



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2008-09
First Quarter Ending September 30, 2008**

The City has completed the first 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.

For comparison purposes, information pertaining to tables 1 through 3 in this report is based on the adopted budget. Table 1 provides a snapshot of the General Fund at September 30, 2008.

**Table 1
Actual Revenue and Expenditures**

General Fund	Adopted Budget	Amended * Budget	1 st Qtr YTD Actual	% of Adopted Budget
Revenue	120,525,610	120,525,610	14,977,448	12.4%
Expenditure	120,378,492	129,159,221	29,081,365	24.2%

* Amended budget includes \$8.7 million in authorized carry forward¹ funds and CIP project funding. See page 3 for more detail.

Table 2 provides a historical look at General Fund revenues during this reporting period using information from FY 2005-06 through FY 2008-09.

¹ The term "carry forward" refers to funds brought forward from the prior fiscal year budget to the current fiscal year budget. Carry forward funds are used to continue funding projects and programs that were unable to be completed in the fiscal year the funds were originally approved.

**Table 2
Historical View of Quarterly Revenues**

General Fund Revenues			
Fiscal Year	Adopted Budget	1 st Qtr YTD Actual	% of Adopted Budget
2008-09	120,525,610	14,977,448	12.4%
2007-08	115,876,188	13,661,333	11.8%
2006-07	109,018,647	15,046,247	13.8%
2005-06	92,403,901	18,035,589	19.5%

Aside from an abnormality in 2005-06, revenues for the first quarter are typically in the 11% to 14% range. Many of the taxes such as property taxes, sales taxes and franchise taxes are received either biannually or annually. There are no concerns with current receipts at this time.

**Table 3
Historical View of Quarterly Expenditures**

General Fund Expenditures			
Fiscal Year	Adopted Budget	1 st Qtr YTD Actual	% of Adopted Budget
2008-09	120,378,492	29,081,365	24.2%
2007-08	119,888,454	25,544,718	21.3%
2006-07	110,318,298	23,263,738	21.1%
2005-06	96,901,592	24,345,020	25.1%

The General Fund expenditures for the first quarter 2008-09 are on target at 24.2%. There are no concerns at this time.

GENERAL FUND REVENUES

Table 4 on the following page highlights Oceanside's top ten revenues which account for approximately 90% of total General Fund projected revenues. Focusing on these categories gives us a good picture of our overall revenue position.

Table 4
Oceanside's Top 10 Revenues

General Fund			
Top Ten Revenues	Adopted Budget	1 st Qtr YTD Actual	% of Adopted Budget
Property Tax	51,473,500	1,045,634	2.0%
Sales Tax	20,061,700	3,644,303	18.2%
General Admin/In Lieu	14,317,585	3,320,074	23.2%
Plan Check/Review	3,183,200	836,646	26.3%
Franchise Fee	4,045,300	1,022	0%
Fines and Forfeitures	4,645,000	974,992	21.0%
Public Safety Services	2,899,700	669,459	23.1%
Reimbursement for Services	2,659,381	708,769	26.7%
Business Licenses	2,759,600	772,074	28.0%
Rents and Leases	2,752,100	822,053	29.9%
Sub Total	108,797,066	12,795,026	11.8%
All other Revenue	11,728,544	2,182,424	18.6%
	120,525,610	14,977,450	12.4%

Property Tax Revenues received at the beginning of the first quarter is 2% of projections. Property tax revenues are primarily received in the December/January and April/May timeframes. Property tax revenue projections for FY 2008-09 continue with guarded optimism as the housing market in Southern California continues to slow. The City has contracted with HdL Companies to monitor property tax revenues and a full assessment of our projections will be available around January 2009.

Sales Taxes collected are slightly more than 18% of total projected revenues and on target with expected receipts for this time of 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 projection of 23.2% is in line with what was received the prior year during this same timeframe.

Plan Check/Permit revenues are in line with projected expectations. However, revenue estimates have been adjusted downward from last fiscal year by approximately \$2.5 million. These revenues will need to be watched closely during the fiscal year.

Franchise Fee revenues received this quarter are negligible. This time last year the City had yet to receive any franchise fees. 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 collected represents approximately 21% of projected revenues. The City continues to be proactive in its collection efforts and with the increased effort, combined with additional red light camera locations, revenue projections increased by \$750,890 over last year's projections.

Public Safety Services revenue received during this quarter is in line with projections at 23%. The majority of this revenue category comes from ambulance billings.

Reimbursement for Services for the first quarter are slightly higher than expected at 26.7%. These revenues are primarily due to reimbursements for Fire services.

Business License revenue is reported at almost 28% for this quarter which is higher from the same time last year. The City is being proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Rents and Leases are well above projections and represent almost 30% of revenues received this quarter. Revenue projections for this fiscal year were adjusted upward by over \$417,000 from last fiscal year.

Other Revenues consists of miscellaneous revenues which is 10% of the General Fund budget. This quarter \$2,182,424 or 18.6% in revenue has been received.

GENERAL FUND EXPENDITURES

General Fund expenditures total \$29,081,364 and represent 24.2% of the adopted budget. Table 5 indicates the expenditure ratios for all departments. Expenditures below 20% will be discussed separately.

Table 5

General Fund Expenditures

Department	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
City Council	895,360	895,360	191,425	21.4%
City Clerk	1,184,816	1,256,406	197,036	15.7%
City Treasurer	298,971	298,971	65,206	21.8%
City Manager	974,123	974,123	222,167	22.8%
City Attorney	1,663,148	1,663,148	365,739	21.9%
Financial Services	4,823,860	6,189,452	1,160,958	18.8%
Human Resources	1,098,501	1,098,501	209,073	19.0%
Econ Development	590,300	655,300	113,651	17.3%
Development Svcs	4,311,109	4,970,696	1,097,452	22.1%
Neighborhood Svcs	4,714,484	4,714,484	951,895	20.2%
Police	49,824,560	50,464,678	11,650,326	23.1%
Fire	25,197,302	25,177,302	5,757,062	22.9%
Public Works	10,451,657	10,604,043	1,864,713	17.6%
Library Services	5,493,700	5,881,595	1,234,841	21.0%
Harbor-Beaches	2,594,539	2,594,539	758,786	29.3%
Sub Total	114,116,430	117,438,598	25,840,330	22.0%
Non-Departmental	6,262,062	11,720,623	3,341,034	27.7%
Total	120,378,492	129,159,221	29,081,364	22.5%

The amended budget of \$129,159,221 represents an increase of \$8.7 million consisting of operating carry forward funds from FY 2007-08 (\$3.3 million), operating transfers for general fund CIPs (\$3.7 million), and the settlement agreement for Mission Vista (\$1.7 million).

Expenditures below 20%

While reviewing first quarter expenditures for the following departments, the M&O accounts are below spending projections. As there could be any number of reasons, the issue does not cause concern.

The Clerk's budget includes the legislative services, records management, elections, and document imaging. The elections budget and document imaging budget has only expended 3.4% and 3.2%, respectively.

The Financial Services Department budget includes administration, accounting, revenue/ business activities, and ambulance billing. The only division expending less than 20% is accounting at 15.9%.

Human Resources expenditure rate is at 19.0%.

Economic Development expenditure rate at quarter end is 17.3%.

Public Works expenditure rate is at 17.6%.

ENTERPRISE FUNDS

The tables on the following pages 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 6
Water Fund 711**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	47,352,896	47,352,896	12,555,240	26.5%
Expenditures	47,833,509	59,154,224	9,708,006	16.4%

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 26.5%. 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.

**Table 7
Sewer Fund 721**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	31,297,605	31,733,604	6,034,482	19.0%
Expenditures	30,628,434	44,944,366	5,991,000	13.3%

The Sewer Division of the Utilities Department collects, treats, and disposes of wastewater. Revenues received are 19.0% 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.

**Table 8
Solid Waste Fund 731**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	21,786,742	21,786,742	5,828,866	26.8%
Expenditures	22,174,821	22,174,821	3,856,653	17.4%

The solid waste revenues are on target this quarter. The largest revenue gain is in the storm draining cleaning revenue at 25.3% and contract trash revenue at 27.8%. Expenditures are below the 20%. M&O expenditures are at 16.3%

**Table 9
Airport Fund 741**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	553,255	553,255	120,542	21.8%
Expenditures	625,083	625,083	140,170	16.7%

The Airport fund accounts for the operation of Oceanside (General Aviation) Airport. The revenues consist of rents/leases, fuel sales, and miscellaneous income. First quarter expenditures are at 16.7% due to limited spending in the M&O accounts so far this year.

**Table 10
Harbor Fund 751**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	6,016,300	6,016,300	1,428,411	23.7%
Expenditures	6,047,416	9,388,738	1,763,308	18.8%

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.

INTERNAL SERVICE FUNDS

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

**Table 11
Risk Management Fund 814**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	3,011,085	2,979,094	990,150	33.2%
Expenditures	2,979,094	2,979,094	912,339	30.6%

Risk Management revenues are made up of general liability charges to all City departments. The revenues were adjusted downward by \$31,991 as a result of the Administrative Directive pertaining to Workers' Compensation charges. The expenditures are in relation to property insurance renewal, general liability insurance, and miscellaneous claims and settlements.

**Table 12
Employee Benefits Fund 817**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	26,102,420	26,102,420	6,441,417	24.7%
Expenditures	24,056,427	24,071,427	5,822,646	24.2%

The Employee Benefits revenues and expenditures are on track at 24.7% and 24.2% respectively. Revenues are projected at full staffing Citywide.

**Table 13
Workers' Compensation Fund 818**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	3,206,841	3,206,841	953,915	29.7%
Expenditures	3,144,173	3,115,497	638,453	20.5%

The Workers' Compensation premium revenues came in at 29.8% for the end of the first quarter. The expenditure side of the amended budget increased by \$28,676 as a result of the Administrative Directive pertaining to Workers' Compensation charges. Expenditures for the first quarter are approximately 21%.

**Table 14
Fleet Management Fund 831**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	7,633,484	7,633,484	1,891,345	24.8%
Expenditures	7,633,484	7,677,910	1,251,134	16.3%

The Fleet Management revenues are in line with projections at approximately 25%. The expenditures are at 16.3%. Fleet Management includes fleet maintenance and fleet replacement. Fleet maintenance expenditures are at 25% and fleet replacement expenditures are at 5% which accounts for the lower total expenditure percentage.

**Table 15
Information Technology Fund 841**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	5,587,410	5,587,410	1,379,906	24.7%
Expenditures	5,656,486	5,656,486	1,560,922	27.6%

Information Technology revenues are within projections though the end of the first quarter. Expenditures of 27.6% are within expectations.

**Table 16
City Buildings Fund 851**

	Adopted Budget	Amended Budget	1 st Qtr YTD Actual	% of Amended Budget
Revenues	6,212,493	6,178,976	1,544,745	25.0%
Expenditures	6,227,804	6,424,804	2,718,036	42.3%

The City Buildings revenues were adjusted downward by \$33,517 based on the Administrative Directive pertaining to Workers' Compensation charges. The expenditure increase of \$197,000 is FY 2007-08 carry forward for the Building Crafts and Police Building Maintenance accounts.