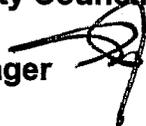




Memorandum
Financial Services Department

TO: Honorable Mayor and City Councilmembers

THROUGH: Steve Jepsen, City Manager 

FROM: Jane M. McPherson, Interim Director of Financial Services 

DATE: February 18, 2015

SUBJECT: Financial Status Report and Mid-Year Adjustment

Attached please find a copy of the Financial Status Report for the 2nd quarter ending December 31, 2014.

General Fund revenue as of December 31st came in at 37% of the current budget amount, including use of reserves. General Fund expenditures are at 49% of the current budget, including use of reserves. There is currently a shortfall with expenditures exceeding revenues by \$13,892.

As noted in the attached report, property tax and sales tax revenues are received unevenly throughout the year. Year to year comparison shows that revenues are equal to or slightly above the prior year and are expected to come in on budget at year end.

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

Description	Current Budget	YTD as of 2nd Quarter	YTD % of Current Budget
Revenues	\$131,409	\$49,229	37.00%
Expenditures	\$131,934	\$63,121	49.00%
Surplus/(Shortfall)	(\$525)	(\$13,892)	

Recommendation

As detailed in Attachment A, it is recommended to increase the General Fund revenue by \$108 thousand. The recommendation is based on revenue trends year-to-date.

It is recommended that General Fund expenditures increase \$279 thousand as detailed in Attachment A. The expenditures include \$118 thousand to increase the budget for electricity due to SDGE rate increases, additional guard rail repairs and

matching funds due to additional grant funds being received from SANDAG for senior transportation.

The non-general fund budget changes include a reduction in the draw down of TransNet funds and budget corrections.

I am available to answer any questions you may have.

cc: Assistant City Manager
City Clerk
City Treasurer
Department Directors

ATTACHMENT A

Budget Change Recommendations FY14/15 - 2nd Quarter

REVENUES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
1101.4156.0002	Business License - Penalty	\$65,000	Penalties actual higher than budgeted
935931101.4501	Senior Transportation-Other Misc Revenue	\$11,298	SANDAG grant extension for taxi-script
425423101.4451.0010	Inspection-After Hours	\$32,000	Increase revenue budget due to increased inspections
Total General Fund		\$108,298	
1213.4131.0001	Gas Tax - Sct2105	\$83,840	HUTA Update August 2014
1213.4131.0002	Gas Tax - Sct 2106	\$73,271	HUTA Update August 2014
1213.4131.0003	Gas Tax - Sct2107	\$106,351	HUTA Update August 2014
1213.4131.0005	Gas Tax - Sct 2103	(\$12,235)	HUTA Update August 2014
700010731.4482.0002	WM Coll Pym-Excess Rev	\$55,000	Excess Revenue exceeding budget.
620609831.4354.0002	R&L Equip Replacement Chg	\$2,935,552	To correct Fleet Internal Service Fund Budget
817129600217.4382	Other Federal Grants	\$28,413	Increase budget for additional COPS 2013 grant funds received.
822133700274.4382	Other Federal Grants	\$7,710	Increase budget due to additional Stonegarden grant funds received
923475200283.4392.0005	Sec8 Vouchers-HUD	(\$273,574)	Budget reduction by HUD related to 2013-14 overpayment
1212.4121.0005	Sales Tax-TransNet II/2 Cent	(\$7,773,000)	Per current cash balance, full drawdown of funds is not anticipated.
Total Revenue Adjustments		(\$4,660,374)	

EXPENDITURES			
Account Number	Account Description	Recommended Budget Adjustments	Explanation
550557101.5705		\$17,000	To correct Lifeguard budget for watercraft approved by City Manager but not budgeted
935941101.5315.0001	Electricity	\$15,936	SDGE increase not budgeted
900876300101.5315.0001	Electricity	\$24,251	SDGE increase not budgeted
935938101.5315.0001	Electricity	\$34,498	SDGE increase not budgeted
935937101.5315.0001	Electricity	\$6,090	SDGE increase not budgeted
935939101.5315.0001	Electricity	\$2,041	SDGE increase not budgeted
935940101.5315.0001	Electricity	\$13,079	SDGE increase not budgeted
935949101.5315.0001	Electricity	\$21,809	SDGE increase not budgeted
935941101.5320	Repair and Maintenance	\$44,611	Repair of Brook St pool filters
550553101.5120	Fire Training Overtime	\$10,000	Reallocate M&O funds to OT
550553101.5320	Repair and Maintenance	(\$10,000)	Reallocate M&O funds to OT
640621101.5355	Materials and Supplies	\$20,000	Increase budget for guard rail replacements
320000101.5320	Repair and Maintenance	\$53,000	Increase budget for Center City Golf Course repairs
935640101.5600.0004	Country Club - Int Serv IT	\$962	Move IT charge to GF Senior Program due to SANDAG regulations
935931101.5355	Senior Transportation-Supplies	\$11,298	SANDAG grant extension for taxi-script
935931101.5105	Senior Transportation- Personnel Services	\$9,914	SANDAG grant extended need to reallocate funds for match in general fund
935931101.5207	Senior Transportation-Fringe Benefits	\$4,941	SANDAG grant extended need to reallocate funds for match in general fund
Total General Fund		\$279,430	
817130800212.5600.0004	Senior Transport- Int Serv IT	(\$962)	Move IT charge to GF Senior Program due to SANDAG regulations
817129600217.5330	Machinery and Equipment	\$28,413	Increase budget due to additional COPS 2013 grant funds received
836132900272.5703	Oblvd. Transit Access Project	(\$108,468)	Move budget to TransNet Fund
902132900212.5703	Oblvd. Transit Access Project	\$97,975	Budget moved from fund 272. Reduced amount due to year end adjustments
817140300273.5355	Materials and Supplies	(\$15,967)	Reallocate grant funds to Temporary/Part time employees
817140300273.5110	Temporary/Part Time Employees	\$15,967	Reallocate grant funds to Temporary/Part time employees
817136800273.5105	New Freedom-Personnel Services	(\$9,914)	SANDAG grant extended need to reallocate funds for match in general fund

ATTACHMENT A

Budget Change Recommendations FY14/15 - 2nd Quarter

817136800273.5207	New Freedom-Fringe Benefits	(\$4,941)	SANDAG grant extended need to reallocate funds for match in general fund
817136800273.5600.0015	New Freedom - Gen Admin	(\$3,407)	Move general admin allocation to Senior Transportation grant as it was not included in New Freedom grant proposal
817130800212.5600.0015	Senior Transport- Gen Admin	\$3,407	Move general admin allocation to Senior Transportation grant as it was not included in New Freedom grant proposal
822133700274.5305	Stonegarden- Professional Services	\$7,710	Increase budget due to additional Stonegarden grant funds received
917443100276.5355	Materials and Supplies	\$10,000	Increase recruitment for Explorer program
170144581.5325	Fire Apparatus/Equip-Infrastructure	\$85,000	Correct budget for missed item due to incorrect CIP number
912880500501.5320.10600	CIP- Silica Reclamation	\$260,000	Correct budget in JD Edwards
425424561.5326	Thoroughfare Master Plan	\$162,638	Correct budget in JD Edwards
902132900212.5703.10600	CIP-OSide Blvd Sidewalk I-5 to Crouch	\$97,975	Correct budget in JD Edwards
836128600272.5305	Vector Habitat Remediation	\$118,175	Correct budget in JD Edwards
425422510.6900.0961	SLRR Flood Control Debt Service	\$330,000	Correct budget in JD Edwards
425413598.5305	Park Enhancements	\$35,000	Conceptual designs and layout plans El Corazon Aquatic Center
Total Expenditure Adjustments		\$1,554,566	



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2014-15
Second Quarter Ending December 31, 2014**

The City has completed the second quarter of the 2014-15 fiscal year. This report summarizes the activities of the operating funds, but is not meant to be inclusive of all finance and accounting transactions and excludes encumbrances. 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 2014-15 budget on June 11, 2014 with approved General Fund revenues of \$128.4 million, expenditures of \$128.4 million with an additional \$2 million use of reserves. In the following sections, the amounts in the tables listed as Current Budget may include supplemental appropriations.

GENERAL FUND REVENUES

Table 1 highlights the amount and percentage of revenues received in each of the major classifications. General Fund revenues as of December 31st are 37% of budget, which is typical at this time of year due to the cyclical nature of revenue receipts.

**Table 1
GENERAL FUND REVENUES
Fiscal Year 2014-2015
In Thousands**

Revenue Type	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To- Date Actuals	YTD % of Amended Budget
Property Taxes	50,159	50,159	14,391	29%
Sales Taxes	21,279	21,279	6,185	29%
Transient Occupancy Tax (TOT)	4,500	4,500	2,399	53%
All Other Taxes	3,470	3,470	1,619	47%
Licenses & Permits	2,089	2,089	864	41%
Franchise Fees	4,107	4,107	674	16%
Fines/Forfeitures	4,189	4,189	1,702	41%
Use of Money & Property	5,261	5,277	3,162	60%
Intergovernmental	499	499	596	120%
Ambulance Billing	3,450	3,450	1,706	49%
Charges for Services	16,655	16,806	9,515	57%
Other Revenue & Transfers	12,774	12,774	6,417	50%
Total Revenues	128,431	128,598	49,229	38%
Use of Reserves	1,986	2,811		N/A
Total Funding Sources	130,417	131,409	49,229	37%

Property Taxes comprise 39% of the total General Fund annual revenues and are primarily received in the December/January and April/May timeframes. Revenues received at the end of the second quarter are at 29%.



Sales Taxes comprise 16% of the total annual General Fund revenues. Revenues received as of December 31st, are 29% of budget.

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 December 31st are at 53% of the current budget.

GENERAL FUND EXPENDITURES

Table 2 highlights the amount and percentage expended by each department. As of December 31st, the General Fund departments combined have expended on average 48% of the current budget.

**Table 2
GENERAL FUND EXPENDITURES
Fiscal Year 2014-2015
In Thousands**

Department	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
GENERAL GOVERNMENT				
City Council	937	937	435	46%
City Clerk	1,125	1,131	566	50%
City Treasurer	326	331	164	49%
City Manager	1,912	2,089	901	43%
City Attorney	1,492	1,521	740	49%
Financial Services	5,239	5,273	2,268	43%
Human Resources	702	716	353	49%
Non-Departmental	7,409	7,409	4,798	65%
PUBLIC SAFETY				
Fire	25,810	26,879	13,593	51%
Police	51,226	51,600	24,605	48%
PUBLIC WORKS				
Public Works	13,106	13,106	6,093	46%
COMMUNITY DEVELOPMENT				
Development Services	7,779	7,907	3,541	45%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	6,070	6,186	2,756	45%
Library	4,660	4,760	2,307	48%
Total by Department	127,792	129,844	63,121	49%
TRANSFER FROM RESERVES				
PERS/Employee Wages	2,625	2,090		
Total	130,417	131,934	63,121	48%



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 of all funds into one report.

WATER FUND REVENUES

Overall revenues for the Water Combined Funds are at 50% of the current budget at the end of the second quarter as noted in Table 3 below.

WATER FUND EXPENDITURES

Table 3 highlights the amount and percentage expended by each water program. As of December 31st, the Water Combined Funds have expended 40% of the current operating budget. Operating expenditures did not exceed operating revenues. As of December 31st, Capital project expenses are 11% of total budget. Expenditures for replacement 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 2014-2015
In Thousands

	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To-Date Actuals	YTD % of Current Budget
REVENUES				
Water Sales	58,490	58,490	29,310	50%
Developer Fees	324	324	290	90%
Other Revenue	1,008	1,008	639	63%
TOTAL OPERATING REVENUES	59,821	59,821	30,238	51%
EXPENDITURES				
Administration & General	38,429	38,474	15,315	40%
Flood Control/Storm Drains	709	709	354	50%
Water Distribution	1,426	1,426	750	53%
Water Filtration Plant	1,581	1,581	618	39%
Desalting Plant	2,567	2,569	837	33%
Water Maintenance	2,328	2,275	1,133	50%
Water Meter Services	2,750	2,750	1,315	48%
Clean Water Program	1,197	1,280	422	33%
Other Water Programs	1,844	1,897	657	35%
Miscellaneous Projects	700	810	158	20%
TOTAL OPERATING EXPENSES	53,532	53,772	21,559	40%
Depreciation/GASB 31 Expenses	-	-	2,597	N/A
TOTAL EXPENSES	53,532	53,772	24,156	45%
Transfers In	15,076	15,076	14,943	99%
Transfers Out	(14,800)	(14,800)	(14,800)	100%
OPERATING INCOME	6,565	6,325	6,225	
CAPITAL PROJECTS				
Transfer In	685	685	1,149	168%
Misc. Income	-	-	112	N/A
TOTAL CAPITAL REVENUES	685	685	1,261	184%
Replacement Projects	25,973	28,679	1,645	6%
Connection Projects	7,295	8,563	2,308	26%
TOTAL CAPITAL EXPENSES	33,268	37,241	3,953	11%



SEWER FUND REVENUES

Overall revenues for the Sewer Combined Funds are at 52% at December 31st as noted in Table 4.

SEWER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each sewer program. As of second quarter, the Sewer Combined Funds have expended 43% of the current budget. Capital Project expenses are 7% of budget. As in the Water Fund, most of the replacement 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 2014-2015
In Thousands

	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
Sewer Service & Flow Fees	36,005	36,005	18,522	51%
Developer Fees	360	360	224	62%
Other Revenue	835	835	566	68%
TOTAL OPERATING REVENUES	37,199	37,199	19,312	52%
EXPENDITURES				
Administration & General	5,783	5,794	2,457	42%
Facilities Maintenance	2,408	2,408	988	41%
Sewer Collections	3,318	3,318	1,605	48%
La Salina Wastewater	3,273	3,300	1,475	45%
San Luis Rey Wastewater	7,241	7,243	3,104	43%
Sewer Laboratory	859	862	392	45%
SCADA Program	359	359	180	50%
GIS Program	278	278	124	45%
Miscellaneous Projects	1,005	1,078	200	19%
TOTAL OPERATING EXPENSES	24,522	24,639	10,524	43%
Depreciation/GASB 31 Expense	-	-	4,190	
TOTAL EXPENSES	24,522	24,639	14,714	60%
Transfers In	10,900	10,900	11,127	102%
Transfer Out	(11,155)	(11,155)	(11,028)	99%
OPERATING INCOME/(LOSS)	12,422	12,305	4,697	
CAPITAL PROJECTS				
Transfer In	1,254	1,254	1,293	103%
Miscellaneous Income	730	730	-	0%
TOTAL CAPITAL REVENUES	1,984	1,984	1,293	65%
Replacement Projects	20,212	31,860	1,111	3%
Expansion Projects	619	3,172	1,483	47%
TOTAL CAPITAL EXPENSES	20,831	35,031	2,595	7%



SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are approximately 54% of the current budget at December 31st as noted in Table 5.

Trash Pick-Up Fees – these fees are collected to provide all the costs associated with solid waste disposal.

Waste Management Collector Payment – contract with Waste Management, the annual 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 highlights the amount and percentage expended by expenditure category. As of December 31st, the Solid Waste Disposal Fund has expended 42% of the current budget.

**Table 5
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2014-2015
In Thousands**

	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
REVENUES				
Trash P/U Fees	18,764	18,764	10,385	55%
Waste Mgmt Collector Payment	1,780	1,780	928	52%
Other Revenue	3,182	3,182	1,512	48%
TOTAL OPERATING REVENUES	23,725	23,725	12,825	54%
Use of Reserves				
TOTAL FUNDING SOURCES	23,725	23,725	12,825	54%
EXPENDITURES				
Personnel	17,592	17,592	7,328	42%
Maintenance & Operations	1,192	1,192	121	10%
Capital				
Internal Services Charges	1,402	1,402	701	50%
Inter-fund Transfers Out	5,355	5,355	2,678	50%
TOTAL CASH EXPENSES	25,541	25,541	10,827	42%
Depreciation/GASB 31 Expenses	-	-	-	
TOTAL OPERATING EXPENSES	25,541	25,541	10,827	42%
OPERATING INCOME/(LOSS)	(1,815)	(1,815)	1,998	



HARBOR FUND REVENUES

Overall revenues for the Harbor Fund are at 57% of current budget as of December 31st as noted in Table 6. The Harbor Fund has received approximately 59% in slip rental revenue as of December 31st. Leases and other revenue (parking meters) can vary quarter to quarter as the revenue is received unevenly throughout the year.

HARBOR FUND EXPENDITURES

Table 6 highlights the amount and percentage expended by expenditure category. As of December 31st, the Harbor Fund has transferred 50% of the budget to the General and Risk Management Funds for services provided to the Harbor.

Table 6
HARBOR FUND 751
Fiscal Year 2014-2015
In Thousands

	2014-2015 Adopted Budget	2014-2015 Current Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
REVENUES				
Slip Rental Revenue	5,060	5,060	3,003	59%
Harbor Leases	1,033	1,033	431	42%
Interest	26	26	16	63%
Other Revenue (parking meters)	660	660	397	60%
TOTAL OPERATING REVENUES	6,778	6,778	3,847	57%
EXPENSES				
Transfer - Harbor Police	2,008	2,008	1,004	50%
Transfer - Harbor Admin	805	805	403	50%
Transfer - Harbor Maint	2,584	2,584	1,292	50%
Transfer - Prop Mgmt	38	38	19	50%
Transfer - Harbor Lifeguard	158	158	79	50%
Transfer - Risk Management	38	38	19	49%
Transfer - Tideland Lease	583	583	307	53%
Debt Service	408	408	392	96%
TOTAL CASH EXPENSES	6,623	6,623	3,515	53%
Depreciation/GASB 31 Expenses	-	-	335	
TOTAL OPERATING EXPENSES	6,623	6,623	3,850	58%
OPERATING INCOME/(LOSS)	155	155	(3)	
CAPITAL PROJECTS				
Harbor Capital Projects	640	510	6	1%
TOTAL CAPITAL EXPENSES	640	510	6	1%



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 2014-2015
July – September 2014 Activity Only**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
UASI 2013 Grant	2013 UASI Revenue	2014 UASI Revenue	Properly Classify Revenue	33,000
UASI 2013 Grant	2013 UASI Training - Registration	2014 UASI Training - Registration	Properly Classify Expenditure	33,000
Non-Departmental	Contrib-Community Svc/Non Prof (GAP)	Chavez Resource- Project REACH	Reallocate Budget	61,712
Park & Rec Admin	P & R Admin Regular Employees	Housing & Grant Programs Regular Employees	Reallocate Budget	42,765
Silica Reclamation	Silica Misc. Income	Silica Rental Income	Properly Classify Revenue	260,000
Housing & Grant Programs	Housing & Grant Programs Regular Employees	P & R Admin Regular Employees	Reallocate Budget	49,587
Council Member Change	Council Member Felien Expenditures (Various)	Council Member Lowery Expenditures (Various)	Reallocate Budget	108,935