

**CITY OF OCEANSIDE
FINANCIAL STATUS REPORT
Fiscal Year 2016-17
Fourth Quarter Ending June 30, 2017**

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, 2017. The Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2017, which includes all funds and final results, will be issued in December 2017.

GENERAL FUND BUDGET POSITION

The City Council adopted the FY 2016-17 budgets on June 1, 2016, with approved General Fund revenues of \$138.8 million and expenditures of \$138.1 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 highlights the amount and percentage of revenues received in each of the major classifications as of June 30, 2017. The preliminary fourth quarter results show General Fund revenues coming in at 105% of budget. Revenue receipts are cyclical in nature and they are not received evenly throughout the year.

**Table 1
GENERAL FUND REVENUES
As of June 30, 2017
Preliminary Results
In Thousands**

	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Revenue Type				
Property Taxes	\$ 54,575	\$ 54,575	\$ 57,601	106%
Sales Taxes	21,880	21,880	22,131	101%
Transient Occupancy Tax (TOT)	6,060	6,060	7,066	117%
All Other Taxes	3,780	3,780	3,932	104%
Licenses & Permits	4,498	4,498	5,856	130%
Franchise Fees	4,193	4,193	4,185	100%
Fines/Forfeitures	3,595	3,660	3,630	99%
Use of Money & Property	4,912	4,959	5,150	104%
Intergovernmental	568	568	619	109%
Ambulance Billing	3,876	3,876	4,475	115%
Charges for Services	10,529	10,108	11,177	111%
Other Revenue & Transfers	20,309	20,918	20,814	100%
Total Revenues	\$ 138,775	\$ 139,075	\$ 146,636	105%

Property Taxes comprise 39% of the total General Fund revenues and are primarily received in the December/January and April/May timeframes. Property tax revenues through June 30 are at 106% of the adopted budget. Compared to the prior year, property tax revenue increased 6.6%. The property tax revenue increase is consistent with the 6.5% increase in overall appraised values of properties in Oceanside. This is good news for the close of the fiscal year but increases of this magnitude are not expected going forward.

Sales Taxes comprise 16% of the total annual General Fund revenues. Revenues received through June 30 are at 101% of the adopted budget and are up 13% from last year actual. Sales tax revenue increase is due to higher fuel sales and increased sales in quick-service restaurants.

Transient Occupancy Tax comprise 4.4% of total General Fund revenues. 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. The City also collects a 1.5% assessment of the room rent which is passed through to Visit Oceanside for marketing purposes. As of June 30, TOT is at 117% of adopted budget. Increased revenues are due, in large part, to increased collection efforts of online vacation rentals.

Licenses and permits are at 130% of the adopted budget at June 30 due to an increase in building permits, parking permits and collections. This rate of increase is not sustainable over time.

GENERAL FUND EXPENDITURES

Table 2 highlights the amount and percentage expended by each department. As of June 30, the General Fund expended 99% of the amended budget.

**Table 2
GENERAL FUND EXPENDITURES
Fiscal Year 2016-2017
Preliminary Results
In Thousands**

Department	Adopted Budget	Amended Budget	Actual Amount	YTD % of Amended Budget
General Government				
City Council	\$ 981	\$ 997	\$ 918	92%
City Clerk	1,272	1,269	1,184	93%
City Treasurer	321	320	305	95%
City Manager	691	810	550	68%
City Attorney	1,690	1,691	1,660	98%
Non Departmental	6,299	7,779	7,740	99%
Financial Services	5,632	5,704	5,225	92%
Human Resources	690	703	691	98%
Economic Development	634	679	638	94%
Public Safety				
Police	55,107	57,345	55,462	97%
Fire	28,977	29,347	29,783	101%
Public Works				
Property Mgmt	921	983	789	80%
Public Works	10,953	11,037	10,444	95%
Harbor & Beaches	3,526	3,915	3,461	88%
Community Development				
Development Services	8,725	8,553	7,401	87%
Community/Cultural Svcs				
Library	5,160	5,097	4,953	97%
Neighborhood Services	6,602	6,772	6,266	93%
CalPERS Unfunded Liability Paydown			4,175	
Total Expenditures	\$ 138,181	\$ 143,001	\$ 141,646	99%

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 through 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 105% of the adopted budget as of June 30 as shown in Table 3. Developer fees are 311% over budget due to the one-time payment for the Villa Storia development and increased development overall.

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 94% of the amended operating budget. Operating revenues exceed operating expenditures by \$16.6 million. As of June 30, capital project expenses spent 20% of the total budget. Expenditures for capital projects can vary depending on which stage each construction project is at.

Table 3
WATER COMBINED FUNDS
Fiscal Year 2016-17
In Thousands

Operating	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Revenues				
Water Sales	\$ 62,209	\$ 62,209	\$ 63,085	101%
Developer Fees	862	862	2,682	311%
Other Revenue	1,372	1,372	1,616	118%
Total Operating Revenues	\$ 64,443	\$ 64,443	\$ 67,383	105%
Expenditures				
Administration & General	\$ 37,796	\$ 37,838	\$ 37,327	99%
Flood Control/Storm Drains	704	716	704	98%
Water Distribution	1,472	1,472	1,304	89%
Water Filtration Plant	1,715	1,715	1,377	80%
Desalting Plant	2,392	2,421	1,784	74%
Water Maintenance	2,323	2,323	2,195	94%
Water Meter Services	2,852	2,852	2,504	88%
Clean Water Program	1,158	1,292	967	75%
Other Water Programs	3,118	3,073	2,488	81%
Miscellaneous Projects	328	338	100	30%
Total Operating Expenditures	\$ 53,858	\$ 54,040	\$ 50,750	94%
Depreciation/GASB 31 Expenses	\$ -		\$ 5,664	
Total Expenditures	\$ 53,858	\$ 54,040	\$ 56,414	104%
Transfers In	\$ 21	\$ 21	\$ 35	167%
Transfers Out	2,353	2,406	2,406	100%
Operating Income/Loss	\$ 8,253	\$ 8,018	\$ 8,598	
Capital Projects				
Capital Projects	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Transfer In	\$ -	\$ -	\$ 392	
Other Revenue	-	-	1	
Total Capital Revenues	\$ -	\$ -	\$ 393	
Replacement Projects	\$ 19,471	\$ 35,769	\$ 10,356	29%
Connection Projects	9,550	32,110	3,089	10%
Total Capital Expenditures	\$ 29,021	\$ 67,879	\$ 13,445	20%

SEWER FUND REVENUES

Table 4 shows overall revenue and expenditures for the Sewer Fund as of June 30. Sewer Combined Fund revenues are at 110% of budget. Developer fees are at 557% of budget due to new construction for projects (Villa Storia).

SEWER FUND EXPENDITURES

Table 4 also highlights the amount and percentage expended by each sewer program. As of June 30, Sewer Combined Funds have expended 88% of the amended operating budget. Capital Project expenses are at 21% of budget. As in the Water Fund, most of the capital projects are in the planning and design phase and the majority of funds have yet to be expended.

**Table 4
SEWER COMBINED FUNDS
Fiscal Year 2016-2017
In Thousands**

Operating	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Revenues				
Sewer Service & Flow Fees	\$ 37,749	\$ 37,749	\$ 40,102	106%
Developer Fees	385	385	2,145	557%
Other Revenue	1,078	1,078	995	92%
Total Operating Revenues	\$ 39,212	\$ 39,212	\$ 43,242	110%
Expenditures				
Administration & General	\$ 5,903	\$ 6,054	\$ 5,691	94%
Facilities Maintenance	2,160	2,160	1,835	85%
Sewer Collections	3,438	3,438	3,422	100%
La Salina Wastewater	3,027	3,184	2,845	89%
San Luis Rey Wastewater	7,372	7,397	6,378	86%
Sewer Laboratory	728	784	723	92%
SCADA Program	532	532	414	78%
GIS Program	313	313	268	86%
Miscellaneous Projects	1,582	1,600	850	53%
Total Operating Expenditures	\$ 25,055	\$ 25,462	\$ 22,426	88%
Depreciation/GASB 31 Expense	\$ -	\$ -	\$ 8,782	
Total Expenditures	\$ 25,055	\$ 25,462	\$ 31,208	123%
Transfers In	\$ -	\$ -	\$ -	
Transfer Out	-	53	53	100%
Operating Income/Loss	\$ 14,157	\$ 13,697	\$ 11,981	
Capital Projects				
	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Transfer In	\$ -	\$ -	\$ -	
Miscellaneous Income	833	833	8	0%
Total Capital Revenues	\$ 833	\$ 833	\$ 8	1%
Replacement Projects	\$ 18,550	\$ 48,698	\$ 10,262	21%
Expansion Projects	300	1,220	10	1%
Total Capital Expenditures	\$ 18,850	\$ 49,918	\$ 10,272	21%

SOLID WASTE DISPOSAL FUND REVENUES

Overall revenues for the Solid Waste Disposal Fund are at 97% 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 100% of the amended budget.

Table 5
SOLID WASTE DISPOSAL FUND 731
Fiscal Year 2016-2017
In Thousands

Operating	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Revenues				
Trash P/U Fees	\$ 20,743	\$ 20,743	\$ 19,412	94%
Waste Mgmt Collector Payment	1,800	1,800	2,000	111%
City Waste Services	3,659	3,687	4,016	109%
Other Revenue	15	93	81	87%
Total Operating Revenues	\$ 26,217	\$ 26,323	\$ 25,509	97%
Expenditures				
Personnel	\$ 543	\$ 543	\$ 505	93%
Maintenance & Operations	18,301	18,368	18,425	100%
Internal Service Charges	1,246	1,246	1,246	100%
Capital Outlay		111	109	98%
Interfund Transfers Out	5,491	5,699	5,754	101%
Total Operating Expenditures	\$ 25,581	\$ 25,967	\$ 26,039	100%
Depreciation/GASB 31 Expense			\$ 6	
Operating Income/(Loss)	\$ 636	\$ 356	\$ (536)	
Capital Projects				
	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Solid Waste Projects	\$ 400	\$ 400	\$ 16	4%
Total Capital Expenditures	\$ 400	\$ 400	\$ 16	4%

HARBOR FUND REVENUES

Overall revenues for the Harbor Fund are at 106% of amended budget as of June 30 as noted in Table 6. Slip rental revenue is at 101% of budget and parking revenue is at 138% of budget. The parking revenue increase is due to parking rate increases in the second half of the year.

HARBOR FUND EXPENDITURES

Table 6 highlights the amount and percentage expended by expenditure category. As of June 30, the Harbor Fund has expended 97% of the budget.

Table 6
HARBOR FUND 751
Fiscal Year 2016-2017
In Thousands

Operating	2016-2017 Adopted Budget	2016-2017 Amended Budget	2016-2017 Year-To-Date Actuals	YTD % of Amended Budget
Revenues				
Slip Rental Revenue	\$ 5,162	\$ 5,162	\$ 5,206	101%
Harbor Leases	1,111	1,111	1,243	112%
Parking	575	575	791	138%
Interest	26	26	43	165%
Other Revenue	162	162	152	94%
Total Operating Revenues	\$ 7,036	\$ 7,036	\$ 7,435	106%
Expenditures				
Transfer - Harbor Police	\$ 2,252	\$ 2,252	\$ 2,252	100%
Transfer - Harbor Admin	898	925	905	98%
Transfer - Harbor Maint	2,628	2,990	2,718	91%
Transfer - Prop Mgmt	38	38	38	100%
Transfer - Harbor Lifeguard	190	197	192	97%
Transfer - Risk Management	77	77	77	100%
Transfer - Tideland Lease	607	607	644	106%
Debt Service	335	335	341	102%
Total Operating Expenditures	\$ 7,025	\$ 7,421	\$ 7,167	97%
Depreciation/GASB 31 Expense			243	
Operating Income/(Loss)	\$ 11	\$ (385)	\$ 25	
CAPITAL PROJECTS				
Harbor Projects	\$ -	\$ 213	\$ 2	0%
Total Capital Expenditures	\$ -	\$ 213	\$ 2	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 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 2017**

Description of Business Unit or Project	From Account	To Account	Reason	Amount
Water Filtration	Chemical & Electricity	Repairs, Equipment, Rents	Reallocation of Budget	\$60,000
Desalting Plant	Electricity	Repairs & Maintenance	Reallocation of Budget	\$60,000
Water GIS	Regular Employees	Materials & Supplies	Reallocation of Budget	\$40,000
Sewer GIS	Regular Employees	Materials & Supplies	Reallocation of Budget	\$40,000
Crown Heights Resource Ctr	Chavez, Libby, and Crown Heights Resource Centers Regular Employees	Crown Heights Resource Ctr Repairs & Maintenance	Reallocation of Budget	\$76,454
Desalting Facility	Bldgs/Treatment Plants	Machinery & Equipment	Reallocation of Budget	\$39,000
Document Imaging	Elections Professional Svcs	Doc Imaging Software	Reallocation of Budget	\$30,000
Police/Library Bldg Maint	Regular Employees	Various M&O	Reallocation of Budget	\$115,000
Records Management	Legislative Svcs Regular Employees	Records Management Various M&O	Reallocation of Budget	\$48,000
2015 OPFA Lease Revenue Bd	2005 Refunding COP R&L	2015 OPFA Lease Revenue Bd R&L	Reallocation of Budget	\$149,114
SLR Electrical Upgrades	Professional Svcs, Studies & Reports	Bldgs/Treatment Plants	Reallocation of Budget	\$285,382
Risk Management Admin	Public Liability	Professional Svcs	Reallocation of Budget	\$35,000
OFD Admin	Fire Prevention Professional Svcs	OFD Admin Telephone	Reallocation of Budget	\$30,000
Recreation Programs	Special Events, Joe Balderrama RC, Brooks St Pool, & El Corazon Sr. Ctr. Regular Employees	Recreation Programs M&O	Reallocation of Budget	\$100,000
Swr Pipeline Capacity Upgrades	Professional Svcs, Matl Supplies & Svcs	Infrastructure	Reallocation of Budget	\$850,000