ITEM NO. 28

Memorandum
Financial Services Department

TO: **Honorable Mayor and City Councilmembers**

THROUGH: **Steve Jepsen, City Manager**

FROM: **James Riley, Director of Financial Services**

DATE: **May 7, 2014**

SUBJECT: **Financial Status Report**

Attached please find a copy of the Financial Status Report for the third quarter ending March 31, 2014.

General Fund revenues, excluding the use of reserves, are at 64.00% of the amended budget which is typical at this time of year due to cyclical receipts of revenues. Year-end accruals will boost the final figures. Overall General Fund expenditures are at 74.62% of the amended budget.

The following is a snapshot of General Fund revenues vs. expenditures as of March 31st. (in thousands)

Description	Amended Budget	YTD as of 2nd Quarter	YTD % of Amended Budget
Revenues	$129,930	$80,800	64.00%
Expenditures	$124,896	$93,200	74.62%
Surplus/(Shortfall)	$5,034	($12,400)	

It is recommended to increase the General Fund revenue by $1.48 million and increase expenditures by $96,000 as noted on Attachment A. Adjustments to other City funds are also noted on Attachment A.

In accordance with City Council Policy 200-13 Financial Policies Section OB-6 "on-going projected revenues for the General Fund ... will be budgeted 50% to enhance unassigned fund balances and 50% to reduce long-term unfunded liabilities."

I am available to answer any questions you may have.

cc: City Clerk
City Treasurer
Department Directors

CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2013-2014
Third Quarter Ending March 31, 2014

The City has completed three quarters of the 2013-14 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.

The City Council adopted the FY 2013-14 budget on June 5, 2013 with approved General Fund revenues of $121.5 million and expenditures of $121.1 million. In the following sections, the amounts in the tables listed as Current Budget include adjustments for encumbrances and supplemental appropriations. The proposed budget adjustments have been added as a separate column and have been included in the calculation of the total Budget % Increase (Decrease).

GENERAL FUND

Revenues

Fiscal Year 2013-2014 General Fund revised budget, as shown in Table 1, is projected to be $129.9 million, a $1.48 million increase from the current budget. The increase is due to the trending of higher property tax, sales tax, parking machine, ambulance billing, plan checks and permits for right of way than originally projected. Revenues received through the third quarter are at 64% of total projections. Year end accruals will boost the final figures.

Historically, revenues are received unevenly throughout the year. Many of the taxes, such as property taxes, sales taxes and franchise taxes are received either biannually or annually.

Table 1
GENERAL FUND REVENUES
Fiscal Year 2013-2014
(Thousands)

Revenue Type	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
Property Taxes	47,300	48,300	28,600	48,880	580	1.20%
Sales Taxes	19,700	21,000	12,500	21,000	0	0.00%
Transient Occupancy Tax (TOT)	4,100	4,100	2,700	4,300	200	4.88%
All Other Taxes	3,200	3,200	2,300	3,250	50	1.56%
Licenses & Permits	1,800	2,100	1,600	2,120	20	0.95%
Franchise Fees	4,100	4,100	1,300	4,100	0	0.00%
Fines/Forfeitures	4,300	4,200	2,800	4,000	-200	-4.76%
Use of Money & Property	4,300	4,800	4,000	5,300	500	10.42%
Intergovernmental	500	500	300	500	0	0.00%
Ambulance Billing	3,200	3,400	2,900	3,600	200	5.88%
Charges for Services	15,700	16,600	12,100	16,700	100	0.60%
Other Revenue & Transfers	12,700	12,800	9,700	12,830	30	0.23%
Use of Reserves	600	3,350	0	3.350	0	0.00%
Total	121,500	128,450	80,800	129.930	1,480	1.18%

Expenditures

The Revised Budget for expenditures has been increased to $124.9 million as noted in Table 2. Table 2 highlights the budget changes and the amount expended by each department. The $96,000 change is due to increase of costs related to permits, postage and equipment.

Table 2
GENERAL FUND EXPENDITURES
Fiscal Year 2013-2014
(Thousands)

Department	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
GENERAL GOVERNMENT						
City Council	900	900	700	916	16	0%
City Clerk	1,000	1,000	700	1,000	0	0%
City Treasurer	300	300	200	300	0	0%
City Manager	1,700	2,000	1,400	2,000	0	0%
City Attorney	1,500	1,500	1,100	1,500	0	0%
Financial Services	4,800	5,000	3,500	5,060	60	1%
Human Resources	700	700	500	700	0	0%
Non-Departmental	6,000	7,300	6,600	7,300	0	0%
PUBLIC SAFETY						
Fire	24,500	25,000	19,200	25,000	0	0%
Police	49,500	50,300	38,100	50,300	0	0%
PUBLIC WORKS						
Public Works	12,800	13,000	8,700	13,000	0	0%
COMMUNITY DEVELOPMENT						
Development Services	7,200	7,500	5,000	7,520	20	0.3%
COMMUNITY/CULTURAL SERVICES						
Neighborhood Services	5,500	5,600	4,000	5,600	0	0%
Library	4,700	4,700	3,500	4,700	0	0%
Total	**121,100**	**124,800**	**93,200**	**124,800**	**96**	0.1%

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 similar to private enterprise and show a profit or loss. The financial status of operating funds for Water, Sewer and Solid Waste Disposal are discussed below. Please note that Water and Sewer budgets consist of multiple funds (operating, replacement and developer connection). Debt service is not included. Generally accepted accounting principles (GAAP) call for fiscal analysis of Enterprise Funds to reflect a roll up all of funds into one report.

WATER FUND REVENUES

The Water Fund is currently budgeted for an operating profit of $510,000. The proposed budget change of $10,000 is due to an increase in water sales revenue.

WATER FUND EXPENDITURES

Table 3 highlights the amount and percentage expended by each water program. As of March 31st, the Water Combined Funds have expended 55% of the overall current budget. Expenditures for capital projects range from 10% to 22% of total current budget. This is due to projects being at various stages of completion.

Table 3
WATER COMBINED FUNDS (excluding debt service)
Fiscal Year 2013-2014
(Thousands)

	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
Water Sales	51,700	58,500	40,400	58,510	10	0%
Developer Fees	400	400	120	400	0	0%
Grants	400	400	0	400	0	0%
Other Revenue	1,100	1,100	780	1,100	0	0%
Inter-fund Transfers In	300	500	900	500	0	0%
TOTAL OPERATING REVENUES	**53,900**	**60,900**	**42,200**	**60,910**	**10**	0%
Use of Reserves	0	0	0	0	0	0%
TOTAL FUNDING SOURCES	**53,900**	**60,900**	**42,200**	**60,910**	**10**	0%
EXPENDITURES						
Administration & General	32,100	35,100	22,100	35,100	0	0%
Flood Control/Storm Drains	700	700	525	700	0	0%
Water Distribution	1,500	1,500	1,200	1,500	0	0%
Water Filtration Plant	1,400	1,500	1,100	1,500	0	0%
Desalting Plant	2,300	2,300	1,500	2,300	0	0%
Water Maintenance	2,200	2,200	1,500	2,200	0	0%
Water Meter Services	2,300	2,400	1,600	2,400	0	0%
Clean Water Program	1,300	1,300	750	1,300	0	0%
Other Water Programs	1,500	1,500	900	1,500	0	0%
Inter-fund Transfers Out	0	0	0	0	0	0%
Replacement Projects (capital)	5,100	6,500	650	6,500	0	0%
Connection Projects (capital)	3,000	5,400	1,200	5,400	0	0%
TOTAL CASH EXPENSES	**53,400**	**60,400**	**33,025**	**60,400**	**0**	0%
Depreciation/GASB 31 Expenses	0	0	3,600	0	0	0%
TOTAL OPERATING EXPENSES	**53,400**	**60,400**	**36,625**	**60,400**	**0**	0%
OPERATING INCOME/(LOSS)	**500**	**500**	**5,575**	**510**	**10**	

SEWER FUND REVENUES

The Current Budget projects a $4.6 million loss for 2013-14.

The decrease in revenue is due to developer fees being much lower than planned.

Table 4
SEWER COMBINED FUNDS (excluding debt service)
Fiscal Year 2013-2014
(Thousands)

	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
Sewer Service & Flow Fees	35,000	35,000	26,600	35,000	0	0%
Developer Fees	1,400	1,400	60	300	(1,100)	-79%
Other Revenue	500	875	780	915	40	5%
Inter-fund Transfers In	0	30	15,900	30	0	0%
TOTAL OPERATING REVENUES	**36,900**	**37,305**	**43,340**	**36,245**	**(1,060)**	-3%
Use of Reserves	0	0	0	0	0	0%
TOTAL FUNDING SOURCES	**36,900**	**37,305**	**43,340**	**36,245**	**(1,060)**	-3%
EXPENDITURES						
Administration & General	5,100	5,100	3,700	5,100	0	0%
Facilities Maintenance	1,800	1,800	1,600	1,800	0	0%
Sewer Collections	3,300	3,300	2,200	3,300	0	0%
La Salina Wastewater	3,300	3,300	2,300	3,300	0	0%
San Luis Rey Wastewater	7,200	7,350	5,400	7,350	0	0%
Sewer Laboratory	1,000	1,000	700	1,000	0	0%
SCADA Program	300	300	140	300	0	0%
GIS Program	300	330	180	330	0	0%
Replacement Projects (capital)	11,400	13,900	3,800	13,900	0	0%
Expansion Projects (capital)	4,000	4,500	4,200	4,500	0	0%
TOTAL CASH EXPENSES	**37,700**	**40,880**	**24,220**	**40,880**	0	0%
Depreciation/GASB 31 Expense	0	0	4,100	0	0	
TOTAL OPERATING EXPENSES	**37,700**	**40,880**	**28,320**	**40,880**	0	0%
OPERATING INCOME/(LOSS)	**(800)**	**(3,575)**	**15,020**	**(4,635)**	**(1,060)**	

SOLID WASTE DISPOSAL FUND REVENUES

The Solid Waste Fund budget is currently projected to have a $405,000 loss. Due to an increase in Waste Management Collector payments, the revenues have been increased $55,000.

SOLID WASTE DISPOSAL FUND EXPENDITURES

As of the 3rd quarter, the Solid Waste Disposal Fund has expended or committed 68% of the Current Budget.

Table 5
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2013-2014
(Thousands)

	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
REVENUES						
Trash P/U Fees	18,600	18,600	14,800	18,600	0	0%
Waste Mgmt Collector Payment	1,800	1,800	1,400	1,855	55	3%
Other Revenue	3,200	3,200	2,200	3,200	0	0%
TOTAL OPERATING REVENUES	**23,600**	**23,600**	**18,400**	**23,655**	**55**	3%
Use of Reserves	0	0	0	0	0	0%
TOTAL FUNDING SOURCES	**23,600**	**23,600**	**18,400**	**23,655**	**55**	3%
EXPENDITURES						
Personnel	300	300	180	300	0	0%
Maintenance & Operations	17,300	17,260	11,300	17,260	0	0%
Capital	**0**	**0**	**0**	0	0	0%
Internal Services Charges	1,400	1,400	1,100	1,400	0	0%
Inter-fund Transfers Out	5,100	5,100	3,800	5,100	0	0%
TOTAL CASH EXPENSES	**24,100**	**24,060**	**16,380**	**24,060**	0	0%
Depreciation/GASB 31 Expenses	0	0	4	0	0	0%
TOTAL OPERATING EXPENSES	**24,100**	**24,060**	**16,384**	**24,060**	0	0%
OPERATING INCOME/(LOSS)	**(500)**	**(460)**	**2,016**	**(405)**	**55**	

HARBOR FUND REVENUES

Due to Slip Rental Revenues trending to exceed budget, The Harbor Fund revenue budget has been increased which lowered the projected loss at year end to $795,000 thousand.

HARBOR FUND EXPENDITURES

As of the 3rd Quarter, the Harbor Fund has transferred 75% of the budget to the General and Risk Management Funds for those services as listed in Table 6.

Table 6
HARBOR FUND 751
Fiscal Year 2013-2014
(Thousands)

	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	2013-14 Revised Budget	Proposed Increase (Decrease)	Budget % Increase (Decrease)
REVENUES						
Slip Rental Revenue	4,800	4,800	3,800	5,025	225	5%
Harbor Leases	980	980	580	980	0	0%
Interest	20	20	20	20	0	0%
Other Revenue (parking meters)	700	700	500	700	0	0%
TOTAL OPERATING REVENUES	**6,500**	**6,500**	**4,900**	**6,725**	**225**	5%
EXPENSES						
Transfer - Harbor Police	2,000	2,000	1,500	2,000	0	0%
Transfer - Harbor Admin	700	700	540	700	0	0%
Transfer - Harbor Maint	2,600	2,600	1,900	2,600	0	0%
Transfer - Prop Mgmt	40	40	30	40	0	0%
Transfer - Harbor Lifegaurd	150	150	110	150	0	0%
Transfer - Risk Management	40	40	30	40	0	0%
Transfer - Tideland Lease	500	500	390	500	0	0%
Debt Service	400	420	400	420	0	0%
Capital Projects	1,100	1,100	200	1,100	0	0%
TOTAL CASH EXPENSES	**7,500**	**7,520**	**5,100**	**7,520**	0	0%
Depreciation/GASB 31 Expenses			500		0	0%
TOTAL OPERATING EXPENSES	**7,500**	**7,520**	**5,600**	**7,520**	0	0%
OPERATING INCOME/(LOSS)	(990)	(1,020)	(700)	(795)	225	

BUDGET TRANSFERS

In compliance with Section OB-2 of Council Policy 200-13 "Financial Policies", the City Manager has the authority to transfer monies appropriated within the same fund for the same department provided the total amount within a fund has not changed. Budget transfers in excess of $25,000 are presented to the City Council on a quarterly basis for notification purposes. Table 7 lists all the transfers made in the 3rd quarter.

Table 7
BUDGET TRANSFERS IN EXCESS OF $25,000
Fiscal Year 2013-2014

Description of Business Unit or Project	From Account	To Account	Reason	Amount
City Manager	N/A	City Manager, Water, Development Services, Water	Use Post Retirement Leave Fund for employee retirement	$283,209
Transfers between accounts	N/A	Water, Development Services, Water	Fund allocation for additional budget for employee retirement	$96,291

ATTACHMENT A

General Fund
Budget Change Recommendations
FY13/14 - 3rd Quarter

REVENUES			
Account Number	**Account Description**	**Recommended Budget Adjustments**	**Explanation**
1101.4101.0001	PropTaxes-Suppl Curr Sec	$325,800	Based on year to date actuals and estimated ongoing receipts
1101.4101.0005	Prop Taxes-Suppl Delinq Sec	($71,500)	Based on year to date actuals and estimated ongoing receipts
1101.4101.0010	Prop Taxes-Transfer	$323,200	Based on year to date actuals and estimated ongoing receipts
	Total Property Tax Adjustments	$577,500	
1101.4156.0002	Business Licenses - Penalty	$47,700	Based on year to date actuals and estimated ongoing receipts
1101.4116	Transient Occupancy Tax	$200,000	Based on year to date actuals, estimated ongoing receipts and hotel opening
1101.4196.0016	FF&P - Misc/Other	($230,000)	Based on year to date actuals and estimated ongoing receipts
1101.4182	Parking Machine Collections	$235,000	Based on year to date actuals and estimated ongoing receipts
1101.4186	PrkgPrmt-Annual	$47,000	Based on year to date actuals and estimated ongoing receipts
1101.4188	Prkg Meter Rev	($30,000)	Based on historical and year to date receipts
1101.4216.0001	Investment Earnings-Pool	$35,000	Based on year to date actuals and estimated ongoing receipts
1101.4351.0004	PM R&L-TideLnd Rubys Diner	$16,600	Deparment recommendation
1101.4351.0005	PM R&L-Cell Tower ROW	$58,000	One-time revenue recognition
1101.4351.0009	PM R&L-City	$80,000	Based on year to date actuals and estimated ongoing receipts
1101.4351.0014	PM R&L-Tideind Tin Fish	$10,000	Based on year to date actuals and estimated ongoing receipts
1101.4353.0001	R&L-Muni Golf Course	$10,000	Based on year to date actuals and estimated ongoing receipts
1101.4452.0001	Ambulance Billing	$200,000	Based on year to date actuals and estimated ongoing receipts
1101.4393	Contrib fr NonGovt Src	$34,600	Based on year to date actuals
150340101.4411.0011	DocuSvcs-Plan Applicatn Fees	($47,500)	Revenue not posting to this business unit.
211010101.4417	Business Lic - Admin Fee	$75,000	Based on year to date actuals and estimated ongoing receipts
425423101.4426.0024	PlanCk-Final/Parcel Map	$20,000	Based on year to date actuals
425423101.4161.0022	Prmt-Right of Way	$20,000	Based on year to date actuals
425423101.4426.0004	PlanCk-Erosn Cntrl	$20,000	Based on year to date actuals
425423101.4426.0006	PlanCk-Improv	$10,000	Based on year to date actuals

ATTACHMENT A

General Fund
Budget Change Recommendations
FY13/14 - 3rd Quarter

REVENUES			
425423101.4426.0021	Storm Water	($14,000)	Based on year to date actuals and estimated ongoing receipts
450404101.4411.0011	DocuSvcs-Plan Applicatn Fees	($10,000)	Based on year to date actuals and estimated ongoing receipts
550552101.4461	Reimb for Services	$53,400	Based on submitted invoices for mutual aide
933900101.4196.0013	FF&P - Admin Citation - CdEnfr	$27,300	Based on year to date actuals and estimated ongoing receipts
935936101.4358	Special Events	$14,500	Based on year to date actuals and estimated ongoing receipts
935948101.4352	Recreation Rentals	$33,500	Based on year to date actuals and estimated ongoing receipts
	Total Other Adjustments	$916,100	
	Total Revenue Adjustment	**$1,493,600**	

EXPENDITURES			
Account Number	**Account Description**	**Recommended Budget Adjustments**	**Explanation**
212010101.5305	Professional Services	$55,000	Fund last two months of Infosend for increased postage
110102101.5305	Professional Services	$16,000	Fund last two months of expense.
425423101.5305	Land Development - Professional Services	$20,000	Fund last two months of year. Increase in revenues offset the expense.
220000101.5330	Machinery & Equipment<$10,000	$5,000	Ergonomic chair and headsets for staff
	Total Expenditure Adjustment	**$96,000**	

ATTACHMENT A

All Other Funds
Budget Change Recommendations
FY13/14 - 3rd Quarter

Revenues			
Account Number	**Account Description**	**Recommended Budget Adjustments**	**Explanation**
1213.4131.0002	Gas Tax - Sct 2106	($293,717)	Decrease per state estimates received 1/29/14.
1278.4427	Inclusionary In Lieu Developer Fees	$200,000	Revenues continue to exceed expectations.
1278.4454	Inclusionary Hsng Admin Fee	$10,000	Revenues continue to exceed expectations.
923475200283.4392.0005	CDC Hsng Sct8 Vchrs-HUD	$185,298	Increase per estimates received from HAP.
1503.4427	Public Facility Fees Developer Fees	$25,000	Revenues continue to exceed expectations.
1508.4427	Traffic Signal DIF Developer Fees	$20,000	Revenues continue to exceed expectations.
1510.4427	SLRR Major Water Course Developer Fees	$60,000	Mission Cove fees received.
1511.4427	SLRR-DD-1/Zone-1A Developer Fees	$112,000	Mission Cove fees received.
1520.4427	LACrk Mjr Water Course Developer Fees	$36,000	Revenues continue to exceed expectations.
1522.4427	Loma Alta Crk DD-2/Zone 2B Developer Fees	$19,000	Revenues continue to exceed expectations.
1581.4430.0002	GF Community Facilities CIP General Plan Surcharge	$14,000	Revenues continue to exceed expectations.
320431596.4393	Municipal Golf Course Improv	$16,000	Revenues exceeding expectations.
1598.4427	Parks Fees Developer Fees	$41,000	Revenues continue to exceed expectations.
1711.4471.0002	Water Operating Water Sales - Admin Fees	$10,000	Increase based on historical values.
1721.4461.0007	Sewer Operating Reimb for Svcs-BrineDischrg	$38,900	Increase based on historical values.

ATTACHMENT A

All Other Funds
Budget Change Recommendations
FY13/14 - 3rd Quarter

1726.4427	Sewer Expansion/Improvement Developer Fees	($1,097,295)	Budget is not meeting expectations. Reducing budget based on historical values.
700010731.4482.0002	Waste & Recycling Admin WM Coll Pym-Excess Rev	$54,000	Revenues exceeding expectations.
1751.4491	Harbor SlipRntl Revenue	$225,000	Increase based on historical values.
250253817.4461	Employee Benefits Reimb for Services	$17,600	Increase to match actual revenue received.
250253817.4501	Employee Benefits Misc Income	$25,300	Increase to match actual revenue received.
	Total Revenue Adjustments	($281,914)	

EXPENDITURES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
630603851.5355	Materials and Supplies	$50,000	Materials and Supplies need for repairs
	Total Expenditure Adjustments	$50,000	