

**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2015-16
Fourth Quarter Ending June 30, 2016**

This report summarizes the activities of the major operating funds and 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 ending June 30, 2016. The Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2016, which includes all funds and final results, will be issued in December 2016.

GENERAL FUND BUDGET POSITION

The City Council adopted the FY 2015-16 budgets on June 3, 2015, with approved General Fund revenues of \$131.8 million and expenditures of \$131.1 million. In the following sections, the amounts in the tables listed as Amended Budget include supplemental appropriations approved by Council throughout the year.

GENERAL FUND REVENUES

Table 1 highlight the amount and percentage of revenues received in each of the major classifications. Preliminary fourth quarter results show General Fund revenues coming in at 103% of budget and is typical at this time of year due to the cyclical nature of revenue receipts. Revenues were at 65% of budget at the end of the third quarter, which is consistent with the prior year.

**Table 1
GENERAL FUND REVENUES
As of June 30, 2016
In Thousands**

	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Revenue Type				
Property Taxes	\$ 52,300	\$ 52,300	\$ 53,818	103%
Sales Taxes	21,690	20,681	19,337	94%
Transient Occupancy Tax (TOT)	4,950	6,000	5,208	87%
All Other Taxes	3,800	3,730	3,509	94%
Licenses & Permits	3,625	3,964	4,432	112%
Franchise Fees	4,120	4,120	3,850	93%
Fines/Forfeitures	3,680	3,640	3,411	94%
Use of Money & Property	4,623	4,623	5,079	110%
Intergovernmental	569	569	1,152	203%
Ambulance Billing	3,490	3,490	4,307	123%
Charges for Services	9,263	9,927	11,074	112%
Other Revenue & Transfers	19,698	19,915	19,920	100%
Total Revenues	\$ 131,808	\$ 132,959	\$ 135,099	102%

Property Taxes comprise 40% of the total General Fund annual revenues and are primarily received in the December/January and April/May timeframes. Property tax revenues through June 30th were at 103% of the annual budget. After year end accruals, property tax is now at \$54.2 million and 104% of the adopted budget.

Sales Taxes comprise 14% of the total annual General Fund revenues. Revenues received through June 30 were at 94% of the amended budgeted amount. After year end accruals, sales tax is now at 109% of the amended budget. We received a one time true up payment of \$2.4 million of triple flip tax revenue.

Transient Occupancy Tax – the City collects 10% of the room rent charged by a hotel or vacation rental operator to tourists occupying a room within the City for a period of less than 30 days. TOT receipts through June 30 were at 87% of the amended budget. After year end accruals, TOT is now at 110% of the amended budget.

Licenses and permits exceeded the amended budget by 112% due an increase in building permits and parking permits and collections.

Use of money and property was 110% of the adopted budget due to higher investment earnings and lease revenues.

Revenues in total, after year end accruals, are now \$141.3 million and 106% of the amended budget.

GENERAL FUND EXPENDITURES

Table 2 highlights the amount and percentage expended by each department. As of June 30, the General Fund departments, combined, have expended 97% of the amended budget.

The City Treasurer office exceeded budget due to training and other costs due to the retirement of the Treasury Manager.

Fire exceeded their budget by 3% or \$400 thousand. The Fire overage can be attributed to timing of mutual aid reimbursement and overtime due to vacancies. During fiscal year 2016-17, the vacancies have been filled therefore alleviating the need for additional overtime due to coverage requirements. To cover the budget shortfall, \$400K was transferred from the Training Tower capital budget to the Fire Suppression budget. shortfall.

**Table 2
GENERAL FUND EXPENDITURES
Fiscal Year 2015-2016
In Thousands**

Department Expenditures	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
General Government				
City Council	\$ 922	\$ 943	\$ 907	96%
City Clerk	1,162	1,168	1,010	86%
City Treasurer	331	372	391	105%
City Manager	2,109	2,391	1,848	77%
City Attorney	1,551	1,589	1,563	98%
Financial Services	5,474	5,585	4,999	90%
Human Resources	714	726	612	84%
Non-Departmental	6,543	6,226	5,984	96%
Public Safety				
Fire	27,064	27,308	28,010	103%
Police	52,800	55,119	53,858	98%
Public Works				
Public Works	13,205	13,568	12,703	94%
Community Development				
Development Services	8,210	8,506	7,706	91%
Community/Cultural Services				
Neighborhood Services	6,164	6,314	5,861	93%
Library	4,857	4,902	4,788	98%
Total Expenditures	\$ 131,106	\$ 134,718	\$ 130,242	97%

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 Combined Water Funds are at 102% of the amended budget at the end of the fourth quarter as noted in Table 3.

WATER FUND EXPENDITURES

Table 3 highlights the amount and percentage expended by each water program. As of June 30, the Water Combined Funds have expended 85% of the amended operating budget. Operating revenues exceed operating expenditures by \$7.0 million. As of June 30, Capital project expenses are 24% 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 2015-16
In Thousands

Operating	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Revenues				
Water Sales	\$ 55,883	\$ 55,883	\$ 56,167	101%
Developer Fees	527	527	1,059	201%
Other Revenue	1,157	1,236	1,760	142%
Total Operating Revenues	\$ 57,567	\$ 57,646	\$ 58,987	102%
Expenditures				
Administration & General	\$ 37,188	\$ 38,241	\$ 32,202	84%
Flood Control/Storm Drains	675	675	684	101%
Water Distribution	1,518	1,567	1,488	95%
Water Filtration Plant	1,759	1,770	1,473	83%
Desalting Plant	2,598	2,610	2,133	82%
Water Maintenance	2,396	2,449	2,362	96%
Water Meter Services	2,826	2,854	2,583	91%
Clean Water Program	1,168	1,214	977	80%
Other Water Programs	1,905	1,944	1,465	75%
Miscellaneous Projects	1,023	1,211	837	69%
Total Operating Expenditures	\$ 53,056	\$ 54,534	\$ 46,205	85%
Depreciation/GASB 31 Expenses	\$ -	\$ -	\$ 4,753	
Total Expenditures	\$ 53,056	\$ 54,534	\$ 50,958	93%
Transfers In	\$ 1,931	\$ 1,931	\$ 1,949	101%
Transfers Out	2,950	2,950	2,950	100%
Operating Income/Loss	\$ 3,492	\$ 2,093	\$ 7,028	
Capital Projects				
	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Transfer In	\$ -	\$ 300	\$ 7,147	2382%
Total Capital Revenues	-	300	7,147	2382%
Replacement Projects	\$ 11,732	\$ 37,105	\$ 13,709	37%
Connection Projects	13,865	26,687	1,321	5%
Total Capital Expenditures	\$ 25,597	\$ 63,791	\$ 15,030	24%

SEWER FUND REVENUES

Table 4 shows overall revenue and expenditures for the Sewer Fund as of June 30. Sewer Combined Funds are at 105% of budget as of June 30 due to higher developer fees than budgeted.

SEWER FUND EXPENDITURES

Table 4 highlights the amount and percentage expended by each sewer program. As of the end of the fourth quarter, Sewer Combined Funds have expended 88% of the amended operating budget. Capital Project expenses are at 23% of budget. As in the Water Fund, most of the replacement projects were in the planning and design phase and the majority of funds have yet to be expended.

Table 4
SEWER COMBINED FUNDS (excluding debt service)
Fiscal Year 2015-2016
In Thousands

Operating	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Revenues				
Sewer Service & Flow Fees	\$ 37,353	\$ 37,353	\$ 38,688	104%
Developer Fees	464	484	1,128	233%
Other Revenue	1,139	1,139	1,107	97%
Total Operating Revenues	\$ 38,956	\$ 38,976	\$ 40,923	105%
Expenditures				
Administration & General	\$ 5,220	\$ 6,246	\$ 4,924	79%
Facilities Maintenance	2,360	2,400	2,384	99%
Sewer Collections	3,480	3,631	3,483	96%
La Salina Wastewater	3,424	3,444	2,829	82%
San Luis Rey Wastewater	7,563	7,587	7,205	95%
Sewer Laboratory	874	882	842	95%
SCADA Program	373	374	230	61%
GIS Program	269	271	187	69%
Miscellaneous Projects	1,004	1,214	888	73%
Total Operating Expenditures	\$ 24,567	\$ 26,049	\$ 22,972	88%
Depreciation/GASB 31 Expense	\$ -	\$ -	\$ 8,104	
Total Expenditures	24,567	26,049	31,076	119%
Transfers In	\$ 5,279	\$ 5,279	\$ 5,407	102%
Transfer Out	5,279	8,369	8,369	100%
Operating Income/Loss	\$ 14,389	\$ 9,837	\$ 6,885	
Capital Projects				
	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Transfer In	\$ 500	\$ 500	\$ 1,462	292%
Miscellaneous Income	374	374	-	0%
Total Capital Revenues	\$ 874	\$ 874	\$ 1,462	167%
Replacement Projects	\$ 12,391	\$ 48,549	\$ 11,482	24%
Expansion Projects	300	1,323	16	1%
Total Capital Expenditures	\$ 12,691	\$ 49,872	\$ 11,498	23%

SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are at 98% of the amended budget as of June 30.

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 June 30, the Solid Waste Disposal Fund has expended 93% of the amended budget.

**Table 5
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2015-2016
In Thousands**

Operating	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Revenues				
Trash P/U Fees	\$ 19,733	\$ 19,733	\$ 19,209	97%
Waste Mgmt Collector Payment	1,780	1,780	1,900	107%
City Waste Services	3,976	4,003	3,985	100%
Other Revenue	10	10	1	5%
Total Operating Revenues	\$ 25,499	\$ 25,527	\$ 25,094	98%
Expenditures				
Personnel	\$ 18,712	\$ 18,587	\$ 17,826	96%
Maintenance & Operations	492	680	470	69%
Internal Services Charges	1,458	1,458	1,458	100%
Capital Outlay	-	79	28	35%
Inter-fund Transfers Out	5,185	6,111	5,185	85%
Total Operating Expenditures	\$ 25,848	\$ 26,915	\$ 24,966	93%
Operating Income/(Loss)	\$ (349)	\$ (1,388)	\$ 127	

HARBOR FUND REVENUES

Overall revenues for the Harbor Fund are at 102% of amended budget as of June 30 as noted in Table 6. Slip rental revenue exceed budget by 3% and parking revenue exceeded budget by 11%. Leases and other revenue (parking meters) are on track to meet or exceed the budget.

HARBOR FUND EXPENDITURES

Table 6 highlights the amount and percentage expended by expenditure category. As of June 30, the Harbor Fund has expended 106% of the budget. The budget overage is due to depreciation expense not being budgeted. Although not budgeting for depreciation is common practice by municipalities, going forward, the Harbor will include a depreciation budget.

Table 6
HARBOR FUND 751
Fiscal Year 2015-2016
In Thousands

Operating	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015-2016 Actuals Preliminary	YTD % of Amended Budget
Revenues				
Slip Rental Revenue	\$ 5,132	\$ 5,133	\$ 5,179	101%
Harbor Leases	990	990	958	97%
Interest	25	26	48	187%
Other Revenue (parking meters & misc.)	671	670	744	111%
Total Operating Revenues	\$ 6,818	\$ 6,818	\$ 6,929	102%
Expenses				
Transfer - Harbor Police	\$ 2,090	\$ 2,090	\$ 2,126	102%
Transfer - Harbor Admin	878	917	744	81%
Transfer - Harbor Maint	2,581	2,581	2,423	94%
Transfer - Prop Mgmt	38	38	38	100%
Transfer - Harbor Lifeguard	158	158	189	119%
Transfer - Risk Management	42	42	42	100%
Transfer - Tideland Lease	586	586	620	106%
Capital Outlay	258	258	258	
Depreciation	-	-	648	
Debt Service	400	400	401	100%
Total Operating Expenditures	\$ 7,033	\$ 7,072	\$ 7,489	106%
Operating Income/(Loss)	\$ (215)	\$ (254)	\$ (560)	

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
April through June 2016**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
OPD-Admin	Regular Employees	Temporary/PT Employees	Reallocation of Budget	62,000
Harbor Maintenance	Machinery & Equipment	Equipment & Software	Reallocation of Budget	25,634
Harbor Maintenance	Repairs & Maintenance	Equipment & Software	Reallocation of Budget	117,401
Sewer Admin	Rents & Lease, Postage	Professional Services	Reallocation of Budget	33,200
Water Admin	Rents & Lease, Studies, Water Purchases	Professional Services	Reallocation of Budget	93,000
Downtown Pipeline	Infrastructure	Professional Services, Materials & Supplies	Reallocation of Budget	200,000
Water & Recycling Admin	Professional Services	Auto Equipment	Reallocation of Budget	50,000
Mission Ave Fiber Optic Cable	Materials & Supplies	Infrastructure, Reg Employee	Reallocation of Budget	490,000
Public Safety Communications	Public Safety Comm. - Regular Employee, Fringe Benefits, Uniform	OPD Admin - Regular Employee, Fringe Benefits, Uniform	Properly Classify Budget	55,991