



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2009-10
First Quarter Ending September 30, 2009**

The City has completed the first quarter of the 2009-10 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 second year of its two year budget on June 10, 2009 with approved General Fund operating revenues of \$117,596,500 and operating expenditures of \$117,527,558. Table 1 delineates the year-to-date changes to the operating budget as of September 30, 2009.

**Table 1
Changes to Operating Budget**

Expenditures	Adopted Budget	Amended Budget	Increase (Decrease)
	117,527,558		
First Quarter		126,988,744	9,461,186
Second Quarter		-	-
Third Quarter		-	-
Fourth Quarter		-	-

The first quarter increase of approximately \$9.5 million represents various adjustments throughout the General Fund budget, including, but not limited to, consolidation of funds 108 and 287 into the General Fund, reclassification of "transfers in and transfers out", along with approximately \$5 million in carry forward from FY 2008-09 to FY 2009-10.

GENERAL FUND REVENUES

Oceanside's top ten revenues account for approximately 88% of total General Fund revenues earned. Table 2 on the following page delineates the top ten revenues.

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

Top Ten Revenues	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Property Tax	51,005,000	51,005,000	939,762	1.84%
Sales Tax	18,936,600	18,936,600	1,223,314	6.46%
General Admin	14,914,400	14,914,400	3,126,022	20.96%
Fines & Forfeitures	4,217,000	4,217,000	905,650	21.48%
Franchise Fee	4,009,500	4,009,500	29,239	0.73%
TOT	3,503,500	3,503,500	403,116	11.51%
Rents & Leases	2,673,000	2,804,600	1,038,071	37.01%
Public Safety EMS	2,900,000	2,900,000	818,011	28.21%
Reimb for Services	2,807,400	2,847,400	764,817	26.86%
Business Licenses	2,813,700	2,813,700	623,316	22.15%
Sub Total	107,780,100	107,951,700	9,871,318	9.14%
All other Revenue	8,937,900	9,762,600	2,280,234	23.36%
Transfers In	878,500	5,132,961	607,956	11.84%
Total	117,596,500	122,847,261	12,759,508	10.39%

Economic conditions led to additional revenue reductions in October 2009. That transaction will be disclosed in the second quarter report.

Property Tax Revenues recognized at the end of the first quarter are at 1.84% or \$939,762. Total property tax revenues are comprised of the following:

Current Taxes – first quarter property tax receipts distributed by the County is \$892,317. The City will see an increase in property tax receipts after the December 10th deadline when property tax payments are due to the County Assessor's Office.

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, for the first quarter the City has received \$47,445.

In-lieu of VLF – Approximately 27% of the total property tax revenue comes from in-lieu of VLF which is distributed in January and June.

Sales Taxes earned are \$1,223,314 or 6.46% of total projected revenues. 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. First quarter sales taxes of \$1,223,314 are from Bradley-Burns. Revenues have not been received from Prop 172 or the sales tax compensation fund.

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. First quarter actual is 20.96%.

Fines & Forfeitures earned represent 21.48% of projected revenues. The revenues earned on parking citations are at 16% of projections. The remaining fees represent false alarm fees, impound fees, red light photo fees, and miscellaneous fines and fees.

Franchise Fees earned year-to-date came in at less than 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.

Transient Occupancy Taxes earned this quarter is \$403,116 or 11.51%. Oceanside’s Municipal Code §34.15 authorizes the City to collect 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 are down almost 9% this quarter which is indicative of the decline in leisure and business travel.

Rents and Leases are slightly higher than expected at 37.01%. This category is comprised of general rents and leases (R/L), cell tower R/L in the right-of-way, cell tower R/L on City property, Municipal Golf Course and Harbor Tidelands. Revenue receipts for cell tower (on City property and ROW are 37% and 83%, respectively). Additionally, revenue receipts in the amount of \$95,040 or approximately 4% are for revenues received but not budgeted.

Public Safety EMS Fees revenues earned this quarter are 28.21%. These services are for ambulance billing.

Reimbursement for Services for the first quarter is meeting expectations at 26.86%. The revenues earned are primarily due to billing for Fire, Harbor and utility services.

Business License revenue earned is reported at 22.15% this quarter. The City continues to be proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Other Revenues consists of miscellaneous revenues such as card room taxes and fees, investment earnings, plan check/inspection fees, parking meters, etc. These revenues account for 8% of the amended General Fund budget. First quarter revenues in this category are on target at 23.36%

GENERAL FUND EXPENDITURES

**Table 3
General Fund Expenditures**

<i>Department</i>	Adopted Budget	Amended Budget	YTD As of 1st Quarter	% of Amended Budget
City Council	963,231	963,231	197,522	20.51%
City Clerk	1,118,760	1,638,468	271,177	16.55%
City Treasurer	318,639	318,639	71,257	22.36%
City Manager	945,928	950,080	188,527	19.84%
City Attorney	1,720,962	1,720,962	365,676	21.25%
Financial Services	4,920,416	5,639,408	1,161,989	20.60%
Human Resources	1,008,071	1,006,071	218,545	21.72%
Econ Development	1,315,716	1,502,120	299,039	19.91%
Library	5,467,260	5,842,719	1,302,688	22.29%
Development Svcs	6,192,391	6,820,183	1,294,655	18.98%
Police	49,609,243	51,076,113	11,957,444	23.41%
Fire	24,920,500	25,118,374	5,900,349	23.49%
Public Works	5,927,911	6,664,829	1,345,167	20.18%
Harbor -Beaches	2,729,203	3,118,744	960,980	30.81%
Neighborhood Svcs	5,187,794	5,993,233	1,314,885	21.94%
Sub Total	112,346,025	118,373,174	26,849,899	22.68%
Non-Departmental	2,572,063	2,572,063	499,494	19.42%
Transfers Out	2,609,470	6,043,507	316,446	5.24%
Total	117,527,558	126,988,744	27,665,839	21.79%

General Fund expenditures for FY 2009-10 increased from \$117,527,558 to \$126,988,744 or approximately \$9.46 million from the original adopted budget.

The increase to the General Fund operating budget is due to: 1] the consolidation of fund 108 and 287 into the General Fund; 2] internal fund transfers; and 3] FY 2008-09 carry forward to FY 2009-10. While the one-time carry forward is included in the Amended Budget, staff is tracking those expenditures independently from the original adopted operating budget.

Variations in the expenditure ratios are discussed below.

City Clerk’s Office

The City Clerk’s office will be holding a special election in December. The cost is estimated at \$500,000. This along with FY 2008-09 carry forward is attributable to the increase in the Clerk’s operating budget.

Economic Development

The increase to the General Fund portion of the Economic and Community Development budget of \$229,312 represents FY 2008-09 carry forward funds.

Harbor & Beaches

On the other hand, Harbor & Beaches expenditure ratio exceeds 30% and is based on expenditures for lifeguard services during the summer months. Since these services are seasonal in nature, expenditures are expected to be in line with projections next quarter.

ENTERPRISE FUNDS

The tables on the following page summarize the revenues and expenditures for the major enterprise funds. These include Water, Sewer, Solid Waste, Airport, and Harbor & Beaches. The revenue gap in each enterprise fund will be closed using reserve funds. Deviations are summarized in the narrative below each chart.

**Table 4
Water Fund 711**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	46,980,503	46,980,503	10,021,395	21.33%
Expenditures	53,925,467	71,253,866	7,181,331	10.08%

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 at 21.33%.

The expenditure budget increased due to carry forward from FY 2008-09 to FY 2009-10 for various CIP projects such as the Osborn acquisition, the Weese Plant Capacity expansion, Geographic Info System, Mission SLR Waterline, Desalter Facility upgrades Peacock Hills Regulator, Ocean Outfall Analysis, Pacific Street Bridge Water Line, Desalter Facility, and other miscellaneous water projects.

**Table 5
Sewer Fund 721**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	30,004,971	31,193,783	5,289,651	16.96%
Expenditures	31,291,515	49,007,028	5,274,875	10.76%

The Sewer Division of the Utilities Department collects, treats, and disposes of wastewater. Revenues received are at 16.96% 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 2008-09 carry forward funds.

ENTERPRISE FUNDS ~ continued

**Table 6
Solid Waste Fund 731**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	22,534,339	22,534,339	5,943,292	26.37%
Expenditures	23,035,802	22,833,920	2,287,033	10.02%

The solid waste revenues are on target this quarter.

The decrease in the amended budget is due to some internal adjustments in the Maintenance & Operations accounts at mid-year.

**Table 7
Airport 741**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	574,515	574,515	63,269	11.01%
Expenditures	660,147	606,645	63,223	10.42%

The Airport fund accounts for the operation of Oceanside (General Aviation) Airport. The revenues are in line with expenditures this quarter. Revenues consist of rents/leases, fuel sales, and miscellaneous income.

**Table 8
Harbor Fund 751**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	6,175,300	6,175,300	1,704,592	27.60%
Expenditures	6,135,751	9,527,596	1,552,385	16.29%

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 FY 2008-09 carry forward funding for 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.

INTERNAL SERVICE CHARGES

The following tables summarize revenues and expenditures for 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 1 st Quarter	% of Amended Budget
Revenues	3,143,249	4,188,692	2,117,781	50.56%
Expenditures	3,109,016	4,303,871	3,333,552	77.45%

Risk Management revenues are made up of general liability charges to all City departments at the fund level per Administrative Directive AD-18. The additional revenue to the amended budget represents a transfer from the Water department for the Tingzon settlement.

The amended expenditure budget increase is attributed to the Tingzon settlement. Insurance premiums are paid in the first quarter which tends to distort 1st quarter expenditures.

**Table 10
Employee Benefits Fund 817**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	29,687,160	30,967,160	7,901,716	25.52%
Expenditures	26,192,471	27,606,992	6,713,128	24.32%

The Employee Benefits fund is designed to function on a cost reimbursement basis and is used to recover the full cost of providing this function. Costs are distributed at the business level.

Expenditures in this category fund all employee services to all departments in the City.

INTERNAL SERVICE CHARGES ~ continued

**Table 11
Worker's Compensation Fund 818**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	3,319,962	3,319,962	810,802	24.42%
Expenditures	3,154,669	3,143,312	708,400	22.54%

Workers' Compensation premiums are charged each department with the exception of building, fleet, risk and administration and is designed to recover the full cost of funding the premiums.

Revenues and expenditures are on target at the end of the first quarter.

**Table 12
Fleet Management Fund 831**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	7,898,064	7,825,894	1,933,309	24.70%
Expenditures	7,684,870	7,898,647	984,602	12.47%

The Fleet Management revenues recognized are on target at the end of the first quarter.

The increased adopted budget represents FY 2008-09 carry forward to the auto equipment and capital lease business units.

**Table 13
Information Technology Fund 841**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	5,822,554	5,822,554	1,486,220	25.53%
Expenditures	5,889,270	5,813,601	1,423,417	24.48%

The Information Technology fund is designed to function on a cost reimbursement basis and is used to recover the cost of providing the service. IT costs are budgeted at the business unit level.

The revenues and expenditures are on target at the end of the first quarter.

**Table 14
City Building Fund 851**

	Adopted Budget	Amended Budget	YTD As of 1 st Quarter	% of Amended Budget
Revenues	6,388,303	6,460,121	1,616,166	25.02%
Expenditures	6,483,089	6,887,741	2,812,559	40.83%

As an internal service charge, the City Buildings revenues are on track at the end of the first quarter.

The expenditure increases of \$404,652 is FY 2008-09 carry forward in the repair and maintenance business units for Building Crafts and Building Maintenance. The expenditure ratio of almost 41% is for payment on the Certificates of Participation for the Civic Center.