



**Memorandum**  
**Financial Services Department**

**TO:** Honorable Mayor and City Councilmembers

**THROUGH:** Steve Jepsen, City Manager 

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

**DATE:** August 20, 2014

**SUBJECT:** Financial Status Report

Attached please find a copy of the Unaudited Financial Status Report for the year ending June 30, 2014 (Period 12).

General Fund revenues as of June 30<sup>th</sup> came in at 98% of the current budget amount, excluding use of reserves, and year-end accruals that will be posted through the end of August 2014. General Fund expenditures are at 97% of the current budget. This results in revenues exceeding expenditures of \$3.8 million.

The following is a snapshot of General Fund revenues vs. expenditures as of June 30<sup>th</sup> unaudited (in thousands).

Description	Current Budget	YTD as of 4th Quarter	YTD % of Current Budget
Revenues	\$126,484	\$124,262	98.00%
Expenditures	\$123,841	\$120,426	97.00%
Surplus/(Shortfall)	\$2,643	\$3,836	

It is anticipated that General Fund revenues may equal or exceed the current budget once year-end accruals are posted. General Fund expenditures are expected to remain constant and not see significant change.

The final audit report is expected to be completed and presented to Council in December 2014.

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 2013-14  
Fourth Quarter Ending June 30, 2014**

The City has completed the fourth quarter of the 2013-14 fiscal year. The financial data in this report is based on the close of Period 12, which reflects revenues and expenditures posted through normal day-to-day operations (i.e. payroll, accounts payable, cashiering, and accrued revenues/expenditures through July 31st). It does not include Period 13 entries (August accruals, depreciation and other year-end entries in preparation for the audit). 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 13/14 budget on June 5, 2013 with approved General Fund revenues of \$121.5 million and expenditures of \$121.0 million. As of June 30, 2014, the 2013-14 current budget reflects \$126.5 million in revenue and expenditures of \$123.8 million. This is excluding use of reserves of \$3.4 million for one-time projects.

The fiscal year 2013-14 Year to Date (YTD) actuals for shows revenue of \$124.3 million or 98% of current budget. Actual YTD expenditures show an amount of \$120.5 million or 97% of current budget. This is excluding transfers from reserves of \$3.7 million for one-time projects.

**GENERAL FUND REVENUES**

Table 1 highlights the amount and percentage received in each of the major revenue types. Fiscal Year 2013-2014 General Fund YTD revenues are \$2.2 million under the current revenue budget of \$126.5 million. This is primarily due to the following: Sales tax, TOT, All other taxes and Franchise fees.

**Table 1  
GENERAL FUND REVENUES  
Fiscal Year 2013-2014  
In Thousands**

<b>Revenue Type</b>	<b>2013-14 Adopted Budget</b>	<b>2013-14 Current Budget</b>	<b>2013-14 Year-To- Date Actuals</b>	<b>YTD % of Current Budget</b>
Property Taxes	47,263	48,843	49,143	101%
Sales Taxes	19,733	20,963	19,906	95%
Transient Occupancy Tax (TOT)	4,065	4,265	3,679	86%
All Other Taxes	3,250	3,298	3,223	98%
Licenses & Permits	1,810	2,081	2,109	101%
Franchise Fees	4,067	4,067	3,429	84%
Fines/Forfeitures	4,314	4,032	3,962	98%
Use of Money & Property	4,254	5,286	5,160	98%
Intergovernmental	527	539	516	96%
Ambulance Billing	3,168	3,568	3,827	107%
Charges for Services	15,748	16,683	16,401	98%
Other Revenue & Transfers	12,691	12,859	12,907	100%
Use of Reserves	614	0	0	N/A
<b>Total</b>	<b>121,502</b>	<b>126,484</b>	<b>124,262</b>	<b>98%</b>



*Sales Taxes* comprise 16% of the total General Fund revenues, and consist of three components. Revenues recognized at the end of the year are 95% of the current budget. Estimated receipts of over \$1.0 million for June have not yet been received and should bring actual receipts to equal or exceed the current budget of \$21 million.

*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 June 30<sup>th</sup> are at 86% of the current budget of \$4.3 million. Estimated receipts for June have not been received and are expected to be \$800k to \$900k, taking collections to greater than 100% of current budget.

*All Other Taxes* has year- end remittances totaling 97% of projections. Business licenses for June have not been included in this amount and are estimated at over \$200k. This would bring total remittances to over 100%.

*Franchise Tax* – the City receives franchise taxes from various utilities. The YTD % of current budget shows 83%. Receipts totaling approximately \$650k for the 4<sup>th</sup> quarter are normally received in August, which would bring receipts close to 100% of current budget.

### **GENERAL FUND EXPENDITURES**

Table 2 highlights the amount and percentage expended by each department. As of June 30<sup>th</sup>, the General Fund has expended or committed 97.0% of the current budget. This has resulted in overall expenditures being \$3.4 million under the current budget. Of this amount \$415K are appropriations to be carried over to the 2014-15 fiscal year as contracts were not completed. .

All departments are within their budget, with the exception of the Fire Department, which is over budget as a result of overtime costs, and City Council and the City Treasurer for minor adjustments in personnel costs.



**Table 2  
GENERAL FUND EXPENDITURES  
Fiscal Year 2013-2014  
In Thousands**

<b>Department</b>	<b>2013-14 Adopted Budget</b>	<b>2013-14 Current Budget</b>	<b>2013-14 Year-To- Date Actuals</b>	<b>YTD % of Current Budget</b>
<b>GENERAL GOVERNMENT</b>				
City Council	870	887	907	102%
City Clerk	995	1,005	961	96%
City Treasurer	318	318	326	102%
City Manager	1,682	2,094	1,912	91%
City Attorney	1,529	1,531	1,480	97%
Financial Services	4,833	5,131	4,763	93%
Human Resources	687	687	656	95%
Non-Departmental	5,993	5,993	5,273	88%
<b>PUBLIC SAFETY</b>				
Fire	24,481	24,996	25,403	102%
Police	49,520	50,289	50,202	100%
<b>PUBLIC WORKS</b>				
Public Works	12,832	13,018	11,780	90%
<b>COMMUNITY DEVELOPMENT</b>				
Development Services	7,188	7,511	6,763	90%
<b>COMMUNITY/CULTURAL SERVICES</b>				
Neighborhood Services	5,518	5,621	5,411	96%
Library	4,614	4,759	4,588	96%
<b>Total</b>	<b>121,059</b>	<b>123,841</b>	<b>120,426</b>	<b>97%</b>

**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. 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 funds into one report

**WATER FUND REVENUES**

Overall revenues for the Water Combined Funds are at 99% at the end of the year as noted in Table 3 below.

- Water Sales – this revenue comprises 95% of the total revenues for Water operations, and is used for the purpose of purchasing, treating, transporting and delivering water to customers. These revenues also fund debt service and fixed asset replacement costs.



- Developer Fees – Development activity has shown a decrease, resulting in a decrease in these fees from the original budget estimate.
- Grants – the Water department did not receive any grants during the fiscal year.
- Other Revenue - includes interest earnings, reimbursement for services, and sale of surplus equipment.
- Inter-Fund Transfers In – includes transfers from the Water Debt Service Fund.

### **WATER FUND EXPENDITURES**

Table 3 highlights the amount and percentage expended by each water program. As of June 30<sup>th</sup>, the Water Combined Funds have expended or committed 89% of the current budget. Operating expenditures did not exceed operating revenues. Expenditures for capital projects were significantly lower than anticipated since many of the projects are still in the planning and design stages.

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

	2013-14 Adopted Budget	2013-14 Current Budget	2013-14 Year-To- Date Actuals	YTD % of Current Budget
Water Sales	51,707	58,461	57,305	98%
Developer Fees	400	400	339	85%
Grants	400	400	-	0%
Other Revenue	1,085	1,075	1,052	100%
Inter-fund Transfers In	276	494	1,439	280%
<b>TOTAL OPERATING REVENUES</b>	<b>53,868</b>	<b>60,830</b>	<b>60,135</b>	<b>99%</b>
Use of Reserves			0	n/a
<b>TOTAL FUNDING SOURCES</b>	<b>53,868</b>	<b>60,830</b>	<b>60,135</b>	<b>99%</b>
<b>EXPENDITURES</b>				
Administration & General	32,070	35,103	33,370	95%
Flood Control/Storm Drains	703	703	703	100%
Water Distribution	1,480	1,483	1,552	107%
Water Filtration Plant	1,369	1,455	1,473	100%
Desalting Plant	2,272	2,291	2,020	87%
Water Maintenance	2,166	2,172	2,081	95%
Water Meter Services	2,277	2,419	2,235	92%
Clean Water Program	1,253	1,255	1,057	85%
Other Water Programs	1,526	1,534	1,184	80%
Inter-fund Transfers Out	-	-	-	0%
Replacement Projects (capital)	5,072	6,464	1,214	18%
Connection Projects (capital)	3,014	5,395	1,710	33%
<b>TOTAL CASH EXPENSES</b>	<b>53,202</b>	<b>60,274</b>	<b>48,599</b>	<b>81%</b>
Depreciation/GASB 31 Expenses	-	-	4,885	n/a
<b>TOTAL OPERATING EXPENSES</b>	<b>53,202</b>	<b>60,274</b>	<b>53,484</b>	<b>89%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>665</b>	<b>556</b>	<b>6,650</b>	<b>n/a</b>



## SEWER FUND REVENUES

Overall revenues for the Sewer Combined Funds are at 146%% at the end of the year as noted in Table 4 below.

- Sewer Service & Flow Fees – this revenue comprise 68% of the total revenues for Sewer operations, debt service and fixed asset replacement costs.
- Other Revenue - includes interest earnings, reimbursement for services, and Rainbow MWD pass-thru fees.
- Inter-Fund Transfers In – includes transfer from Sewer Debt Service Fund.

## SEWER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each sewer program. As of year-end, the Sewer Combined Funds has expended 81% of the current budget. As in the Water Fund, most of the capital projects were in the planning and design phases and therefore, a significant amount of funds have yet to be expended.

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

	Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	YTD % of Current Budget
Sewer Service & Flow Fees	35,019	35,047	35,865	103%
Developer Fees	1,357	260	335	117%
Other Revenue	522	913	771	87%
Inter-fund Transfers In	-	26	15,884	53000%
<b>TOTAL OPERATING REVENUES</b>	<b>36,898</b>	<b>36,245</b>	<b>52,855</b>	<b>146%</b>
Use of Reserves	-	-	-	n/a
<b>TOTAL FUNDING SOURCES</b>	<b>36,898</b>	<b>36,245</b>	<b>52,855</b>	<b>146%</b>
<b>EXPENDITURES</b>	-	-	-	
Administration & General	5,125	5,128	4,868	96%
Facilities Maintenance	1,815	1,818	1,977	111%
Sewer Collections	3,256	3,262	3,224	97%
La Salina Wastewater	3,321	3,325	2,809	85%
San Luis Rey Wastewater	7,226	7,350	6,916	94%
Sewer Laboratory	975	976	827	80%
SCADA Program	274	275	211	67%
GIS Program	329	334	242	61%
Replacement Projects (capital)	11,354	14,396	2,531	17%
Expansion Projects (capital)	4,005	4,497	1,933	42%
<b>TOTAL CASH EXPENSES</b>	<b>37,680</b>	<b>41,362</b>	<b>25,538</b>	<b>62%</b>
Depreciation/GASB 31 Expense	-	-	8,168	n/a
<b>TOTAL OPERATING EXPENSES</b>	<b>37,680</b>	<b>41,362</b>	<b>33,706</b>	<b>81%</b>
	-	-	-	
<b>OPERATING INCOME/(LOSS)</b>	<b>(782)</b>	<b>(5,117)</b>	<b>19,150</b>	<b>n/a</b>



### **SOLID WASTE DISPOSAL FUND REVENUES**

Overall revenues for the Solid Waste Disposal Fund are approximately 103% at the end of the year as noted in Table 5 below.

Trash Pick-Up Fees – these fees are collected to provide all the costs associated with solid waste disposal. Over 105% has been received as of year-end.

Waste Management Collector Payment – per the November 2010 contract with Waste Management, effective September 2012 the collector payment remitted is the greater of nine percent of gross receipts for the prior year or \$1.7 million.

### **SOLID WASTE DISPOSAL FUND EXPENDITURES**

Table 5 below highlights the amount and percentage expended by expenditure category. As of year-end, the Solid Waste Disposal Fund has expended 100% of the current budget. There is a one-month delay in remitting payment to Waste Management, so as of June 30<sup>th</sup> there are eleven monthly payments expended in Maintenance & Operations. When the audit is completed there will be 12 payments included.

**Table 5  
SOLID WASTE DISPOSAL FUND 731  
Fiscal Year 2013-2014  
In Thousands**

	Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	YTD % of Current Budget
<b>REVENUES</b>				
Trash P/U Fees	18,571	18,571	19,501	105%
Waste Mgmt Collector Payment	1,780	1,834	1,840	100%
Other Revenue	3,224	3,224	3,027	94%
<b>TOTAL OPERATING REVENUES</b>	<b>23,575</b>	<b>23,629</b>	<b>24,368</b>	<b>103%</b>
Use of Reserves	-	-	-	n/a
<b>TOTAL FUNDING SOURCES</b>	<b>23,575</b>	<b>23,629</b>	<b>24,368</b>	<b>103%</b>
	-	-	-	
<b>EXPENDITURES</b>				
Personnel	282	282	245	83%
Maintenance & Operations	17,281	17,261	17,183	100%
Capital	-	-	-	n/a
Internal Services Charges	1,391	1,391	1,391	100%
Inter-fund Transfers Out	5,098	5,098	5,098	100%
<b>TOTAL CASH EXPENSES</b>	<b>24,053</b>	<b>24,033</b>	<b>23,917</b>	<b>100%</b>
Depreciation/GASB 31 Expenses	-	-	5	n/a
<b>TOTAL OPERATING EXPENSES</b>	<b>24,053</b>	<b>24,033</b>	<b>23,922</b>	<b>100%</b>
	-	-	-	
<b>OPERATING INCOME/(LOSS)</b>	<b>(478)</b>	<b>(404)</b>	<b>446</b>	<b>n/a</b>



**HARBOR FUND REVENUES**

Overall revenues for the Harbor Fund ended at 99% for the year as noted in Table 6 below. The Harbor Fund has received approximately 102% in slip rental revenue at June 30<sup>th</sup>. Leases and other revenue (parking meters) are of a cyclical nature.

**HARBOR FUND EXPENDITURES**

Table 6 highlights the amount and percentage expended by expenditure category. As of year-end the Harbor Fund has transferred 100% of the budget to the General and Risk Management Funds for services.

**Table 6  
HARBOR FUND 751  
Fiscal Year 2013-2014  
In Thousands**

	Adopted Budget	2013-14 Current Budget	2013-14 Year-To-Date Actuals	YTD % of Current Budget
<b>REVENUES</b>				
Slip Rental Revenue	4,819	5,044	5,113	102%
Harbor Leases	980	980	828	82%
Interest	26	26	20	80%
Other Revenue (parking meters)	660	660	705	100%
<b>TOTAL OPERATING REVENUES</b>	<b>6,484</b>	<b>6,709</b>	<b>6,666</b>	<b>99%</b>
<b>EXPENSES</b>				
Transfer - Harbor Police	1,965	1,965	1,965	100%
Transfer - Harbor Admin	722	722	722	100%
Transfer - Harbor Maint	2,578	2,578	2,578	100%
Transfer - Prop Mgmt	38	38	38	100%
Transfer - Harbor Lifeguard	151	151	151	100%
Transfer - Risk Management	36	36	36	100%
Transfer - Tideland Lease	522	522	392	78%
Debt Service	411	421	411	95%
Capital Projects	1,050	1,050	441	36%
<b>TOTAL CASH EXPENSES</b>	<b>7,473</b>	<b>7,483</b>	<b>6,734</b>	<b>90%</b>
Depreciation/GASB 31 Expenses	-	-	673	n/a
<b>TOTAL OPERATING EXPENSES</b>	<b>7,473</b>	<b>7,483</b>	<b>7,407</b>	<b>99%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(988)</b>	<b>(773)</b>	<b>(741)</b>	<b>n/a</b>



## **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 below highlights the budget transfers.

**Table 7**  
**BUDGET TRANSFERS IN EXCESS OF \$25,000**  
**Fiscal Year 2013-2014**  
**April - June Activity Only**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
Information Systems	Capital Outlay	Machinery & Equipment	Properly Classify Expenditure	25,000
Recreation	Recreation Programs Material & Supplies	Melba Bishop Electricity	Reallocate Budget	29,112
Fire	Professional Services	Auto Equipment	Fire Inspections	32,000
Water Operating	Water Maintenance Regular Employees	Water Facilities Regular Employees	Properly Classify Expenditure	36,207
Police	Regular Employees	Temporary/Part Time Employees	Reallocate Budget	51,000
Tremont Alley Sewer Project	Misc. Sewer Projects	Tremont St. Alley Sewer Rehab	Reallocate Budget	100,000
OMGC Lift Station Project	Misc. Sewer Projects	OMGC Lift Station	Reallocate Budget	154,398
HOME Grant Funds	1st Time Buyer	Vintage Pointe	Properly Classify Revenue	348,638