



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2008-09
Second Quarter Ending December 31, 2008**

The City has completed the second 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.

For the second quarter, revenues and expenditures have been amended to \$120,545,110 and \$129,384,884, respectively. The revenue increase of \$19,500 is attributed to a deposit from Thomas Enterprises for an Economic Benefit Analysis for the Oceanside Pavillion project.

First quarter expenditures increased from the adopted budget of \$120,378,492 to \$129,159,221. The increase of \$8.7 million was authorized carry forward funds from FY 2007-08 to the current year in accordance with Administrative Directive AD-20. Further discussion is located on page 2.

Second quarter expenditures of \$129,384,884 resulted in a net increase of \$225,663 over last quarter expenditures of \$129,159,221. The net increases are attributed to the following departments:

City Council

On October 1, 2008, Ordinance No. 07-OR0369-1 was rescinded and replaced with the current Ordinance 2.1.70 establishing salary adjustments for the Mayor and City Council. The increase to the Mayor and City Council personnel services is a result of increased salary compensation of \$6,532 effective December 1, 2008.

City Clerk

The Legislative Services and Document Imaging budgets were increased by \$12,800 and \$6,891, respectively for consultant services. The \$19,691 is carry forward from FY 2007-08 that was booked in the second quarter. The carry forward is in accordance with Administrative Directive AD-20.

Development Services

An increase of \$200,000 to the Development Services budget is for the Coast Highway Vision Plan that was approved in FY 2007-08 in the non-departmental budget. For reasons unknown, the funds did not get carried forward to FY 2008-09. The carry forward is in accordance with Administrative Directive AD-20.

The net increase for the second quarter of \$225,663 was obligated from General Fund undesignated reserves.

Table 1 provides a snapshot of the General Fund at December 31, 2008.

**Table 1
Actual Revenue and Expenditures**

General Fund	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenue	120,525,610	120,545,110	44,391,765	36.8%
Expenditure	120,378,492	129,384,884	60,057,944	46.4%

GENERAL FUND REVENUES

Table 2 on the following page highlights Oceanside's top ten revenues which account for approximately 90% of total General Fund projected 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	2 nd Qtr YTD Actual	% of Amended Budget
Property Tax	51,473,500	51,473,500	15,149,511	29.4%
Sales Tax	20,061,700	20,061,700	7,590,145	37.8%
General Admin/In Lieu	14,317,585	14,317,585	6,995,211	48.9%
Plan Check/Review	3,183,200	3,183,200	1,507,385	47.4%
Franchise Fee	4,045,300	4,045,300	593,407	14.7%
Fines and Forfeitures	4,645,000	4,645,000	1,864,075	40.1%
Public Safety Services	2,899,700	2,899,700	1,725,536	59.5%
Reimbursement for Services	2,659,381	2,659,381	1,343,647	50.1%
Business Licenses	2,759,600	2,759,600	1,362,012	49.4%
Rents and Leases	2,752,100	2,752,100	1,294,023	47.0%
Sub Total	108,797,066	108,797,066	39,424,952	36.2%
All other Revenue	11,728,544	11,748,044	4,966,813	42.3%
	120,525,610	120,545,110	44,391,765	36.8%

Property Tax Revenues received at the end of the second quarter are 29.4% of projections or \$15.1 million. Total property tax revenues are comprised of the following:

Current Taxes – The County distributes 40% of current taxes to the City in December. We are on track 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 13% 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 continue with guarded optimism. The City has met with HdL Companies and included next year's reassessment in the 5-year forecast.

Sales Taxes collected are at 37.8% of total projected revenues and on target with expected receipts for this time of year. This same time last year, sales taxes collected came in at 35.9%. 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. The year-to-date projection of 48.9% is in line with projections..

Plan Check/Permit revenues are in line with projected expectations. However, revenue estimates have been adjusted downward from last fiscal year by approximately \$2.5 million. These revenues will need to be watched closely during the fiscal year.

Franchise Fee revenues received this quarter are at 14.7%. This time last year the City collected 14.1%. 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.

Fines and Forfeitures collected represents approximately 40.1% of projected revenues. The revenues for abandoned vehicle abatement fees and the impound fees are lagging at 23.2% and 37.0%, respectively. However, the OPD false alarm fees and the code enforcement citations are at 71.6% and 52.7%, respectively.

Public Safety Services revenue received during this quarter is exceeding projections at 59.5%. Of particular interest is the revenue received for DUI Emergency fees which represents 78.9% collected so far. Ambulance billing is also doing well at 58.6%.

Reimbursement for Services for the second quarter are meeting projected expectations at 50.1%. These revenues are primarily due to reimbursements for Fire services.

Business License revenue is reported at 49.4% for this quarter. This same time last year, revenue collected was at 42.0% which represents an increase of 7.4%. The City is being proactive in ensuring that vendors who do business in Oceanside have a valid business license.

Rents and Leases are slightly lower than projections and represent almost 47.0% of revenues received this quarter. Considering revenue projections for this fiscal year were adjusted upward by over \$417,000 from last fiscal year, the revenues are in line with current projections.

Other Revenues consists of miscellaneous revenues which is approximately 10% of the General Fund budget. This quarter \$4,966,813 or 42.3% in revenue has been received.

GENERAL FUND EXPENDITURES

General Fund expenditures total \$60,057,944 and represent 46.4% of the amended budget. Table 3 highlights the expenditure ratios for all departments. Expenditures below 40% will be discussed separately.

The amended budget of \$129,384,884 represents an increase of \$9.0 million consisting 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 a net increase of \$225,663 to the City Council, City Clerk, and Development Services budgets.

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.

**Table 3
General Fund Expenditures**

Department	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
City Council	895,360	901,892	407,568	45.2%
City Clerk	1,184,816	1,276,097	450,995	35.3%
City Treasurer	298,971	298,971	144,948	48.5%
City Manager	974,123	974,123	464,330	47.7%
City Attorney	1,663,148	1,663,148	816,396	49.1%
Financial Services	4,823,860	6,189,452	2,592,647	41.9%
Human Resources	1,098,501	1,098,501	466,613	42.5%
Econ Development	590,300	655,300	245,121	37.4%
Development Svcs	4,311,109	5,190,196	2,321,923	44.7%
Neighborhood Svcs	4,714,484	4,774,484	2,000,816	41.9%
Police	49,824,560	50,430,127	24,206,245	48.0%
Fire	25,197,302	25,177,302	12,095,225	48.0%
Public Works	10,451,657	10,544,043	4,004,777	38.0%
Library Services	5,493,700	5,869,086	2,689,623	45.8%
Harbor-Beaches	2,594,539	2,594,539	1,296,458	50.0%
Sub Total	114,116,430	117,637,261	54,203,685	46.1%
Non-Departmental	6,262,062	11,747,623	5,854,259	49.8%
Total	120,378,492	129,384,884	60,057,944	46.4%

Department Expenditures below 40%

City Clerk

Spending in certain Maintenance & Operations accounts are bringing the expenditure ratios below 40%. The M&O accounts showing expenditures at less than 20% this quarter include office supplies, postage, travel, advertising, and books & publications. It's not unusual to under expend in these categories as they are used on an as-needed basis.

Economic Development

As with the City Clerk's office, expenditure in some of the M&O accounts such as travel, consultant fees, training, and advertising are below the 20% expenditure rate for the second quarter.

Public Works

The M&O categories at or below the 20% spending ratio for the second quarter include consultant fees, materials and supplies, travel, mileage, advertising, training and non-capital equipment.

It is not a concern that departments are cautiously spending their M&O funds, especially with the current economic climate.

ENTERPRISE FUNDS

The following tables summarize the revenues and expenditures for the major enterprise funds. These include the Water Fund, Sewer Fund, Solid Waste Fund, Airport Fund, and Harbor and Beaches Fund. Deviations are summarized in the narrative below each chart.

**Table 4
Water Fund 711**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	47,352,896	47,352,896	23,839,676	50.3%
Expenditures	47,833,509	59,154,224	20,533,369	34.7%

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 on target at 50.3%. 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.

Second quarter expenditures of 34.7% of budget are below the 40% threshold. There has been minor spending in capital funds for such projects as Weese Treatment Plant, Mission SLR Waterline, Peacock Hills Regulator, etc.

**Table 5
Sewer Fund 721**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	31,297,605	31,733,604	12,957,297	40.8%
Expenditures	30,628,434	44,944,366	15,226,438	33.9%

The Sewer Division of the Utilities Department collects, treats, and disposes of wastewater. Revenues received are 40.8% 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.

Second quarter expenditures of 33.9% 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.

**Table 6
Solid Waste Fund 731**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	21,786,742	21,786,742	11,266,153	51.7%
Expenditures	22,174,821	22,174,821	9,320,935	42.0%

The solid waste revenues are on target this quarter. Expenditures for the second quarter are reasonable considering the Maintenance & Operations accounts have 58.8% of the budget unspent.

**Table 7
Airport Fund 741**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	553,255	553,255	245,347	44.4%
Expenditures	625,083	625,083	331,833	53.1%

The Airport fund accounts for the operation of Oceanside (General Aviation) Airport. The revenues consist of rents/leases, fuel sales, and miscellaneous income. Second quarter expenditures are at 53.1% due to the timing of the M&O account expenditures for maintenance-repair of equipment & machinery, buildings & facilities along with consultant fees.

**Table 8
Harbor Fund 751**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	6,016,300	6,016,300	2,970,627	49.4%
Expenditures	6,047,416	9,388,738	3,162,111	33.7%

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.

Second quarter revenues are on track this quarter. Expenditures are low in the capital project accounts that were carried forward from FY 2007-08.

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	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	3,011,085	2,979,094	1,909,062	64.1%
Expenditures	2,979,094	2,979,094	3,371,066	113.2%

Risk Management revenues are made up of general liability charges to all City departments. The revenues were adjusted downward by \$31,991 as a result of the Administrative Directive pertaining to Workers' Compensation charges.

The increased expenditures in the second quarter are in relation to property insurance renewal, general liability insurance, and miscellaneous claims and settlements including Arroyo Comanche and the Morgan settlement which was approved on June 11, 2008 in closed session.

**Table 10
Employee Benefits Fund 817**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	26,102,420	26,102,420	12,192,355	46.7%
Expenditures	24,056,427	24,071,427	12,466,124	51.8%

The Employee Benefits revenues and expenditures are on track at 46.7% and 51.8% respectively. Revenues are projected at full staffing Citywide.

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

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	3,206,841	3,206,841	1,750,183	54.6%
Expenditures	3,144,173	3,115,497	1,128,444	36.2%

The Workers' Compensation premium revenues came in at 54.6% for the end of the second quarter. The expenditure side of the amended budget increased by \$28,676 as a result of the Administrative Directive pertaining to Workers' Compensation charges.

Second quarter expenditures at 36.2% represent minimal spending in the M&O accounts which have approximately 68% funding availability.

**Table 12
Fleet Management Fund 831**

	Adopted Budget	Amended Budget	2 nd Qtr YTD Actual	% of Amended Budget
Revenues	7,633,484	7,633,484	3,798,734	49.8%
Expenditures	7,633,484	7,677,910	2,340,838	30.5%

The Fleet Management revenues are in line with projections at approximately 49.8%. The second quarter expenditures of 30.5% are low due to Fleet replacement accounting for only a 7% expenditure rate. Fleet Maintenance is on track with a 48.7% expenditure rate..

**Table 13
Information Technology Fund 841**

	Adopted Budget	Amended Budget	2nd Qtr YTD Actual	% of Amended Budget
Revenues	5,587,410	5,587,410	2,783,249	49.8%
Expenditures	5,656,486	5,656,486	3,010,551	53.2%

Information Technology revenues are within projections though the end of the second quarter. Expenditures of 53.2% account for the timing of expenditures in M&O for communications and network infrastructure accounts of 62.7% and 93.7%, respectively.

**Table 14
City Buildings Fund 851**

	Adopted Budget	Amended Budget	2nd Qtr YTD Actual	% of Amended Budget
Revenues	6,212,493	6,205,976	3,116,486	49.8%
Expenditures	6,227,804	6,424,804	3,790,396	59.0%

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 \$197,000 is FY 2007-08 carry forward for the Building Crafts and Police Building Maintenance accounts. The revenues and expenditures for the second quarter are on track.