



**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2014-15
Fourth Quarter Ending June 30, 2015**

The fourth quarter ended on June 30, 2015. 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. This is a preliminary report for the year ended June 30, 2015. The Comprehensive Annual Financial Report for the year ending June 30, 2015, which includes all funds and final results, will be issued in December of 2015.

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 Amended Budget include supplemental appropriations or other actions taken since budget adoption that were approved by Council.

GENERAL FUND REVENUES

Table 1 highlights the amount and percentage of revenues received in each of the major classifications as compared to budget. Preliminary fourth quarter results show General Fund revenues coming in at 104% of budget. Revenues were only at 65% of budget at the end of the third quarter.

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

Revenue Type	2014-2015 Adopted Budget	2014-2015 Amended Budget	2014-2015 Year-To- Date Actuals	YTD % of Amended Budget
Property Taxes	50,159	50,159	51,167	102%
Sales Taxes	21,279	21,279	21,452	101%
Transient Occupancy Tax (TOT)	4,500	4,500	6,123	136%
All Other Taxes	3,470	3,535	3,910	111%
Licenses & Permits	2,089	2,189	1,955	89%
Franchise Fees	4,107	4,107	4,471	109%
Fines/Forfeitures	4,189	4,189	3,989	95%
Use of Money & Property	5,261	5,262	5,796	110%
Intergovernmental	499	499	3,028	607%
Ambulance Billing	3,450	3,450	3,678	107%
Charges for Services	16,655	16,806	18,493	110%
Other Revenue & Transfers	12,774	12,774	12,871	101%
Total Revenues	128,431	128,748	136,933	106%
Use of Reserves	1,986	3,208		N/A
Total Funding Sources	130,417	131,956	136,933	104%



Property Taxes comprise 39% of the total General Fund annual revenues and are primarily received in the December/January and April/May timeframes. Revenues are 102% of budget at the end of the fourth quarter and were at 59% of budget at the end of the third quarter.

Sales Taxes comprise 16% of the total annual General Fund revenues. Sales tax revenues are at 101% of budget at the end of the fourth quarter and were at 59% of budget at the end of the third quarter.

Transient Occupancy Tax (TOT) – the City collects 10% of the room rent charged by an operator to tourists occupying a hotel room or vacation rental within the City for a period of less than 30 days. TOT receipts are at 136% of budget at the end of the fourth quarter and were at 75% of budget at the end of the third quarter.

GENERAL FUND EXPENDITURES

Table 2 highlights the amount and percentage expended by each department. As of June 30, 2015, the General Fund departments combined have expended 95% of budget. The General Fund departments had expended 72% of the budget at the end of the third quarter.

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

Department	2014-2015 Adopted Budget	2014-2015 Amended Budget	2014-2015 Year-To-Date Actuals	YTD % of Current Budget
GENERAL GOVERNMENT				
City Council	937	937	897	96%
City Clerk	1,125	1,140	1,092	96%
City Treasurer	326	331	331	100%
City Manager	1,912	2,198	1,926	88%
City Attorney	1,492	1,521	1,517	100%
Financial Services	5,239	5,286	4,902	93%
Human Resources	702	746	764	102%
Non-Departmental	8,048	9,580	9,443	99%
PUBLIC SAFETY				
Fire	25,810	26,951	27,144	101%
Police	51,226	52,696	51,124	97%
PUBLIC WORKS				
Public Works	13,106	13,174	12,540	95%
COMMUNITY DEVELOPMENT				
Development Services	7,779	8,010	7,211	90%
COMMUNITY/CULTURAL SERVICES				
Neighborhood Services	6,070	6,324	5,774	91%
Library	4,660	4,772	4,683	98%
Total by Department	128,431	133,665	129,349	97%
TRANSFER TO RESERVES				
PERS/Employee Wages	2,625	2,625		
Total	131,056	136,290	129,349	95%



Although revenue exceeded expenditures by an estimated \$7.6 million, Council needs to be aware that this one-time balance will be allocated to fund \$3.1 million in Workers Compensation/Risk Management liabilities; \$1.2 million for the El Corazon Aquatics Center planning; \$600,000 for sand replenishment and \$2.7 million for infrastructure reserves to partially cover a number of Council directed priorities such as Beach Restrooms, Quiet Zone, El Corazon Kitchen , etc. Consequently, this balance will be fully allocated for City priorities.

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 99% of the current budget at the end of the fourth quarter as noted in Table 3 below. The overall revenues were at 71% of budget at the end of the third quarter.

WATER FUND EXPENDITURES

Table 3 highlights the amount and percentage expended by each water program. As of the end of the fourth quarter, Water Combined Funds have expended 87% of the current operating budget. Operating revenues exceeded operating expenses resulting in \$7.6 million in operating income. At the end of the third quarter, 60% of the operating budget was expended and operating income was \$6.5 million.

As of June 30, 2015, Capital project expenses are 14% 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 Amended Budget	2014-2015 Year-To-Date Actuals	YTD % of Current Budget
REVENUES				
Water Sales	58,490	58,490	57,187	98%
Developer Fees	324	324	715	221%
Other Revenue	1,008	1,008	1,354	134%
TOTAL OPERATING REVENUES	59,821	59,821	59,256	99%
EXPENDITURES				
Administration & General	38,429	38,480	33,807	88%
Flood Control/Storm Drains	709	709	709	100%
Water Distribution	1,426	1,428	1,523	107%
Water Filtration Plant	1,581	1,581	1,293	82%
Desalting Plant	2,567	2,571	1,760	68%
Water Maintenance	2,328	2,277	2,290	101%
Water Meter Services	2,750	2,753	2,610	95%
Clean Water Program	1,197	1,286	1,052	82%
Other Water Programs	1,844	1,900	1,407	74%
Miscellaneous Projects	700	810	458	57%
TOTAL OPERATING EXPENSES	53,532	53,795	46,909	87%
Depreciation/GASB 31 Expenses	-	-	5,007	N/A
TOTAL EXPENSES	53,532	53,795	51,916	97%
Transfers In	15,076	15,076	15,085	100%
Transfers Out	(14,800)	(14,800)	(14,800)	100%
OPERATING INCOME	6,565	6,302	7,625	
CAPITAL PROJECTS				
Transfer In	685	685	4,761	695%
Misc. Income	-	420	118	28%
TOTAL CAPITAL REVENUES	685	1,105	4,879	442%
Replacement Projects	25,973	28,679	6,119	21%
Connection Projects	7,295	11,590	3,396	26%
TOTAL CAPITAL EXPENSES	33,268	40,269	9,515	24%



SEWER FUND REVENUES

Revenues for the Sewer Combined Funds are at 112% of budget at the end of the fourth quarter as shown in Table 4. At the end of the third quarter, revenues were 79% of budget.

SEWER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each sewer program. As of the fourth quarter, the Sewer Combined Funds have expended 91% of the current budget. At the end of the third quarter, 65% of the Sewer Combined Funds were expended.

Capital Project expenses are 18% of budget as compared to 11% of budget at the end of the third quarter. As in the Water Fund, most of the replacement projects were in the planning and design phases leaving a significant amount of funds to be expended for the projects.



Table 4
SEWER COMBINED FUNDS (excluding debt service)
Fiscal Year 2014-2015
In Thousands

	2014-2015 Adopted Budget	2014-2015 Amended Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
Sewer Service & Flow Fees	36,005	36,005	39,731	110%
Developer Fees	360	360	688	191%
Other Revenue	835	835	1,207	145%
TOTAL OPERATING REVENUES	37,199	37,199	41,626	112%
EXPENDITURES				
Administration & General	5,783	5,794	4,909	85%
Facilities Maintenance	2,408	2,410	2,249	93%
Sewer Collections	3,318	3,320	3,488	105%
La Salina Wastewater	3,273	3,302	3,223	98%
San Luis Rey Wastewater	7,241	7,247	6,857	95%
Sewer Laboratory	859	867	743	86%
SCADA Program	359	361	268	74%
GIS Program	278	278	232	84%
Miscellaneous Projects	1,005	1,078	477	44%
TOTAL OPERATING EXPENSES	24,522	24,657	22,446	91%
Depreciation/GASB 31 Expense	-	-	8,142	
TOTAL EXPENSES	24,522	24,657	30,588	124%
Transfers In	10,900	10,900	11,143	102%
Transfer Out	(11,155)	(11,155)	(11,155)	100%
OPERATING INCOME/(LOSS)	12,422	12,287	11,026	
CAPITAL PROJECTS				
Transfer In	1,254	1,254	1,293	103%
Miscellaneous Income	730	768	-	0%
TOTAL CAPITAL REVENUES	1,984	2,022	1,293	64%
Replacement Projects	20,212	32,316	4,541	14%
Expansion Projects	619	2,753	1,730	63%
TOTAL CAPITAL EXPENSES	20,831	35,069	6,271	18%

SOLID WASTE DISPOSAL FUND REVENUES

As noted in Table 5, overall revenues for the Solid Waste Disposal Fund are 103% of the current budget at the end of the fourth quarter. Revenues were at 80% at the end of the third quarter.

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. At the end of the fourth quarter, the Solid Waste Disposal Fund has expended 67% of the current budget. A total of 67% was expended at the end of the third quarter.

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

	2014-2015 Adopted Budget	2014-2015 Amended Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
REVENUES				
Trash P/U Fees	18,764	18,764	18,961	101%
Waste Mgmt Collector Payment	1,780	1,835	1,862	101%
City Waste Services	3,162	3,162	3,613	114%
Other Revenue	20	20	43	215%
TOTAL OPERATING REVENUES	23,726	23,781	24,479	103%
EXPENDITURES				
Personnel	17,592	17,592	17,515	100%
Maintenance & Operations	1,192	1,192	390	33%
Internal Services Charges	1,402	1,402	1,402	100%
Inter-fund Transfers Out	5,355	5,355	5,355	100%
TOTAL OPERATING EXPENSES	25,541	25,541	24,662	97%
OPERATING INCOME/(LOSS)	(1,815)	(1,760)	(183)	

HARBOR FUND REVENUES

As shown in Table 6, overall revenues for the Harbor Fund are at 102% of current budget as of the fourth quarter and had received 75% of total budget at the end of the third quarter. The Harbor Fund has received approximately 103% in slip rental revenue at the end of the fourth quarter. At the end of the third quarter, 77% of the slip rental revenue had been received. 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 category. As of the end of the fourth quarter, the Harbor Fund has transferred 100% of the budget to the General and Risk Management Funds for reimbursement of the services provided to the Harbor.



The Harbor ended the year with \$279 thousand of net operating income. However, due to the accounting adjustments for investment unrealized losses and depreciation, the Harbor ended with a net loss of \$373 thousand.

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

	2014-2015 Adopted Budget	2014-2015 Amended Budget	2014-2015 Year-To- Date Actuals	YTD % of Current Budget
REVENUES				
Slip Rental Revenue	5,060	5,060	5,199	103%
Harbor Leases	1,033	1,033	898	87%
Interest	26	26	30	118%
Other Revenue (parking meters)	660	660	799	121%
TOTAL OPERATING REVENUES	6,778	6,778	6,926	102%
EXPENSES				
Transfer - Harbor Police	2,008	2,008	2,008	100%
Transfer - Harbor Admin	805	805	805	100%
Transfer - Harbor Maint	2,584	2,584	2,584	100%
Transfer - Prop Mgmt	38	38	38	100%
Transfer - Harbor Lifeguard	158	158	158	100%
Transfer - Risk Management	38	38	38	100%
Transfer - Tideland Lease	583	583	607	104%
Debt Service	408	408	409	100%
TOTAL CASH EXPENSES	6,623	6,623	6,647	100%
Depreciation/GASB 31 Expenses	-	-	652	
TOTAL OPERATING EXPENSES	6,623	6,623	7,299	110%
OPERATING INCOME/(LOSS)	155	155	(373)	
CAPITAL PROJECTS				
Harbor Capital Projects	640	510	-	0%
TOTAL CAPITAL EXPENSES	640	510	-	0%

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 or the adopted budget 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 for the third and fourth quarters of FY 2014-15.



**Table 7
BUDGET TRANSFERS IN EXCESS OF \$25,000
Fiscal Year 2014-2015
January – June 2015 Activity**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
Harbor Maintenance	Repair & Maintenance	Auto Equipment	Purchase of Toyota Tacoma	30,500
OFD-SHSGP 2014	Machinery & Equipment	Machinery & Equipment <\$10K	Properly Classify Radio Purchases (each radio <\$10K)	31,593
Fire Suppression	Materials, Supplies & Services	Machinery & Equipment <\$10K	Properly Classify Gym Equipment Purchases (each item <\$10K)	150,000
Long Term Zoning Update CIP	CIP Engineering Personnel Cost & Internal Service Chrgs	CIP Planning Personnel Cost & Internal Service Chrgs	Correct Budget Error (budget belongs in Planning)	319,983
Long Term Zoning Update CIP	CIP Engineering Transfer from General Fund	CIP Planning Transfer from General Fund	Correct Budget Error (budget belongs in Planning)	155,000
Storm Drain Improvement	Materials, Supplies & Services	Coco Palms Flood Imprvmt - Materials, Supplies & Services	Assign Budget To The Only Viable Project (per the storm drain study)	184,373
Library Support Services	Mission Branch and Support Services various M&O	Support Services Machinery & Equipment	Properly Classify Self-Check Machines Purchase	92,395
Property Management	Professional Svcs	Rents & Leases	Properly Classify Parking Lot# 18 & #19 Lease Expenditure	60,000
Housing Prog Development-CDC	Contrib fr Non-Govt Sources	HUD CDGB	Properly Classify As Revenues Received From HUD	152,520
OPD - Admin, Field Ops, Investigations, Public Safety Communications	Various M&O	Field Operations Auto Equipment	Reallocate Funds To Field Ops For Purchases Of Truck & CNT Van	355,000
OPD - Admin, Field Ops, Investigations, Public Safety Communications	Various M&O	Field Operations Machry & Equip <\$10K	Reallocate Funds To Field Ops For Purchases Of SWAT Equipment	251,000
OPD - Field Ops	Various Field Ops M&O	Various OPD Admin M&O	Correct Error In Previous Budget Adjustment	319,000
Vector Remediation	Vector Habitat Remediation State & Local Grants Funds	Loma Alta Slough Vector Habitat State & Local Grants Funds	Correct Business Unit Error	499,905
Vector Remediation	Vector Habitat Remediation Materials & Supplies	Loma Alta Slough Vector Habitat Materials & Supplies	Correct Business Unit Error	499,905
EI Corazon Recycled Water	Studies & Reports	Infrastructure & Misc	Align Budget with Project Needs	1,150,000
Sewer SCADA Upgrades	Bldgs/Treatment Plants	Professional Svcs	Align Budget with Project Needs	50,000
CalGRIP 2013/2014	Oth Federal Grants	State & Local Grants	Properly Classify As State/Local Grant Funds	500,000
Ocean Hills Recycle Water	Ocean Hills Adhoc Expenditures (fund 710)	Ocean Hills Expenditures (fund 715)	Move Single Source Project To The Correct Fund	3,701,862
Ocean Hills Recycle Water	Ocean Hills Adhoc Revenues (fund 710)	Ocean Hills Revenues (fund 715)	Move Single Source Project To The Correct Fund	420,000
Lake Blvd Water Pump Stn	Lake Blvd Adhoc Studies & Reports (fund 710)	Lake Blvd Studies & Reports (fund 715)	Move Single Source Project To The Correct Fund	300,000
Land Outfall	Land Outfall Adhoc Rainbow MWD Revenue (fund 710)	Land Outfall Rainbow MWD Revenue (fund 715)	Move Single Source Project To The Correct Fund	37,872
Land Outfall	Land Outfall Adhoc Studies & Reports (fund 710)	Land Outfall Studies & Reports (fund 715)	Move Single Source Project To The Correct Fund	759,400