



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT**

Fiscal Year 2008-09

Fourth Quarter Ending June 30 2009 ~ Unaudited

The City has completed the fourth 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. Table 1 delineates the year-to-date increases to the operating budget as of June 30 2009.

**Table 1
Changes to Operating Budget**

Expenditures	Adopted Budget	Amended Budget	Increase (Decrease)
	120,378,492		
First Quarter		129,159,221	8,780,729
Second Quarter		129,384,884	225,663
Third Quarter		129,708,773	323,889
Fourth Quarter		131,031,965	1,323,232

The first quarter increase of \$8.7 million is authorized carry forward funds from FY 2007-08 to the current year in accordance with Administrative Directive AD-20.

Second quarter resulted in a net increase of \$225,663 and are attributed to City Council Salary adjustments, carry forward budget for the City Clerk's office, and an increase to the Development Services budget for the Coast Highway Vision Plan.

Third quarter resulted in a net increase of \$323,889 and are attributed to increased expenditures in the Neighborhood Services and Non-Departmental budgets totaling \$620,388. The increases are offset by internal reductions to Community Development, Police, and Public Works budgets totaling \$296,499.

Fourth quarter increase of \$1,323,232 is a result of budget increases in Economic Development, Financial Services, Harbor & Beaches, Police and Non-departmental. The increases to each department's budget will be discussed on page 3 of this report.

GENERAL FUND REVENUES

Oceanside's top ten revenues are highlighted on Table 2 which account for approximately 90% of total General Fund earned revenues. Focusing on these categories gives us a good picture of our overall revenue position.

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

Top Ten Revenues	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Property Tax	51,473,500	51,473,500	49,815,378	96.8%
Sales Tax	20,061,700	20,061,700	18,610,365	92.8%
General Admin	14,317,585	14,317,585	14,083,346	98.4%
Plan Check/Review	3,183,200	3,183,200	2,577,235	81.0%
Franchise Fee	4,045,300	4,045,300	4,130,601	102.1%
Fines and Forfeitures	4,645,000	4,645,000	4,225,753	91.0%
Public Safety Services	2,899,700	2,669,700	3,510,270	131.5%
Reimbursement for Services	2,659,381	2,889,381	3,777,925	130.8%
Business Licenses	2,759,600	2,759,600	2,898,041	105.0%
Rents and Leases	2,752,100	2,752,100	2,269,355	82.5%
Sub Total	108,797,066	108,797,066	105,898,268	97.3%
All other Revenue	11,728,544	16,741,885	15,621,003	93.3%
	120,525,610	125,538,951	121,519,269	96.8%

Property Tax Revenues recognized at the end of the fourth quarter are approximately 97% of projections or \$49.8 million. Total property tax revenues are comprised of the following:

Current Taxes – The County distributes 98% of current taxes to the City by June 15th. We are slightly under projections with this portion of the property taxes collected.

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, the City has received approximately 52% of this revenue.

In-lieu of VLF – Approximately 30% of the total property tax revenue comes from in-lieu of VLF which is distributed in January and June. Property tax revenue projections for FY 2008-09 were adjusted throughout the fiscal year as the City received updated information. The City has met with HdL Companies and included next year’s reassessment in the 5-year forecast.

Sales Taxes earned are approximately 93% of total projected revenues and were also adjusted throughout the fiscal year as more information became available. 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. Fourth quarter actual is 98.4%.

Plan Check/Permit fees continued to decline with 81% earned at year-end. These revenues have been reduced for fiscal year 2009-10.

Franchise Fees earned year-to-date came in at a little over 102%. This time last year the City collected 97%. 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 earned represent 91% of projected revenues. The revenues earned on parking citations are on target at 99%. False alarm fees are exceeding expectations at 126%. The remaining fees collected are approximately 74% and include impound fees, red light photo fees, and miscellaneous fines and fees.

Public Safety Services revenue earned year-to-date is exceeding projections in excess of 131%. These services are comprised of DUI emergency fees, ambulance billing and OPD special services.

Reimbursement for Services for the third quarter are exceeding projected expectations of approximately 131%. The revenues earned are primarily due to billing for Fire, Harbor and utility services.

Business License revenue earned is reported at 105% year-to-date. This same time last year, revenue collected was at 98%. The City continues to be proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Rents and Leases are slightly lower than anticipated and represent almost 83% of projected revenues. This category is comprised of general rents and leases (R/L), cell tower R/L in the right-of-way, and cell tower R/L on City property.

Other Revenues consists of miscellaneous revenues such as card room taxes and fees, motor vehicle in lieu, investment earnings, and transit occupancy taxes. These revenues account for 12% of the amended General Fund budget. Year-to-date revenues in this category exceed 93%.

On April 8, 2009 the City Council approved the Purchase and Sale Agreement for the Marina Towers. As part of this action, the City received approximately \$5 million in unanticipated revenue which was not budgeted.

GENERAL FUND EXPENDITURES

General Fund expenditures for FY 2008-09 increased over \$1.3 million from the third quarter to the fourth quarter. The City of Oceanside completed the fiscal year 2008-09 with a total of \$124,132,091 in expenditures which represents approximately 95% of the amended budget.

Table 3
General Fund Expenditures

<i>Department</i>	Adopted Budget	Amended Budget	YTD As of 4th Quarter	% of Amended Budget
City Council	895,360	901,892	831,084	92.2%
City Clerk	1,184,816	1,276,097	1,081,488	84.8%
City Treasurer	298,971	298,971	292,958	98.0%
City Manager	974,123	974,123	924,511	94.9%
City Attorney	1,663,148	1,663,148	1,644,988	98.9%
Financial Services	4,823,860	6,192,452	5,250,675	84.8%
Human Resources	1,098,501	1,098,501	987,965	89.9%
Econ Development	590,300	680,300	507,828	74.7%
Community Dev	7,342,311	8,125,598	7,037,489	86.6%
Neighborhood Svcs	4,714,484	4,790,784	4,439,416	92.7%
Police	49,824,560	50,812,246	48,746,808	95.9%
Fire	25,197,302	25,177,302	24,828,996	98.6%
Public Works	7,420,455	7,528,641	6,814,747	90.5%
Library Services	5,493,700	5,869,086	5,372,776	91.5%
Harbor-Beaches	2,594,539	2,604,539	2,539,016	96.9%
Sub Total	114,116,430	117,993,680	111,300,745	95.8%
Non-Departmental	6,262,062	13,038,285	12,825,471	98.4%
Total	120,378,492	131,031,965	124,126,215	94.7%

The increases are in Economic Development, Finance, Harbor & Beaches, Police and Non-departmental.

The increase to Economic Development's budget is \$25,000 and went to support Main Street Oceanside for their participation for the July 4th festivities.

Financial Services budget increased \$3,000 due to Development Services participation in the financial system upgrade for software interface for the CRW system. Harbor & Beaches budget increased by \$10,000 for equipment rental for the July 4th festivities.

The Police Department budget increased by \$598,118. A portion of this amount is due to a re-class of funds from the State and Local Grant Fund 272 to the General Fund for the OUSD Resource Officer. The remaining amount of \$325,701 represents \$280,701 in transfers from two Police department grants and \$45,000 for CHP and SD County Sheriffs Office for additional assistance during the July 4th festivities.

The balance of \$686,574 represents an increase to the balance sheet in the Non-departmental budget through internal fund transfers.

It is expected that a portion of the remaining balances in the FY 2008-09 budgets will be carried forward to FY 2009-10 for projects and services not completed during FY 2008-09. Finance completed its analysis of the General Fund FY 2008-09 carry forward and it equates to a little over \$5 million.

The General Fund budget for FY 2008-09 increased from \$120,378,492 to \$131,031,965, an increase of \$10.6 million. The increase from the original adopted budget consists of operating carry forward funds from FY 2007-08 (\$3.3 million), operating transfers for general fund CIPs (\$3.7 million), the settlement agreement for Mission Vista (\$1.7 million) and the net increases from the second, third and fourth quarter of \$1.9 million, respectively.

The \$3.3 million in operating carry forward funds along with the \$3.7 million in operating transfers are highlighted in the Consolidated Annual Financial Report (CAFR) for fiscal year ending June 30, 2008 in the Notes to Basic Financial Statements.

The \$3.3 million is listed under Continuing Appropriations and the \$3.7 million is included in the Capital Project/infrastructure amount. The \$1.7 million for the Mission Vista settlement agreement was approved on July 16, 2008 in closed session.

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. Deviations are summarized in the narrative below each chart.

**Table 4
Water Fund 711**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	47,352,896	48,235,353	47,139,139	97.7%
Expenditures	47,833,509	60,085,338	49,954,604	83.1%

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 98%. 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.

Year-to-date expenditures of approximately 83% represents minor spending in capital funds for such projects as Weese Treatment Plant, Mission SLR Waterline, Peacock Hills Regulator, etc. The CIP carry forward funds from FY 2007-08 remain at approximately 25% expended at the end of the fiscal year.

**Table 5
Sewer Fund 721**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	31,297,605	31,733,604	29,636,045	93.4%
Expenditures	30,628,434	45,125,200	32,630,542	72.3%

The Sewer Division of the Utilities Department collects, treats, and disposes of wastewater. Revenues received are a little over 93% 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.

Year end expenditures of approximately 73% represent minor spending in the capital project account for sewer expansion/improvements for such projects as La Salina Plant Upgrades, Lift Station Upgrades, Ocean Outfall Analysis, etc. The CIP carry forward funds from FY 2007-08 are approximately 54% expended at the end of the fiscal year.

**Table 6
Solid Waste Fund 731**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	21,786,742	22,070,160	21,470,354	97.3%
Expenditures	22,174,821	22,572,654	21,576,758	95.6%

The solid waste revenues are on target this quarter. Expenditures at year end are reasonable considering the Maintenance & Operations accounts have approximately 20% of the budget unspent.

**Table 7
Airport 741**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	553,255	553,255	465,150	84.1%
Expenditures	625,083	625,083	565,139	90.4%

The Airport fund accounts for the operation of Oceanside (General Aviation) Airport. The revenues are in line with what was received this same time last year and consist of rents/leases, fuel sales, and miscellaneous income

Year end expenditures of approximately 91% can be attributed to reduced spending in the M&O account and in the personnel account.

**Table 8
Harbor Fund 751**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	6,016,300	6,026,750	5,549,874	92.1%
Expenditures	6,047,416	9,388,738	6,587,067	70.2%

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.

Fourth quarter revenues are reported at almost 92%. Expenditures are low in the capital project accounts that were carried forward from FY 2007-08 and are a little over 5% expended at the end of the fiscal year.

INTERNAL SERVICE CHARGES

The following tables summarize revenues and expenditures of 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 4 th Quarter	% of Amended Budget
Revenues	3,011,895	4,025,280	4,919,291	122.2%
Expenditures	2,979,094	6,069,894	6,464,104	106.5%

Risk Management revenues are made up of general liability charges to all City departments. The revenues were amended during the first quarter from \$3,011,085 to \$2,979,094, a decrease of \$32,801, as a result of the Administrative Directive pertaining to Workers' Compensation charges. Increases of \$1,046,186 is a transfer of \$500,000 from the General Fund and \$546,183 from the Water Operations budget for the Arroyo Comanche settlement. The increased revenues recognized are a result of damage recovery, miscellaneous income, and revenue settlement for Arroyo-Comanche

The amended expenditure budget increased from \$2,979,094 to \$6,069,894 from the second quarter to the third quarter by \$3,090,800. The increases can be attributed to budget adjustments from FY 2007-08 to FY 2008-09 for the Arroyo Comanche settlement in the amount of \$2,022,800 and transfers for the payment of the Morgan's settlement in the amount of \$1,068,000.

**Table 10
Employee Benefits Fund 817**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	26,102,420	26,102,420	26,139,326	100.1%
Expenditures	24,056,427	24,071,427	26,183,274	108.7%

The Employee Benefits revenues are at 100%.

Expenditures at year end represent approximately 109%. Overages in the Maintenance & Operations account, particularly in the insurance premium and retirement benefit category attributed to the overage of approximately \$1.4 million.

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

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	3,206,841	3,206,841	1,743,157	54.4%
Expenditures	3,144,173	3,115,497	1,864,913	59.9%

The Workers' Compensation premium revenues came at \$1.7 million at the end of the fiscal year. The expenditure side of the amended budget decreased by \$28,676 from the first quarter to the second quarter as a result of the Administrative Directive pertaining to Workers' Compensation charges.

Year end expenditures of approximately 60% represent minimal spending in the M&O accounts , most notably in the workers' comp category.

**Table 12
Fleet Management Fund 831**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	7,633,484	7,633,484	7,683,588	100.6%
Expenditures	7,633,484	7,677,910	6,006,169	78.2%

The Fleet Management revenues recognized slightly exceeded expectations. The year end expenditures of 78% are low due to Fleet replacement accounting for only a 4.6% expenditure rate. Fleet Maintenance is on track with a 96% expenditure rate.

INTERNAL SERVICE CHARGES ~ continued

**Table 13
Information Technology Fund 841**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	5,587,410	5,634,162	5,632,347	99.8%
Expenditures	5,656,486	5,721,806	5,646,627	98.7%

Information Technology revenues are within projections though the end of the fiscal year.

The amended expenditure budget increased \$65,320 from the third to the fourth quarter for the Fire Annex System and the OPD Security System. Expenditures are in excess of 98% for fiscal year FY 2008-09.

**Table 14
City Building Fund 851**

	Adopted Budget	Amended Budget	YTD As of 4 th Quarter	% of Amended Budget
Revenues	6,212,493	6,205,976	6,206,725	100.0%
Expenditures	6,227,804	6,513,886	6,088,847	93.5%

The City Buildings amended revenue budget of \$6,178,976 during the first quarter was adjusted downward by \$33,517 based on the Administrative Directive pertaining to Workers' Compensation charges. The increase from \$6,178,976 to \$6,205,976 for the second quarter is attributable to an appropriation of \$27,000 from the General Fund for the Civic Center HVAC repair.

The expenditure increase of \$224,000 is a combination of FY 2007-08 carry forward for the Building Crafts and Police Building Maintenance accounts and expenditure of \$27,000 for the Civic Center HVAC repair. An additional increase of \$62,082 was added in the fourth quarter for the HVAC system.