, Lift Station Upgrades, Ocean Outfall Analysis, etc. The CIP carry forward funds from FY 2007-08 are 30% expended at the end of the third quarter.

**Table 6
Solid Waste Fund 731**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	21,786,742	22,070,160	16,588,369	75.2%
Expenditures	22,174,821	22,572,654	14,766,370	65.4%

The solid waste revenues are on target this quarter. Expenditures for the third quarter are reasonable considering the Maintenance & Operations accounts have 35.6% of the budget unspent.

**Table 7
Airport Fund 741**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	553,255	553,255	358,796	64.8%
Expenditures	625,083	625,083	431,014	68.9%

The Airport fund accounts for the operation of Oceanside (General Aviation) Airport. The revenues are lower than expected and consist of rents/leases, fuel sales, and miscellaneous income. If the revenue trend continues, the Airport fund could realize a 13.6% decline in revenues projected at the end of the fourth quarter.

Third quarter expenditures are at 68.9% due to the timing of the M&O account expenditures for maintenance-repair of equipment & machinery, buildings & facilities along with consultant fees.

**Table 8
Harbor Fund 751**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	6,016,300	6,016,300	4,210,965	70.0%
Expenditures	6,047,416	9,388,738	4,609,328	49.1%

The Harbor fund accounts for the operation and maintenance of the Oceanside Small Craft Harbor. Funding for operations is provided by user charges. The increase in the amended budget for expenditures is attributed to funding various CIP projects such as restroom renovations, Marina Inn renovations, the Force Main Harbor Lift Station, the Harbor & Aquatics Center, and other miscellaneous Harbor projects. The amended budget includes FY 2007-08 carry forward funds.

Third quarter revenues are on track this quarter. Expenditures are low in the capital project accounts that were carried forward from FY 2007-08 are 2.3% expended at the end of the third quarter.

INTERNAL SERVICE CHARGES

The following tables summarize revenues and expenditures of the Internal Service Funds which includes Risk Management, Employee Benefits, Workers' Compensation, Fleet Management, Information Technology, and City Buildings.

**Table 9
Risk Management Fund 814**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	3,011,085	4,025,280	3,990,034	99.1%
Expenditures	2,979,094	6,069,894	5,490,832	90.5%

Risk Management revenues are made up of general liability charges to all City departments. The revenues were adjusted from \$3,011,085 to \$2,979,094, a decrease of \$31,991, as a result of the Administrative Directive pertaining to Workers' Compensation charges. The increase of \$1,046,186 is a transfer of \$500,000 from the General Fund and \$546,183 from the Water Operations budget for the Arroyo Comanche settlement.

The amended budget increased from \$2,979,094 to \$6,069,894 from the second quarter to the third quarter by \$3,090,800. The increases can be attributed to budget adjustments from FY 2007-08 to FY 2008-09 for the Arroyo Comanche settlement in the amount of \$2,022,800 and transfers for the payment of the Morgans Settlement in the amount of \$1,068,000.

INTERNAL SERVICE CHARGES ~ continued

**Table 10
Employee Benefits Fund 817**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	26,102,420	26,102,420	18,927,463	72.5%
Expenditures	24,056,427	24,071,427	18,683,322	77.6%

The Employee Benefits revenues and expenditures are on track at approximately 73% and 78%, respectively. Revenues are projected at full staffing Citywide.

**Table 11
Workers' Compensation Fund 818**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	3,206,841	3,206,841	2,546,452	79.4%
Expenditures	3,144,173	3,115,497	1,507,895	48.4%

The Workers' Compensation premium revenues came in at 79.4% for the end of the third quarter. The expenditure side of the amended budget increased by \$28,676 from the first quarter to the second quarter as a result of the Administrative Directive pertaining to Workers' Compensation charges.

Third quarter expenditures at 48.4% represent minimal spending in the M&O accounts which have approximately 52% funding availability. The largest expense listed in M&O is for workers compensation claims. The expenditure ratio for this M&O expense is 43.5% which could be attributed to reduced workers compensation claims. The remaining M&O is at 78.4%

**Table 12
Fleet Management Fund 831**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	7,633,484	7,633,484	5,693,110	74.6%
Expenditures	7,633,484	7,677,910	3,552,084	46.3%

The Fleet Management revenues are in line with projections at approximately 75%. The third quarter expenditures of 46.3% are low due to Fleet replacement accounting for only a 12.7% expenditure rate. Fleet Maintenance is on track with a 72.6% expenditure rate.

**Table 13
Information Technology Fund 841**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	5,587,410	5,587,410	4,240,780	76.2%
Expenditures	5,656,486	5,656,486	4,319,608	76.4%

Information Technology revenues are within projections though the end of the third quarter. Expenditures of 53.2% account for the timing of expenditures in M&O for communications and network infrastructure accounts of 62.7% and 93.7%, respectively.

**Table 14
City Buildings Fund 851**

	Adopted Budget	Amended Budget	YTD As of 3 rd Quarter	% of Amended Budget
Revenues	6,212,493	6,205,976	4,661,702	75.1%
Expenditures	6,227,804	6,451,804	5,127,220	79.5%

The City Buildings amended revenue budget of \$6,178,976 during the first quarter was adjusted downward by \$33,517 based on the Administrative Directive pertaining to Workers' Compensation charges. The increase from \$6,178,976 to \$6,205,976 for the second quarter is attributable to an appropriation of \$27,000 from the General Fund for the Civic Center HVAC repair. The expenditure increase of \$224,000 is a combination of FY 2007-08 carry forward for the Building Crafts and Police Building Maintenance accounts and expenditure of \$27,000 for the Civic Center HVAC repair. The revenues and expenditures for the third quarter are on track.